

Japan Securities Depository Center, Inc. (JASDEC)

Bond and Commercial Paper Department

**Application for Book-Entry Transfer System for “Corporate Bonds”**

Dear Issuers,

**On January 10, 2006, Japan Securities Depository Center, Inc. (hereinafter “JASDEC”) has started the operation of “Book-Entry Transfer System for ‘Corporate Bonds’ ”.**

Book-Entry Transfer System for “Corporate Bonds” is based on “the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc.” (Law No. 75 of 2001) which is a system in securities settlement infrastructure in Japan.

Book-Entry Transfer System for “Corporate Bonds” enables right transfer of corporate bonds, municipal bonds, rights that should be represented on bond certificates issued by foreign governments or companies, etc. by electronically recording increase and decrease of balance on the Transfer Account Book. The Transfer Account Book is managed and controlled by JASDEC and JASDEC Participants (i.e. banks, securities companies as Account Management Institutions). Hereinafter, the bonds which JASDEC handles based on Book-Entry Transfer System for “Corporate Bonds” are called “book-entry bonds”.

Preferential tax treatment to investors is not applied to either recorded bonds or physical bonds on and after January 6, 2008. Preferential tax treatment is only applied to book-entry bonds on and after January 6, 2008.

JASDEC shall obtain written consent of the Issuers of the applicable Corporate Bonds, etc., pursuant to the provisions of Article 13, Paragraph 1 of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc..

Issuers’ cooperation to submit Consent Notice to JASDEC would be greatly appreciated.

## **1. Participation Procedures for Book-Entry Transfer System for “Corporate Bonds”**

The following procedures are necessary for the Issuers to participate Book-Entry Transfer System for “Corporate Bonds”.

### **<Necessary Procedures to JASDEC>**

- (1) Presentation of Consent Notice and necessary forms to JASDEC on handling of book-entry bonds by the Issuers (Article 13 of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc.).
  
- (2) Appointment of Issuing and Paying Agents (Article 12, Paragraph 1 of Business Regulations Relating to Corporate Bonds, etc. defined by JASDEC)

▪Basically, Issuing and Paying Agents should be appointed from bond management institutions, commissioned companies, fiscal agents, etc.

### **<Necessary Internal Procedure when issuing book-entry bonds>**

Decision that the provisions of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc. shall apply to all the bonds based on the decision of the issue. (Article 66, Paragraph 2, Article 127, etc. of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc.)

## **2. Submission to JASDEC**

Following documents are necessary to submit to JASDEC :

### **<Necessary Forms>**

- Consent Notice (Regarding Book-Entry transfer System for “Corporate Bonds”) \*
- Notification Regarding Participation in Book-Entry Transfer System for “Corporate Bonds” \*
- Notice Regarding Authorized Contact List of Book-Entry Transfer System for “Corporate Bonds”

\*Forms with English translation is available at <http://www.jasdec.com/en/sb/>

### **<Attachments>**

- Certificate of Registration or other official documents which will certify the registration of head office domiciled in home country\*\*
- Notarial deed or other official documents which will certify the qualification and the signature of representative\*\*

\*\*Japanese translations of both documents are necessary.

### **<Post address>**

Japan Securities Depository Center, Inc. (JASDEC)  
Bond and Commercial Paper Department

Daini-Shoken Kaikan Bldg, 2-1-1  
Nihonbashi Kayaba-cho, Chuo-ku  
Tokyo 103-0025, Japan

### **3. Attention**

#### **(1) Eligible Corporate Bonds, etc.**

JASDEC will handle various types of “Corporate Bonds” prescribed in Article 2, Paragraph 1 of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc. regardless of public or private offering, currency.

Although, JASDEC will not handle bonds issued outside Japan(i.e. Euro Bonds).

Eligible securities are follows;

- Corporate Bonds (\*1, \*2)
- Municipal Bonds
- Investment Company Bonds prescribed in the “Law Concerning Investment Trust and Investment Company” (\*2)
- Corporate Bonds issued by mutual companies prescribed in the “Insurance Business Act” (\*2)
- Specified Corporate Bonds prescribed in the “Law Concerning Liquidization of Assets” (\*1, \*2)
- Rights that should be represented by bond certificates issued by companies under a special law (\*2)
- Rights that should be represented by bond certificates issued by any governments or companies in foreign countries (i.e. Samurai Bonds and Shogun Bonds) (\*1, \*2)

(\*1) Excluding corporate bonds with subscription rights or excluding securities with the characteristics of the bonds with subscription rights.

#### **(2) Value of each bond**

Value of each bond for book-entry bond (nominal value is unique for each issue) has to be ¥1,000 or above with increment of ¥1,000.

#### **(3) Total issue amount**

Total issue amount has to be ¥10 million or more.

**(4) Handling of Fixed date redemption**

The fixed date redemption for book-entry bonds will be redeemed equally to the balance of each account. The residual ratio of actual balance after the fixed date redemption will be managed and calculated by using “Factor”.

$$\text{Factor} = \frac{\text{Value of each corporate bond} - \frac{\text{Total of previously paid fixed redemption amounts with respect to value of each corporate bond}}{\text{Value of each corporate bond}}}{\text{Value of each corporate bond}}$$

*Factor (within 10 decimal points)*

**(5) Redemption and Interest Payment**

As for the calculation and payment method of redemption and interest, please see attached annex “Treatment of Redemption and Interest Payment”.

**(6) Fee tariff of new issue for Issuer**

JASDEC will charge fees for new issue recording stated below to Issuers per each issue as management fees (from issuance to redemption for each bond), bookkeeping fees and notification fees regarding redemption and interest information to the Paying Agents.

For each issue relating to the new record:

- (1) Rate applicable to the portion of the total issue amount equal to or less than  
¥ 100,000,000:  
**¥ 0.95 per 10,000 for ¥ 1**
- (2) Rate applicable to the portion of the total issue amount equal to or more than  
¥ 100,000,001 and less than or equal to ¥ 500,000,000:  
**80% of the rate set forth in (1) above**
- (3) Rate applicable to the portion of the total issue amount equal to or more than  
¥ 500,000,001 and less than or equal to ¥ 1,000,000,000:  
**60% of the rate set forth in (1) above**
- (4) Rate applicable to the portion of the total issue amount equal to or more than  
¥ 1,000,000,001 and less than or equal to ¥ 5,000,000,000:  
**40% of the rate set forth in (1) above**
- (5) Rate applicable to the portion of the total issue amount equal to or more than  
¥ 5,000,000,001 and less than or equal to ¥ 10,000,000,000:  
**20% of the rate set forth in (1) above**
- (6) Rate applicable to the portion of the total issue amount equal to or more than  
¥ 10,000,000,001 and less than or equal to ¥ 50,000,000,000:  
**10% of the rate set forth in (1) above**
- (7) Rate applicable to the portion of the total issue amount equal to or more than  
¥ 50,000,000,001 and less than or equal to ¥ 100,000,000,000:  
**5% of the rate set forth in (1) above**
- (8) Rate applicable to the portion of the total issue amount equal to or more than  
¥ 100,000,000,001:  
**2.5% of the rate set forth in (1) above**

\* Example : Fee calculation in case total issue amount is ¥ 1 billion.

$$(\text{¥ } 100 \text{ million} \times 0.95/10,000) + ((\text{¥ } 500 \text{ million} - \text{¥ } 100 \text{ million}) \times 0.95/10,000 \times 80\%) + (\text{¥ } 1 \text{ billion} - \text{¥ } 500 \text{ million}) \times 0.95/10,000 \times 60\% = \text{¥}68,400$$

\* Should you have any questions regarding captioned matter, please contact JASDEC.

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**URL: <http://www.jasdec.com/en/sb/>**

**E-mail : [sb@jasdec.com](mailto:sb@jasdec.com)**