



Book-Entry Transfer System for Investment Trusts

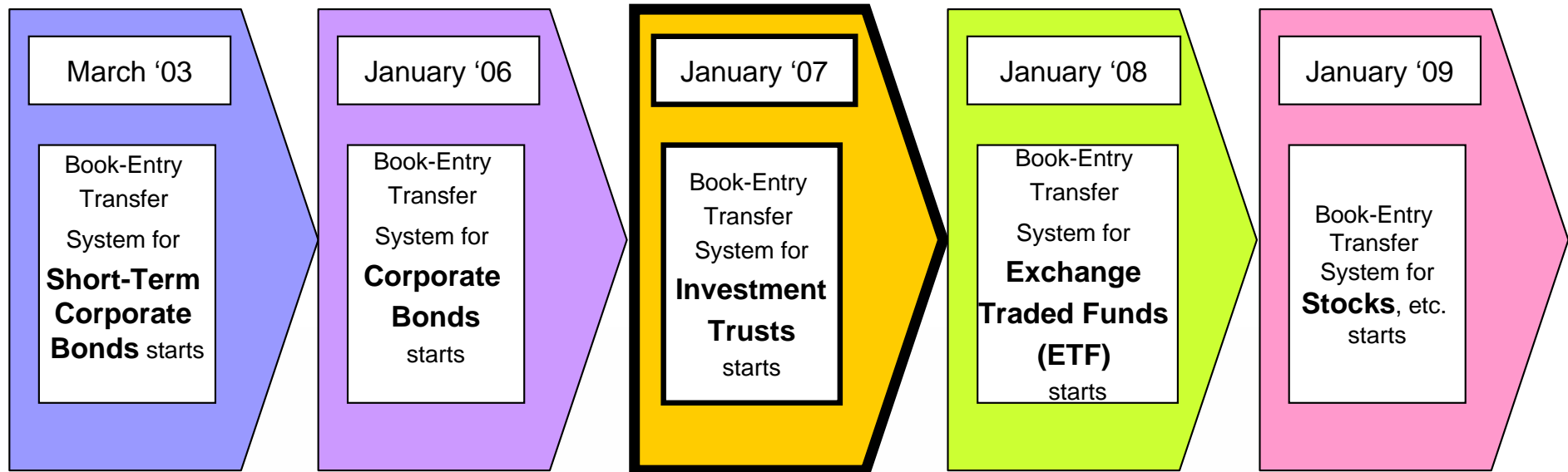
Japan Securities Depository Center, Inc. (JASDEC)

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Contents

1. Implementation of the Book-Entry Transfer System for Investment Trusts
2. What is the Book-Entry Transfer System for Investment Trusts?
3. Eligible type of Investment Trusts
4. System structure
5. Multi-layered account management
6. Transfer Account Book (TAB)
7. Dematerialization of beneficial certificates
8. The DVP settlement process
9. Straight-through processing (STP)
10. Process overview (Example of New Record via DVP associated with purchase)

1. Implementation of the Book-Entry Transfer System for Investment Trusts



Advertisement in Japan announcing the start of the Book-Entry Transfer System for Investment Trust on January 4, 2007

2. What is the Book-Entry Transfer System for Investment Trusts?

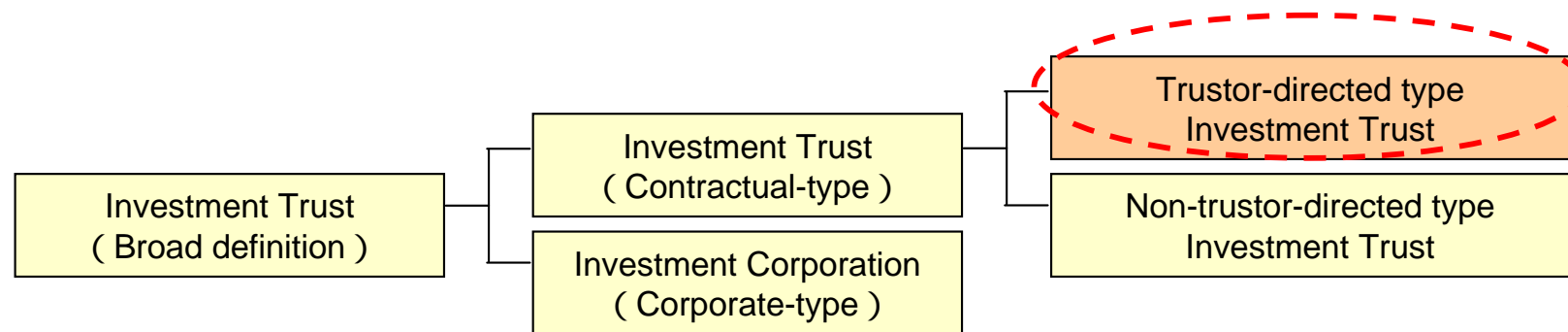
It is a system that allows beneficial rights of investment trusts to be electronically recorded on the account books handled by JASDEC, securities companies, banks and other financial institutions.

Merits

- Due to dematerialization, this system reduces costs associated with the issue and management of beneficial certificates, as well as risks from loss, theft or forgery.
- Rights are registered on the date of settlement. The clarification of rights can be performed more rapidly (beneficial certificate issuance takes time).
- Delivery Versus Payment (DVP) settlement reduces settlement risk.
- Straight-Through Processing (STP) improves administrative efficiency.

3. Eligible type of Investment Trusts

The system is for Trustor-directed type Investment Trusts, as prescribed in the Act on Investment Trust and Investment Corporations.



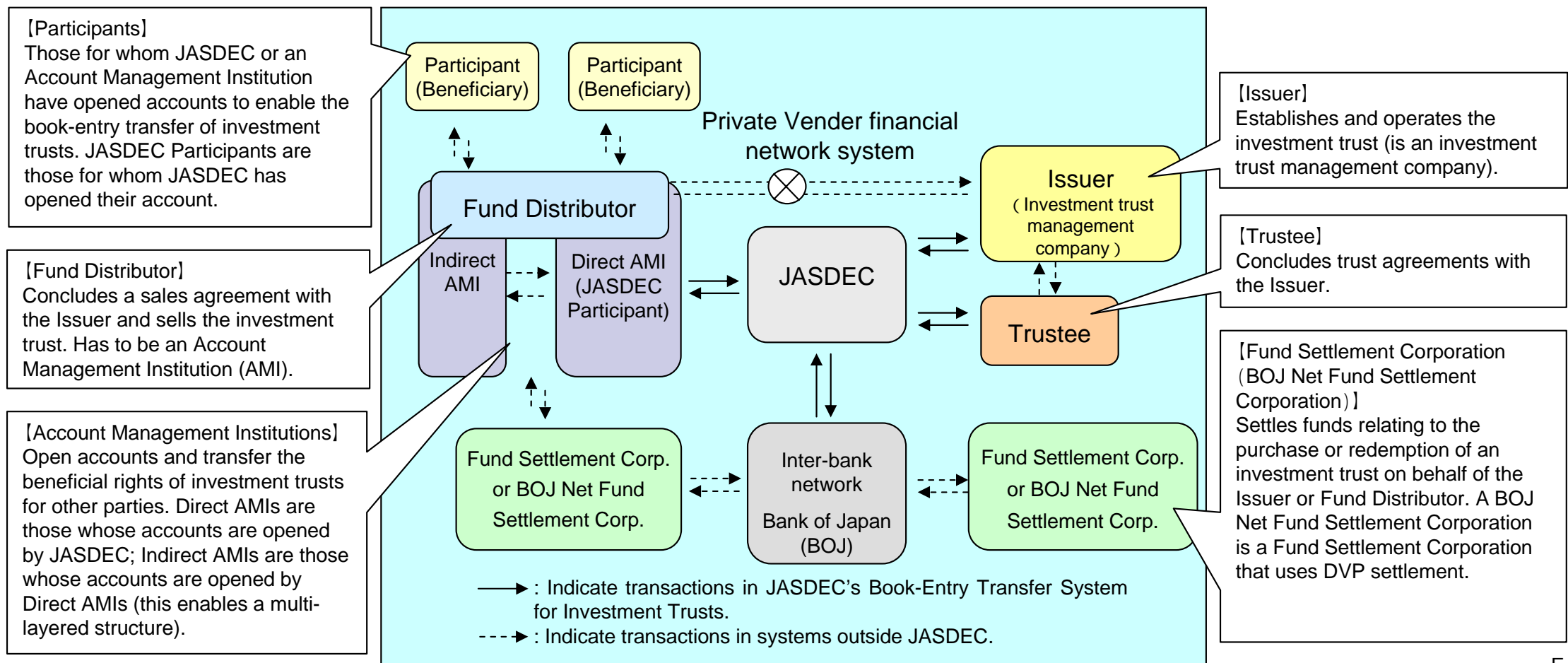
NOTE1: The Trustor-directed type Investment Trust consists of three parties: the trustor, trustee and beneficiary. Most of investment trusts operating in Japan are of this type. The Non-trustor-directed type Investment Trust consists of the trustee and the beneficiary.

NOTE2: Due to a lack of needs and other reasons, the system does not handle the Non-trustor-directed type Investment Trusts, foreign investment trusts, parent investment trusts, etc. JASDEC's Book-Entry Transfer System for Stocks, etc. handles Exchange Traded Funds (ETFs) and investment securities issued by investment corporations.

NOTE3: The requirement for an investment trust handled by the JASDEC's Book-Entry Transfer System for Investment Trusts is that the Issuer must agree for the investment trust to be handled by the system in addition to being a Trustor-directed type Investment Trust.

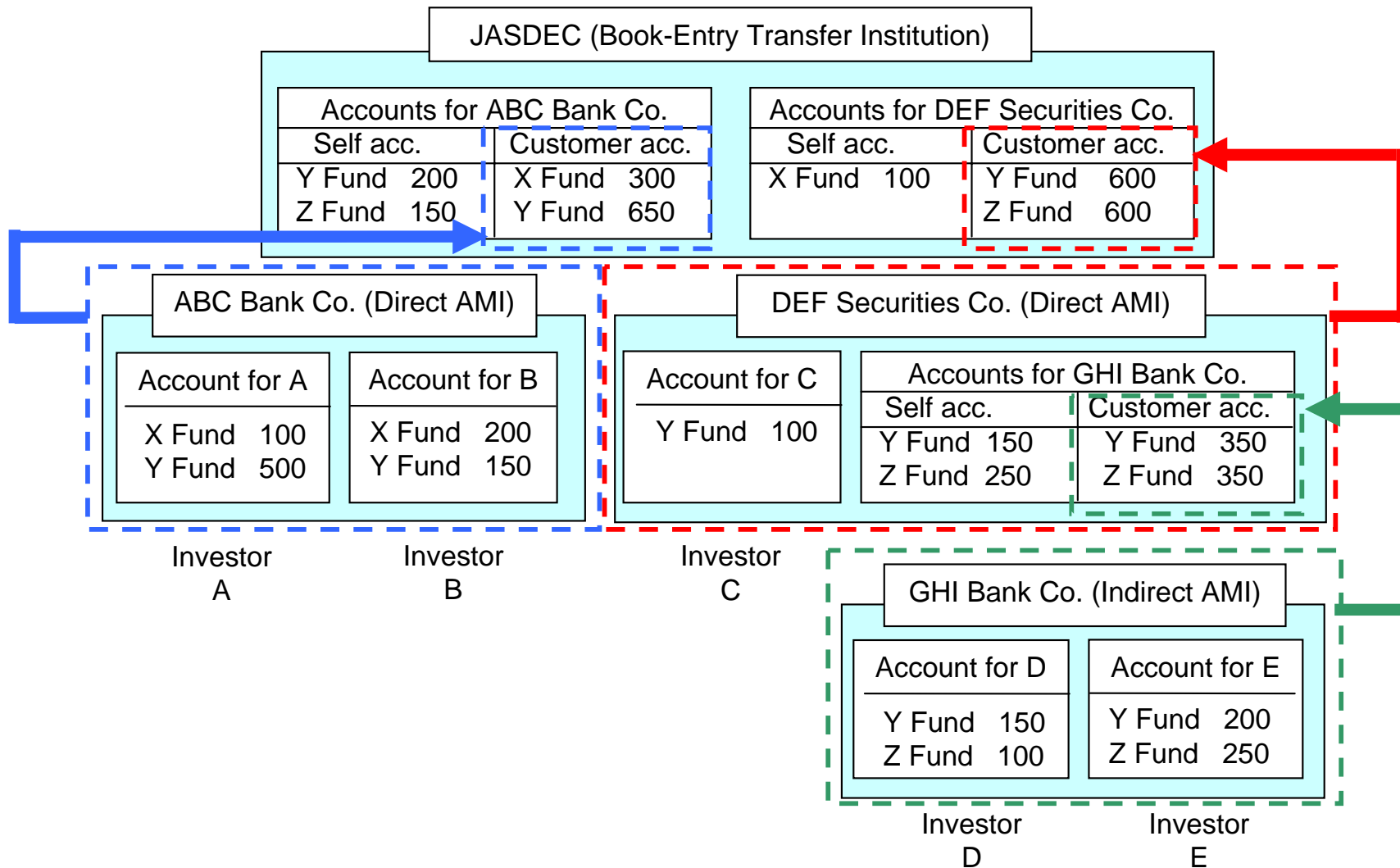
4. System structure

The Book-Entry Transfer System for Investment Trusts consists of the following parties: the Issuer (an investment trust management company), Account Management Institution, Participants, Fund Distributor, Trustee and the Fund Settlement Corporation.



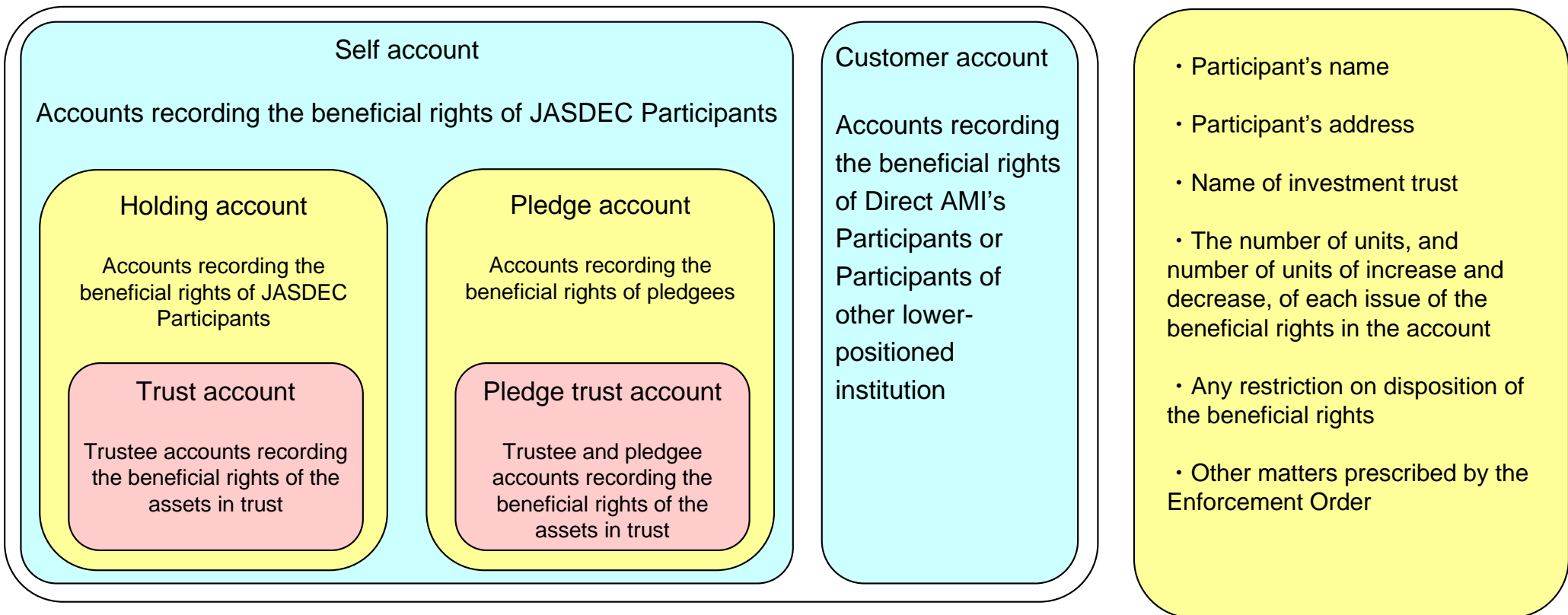
5. Multi-layered account management

Account management can be multi-layered.



6. Transfer Account Book (TAB)

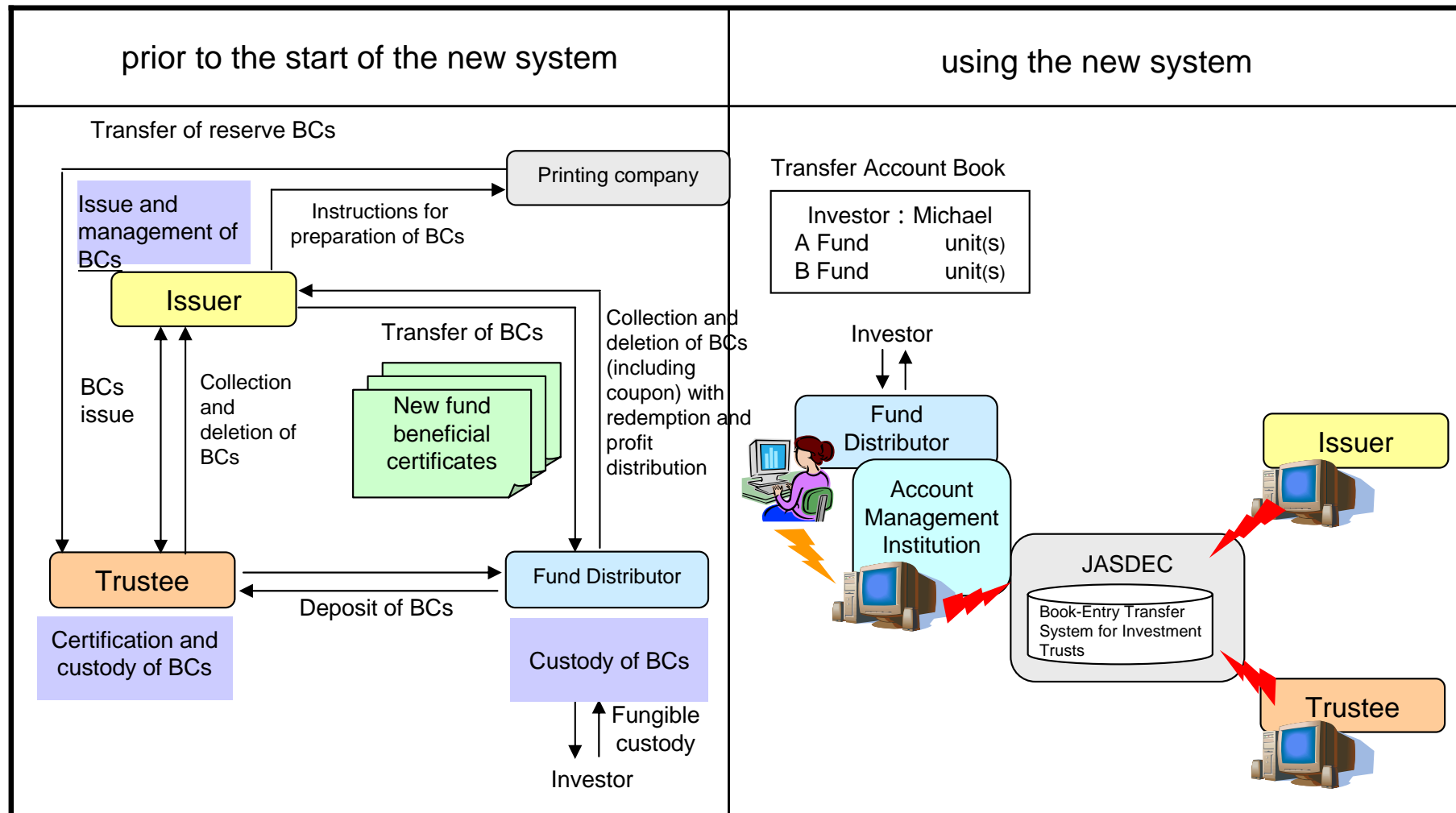
Classified Accounts in JASDEC's Transfer Account Book



Note: Classified Accounts in AMIs are the same as shown above.

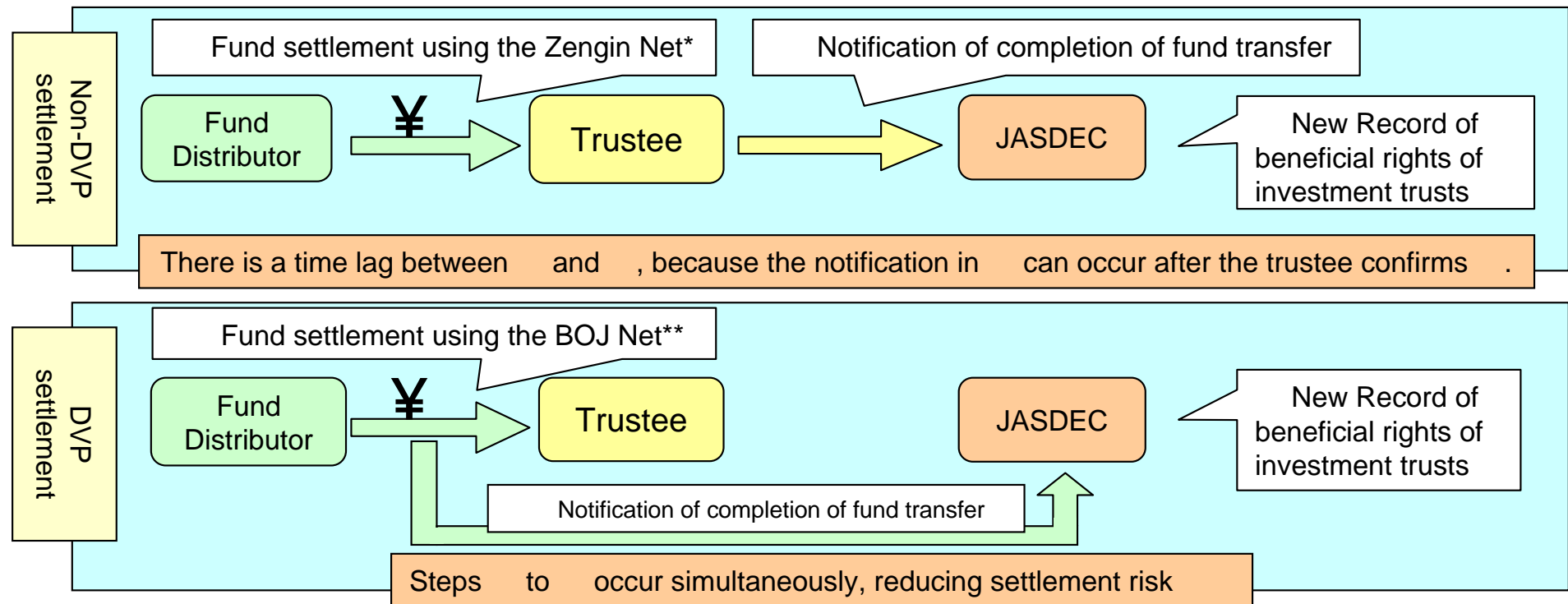
7. Dematerialization of beneficial certificates

Dematerialization of beneficial certificates (BCs) lowers costs of issue and custody of physical certificates.



8. The DVP settlement process

The Book-Entry Transfer System for Investment Trusts supports DVP settlement (using the BOJ Net) in the purchase and redemption of beneficial rights of investment trusts.



Note 1 DVP stands for Delivery Versus Payment, and links the delivery of securities with payments. This feature eliminates the risk of someone paying for securities but not receiving them.

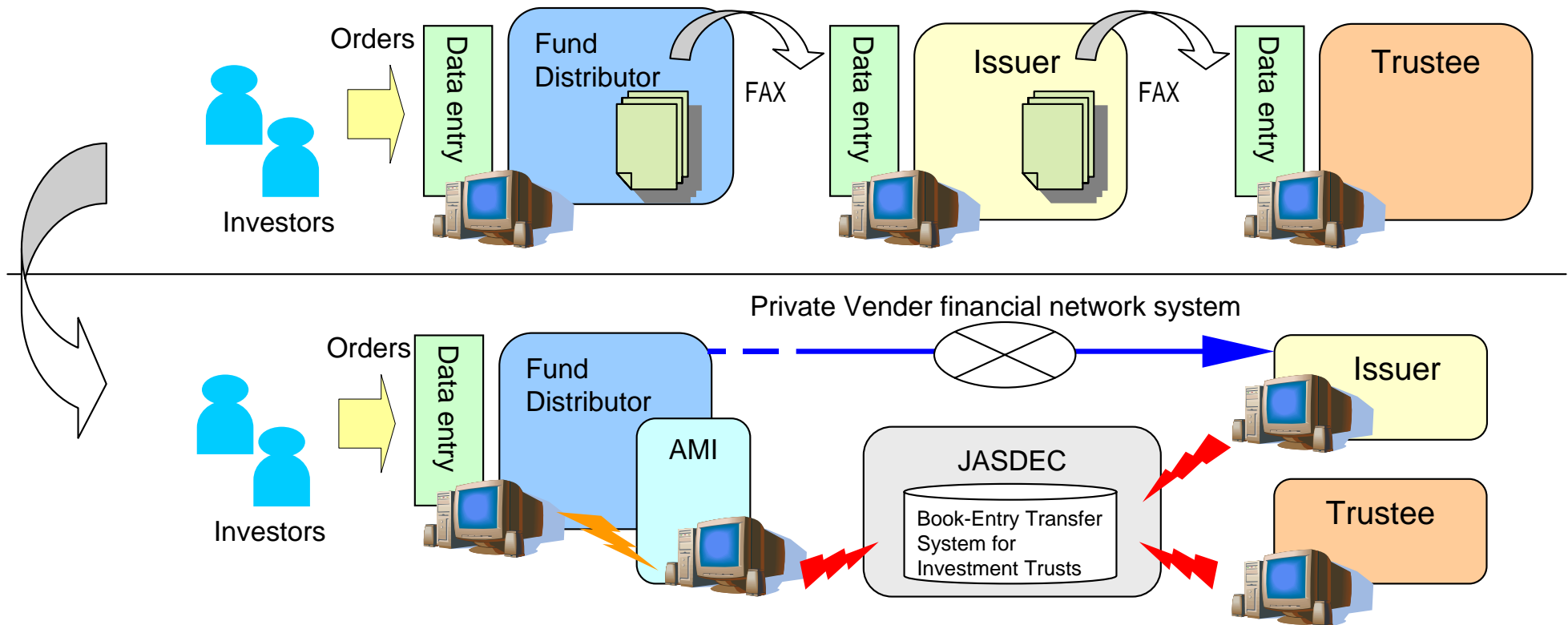
Note 2 The chart above shows the process flow in the purchase of beneficial rights of investment trusts. In the case of redemption, the positions of the fund distributor and the trustee are reversed.

*Zengin Net (Japanese Bankers Association financial network system) is a computer network linking financial institutions to allow them to make fund settlements online.

**BOJ Net (the Bank of Japan Financial Network System) is a computer network linking the Bank of Japan with financial institutions to enable the online settlement of funds and government bonds. In the Book-Entry Transfer System for Investment Trusts, DVP settlement is carried out by book-entry transfer between current accounts of financial institutions at the BOJ.

9. Straight-through processing (STP)

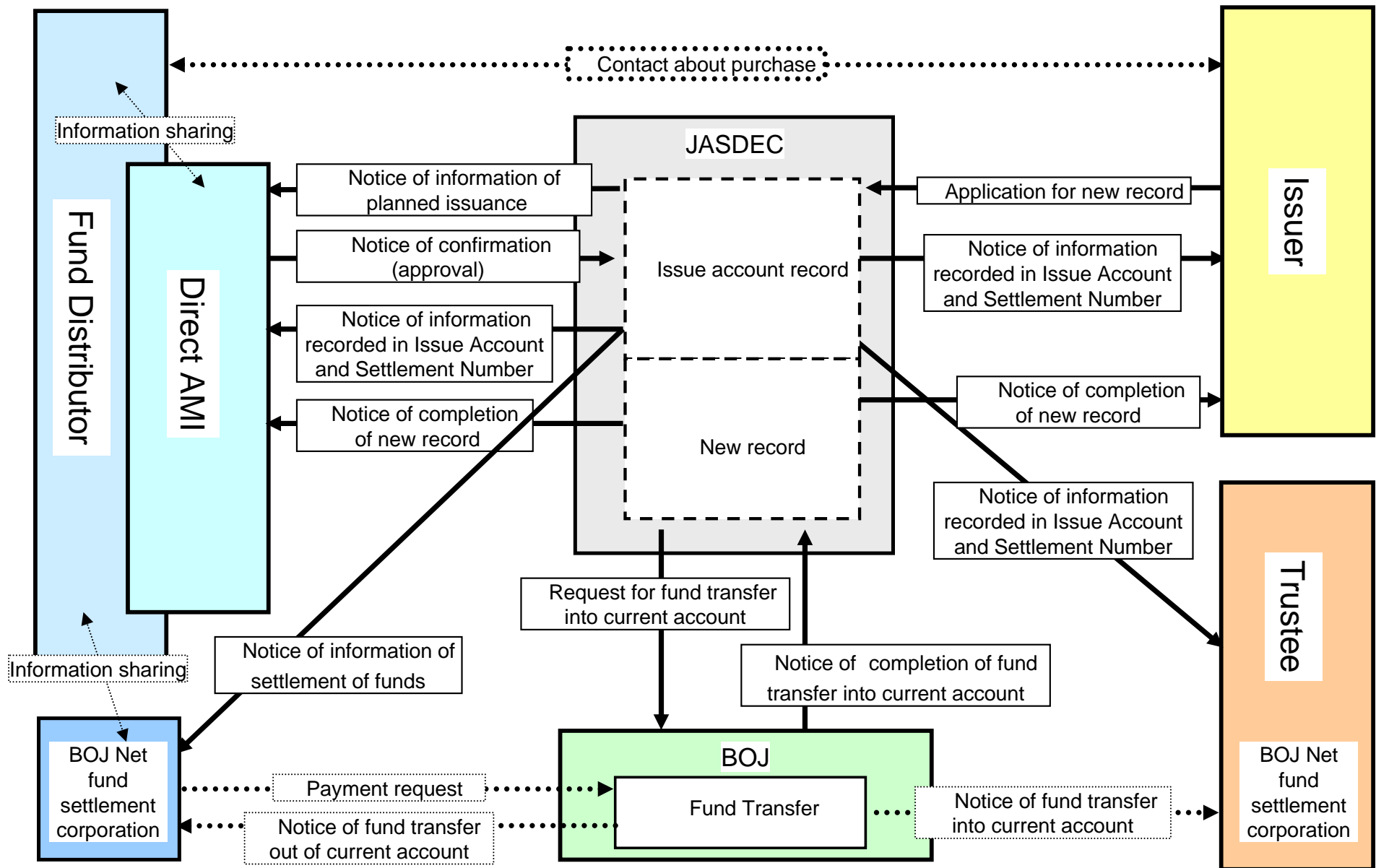
STP has been improved by operating the JASDEC system to receive and send data between parties.



Note: STP stands for “straight-through processing”. The securities transactions and payment transactions are processed electronically without manual handling.

10. Process overview

(Example of New Record via DVP associated with purchase)



—————▶ : Flow of data from/to the JASDEC system

.....▶ : Flow of data outside the JASDEC system