

Regulation for Enforcement of the Act on Engagement in Trust Business by Financial Institutions

(Ministry of Finance Order No. 16 of March 31, 1982)

The Minister of Finance hereby issues this Ministerial Order fully revising the Matters on Concurrent Operation of Savings Bank Business or Trust Business by Commercial Banks, etc. (Ministry of Finance Order No. 44 of 1943) as follows, based on the provisions of Article 7 of the Trust Business Act as applied mutatis mutandis pursuant to Article 4 of the Act on Concurrent Operation of Trust Business by Commercial Banks, Article 13, paragraph (3) of the Banking Act, and Article 1 of the Cabinet Order on Extensions of Credit to a Single Person by Trust Banks and for the purpose of enforcing the Act on Concurrent Operation of Trust Business by Commercial Banks.

(Application for Authorization for Engagement in Trust Business)

Article 1 (1) A financial institution (meaning any of the financial institutions set forth in the items of Article 2 of the Order for Enforcement of the Act on Engagement in Trust Business by Financial Institutions (Cabinet Order No. 31 of 1993; hereinafter referred to as "the Order"); hereinafter the same applies) seeking to file an application for authorization to engage in trust business (meaning trust business prescribed in Article 1, paragraph (1) of the Act on Engagement in Trust Business by Financial Institutions (Act No. 43 of 1943; hereinafter referred to as "the Act"); hereinafter the same applies) pursuant to Article 1, paragraph (1) of the Act must submit a written application for authorization signed by all of its directors (by all of its directors and executive officers, if the applicant is a company with nominating committee, etc.; and by all of its directors, if the applicant is a financial institution falling under any of Article 2, items (iii) through (xv) of the Order) to the Prime Minister through the Commissioner of the Financial Services Agency, accompanied by a document describing the type and method of business (hereinafter referred to as the "business rules") as well as the following documents:

- (i) a written statement of reasons;
- (ii) the articles of incorporation;
- (iii) a certificate of registered information;
- (iv) the minutes of the relevant shareholders meeting (or, if the applicant is a financial institution falling under any of Article 2, items (iii) through (xv) of the Order, general meeting of members or general meeting) (if a resolution is deemed to have been made at a shareholders meeting pursuant to the

- provisions of the Companies Act (Act No. 86 of 2005), a document proving the applicability of the provisions) or the organizational meeting (if a resolution is deemed to have been made at an organizational meeting pursuant to the provisions of the Companies Act, a document proving the applicability of the provisions);
- (v) a document stating the expected income and expenditure for the first three business years after the commencement of trust business;
 - (vi) the latest balance sheet, profit and loss statement, statement of changes in net assets (in the case of a financial institution falling under any of Article 2, items (iii) through (xv) of the Order, the latest proposed appropriation of surplus or proposed disposition of loss), and the notes associated with these;
 - (vii) curriculum vitae of directors and company auditors (of the directors, if it is a company with audit and supervisory committee; the directors and executive officers, if it is a company with nominating committee, etc.; the directors and auditors, if it is a financial institution falling under any of Article 2, items (iii) through (xv) of the Order);
 - (viii) if it is a company with accounting advisors, the curriculum vitae of the accounting advisors (if an accounting advisor is a corporation, a document giving its history);
 - (ix) the latest daily trial balance or other documents with which the status of its property and of its profits and losses can be ascertained;
 - (x) a document giving the location of its business offices (or its offices, if it is a financial institution falling under any of Article 2, items (iii) through (xv) of the Order);
 - (xi) internal rules on the following particulars:
 - (a) trust property accounting;
 - (b) preparation, preservation, and inspection of books and documents; and
 - (c) the management of operations associated with the internal controls prescribed in the items of Article 40, paragraph (2) of the Regulation for Enforcement of the Trust Business Act (Cabinet Office Order No. 107 of 2004) (limited to those that include provisions clarifying responsibility frameworks in the internal rules concerning that operations); and
 - (xii) any other documents containing information that should serve as a reference in conducting the examination prescribed in Article 1, paragraph (3) of the Act.
- (2) Having received an application for authorization under the provisions of the preceding paragraph from a financial institution that is already in operation or engaging in business at the time of the application, the Prime Minister is to conduct the examination prescribed in Article 1, paragraph (3) of the Act in consideration of the following particulars:
- (i) whether the recent status of business, property, and profits and losses of the

- person that filed the application (hereinafter referred to as the "applicant" in this Article) is favorable and is expected to continue to be favorable after the commencement of the business to which the application pertains; and
- (ii) whether the applicant is found to be a person that is able to perform trust business in an appropriate, fair, and efficient manner and has sufficient social credibility, in light of things such as the extent to which it has secured officers or employees with sufficient knowledge and experience relevant to trust business and its system for ensuring appropriate business management.
- (3) Having received an application for authorization under the provisions of paragraph (1) from a financial institution other than one as prescribed in the preceding paragraph, the Prime Minister is to conduct the examination prescribed in Article 1, paragraph (3) of the Act in consideration of the following particulars:
- (i) whether the amount of stated capital or the total amount of contribution of the applicant is sufficient for the sound and efficient performance of the trust business proposed in the application;
 - (ii) whether the applicant is expected to record a profit for a single business year by the time that three business years have passed since the commencement of the business;
 - (iii) whether the adequacy of the applicant's equity capital is expected to be at appropriate levels by the time that three business years have passed since the commencement of the business; and
 - (iv) whether the applicant is found to be a person that is able to perform trust business in an appropriate, fair, and efficient manner and has sufficient social credibility, in light of things such as the extent to which it has secured officers or employees with sufficient knowledge and experience relevant to trust business and its system for ensuring appropriate business management.

(Preliminary Examination for Authorization to Engage in Trust Business)

Article 2 A person seeking authorization to engage in trust business under the provisions of Article 1, paragraph (1) of the Act may request a preliminary examination by submitting documents equivalent to those prescribed in the preceding Article to the Prime Minister through the Commissioner of the Financial Services Agency.

(Business in Which Financial Institutions Are Prohibited from Engaging)

Article 3 (1) The business specified by Cabinet Office Order that is provided for in Article 3, item (iv) of the Order is as follows:

- (i) business involving trusts in connection with which a person takes the actions prescribed in Article 2, item (ii) of the Real Estate Brokerage Act (Act No. 176 of 1952) in the course of managing or disposing of trust property

- (including the actions necessary for the achievement of the purpose of the trust; hereinafter the same applies) (excluding trusts of property that including land, etc. (meaning land, etc. as prescribed in Article 3, item (i) of the Order; the same applies in the following paragraph) the whole or part of whose purpose is the disposition of the land, etc.);
- (ii) trust agreement agency business as set forth in Article 1, paragraph (1), item (i) of the Act in connection with trusts as prescribed in the preceding item;
 - (iii) real property appraisal;
 - (iv) the business of providing advice on investment in real property; and
 - (v) business that constitutes commodities investment advisory business as prescribed in Article 2, paragraph (3) of the Act on Regulation of Commodity Investment (Act No. 66 of 1991).
- (2) In accepting a trust as set forth in Article 3, item (i), sub-item (a) or (b) of the Order, a financial institution engaged in trust business may not dispose of the land, etc. that it acquired as part of trust property until one year has elapsed from the date of the acquisition, unless there are a compelling reason such as natural disaster.

(Type and Method of Business)

Article 4 (1) A financial institution engaged in trust business must include the following particulars in its business rules:

- (i) the basic policy on business operations;
- (ii) the system for implementing trust business;
- (iii) the following particulars of the trusts it accepts:
 - (a) the type of trust property it accepts;
 - (b) methods of management or disposition of trust property;
 - (c) methods of segregated management of trust property;
 - (d) if it entrusts a third party with part of its trust business, the contents of the trust business with which it entrusts the third party and the standards and procedures for the selection of the third party to which it entrusts that business (excluding if the business to be entrusted falls under any of the items of Article 22, paragraph (3) of the Trust Business Act (Act No. 154 of 2004) as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act);
 - (e) the particulars of compensation for losses in principal or making up for profits prescribed in Article 6 of the Act; and
 - (f) the basic policies on soliciting persons to conclude trust agreements, on clarifying the contents of trust agreements, and on providing information about the status of trust property; and
- (iv) the type of any concurrently operated business as set forth in one of the

items of Article 1, paragraph (1) of the Act (this includes the system for implementing that business, if the concurrently operated business is the business of purchasing and selling, etc. of beneficial interests in trust set forth in item (ii) of that paragraph).

(2) The particulars set forth in item (iii), sub-item (a) of the preceding paragraph are to be specified in accordance of the following categories of property and with regard to the property set forth in items (iv), (viii), (ix), and (xi), the details thereof are to be given:

(i) money;

(ii) securities;

(iii) monetary claims;

(iv) movables;

(v) land and land fixtures;

(vi) superficies rights;

(vii) leaseholds of land and land fixtures;

(viii) security interests;

(ix) intellectual property rights (meaning intellectual property rights as prescribed in Article 2, paragraph (2) of the Intellectual Property Basic Act (Act No. 122 of 2002); the same applies in Article 19, paragraph (1), sub-item (vii));

(x) specified equity (meaning specified equity prescribed in Article 2, paragraph (6) of the Act on Securitization of Assets (Act No. 105 of 1998));

(xi) properties other than those set forth in the preceding items; and

(xii) two or more properties set forth in any of the preceding items that are of different types.

(Notification of Business Security Deposit)

Article 5 (1) A person that has made a deposit pursuant to the provisions of Article 11, paragraph (1), (4), or (8) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency, etc. (meaning, in the case of financial institutions engaged in trust business designated by the Commissioner of the Financial Services Agency under Article 18, paragraph (1) of the Order, the Commissioner of the Financial Services Agency, or, in the case of any other financial institution, the Director-General of a Local Finance Bureau or the Director General of the Fukuoka Local Finance Branch Bureau having jurisdiction over the locality of the head office or the principal office of the financial institution; hereinafter the same applies) a written notification of business security deposit prepared based on Appended Form No. 1, accompanied by the authenticated copy of the deposit document for that deposit.

- (2) If a financial institution engaged in trust business (including a person other than a financial institution engaged in trust business that has made a deposit under Article 11, paragraph (4) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act) replaces deposited property that it has already deposited with an official depository, after making a new deposit to replace it, it must file a notification of this with the Commissioner of the Financial Services Agency, etc. accompanied by an authenticated copy of the deposit document as after the replacement.
- (3) Upon receipt of an authenticated copy of the deposit document as referred to in preceding two paragraphs, the Commissioner of the Financial Services Agency, etc. must deliver a retention certificate to the depositor.

(Notification of the Conclusion of a Contract That Stands in Lieu of a Business Security Deposit)

- Article 6 (1) If a financial institution engaged in trust business has concluded a contract as prescribed in Article 11, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act (including if it has changed the contents of such a contract with the approval of the Commissioner of the Financial Services Agency, etc.), it must file a written notification of the conclusion of a business security deposit guarantee contract prepared based on Appended Form No. 2 and accompanied by a copy of the contract document with the Commissioner of the Financial Services Agency, etc., as well as presenting the original contract document.
- (2) If a financial institution engaged in trust business seeks to amend or cancel a contract that stands in lieu of a business security deposit, it must file an application for approval with the Commissioner of the Financial Services Agency, etc. through a written application for approval to amend a business security deposit guarantee contract prepared based on Appended Form No. 3 or a written application for approval to cancel a business security deposit guarantee contract prepared based on Appended Form No. 4.
 - (3) If an application for approval under the preceding paragraph has been filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the amendment to or the cancellation of the contract that stands in lieu of business security deposit by the financial institution engaged in trust business that filed the application for approval is unlikely to compromise the protection of the beneficiaries.
 - (4) If a financial institution engaged in trust business has amended or cancelled a contract that stands in lieu of a business security deposit based on the approval of the Commissioner of the Financial Services Agency, etc., it must file a written notification of the amendment of a business security deposit guarantee contract prepared based on Appended Form No. 5, and accompanied

by a copy of the contract document with the Commissioner of the Financial Services Agency, etc. or file a written notification of the cancellation of a business security deposit guarantee contract prepared based on Appended Form No. 6, and accompanied by a document certifying that the contract has been cancelled with the Commissioner of the Financial Services Agency, etc., as well as presenting the original of the contract document in the case of amendment to the contract.

- (5) The financial institutions specified by Cabinet Office Order that are provided for in Article 5 of the Order are as follows:
- (i) a long term credit bank as prescribed in Article 2 of the Long Term Credit Bank Act (Act No. 187 of 1952);
 - (ii) a cooperative structured financial institution as prescribed in Article 2, paragraph (1) of the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions (Act No. 44 of 1993); and
 - (iii) the Shoko Chukin Bank Limited.

(Initial Date in Counting the Period for an Additional Business Security Deposit)

Article 7 The day specified by Cabinet Office Order that is provided for in Article 11, paragraph (8) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act means the day set forth in the relevant of following items for the category of case set forth in that item, as regards the cause of the deficiency in the amount of business security deposit:

- (i) if the amount of business security deposit prescribed in Article 11, paragraph (10) of the Trust Business Act (including the contract amount prescribed in paragraph (3) of that Article) has fallen short of the amount specified in Article 4 of the Order as a result of the financial institution engaged in trust business changing the contents of the contract prescribed in Article 11, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act (hereinafter referred to as "the contract" in this item and the following item) with the approval under Article 5, item (iii) of the Order (referred to as "approval" in the following item): the day on which it changed the contents of the contract;
- (ii) if the financial institution engaged in trust business has cancelled the contract with approval: the day on which it cancelled the contract;
- (iii) if procedures for enforcing a person's rights as set forth in Article 6 of the Order have been completed: the day on which the financial institution engaged in trust business received a copy of the payment entrustment document set forth in Article 11, paragraph (3) of the Regulation on Business Security Deposits of Financial Institutions Engaged in Trust Business (Cabinet Office Order and Ministry of Justice Order No. 4 of 2004); and

(iv) if, in order to undertake procedures for enforcing a person's rights as referred to in Article 6 of the Order, the Commissioner of the Financial Services Agency, etc. has converted deposited securities (including book-entry bonds prescribed in Article 278, paragraph (1) of the Act on Book-Entry Transfer of Bonds and Share (Act No. 75 of 2001)) into money and deposited the amount arrived at when the expenses for the conversion are deducted from the conversion value: the day on which the financial institution engaged in trust business received the written notice of deposit set forth in Article 12, paragraph (4) of the Regulation on Security Deposits of Financial Institutions Engaged in Trust Business.

(Types of Securities That Can Be Used for Business Security Deposits)

Article 8 The securities specified by Cabinet Office Order that are provided for in Article 11, paragraph (9) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are as follows:

- (i) national government bond certificates (including those with an attribution of rights that is determined based on the description or record in the book-entry transfer account register under the provisions of the Act on Book-Entry of Transfer of Corporate Bonds and Share; the same applies in paragraph (1), item (i) of the following Article);
- (ii) local government bond certificates;
- (iii) government guaranteed bond certificates (meaning securities as set forth in Article 2, paragraph (1), item (iii) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) for which the government guarantees payment of the principal and interest; hereinafter the same applies); and
- (iv) corporate bond certificates and other bond certificates that are designated by the Commissioner of the Financial Services Agency (excluding those in registered form, those issued on a discount basis, and those set forth in the preceding items).

(Value of Securities That Can Be Used for Business Security Deposit)

Article 9 (1) The value of securities that are deposited to fulfill the business security deposit requirement pursuant to Article 11, paragraph (9) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act is the amount specified in the relevant of the following items for the category of securities set forth in that item:

- (i) national government bond certificates: the face value (for those with an attribution of rights that is determined based on the statement or record in the book-entry transfer account register under the provisions of the Act on Book-Entry Transfer of Corporate Bonds and Share, the amount described or recorded in the book-entry transfer account register; hereinafter the same

- applies in this Article);
- (ii) local government bond certificates: the amount calculated when every one hundred yen of the face value is counted as ninety yen;
 - (iii) government guaranteed bond certificates: the amount calculated when every one hundred yen of the face value is counted as ninety-five yen; and
 - (iv) corporate bond certificates and other bond certificates specified in item (iv) of the preceding Article: the amount calculated when every one hundred yen of the face value is counted as eighty yen.
- (2) The amount arrived at when the amount calculated by the following formula is added to the issue price is deemed to be the face value of securities that have been issued on a discount basis, and the provisions of the preceding paragraph apply:
- $(\text{face value} - \text{issue price}) / \text{number of years from the issue date to the redemption date} \times (\text{number of years from the issue date to the deposit date})$
- (3) In the calculation using the formula set forth in the preceding paragraph, only full years are counted in the number of years from the issue date to the redemption date and the number of years from the issue date to the deposit date, and the amount arrived at when the difference between the face value and the issue price is divided by the number of years from the issue date to the redemption date is rounded down to the nearest yen.

(Entrustment of Trust Business Exempted from Application of the Relevant Provisions)

Article 10 The business specified by Cabinet Office Order that is provided for in Article 22, paragraph (3), item (iii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act is as follows:

- (i) business involving the disposal of trust property and other actions needed to achieve the purpose of the trust that the act of trust prescribes the financial institution engaged in trust business will engage in based on the instructions of only the settlor or the beneficiary (including a person entrusted by such person with the authority to give instructions);
- (ii) business involving the disposal of trust property and other actions needed to achieve the purpose of the trust that the act of trust prescribes that the person entrusted with trust business by the financial institution engaged in trust business will engage in based on the instructions of only the financial institution engaged in trust business (including a person entrusted by the financial institution engaged in trust business with the authority to give instructions); and
- (iii) acts having supporting functions for the performance of the business conducted by a financial institution engaged in trust business.

(Parent Corporation or Affiliated Corporation)

Article 11 (1) The persons specified by Cabinet Office Order that are provided for in Article 8, paragraph (3) of the Order are the following corporations, etc. (meaning corporations, etc. as prescribed in that paragraph; hereinafter the same applies in this Article); provided, however, that this does not apply if it is found to be clear, from the relevant financial, operational, or business relationships, that a first corporation, etc. has no control over the decision-making body (meaning the decision-making body as prescribed in that paragraph; hereinafter the same applies in this paragraph) of a second corporation, etc.:

- (i) a first corporation, etc. that holds, on its own account, a majority of the voting rights in a second corporation, etc. (other than one that is subject to an order commencing bankruptcy proceedings, an order commencing rehabilitation proceedings, or an order commencing reorganization proceedings, or a juridical person, etc. equivalent thereto, if no effective dominant-subordinate relationship is found to exist; hereinafter the same applies in this paragraph);
- (ii) a first corporation, etc. that holds, on its own account, forty percent or more and fifty percent or less of the voting rights in a second corporation, etc. and meets any of the following requirements:
 - (a) the total voting rights that the first corporation, etc. holds on its own account, when combined with the voting rights held by persons that it is found will exercise voting rights in line with the intentions of the first corporation, etc. due to being closely related thereto through things such as contributions, personnel, funding, technology, or transactions, and the voting rights held by persons that have agreed to exercise voting rights in line with the intentions of the first corporation, etc., account for a majority of the voting rights in the second corporation, etc.;
 - (b) those of the officers (meaning directors, executive officers, accounting advisors (including the member responsible for performing the duties thereof, if the accounting advisor is a corporation), company auditors, and persons holding similar positions; hereinafter the same applies in this Article), members that execute the business, or employees of the first corporation, etc. and persons formerly assigned to those positions who enable the first corporation, etc. to influence the financial and operational or business policy decisions of the second corporation, etc., account for the majority of members of the board of directors or other equivalent body of the second corporation, etc.;
 - (c) a contract that controls the material financial and operational or business policy decisions of the second corporation, etc. exists between the first corporation, etc. and the second corporation, etc.;

- (d) the first corporation, etc. has provided loans (including guarantee of obligations and provision of collateral; hereinafter the same applies in this Article) that constitute more than half of the total amount of the procured funds of the second corporation, etc. (limited to those included in the liability section of the balance sheet) (including if the amount of the loans, combined with the amount of loans provided by persons closely related thereto in terms of things such as contributions, personnel affairs, funds, technology, and transactions constitute more than half of the total amount of its procured funds); or
 - (e) there is any other factual circumstance by which it can be inferred that the first corporation, etc. has control over the decision-making body of the second corporation, etc.
- (iii) the total voting rights that a first corporation, etc. holds on its own account, when combined with the voting rights held by persons that it is found will exercise voting rights in line with the intentions of the first corporation, etc. due to being closely related thereto through things such as contributions, personnel affairs, funding, technology, or transactions, and the voting rights held by persons that have agreed to exercise voting rights in line with the intentions of the first corporation, etc. (this includes if the first corporation, etc. does not hold any voting rights on its own account), account for a majority of the voting rights in a second corporation, etc., and the first corporation, etc. meets any of the requirements set forth in (b) through (e) of the preceding item.
- (2) The persons specified by Cabinet Office Order that are provided for in Article 8, paragraph (4) of the Order are as follows; provided, however, that this does not apply if it is found to be clear, from the relevant financial, operational, or business relationships, that a first corporation, etc. (inclusive of its subsidiary corporations, etc. (meaning subsidiary corporations, etc. as prescribed in paragraph (3) of that Article; hereinafter the same applies in this Article)) is unable to materially influence the financial and operational or business policy decisions of a second corporation, etc. not constituting its subsidiary corporation, etc.:
- (i) a second corporation, etc. not constituting the subsidiary corporation, etc. of a first corporation, etc., in which a first corporation, etc. (inclusive of its subsidiary corporations, etc.) holds, on its own account, not less than twenty percent of the voting rights (other than one that is subject to an order commencing bankruptcy proceedings, an order commencing rehabilitation proceedings, or an order commencing reorganization proceedings; and other than one equivalent thereto, if it is found that the first corporation, etc. is unable to materially influence its financial and operational or business policy decisions; hereinafter the same applies in this paragraph);

- (ii) a second corporation, etc. not constituting the subsidiary corporation, etc. of a first corporation, etc., in which a first corporation, etc. (inclusive of its subsidiary corporations, etc.) holds, on its own account, fifteen percent or more and less than twenty percent of the voting rights, and which meets any of the following requirements:
 - (a) those of the first corporation's, etc. officers, members executing business, and employees, and persons formerly assigned to such positions, who enable the first corporation, etc. to influence its financial and operational or business policy decisions hold office as its representative director, director, or equivalent position;
 - (b) it has received a material loan from the first corporation, etc.;
 - (c) it has been provided with material technology by the first corporation, etc.;
 - (d) it carries out material operational or business transactions with the first corporation, etc.; or
 - (e) there is any other factual circumstance from which it can be inferred that the first corporation, etc. has a significant influence on its financial and operational or business policy decisions.
- (iii) a second juridical person, etc. not constituting the subsidiary corporation, etc. of a first corporation, etc., in which the number of voting rights that a first corporation, etc. (inclusive of its subsidiary corporations, etc.) holds on its own account, when combined with the voting rights held by persons that it is found will exercise their voting rights in line with the intentions of the first corporation, etc. due to being closely related thereto through things such as contributions, personnel affairs, funds, technology, or transactions, and the voting rights held by persons that have agreed to exercise their voting rights in line with the intentions of the first corporation, etc. (this includes if the first corporation, etc. does not hold any voting rights on its own account), account for not less than twenty percent of the voting rights; and which meets any of the requirements set forth in (a) through (e) of the preceding item.
- (3) Notwithstanding the provisions of paragraph (1), if a special purpose company (meaning a specific purpose company prescribed in Article 2, paragraph (3) of the Act on Securitization of Assets and any other entity engaging in a business equivalent thereto whose ability to change the contents of its business is restricted; hereinafter the same applies in this paragraph) has been established for the purpose of allowing the holders of securities it issues (including the creditors of specific borrowings as prescribed in paragraph (12) of that Article) to enjoy the profit generated from assets transferred to it at a fair value, and the business of that special purpose company is being performed appropriately in accordance with its purpose, the special purpose

company is found to be independent from a corporation, etc. that has transferred assets thereto (hereinafter referred to as "transferor corporation, etc." in this paragraph) and is presumed not to constitute a subsidiary corporation, etc. of the transferor corporation, etc.

- (4) The provisions of Article 8, paragraph (6) of the Order apply mutatis mutandis to voting rights that the corporation, etc. prescribed in the items of paragraph (1) and the items of paragraph (2) holds in each of the cases referred to in those items.

(Complaint Processing Measures and Dispute Resolution Measures in Connection with Specific Concurrent Business)

Article 11-2 (1) Measures that are specified by Cabinet Office Order as complaint processing measures as provided for in Article 23-2, paragraph (1), item (ii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are any of the following:

- (i) taking all of the following measures:
- (a) establishing a business operation system sufficient to execute business involving the processing of complaints related to specific concurrent business (meaning complaints related to specific concurrent business as prescribed in Article 12-2, paragraph (4) of the Act; hereinafter the same applies in this paragraph and paragraph (3)) in a fair and appropriate manner;
 - (b) establishing internal rules for executing business involving the processing of complaints related to specific concurrent business in a fair and appropriate manner (limited to rules containing provisions which clearly establish an internal allocation of responsibility in connection with that business); and
 - (c) informing its customers of where to file complaints related to specific concurrent business and publicizing the business operation system under sub-item (a) and the internal rules under sub-item (b);
- (ii) achieving processing for complaints related to specific concurrent business through complaint resolution implemented by a financial instruments firms association (meaning an authorized financial instruments firms association as defined in Article 2, paragraph (13) of the Financial Instruments and Exchange Act or a certified financial instruments business association as defined in Article 78, paragraph (2) of that Act; hereinafter the same applies in item (i) of the following paragraph) or a certified investor protection organization (meaning a certified investor protection organization as defined in Article 79-10, paragraph (1) of that Act; hereinafter the same applies in that item and in Article 31-22, paragraph (1), item (vi)) pursuant to the provisions of Article 77, paragraph (1) of that Act (including as applied mutatis mutandis pursuant to Articles 78-6 and 79-12 of that Act);

- (iii) seeking to process complaints related to specific concurrent business through mediation prescribed in Article 19, paragraph (1) or Article 25 of the Basic Consumer Act (Act No. 78 of 1968);
 - (iv) seeking to process complaints related to specific concurrent business through complaint processing procedures implemented by a person specified in the items of Article 13 of the Order;
 - (v) seeking to process complaints related to specific concurrent business through complaint processing procedures implemented by a corporation that has a financial basis and a personnel structure sufficient to execute business involving the processing of complaints related to specific concurrent business in a fair and appropriate manner (meaning a corporation prescribed in Article 12-2, paragraph (1), item (i) of the Act; the same applies in item (v) of the following paragraph).
- (2) The measures that are specified by Cabinet Office Order as dispute resolution measures as provided for in Article 23-2, paragraph (1), item (ii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are any of the following:
- (i) seeking to resolve disputes related to specific concurrent business (meaning disputes related to specific concurrent business as prescribed in Article 12-2, paragraph (4) of the Act; hereinafter the same applies in this Article) through mediation by a financial instruments firms association or a certified investor protection organization (meaning mediation prescribed in Article 77-2, paragraph (1) of the Financial Instruments and Exchange Act (including as applied mutatis mutandis pursuant to Articles 78-7 and 79-13 of that Act));
 - (ii) seeking to resolve disputes related to specific concurrent business through mediation by an organization as prescribed in the articles of association under Article 33, paragraph (1) the Attorney Act (Act No. 205 of 1949) or in the rules specified in those articles of association, or through arbitration procedures before such an organization;
 - (iii) seeking to resolve disputes related to specific concurrent business through mediation as prescribed in Article 19, paragraph (1) or Article 25 of the Basic Act, on Consumer Policy or through resolution based on an agreement as prescribed in that Article;
 - (iv) seeking to resolve disputes related to specific concurrent business through procedures seeking the resolution of disputes implemented by a person specified in the items of Article 13 of the Order; or
 - (v) seeking to resolve disputes related to specific concurrent business through procedures seeking the resolution of disputes implemented by a corporation that has a sufficient financial basis and a personnel structure to execute business involving the resolution of disputes related to specific concurrent

business in a fair and appropriate manner.

- (3) Notwithstanding the provisions of the preceding two paragraphs (limited to item (v) of paragraph (1) and item (v) of the preceding paragraph), a financial institution engaged in trust business must not seek to process complaints related to specific concurrent business or resolve complaints related to specific concurrent business through procedures implemented by a corporation that falls under any of the following items:
- (i) a corporation that has been sentenced to a fine pursuant to any provisions of the Act or the Attorney Act and that finished serving that sentence or ceased to be subject to its enforcement on a day that is not yet five years in the past;
 - (ii) a corporation that has had its designation under the provisions of Article 12-2, paragraph (1) rescinded pursuant to the provisions of Article 85-24, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act on a day that is not yet five years in the past; or a corporation that has had its designation as set forth in the items of Article 13 of the Order rescinded on a day that is not yet five years in the past; or
 - (iii) a corporation that has a person falling under any of the following among the officers in charge of its business (including the member responsible for performing the duties thereof, if an officer is a corporation; hereinafter the same applies in this item):
 - (a) a person that has been sentenced to imprisonment or a heavier punishment or that has been sentenced under any provisions of the Act or the Attorney Act, and that has finished serving that sentence or ceased to be subject to its enforcement on a day that is not yet five years in the past; or
 - (b) a person that, within one month prior to the day of the relevant rescission, was an officer of a corporation that has had its designation under the provisions of Article 12-2, paragraph (1) of the Act rescinded pursuant to the provisions of Article 85-24, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act on a day that is not yet five years in the past; or a person that, within one month prior to the day of the relevant rescission, was an officer of a corporation that has had its designation set forth in the items of Article 13 of the Order rescinded on a day that is less than five years in the past.

(Conduct Rules Pertaining to Acceptance of Trust)

Article 12 The acts specified by Cabinet Office Order that are provided for in Article 24, paragraph (1), item (v) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following acts:

- (i) the act of providing or indicating misleading information to the settlor with

regard to particulars of a trust agreement that are so material as to affect the judgment of the settlor;

- (ii) the act of concluding a trust agreement on the condition that the financial institution engaged in trust business or its interested person (meaning interested person prescribed in Article 29, paragraph (2), item (i) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act; hereinafter the same applies in this item and Article 23, paragraph (2), item (iv) and paragraph (4)) provide credit to the settlor (excluding those having no risk of lacking in the protection of the settlor) or otherwise wrongfully using its superior bargaining position or that of its interested person; and
- (iii) any other acts that violate laws and regulations.

(Cases Not Requiring Explanation of the Contents of a Trust Agreement)

Article 13 (1) The cases specified by Cabinet Office Order that are provided for in the proviso to Article 25 of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following cases:

- (i) if the settlor is a qualified institutional investor, etc. (meaning a qualified institutional investor prescribed in Article 2, paragraph (3), item (i) of the Financial Instruments and Exchange Act, a trust company, foreign trust company, and agent for trust agreements prescribed in Article 2, paragraphs (2), (6), and (9) of the Trust Business Act, respectively, and a person that is registered under Article 50-2, paragraph (1) of that Act; hereinafter the same applies) (excluding if there has been a request by the qualified institutional investor, etc. to provide an explanation under Article 25 of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act);
- (ii) if the financial institution engaged in trust business had previously concluded a money trust agreement or a trust agreement for specific receivables with the same contents with the settlor (limited to if the settlor has expressed its intent not to require explanation under Article 25 of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act);
- (iii) if an agent for trust agreements that has been entrusted by a financial institution engaged in trust business has already provided the settlor with explanation of the contents of the trust agreement pursuant to the provisions of Article 25 of the Trust Business Act as applied mutatis mutandis pursuant to Article 76 of that Act;
- (iv) if the financial institution engaged in trust business accepts a trust under a loan trust agreement prescribed in Article 2, paragraph (1) of the Loan

Trust Act (Act No. 195 of 1952), and the financial institution engaged in trust business has provided the settlor with an explanation of the contents of the basic terms and conditions of a trust agreement prescribed in Article 3, paragraph (2) of that Act;

- (v) if the financial institution engaged in trust business accepts a trust under a specific purpose trust agreement prescribed in Article 223 of the Act on Securitization of Assets, and the financial institution engaged in trust business has provided the settlor with an explanation of the particulars set forth in the items of Article 226, paragraph (1) of that Act and Article 116, items (iii) through (xxi) of the Regulation for Enforcement of the Act on Securitization of Assets (Order of the Prime Minister's Office No. 128 of 2000); and
 - (vi) if the financial institution engaged in trust business accepts a trust under a trust agreement involving a money trust for which compensation of losses in principal or making up for profits is promised under the terms of the agreement pursuant to the provisions of Article 6 of the Act (hereinafter referred to as a "trust agreement stipulating compensation of losses in principal, etc.") (excluding if there has been a request from the settlor to provide an explanation under Article 25 of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act).
- (2) The term "specific receivables" as used in item (ii) of the preceding paragraph means receivables arising from a contract for recurring transactions between the settlor and the counterparty that constitutes the obligor.

(Cases Not Requiring the Delivery of Documents at the Conclusion of a Trust Agreement)

Article 14 The cases specified by Cabinet Office Order that are provided for in the proviso to Article 26, paragraph (1) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act are the following cases:

- (i) if the settlor is a qualified institutional investor, etc. and the financial institution engaged in trust business has obtained the agreement of the settlor in advance, either in writing or by the electronic or magnetic means prescribed in Article 16, paragraph (1), that it is not necessary to deliver the documents prescribed in Article 26, paragraph (1) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act and has established a system that enables the financial institution engaged in trust business to promptly deliver the documents if they are requested by the settlor;
- (ii) if the financial institution engaged in trust business has previously concluded a money trust agreement or a trust agreement for specific

- receivables (meaning specific receivables as prescribed in paragraph (2) of the preceding Article) with the same substance with the settlor, and has previously delivered to the settlor documents relevant to the trust agreement pursuant to the provisions of Article 26, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act (limited to if the settlor has expressed an intent indicating that the delivery of documents prescribed in that paragraph is not required);
- (iii) if the financial institution engaged in trust business has accepted a trust under a loan trust agreement as prescribed in Article 2, paragraph (1) of the Loan Trust Act and delivered to the settlor the beneficiary securities prescribed in paragraph (2) of that Article;
 - (iv) if the financial institution engaged in trust business has accepted a trust under a specific purpose trust agreement as prescribed in Article 223 of the Act on Securitization of Assets and delivered to the settlor the beneficiary securities prescribed in Article 234, paragraph (1) of that Act; and
 - (v) if the financial institution engaged in trust business has accepted a trust under a trust agreement stipulating compensation of losses in principal, etc. and has established a system that enables the financial institution engaged in trust business to promptly deliver the documents prescribed in Article 26, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act if they are requested by the settlor.

(Particulars Required to Be Included in the Documents to Be Delivered at Conclusion of Trust Agreement)

Article 15 (1) The particulars set forth in Article 26, paragraph (1), item (iv) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act include the following particulars:

- (i) the type and value or quantity of the trust property to be initially acquired;
- (ii) the particulars involved in the transfer of the right to the trust property (including particulars involved in the satisfaction of perfection requirements for property that is part of that trust property);
- (iii) if acquisition of additional trust property is scheduled after the date of acquisition of the trust property set forth in item (i), the scheduled date of acquisition, the type of trust property, and the terms and conditions of the acquisition; and
- (iv) in the case of a specific planned giving trust (meaning the specific planned giving trust defined in Article 4-5, paragraph (1) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957); hereinafter the same applies in Article 19, paragraph (1), item (xii)), the initial trust principal amount.

- (2) The particulars prescribed in Article 26, paragraph (1), item (vi) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are to include the following particulars:
 - (i) the type of property to be acquired through the management or disposition of trust property; and
 - (ii) if the money belonging to the trust property is invested jointly with the financial institution engaged in trust business's own property or with money belonging to other trust property, a statement to that effect and the criteria for the distribution of profits and losses between the trust property and the financial institution engaged in trust business's own property or the relevant other trust property.
- (3) The summary of the transactions set forth in the items of Article 29, paragraph (2) of the Trust Business Act as prescribed in Article 26, paragraph (1), item (viii) of that Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act is to include the terms and conditions of the transactions.
- (4) The particulars prescribed in Article 26, paragraph (1), item (ix) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are to include the following particulars:
 - (i) if there are unspecified beneficiaries or beneficiaries yet to exist, their scope, qualification, and other particulars necessary for determining the beneficiaries;
 - (ii) if a trust caretaker, trust supervisor, or beneficiaries' agent is designated pursuant to the provisions of Article 123, paragraph (1), Article 131, paragraph (1), or Article 138, paragraph (1) of the Trust Act (Act No. 108 of 2006), respectively, the particulars of the trust caretaker, trust supervisor, or beneficiaries' agent;
 - (iii) if the settlor has the right to designate or change the beneficiaries of the trust, the particulars of that right; and
 - (iv) if a beneficiary is required to manifest the intention to enjoy the profits arising from the trust in order to acquire a beneficial interest, a statement to that effect.
- (5) The particulars prescribed in Article 26, paragraph (1), item (x) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are to include the following particulars:
 - (i) the type of trust property to be delivered to the beneficiaries;
 - (ii) the timing and the method of the delivery of trust property; and
 - (iii) if the substance of the particulars set forth in the preceding two items differ for each beneficiary, the substance thereof.
- (6) The particulars prescribed in Article 26, paragraph (1), item (xi) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1)

of the Act are to include the following particulars:

- (i) the amount of trust fees or the calculation method thereof; and
- (ii) the timing and the method of the payment of trust fees.

(7) The particulars specified by Cabinet Office Order that are provided for in Article 26, paragraph (1), item (xvi) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following particulars:

- (i) the particulars of risks of loss;
- (ii) if a financial institution engaged in trust business concludes a contract under which compensation of losses in principal or making up for profits is promised pursuant to Article 6 of the Act, the rate of compensation of losses in principal or filling in of profits and other particulars involved in this;
- (iii) the particulars of the procedures for transferring a beneficial interest in the trust;
- (iv) if the transfer of a beneficial interest in the trust is subject to any restriction, a statement to that effect and the substance of the restriction;
- (v) if special provisions exist with regard to the following particulars, the particulars of those special provisions:
 - (a) the handling of trust business if there are two or more trustees;
 - (b) the resignation of the trustee;
 - (c) the appointment of a new trustee at the expiration of the term of office of the current trustee; and
 - (d) causes for termination of the trust; and
- (vi) the means of public notice of the trustee (including the period of public notice; hereinafter the same applies);
- (vii) the particulars specified in the relevant of the following sub-item (a) or (b) for the category of case specified therein:
 - (a) if there is a designated dispute resolution organization (meaning the designated dispute resolution organization defined in Article 12-2, paragraph (1), item (viii) of the Act; hereinafter the same applies in this item): the trade name or name of the designated dispute resolution organization that is the other party to the basic contract for implementation of procedures as prescribed in Article 23-2, paragraph (1), item (i) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act (meaning the basic contract for implementation of procedures as prescribed in Article 12-2, paragraph (1), item (viii) of the Act; hereinafter the same applies in this item) that the financial institution engaged in trust business takes measures to conclude ;
or
 - (b) if there is no designated dispute resolution organization: the substance of the complaint processing measures and dispute resolution measures taken

by the financial institution engaged in trust business pursuant to Article 23-2, paragraph (1), item (ii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act.

(8) If a financial institution engaged in trust business has accepted a limited liability trust prescribed in Article 2, paragraph (12) of the Trust Act, the particulars specified by Cabinet Office Order that are provided for in Article 26, paragraph (1), item (xvi) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following particulars, in addition to the particulars set forth in the items of the preceding paragraph:

- (i) the name of the limited liability trust;
- (ii) the place of administration of affairs of the limited liability trust (meaning the place of administration of affairs prescribed in Article 216, paragraph (2), item (iv) of the Trust Act); and
- (iii) the distributable amount (meaning the distributable amount prescribed in Article 225 of the Trust Act) and an indication that payment to the beneficiary in connection with the trust property may not be made in any amount exceeding the distributable amount.

(Means of Using Information and Communications Technology)

Article 16 (1) The means specified by Cabinet Office Order that are referred to in Article 26, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27, paragraph (2) and Article 29, paragraph (4) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act; hereinafter the same applies in this Article) are the following means (hereinafter referred to as "electronic or magnetic means"):

- (i) a means of using an electronic data processing system that is as set forth in sub-items (a) through (d):
 - (a) a means that causes the information that is required to be given in a document (hereinafter referred to as "required information" in this Article) to be transmitted over a telecommunications line connecting a computer used by a financial institution engaged in trust business, etc. (meaning a financial institution engaged in trust business or a person that maintains a file in a computer under its own management under a contract with a financial institution engaged in trust business and makes that file available for use by the settlor or the financial institution engaged in trust business; hereinafter the same applies in this Article) and the computer used by the settlor, etc. (meaning the settlor or a person that maintains a customer file (meaning a file made available exclusively for use by the

settlor; hereinafter the same applies in this Article) in a computer under its own management under a contract with the settlor; hereinafter the same applies in this Article) and to be recorded in a customer file that has been prepared on the computer used by the settlor, etc. (for consent indicating that a person is willing, or a notice indicating that a person is not willing, to be provided with information by the means prescribed in Article 26, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act, this refers to a means that causes what the person has indicated to be recorded in a file that has been prepared on a computer used by the financial institution engaged in trust business, etc.);

- (b) a means that uses a telecommunications line to make the required information that has been recorded in a file prepared on a computer used by a financial institution engaged in trust business, etc. available for the settlor to inspect and causes it to be recorded in the settlor's customer file that has been prepared on the computer used by the settlor, etc. (for consent indicating that a person is willing, or a notice indicating that a person is not willing, to be provided with information by the means prescribed in Article 26, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act, this refers to a means that causes what the person has indicated to be recorded in a file that has been prepared on a computer used by the financial institution engaged in trust business, etc.);
- (c) a means that uses a telecommunications line to make the required information that has been recorded in a customer file which has been prepared on a computer used by a financial institution engaged in trust business, etc. available for the settlor to inspect; and
- (d) a means that uses a telecommunications line to make the required information that has been recorded in an inspection file (meaning a file that has been prepared on a computer used by a financial institution engaged in trust business, etc. into which the required information is recorded so that it can be made available for multiple settlors to inspect simultaneously; hereinafter the same applies in this Article) available for the settlor to inspect; and a means that uses a telecommunications line to make the Required Information that has been recorded in an inspection file (meaning a file that has been prepared on a computer used by a Bank into which Required Information is recorded so that it can be made available for multiple customers to inspect simultaneously) available for a customer to inspect
- (ii) a means of delivering to the relevant person a record of the required information that has been recorded into a file created using a magnetic disk,

CD-ROM, or other object with an equivalent means of reliably storing fixed sets of data.

- (2) The means provided for in the items of the preceding paragraph must satisfy the following criteria:
- (i) it enables the settlor to create a document by outputting the information recorded in the inspection file or customer file;
 - (ii) if it is a means as set forth in item (i), sub-items (a), (c), and (d) of the preceding paragraph (excluding a means that causes the required information to be recorded in a customer file that has been prepared on a computer used by the settlor), the relevant person notifies the settlor that the required information will be or has been recorded in the customer file or inspection file; provided, however, that this does not apply if it has confirmed that the settlor has inspected the required information;
 - (iii) if it is a means as set forth in item (i), sub-item (d) of the preceding paragraph, that means causes the information that the settlor needs to have in order to inspect the inspection file to be recorded in the customer file;
 - (iv) if it is a means as set forth in item (i), sub-item (c) or (d) of the preceding paragraph, that means makes it so that the relevant person cannot delete or modify the following information for a period of five years after the final date on which the transaction set forth in the required information is carried out (or, if a complaint involving the required information is filed by the day on which that period ends, the relevant information cannot be deleted or modified until the date on which that period ends or the date on which that complaint is resolved, whichever occurs later); provided, however, that if the relevant person delivers, in writing, the required information that it has made available for inspection; if the relevant person obtains the settlor's consent (meaning consent by a means as prescribed in Article 9, paragraph (1) of the Order) and provides that required information by a means set forth in item (i), sub-item (a) or (b) of the preceding paragraph or item (ii) of the preceding paragraph; or if the settlor instructs the relevant person to delete the required information; that person may delete the required information:
 - (a) the required information recorded in the customer file, in connection with a means as prescribed in item (i), sub-item (c) of the preceding paragraph; and
 - (b) the required information recorded in the inspection file, in connection with a means as prescribed in item (i), sub-item (d) of the preceding paragraph; and
 - (v) if it is a means as set forth in item (i), sub-item (d) of the preceding paragraph, it allows the customer file into which, pursuant to the provisions of item (iii), the relevant person has recorded the information that the settlor needs to have in order to inspect the inspection file, as well as the inspection

file itself, to be maintained in a state that allows persons to connect to them using a telecommunications line until the end of the period set forth in the preceding item; provided, however, that this does not apply if a settlor that has been given access to those files has notified the relevant person that it is not necessary to maintain them in a state that allows the settlor to connect to them.

- (3) The term "electronic data processing system" as used in paragraph (1), item (i) means an electronic data processing system that uses a telecommunications line to connect the computer used by the financial institution engaged in trust business, etc. and the computer on which the customer file has been prepared that is used by the settlor, etc. or the financial institution engaged in trust business, etc.

Article 17 The type and substance of the means that the relevant person is required to indicate pursuant to the provisions of Article 9, paragraph (1) of the Order (including as applied mutatis mutandis pursuant to paragraph (3) of that Article) means the following particulars:

- (i) those of the means provided for in the items of paragraph (1) of the preceding Article that the financial institution engaged in trust business will use; and
- (ii) the formalities used to record data to the file.

(Special Provisions on Accounting Periods)

Article 18 The cases specified by Cabinet Office Order that are provided for in Article 26, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following cases:

- (i) if the accounting period is the first accounting period after the establishment of the trust and is less than two years;
- (ii) if the day that marks one year's time since the first day of an accounting period (referred to as the "anniversary" in the following item and item (iv)) falls on a Sunday, Saturday, holiday prescribed by the Act on National Holidays (Act No. 178 of 1948), the second or third day of January, or the twenty-ninth through thirty first day of December (referred to as a "holiday or other non-working day" in the following item and item (iv)), and the day immediately following the holiday or other non-working day is regarded as the last day of the accounting period;
- (iii) if the anniversary and the following day fall on holidays or other non-working days, and the second day after the anniversary is regarded as the last day of the accounting period;
- (iv) if the anniversary, the following day, and the second day after the

anniversary fall on holidays or other non-working days, and the third day after the anniversary is regarded as the last day of the accounting period; and

- (v) if a financial institution engaged in trust business has accepted a trust under a trust agreement stipulating compensation of losses in principal, etc., and the financial institution engaged in trust business has established a system that enables it to promptly respond to inquiries from the beneficiary (including a trust caretaker or agent for a beneficiary of a trust, if there is one at the time in question; the same applies in paragraph (1), item (v) of the following Article, Article 20, items (i)-2, (vi), (vii) and (ix), Article 23, paragraph (1), item (iii), paragraph (3), item (iii), and paragraph (5), items (i)-2, (iv) and (v), Article 26, Article 34, paragraph (1), item (iii), and Article 35, paragraph (1), item (iii)) on the status of trust property.

(Particulars Required to Be Stated in Written Reports on the Status of Trust Property)

Article 19 (1) A written report on the status of trust property prescribed in the main clause of Article 27, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act (hereinafter referred to as a "written report" in this Article) must include the following particulars; provided, however, that this does not apply to the particulars set forth in items (xiii) through (xv) and the items of paragraph (7) if the beneficiary is a professional investor (meaning a professional investor as defined in Article 2, paragraph (31) of the Financial Instruments and Exchange Act; hereinafter the same applies) or if the written report concerns a trust whose trust property is managed or disposed of based on the instructions of only the settlor or a person entrusted with the authority to give instructions by the settlor (but only if the settlor or the person entrusted with the authority to give instructions by the settlor falls under any of the items of Article 2, paragraph (1) of Order for Enforcement of the Trust Business Act (Cabinet Order No. 427 of 2004)) or concerns any of the trusts set forth in the items of Article 30-2, paragraph (1) of the Regulation for Enforcement of the Trust Business Act:

- (i) the status of assets, liabilities, and the principal as of the last day of the accounting period (hereinafter referred to as the "end of the current period" in this Article), and the status of income and expenditure for the accounting period;
- (ii) the total number and amount of shares bought or sold during the accounting period, and the following particulars for each issue of shares (limited to those held by a trust whose purpose is to invest more than half the amount of trust property in securities prescribed in Article 2, paragraph

- (1) of the Financial Instruments and Exchange Act (including rights that are deemed to be securities under the provisions of paragraph (2) of that Article) in an amount exceeding one percent of the total amount of trust property as of the end of the current period; the same applies in the following item):
- (a) the number of shares as of the last day of the accounting period immediately preceding the current accounting period of the trust property;
 - (b) the number of shares as of the end of the current period; and
 - (c) if the trust plans to sell the shares, the total market value of the shares as of the end of the current period;
- (iii) for each type of government or corporate bonds (meaning government or corporate bonds set forth in Article 2, paragraph (1), item (ix) of the Income Tax Act (Act No. 33 of 1965)), the total amount of bond certificates bought or sold during the accounting period and for each issue of bonds, the total amount of face value as of the end of the current period (including the total market value, if the trust plans to sell the government or corporate bonds);
- (iv) if derivatives transactions (meaning derivatives transactions as prescribed in Article 2, paragraph (20) of the Financial Instruments and Exchange Act; the same applies in Article 31-11, item (ii), sub-item (b) and Article 37, item (ii)) have been carried out, for each type of transaction, the contractual or actual transaction balance as of the end of the current period and the contractual or actual transaction amount during the accounting period;
- (v) the following particulars regarding real property, real property leasehold interests, and superficies rights (as regards the particulars set forth in (b) and (c), this excludes a case in which the financial institution engaged in trust business has obtained the agreement of the beneficiary (including a person that has acquired asset backed securities issued by a specific purpose company as prescribed in Article 2, paragraph (3) of the Act on Securitization of Assets and other person that substantially enjoys the profit arising from the trust (referred to as "substantial beneficiary" in paragraph (6) and Article 23, paragraph (5), item (ii)); hereinafter the same applies in this paragraph) in advance that it is not necessary to include those particulars in the written report):
- (a) the location and parcel number of the real property and any other information needed to identify the real property;
 - (b) if the trust plans to sell real property, the price (meaning the appraisal value, posted price, assessed value of land adjoining a major road for inheritance tax and gift tax purposes, assessed value of real property for property tax purposes (meaning the price registered in the land tax ledger or the supplementary land tax ledger pursuant to the provisions of Article 381, paragraph (1) or (2) of the Local Tax Act (Act No. 226 of 1950)) and other amounts reasonably calculated based on relevant materials) of each

- real property as of the end of the current period;
- (c) if a lease contract is concluded with regard to real property, for each property, the occupancy rate and the total number of the other parties with whom a lease contract has been concluded for that property as of the end of the current period, and the total amount of rental income during the accounting period (if the financial institution engaged in trust business is unable to include the total amount of rental income due to compelling circumstances, a statement to that effect); and
 - (d) if real property has been sold, the total amount of real property bought or sold during the accounting period;
- (vi) the following particulars regarding monetary claims:
- (a) the type and the amount of claims as of the end of the current period (it is sufficient to include the total amount for each type of claims) and other the particulars of the substance of the claims; and
 - (b) if claims have been bought or sold, the total amount of each type of claims bought or sold during the accounting period;
- (vii) the following particulars regarding intellectual property rights (as regards the particulars set forth in (c), this excludes a case in which the financial institution engaged in trust business has obtained the agreement of the beneficiary in advance that it is not necessary to include those particulars in the written report):
- (a) the type of intellectual property rights and any other information needed to identify the intellectual property rights;
 - (b) if a license, right to use, or any other right (hereinafter referred to as "license or similar right" in this item) has been established in connection with an intellectual property right by an act of establishment, the scope of the license or similar right for each intellectual property right and other particulars concerning the act of establishment of the license or similar right;
 - (c) if the trust plans to sell intellectual property rights, the appraised value as of the end of the current period for each intellectual property right; and
 - (d) the status of transactions during the accounting period for each intellectual property right;
- (viii) the following particulars regarding each type of any property other than that which is set forth in item (ii) through the preceding item (excluding a beneficial interest in a trust set forth in the following item; hereinafter referred to "subject property" in this item and paragraph (7)) (as regards the particulars set forth in (c), this excludes a case in which the financial institution engaged in trust business has obtained the agreement of the beneficiary in advance that it is not necessary to include those particulars in the written report):

- (a) the type of subject property, the name of the right holder, and any other information needed to identify the subject property;
- (b) if a right has been established in connection with the subject property, for each Subject Property, the name of the holder of the right in question connected with each subject property and other particulars concerning the substance of that right;
- (c) if the trust plans to sell subject property, the appraised value as of the end of the current period for each subject property; and
- (d) for each subject property, the status of transactions during the accounting period;
- (ix) the particulars set forth in item (ii) through the preceding item as in the immediately preceding accounting period, for each type of trust property connected with a beneficial interest in a trust whose purpose is to have the trustee of another trust acquire the beneficial interest;
- (x) if the financial institution engaged in trust business has borne obligations in order to administer a trust (excluding obligations normally borne by the financial institution engaged in trust business in connection with trust administration), the total amount of the obligations, the amount of the obligations for each contract, and other particulars of the substance of the obligations (if the obligations are borrowings, including the total amount of the borrowings and for each contract, the attributes of the lender, the amount of borrowing, repayment date, the balance as of the end of the current period, the interest rate applicable to the accounting period and the borrowing period, the method of repayment, particulars of the establishment of collateral, and the purpose and use of the borrowings);
- (xi) if a third party is entrusted with trust business, other than the business as set forth in the items of Article 22, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act, that concerns the relevant trust property, the name and the address or locality of the third party that is entrusted with the business, the fees associated with the entrustment, and the substance of the business that is entrusted;
- (xii) if the trust agreement satisfies the requirements of a specific planned giving trust at the time it is concluded, the amount of contribution from the trust property during the accounting period, the name of the person to which the contribution is made, and the date of contribution;
- (xiii) changes in the status of trust property during the accounting period (including the main factors contributing to the changes in the value of the trust property);
- (xiv) changes in the value of the trust property; and
- (xv) if the financial institution engaged in trust business undergoes external

auditing regarding its trust business and has received a report concerning the external audit during the accounting period, the name of the person that implemented the external audit, the subjects of the external audit, and an outline of the results.

- (2) In including the particulars set forth in item (i) of the preceding paragraph, a financial institution engaged in trust business may substitute the balance sheet as of the end of the current period for the status of assets, liabilities, and the principal as of the end of the current period and the income and expenditure statement for the trust property for that accounting period for the status of income and expenditure for the accounting period.
- (3) A written report must be written unambiguously so that the reader can accurately assess the status of the trust property.
- (4) The monetary amounts in the particulars set forth in the items of paragraph (1) may be indicated in units of millions of yen; provided, however, that this does not apply if it could cause the reader to be unable to appropriately assess the status of the trust property.
- (5) A financial institution engaged in trust business must prepare a written report concerning trust property without delay after the end of the accounting period for that trust property or after the end of the period established in the act of trust, and deliver it to the beneficiary; provided, however, that this does not apply to cases falling under any of the items of Article 20, if it is required to deliver such a written report to the beneficiary after the end of the period established in the act of trust.
- (6) Notwithstanding the provisions of paragraph (1), item (v), if the substantial beneficiary is a qualified institutional investor prescribed in Article 2, paragraph (3), item (i) of the Financial Instruments and Exchange Act or if the substantial beneficiary is a person that has acquired specified securities as prescribed in Article 5, paragraph (1) of that Act and the beneficiary has submitted an annual securities report with regard to the specified securities pursuant to the provisions of Article 24, paragraph (1) or (3) of that Act as applied *mutatis mutandis* pursuant to paragraph (5) of that Article (or has made a report on the particulars set forth in paragraph (1), item (v), sub-items (b) and (c) to the substantial beneficiary based on a report from a third party, if the beneficiary is not required to submit annual securities reports with regard to the specified securities under that Act), a financial institution engaged in trust business may omit the particulars set forth in sub-items (b) and (c) of that item from the written report, after obtaining the agreement of the beneficiary (including an agent for the beneficiary, if there is one at the time in question) in advance that it is not necessary to include the particulars in the written report.
- (7) If the subject property includes subject securities (meaning subject securities

as prescribed in Article 96, paragraph (4) of the Cabinet Office Order on Financial Instruments Business, etc. (Cabinet Office Order No. 52 of 2007); hereinafter the same applies in this paragraph and Article 31-22, paragraph (3); excluding subject securities for which the amount of holdings constitutes less than three percent of the appraised value of the subject property as of the end of the current period), the financial institution engaged in trust business must include, in the written report, the following particulars in addition to the particulars set forth in the items of paragraph (1); provided, however, that this does not apply if all these particulars are included in the document prescribed in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act in connection with the trust agreement (hereinafter referred to as the "document to be delivered prior to the conclusion of a contract") or the contract change document or the written report prescribed in Article 31-21, paragraph (1), item (iii),(b) that has been delivered to the customer in connection with the trust agreement within one year before delivery of the written report:

- (i) the name of the subject securities, method of calculating the value of the subject securities, and the particulars of the frequency and method of reporting that value to the person that holds rights in connection with the subject securities;
- (ii) the trade name or name, address or residence of the issuer of the subject securities, the person that engages in important operations involving the investment of assets invested or paid by the person that holds a right connected with the subject securities (hereinafter such assets are referred to as "fund assets" in this item and item (iv)), the person that engages in important operations involving the custody of the fund assets, and the person that engages in important operations involving the particulars set forth in the preceding item other than investment and the custody of the fund assets (limited to the particulars of the method for calculating the value specified in that item or the method for reporting that value) (referred to as "persons related to the fund") and particulars related to the role sharing of those persons;
- (iii) the capital relationship and personal relationship between the financial institution and the persons related to the fund; and
- (iv) the existence of an external audit of fund assets, and if an external audit is implemented, the name of the person implementing the external audit.

(Frequency of Delivery of Written Reports on the Status of Trust Property)
Article 19-2 The cases and periods specified by Cabinet Office Order that are provided for in the main clause of Article 27, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1)

of the Act are the cases set forth in the following items and the periods specified for the categories therein:

- (i) if it is prescribed in the act of trust that financial institution engaged in trust business is to prepare a written report on the status of trust property for each period of a length that is shorter than the accounting period and deliver it to the beneficiary (other than in a case as set forth in the following item), the period prescribed in the act of trust; and
- (ii) if the trust agreement is one as under the provisions of Article 130-2, paragraph (1) of the Employees' Pension Insurance Act (Act No. 115 of 1954) prior to the amendment by Article 1 of the Act Partially Amending the Employees' Pension Insurance Act, etc. to Ensure the Soundness and Reliability of the Public Pension System (Act No. 63 of 2013; hereinafter referred to as the "2013 Employees' Pension Revision Act" in this item and Article 22, paragraph (10)) which is to remain in force pursuant to Article 5, paragraph (1) of the Supplementary Provisions of the 2013 Employees' Pension Revision Act (the Employees' Pension Insurance Act prior to the amendment is referred to as the "Former Employees' Pension Insurance Act" in Article 22, paragraph (10)) or Article 128, paragraph (3) of the National Pension Act (Act No. 141 of 1959): three months.

(Cases in Which Delivery of Written Reports on the Status of Trust Property Is Not Required)

Article 20 The cases specified by Cabinet Office Order that are provided for in the proviso to Article 27, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following cases:

- (i) if the beneficiary is a qualified institutional investor, etc. and the financial institution engaged in trust business has obtained the agreement of the beneficiary (including an agent for the beneficiary, if there is one at the time in question; hereinafter the same applies in this item) in advance, either in writing or by electronic or magnetic means, that it is not necessary to deliver the written report on the status of trust property, and has established a system that enables the financial institution engaged in trust business to promptly respond to inquiries from the beneficiary on the status of trust property;
- (i)-2 if the beneficiaries are beneficiaries of bearer beneficial interests (meaning bearer beneficial interests as prescribed in Article 110, paragraph (3) of the Trust Act; hereinafter the same applies) in a trust with certificates of beneficial interest (meaning a trust with certificates of beneficial interest as prescribed in Article 185, paragraph (3) of that Act; hereinafter the same applies) and the financial institution engaged in trust business has delivered

a written report on the status of trust property to those whose name and address are known to the financial institution engaged in trust business among the beneficiaries and established a system that enables the financial institution engaged in trust business to promptly deliver the written report on the status of trust property if it is requested by the rest of the beneficiaries;

- (ii) if the financial institution engaged in trust business delivers written reports on trust property status to a trust caretaker or agent for a beneficiary of a trust, if there is one at the time in question;
- (iii) if the financial institution engaged in trust business has accepted a trust under a contract for an investment trust managed under instructions from the settlor prescribed in Article 3 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951), and the financial institution engaged in trust business is providing the settlor company of the investment trust (meaning a settlor company of an investment trust as prescribed in Article 2, paragraph (11) of that Act; hereinafter the same applies) with information necessary for the settlor company of the investment trust to prepare investment reports set forth in Article 14, paragraph (1) of that Act;
- (iv) if the financial institution engaged in trust business has accepted a trust under a trust agreement requiring the financial institution engaged in trust business to manage or dispose of the trust property in accordance with the instructions given by a financial instruments business operator, etc. prescribed in Article 34 of the Financial Instruments and Exchange Act (limited to those that engage in investment management business (meaning investment management business as prescribed in Article 28, paragraph (4) of that Act; hereinafter the same applies)) and the beneficiaries of the trust are limited to the customers of the financial instruments business operator, etc.; and the financial institution engaged in trust business is providing the financial instruments business operator, etc. with information necessary for the financial instruments business operator, etc. to prepare investment reports set forth in Article 42-7, paragraph (1) of that Act;
- (v) if the financial institution engaged in trust business has accepted a trust under a trust agreement requiring the financial institution engaged in trust business to manage or dispose of the trust property in accordance with the instructions given by a commodities investment advisor as prescribed in Article 2, paragraph (4) of the Act on Regulation of Commodity Investment and the beneficiaries of the trust are limited to the customers of the commodities investment advisor; and the financial institution engaged in trust business is providing the commodities investment advisor with information necessary for the commodities investment advisor to prepare written reports set forth in Article 20 of that Act;

- (vi) if the financial institution engaged in trust business has accepted a trust under a trust agreement stipulating compensation of losses in principal, etc., and it has established a system that enables it to promptly respond to inquiries from the beneficiaries regarding the status of trust property;
- (vii) if the financial institution engaged in trust business has obtained the agreement of the beneficiary in advance, either in writing or by electronic or magnetic means, for it to provide information regarding the content of each transaction in writing or by electronic or magnetic means in lieu of delivering written reports on trust property status, and information about the contents of each transaction is provided to the beneficiary in writing or by electronic or magnetic means;
- (viii) if the financial institution engaged in trust business has accepted a trust under a trust agreement requiring it to manage or dispose of the trust property as an asset management organization prescribed in Article 2, paragraph (7), item (i), sub-item (b) of the Defined Contribution Pension Act (Act No. 88 of 2001), and it is providing an organization undertaking administration and management related to corporate pension records, etc. prescribed in Article 23, paragraph (1) of that Act with information necessary for the organization undertaking administration and management related to corporate pension records, etc. to make a notification set forth in Article 27 of that Act; and
- (ix) if the particulars prescribed in the items of paragraph (1) of Article 19 are included in a document or recorded in an electronic or magnetic record (meaning a record used in computerized data processing that has been created in electronic form, magnetic form, or any other form that cannot be perceived by the human senses (limited to one constituting data that has been recorded into a file created using a magnetic disk or other object with an equivalent means of reliably storing fixed sets of data)) prepared for other purposes and the contents included in the documents or recorded in the electronic or magnetic record are provided to the beneficiary in writing or by electronic or magnetic means;
- (x) if the financial institution engaged in trust business has accepted a trust with certificates of beneficial interest and satisfies all of the following requirements:
 - (a) the beneficial interest in the trust with certificates of beneficial interest is listed on a financial instruments exchange (meaning a financial instruments exchange as prescribed in Article 2, paragraph (16) of the Financial Instruments and Exchange Act; hereinafter the same applies) and does not constitute specified listed securities (meaning specified listed securities as prescribed in paragraph (33) of that Article; hereinafter the same applies in this item and Article 23, paragraph (5), item (v)) or

constitutes securities for professional investors (meaning securities for professional investors as prescribed in Article 4, paragraph (3) of that Act; hereinafter the same applies in this item and Article 23, paragraph (5), item (v));

(b) the requirements specified in the relevant of sub-items 1. and 2. below are met for the category of case set forth in that sub-item:

1. if the beneficial interest is listed on a financial instruments exchange (unless the beneficial interest is a specified listed security):

information on the particulars required to be included in the written report on the status of trust property is correctly disclosed in accordance with the disclosure method prescribed by the financial instruments exchange; and

2. if the beneficial interest is a security for professional investors:

information on the particulars required to be included in the written report on the status of trust property is provided or published pursuant to the provisions of Article 27-32, paragraph (1) or paragraph (2) of the Financial Instruments and Exchange Act as the information on the issuer prescribed in Article 27-32, paragraph (1) of that Act;

(c) the financial institution engaged in trust business has established a system that enables the financial institution engaged in trust business to promptly deliver the written report on the status of trust property at the request of the beneficiary; and

(d) the act of trust for the trust with certificates of beneficial interest includes provisions concerning (b) and provisions indicating that the written report on the status of trust property will not be delivered unless requested by the beneficiary.

(Particulars of a Person's Establishment of a System for Managing Trust Property Separately from Its Own Property and Other Trust Property)

Article 21 (1) A financial institution engaged in trust business (including a person that has been entrusted with trust business other than the business set forth in the items of Article 22, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act by the financial institution engaged in trust business) must clearly separate property that is part of that trust property from the financial institution engaged in trust business' own property and from property that is part of the trust property of other trusts by separating the places where they are managed or by other means and manage them in a condition that enables the financial institution engaged in trust business to distinguish the beneficiaries of the trust property.

(2) If a financial institution engaged in trust business entrusts a third party with

the management of trust property pursuant to the provisions of Article 22, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act, it must establish a system that is sufficient for ensuring that the third party entrusted with the management of trust property manages the trust property by doing things such as separating the property that is part of that trust property from the property of the third party and other property, in accordance with the type of trust property.

- (3) In order to clarify the processing and accounting of trust business, a financial institution engaged in trust business must prepare the books and documents set forth in items (i) and (ii) using the appended table and preserve them for the period specified in the relevant of the following items for the category of documents set forth in that item:
- (i) trust account ledger: ten years from the end of the accounting period of the trust property or the end of the period established by the act of trust;
 - (ii) general ledger: five years from the date of preparation; and
 - (iii) contract for the entrustment of trust business (excluding the business prescribed in the items of Article 22, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act): five years from the date of termination of the contract.

(Particulars of the Establishment of a System for Preventing Damage to Trust Property and Loss of Confidence in Trust Business)

Article 22 (1) A financial institution engaged in trust business (including a person that has been entrusted with trust business other than business as set forth in the items of Article 22, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act by the financial institution engaged in trust business) must establish a system that is sufficient for ensuring appropriate performance of operations involving internal controls, as set forth in the following:

- (i) it ensures that there is a personnel structure that allows it to appropriately perform operations involving internal controls;
 - (ii) it establishes internal rules for the performance of operations involving internal controls (limited to those that include provisions clarifying responsibility frameworks in the internal rules concerning that operations); and
 - (iii) it makes the personnel engaging in operations involving internal controls independent from the department that performs the management or disposition of trust property.
- (2) The term "operations involving internal controls" as used in the preceding paragraph means the following operations:
- (i) operations involving the management of compliance with laws and

- regulations (meaning assessing whether the substance of business complies with laws and regulations (including laws and regulations of a foreign state) or dispositions by administrative agencies based on laws and regulations (including equivalent dispositions based on laws and regulations of a foreign state) (hereinafter referred to as "laws and regulations, etc." in this item) and having officers and employees comply with them);
- (ii) operations involving internal audits and internal inspections; and
 - (iii) operations involving finance.
- (3) In order to ensure the appropriate operation of trust agreement agency business (meaning the trust agreement agency business prescribed in Article 2, paragraph (8) of the Trust Business Act; hereinafter the same applies) by the agent for trust agreements that a financial institution engaged in trust business has entrusted with business, the financial institution engaged in trust business must establish a system that is sufficient for providing guidance to the agent for trust agreements and for inspecting the status of compliance with laws and regulations in the trust agreement agency business by the agent for trust agreements.
- (4) If a financial institution engaged in trust business conducts its business after having established its head office or other business office or office in the same building as that of the head office or other business office, office, or agent of another trust company, foreign trust company, or financial institution (including a business office or office of a Bank Agent prescribed in Article 2, paragraph (15) of the Banking Act (Act No. 59 of 1981), Long Term Credit Bank Agent prescribed in Article 16-5, paragraph (3) of the Long Term Credit Bank Act, Shinkin Bank Agent prescribed in Article 85-2, paragraph (3) of the Shinkin Bank Act, Credit Cooperative Agent prescribed in Article 6-3, paragraph (3) of the Act on Financial Businesses by Cooperative (Act No. 183 of 1949), Labor Bank Agent prescribed in Article 89-3, paragraph (3) of the Labor Bank Act, Specified Credit Business Agent prescribed in Article 92-2, paragraph (3) of the Agricultural Cooperatives Act (Act No. 183 of 1947), Specified Credit Business Agent prescribed in Article 121-2, paragraph (3) of the Fisheries Cooperatives Act (Act No. 242 of 1948), and Norinchukin Bank Agent prescribed in Article 95-2, paragraph (3) of the Norinchukin Bank Act (Act No. 93 of 2001)), and the agricultural cooperatives, fisheries cooperatives and fishery processing cooperatives engaged in agency service for the business relating to the authorization under Article 42, paragraph (3) of the Act on Enhancement and Restructuring of Credit Business Conducted by The Norinchukin Bank and Specified Agricultural and Fishery Cooperative Savings Insurance Cooperation, etc. (Act No. 118 of 1996), it must take appropriate measures to prevent customers from mistaking it for the other trust company, foreign trust company, or financial institution.

- (5) If a financial institution engaged in trust business conducts its business using a computer connected with a telecommunications line, it must take appropriate measures to prevent customers from mistaking it for another person.
- (6) As regards safety controls for the information regarding individual customers that that a financial institution engaged in trust business handles, the supervision of its employees, and if entrusts another person with handling the information, supervision of that other person, a financial institution engaged in trust business must take necessary and appropriate measures to prevent leakage, loss, and damage of that information.
- (7) A financial institution engaged in trust business must take measures to ensure that information with which it has been provided by a credit information organization (meaning one that collects information about the ability of persons with financing needs to repay borrowings and provides financial institutions engaged in trust business with that information) regarding the ability of individuals with financing needs to repay borrowings is not used for any purpose other than examining the ability of persons with financing needs to repay borrowings.
- (8) A financial institution engaged in trust business must take measures to ensure that it does not use information about the race, creed, family origin, domicile of origin, healthcare, or criminal background of an individual customer and other specified non-public information (meaning other information learned in the course of business that has not yet been made public), other than for the purpose of ensuring the appropriate operation of business and purposes otherwise found to be necessary.
- (9) In a case as prescribed in Article 130, paragraph (1), item (xv) of the Cabinet Office Order on Financial Instruments Business, etc., if a financial institution engaged in trust business has obtained, through the measures prescribed in (a) through (c) of that item taken by the financial instruments business operator referred to in that item to apply for the acquisition or purchase of subject securities (meaning subject securities as prescribed in paragraph (3) of that Article; hereinafter the same applies in this paragraph), the value of the subject securities or the audit report, etc. prescribed in paragraph (6) of that Article or if it has been notified by the financial instruments business operator of the particulars set forth in Article 134, paragraph (1), item (ii), sub item (b) in connection with the subject securities that are included in the investment report under Article 42-7, paragraph (1) of the Financial Instruments and Exchange Act delivered to the Right Holders under Article 130, paragraph (1), item (xv) of the Cabinet Office Order on Financial Instruments Business, etc. (hereinafter referred to as "particulars included in the report" in this paragraph), the financial institution engaged in trust business must establish a system that is sufficient for ensuring that the value, audit report, etc., and

particulars included in the report are verified and that the right holders are notified of the results of the verification.

- (10) If a financial institution engaged in trust business concludes a trust agreement prescribed in Article 130-2, paragraph (1) of the Former Employees' Pension Insurance Act which is to remain in force pursuant to Article 5, paragraph (1) of the Supplementary Provisions of the 2013 Employees' Pension Revision Act (hereinafter referred to as "pension trust agreement" in this paragraph and the proviso to paragraph (2) of the following Article) and engages in the management of pension benefit funds prescribed in Article 130-2, paragraph (2) of the Former Employees' Pension Insurance Act which is to remain in force pursuant to Article 5, paragraph (1) of the Supplementary Provisions of the 2013 Employees' Pension Revision Act (hereinafter referred to as "fund management" in this paragraph and paragraph (2), item (viii) of the following Article) pursuant to the pension trust agreement, the financial institution engaged in trust business must establish a system that is sufficient for ensuring that it can provide appropriate explanation on the prospect of profiting and possibility of loss from the fund management to the surviving employee's pension fund (meaning the surviving employee's pension fund defined in Article 3, item (xi) of the Supplementary Provisions of the 2013 Employees' Pension Revision Act; hereinafter the same applies in this paragraph and paragraph (2) of the following Article), the counterparty to the pension trust agreement, if it presents to the financial institution engaged in trust business the particulars prescribed in Article 136-4, paragraph (3) of the Former Employees' Pension Insurance Act which is to remain in force pursuant to Article 5, paragraph (1) of the Supplementary Provisions of the 2013 Employees' Pension Revision Act pursuant to the provisions of that paragraph, in accordance with the presented particulars based on the knowledge, experience, and property conditions of the surviving employee's pension fund and the purpose of concluding the pension trust agreement.

(Rules of Conduct in Connection with Trust Property)

Article 23 (1) The transactions specified by Cabinet Office Order that are provided for in Article 29, paragraph (1), item (iii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following transactions:

- (i) a transaction not found to have the sole purpose of allowing a person to profit from business conducted by a person other than a financial institution engaged in trust business itself or the beneficiary associated with the trust property, by carrying out new transactions with the other party to the transaction in question;
- (ii) a transaction carried out using information that is available to third

- parties;
- (iii) a transaction carried out after important facts concerning the transaction are disclosed to the beneficiary associated with the trust property and after that beneficiary's approval is obtained in writing or by electronic or magnetic means; and
 - (iv) any other transaction that is found to involve no risk of causing damage to the trust property.
- (2) The actions specified by Cabinet Office Order that are provided for in Article 29, paragraph (1), item (iv) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following actions; provided, however, that the acts specified in items (vi) through (viii) are limited to cases in which the agreement is a pension trust agreement:
- (i) specifying the trust property involved in a purchase and sale of trust property or other transaction after carrying out the transaction, in a manner that wrongfully profits or puts at a disadvantage only some of the beneficiaries;
 - (ii) carrying out or failing to carry out a transaction involving trust property based on unjust restrictions or binding imposed by another person;
 - (iii) carrying out a transaction for the purpose of artificially pricing a specific asset;
 - (iv) establishing a security interest in property that is part of the relevant trust property, that secures a claim associated with a debt belonging to a financial institution engaged in trust business' own property under terms and conditions that are more disadvantageous to the beneficiary associated with the trust property (including a trust caretaker or agent for the beneficiary, if there is one at the time in question) than those of an ordinary transaction, unless the financial institution engaged in trust business does this after disclosing important facts of the transaction to and obtaining agreement in writing or by electronic or magnetic means from the beneficiary; or otherwise entering into a transaction for the trust property with a third party that causes a conflict of interests to arise between the trustee or its interested person and the beneficiary;
 - (v) designating an agent for a beneficiary of a trust for the sole purpose of making major changes, etc. to a trust (meaning major changes, etc. to a trust prescribed in Article 29-2, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act; hereinafter the same applies);
 - (vi) neglecting to inform the surviving employee's pension fund, if a financial institution engaged in trust business has learned that a surviving employee's pension fund is likely to violate the provisions of Article 39-15, paragraph (1) of the Cabinet Order for Employees' Pension Fund (Cabinet Order No. 324 of

1966) prior to the repeal under Article 1 of the Cabinet Order on Revision of Related Cabinet Orders Accompanying the Enforcement of the Act for Partial Revision to the Employees' Pension Insurance Act to Ensure the Soundness and Reliability of the Public Pension System (Cabinet Order No. 73 of 2014), which is to remain in force pursuant to the provisions of Article 3, paragraph (2) of the Cabinet Order on Transitional Measures Accompanying the Enforcement of the Act for Partial Revision to the Employees' Pension Insurance Act to Ensure the Soundness and Reliability of the Public Pension System (Cabinet Order No. 74 of 2014; referred to as the "2014 Cabinet Order on Transitional Measures" in the following item) (the Cabinet Order prior to the repeal is referred to as the "Former Cabinet Order for Employees' Pension Fund" in that item);

- (vii) acting as instructed, having received instructions from a surviving employee's pension fund to have the surviving employee's pension fund acquire specific financial instruments (meaning the financial instruments defined in Article 2, paragraph (24) of the Financial Instruments and Exchange Act) as investment of trust property or otherwise to specify a method of investment in violation of the provisions of Article 30, paragraph (1), item (i) of the Former Cabinet Order for Employees' Pension Fund, which is to remain in force pursuant to the provisions of Article 3, paragraph (2) of the 2014 Cabinet Order on Transitional Measures; and
 - (viii) providing a surviving employee's pension fund with a conclusive assessment of a matter that is uncertain or providing it with information that could mislead it into believing that a matter that is uncertain is actually certain, in connection with fund management.
- (3) The cases specified by Cabinet Office Order that are provided for in Article 29, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following cases:
- (i) if a financial institution engaged in trust business carries out a transaction in accordance with instructions given only by the settlor or a person entrusted with the authority to give instructions by the settlor (unless that person falls under any of the items of Article 10, paragraph (1) of the Order) or the beneficiary or a person entrusted with the authority to give instructions by the beneficiary;
 - (ii) if a financial institution engaged in trust business carries out a transaction in a manner specified in the relevant of the following items for the type of transaction set forth in that item:
 - (a) purchase and sale of the following securities (meaning securities as prescribed in Article 2, paragraph (1) and (2) of the Financial Instruments and Exchange Act, including the standardized instruments associated with securities (meaning those set forth in Article 2, paragraph (24), item (v) of

that Act; hereinafter simply referred to as "standardized instruments") and the securities set forth in paragraph (1), item (xx) of that Article that indicate the rights associated with these securities and the rights deemed to be securities pursuant to the provisions of paragraph (2) of that Article that are to be indicated on these securities):

1. securities listed on a financial instruments exchange (excluding standardized instruments): the sale or purchase of those securities in a financial instruments exchange market (meaning a financial instruments exchange market as prescribed in Article 2, paragraph (17) of the Financial Instruments and Exchange Act; hereinafter the same applies in this item) or at a value calculated based on the published closing price of the previous day or at an equivalent value calculated by a reasonable method;
 2. over-the-counter traded securities (meaning over-the-counter traded securities prescribed in Article 2, paragraph (8), item (x), sub-item (c) of the Financial Instruments and Exchange Act): the sale or purchase of those securities in an over-the-counter securities market (meaning an over-the-counter securities market as prescribed in Article 67, paragraph (2) of that Act) or at a value calculated based on the published closing price of the previous day or at an equivalent value calculated by a reasonable method; and
 3. the following securities other than those set forth in 1. and 2.: the sale or purchase of those securities at a value calculated based on the published closing price of the previous day or at an equivalent value calculated by a reasonable method:
 - i. securities as set forth in Article 2, paragraph (1), items (i) through (v) of the Financial Instruments and Exchange Act (including securities specified in item (xvii) of that paragraph that have characteristics of those securities; the same applies in ii.);
 - ii. securities as set forth in Article 2, paragraph (1), item (ix) of the Financial Instruments and Exchange Act whose price is published based on the rules prescribed by an authorized financial instruments firms association (meaning an authorized financial instruments firms association as prescribed in paragraph (13) of that Article; the same applies in ii.) or an organization established in a foreign state that have characteristics similar to those of an authorized financial instruments firms association; and
 - iii. securities as set forth in Article 2, paragraph (1), items (x) and (xi) of the Financial Instruments and Exchange Act;
- (b) market transactions of derivatives as prescribed in Article 2, paragraph (21) of the Financial Instruments and Exchange Act and foreign market

- derivatives transactions as prescribed in paragraph (23) of that Article: those transactions carried out in a financial instruments exchange market or foreign financial instruments market (meaning a foreign financial instruments market as prescribed in Article 2, paragraph (8), item (iii), sub-item (b) of the Financial Instruments and Exchange Act);
- (c) the purchase and sale of real property: those that the relevant person carries out at a price investigated in consideration of appraisal made by a real estate appraiser; and
- (d) other transactions: those that the relevant person carries out under terms and conditions that are not disadvantageous to the beneficiary in comparison to the conditions of an ordinary transaction that would be established if it effected a transaction of the same type and volume under same circumstances;
- (iii) if, for each individual transaction, a transaction is carried out after important facts concerning the transaction are disclosed to the beneficiary associated with the trust property and after that beneficiary's agreement is obtained in writing or by electronic or magnetic means; and
- (iv) if a transaction is carried out after being approved by the Commissioner of the Financial Services Agency, etc. as a transaction that does not hindering the protection of the beneficiary.
- (4) Pursuant to the provisions of Article 29, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act and for each accounting period of the trust property, a financial institution engaged in trust business must prepare a document giving the following particulars and deliver it to the beneficiaries without delay:
- (i) if a party to a transaction is a juridical person, its trade name or other name and the location of its business office or office; if a party to a transaction is an individual, a statement to that effect;
- (ii) if the other party to a transaction involving trust property is an interested person of the financial institution engaged in trust business, the relationship between the interested person and the financial institution engaged in trust business (if the other party to a transaction involving trust property is an interested person of a person that has been entrusted with trust business (excluding business as set forth in the items of Article 22, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act) by the financial institution engaged in trust business, the relationship between the interested person and the person that has been entrusted with trust business);
- (iii) the transaction method;
- (iv) the date on which it carried out the transaction;
- (v) the type of the trust property involved in the transaction and other

- particulars necessary to identify the trust property;
 - (vi) the type or issue of the asset or right constituting the subject of the transaction and other particulars necessary to identify the subject matter of the transaction;
 - (vii) the quantity of the subject matter of the transaction (or the quantity of the transactions during an accounting period of the trust property, if transactions have been carried out on a recurring basis based on a specified contract for recurring transactions between the same parties);
 - (viii) the transaction price (or the total amount of the prices during an accounting period of the trust property, with regard to transactions executed on a recurring basis based on a specified contract for recurring transactions between the same parties);
 - (ix) the reason it carried out the transaction;
 - (x) the amount of any fee or other remuneration that a financial institution engaged in trust business (including a person that has been entrusted with trust business other than business as set forth in the items of Article 22, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act by the financial institution engaged in trust business) or its interested person has received in connection with the transaction;
 - (xi) the date of delivery of the document; and
 - (xii) other relevant particulars.
- (5) The cases specified by Cabinet Office Order that are provided for in the proviso to Article 29, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following cases:
- (i) if the beneficiary is a qualified institutional investor, etc. and the financial institution engaged in trust business has obtained the agreement of the beneficiary (including an agent for the beneficiary, if there is one at the time in question; hereinafter the same applies in this item) in advance, either in writing or by electronic or magnetic means, that it is not necessary to deliver the document, and has established a system that enables the financial institution engaged in trust business to promptly respond to inquiries from the beneficiary regarding individual transactions;
 - (i)-2 if the beneficiaries are beneficiaries of bearer beneficial interests in a trust with certificates of beneficial interest and the trust company has delivered the document to those whose name and address are known to the trust company among the beneficiaries and established a system that enables the trust company to promptly deliver the document at the request of any other person;
 - (ii) if a financial institution engaged in trust business has carried out a

- transaction falling under any of the items of Article 29, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Act in accordance with instructions given only by the settlor or a person entrusted by the settlor with the authority to give instructions (unless that person falls under any of the items of Article 10, paragraph (1) of the Order), or the beneficiary or a person entrusted by the beneficiary with the authority to give instructions, and the financial institution engaged in trust business has obtained the agreement of the beneficiary (including a substantial beneficiary and including a trust caretaker or agent for the beneficiary, if there is one at the time in question; hereinafter the same applies in this item) in advance, either in writing or by electronic or magnetic means, that it is not necessary to deliver the document, and has established a system that enables the financial institution engaged in trust business to promptly respond to inquiries from the beneficiary on individual transactions;
- (iii) if there is a trust caretaker or agent for a beneficiary of a trust at the time in question and the financial institution engaged in trust business delivers the document thereto;
 - (iv) if the financial institution engaged in trust business has obtained the agreement of the beneficiary in advance, either in writing or by electronic or magnetic means, for it to provide information regarding the content of each transaction as set forth in the items of Article 29, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act in writing or by electronic or magnetic means in lieu of delivering documents prescribed in paragraph (3) of that Article, and the information about the contents of each transaction is provided to the beneficiary in writing or by electronic or magnetic means;
 - (v) if the financial institution engaged in trust business has accepted a trust under a trust agreement stipulating compensation of losses in principal, etc., and it has established a system that enables it to promptly respond to inquiries from the beneficiaries regarding individual transactions;
 - (vi) if the financial institution engaged in trust business has accepted a trust under a contract for an investment trust managed under instructions from the settlor prescribed in Article 3 of the Act on Investment Trusts and Investment Corporations; a transaction as referred to in one of the items of Article 29, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act has carried out in accordance with instructions given only by the settlor company of an investment trust or a person entrusted with the authority to give instructions by the settlor company of an investment trust under Article 42-3, paragraph (1) of the Financial Instruments and Exchange Act (excluding

- those that fall under any of the items of Article 10, paragraph (1) of the Order); and a system has been established that enables the financial institution engaged in trust business to promptly respond to inquiries from the beneficiary (including an agent for the beneficiary, if there is one at the time in question) regarding individual transactions;
- (vii) if the financial institution engaged in trust business carries out the transactions set forth in paragraph (3), item (ii), sub-items (a) and (b);
 - (viii) if the financial institution engaged in trust business acquires or transfers monetary claims (limited to those involving call loans, those indicated in certificates of negotiable deposits, or those involving deposits or savings with a financial institution); and
 - (ix) if the financial institution engaged in trust business acquires or transfers a beneficial interest in a money trust for which compensation of losses in principal is promised under the terms of the contract pursuant to the provisions of Article 6 of the Act;
 - (x) if the financial institution engaged in trust business has accepted a trust with certificates of beneficial interest and satisfies all of the following requirements:
 - (a) that the beneficial interest in the trust with certificates of beneficial interest is listed on a financial instruments exchange and does not fall under specified listed securities or falls under Securities for professional investors;
 - (b) the requirements specified in the relevant of sub-items 1. and 2. below are met for the category of case set forth in that sub-item:
 - 1. if the beneficial interest is listed on a financial instruments exchange (unless the beneficial interest is a specified listed security):
information on the particulars required to be included in the document is correctly disclosed in accordance with the disclosure method prescribed by the financial instruments exchange; and
 - 2. if the beneficial interest is a security for professional investors:
information on the particulars required to be included in the document is provided or published pursuant to the provisions of Article 27-32, paragraph (1) or paragraph (2) of the Financial Instruments and Exchange Act as the Information on the Issuer prescribed in Article 27-32, paragraph (1) of that Act;
 - (c) a system has been established for the financial institution engaged in trust business to promptly deliver the document at the request of the beneficiary; and
 - (d) the act of trust for the trust with certificates of beneficial interest includes provisions concerning (b) and provisions indicating that the document will not be delivered unless requested by the beneficiary.

(Major Changes to a Trust Not Requiring Public or Individual Notice)

Article 24 The cases specified by Cabinet Office Order that are provided for in Article 29-2, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following cases:

- (i) if the trust in question is a trust under a standard trust agreement prescribed in Article 5, paragraph (1) of the Act;
- (ii) if the trust in question is a charitable trust as prescribed in Article 1 of the Act on Charitable Trusts (Act No. 62 of 1922);
- (iii) if the trust in question is an investment trust managed under instructions from the settlor as prescribed in Article 2, paragraph (1) of the Act on Investment Trusts and Investment Corporations;
- (iv) if the trust in question is a loan trust as prescribed in Article 2, paragraph (1) of the Loan Trust Act;
- (v) if the trust in question is a specific purpose trust as prescribed in Article 2, paragraph (13) of the Act on Securitization of Assets;
- (vi) if the trust in question is a participants protection trust as prescribed in Article 2, paragraph (11) of the Act on Book-Entry of Transfer of Corporate Bonds and Share;
- (vii) if the trust in question is an asset investment contract prescribed in Article 65, paragraph (3) of the Defined-benefit Corporation Pension Act (Act No. 50 of 2001) that constitutes a trust as prescribed in paragraph (1), item (i) of that Article; and
- (viii) if the trust in question is a trust associated with a qualified retirement pension contract prescribed in Article 20, paragraph (3) of the supplementary provisions of the Corporation Tax Act (Act No. 34 of 1965).

(Means of Public Notice of Major Changes to a Trust)

Article 25 The public notice prescribed in Article 29-2, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act must be made by a means of public notice applicable to financial institutions engaged in trust business.

(Special Provisions on Trusts with Certificates of Beneficial Interests Major Changes to Which are Subject to Public Notice)

Article 26 If a financial institution engaged in trust business that is a trustee of a trust with certificates of beneficial interest makes a public notice pursuant to the provisions of the preceding Article, it must individually notify the beneficiaries of bearer beneficial interest whose names and addresses are known to the financial institution engaged in trust business of the particulars

set forth in the items of Article 29-2, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act.

(Particulars Required to Be Included in Public and Individual Notices of Major Changes to a Trust)

Article 27 The particulars specified by Cabinet Office Order that are provided for in Article 29-2, paragraph (1), item (iii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following particulars:

- (i) the reason for proposing major changes, etc. to the trust;
- (ii) the specifics of the proposed major changes, etc. to the trust;
- (iii) the scheduled effective date of the proposed major changes, etc. to a trust;
- (iv) the period for stating objections; and
- (v) the means of stating an objection.

(Cases in Which Major Changes to a Trust Are Prohibited)

Article 28 The cases specified by Cabinet Office Order that are provided for in Article 29-2, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are those in which, if the substance of beneficial interests in a trust is not uniform, the relevant person's share of the trust property from a beneficial interest in the trust (hereinafter referred to as a "share of the principal" in this Article and the following Article) exceeds half the total of the shares of the principal from beneficial interests in the trust at the time of public or individual notice prescribed in Article 29-2, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act.

(Criteria for Approval by Beneficiaries to Exclude Major Changes to a Trust from Application of the Relevant Provisions)

Article 29 The things specified by Cabinet Office Order that are provided for in Article 29-2, paragraph (4), item (ii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the total of the shares of the principal from beneficial interests in a trust, if the substance of beneficial interests in a trust is not uniform,.

(Particulars Required to Be Included in the Explanation of Reimbursement of Costs or Scope of Advance Payment)

Article 30 The particulars specified by Cabinet Office Order that are provided for in Article 29-3 of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following particulars:

- (i) the particulars of trust fees;

- (ii) the particulars of taxes and other expenses related to trust property;
- (iii) the particulars of risks of loss in trust beneficial interest; and
- (iv) the amount of costs, etc. (meaning the costs, etc. prescribed in Article 48, paragraph (1) of the Trust Act) or trust fees, if any, that has been fixed by the time the financial institution engaged in trust business proposes to conclude an agreement prescribed in Article 48, paragraph (5) of that Act (including as applied mutatis mutandis pursuant to Article 54, paragraph (4) of that Act).

(Trust Agreements in Whose Conclusion Financial Institutions Engaged in Trust Business May Not Entrust a Third Party with Acting as an Agent or Intermediary)

Article 31 The trust agreements specified by Cabinet Office Order that are provided for in Article 2, paragraph (2) of the Act are trust agreements for the trusts prescribed in Article 3, item (i) of the Order and Article 3, paragraph (1), item (i).

(Types of Contract)

Article 31-2 The types of contract specified by Cabinet Office Order that are provided for in Article 34 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are specific trust agreements (meaning the specific trust agreements as prescribed in Article 24-2 of the Trust Business Act; hereinafter the same applies).

Article 31-3 Deleted

(Particulars Required to Be Stated in a Document to Be Delivered to Professional Investors That Have Filed Applications)

Article 31-4 The particulars specified by Cabinet Office Order that are provided for in Article 34-2, paragraph (3), item (iv) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are a statement indicating that the applicant (meaning applicant prescribed in that paragraph) will be treated as a customer other than professional investor with regard to the subject contract (meaning a subject contract as prescribed in Article 34-2, paragraph (2) of that Act; the same applies in Article 31-6-2) only by a financial institution engaged in trust business that has accepted the request prescribed in that paragraph.

(Using Information and Communications Technology to Provide Information)

Article 31-5 (1) The means specified by Cabinet Office Order that are provided for in Article 34-2, paragraph (4) of the Financial Instruments and Exchange

Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (including as applied mutatis mutandis pursuant to Article 34-3, paragraph (12) (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act), Article 34-4, paragraph (3), and Article 37-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; hereinafter the same applies in this Article) are the following means:

- (i) the following means of using an electronic data processing system:
 - (a) a means that causes the information that is required to be given in a document (hereinafter referred to as "required information" in this Article) to be transmitted over a telecommunications line connecting a computer used by a financial institution engaged in trust business (including a person that prepares a file on a computer under its own management based on a contract with a financial institution engaged in trust business which provides persons with the particulars prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act, and makes that file available for use by the persons to which the financial institution engaged in trust business provides those particulars (hereinafter each such person is referred to as a "customer" in this Article) or by that financial institution engaged in trust business; hereinafter the same applies in this Article) and the computer used by the customer, etc. (meaning a customer or a person that prepares a customer file (meaning a file made available exclusively for use by a customer; hereinafter the same applies in this Article) on a computer under its own management based on a contract with the customer; hereinafter the same applies in this Article) and to be recorded in a customer file that has been prepared on the computer used by the customer, etc. (for consent indicating that a person is willing, or a notice indicating that a person is not willing, to be provided with information by the means prescribed in that paragraph, this refers to a means that causes what the person has indicated to be recorded in a file that has been prepared on a computer used by the financial institution engaged in trust business that provides persons with the particulars prescribed in that paragraph);
 - (b) a means that uses a telecommunications line to make the required information that has been recorded into a file which has been prepared on a computer used by a financial institution engaged in trust business available for a customer to inspect and causes that required information to be recorded in the customer file for that customer that has been prepared on a computer used by the customer, etc. (for consent indicating that a

- person is willing, or a notice indicating that a person is not willing, to be provided with information by the means prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act, this refers to a means that causes what the person has indicated to be recorded in a file that has been prepared on a computer used by the financial institution engaged in trust business);
- (c) a means that uses a telecommunications line to make the required information that has been recorded in a customer file which has been prepared on a computer used by a financial institution engaged in trust business available for a customer to inspect; and
 - (d) a means that uses a telecommunications line to make the required information that has been recorded in an inspection file (meaning a file that has been prepared on a computer used by a financial institution engaged in trust business into which the required information is recorded so that it can be made available for multiple customers to inspect simultaneously; hereinafter the same applies in this Article) available for a customer to inspect; and
 - (ii) a means of delivering to the relevant person a record of the required information that has been recorded into a file created using a magnetic disk, CD-ROM, or other object with an equivalent means of reliably storing fixed sets of data
- (2) The means set forth in the items of the preceding paragraph must satisfy the following criteria:
- (i) it enables the customer to create a document by outputting the information recorded in the customer file or inspection file;
 - (ii) if it is a means as set forth in item (i), sub-item (a), (c), or (d) of the preceding paragraph (excluding a means that causes the required information to be recorded in a customer file that has been prepared on a computer used by the customer), the relevant person notifies the customer that the required information will be or have been recorded in the customer file or inspection file; provided, however, that this does not apply if it has confirmed that the customer has inspected the required information;
 - (iii) if it is a means as set forth in item (i), sub-item (c) or (d) of the preceding paragraph, that means makes it so that the relevant person cannot delete or modify the following information for a period of five years after the final date on which the transaction set forth in the required information is carried out (or, if a complaint involving the required information is filed by the day on which that period ends, the relevant information cannot be deleted or modified until the date on which that period ends or the date on which that complaint is resolved, whichever occurs later); provided, however, if the

relevant person delivers, in writing, the required information that it has made available for inspection; if the relevant person obtains the customer's consent (meaning consent by a means as prescribed in Article 11-2 of the Order) and provides that required information by a means set forth in item (i), sub-item (a) or (b) or item (ii) of that paragraph; or if the customer instructs the relevant person to delete the required information; that person may delete the required information:

- (a) the required information recorded in the customer file, in connection with a means as set forth in item (i), sub-item (c) of the preceding paragraph; and
 - (b) the required information recorded in the inspection file, in connection with a means as set forth in item (i), sub-item (d) of the preceding paragraph; and
- (iv) if it is a means as set forth item (i), sub-item (d) of the preceding paragraph, it satisfies the following criteria:
- (a) it causes the information that the customer needs to have in order to inspect the inspection file to be recorded in the customer file;
 - (b) it allows the customer file into which, pursuant to the provisions of (a), the relevant person has recorded the information that the customer needs to have in order to inspect the inspection file, as well as the inspection file itself, to be maintained in a state that allows persons with the inspection file through a telecommunications line to connect to them using a telecommunications line until the end of the period prescribed in the preceding item; provided, however, that this does not apply if a customer that has been given access to those files has notified the relevant person that it is not necessary to maintain them in a state that allows the customer to connect to them.
- (3) The term "electronic data processing system" as used in paragraph (1), sub-item (i) means an electronic data processing system that uses a telecommunications line to connect the computer used by a financial institution engaged in trust business and the computer on which the customer file has been prepared that is used by the customer, etc. or the financial institution engaged in trust business.

(Type and Substance of Electronic and Magnetic Means)

Article 31-6 The type and substance of the means that the relevant person is required to indicate pursuant to the provisions of Article 11-2, paragraph (1) and Article 11-3, paragraph (1) of the Order means the following particulars:

- (i) those of the means set forth in the items of paragraph (1) of the preceding Article or the items of Article 31-6-3, paragraph (1) that the financial institution engaged in trust business will use; and

(ii) the formalities used to record data to the file.

(Particulars Required to Be Included in a Document Setting Forth the Agreement of a Person Requesting to Be Reinstated as a Professional Investor)

Article 31-6-2 The particulars specified by Cabinet Office Order that are provided for in Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following particulars:

- (i) the day on which the relevant person accepts the request under the provisions of Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (hereinafter referred to as the "date of acceptance" in this Article);
- (ii) an indication that the subject contract is a specific trust agreement;
- (iii) an indication that the applicant for reinstatement (meaning the applicant for reinstatement prescribed in Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; hereinafter the same applies in this Article) has understood the following particulars:
 - (a) that the provisions of the items (excluding item (iii) and item (iv)) of Article 45 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act do not apply to if the applicant for reinstatement is a person prescribed in any of those items with regard to the subject contract (excluding the cases prescribed in the proviso to that Article); and
 - (b) that the risk of insufficient protection is involved if a person that, in light of the knowledge, experience and state of property, is deemed inappropriate to be treated as a professional investor with regard to subject contracts is treated as a professional investor;
- (iv) an indication that relevant person will again treat the applicant for reinstatement as a professional investor if it solicits the applicant to conclude, or concludes with the applicant, a subject contract after the date of acceptance; and
- (v) an indication that the applicant for reinstatement may make a request prescribed in Article 34-2, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act any time on or after the date of acceptance.

(Using Information and Communications Technology to Acquire a Person's Agreement)

Article 31-6-3 (1) The means specified by Cabinet Office Order that are provided

for in Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (including as applied mutatis mutandis pursuant to Article 34-3, paragraph (3) (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; hereinafter the same applies in this Article) are the following means:

- (i) one of the following means of using an electronic data processing system:
 - (a) a means that causes information to be transmitted over a telecommunications line that connects a computer used by a financial institution engaged in trust business and a computer used by a person whose agreement it is seeking pursuant to Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (hereinafter referred to as the "customer" in this Article), and to be recorded in a file that has been prepared on the computer used by the recipient; and
 - (b) a means that uses a telecommunications line to make information about a customer's agreement that has been recorded in a file on a computer used by a financial institution engaged in trust business available for the customer to inspect and to cause that information to be recorded in a file that has been prepared on a computer used by the financial institution engaged in trust business; and
 - (ii) a means of obtaining a record of the information concerning the agreement that that has been recorded into a file created using a magnetic disk, CD-ROM, or other object with an equivalent means of reliably storing fixed sets of data.
- (2) The means set forth in the items of the preceding paragraph must enable the financial institution engaged in trust business to create a document by outputting the information that has been recorded into the file.
- (3) The term "electronic data processing system" as used in paragraph (1), item (i) means an electronic data processing system that uses a telecommunications line to connect the computer used by the financial institution engaged in trust business and the computer used by the customer.

(Expiration Date If a Juridical Person That Is a Customer Other Than a Professional Investor Is Deemed to Be a Professional Investor)

Article 31-7 (1) The cases specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are if the financial institution engaged in trust business, having specified a date, has

published the following particulars by posting them in a place accessible to the public at its business office or office or by other appropriate means:

- (i) the specified date; and
 - (ii) an indication that the expiration date (meaning the expiration date prescribed in Article 34-3, paragraph (2), item (ii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; the same applies in paragraph (2), item (i) of the following Article and Article 31-9) is the day prescribed in the following paragraph.
- (2) The day specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act is whichever comes latest among the dates specified by a financial institution engaged in trust business pursuant to the provisions of the preceding paragraph that fall within the one year following the date of acceptance (meaning the date of acceptance prescribed in paragraph (2), item (i) of that Article; the same applies in paragraph (2), item (iii) of the following Article and Article 31-9).

(Particulars Required to Be Included in a Document Setting Forth the Agreement of a Juridical Person That Is a Customer Other Than Professional Investor and That Has Made a Request)

- Article 31-8 (1) The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2), item (iv), sub-item (a) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are an indication that the provisions of the items (excluding item (iii) and item (iv)) of Article 45 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act do not apply if the applicant (meaning the applicant prescribed in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; the same applies in the following paragraph) is a person as prescribed in the relevant item with regard to the subject contract (meaning a subject contract as prescribed in item (ii) of that paragraph; the same applies in the following paragraph and Article 31-9-2).
- (2) The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2), item (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following particulars:
- (i) an indication that the applicant will continue to be treated as a professional investor with regard to actions taken even after the expiration date, if they are taken based on provisions of laws and regulations or terms of a contract

in relation to a subject contract that has been concluded before the expiration date;

- (ii) an indication that the applicant will be treated as a professional investor with regard to the subject contract only by a financial institution engaged in trust business that has accepted the request prescribed in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; and
- (iii) an indication that the applicant may make a request as prescribed in Article 34-3, paragraph (9) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act any time on or after the date of acceptance.

(Period Required for a Juridical Person That Is a Customer Other Than Professional Investor to Make a Request for Renewal after Making an Initial Request)

Article 31-9 (1) The period specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (7) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act is eleven months (or the period specified in the relevant of the following items, in the case set forth in that item):

- (i) if the period from the date of acceptance to the expiration date is less than one year (excluding the case specified in the following item): the period calculated by subtracting one month from that period; and
 - (ii) if the period from the date of acceptance to the expiration date is no more than one month: one day.
- (2) To apply the provisions of the preceding paragraph in a case as prescribed in Article 34-3, paragraph (8) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act, the term "date of acceptance" in that paragraph is deemed to be replaced with "the day immediately following the last expiration date".

(Particulars Required to Be Included in a Document to Be Delivered to a Juridical Person That Has Requested to Be Reinstated as a Customer Other Than a Professional Investor)

Article 31-9-2 The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following particulars:

- (i) the day on which the relevant person accepts the request under the provisions of Article 34-3, paragraph (10) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act

- (hereinafter referred to as the "date of acceptance" in this Article);
- (ii) an indication that the subject contract is a specific trust agreement; and
 - (iii) an indication that the relevant person will again treat the corporation that has made the request under the provisions of Article 34-3, paragraph (9) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act as a customer other than a professional investor if it solicits the corporation to conclude, or concludes with the corporation, a subject contract after the date of acceptance.

(Business Operators Permitted to Request to Be Treated as Professional Investors)

Article 31-10 (1) The persons specified by Cabinet Office Order that are provided for in Article 34-4, paragraph (1), item (i) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are those meeting either of the following conditions:

- (i) the person has not gotten all silent partners to agree to make a request pursuant to the provisions of Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; or
 - (ii) the total amount of contributions made under the silent partnership agreement (meaning a silent partnership agreement prescribed in Article 535 of the Commercial Code (Act No. 48 of 1899)) that the person has concluded is less than three hundred million yen.
- (2) The individuals specified by Cabinet Office Order that are provided for in Article 34-4, paragraph (1), item (i) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following persons:
- (i) an individual constituting a partner who, having concluded a partnership contract (meaning a partnership contract as prescribed in Article 667, paragraph (1) of the Civil Code (Act No. 89 of 1896); the same applies in (b)), has been given a mandate to execute the business of the partnership under the contract (limited to one that satisfies all of the following conditions):
 - (a) the individual has gotten all of the other partners to agree to make the request under the provisions of Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; and
 - (b) the total amount of contributions made under the partnership contract is not less than three hundred million yen;
 - (ii) an individual constituting a partner who, having concluded a limited liability business partnership agreement (meaning a partnership contract prescribed in Article 3, paragraph (1) of the Limited Liability Partnership

Act (Act No. 40 of 2005); the same applies in (b)), is involved in decisions regarding the execution of important business of the partnership and personally executes that business (limited to one that satisfies all of the following conditions):

- (a) the individual has gotten all of the other partners to agree to make the request under the provisions of Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; and
- (b) the total amount of contributions made under the limited liability business partnership agreement is not less than three hundred million yen.

(Individuals Who Can Request to Be Treated as Professional Investors)

Article 31-11 The requirement specified by Cabinet Office Order that is provided for in Article 34-4, paragraph (1), item (ii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act is that all of the following requirements are met:

- (i) it is expected, based on a reasonable judgment from the status of transactions and other circumstances, that the amount calculated as of the date of acceptance (meaning the date of acceptance prescribed in Article 34-3, paragraph (2), item (i) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; the same applies in the following item, paragraph (2) of the following Article, Article 31-13, paragraph (2), item (iii), and Article 31-13-2) by deducting the total amount of liabilities of the applicant (meaning an applicant as prescribed in Article 34-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; hereinafter the same applies in this Article and Article 31-13) from the total amount of assets of the applicant will be not less than three hundred million yen;
- (ii) it is expected, based on a reasonable judgment from the status of transactions and other circumstances, that the total amount of assets (limited to those set forth in the following) of the applicant as of the date of acceptance will be not less than three hundred million yen:
 - (a) securities (excluding those specified in sub-items (e) and (f) (limited to contracts that are concluded with a special enterprise operator as defined in Article 2, paragraph (9) of the Act on Specified Joint Real Estate Ventures (Act No. 77 of 1994)));
 - (b) rights connected with derivatives transactions;
 - (c) specified savings, etc. prescribed in Article 11-2-4 of the Agricultural Cooperatives Act, specified savings, etc. prescribed in Article 11-9 of the Fisheries Cooperatives Act, specified savings, etc. prescribed in Article 6-5-

- 11 of the Act on Financial Businesses by Cooperative, specified savings, etc. prescribed in Article 89-2 of the Shinkin Bank Act (Act No. 238 of 1951), specified savings, etc. prescribed in Article 17-2 of the Long Term Credit Bank Act, specified savings, etc. prescribed in Article 94-2 of the Labor Bank Act (Act No. 227 of 1953), Specified Savings, etc. prescribed in Article 13-4 of the Banking Act, specified savings, etc. prescribed in Article 59-3 of the Norinchukin Bank Act, and specified savings, etc. prescribed in Article 29 of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007);
- (d) rights connected with insurance claims, mutual aid money, refunds, and other benefits based on a specified mutual aid contract prescribed in Article 11-10-3 of the Agricultural Cooperatives Act, specified mutual aid contract prescribed in Article 12-3, paragraph (1) of the Consumer Cooperatives Act (Act No. 200 of 1948), specified mutual aid contract prescribed in Article 15-7 of the Fisheries Cooperatives Act, specified mutual aid contract prescribed in Article 9-7-5, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of 1949), or specified insurance contract prescribed in Article 300-2 of the Insurance Business Act (Act No. 105 of 1995);
- (e) trust beneficial interest connected with a specific trust agreement;
- (f) rights based on a real property specified joint enterprise contract prescribed in Article 2, paragraph (3) of the Act on Specified Joint Real Estate Ventures; and
- (g) rights connected with transactions on a commodity market (meaning transactions on a commodity market as prescribed in Article 2, paragraph (10) of the Commodity Derivatives Act (Act No. 239 of 1950); the same applies in Article 37, item (iii)), foreign commodity market transactions (meaning foreign commodity market transactions as prescribed in Article 2, paragraph (13) of that Act; the same applies in that item), and over-the-counter commodity derivatives transactions (meaning over-the-counter commodity derivatives transactions as prescribed in Article 2, paragraph (14) of that Act; the same applies in that item); and
- (iii) one year has elapsed since the day on which the applicant initially concluded a specific trust agreement with the financial institution engaged in trust business.

(Expiration Date If an Individual Who Is a Customer Other Than a Professional Investor Is Deemed to Be a Professional Investor)

Article 31-12 (1) The cases specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are if the

financial institution engaged in trust business, having specified a date, has published the following particulars by posting them in a place accessible to the public at its business office or office or by other appropriate means:

- (i) the specified date; and
 - (ii) an indication that the expiration date (meaning the expiration date as prescribed in Article 34-3, paragraph (2), item (ii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; the same applies in paragraph (2), item (i) of the following Article and Article 31-13-2) is the day prescribed in the following paragraph.
- (2) The day specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act as applied mutatis mutandis pursuant to Article 2-2 of the Act is whichever comes latest among the dates specified by a financial institution engaged in trust business pursuant to the provisions of the preceding paragraph that that fall within the one year following the date of acceptance.

(Particulars Required to Be Included in a Document Setting Forth the Agreement of an Individual Who Is a Customer Other Than Professional Investor and Who Has Made a Request)

- Article 31-13 (1) The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2), item (iv), sub-item (a) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are an indication that the provisions of the items (excluding item (iii) and item (iv)) of Article 45 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act do not apply if the applicant is a person as prescribed in the relevant item in relation to the subject contract (meaning the subject contract prescribed in item (ii) of that paragraph; the same applies in the following paragraph and Article 31-13-3).
- (2) The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2), item (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following particulars:
- (i) an indication that the applicant will continue to be treated as a professional investor with regard to actions taken even after the expiration date, if they are taken based on provisions of laws and regulations or terms of a contract

- in relation to a subject contract concluded before the expiration date;
- (ii) an indication that the applicant will be treated as a professional investor with regard to the subject contract only by a financial institution engaged in trust business that has accepted the request prescribed in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; and
 - (iii) an indication that the applicant may make a request prescribed in Article 34-4, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act any time on or after the date of acceptance.

(Period Required for an Individual Who Is a Customer Other Than Professional Investor to Make a Request for Renewal after Making an Initial Request)

Article 31-13-2 (1) The period specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (7) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act as applied mutatis mutandis pursuant to Article 2-2 of the Act is eleven months (or the period specified in the relevant of the following items, in a case as prescribed in that item):

- (i) if the period from the date of acceptance to the expiration date is less than one year (excluding the case specified in the following item): the period calculated by subtracting one month from that period; and
 - (ii) if the period from the date of acceptance to the expiration date is no more than one month: one day.
- (2) To apply the provisions of the preceding paragraph in a case as prescribed in Article 34-3, paragraph (8) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act as applied mutatis mutandis pursuant to Article 2-2 of the Act, the term "date of acceptance" in that paragraph is deemed to be replaced with "the day immediately following the last expiration date".

(Particulars Required to Be Included in a Document to Be Delivered to an Individual Who That Has Requested to Be Reinstated as Customer Other Than a Professional Investor)

Article 31-13-3 The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following particulars:

- (i) the day on which the relevant person accepts the request under the

- provisions of Article 34-4, paragraph (5) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (hereinafter referred to as the "date of acceptance" in this Article);
- (ii) an indication that the subject contract is a specific trust agreement; and
 - (iii) an indication that the relevant person will again treat the individual who has made the request under the provisions of Article 34-4, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act as a customer other than professional investor if it solicits the individual to conclude, or concludes with the individual, a subject contract after the date of acceptance.

(Actions Similar to Advertising)

Article 31-14 The actions specified by Cabinet Office Order that are provided for in the paragraphs of Article 37 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are providing information with the same content to a large number of persons by postal mail or correspondence delivery (meaning correspondence delivery as prescribed in Article 2, paragraph (2) of the Act on Correspondence Delivery by Private Business Operators (Act No. 99 of 2002) by a general correspondence delivery provider prescribed in paragraph (6) of that Article or by a specified correspondence delivery provider prescribed in paragraph (9) of that Article), by a means of transmission that uses a facsimile device, by means of sending it in an electronic mail (meaning an electronic mail as prescribed in Article 2, item (i) of the Act on Regulation of Transmission of Specified Electronic Mail (Act No. 26 of 2002)), by means of distributing fliers or pamphlets, or by any other such means (excluding those set forth in the following items):

- (i) the means of distributing a document prepared based on laws and regulations or a disposition given by administrative agencies based on laws and regulations;
- (ii) the means of distributing materials concerning analysis or evaluation on individual enterprises that are not used for soliciting the conclusion of a specific trust agreement;
- (iii) the means of providing persons with premiums or other articles that only show all of the following information (limited to articles on which the information set forth in sub-items (b) through (d) are shown clearly and accurately) (if any of this information is not indicated on a premium or other article, this includes providing such a premium or other good together as a single unit with any other article that shows that information):
 - (a) name of the product (including a name it is commonly known by);
 - (b) the trade name or commonly used name of the financial institution engaged in trust business that provides information with the same content

- to a large number of persons by a means prescribed in this item;
- (c) information as set forth in Article 11-4, paragraph (2), item (i) of the Order (limited to information conveyed using characters and numerals of a size that is not substantially different from the largest size used to show characters and numerals conveying information other than the information in question);
 - (d) an indication to thoroughly read the content of the one of the following documents:
 1. document to be delivered prior to the conclusion of a contract;
 2. the prospectus prescribed in Article 31-21, paragraph (1), item (ii) (if there is a document to be delivered as an integral part of the prospectus pursuant to the provisions of that item, the prospectus and the document); and
 3. the contract change document prescribed in Article 31-21, paragraph (1), item (iii), sub-item (b).

(Method of Indication in Advertising with Regard to the Content of the Business of Concluding Specific Trust Agreements)

Article 31-15 (1) If a financial institution engaged in trust business advertises or takes an action as prescribed in the preceding Article with regard to the content of its business of conducting specific trust agreements (hereinafter referred to as "advertising, etc." in this Article), it must clearly and accurately indicate the information set forth in the items (excluding item (ii)) of Article 37, paragraph (1) of the Financial Instruments and Exchange Act as applied *mutatis mutandis* pursuant to Article 2-2 of the Act.

- (2) If a financial institution engaged in trust business does advertising, etc. with regard to the content of the business of concluding specific trust agreements in which it engages, any characters or numerals that convey the information set forth in Article 11-4, paragraph (1), item (ii) of the Order are to be shown in a size that is not substantially different from the largest size used to show characters and numerals that convey information other than the information in question.
- (3) If a financial institution engaged in trust business conducts advertising, etc. with regard to the content of the business of concluding specific trust agreements in which it engages by causing information to be broadcast using the broadcasting equipment of a basic broadcaster (meaning a basic broadcaster as prescribed in Article 2, item (xxiii) of the Broadcast Act (Act No. 132 of 1950) and excluding the Japan Broadcasting Corporation and the Open University of Japan (meaning the Open University of Japan defined in Article 3 of the Act on the Open University of Japan (Act No. 156 of 2002)); the same applies in Article 31-18, paragraph (1), item (ii) or by any of the methods set

forth in the items of that paragraph (excluding sound broadcasting), notwithstanding the provisions of the preceding paragraph, any characters or numerals that convey the information set forth in Article 11-4, paragraph (2), item (i) of the Order are to be shown in a size that is not substantially different from the largest size used to show characters and numerals that convey information other than the information in question.

(Particulars of the Consideration to Be Paid by a Customer)

Article 31-16 (1) The particulars specified by Cabinet Office Order that are provided for in Article 11-4, paragraph (1), item (i) of the Order are a breakdown of the amounts by category of consideration that a customer is to pay in connection with a specific trust agreement, regardless of whether this is referred to as a fee, remunerations, expense, or by any other term (hereinafter referred to as a "fee, etc.") or their maximum limits, or an overview of the way these are calculated (including the percentage of that the fee, etc. in comparison to the value of the trust property associated with the specific trust agreement or to the profit arising from the conclusion of the specific trust agreement; hereinafter the same applies in this paragraph) and either a breakdown of the total of those amounts or maximum limits or an overview of the way these are calculated; provided, however, that, if it is not possible to indicate these particulars, this means an indication of this and the reasons therefor.

- (2) If the investment of the trust property associated with a specific trust agreement is made by way of the acquisition of investment trust beneficial interest, etc. (meaning the rights to be indicated on securities set forth in Article 2, paragraph (1), item (x) or (xi) of the Financial Instruments and Exchange Act or the rights set forth in paragraph (2), item (v) or (vi) of that Article; hereinafter the same applies in this Article), the fee, etc. set forth in the preceding paragraph is to include the trust fees and other fees, etc. associated with the investment trust beneficial interest, etc.
- (3) If the property associated with an investment trust beneficial interest, etc. as referred to in the preceding paragraph is invested in or contributed to other investment trust beneficial interest, etc., the other investment trust beneficial interest, etc. is deemed to be the investment trust beneficial interest, etc. that is referred to in the preceding paragraph, and the provisions of the preceding two paragraphs apply.
- (4) The provisions of the preceding paragraph apply mutatis mutandis to if the property associated with an investment trust beneficial interest, etc. that is deemed to be the investment trust beneficial interest, etc. referred to in paragraph (2) pursuant to the provisions of the preceding paragraph (including as applied mutatis mutandis pursuant to this paragraph) is invested in or

contributed to other investment trust beneficial interest, etc.

(Material Particulars That Impact on Customers' Judgment)

Article 31-17 The particulars specified by Cabinet Office Order that are provided for in Article 11-4, paragraph (1), item (iii) of the Order are the facts concerning important particulars of the specific trust agreement that are disadvantageous to customers.

(Means Equivalent to the Means of Having Information Broadcast through the Broadcasting Equipment of a Basic Broadcaster)

Article 31-18 (1) The means specified by Cabinet Office Order that are provided for in Article 11-4, paragraph (2) of the Order are as follows:

- (i) a means that involves causing information to be broadcast using the broadcasting equipment of a private broadcaster (meaning a private broadcaster as prescribed in Article 2, item (xxv) of the Broadcast Act);
- (ii) a means that involves using a telecommunications line to make the substance of information recorded in a file that has been prepared on a computer used by a financial institution engaged in trust business or a person that has been entrusted with business involving advertising, etc. conducted by the financial institution engaged in trust business (limited to information of the same substance as the particulars provided by causing something to be broadcast using the broadcasting equipment of a basic broadcaster or by a means set forth in the preceding item) available for customers to inspect; and
- (iii) a means that involves causing something to be indicated to the public regularly or continually for a certain period inside or outside a building by having it installed or indicated on a signboard, standing signboard, placard and label, advertising tower, advertising board, building, or other structure, etc. or by any equivalent means.

(2) The particulars specified by Cabinet Office Order that are provided for in Article 11-4, paragraph (2), item (ii) of the Order are the particulars set forth in Article 31-14, item (iii), sub-item (d).

(Particulars That Must Not Be Exaggerated in Advertising)

Article 31-19 The particulars specified by Cabinet Office Order that are provided for in Article 37, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following particulars:

- (i) the particulars of the cancellation of a specific trust agreement;
- (ii) the particulars of the bearing of all or part of losses or guarantee of profits associated with a specific trust agreement;

- (iii) the particulars of the planned amount of damages (including penalties) associated with a specific trust agreement; and
- (iv) the particulars of the amount or calculation method of the fees, etc. to be paid by the customer with regard to a specific trust agreement, the method and timing of their payment, and the payee.

(Method of Preparation of the Document to Be Delivered Prior to Conclusion of Contract)

- Article 31-20 (1) The particulars set forth in the items (excluding items (ii) to (iv) and item (vi)) of Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act must be stated clearly and accurately in the document to be delivered prior to the conclusion of a contract using letters or numbers printed in a font not smaller than a 8 point font as prescribed in Japanese Industrial Standard Z8305 based on the Industrial Standardization Act (Act No. 185 of 1949) (referred to as "Japanese Industrial Standard" in the following paragraph and paragraph (3)).
- (2) Notwithstanding the provisions of the preceding paragraph, the particulars set forth in Article 37-3, paragraph (1), item (v) and Article 31-22, paragraph (1), item (iii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are to be stated clearly and accurately in a frame in the document to be delivered prior to the conclusion of a contract using letters or numbers printed in a font not smaller than a 12 point font as prescribed in Japanese Industrial Standard Z8305 and are to be stated after the particulars prescribed in the following paragraph.
- (3) A financial institution engaged in trust business is to state those of the particulars set forth in Article 31-22, paragraph (1), item (i) and the items (excluding items (ii) through (iv) and item (vi)) of Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act, that are particularly important and may have an impact on the judgment of the customer at the beginning of the document to be delivered prior to the conclusion of a contract using letters or numbers printed in a font not smaller than a 12 point font as prescribed in Japanese Industrial Standard Z8305 in a manner that is easy to understand.

(Cases in Which It Is Not Required to Deliver a Document to Be Delivered Prior to the Conclusion of a Contract)

- Article 31-21 (1) The cases specified by Cabinet Office Order that are provided for in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following cases:

- (i) if the financial institution engaged in trust business had previously concluded a specific trust agreement with the same content with a customer and had previously delivered to the customer the document to be delivered prior to the conclusion of a contract for the specific trust agreement pursuant to the provisions of Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (but only if the customer has expressed an intent indicating that the delivery of the document to be delivered prior to the conclusion of a contract is not required);
 - (ii) if the financial institution engaged in trust business has delivered a prospectus (meaning a prospectus prescribed in Article 2, paragraph (10) of the Financial Instruments and Exchange Act and limited to one containing all the required information in the document to be delivered prior to the conclusion of a contract in a manner equivalent to the one prescribed in the preceding Article) to the customer (if the prospectus (meaning the prospectus prescribed in that paragraph) does not contain all of those particulars, including if a document giving all the particulars not given in the prospectus is delivered as an integral part of the prospectus together with the prospectus) or the cases set forth in Article 15, paragraph (2), item (ii) of that Act; and
 - (iii) in the following instances, if a financial institution engaged in trust business seeks to conclude a specific trust agreement the content of which would change part of another specific trust agreement that has already been concluded:
 - (a) if, as a result of the change, there is nothing that would be changed in the particulars that are required to be included in the document to be delivered prior to the conclusion of a contract for the specific trust agreement that has already been concluded; and
 - (b) if, as a result of the change, there is something that would be changed in the particulars that are required to be included in the document to be delivered prior to the conclusion of a contract for the specific trust agreement that has already been concluded, but the financial institution engaged in trust business has delivered a document to the customer showing the particulars that will change (hereinafter referred to as "contract change document").
- (2) The provisions of Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act, Article 11-2 of the Order, and Article 31-5 apply mutatis mutandis to the delivery of the document prescribed in item (ii) of the preceding paragraph and the delivery of the contract change document prescribed in item (iii), sub-item (b) of that paragraph.

(3) To apply the provisions of paragraph (1), item (ii) to the prospectus for beneficiary certificates of an investment trust prescribed in Article 2, paragraph (1), item (x) of the Financial Instruments and Exchange Act (limited to those for the beneficial interest of an investment trust managed without instructions from the settlor prescribed in Article 2, paragraph (2) of the Act on Investment Trusts and Investment Corporations) (if there is a document to be delivered as an integral part of the prospectus pursuant to the provisions of paragraph (1), item (ii), the prospectus and the document), the phrase "the document to be delivered prior to the conclusion of a contract in a manner equivalent to the one prescribed in the preceding Article" in that item is deemed to be replaced with "the document to be delivered prior to the conclusion of a contract".

(Particulars Required to Be Included in the Document to Be Delivered Prior to Conclusion of Contract)

Article 31-22 (1) The particulars specified by Cabinet Office Order as prescribed in Article 37-3, paragraph (1), item (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following particulars; provided, however, that this does not apply to the particulars set forth in item (i)-2, item (vii) and paragraph (3) if the document to be delivered prior to the conclusion of a contract pertains to a trust whose trust property is managed or disposed of based on the instructions of only the settlor or a person entrusted with the authority to give instructions by the settlor (limited if the settlor or the person entrusted with the authority to give instructions by the settlor is any of the persons set forth in the items of Article 2, paragraph (1) of Order for Enforcement of the Trust Business Act):

- (i) an indication that the contents of the document to be delivered prior to the conclusion of a contract should be read sufficiently;
- (i)-2 an outline of the purpose of the trust;
- (ii) the particulars set forth in the items of Article 15, paragraph (7);
- (iii) if there are risks that a loss could be incurred with regard to the conclusion of a specific trust agreement by a customer due to fluctuations in the money rates, value of currencies, quotations on the Financial Instruments Market (meaning the Financial Instruments Market prescribed in Article 2, paragraph (14) of the Financial Instruments and Exchange Act), and other indicators, following particulars:
 - (a) the indicators; and
 - (b) reason for the risks that a loss could be incurred due to fluctuations in the indicators;
- (iv) an outline of the taxes associated with the specific trust agreement;
- (v) the method for the customer to contact the financial institution;

- (vi) whether the financial institution is a target business operator (meaning a target business operator as prescribed in Article 79-11, paragraph (1) of the Financial Instruments and Exchange Act; hereinafter the same applies in this item) of any certified investor protection organization (limited if the specific trust agreement is the subject of the certified business (meaning certified business as prescribed in Article 79-10, paragraph (1) of that Act) of the certified investor protection organization) (and the name of the certified investor protection organization, if any); and
 - (vii) whether the trust business of the financial institution has been subject to an external audit and if it is, the name of the person that implemented the external audit, the subjects of the external audit, and an outline of the results.
- (2) If a financial institution engaged in trust business has accepted a limited liability trust prescribed in Article 2, paragraph (12) of the Trust Act, the particulars specified by Cabinet Office Order that are provided for in Article 37-3, paragraph (1), item (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the particulars set forth in the items of Article 15, paragraph (8), in addition to the particulars set forth in the items of the preceding paragraph.
- (3) If a financial institution engaged in trust business has a policy whereby after concluding a specific trust agreement, it sets subject securities of a specific issue as the trust property based on that agreement, the particulars specified by Cabinet Office Order that are provided for in Article 37-3, paragraph (1), item (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the particulars set forth in the items of Article 19, paragraph (7), in addition to the particulars set forth in the items of paragraph (1).

(Credit Ratings Found Less Likely to Result in Insufficient Protection of Investors)

Article 31-23 The credit ratings specified by Cabinet Office Order that are provided for in Article 38, item (iii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are as follows:

- (i) a credit rating prescribed in Article 2, paragraph (34) of the Financial Instruments and Exchange Act for the assessment of the credit status of the underlying assets of the asset securitization products (meaning the asset securitization products as defined in Article 295, paragraph (3), item (i) of the Cabinet Office Order on Financial Instruments Business, etc.; hereinafter the same applies in this item) associated with the specific trust agreement (excluding a credit rating which is deemed to be substantially a

- credit rating for the assessment of the credit status of the asset securitization products); and
- (ii) beyond what is provided for in the preceding item, a credit rating prescribed in Article 2, paragraph 34 of the Financial Instruments and Exchange Act whose prime object is the assessment of the credit status of securities other than those associated with the specific trust agreement or the credit status of any party other than the issuer of the securities (excluding a credit rating which is deemed to be substantially the credit rating for the assessment of the credit status of the securities or the issuer of the securities).

(Significance of Registration of Credit Rating Agency and Other Particulars)

Article 31-24 (1) The particulars specified by Cabinet Office Order that are provided for in Article 38, item (iii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are as follows:

- (i) the significance of a registration under Article 66-27 of the Financial Instruments and Exchange Act;
- (ii) the following information regarding the person that has determined the credit rating (meaning the credit rating defined in Article 2, paragraph (34) of the Financial Instruments and Exchange Act; hereinafter the same applies in this Article):
- (a) the trade name or name;
- (b) if a person is a juridical person (including an organization without juridical personality for which a representative person or administrator has been designated), the names of its officers (if it is an organization without juridical personality for which the representative person or administrator has been designated, the name of its representative person or administrator);
- (c) the name and locality of the head office or any other principal business office;
- (iii) an outline of the policies and methods used by the person that has determined a credit rating in determining such credit rating; and
- (iv) the assumptions, significance, and limitations of the credit rating.
- (2) Notwithstanding the preceding paragraph, with regard to credit ratings determined by a specified associated juridical person (meaning the specified associated juridical person defined in Article 116-3, paragraph (2) of the Cabinet Office Order on Financial Instruments Business, etc.; hereinafter the same applies in this paragraph), the particulars specified by Cabinet Office Order that are provided for in Article 38, item (iii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to

Article 2-2 of the Act are as follows:

- (i) the significance of a registration under Article 66-27 of the Financial Instruments and Exchange Act;
- (ii) the trade name or name and the registration number of the credit rating agency whose associated juridical person (meaning an associated juridical person as prescribed in Article 295, paragraph (3), item (x) of the Cabinet Office Order on Financial Instruments Business, etc.) has been designated as a specified associated juridical person by the Commissioner of the Financial Services Agency pursuant to Article 116-3, paragraph (2) of that Order;
- (iii) the name used by the specified associated juridical person as a representation of the credit rating business (meaning credit rating business as prescribed in Article 2, paragraph (35) of the Financial Instruments and Exchange Act);
- (iv) an outline of the policies and methods adopted by the specified associated juridical person in determining its credit ratings, or the way to obtain information on the outline from the credit rating agency prescribed in item (ii); and
- (v) the assumptions, significance and limitations of credit ratings.

(Prohibited Actions)

Article 31-25 The actions specified by Cabinet Office Order that are provided for in Article 38, item (ix) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following actions:

- (i) the actions set forth in the items of Article 12;
- (ii) the act of concluding a specific trust agreement without providing the customer (excluding professional investors (excluding persons that are deemed to be customers other than professional investors pursuant to Article 34-2, paragraph (5) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act and including those that are deemed to be professional investors pursuant to Article 34-3, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act)); hereinafter the same applies in this item) in advance with an explanation of the particulars set forth in Article 37-3, paragraph (1), item (v) and (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (if the document set forth in (c) is delivered, the particulars that are included in the document and pertain to the particulars set forth in items (v) and (vii) of that

paragraph) with regard to the delivery of the following documents in a manner and to the extent necessary for ensuring the understanding of the customer in light of the customer's knowledge, experience, financial status, and purpose of concluding a specific trust agreement:

- (a) the document to be delivered prior to the conclusion of a contract;
 - (b) in the case specified in Article 31-21, paragraph (1), item (ii), the prospectus prescribed in that item (if there is a document to be delivered as an integral part of the prospectus pursuant to the provisions of that item, the prospectus and the document); and
 - (c) the contract change document;
- (iii) soliciting a customer (limited to an individual) to conclude or cancel a specific trust agreement by telephone or through a personal visit, at a time of the day that is likely to be a nuisance to the customer.

(Application for Authorization to Change the Type or Method of Business)

Article 32 (1) If a financial institution engaged in trust business seeks to obtain authorization to change the type or method of business as under the provisions of Article 3 of the Act, it must submit to the Commissioner of the Financial Services Agency, etc. a written application for authorization accompanied by the following documents:

- (i) a written statement of reasons;
 - (ii) the draft business rules reflecting the proposed change;
 - (iii) a comparison table for the existing and amended business rules; and
 - (iv) any other documents containing information that should serve as a reference in conducting the examination prescribed in the following paragraph.
- (2) Upon receipt of a written application for authorization as set forth in the preceding paragraph, the Commissioner of the Financial Services Agency, etc. is to examine whether the application satisfies the following criteria:
- (i) the change proposed in the application will contribute to improving the soundness of the business, property, and profits and losses of the person that made the application (hereinafter referred to as the "applicant" in this Article);
 - (ii) the applicant will be able to perform the business after the change that is proposed in the application in an appropriate, fair, and efficient manner, in light of things such as the extent to which it has secured officers or employees that have sufficient knowledge and experience relevant to trust business and its system for ensuring appropriate business management; and
 - (iii) the contents of the application do not impair the interests of the settlor or the beneficiary.

(Granting of Credit to a Single Person)

Article 33 (1) Items specified by Cabinet Office Order as loans as prescribed in Article 12 of the Order are loans of funds or discounting of bills that are recorded in the loans account in the trust property balance table in appended form 8.

(2) The amount of loans considered to constitute the amount in which credit has been granted as prescribed in Article 12 of the Order is to be calculated by deducting the total of the amounts set forth in the following items that are associated with a single person from the amount of the loans prescribed in the preceding paragraph (hereinafter referred to as "loans" in this paragraph) that have been provided to that single person:

- (i) the amount of collateral of a loan within the limit of the amount of the loan secured by the collateral if the collateral comprises a claim to deposits or savings or installment savings (in the case of a financial institution set forth in Article 2, item (i) of the Order, installment savings, etc. prescribed in Article 2, paragraph (4) of the Banking Act) with the financial institution engaged in trust business;
- (ii) the amount of collateral within the limit of the amount of a loan secured by the collateral, if the collateral comprises national or local government bonds;
- (iii) the amount of collateral within the limit of the amount of a loan secured by the collateral, if the collateral comprises insurance claims based on general trade insurance prescribed in Article 47, paragraph (2), item (ii) of the Trade and Investment Insurance Act (Act No. 67 of 1950) to cover a loss referred to in that paragraph (if a trade intermediary prescribed in Article 2, paragraph (4) of that Act sells or leases trade goods based on an intermediary trade contract prescribed in paragraph (3) of that Article, excluding a loss incurred by the trade intermediary due to the inability to collect purchase monies or lease fees for the trade goods for a reason falling under any of sub items (a) through (e) of Article 44, paragraph (2), item (ii) of that Act) and trade payment loan insurance prescribed in Article 51, paragraph (2) of that Act to cover a loss incurred by a person that has acquired a claim to a loan whose proceeds are applied to the payment of the items set forth in item (i) or item (iii) of Article 2, paragraph (13) of that Act to a foreign government, etc., foreign juridical person, or a foreign citizen by a Japanese juridical person or Japanese citizen, or a foreign juridical person or foreign citizen prescribed in paragraph (5) of that Article due to the inability to collect the loans, etc. prescribed in the Article 51, paragraph (2) of that Act based on the claim for a reason falling under any of the items of that paragraph, or the amount of insurance claims within the limit of the amount of a loan covered by overseas untied loan insurance prescribed in Article 71, paragraph (2) of that Act;
- (iv) the amount of a loan denominated in Japanese currency to an importer of

- goods in connection with the settlement of the import price of the goods (including freight costs or insurance premiums for the goods) (limited to one that will be due for repayment within six months from the arrival of the shipping documents for the goods); and
- (v) the amount of insurance claims that are within the limit of the amount of a loan the obligation of which is guaranteed by a credit guarantee corporation if the guarantee is covered by insurance provided by Japan Finance Corporation.

(Application for Authorization to Change the Basic Terms and Conditions of a Standard Trust Agreement)

- Article 34 (1) If a financial institution engaged in trust business seeks authorization to change the basic terms and conditions for a standard trust agreement as under the provisions of Article 5, paragraph (1) of the Act, it must submit to the Commissioner of the Financial Services Agency, etc. a written application for authorization accompanied by the following documents:
- (i) a written statement of reasons;
 - (ii) a document giving the substance and methods of the public notice; and
 - (iii) a document giving the period during which the settlor or the beneficiary can state an objection to the proposed change in the basic terms and conditions and the method for processing the stated objections.
- (2) Upon receipt of the written application for authorization as set forth in the preceding paragraph, the Commissioner of the Financial Services Agency, etc. is to examine whether the contents of the application involve any risk of compromising the protection of the beneficiary.

(Public Notice of Changes to the Basic Terms and Conditions of a Standard Trust Agreement)

- Article 35 The public notice of a change in the basic terms and conditions of a standard trust agreement made by a financial institution engaged in trust business pursuant to the provisions of Article 5, paragraph (1) of the Act must clarify the following particulars, and be issued by a means of public notice applicable to financial institutions engaged in trust business:
- (i) the substance of and the reason for the change;
 - (ii) the date of the authorization of the Commissioner of the Financial Services Agency, etc.; and
 - (iii) the particulars of the period during which the settlor or the beneficiary can state an objection to the proposed change and the means of stating an objection.

(Highest Rate Permitted in a Contract for Making Up Profits)

Article 36 If a financial institution engaged in trust business concludes a contract under which it promises in advance to make up profits up to a certain amount pursuant to the provisions of Article 6 of the Act, the rate at which it does so must not exceed the rate specified by the Commissioner of the Financial Services Agency.

(Trust Agreement under Losses Can Be Compensated)

Article 37 The trust agreements specified by Cabinet Office Order that are provided for in Article 6 of the Act are those other than a trust agreement whose purpose is to invest more than half the amount of trust property connected with the trust agreement in assets set forth in the following items:

- (i) securities prescribed in Article 2, paragraph (1) (excluding items (xii) and (xiv)) of the Financial Instruments and Exchange Act (including the rights that are deemed to be securities pursuant to the provisions of paragraph (2) of that Article (excluding the rights set forth in items (i) and (ii) of that paragraph); the same applies in item (v));
- (ii) rights connected with derivatives transactions;
- (iii) rights connected with transactions on a commodity market, foreign commodity market transactions, and over-the-counter commodity derivatives transactions;
- (iv) beneficial interests in money trusts whose purpose is to invest trust property mainly in the assets set forth in the preceding items (excluding those falling under item (i)); and
- (v) beneficial interests in trusts in which securities are entrusted.

(Trust Business Reports)

Article 38 (1) A financial institution engaged in trust business must prepare a trust business report on the status of the trust business during the period from the beginning of a business year to September 30 of that business year (in the case of a financial institution falling under any of items (vii) through (ix) and items (xiii) through (xv) of Article 2 of the Order, to the end of the sixth month after the beginning of the business year) based on Appended Form No. 7 and submit it to the Commissioner of the Financial Services Agency, etc. within three months after the end of that period.

(2) A financial institution engaged in trust business must, for each business year, prepare a trust business report on the status of the trust business during the period until the end of the business year based on Appended Form No. 8 and submit it to the Commissioner of the Financial Services Agency, etc. within three months after the end of that business year.

(3) If a financial institution engaged in trust business is unable to submit a trust business report within the period prescribed in the preceding two paragraphs

due to a compelling reason, it may postpone the submission after obtaining the approval of the Commissioner of the Financial Services Agency, etc. in advance.

- (4) If a financial institution engaged in trust business seeks to obtain the approval under the preceding paragraph, it must submit a written application for approval to the Commissioner of the Financial Services Agency, etc. accompanied by a written statement of reasons.
- (5) The following documents must accompany a trust business report as set forth in paragraph (2):
- (i) a status table of the entrustment of business prescribed in Article 22, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act (excluding the cases of entrustment of businesses set forth in the items of Article 22, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act) prepared based on Appended Form No. 9; and
 - (ii) a document giving an outline of the transactions prescribed in Article 29, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act.

(Particulars Subject to Notification)

Article 39 (1) The cases specified by Cabinet Office Order that are provided for in Article 8, paragraph (1), item (iv) of the Act are the following cases:

- (i) if a financial institution engaged in trust business has become a party to a lawsuit or conciliation involving trust business or such a lawsuit or conciliation has been come to an end;
- (ii) if a financial institution engaged in trust business has learned that an agent for trust agreements that has it as an entrusting financial institution engaged in trust business (meaning an entrusting financial institution engaged in trust business prescribed in Article 67, paragraph (2) of the Trust Business Act as applied by replacing certain terms pursuant to the provisions of Article 2, paragraph (2) of the Act) has become a party to a lawsuit or conciliation (limited to one related to the trust agreement agency business involving a trust agreement under which the financial institution engaged in trust business is the trustee) or that such a lawsuit or conciliation has come to an end; and
- (iii) if a financial institution engaged in trust business has learned that any of its officers, employees, persons it has entrusted with its trust business, or agents (meaning persons acting as an agent or intermediary under entrustment by a financial institution engaged in trust business for the conclusion of contracts under which the financial institution is entrusted with the whole or part of trust business; hereinafter the same applies in this item and paragraph (3)) has committed any of the following acts in

performing trust business for the financial institution:

- (a) fraud, embezzlement, breach of trust, or any other criminal act;
 - (b) an act that violates the Act on Regulation of Receiving of Capital Subscription, Deposits, and Interest Rates, etc. (Act No. 195 of 1954) or the Act on Controlling Unjust Contract Pertaining to Deposit, etc. (Act No. 136 of 1957);
 - (c) an act that violates the Act, the Trust Business Act, or orders based on these Acts;
 - (d) any loss of cash, notes, checks, securities, or other valuables (including suffering a theft and causing a deficiency; the same applies in this item) which is considered material in relation to the management of the business of a financial institution engaged in trust business or the business of an agent for trust agreements, considering the characteristics, scale, and other circumstances of their businesses;
 - (e) if the relevant person has caused a loss of one million yen or more to trust property due to inappropriate management;
 - (f) acts occurring overseas that are as set forth in the preceding items or are similar thereto, which have been reported to the local supervisory authority; and
 - (g) other acts equivalent to those set forth in (a) through (f) that hinder or are likely to hinder the appropriate operation of trust business by the financial institution.
- (2) The notification set forth in item (iii) of the preceding paragraph must be made within thirty days from the day on which the financial institution engaged in trust business has come to know the occurrence of the act.
- (3) The cases specified by Cabinet Office Order that are provided for in Article 8, paragraph (2), item (ii) of the Act are if the financial institution engaged in trust business has established or abolished an agent or seeks to change the contents of the business conducted by the agent.
- (4) If a financial institution engaged in trust business seeks to make a notification under the preceding paragraph, it must submit a written notice to the Commissioner of the Financial Services Agency, etc. accompanied by the following documents:
- (i) a written statement of reasons;
 - (ii) if the financial institution engaged in trust business seeks to establish an agent, a draft agency contract giving the substance of the business to be conducted by the agent; and
 - (iii) other documents giving information that should serve as a reference.

(Public Notice of Discontinuance of Trust Business)

Article 40 (1) In addition to publication in the Official Gazette, the public notice

prescribed in Article 8, paragraph (3) of the Act must be issued by means of publication in a daily newspaper that publishes information on current events or by electronic public notice (meaning electronic public notice prescribed in Article 2, item (xxxiv) of the Companies Act).

- (2) The public notice under Article 8, paragraph (3) of the Act must be issued with regard to the following particulars:
 - (i) the date on which a financial institution engaged in trust business seeks to abolish its trust business, implement a merger, dissolve due to reasons other than a merger or an order commencing bankruptcy proceedings, have all or part of its trust business succeeded to through a company split, or transfer all of part of its trust business; and
 - (ii) the means of handling the trust relationship that a financial institution engaged in trust business has accepted.
- (3) The notification prescribed in Article 8, paragraph (4) of the Act is to be filed using a document that gives the following particulars:
 - (i) the substance of the public notice;
 - (ii) the means of public notice; and
 - (iii) the date of public notice.
- (4) If the public notice prescribed in Article 8, paragraph (3) of the Act is issued by electronic public notice, it must be given by electronic public notice continuously throughout a period until the date prescribed in paragraph (2), item (i).

(Lapse of Authorization)

- Article 41 (1) If a financial institution seeks approval as prescribed in Article 11, item (iv) of the Act, it must submit a written application for approval to the Commissioner of the Financial Services Agency accompanied by a written statement of reasons.
- (2) Upon receipt of a written application for approval under the preceding paragraph, the Commissioner of the Financial Services Agency is to examine whether the application satisfies the following criteria:
 - (i) there is what is found to be a compelling reason that the thing for which the relevant person has been authorized as under the provisions of the Act cannot be implemented within six months from the date the person received that authorization;
 - (ii) it is expected to be possible to implement the thing subject to the authorization within a reasonable period; and
 - (iii) during the time until the thing subject to authorization is expected to be implemented, there are expected to be no material changes in the particulars on which the examination was based at the time of the authorization.

(Public Notice of Supervisory Disposition)

Article 42 The public notice of the supervisory disposition prescribed in Article 12 of the Act is to be issued in the Official Gazette.

(Calculation of Proportions)

Article 42-2 The proportion prescribed in Article 12-2, paragraph (1), item (viii) of the Act is to be calculated by dividing the number of financial institutions engaged in trust business that have stated objections (limited to objections for which there are reasonable grounds) when submitting to the person seeking to file the application referred to in that paragraph documents stating whether they object to the contents of the operational rules (meaning the operational rules prescribed in item (vii) of that paragraph; hereinafter the same applies in this Article, paragraph (1) of the following Article, and Article 42-14, paragraph (2)) and the substance of and the reason for any objection (each such a document is referred to as a "written opinion" in the following Article), to the particulars of the cancellation of a basic contract for execution of procedures (meaning a basic contract for execution of procedures prescribed in Article 12-2, paragraph (1), item (viii) of the Act; hereinafter the same applies in this Article and Article 42-14) and other substance of a basic contract for execution of procedures (excluding the particulars set forth in the items of Article 85-7, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act) and other substance of the operational rules (excluding particulars required to be included in the substance of the operational rules by the provisions of Article 85-7, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act and particulars necessary for complying with the criteria set forth in the items of Article 85-7, paragraph (4) of the Trust Business Act and paragraph (5), item (i) of that Article as applied mutatis mutandis pursuant to Article 12-4 of the Act) by the number of financial institutions engaged in trust business published by the Commissioner of the Financial Services Agency as of the day on which the person seeking to file the application delivered or sent the operational rules, etc. prescribed in paragraph (1), item (ii) of the following Article (if they are delivered or sent in two or more days, the latest of such days; the same applies in Article 42-5) (referred to as "all financial institutions engaged in trust business" in the following Article and Article 42-6, paragraph (2)).

(Hearing of Opinions from Financial Institutions Engaged in Trust Business)

Article 42-3 (1) If a person seeking to file the application referred to in Article 12-2, paragraph (1) of the Act, pursuant to the provisions of paragraph (2) of that Article, provides financial institutions engaged in trust business with

explanation of the substance of the operational rules and conducts a hearing of opinions regarding whether they object to the substance thereof (including grounds for their objection if there is any objection), it must do so by holding an explanatory meeting in accordance with the following items:

- (i) the date and time and place of the explanatory meeting are to be determined in consideration of the convenience of all financial institutions engaged in trust business;
 - (ii) the person seeking to file the application is to deliver or send a document giving the following particulars and the operational rules (referred to as "operational rules, etc." in Article 42-5 and Article 42-6, paragraph (2)) to all financial institutions engaged in trust business by two weeks prior to the date of the explanatory meeting (if two or more explanatory meetings are held, the date of the earliest explanatory meeting):
 - (a) the trade name or name of the person seeking to file the application, the location and telephone number of its principal business office or office, and other contact addresses;
 - (b) the date and time and the place of the explanatory meeting; and
 - (c) an indication that financial institutions engaged in trust business are required to submit a written opinion to the person seeking to file an application within a fixed period from the date of the explanatory meeting (if two or more explanatory meetings are held, the date of the latest explanatory meeting); and
 - (iii) the fixed period referred to in (c) of the preceding item is not to be less than two weeks.
- (2) A document giving the results prescribed in Article 12-2, paragraph (2) of the Act must contain all of the following particulars:
- (i) the date and time and the place of all explanatory meetings;
 - (ii) attendance at or absence from the explanatory meeting for all financial institutions engaged in trust business;
 - (iii) submission or non-submission of written opinions by all financial institutions engaged in trust business;
 - (iv) whether any written opinion that has been submitted contains an objection; and
 - (v) if a written opinion that has been submitted contains an objection that does not constitute an objection prescribed in Article 12-2, paragraph (1), item (viii) of the Act, an indication of this and the grounds for that judgment.
- (3) All the written opinions submitted by financial institutions engaged in trust business are to be attached to the document set forth in the preceding paragraph.

(Particulars to Be Prescribed by the Operational Rules)

Article 42-4 The particulars specified by Cabinet Office Order that are provided for in Article 12-3, paragraph (1), item (viii) of the Act are the following particulars:

- (i) the particulars of the business hours and holidays of dispute resolution services (meaning business of dispute resolution as prescribed in Article 12-2, paragraph (1) of the Act; hereinafter the same applies);
- (ii) the name and location of business office or office and the particulars of the area in which the business office or office conducts dispute resolution services;
- (iii) the particulars of the system of supervision of employees engaging in dispute resolution services;
- (iv) the particulars of the entrustment, if a third party is entrusted with the business of complaint processing procedures (meaning complaint processing procedures prescribed in Article 12-2, paragraph (1) of the Act; the same applies in Article 42-10) or dispute resolution procedures (dispute resolution procedures prescribed in that paragraph; the same applies in Article 42-7, Article 42-12, paragraph (2), and Article 42-13); and
- (v) other particulars that need to be prescribed in connection with the dispute resolution services.

(Submission of Written Applications for Designation)

Article 42-5 The written application for designation prescribed in Article 85-3, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act must be submitted within three months from the day on which the financial institution engaged in trust business delivered or sent the operational rules, etc.

(Documents to Be Attached to Written Applications for Designation)

Article 42-6 (1) The documents specified by Cabinet Office Order that are provided for in Article 85-3, paragraph (2), item (v) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the following documents:

- (i) the balance sheet, income and expenditure statement or profit and loss statement, and inventory of property, or other documents equivalent thereto for the business year immediately preceding the business year that includes the date of the application under Article 12-2, paragraph (1) of the Act (or the inventory of property as of the date of incorporation or other documents equivalent thereto, if the person seeking a designation under that paragraph (referred to as the "applicant" in paragraph (3)) is a juridical person (meaning a juridical person as prescribed in paragraph (1), item (i) of that Article; the same applies in Article 42-11, paragraph (3), item (iii)) that was

- incorporated in the business year that includes the date of the application);
and
- (ii) a document stating the expected income and expenditure after designation under Article 12-2, paragraph (1) of the Act.
- (2) The documents specified by Cabinet Office Order that are provided for in Article 85-3, paragraph (2), item (vi) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the following documents:
- (i) the operational rules, etc. delivered or sent to all financial institutions engaged in trust business pursuant to the provisions of Article 42-3, paragraph (1), item (ii);
 - (ii) a document certifying the date on which the operational rules, etc. were delivered or sent to all financial institutions engaged in trust business and the means used for delivering or sending them; and
 - (iii) if operational rules, etc. have been sent to financial institutions engaged in trust business, documents certifying the particulars that the following (a) or (b) prescribes for the categories of cases set forth therein as facts regarding the arrival or non-arrival of the operational rules, etc. at the financial institutions engaged in trust business:
 - (a) if they have arrived: the date of arrival; and
 - (b) if they have not arrived: the cause for the non-arrival of the operational rules, etc. that were sent by an ordinary method for sending documents.
- (3) The documents specified by Cabinet Office Order that are provided for in Article 85-3, paragraph (2), item (vii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the following documents:
- (i) a document giving the name or trade name or other name and address of any person that holds five percent or more of all shareholder, etc. voting rights in the applicant (meaning the voting rights of all shareholders, all members, all partners, or all equity investors; the same applies in the following item and Article 42-14, paragraph (2)), the location of its principal business office or office, and the number of the voting rights held by such person;
 - (ii) a document giving the trade name or other name of the parent juridical person (meaning the juridical person or other organization that holds a majority of all shareholder, etc. voting rights in the applicant) and subsidiary juridical persons (meaning juridical persons or other organizations in which the applicant holds a majority of all shareholder, etc. voting rights) of the applicant, the location of their principal business offices or offices, and a description of the substance of their business;
 - (iii) an extract of the certificate of residence of officers (including the member

- responsible for performing the duties thereof, if an officer is an juridical person; the same applies in this paragraph, Article 42-8, and Article 42-9) (or its certificate of registered information, if an officer is an juridical person) or any substitute for this;
- (iv) a document certifying the officer's name before marriage, if the name of an officer that was used before marriage is stated together with the officer's current name in a written application for designation prescribed in Article 85-3, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act, and the document set forth in the preceding item does not certify the officer's name used before marriage; and
 - (v) a certificate by a public agency indicating that the officers do not fall under Article 12-2, paragraph (1), item (iv), sub-item (a) or (b) of the Act (or a document in which the officer swears that they do not fall under sub-item (a) or (b) of that item, if the officer does not have Japanese nationality);
 - (vi) curriculum vitae of officers (or a document giving the history of the officer, if it is a juridical person);
 - (vii) a document giving a description of the status of securing the candidates for dispute resolution committee member (meaning dispute resolution committee member as prescribed in Article 85-4, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act, the same applies in Article 42-12, paragraph (2), item (iii)) and officers and employees that have knowledge and experience relevant to dispute resolution services (hereinafter referred to as "officers, etc." in this item, the following item, and Article 42-14) and a description of the status of the assignment of the officers, etc.;
 - (viii) a document with which each officer, etc. pledges that they are not the current or former member of an organized crime group (meaning the current or former member of an organized crime group as prescribed in Article 85-9 of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act; the same applies in Article 42-14, paragraph (1), item (ii)); and
 - (ix) other documents containing information that should serve as a reference.

(Contents of Basic Contract for Execution of Procedures)

Article 42-7 The particulars specified by Cabinet Office Order that are provided for in Article 85-7, paragraph (2), item (xi) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are that a designated dispute resolution organization (meaning designated dispute resolution organization prescribed in Article 12-2, paragraph (1), item (viii) of the Act; the same applies in the following Article through Article 42-10 and Article 42-12 through Article 42-15) may investigate the status of the performance of the

obligations prescribed in the settlement reached as a result of dispute resolution procedures if such an investigation is requested by a customer of a member financial institution (meaning a member financial institution as prescribed in Article 12-3, item (iv) of the Act; hereinafter the same applies) that is a party to the procedures and recommend to the member financial institution that it perform its obligations.

(Substantial Controllers)

Article 42-8 Persons specified by Cabinet Office Order as those that substantially have control over a designated dispute resolution organization's business or have a major impact on the designated dispute resolution organization's business through ownership of shares in the designated dispute resolution organization, financing to the designated dispute resolution organization, or any other causes as prescribed in Article 85-7, paragraph (4), item (iii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the persons set forth in the following items that are not found, in light of the nature of the business relationship with the designated dispute resolution organization, to be obviously unable to control business policy decisions of the designated dispute resolution organization or to materially influence the business of the designated dispute resolution organization:

- (i) a specific person whose voting rights that the person holds on its own account, when combined with the voting rights held by persons that that it is found will exercise their voting rights in line with the intentions of that specified person due to being closely related thereto through things such as contributions, personnel affairs, funds, technology, and transactions and the voting rights held by persons that have agreed to exercise their voting rights in line with the intentions of the specified person (including if the specific person does not hold any voting rights on its own account) account for not less than one-third of the voting rights in a designated dispute resolution organization;
- (ii) a person that is or was an officer of a designated dispute resolution organization;
- (iii) a relative within the third degree of kinship of an officer of a designated dispute resolution organization;
- (iv) a person whose representative person (including the representative person or administrator of an organization without judicial personality for which a representative person or administrator has been designated; the same applies in item (iv) of the following Article) falls under any of the preceding two items;
- (v) a person respecting which not less than one-third of the officers of a

- designated dispute resolution organization are or have been its officers or employees;
- (vi) a person that has concluded a contract with a designated dispute resolution organization that controls the business policy decisions of the designated dispute resolution organization;
 - (vii) a specific person that has provided loans (including guarantee of obligations and provision of collateral; hereinafter the same applies in this item and item (vii) of the following Article) that constitute one-third or more of the total amount of the procured funds of a designated dispute resolution organization (limited to those stated in the liability section of the balance sheet; hereinafter the same applies in this item and item (vii) of that Article) (including if the amount of such loan constitutes one-third or more of the total amount of the procured funds if combined with the amount of loans provided by a person that is closely related to the specific person in terms of things such as contributions, personnel affairs, funds, technology, and transactions);
 - (viii) beyond as set forth in the preceding items, any person that factual circumstances suggest controls the business policy decisions of a designated dispute resolution organization;
 - (ix) a specific person that is related to a person falling under one of the preceding items (excluding items (ii) through (iv); hereinafter the same applies in this item) in the same way that the person falling under one of those items is related to a designated dispute resolution organization as prescribed in that item; and
 - (x) a specific person to which a person falling under one of items (i) through (viii) is related in the same way that a designated dispute resolution organization as prescribed in item (i) and items (v) through (viii) of the following Article is related to the person set forth in the relevant item.

(Subsidiary Company)

Article 42-9 Persons specified by Cabinet Office Order as those whose business is substantially controlled by a designated dispute resolution organization through ownership of shares or any other causes as prescribed in Article 85-7, paragraph (4), item (iii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the persons set forth in the following items whose business policy decisions the designated dispute resolution organization is not found to be obviously unable to control, in light of the nature of their business relationship:

- (i) another juridical person or organization without judicial personality for which a representative person or administrator has been designated (hereinafter referred to as " corporation, etc." in this item and item (v)), in

which a designated dispute resolution organization holds voting rights on its own account that, when combined with the voting rights held by persons that it is found will exercise their voting rights in line with the intentions of the designated dispute resolution organization due to being closely related thereto through things such as contributions, personnel affairs, funds, technology, or transactions, or by persons that have agreed to exercise their voting rights in line with the intentions of the designated dispute resolution organization (including if the designated dispute resolution organization does not hold any voting rights on its own account) account for not less than one-third of the voting rights in that other juridical person, etc.;

- (ii) a person that is or has been an officer or employee of a designated dispute resolution organization;
- (iii) a relative within the third degree of kinship of an officer of a designated dispute resolution organization;
- (iv) a person whose representative person falls under any the preceding two items;
- (v) another corporation, etc. one-third or more of whose officers are persons falling under item (ii), etc.;
- (vi) a specific person with which a designated dispute resolution organization has concluded a contract that controls the business policy decisions of the specific person;
- (vii) a specific person to which a designated dispute resolution organization has provided loans constituting one-third or more of the total amount of that specific person's procured funds (including if the amount of those loans constitutes one-third or more of the total amount of the procured funds when combined with the amount of a loan provided by persons that are closely related to the designated dispute resolution organization through things such as contributions, personnel affairs, funds, technology, and transactions);
- (viii) beyond as set forth in the preceding items, any specific person whose business policy decisions there are factual circumstances that suggest a designated dispute resolution organization controls; and
- (ix) a specific person that a person as set forth in one of the preceding items is related to in the same way a designated dispute resolution organization as prescribed in one of the preceding items (excluding items (ii) through (iv); hereinafter the same applies in this item) is related to a person as set forth in one of the preceding items.

(Particulars Required to Be Entered in Records of Complaint Processing Procedures)

Article 42-10 (1) Pursuant to the provisions of Article 85-11 of the Trust

Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act, a designated dispute resolution organization must prepare records of the following particulars with regard to the complaint processing procedures that it has performed:

- (i) the date on which the customer of a member financial institution filed the petition for resolution of complaints related to specific concurrent business (meaning complaints related to specific concurrent business prescribed in Article 12-2, paragraph (4) of the Act; the same applies in paragraph (3), item (iii) of the following Article) and the substance of the petition;
 - (ii) the name or trade name or other name of the customer that filed the petition set forth in the preceding item and its agent and the trade name of the member financial institution;
 - (iii) the particulars of complaint processing procedures performed; and
 - (iv) the result of complaint processing procedures (including the reason for and the date of the termination of complaint processing procedures).
- (2) A designated dispute resolution organization must preserve records of the particulars prescribed in the preceding paragraph at least for a period of five years from the date of termination of the complaint processing procedures that it performed.

(Dispute Resolution Committee Member's Interest)

Article 42-11 (1) Persons that have an interest in a party prescribed in Article 85-5, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act in connection with a petition as set forth in Article 85-13, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act as prescribed in Article 85-13, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act (hereinafter simply referred to as "a party") are the persons that constitute any of the following:

- (i) a person that is or was a spouse of a party;
- (ii) a person that is or was a blood relative within the fourth degree of kinship of a party or a relative by affinity or cohabitating relative within the third degree of kinship of a party;
- (iii) a guardian, supervisor of the guardian, curator, supervisor of the curator, assistant, or supervisor of the assistant of a party;
- (iv) a person that is or was an agent or assistant of a party in a dispute related to specific concurrent business (meaning dispute related to specific concurrent business prescribed in Article 12-2, paragraph (4) of the Act; the same applies in the following Article) connected with the petition; and
- (v) a person that receives income from a party through the provision of services or a person that has received such an income from a party on a day that is

- not yet three years in the past.
- (2) The persons specified by Cabinet Office Order that are provided for in Article 85-13, paragraph (3), item (iii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are persons that have any of the following qualifications and have engaged in the business of responding to consumer affairs consultations (meaning consumer affairs consultations prescribed in Article 13, paragraph (3), item (v), sub-item (a) of the Consumer Contract Act (Act No. 61 of 2000)) for a period of not less than five years in total:
- (i) qualification as certified consumer affairs counselor granted by the National Consumer Affairs Center of Japan;
 - (ii) qualification as certified consumer affairs advisor granted by the Japan Industrial Association; and
 - (iii) qualification as certified consumer affairs consultant granted by the Japan Consumers' Association.
- (3) The persons specified by Cabinet Office Order that are provided for in Article 85-13, paragraph (3), item (v) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the following persons:
- (i) a person that has held one or more of the following positions for a period of not less than five years in total:
 - (a) judge;
 - (b) assistant judge;
 - (c) prosecutor;
 - (d) attorney at law; or
 - (e) professor or associate professor of a subject in the field of jurisprudence in a department, major course, or graduate school of a university under the School Education Act (Act No. 26 of 1947);
 - (ii) a person that has held one or more of the following positions for a period of not less than five years in total:
 - (a) certified public accountant;
 - (b) licensed tax accountant; or
 - (c) professor or associate professor of a subject in the field of economics or commercial science in a department, major course, or graduate school of a university under the School Education Act;
 - (iii) a person that has engaged in research, guidance, recommendation, establishment of rules or other business necessary for ensuring customer protection at a juridical person engaging in the business of processing complaints related to specific concurrent business or a business related to the processing of complaints related to specific concurrent business for a period of not less than ten years in total; and
 - (iv) a person found by the Commissioner of the Financial Services Agency to

have knowledge and experience that is at least equivalent to that of a person falling under any of the preceding three items.

(Explanation to Customers of a Member Financial Institution That Is a Party to a Dispute Related to Specific Concurrent Business)

Article 42-12 (1) In providing an explanation as prescribed in Article 85-13, paragraph (8) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act when the customer of a member financial institution that is a party to a dispute related to specific concurrent business requests to be delivered a document, a designated dispute resolution organization must provide the explanation by delivering a document.

(2) The particulars specified by Cabinet Office Order that are provided for in Article 85-13, paragraph (8), item (iii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the following particulars:

- (i) the way of handling secrets of the parties to a dispute related to specific concurrent business and third parties that are contained in the opinions stated or the materials submitted or presented in dispute resolution procedures or described in the procedure operation records prescribed in Article 85-13, paragraph (9) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act (referred to as "procedure operation records" in paragraph (1) of the following Article);
- (ii) the requirements and the means for a party to a dispute related to specific concurrent business to terminate dispute resolution procedures;
- (iii) an indication that if dispute resolution committee members have determined that a settlement cannot be reached between the parties to a dispute related to specific concurrent business by way of dispute resolution procedures, they will promptly terminate the dispute resolution procedures and notify the parties of the dispute related to specific concurrent business of this; and
- (iv) whether any document will be prepared if a settlement is reached between the parties to a dispute related to specific concurrent business and if such a document will be prepared, an outline for the preparation of the document including the preparer and the number of copies to be prepared.

(Preservation and Preparation of Procedure Operation Records)

Article 42-13 (1) A designated dispute resolution organization must preserve procedure operation records for at least for a period of ten years from the date of termination of the dispute resolution procedures that it has implemented.

(2) The particulars specified by Cabinet Office Order that are provided for in Article 85-13, paragraph (9), item (vi) of the Trust Business Act as applied

mutatis mutandis pursuant to Article 12-4 of the Act are the following particulars:

- (i) the contents of the petition for dispute resolution procedures;
- (ii) if a special conciliation recommendation (meaning special conciliation recommendation prescribed in Article 85-7, paragraph (6) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act; hereinafter the same applies in this item) is presented in dispute resolution procedures, the contents of the special conciliation recommendation and the date of its presentation; and
- (iii) if a settlement has been reached as a result of dispute resolution procedures, the content of the settlement.

(Particulars of Which a Designated Dispute Resolution Organization Must File a Notification)

Article 42-14 (1) If a designated dispute resolution organization seeks to file a notification pursuant to the provisions of Article 85-19 of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act, it must submit a written notification to the Commissioner of the Financial Services Agency accompanied by a written statement of reasons and any other documents containing information that should serve as a reference (including the particulars prescribed in the relevant of the following items for the case set forth in that item):

- (i) in the case specified in Article 85-19, item (i) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act: the date of conclusion or termination of a basic contract for execution of procedures and the name of the financial institution engaged in trust business;
- (ii) in the case specified in item (vi) of the following paragraph: pledges by each of the persons that have become officers, etc. indicating that each of them is not the current or former member of an organized crime group;
- (iii) in the case specified in item (vii) of the following paragraph: the reason why it is expected to be uncertain that the financial institution engaged in trust business will perform the obligations under the basic contract for execution of procedures and other obligations connected with the performance of dispute resolution services and the trade name of the financial institution engaged in trust business; and
- (iv) in the case specified in item (viii) or item (ix) of the following paragraph: the following particulars:
 - (a) the name of the business office or office at which the act occurred;
 - (b) the name or the trade name or other name and the title of the officer, etc. that committed the act;
 - (c) an outline of the act; and

- (d) remediation measures.
- (2) The cases specified by Cabinet Office Order that are provided for in Article 85-19, item (ii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the following cases:
- (i) if a designated dispute resolution organization has amended the articles of incorporation or any other rules equivalent thereto;
 - (ii) if the parent corporation (meaning a juridical person or other organization holding a majority of all shareholder, etc. voting rights in a designated dispute resolution organization; the same applies in the following item) or a subsidiary juridical person (meaning a corporation or other organization in which a designated dispute resolution organization holds a majority of all shareholder, etc. voting rights; the same applies in item (iv)) has changed its trade name or other name, the locality of its principal business office or office, or the contents of its business;
 - (iii) if the parent corporation has ceased to be the parent juridical person;
 - (iv) if a subsidiary corporation has ceased to be a subsidiary juridical person or if a designated dispute resolution organization has come to acquire or hold voting rights in a subsidiary corporation;
 - (v) if voting rights constituting more than five percent of all shareholder, etc. voting rights have come to be acquired or held by one person;
 - (vi) if there is a person that has newly become an officer, etc. of a designated dispute resolution organization after it submitted the written application for designation set forth in Article 85-3, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act;
 - (vii) if a designated dispute resolution organization has received, but rejected, a request for conclusion of a basic contract for execution of procedures from a financial institution engaged in trust business;
 - (viii) if a designated dispute resolution organization has learned that an officer, etc. of the designated dispute resolution organization or a third party that the designated dispute resolution organization has entrusted with business has committed an act that violates laws and regulations or the operational rules of the designated dispute resolution organization in performing the dispute resolution services (in the case of a third party that the designated dispute resolution organization has entrusted with business, this is limited to an act associated with the business entrusted by the designated dispute resolution organization); and
 - (ix) if a designated dispute resolution organization has learned that a member financial institution or an officer, etc. of the member financial institution has committed an act that violates the operational rules of the designated dispute resolution organization.
- (3) The notification in cases falling under item (viii) or item (ix) of the preceding

paragraph must be made within one month from the day on which a designated dispute resolution organization has learned of the fact prescribed in these provisions.

(Submission of Report on Dispute Resolution Services)

- Article 42-15 (1) The written report regarding the dispute resolution services to be prepared by a designated dispute resolution organization pursuant to the provisions of Article 85-20, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act must be prepared based on Appended Form No. 10 and submitted within three months from the end of the relevant business year.
- (2) The inventory of property, balance sheet, income and expenditure statement or profit and loss statement, or any other documents equivalent thereto for the last business year must accompany the written report set forth in the preceding paragraph.
- (3) If a designated dispute resolution organization is unable to submit a written report set forth in paragraph (1) within the period prescribed in that paragraph due to a compelling reason, it may postpone the submission after obtaining the approval of the Commissioner of the Financial Services Agency in advance.
- (4) If a designated dispute resolution organization seeks to obtain the approval under the preceding paragraph, it must submit a written application for approval to the Commissioner of the Financial Services Agency accompanied by a written statement of reasons.
- (5) Upon receipt of a written application for approval under the preceding paragraph, the Commissioner of the Financial Services Agency is to examine whether the designated dispute resolution organization that filed the application has what is found to be a compelling reason to postpone the submission under paragraph (3).

(Government Agency through Which to Submit Written Applications)

- Article 43 (1) If a financial institution seeks to submit to the Prime Minister, etc. or the Commissioner of the Financial Services Agency a written application as prescribed in Article 1, paragraph (1), Article 2, and Article 41, paragraph (1), it must submit the written application through the Director-General of the Local Finance Bureau having jurisdiction over the locality of its head office or principal office (or through the Director General of the Fukuoka Local Finance Branch Bureau if the locality is within the jurisdiction of the Fukuoka Local Finance Branch Bureau (excluding the jurisdiction of an office of a Local Finance Bureau) or through the head of an office of a Local Finance Bureau, if the locality is within the jurisdiction of an office of a Local Finance Bureau);

provided, however, that this does not apply to a written application, etc. designated by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 18, paragraph (1) of the Order or otherwise determined by the Commissioner of the Financial Services Agency.

(2) If a financial institution seeks to submit a document, written application, etc. as prescribed by the Act, the Order, or this Cabinet Office Order to the Director-General of a Local Finance Bureau or the Director General of the Fukuoka Local Finance Branch Bureau, and there is a head of an office of a Local Finance Bureau having jurisdiction over the head office of the financial institution, it must submit the document, written application, etc. through the head of an office of a Local Finance Bureau.

(Preliminary Examination)

Article 44 If a financial institution engaged in trust business seeks authorization pursuant to the provisions of the Act (excluding authorization to engage in trust business prescribed in Article 1, paragraph (1) of the Act), it may request a preliminary examination by submitting documents equivalent to those required to be submitted to the Commissioner of the Financial Services Agency, etc. at the time of filing an application for authorization, to the Commissioner of the Financial Services Agency, etc.

(Standard Processing Period)

Article 45 (1) The Prime Minister or the Commissioner of the Financial Services Agency, etc. is to endeavor to process an application for authorization, approval, or designation under the provisions of the Act, the Order, or this Cabinet Office Order (other than applications for a preliminary examination) within one month from the day on which the application has arrived at the office; provided, however, that they are to endeavor to process an application for designation prescribed in Article 12-2, paragraph (1) of the Act within two months.

(2) The period prescribed in the preceding paragraph is not to include the following periods:

- (i) any period required to amend the application;
- (ii) any period required for the applicant to change the contents of the application; and
- (iii) any period required for the applicant to add materials that are found to be necessary for the examination associated with the application.

Appended Table (Re: Article 21, Paragraph (3))

| Type of books; | Particulars required to be included | Instructions | Comment |
|----------------|-------------------------------------|--------------|---------|
| | | | |

| | | | |
|----------------------|---|--|---|
| Trust account ledger | Account name, date of recording, debit amount, credit amount, and balance | In the debit column and the credit column, record the status of the changes in each account. | If a daily trial balance in which changes and the balance of the accounts of the trust account ledger are recorded on a daily basis is prepared, those daily trial balances bound together may be substituted for the trust account ledger. |
| General ledger | Account name, date of recording, debit amount, credit amount, and balance | In the account name column, list the accounts indicated in the forms of balance sheet and profit and loss statement taken from the business report. In the debit column and the credit column, record the status of the changes in each account. | If a daily trial balance in which changes and the balance of the accounts of the general ledger are recorded on a daily basis is prepared, those daily trial balances bound together may be substituted for the general ledger. |