

**OPERATIONAL RULES REGARDING  
CORPORATE BONDS, ETC.**

(May 1, 2018)

[TRANSLATION]

This translation is prepared solely for reference purpose and shall not have any binding force. This is an unofficial translation and the original Japanese text will be definitive in case of any divergence in the meaning.

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JAPAN SECURITIES DEPOSITORY CENTER, INC.

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## Chapter 1 General Provisions

### Part 1 Purpose, etc.

#### Article 1 Purpose

1. These Operational Rules shall prescribe necessary matters for the conduct of the business concerning the book-entry transfer of corporate bonds, etc. (meaning the Corporate Bonds, etc. prescribed in Item 2 of the following Article) by Japan Securities Depository Center, Incorporated (hereinafter referred to as “JASDEC”), which is the person designated to conduct the business (hereinafter referred to as “Book-Entry Transfer Services for Corporate Bonds, etc.”) under Article 3, Paragraph 1 of the Act on Book-Entry Transfer of Corporate Bonds and Shares, etc. (Act No. 75 of 2001; hereinafter referred to as the “Act”).
2. No bonds issued by the Japanese government shall be handled under the Book-Entry Transfer Services for Corporate Bonds, etc.

#### Article 2 Defined Terms

As used in these Operational Rules, the terms set forth in the following items shall have the meanings ascribed to them in the following items:

- (1) Book-Entry Transfer System for Corporate Bonds, etc.: The book-entry transfer system for corporate bonds, etc. relating to Book-Entry Transfer Services for Corporate Bonds, etc.;
- (2) Corporate Bonds, etc.: Short-Term Corporate Bonds, etc., Straight Bonds and Beneficial Interest in Investment Trust;
- (3) Short-Term Corporate Bonds, etc.: Short-Term Corporate Bonds, etc., prescribed in Article 8.
- (4) Straight Bonds: Straight Bonds prescribed in Article 8-2;
- (5) Beneficial Interest in Investment Trust: Beneficial Interest in Investment Trust prescribed in Article 8-3;
- (6) Account Management Institution: A person that opens an account for the purpose of implementing the book-entry transfer of Corporate Bonds, etc., for third parties pursuant to the provisions of Article 23, and whose Upper-Tier Institutions include JASDEC;
- (7) Direct Account Management Institution: An Account Management Institution for which JASDEC has opened an account for the purpose of implementing the book-entry transfer of Corporate Bonds, etc.;

- (8) Indirect Account Management Institution: An Account Management Institution for which another Account Management Institution has opened an account for the purpose of implementing the book-entry transfer of Corporate Bonds, etc., and which has been approved by JASDEC;
- (9) Book-Entry Transfer Institutions, etc.: JASDEC and Account Management Institutions;
- (10) Participant: A person for which/whom a Book Entry Transfer Institution, etc., has opened an account for the purpose of implementing the book-entry transfer of Corporate Bonds, etc. pursuant to the provisions of Article 16 or Article 23;
- (11) JASDEC Participant: A Participant for which/whom JASDEC has opened a JASDEC Participant Account;
- (12) JASDEC Participant Account: An account opened by JASDEC based on an application to open an account pursuant to the provisions of Article 16;
- (13) Book-Entry Transfer Account Register: An account register prepared by a Book-Entry Transfer Institution, etc., for the purpose of implementing the book-entry transfer of Corporate Bonds, etc.;
- (14) Immediately Upper-Tier Institution: For a Participant, a Book-Entry Transfer Institution, etc., at which the Participant's account has been opened;
- (15) Upper-Tier Institution: One of the following:
  - A. Immediately Upper-Tier Institution;
  - B. Immediately Upper-Tier Institution's Immediately Upper-Tier Institution;
  - C. Immediately Upper-Tier Institution of any person that is treated as an Upper-Tier Institution pursuant to the provisions of B above or this item;
- (16) Immediately Lower-Tier Institution: An Account Management Institution for which a Book-Entry Transfer Institution, etc. has opened the account pursuant to these Operational Rules;
- (17) Lower-Tier Institution: One of the following:
  - A. Immediately Lower-Tier Institution;
  - B. Immediately Lower-Tier Institution's Immediately Lower-Tier Institution;
  - C. Immediately Lower-Tier Institution of any person that is treated as a Lower-Tier Institution pursuant to the provisions of B above or this item;
- (18) Common Immediately Upper-Tier Institution: An Upper-Tier Institution of multiple Participants whose Lower-Tier Institutions do not include any Upper-Tier Institution of such multiple Participants;
- (19) Fund-Settlement Corporation: A person that implements the fund settlement for Participants or issuers relating to Short-Term Corporate Bonds, etc. for new record, book-entry transfer, and redemption or relating to Straight Bonds for new record, book entry transfer, redemption, pre-maturity redemption (meaning the method of

redeeming all or part of the balance of an issue during the period from the date following the payment date for the issue of Straight Bonds to the date preceding the redemption due date (meaning the redemption date (if the redemption date falls on a holiday prescribed in Article 4 or on a foreign holiday prescribed in the issue conditions of the issue of Straight Bonds, the actual date of redemption; the same shall apply hereinafter); the same shall apply hereinafter), fixed date redemption (meaning the method of redeeming a certain equal percentage of the value of each issue of Straight Bonds on any interest payment date of the issue so that the unredeemed ratio can be expressed as a Factor without any decimal below 0.0000000001; the same shall apply hereinafter) and interest payment, and which has been registered by JASDEC as such beforehand;

- (20) BOJ Net Fund-Settlement Corporation: A person that implements the fund settlement for Participants or issuers relating to Beneficial Interest in Investment Trust for new record and deletion with respect to cancellation using the method prescribed in Article 31, and which has been registered by JASDEC as such beforehand;
- (21) Issuing Agent: A person designated by JASDEC beforehand as an issuer's agent that performs the procedures for new record for Short-Term Corporate Bonds, etc. and Straight Bonds pursuant to the provisions of these Operational Rules;
- (22) Paying Agent: A person designated by JASDEC beforehand as an issuer's agent that performs the procedures relating to Short-Term Corporate Bonds, etc., and Straight Bonds after the payment (including the cases of payment where property other than money will be paid in lieu of money; the same shall apply hereinafter) until deletion, pursuant to the provisions of these Operational Rules;
- (23) Trustee Company: A trust company or a financial institution that operates a trust business, which executes a trust agreement relating to Beneficial Interest in Investment Trust as a trustee and which has been registered by JASDEC beforehand as a person making the notice relating to the establishment of trusts for the benefit of issuers;
- (24) Designated Distributor: An Account Management Institution prescribed in Item 6, which has been registered at JASDEC beforehand as a person performing services including the handling of a Public Offering of Beneficial Interest in Investment Trust (meaning the handling of a Public Offering prescribed in Article 2, Paragraph 8, Item 9 of the Financial Instruments and Exchange Act (Act No. 25 of 1948)), handling of a Private Placement (meaning the handling of a Private Placement prescribed in the same item), and the payment of profit distributions, cancellation proceeds and redemption proceeds, etc., pursuant to agreements with issuers;

- (25) Proprietary Account: A Participant's account in the Book-Entry Transfer Account Register where the Participant's rights relating to Corporate Bonds, etc. are recorded or described;
- (26) Customer Account: An account of an Account Management Institution in the Book-Entry Transfer Account Register where the rights relating to Corporate Bonds, etc. held by the Participants of the Account Management Institution or one of its Lower-Tier Institutions are recorded or described;
- (27) Pledge Account: When a Participant is a pledgee, an account in the Proprietary Account for recording or describing the rights relating to the pledge;
- (28) Holding Account: An account in the Proprietary Account for recording or describing the rights other than the rights recorded in Pledge Accounts;
- (29) Trust Account: When a Participant is a trustee of a trust, an account in the Pledge Account or Holding Account for recording or describing the trust property;
- (30) Institution-Held Account: An account where JASDEC implements the book-entry transfer of Corporate Bonds, etc. for itself in order to fulfill its obligations relating to excessive record prescribed in Article 60;
- (31) DVP Settlement: The mechanism whereby JASDEC temporarily records the transferors' Corporate Bonds, etc. in an Issuance Account, Transfer Account, Cancellation Account or Redemption Account established for convenience, then implements the book-entry transfer of the Corporate Bonds, etc. to the transferees after confirming the completion of corresponding fund settlement at the Bank of Japan;
- (32) Non-DVP Settlement: A settlement performed by a method other than DVP Settlement;
- (33) Issuance Account: An account established by JASDEC for convenience in order to perform a DVP Settlement or Non-DVP Settlement, and where the details of the issuer's prior notice relating to payments, etc. are temporarily recorded;
- (34) Transfer Account: An account established by JASDEC for convenience in order to perform a DVP Settlement, and where information relating to the record of the decrease in the amount resulting from book-entry transfer is temporarily recorded;
- (35) Cancellation Account: An account established by JASDEC for convenience in order to perform a DVP Settlement or Non-DVP Settlement, and where information relating to the record of the decrease in the number of units of Beneficial Interest in Investment Trust resulting from deletion in connection with cancellation or a trust merger, or from a merger of Beneficial Interest in Investment Trust, is temporarily recorded;
- (36) Redemption Account: An account established by JASDEC for convenience in order

to perform a DVP Settlement or Non-DVP Settlement, and where information relating to the record of the decrease in the amount of Short-Term Corporate Bonds, etc. and Straight Bonds resulting from deletion and the record of the decrease in the number of units of Beneficial Interest in Investment Trust (meaning those relating to a Non-DVP Settlement) resulting from deletion in connection with redemption is temporarily recorded;

- (37) Factor: The ratio calculated on the basis of the following calculation formula as the information relating to issues of Straight Bonds:

(Value of each corporate bond) - (Amounts already paid for fixed date redemption and for pre-maturity redemption in connection with the exercise of a call option prescribed in Article 8-2, Paragraph 2, Item 4, C (limited to a pre-maturity redemption that redeems a portion of the issued balance), with respect to value of each corporate bond)

$$\text{Factor} = \frac{\text{Value of each corporate bond}}{\text{Value of each corporate bond}}$$

- (38) Actual Balance: An amount derived from multiplying the amount recorded or described in the Book-Entry Transfer Account Register by the Factor;
- (39) Book-Entry Transfer with non-Designated Distributor: A book-entry transfer of Beneficial Interest in Investment Trust, in connection with which Information of Book-Entry Transfer with non-Designated Distributor is registered or eliminated; and
- (40) Information of Book-Entry Transfer with non-Designated Distributor: With respect to Beneficial Interest in Investment Trust recorded or described in the account of a Participant whose Immediately Upper-Tier Institution is not the Designated Distributor for the issues of Beneficial Interest in Investment Trust, necessary information managed by JASDEC for the payment of profit distributions and redemption proceeds, pursuant to the provisions of Article 58-44, Paragraph 2.

### Article 3 Hours of Service

1. Book-Entry Transfer Services for Corporate Bonds, etc. shall be performed from 9:00 a.m. to 5:00 p.m., except in the case prescribed in these Operational Rules and the Rules established under these Operational Rules (hereinafter simply referred to as the “Rules”).
2. When JASDEC deems necessary, it may temporarily change the hours during which services are performed. In this case, JASDEC shall notify the issuers (Issuing Agents and Paying Agents, when the Issuing Agents and Paying Agents have been appointed; the same shall apply hereinafter in this part), JASDEC Participants, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations and Trustee Companies to that effect in advance.

### Article 4 Holidays, etc.

1. Book-Entry Transfer Services for Corporate Bonds, etc. shall not be performed on the following days:
  - (1) Sundays and Saturdays;
  - (2) Holidays designated by the Act on National Holidays (Act No. 178 of 1948); and
  - (3) January 2 and 3, and December 31.
2. When JASDEC deems necessary, it may designate temporary holidays or temporary business days. In this case, JASDEC shall notify the issuers, JASDEC Participants, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations and Trustee Companies to that effect in advance.

### Article 5 Temporary Suspension of Business

When JASDEC deems necessary, it may temporarily suspend all or a part of its business. In this case, JASDEC shall promptly notify the issuers, JASDEC Participants, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations and Trustee Companies to that effect.



## Part 2 Notices, Requests, etc. by Electromagnetic Means

### Article 6 JASDEC's Notice Methods, etc.

1. The following notices and other communications (hereinafter in this article referred to as "Notices, etc.") shall be provided by electromagnetic means (meaning methods that utilize electronic information processing systems or other information communication technologies) that are prescribed by the Rules:
  - (1) Notices, etc. to be given by JASDEC to Issuers, Issuing Agent, Paying Agent, JASDEC Participants, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations or Trustee Companies pursuant to the provisions of these Operational Rules or the Rules;
  - (2) Notices, etc. to be given by JASDEC to Indirect Account Management Institutions pursuant to the provisions of these Operational Rules or the Rules;
  - (3) Notices, etc. to be submitted by Issuers, Issuing Agent, Paying Agent, JASDEC Participants or Trustee Companies to JASDEC pursuant to the provisions of these Operational Rules or the Rules; and
  - (4) Notices, etc. to be submitted by Indirect Account Management Institutions, Fund-Settlement Corporations, or BOJ Net Fund-Settlement Corporations to JASDEC pursuant to the provisions of these Operational Rules or the Rules.
2. Except as otherwise specifically provided in these Operational Rules or the Rules, the Notices, etc. prescribed in Items 1 and 2 of the preceding paragraph shall be deemed to be delivered to the other party on the date on which the Notices, etc. are provided in compliance with the provisions of Paragraph 1.
3. Notwithstanding the provisions of Paragraph 1, if specifically provided in these Operational Rules or the Rules, or if JASDEC deems appropriate, methods other than those prescribed in Paragraph 1 may be used to provide the Notices, etc., prescribed in Paragraph 1.

### Article 7 Preparation of Books, etc., Using Electromagnetic Records

Except as otherwise specifically provided in these Operational Rules or the Rules, JASDEC Participants may prepare their books and other documents using electromagnetic records (meaning records which are prepared using electronic methods, magnetic methods or other methods beyond recognition by human senses, capable of reliably retaining records concerning the Book-Entry Transfer Services for Corporate Bonds, etc.).

## Chapter 2 Scope, etc. of Corporate Bonds, etc.

### Article 8 Scope of Short-Term Corporate Bonds, etc.

1. For purposes of the Book-Entry Transfer Services for Corporate Bonds, etc., JASDEC shall handle as short-term corporate bonds, etc. those Corporate Bonds, etc. listed below, with respect to which JASDEC has obtained the consent of the Issuers thereof pursuant to the provisions of Article 13, Paragraph 1 of the Act, and which satisfy the conditions set forth in Paragraph 2 below.
  - (1) Short-term corporate bonds prescribed in Article 66, Item 1 of the Act;
  - (2) Short-term investment corporation bonds prescribed in Article 139-12, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951);
  - (3) Short-term corporate bonds prescribed in Article 61-10, Paragraph 1, of the Insurance Business Act (Act No. 105 of 1995);
  - (4) Specified short-term corporate bonds prescribed in Article 2, Paragraph 8 of the Act on Securitization of Assets (Act No. 105 of 1998);
  - (5) Short-term bonds prescribed in Article 54-4, Paragraph 1, of the Shinkin Bank Act (Act No. 238 of 1951);
  - (6) Short-term agricultural/forestry bonds prescribed in Article 62-2, Paragraph 1, of the Norinchukin Bank Act (Act No. 93 of 2001); and
  - (7) Short-term foreign bonds prescribed in Article 38, Paragraph 2, of the Order Concerning Supervision of General Book-Entry Transfer Institutions (Ordinance of the Cabinet Office and the Ministry of Justice No. 1 of 2002; hereinafter referred to as the “Order Concerning Supervision of General Book-Entry Transfer Institutions”).
2. For purposes of the preceding paragraph, “Short-Term Corporate Bonds, etc.” shall mean those which satisfy the following conditions:
  - (1) Issued with original issue discount;
  - (2) Value of each corporate bond is the same, equal to or in excess of 100,000,000 Yen, and a multiple of 1,000,000 Yen; and
  - (3) Issued in Japan.

### Article 8-2 Scope of Straight Bonds

1. For purposes of the Book-Entry Transfer Services for Corporate Bonds, etc., JASDEC shall handle as Straight Bonds those bonds listed below (excluding those prescribed in the preceding article; hereinafter referred to as “Corporate Bonds, etc.” in this article), with respect to which JASDEC has obtained the consent of the Issuers thereof pursuant to the

provisions of Article 13, Paragraph 1 of the Act (limited to those with respect to which, when the decision was made to issue such Corporate Bonds, etc., it was decided that the Act would apply to all of the Corporate Bonds, etc., to be issued pursuant to such decision), and which satisfy the conditions set forth in Paragraph 2 below,:

- (1) Corporate Bonds (excluding corporate bond with share options) prescribed in Article 2, Paragraph 1, Item 1 of the Act;
  - (2) Local government bonds prescribed in Article 2, Paragraph 1, Item 3 of the Act;
  - (3) Investment corporation bonds prescribed in the Act on Investment Trusts and Investment Corporations prescribed in Article 2, Paragraph 1, Item 4 of the Act;
  - (4) Mutual corporate bonds prescribed in the Insurance Business Act prescribed in Article 2, Paragraph 1, Item 5 of the Act;
  - (5) Specified corporate bonds prescribed in the Act on Securitization of Assets prescribed in Article 2, Paragraph 1, Item 6 of the Act (excluding convertible specified corporate bonds and specified corporate bonds with subscription rights for new preferred equity investments);
  - (6) Rights represented by bond certificates issued by corporations under a special law prescribed in Article 2, Paragraph 1, Item 7 of the Act (excluding those prescribed in Items 1, 3, 4 and 5; hereinafter referred to as the “Special Corporation Bonds”);
  - (7) Rights represented by bond certificates issued by any government or company in a foreign country (excluding those with the characteristics of corporate bond certificates with share options) as prescribed in Article 2, Paragraph 1, Item 11 of the Act (hereinafter referred to as “Foreign Bonds”); and
  - (8) Beneficial interest in specific purpose trust as prescribed in the Act on Securitization of Assets as prescribed in Article 2, Paragraph 1, Item 10 of the Act (limited to corporate bond beneficial interests prescribed in Article 230, Paragraph 1, Item 2 of said Act on Securitization of Assets; hereinafter referred to as the “Corporate Bond Beneficial Interests”).
2. For purposes of the preceding paragraph, Straight Bonds shall mean bonds which satisfy the following conditions:
- (1) Denominated in a currency which can be expressed using the currency code based on ISO4217 established by the International Standardization Organization (hereinafter referred to as the “Currency”) when issued;
  - (2) Total issue amount is at least 10,000,000 of the Currency unit;
  - (3) Denomination of each corporate bond is the same, at least 1000 of the Currency unit and in whole multiples of 1000 of the Currency unit;
  - (4) To be redeemed by one of the following methods:
    - A. Redemption by bullet maturity (meaning a redemption method under which

- the entire balance of an issue is redeemed on the redemption due date);
- B. Fixed date redemption;
  - C. Pre-maturity redemption upon the exercise of a call option (meaning the right of the Issuer, exercisable upon its declaration of intent, to cause the pre-maturity redemption or fixed date redemption with respect to the issue of Straight Bonds issued by such Issuer; the same shall apply hereinafter); or
  - D. Pre-maturity redemption (limited to those implemented on any day on which an interest payment is made with respect to the applicable issue of Straight Bonds) upon the exercise of a put option (meaning the right of a Participant, upon its declaration of intent, with respect to the issue of Straight Bonds owned by the Participant, to require the Issuer of such issue of Straight Bonds to implement a pre-maturity redemption; the same shall apply hereinafter).
- (5) Interest is paid not more frequently than twelve times per year; and
  - (6) Issued in Japan.

#### Article 8-3 Scope of Beneficial Interest in Investment Trust

1. For purposes of the Book-Entry Transfer Services for Corporate Bonds, etc., JASDEC shall handle those beneficial interest in investment trust prescribed in Article 2, Paragraph 1, Item 8 of the Act, with respect to which JASDEC has obtained the consent of the Issuers thereof pursuant to the provisions of Article 13, Paragraph 1 of the Act (limited to those beneficial interest in investment trust whose basic terms and conditions of the investment trust (meaning the basic terms and conditions of the investment trust prescribed in Paragraph 1 of Article 4 or Paragraph 1 of Article 49 of the Act on Investment Trusts and Investment Corporations; the same shall apply hereinafter) provide that the Act shall apply to all of such investment trust beneficial interest), and which satisfy the conditions set forth in Paragraph 2 below, as Beneficial Interest in Investment Trust.
2. For purposes of the preceding paragraph, Beneficial Interest in Investment Trust shall mean those which satisfy the following conditions:
  - (1) Beneficial Interest in Investment Trust established in Japan pursuant to the Act on Investment Trusts and Investment Corporations;
  - (2) Not planned to be acquired by the trustees of other investment trusts (other than fund of funds);
  - (3) The minimum number of units that can be issued is one unit;
  - (4) Not listed on any financial instruments exchange; and
  - (5) With respect to those basic terms and conditions of the investment trust under which

Beneficial Interest in Investment Trust are to be split or merged, those basic terms and conditions of the investment trust which provide that the increase or decrease in the number of units of the Beneficial Interest in Investment Trust as a result of the split or merger shall be calculated separately for each of the accounts (excluding Customer Accounts) in the Book-Entry Transfer Account Register maintained by the applicable Book-Entry Transfer Institution, etc., of each Participant of such Book-Entry Transfer Institution, etc., and that, if the number of units so calculated includes a fractional number, such fractional number is to be rounded down (rounded up in the case of a merger) to the nearest whole number.

#### Article 9 Consent of Issuers

1. Before it commences handling the Corporate Bonds, etc., prescribed in the preceding three Articles, JASDEC shall obtain the written consent of the Issuers of the applicable Corporate Bonds, etc., pursuant to the provisions of Article 13, Paragraph 1 of the Act.
2. The consent-related matters required in connection with the written consent prescribed in the preceding paragraph shall be prescribed by the Rules.

#### Article 10 Cessation of Handling of Corporate Bonds, etc.

JASDEC shall cease handling of any Corporate Bonds, etc., which fail to satisfy the requirements under Article 8, 8-2 or 8-3.

#### Article 11 Notices to Issuers, JASDEC Participants and Fund-Settlement Corporations

Whenever JASDEC handles Short-Term Corporate Bonds, etc., pursuant to the provisions of Article 8, or ceases handling of same pursuant to the provisions of the preceding article, in connection with the Book-Entry Transfer Services for Corporate Bonds, etc., JASDEC shall so notify the Issuers (the Issuing Agents and the Paying Agents, if Issuing Agents and Paying Agents have been appointed) of the applicable Short-Term Corporate Bonds, etc., JASDEC Participants and Fund-Settlement Corporations.

## Chapter 3 Issuer, Issuing Agent, Paying Agent, Fund-Settlement Corporation, BOJ NET Fund-Settlement Corporation and Trustee Company

### Article 12 Issuers

1. Issuers (other than the Issuers of Beneficial Interest in Investment Trust) shall provide JASDEC with prior notice concerning their Issuing Agents and Paying Agents; provided, however, that, with respect to the Issuers of Short-Term Corporate Bonds, etc., the foregoing shall apply only when appointing Issuing Agents and Paying Agents.
2. Issuers shall provide JASDEC with notice immediately upon the occurrence of any change concerning matters of which JASDEC was previously notified pursuant to the provisions of the preceding paragraph.
3. If any of the following items applies to any Issuer, pursuant to a resolution adopted by JASDEC's Board of Directors, JASDEC may issue a warning to the applicable Issuer; in such event, JASDEC shall issue a public notice to that effect without delay:
  - (1) The violation of (i) laws, regulations, rules or ordinances, (ii) disposition by an administrative or governmental entity based on laws, regulations, rules or ordinances, (iii) these Operational Rules, (iv) the Rules, or (v) stipulations made by JASDEC pursuant to the provisions of Article 75; or
  - (2) In addition to those cases set forth in the preceding item, whenever JASDEC determines it necessary in order to ensure the proper and efficient performance of the Book-Entry Transfer Services for Corporate Bonds, etc.
4. If either of the items under the preceding paragraph applies to any Issuer, and if JASDEC determines that the Issuer's business operation methods need to be improved, JASDEC shall recommend that the Issuer improve its business operation methods relating to the Book-Entry Transfer Services for Corporate Bonds, etc. In such event, any Issuer that receives such recommendation shall promptly submit written reports to JASDEC concerning improvements to its business operation methods.
5. Issuers of Beneficial Interest in Investment Trust shall cause the BOJ Net Fund-Settlement Corporation (other than a BOJ Net Fund-Settlement Corporation involved in Direct Public Offering, etc. prescribed in Paragraph 3 of the following article) which is used for new records and deletions in connection with the cancellation of Beneficial Interest in Investment Trust by way of a DVP Settlement to be the trustee for the applicable issue of Beneficial Interest in Investment Trust.
6. Issuers of Beneficial Interest in Investment Trust shall provide JASDEC with notice, using the method prescribed by the Rules, immediately upon the occurrence of any event which

causes the continued operation of the investment management business (meaning the investment management business prescribed in Article 28, Paragraph 4, of the Financial Instruments and Exchange Act) to be difficult.

#### Article 12-2 Direct Primary Offering, etc., by Issuers of Beneficial Interest in Investment Trust

1. An Issuer of Beneficial Interest in Investment Trust shall provide JASDEC with prior notice when it plans to implement on its own Direct Public Offering, etc. (meaning an Issuer's Public Offering (meaning the Public Offering prescribed in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), Private Placement (meaning the Private Placement prescribed in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) or acquisition, of the Beneficial Interest in Investment Trust established by such Issuer; the same shall apply hereinafter).
2. Upon its receipt of the notice referenced in the preceding paragraph, JASDEC shall register the applicable Issuer as the Issuer which implements the Direct Public Offering, etc.
3. Upon the request of the Issuer of Beneficial Interest in Investment Trust which provides the notice referenced in Paragraph 1, JASDEC shall register the BOJ Net Fund-Settlement Corporation used by such Issuer in connection with the work relating to Direct Public Offering, etc. (hereinafter simply referred to as the "BOJ Net Fund-Settlement Corporation involved in Direct Public Offering, etc.").

#### Article 13 Issuing Agents

1. Any entity (which must be a corporation) that wishes to implement the procedures involving JASDEC on behalf of the Issuer in connection with new record procedures concerning Short-Term Corporate Bonds, etc., or Straight Bonds must file with JASDEC, in advance, an application to be an Issuing Agent, using the method prescribed by the Rules.
2. When the preceding paragraph applies, in the event that JASDEC determines that the applicant has sufficient equipment for the methods prescribed in Article 6, and that it is otherwise capable of performing in a proper and reliable manner the services, involving JASDEC, concerning new records relating to Short-Term Corporate Bonds, etc., or Straight Bonds, JASDEC shall appoint the applicant as an Issuing Agent.
3. If appointment as an Issuing Agent is to be made, JASDEC shall notify the person that will be appointed as an Issuing Agent of the appointment date.
4. JASDEC shall issue a public notice of the names of Issuing Agents that have been

- appointed pursuant to Paragraph 2.
5. Issuing Agents shall provide JASDEC with notice immediately upon the occurrence of any change concerning the matters set forth in the application submitted to JASDEC pursuant to the provisions of Paragraph 1.
  6. If JASDEC learns of any changes to the name of an Issuing Agent pursuant to the provisions of the preceding paragraph, it shall issue a public notice to that effect.
  7. Any Issuing Agent that wishes to cause its appointment as an Issuing Agent to be cancelled shall submit a request to such effect to JASDEC using the method prescribed by the Rules. In such event, JASDEC shall cancel such appointment as an Issuing Agent, unless JASDEC deems that the cancellation of such appointment as an Issuing Agent pursuant to such request may adversely affect the efficient operation of the Book-Entry Transfer System for Corporate Bonds, etc.
  8. If any of the following items applies to any Issuing Agent, pursuant to a resolution adopted by JASDEC's Board of Directors, JASDEC may cancel its appointment as an Issuing Agent or issue a warning to the applicable Issuing Agent:
    - (1) The violation of (i) laws, regulations, rules or ordinances, (ii) disposition by an administrative or governmental entity based on laws, regulations, rules or ordinances, (iii) these Operational Rules, (iv) the Rules, or (v) stipulations made by JASDEC pursuant to the provisions of Article 75; or
    - (2) In addition to those cases set forth in the preceding item, whenever JASDEC determines it necessary in order to ensure the proper and efficient performance of the Book-Entry Transfer Services for Corporate Bonds, etc.
  9. If appointment as an Issuing Agent is to be cancelled pursuant to the provisions of the preceding two paragraphs, JASDEC shall notify the applicable Issuing Agent of the date of such cancellation, in advance.
  10. If appointment as an Issuing Agent is to be made pursuant to the provisions of Paragraph 1, if JASDEC learns of any changes to the name of the Issuing Agent pursuant to the provisions of Paragraph 5, or if the appointment as an Issuing Agent is to be cancelled pursuant to the provisions of Paragraph 7 or 8, JASDEC shall notify Issuers (Issuing Agents and Paying Agents, if Issuing Agents and Paying Agents have been appointed), JASDEC Participants and Fund-Settlement Corporations of the name of the applicable Issuing Agent and the date of such appointment, change or cancellation.
  11. If appointment as an Issuing Agent is cancelled pursuant to the provisions of Paragraph 7 or if any disposition is taken pursuant to Paragraph 8, JASDEC shall issue a public notice to that effect without delay.
  12. If either of the items under Paragraph 8 applies to any Issuing Agent, and if JASDEC determines that the Issuing Agent's business operation methods need to be improved,



JASDEC shall recommend that the Issuing Agent improve its business operation methods relating to the Book-Entry Transfer Services for Corporate Bonds, etc. In such event, any Issuing Agent that receives such recommendation shall promptly submit written reports to JASDEC concerning improvements to its business operation methods.

#### Article 14 Paying Agents

1. Any entity (which must be a corporation) that wishes to implement the procedures commencing after payments relating to Short-Term Corporate Bonds, etc., or Straight Bonds are made and ending with deletion, involving JASDEC, on behalf of the Issuer must file with JASDEC, in advance, an application to be a Paying Agent, using the method prescribed by the Rules.
2. When the preceding paragraph applies, in the event that JASDEC determines that the applicant has sufficient equipment for the methods prescribed in Article 6, and that it is otherwise capable of performing in a proper and reliable manner the services, involving JASDEC, concerning deletion, etc., of Short-Term Corporate Bonds, etc., or Straight Bonds, JASDEC shall appoint the applicant as a Paying Agent.
3. If appointment as a Paying Agent is to be made, JASDEC shall notify the person that will be appointed as a Paying Agent of the appointment date.
4. JASDEC shall issue a public notice of the names of Paying Agents that have been appointed pursuant to Paragraph 2.
5. Paying Agents shall provide JASDEC with notice immediately upon the occurrence of any change concerning the matters set forth in the application submitted to JASDEC pursuant to the provisions of Paragraph 1.
6. If JASDEC learns of any change to the name of a Paying Agent pursuant to the provisions of the preceding paragraph, it shall issue a public notice to that effect.
7. Any Paying Agent that wishes to cause its appointment as a Paying Agent to be cancelled shall submit a request to such effect to JASDEC using the method prescribed by the Rules. In such event, JASDEC shall cancel such appointment as a Paying Agent, unless JASDEC deems that the cancellation of such appointment as a Paying Agent pursuant to such request may adversely affect the efficient operation of the Book-Entry Transfer System for Corporate Bonds, etc.
  8. If any of the following items applies to any Paying Agent, pursuant to a resolution adopted by JASDEC's Board of Directors, JASDEC may cancel its appointment as a Paying Agent or issue a warning to the applicable Paying Agent:
    - (1) The violation of (i) laws, regulations, rules or ordinances, (ii) disposition by an administrative or governmental entity based on laws, regulations, rules or

ordinances; (iii) these Operational Rules, (iv) the Rules, or (v) stipulations made by JASDEC pursuant to the provisions of Article 75.

- (2) In addition to those cases set forth in the preceding item, whenever JASDEC determines it necessary in order to ensure the proper and efficient performance of the Book-Entry Transfer Services for Corporate Bonds, etc.
9. If appointment as a Paying Agent is to be cancelled pursuant to the provisions of the preceding two paragraphs, JASDEC shall notify the applicable Paying Agent of the date of such cancellation in advance.
  10. If appointment as a Paying Agent is to be made pursuant to the provisions of Paragraph 1, if JASDEC learns of any change to the name of the Paying Agent pursuant to the provisions of Paragraph 5, or if the appointment as a Paying Agent is to be cancelled pursuant to the provisions of Paragraph 7 or 8, JASDEC shall notify Issuers (Issuing Agents and Paying Agents, if Issuing Agents and Paying Agents have been appointed), JASDEC Participants and Fund-Settlement Corporations of the name of the applicable Paying Agent and the date of such appointment, change or cancellation.
  11. If appointment as a Paying Agent is cancelled pursuant to the provisions of Paragraph 7, or if any disposition is taken pursuant to Paragraph 6, JASDEC shall issue a public notice to that effect without delay.
  12. If either of the items under Paragraph 8 applies to any Paying Agent, and if JASDEC determines that the Paying Agent's business operation methods need to be improved, JASDEC shall recommend that the Paying Agent improve its business operation methods relating to the Book-Entry Transfer Services for Corporate Bonds, etc. In such event, any Paying Agent that receives such recommendation shall promptly submit written reports to JASDEC concerning improvements to its business operation methods.

#### Article 15 Fund-Settlement Corporations

1. When the Bank of Japan or a financial institution, etc., which has a current account in the Bank of Japan and which conducts on-line business transactions with others in the Bank of Japan Financial Network System (hereinafter referred to as the "BOJ Net") has filed an application for registration as a Fund-Settlement Corporation using the method prescribed by the Rules, JASDEC shall register the Bank of Japan or the financial institution, etc., as a Fund-Settlement Corporation.
2. When registration as a Fund-Settlement Corporations is to be made, JASDEC shall notify the person that will be registered as a Fund-Settlement Corporation of the date of such registration.
3. JASDEC shall issue a public notice of the names of the Fund-Settlement Corporations that

have been registered pursuant to Paragraph 1.

4. A Fund-Settlement Corporation shall use the BOJ Net when implementing fund settlements by way of a DVP Settlement in connection with new records, book-entry transfers, deletion procedures relating to Short-Term Corporate Bonds, etc., or Straight Bonds for a Participant or an Issuer.
5. When deemed necessary in order to implement a DVP Settlement efficiently, JASDEC may make inquiries to Fund-Settlement Corporations concerning fund settlements involving Short-Term Corporate Bonds, etc., or Straight Bonds, which such Fund-Settlement Corporations implement with the use of the BOJ Net.
6. When the preceding paragraph applies, the Fund-Settlement Corporations shall take necessary measures such as making inquiries to the Participants which requested the applicable fund settlements, etc.
7. Fund-Settlement Corporations shall provide JASDEC with notice immediately upon the occurrence of any change concerning matters regarding which request was made to JASDEC pursuant to the provisions of Paragraph 1.
8. If JASDEC learns of any change to the name of a Fund-Settlement Corporation pursuant to the provisions of the preceding paragraph, it shall issue a public notice to that effect.
9. Any Fund-Settlement Corporation that wishes to cause its registration as a Fund-Settlement Corporation to be cancelled shall submit a request to such effect to JASDEC using the method prescribed by the Rules. In such event, JASDEC shall cancel such registration as a Fund-Settlement Corporation, unless JASDEC deems that the cancellation of such registration as a Fund-Settlement Corporation pursuant to such request may adversely affect the efficient operation of the Book-Entry Transfer System for Corporate Bonds, etc.
10. If registration as a Fund-Settlement Corporation will be cancelled pursuant to the provisions of the preceding paragraph, JASDEC shall notify such Fund-Settlement Corporation of the date of such cancellation in advance.
11. If registration as a Fund-Settlement Corporation is to be made pursuant to the provisions of Paragraph 1, if JASDEC learns of any change to the name of the Fund-Settlement Corporation pursuant to the provisions of Paragraph 7, or if such registration is to be cancelled pursuant to the provisions of Paragraph 9, JASDEC shall notify Issuers (Issuing Agents and Paying Agents, if Issuing Agents and Paying Agents have been appointed), JASDEC Participants and Fund-Settlement Corporations of the name of the applicable Fund-Settlement Corporation and the date of such registration, change or cancellation.
12. If registration as a Fund-Settlement Corporation is cancelled pursuant to the provisions of Paragraph 9, JASDEC shall issue a public notice to that effect without delay.

## Article 15-2 BOJ Net Fund-Settlement Corporations

1. If a financial institution, etc., which has a checking account in the Bank of Japan, and which conducts on-line business transactions with others in the BOJ Net so requests using the method prescribed by the Rules, JASDEC shall register it as a BOJ Net Fund-Settlement Corporation.
2. If registration as a BOJ Net Settlement Corporation is to be made, JASDEC shall notify the person that will be registered as a BOJ Net Fund-Settlement Corporation of the date of such registration.
3. JASDEC shall issue a public notice of the names of the BOJ Net Fund-Settlement Corporations which have been registered pursuant to Paragraph 1.
4. A BOJ Net Fund-Settlement Corporation shall use the BOJ Net when implementing fund settlements by way of a DVP Settlement in connection with new record procedures and deletion procedures in connection with cancellation relating to Beneficial Interest in Investment Trust for a Participant or an Issuer.
5. When deemed necessary in order to implement a DVP Settlement efficiently, JASDEC may make inquiries to BOJ Net Fund-Settlement Corporations concerning fund settlements involving Beneficial Interest in Investment Trust, which such BOJ Net Fund-Settlement Corporations implement with the use of the BOJ Net.
6. When the preceding paragraph applies, the BOJ Fund-Settlement Corporations shall take necessary measures such as making inquiries to the Participants which requested the applicable fund settlements, etc.
7. BOJ Net Fund-Settlement Corporations shall provide JASDEC with notice immediately upon the occurrence of any change concerning matters regarding which request was made to JASDEC pursuant to the provisions of Paragraph 1.
8. If JASDEC learns of any change to the name of a BOJ Fund-Settlement Corporation pursuant to the provisions of the preceding paragraph, it shall issue a public notice to that effect.
9. Any BOJ Net Fund-Settlement Corporation that wishes to cause its registration as a BOJ Net Fund-Settlement Corporation to be cancelled shall submit a request to such effect to JASDEC using the method prescribed by the Rules. In such event, JASDEC shall cancel such registration as a BOJ Net Fund-Settlement Corporation unless JASDEC deems that the cancellation of such registration as a BOJ Net Fund-Settlement Corporation pursuant to such request may adversely affect the efficient operation of the Book-Entry Transfer System for Corporate Bonds, etc.
10. If registration as a BOJ Net Fund-Settlement Corporation will be cancelled pursuant to the provisions of the preceding paragraph, JASDEC shall notify such BOJ Net

Fund-Settlement Corporation of the date of such cancellation in advance.

11. If registration as a BOJ Net Fund-Settlement Corporation is to be made pursuant to the provisions of Paragraph 1, if JASDEC learns of any change to the name of a BOJ Net Fund-Settlement Corporation pursuant to the provisions of Paragraph 5, or if such registration is to be cancelled pursuant to the provisions of the preceding paragraph, JASDEC shall notify Issuers, JASDEC Participants, BOJ Net Fund-Settlement Corporations and Trustee Companies of the name of the applicable BOJ Net Fund-Settlement Corporation and the date of such registration, change or cancellation.
12. If the registration as a BOJ Net Fund-Settlement Corporation is cancelled pursuant to the provisions of Paragraph 9, JASDEC shall issue public notice to that effect without delay.

#### Article 15-3 Trustee Companies

1. If a trust company or a financial institution that engages in the trust business, which executes trust agreements concerning Beneficial Interest in Investment Trust as the trustee, so requests using the method prescribed by the Rules, and if such entity making the request is deemed to have the ability to perform properly and accurately work with JASDEC, etc. in relation to new records concerning Beneficial Interest in Investment Trust, JASDEC shall register such entity as a Trustee Company.
2. If registration as a Trustee Company is to be made, JASDEC shall notify the person that will be registered as a Trustee Company of the date of such registration.
3. JASDEC shall issue a public notice of the names of the Trustee Companies which have been registered pursuant to Paragraph 1.
4. When deemed necessary, JASDEC may make inquiries to Trustee Companies concerning the work relating to new records which such Trustee Companies perform.
5. Trustee Companies shall provide JASDEC with notice immediately upon the occurrence of any change concerning matters regarding which request was made to JASDEC pursuant to the provisions of Paragraph 1.
6. If JASDEC learns of any change to the name of a Trustee Company pursuant to the provisions of the preceding paragraph, it shall issue a public notice to that effect.
7. Any Trustee Company that wishes to cause its registration as a Trustee Company to be cancelled shall submit a request to that effect to JASDEC using the method prescribed by the Rules. In such event, JASDEC shall cancel such registration as a Trustee Company unless JASDEC deems that the cancellation of such registration as a Trustee Company pursuant to such request may adversely affect the efficient operation of the Book-Entry Transfer System for Corporate Bonds, etc.
8. If registration as a Trustee Company will be cancelled pursuant to the provisions of the

preceding paragraph, JASDEC shall notify such Trustee Company of the date of such cancellation in advance.

9. If registration as a Trustee Company is to be made pursuant to the provisions of Paragraph 1, if JASDEC learns of any change to the name of a Trustee Company pursuant to the provisions of Paragraph 5, or if such registration is to be cancelled pursuant to the provisions of Paragraph 7, JASDEC shall notify Issuers, JASDEC Participants, BOJ Net Fund-Settlement Corporations and Trustee Companies of the name of the applicable Trustee Company and the date of such registration, change or cancellation.
10. If registration as a Trustee Company is cancelled pursuant to the provisions of Paragraph 7, JASDEC shall issue a public notice to that effect without delay.

## Chapter 4 JASDEC Participant

### Part 1 Procedures for Opening Accounts

#### Article 16 Opening of JASDEC Participant Accounts

1. Any person that wishes to cause JASDEC to open an account for the purpose of implementing book-entry transfers of Corporate Bonds, etc., shall submit an application to JASDEC, which shall specify whether the account to be opened will be for Short-Term Corporate Bonds, etc., Straight Bonds or Beneficial Interest in Investment Trust.
2. Upon its receipt of the application prescribed in the preceding paragraph, JASDEC shall open an account for the applicant if the applicant is deemed to meet the following standards:
  - (1) The applicant is a person to whom any of the items of Paragraph 1 of Article 44 of the Act applies (with respect to any person described in Item 13 of Paragraph 1 of Article 44, limited to cases specifically approved by JASDEC), or is a person (limited to a corporation) specifically approved by JASDEC.
  - (2) The applicant becoming a JASDEC Participant is not likely to adversely affect the reputation of the Book-Entry Transfer System for Corporate Bonds, etc., or its efficient operation.
  - (3) The applicant has previously notified JASDEC of the Fund-Settlement Corporation prescribed in Article 15, which the applicant uses (in the event that the account to be opened relates to Beneficial Interest in Investment Trust, excluding Fund-Settlement Corporations) and other matters set forth in the Rules.
3. Any person that wishes to cause a JASDEC Participant Account to be opened must submit to JASDEC a certificate of registered matters for such person and such other documents

prescribed by the Rules. In such case, JASDEC shall confirm the identity of the applicant using the method prescribed by the Act on Prevention of Transfer of Criminal Proceeds (Act No. 22 of 2007).

4. If JASDEC approves of the opening of any JASDEC Participant Account, it shall notify without delay the person for whom such JASDEC Participant Account is to be opened of the date on which such account will be opened.
5. When any person becomes a new JASDEC Participant, JASDEC shall notify in advance Issuers (Issuing Agents and Paying Agents if Issuing Agents and Paying Agents have been appointed; the same shall apply hereinafter in this chapter), JASDEC Participants, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations and Trustee Companies of the name of the JASDEC Participant and the date on which the JASDEC Participant Account is opened.
6. If any person becomes a JASDEC Participant, JASDEC shall issue a public notice to that effect.
7. In addition to the provisions of the preceding paragraphs, matters required in connection with the opening of JASDEC Participant Accounts shall be prescribed by the Rules.

Article 17 Deleted.

Article 18 Account Classifications

1. JASDEC Participant Accounts shall be classified as follows; provided, however, that all accounts of JASDEC Participants that are not Account Management Institutions shall fall under Item 1:
  - (1) Proprietary Accounts
  - (2) Customer Accounts
2. A JASDEC Participant may request that JASDEC open, within such JASDEC Participant's account, sub-accounts (hereinafter referred to as "Classified Accounts") based on use/purpose.
3. When making the request prescribed in the preceding paragraph, the JASDEC Participant shall notify JASDEC (i) with respect to a Proprietary Account, whether it will be used as a Pledge Account, Holding Account or Trust Account, or for any other purpose, and (ii) with respect to a Customer Account, the purpose for which it will be used.
4. In addition to the provisions of the preceding three paragraphs, matters required in connection with Classified Accounts shall be prescribed by the Rules.

## Part 2 Notifications by JASDEC Participants, etc.

### Article 19 Matters for Notification

1. Upon the occurrence of any change concerning the matters prescribed in Article 16, Paragraph 2, Item 3, or matters of which JASDEC was previously notified in writing pursuant to the provisions of Article 16, Paragraph 3, the JASDEC Participants shall provide JASDEC with notice relating thereto without delay.
2. If JASDEC learns of any change to the name of a JASDEC Participant pursuant to the provisions of the preceding paragraph, JASDEC shall notify Issuers, other JASDEC Participants, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations and Trustee Companies to that effect.
3. If JASDEC learns of any change to the name of a JASDEC Participant pursuant to the provisions of Paragraph 1, it shall issue a public notice to that effect.
4. If any JASDEC Participant ceases to meet the requirements set forth in Article 16, Paragraph 2, Item 1, it shall so notify JASDEC without delay.

## Part 3 Closing of JASDEC Participant Accounts

### Article 20 Closing of JASDEC Participant Accounts

1. Any JASDEC Participant may request that JASDEC close its account pursuant to the provisions of the Rules. In such event, such request shall be made not less than one month before the date on which the JASDEC Participant wishes to have its account closed.
2. JASDEC shall close the account of any JASDEC Participant to which any of the following items applies:
  - (1) A JASDEC Participant having made the request prescribed in the preceding paragraph.
  - (2) A JASDEC Participant having ceased to meet the requirements set forth in Article 16, Paragraph 2, Item 1 or Item 2.
3. Any JASDEC Participant whose JASDEC Participant Account is to be closed must, prior to the closing of such account, complete the procedures for implementing book-entry transfers of the Corporate Bonds, etc., relating to such JASDEC Participant to another account.
4. JASDEC shall not be liable for any damage arising in connection with the closing of any JASDEC Participant Account.
5. When closing a JASDEC Participant Account, JASDEC shall notify in advance the



- applicable JASDEC Participant of the date on which such account will be closed.
6. When a JASDEC Participant ceases to be a JASDEC Participant, JASDEC shall notify Issuers, JASDEC Participants, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations and Trustee Companies of the name of such JASDEC Participant and the date on which its account will be closed.
  7. Any JASDEC Participant may request that JASDEC close any of its Classified Accounts separately. The procedures applicable in such event shall be the same as the procedures for the closing of JASDEC Participant Accounts.
  8. If a JASDEC Participant ceases to be a JASDEC Participant, JASDEC shall issue a public notice to that effect.

#### Part 4 Measures to be Taken When JASDEC Participants Violate Laws, Ordinances, etc.

##### Article 21 Dispositions to Be Taken with Respect to JASDEC Participants

1. If any of the following items applies to any JASDEC Participant, JASDEC shall give an opportunity to such JASDEC Participant to defend itself; JASDEC may, pursuant to a resolution adopted by JASDEC's Board of Directors, subsequently close such JASDEC Participant's JASDEC Participant Account or issue a warning to such JASDEC Participant.
  - (1) The violation of (i) laws, regulations, rules or ordinances, (ii) disposition by an administrative or governmental entity based on laws, regulations, rules or ordinances; (iii) these Operational Rules, (iv) the Rules, or (v) stipulations made by JASDEC pursuant to the provisions of Article 75.
  - (2) In addition to those cases set forth in the preceding item, whenever JASDEC determines it necessary in order to ensure the proper and efficient performance of the Book-Entry Transfer Services for Corporate Bonds, etc.
2. Closing of the applicable JASDEC Participant Account pursuant to the provisions of the preceding paragraph shall not preclude JASDEC from exercising its right to pursue claims for compensation for damage.
3. The provisions of Paragraphs 3 through 6 of the preceding article shall apply *mutatis mutandis* to the closing of a JASDEC Participant Account as a disposition taken pursuant to the provisions of Paragraph 1.
4. If any disposition is taken pursuant to Paragraph 1, JASDEC shall issue a public notice to that effect without delay.

## Article 22 Recommendation to JASDEC Participants to Improve Their Business Operations

If either of the items under Paragraph 1 of the preceding article applies to any JASDEC Participant, and if JASDEC determines that the JASDEC Participant's business operation methods need to be improved, JASDEC shall recommend that the JASDEC Participant improve its business operation methods relating to the Book-Entry Transfer Services for Corporate Bonds, etc. In such event, any JASDEC Participant that receives such recommendation shall promptly submit written reports to JASDEC concerning improvements to its business operation methods.

## Chapter 5 Account Management Institution

### Part 1 Procedures for Opening Accounts

#### Article 23 Scope of Account Management Institutions

Any person to whom any of Items 1 to 13 of Paragraph 1 of Article 44 of the Act applies may open accounts for the purpose of implementing book-entry transfers of Corporate Bonds, etc., for third parties upon the application therefor by such third parties. In such case, an account of such person for the purpose of implementing book-entry transfers of Corporate Bonds, etc., shall have previously been opened by JASDEC or another Account Management Institution (limited to cases specifically approved by JASDEC, if the person described in Item 13 of Paragraph 1 of Article 44 of the Act opens an account with JASDEC).

#### Article 24 Evaluation for Opening of Accounts to Be Conducted by Account Management Institutions

1. When an Account Management Institution receives an application from a third party to open an account pursuant to the provisions of the preceding article, the Account Management Institution shall open an account for such applicant (which must be a corporation when opening an account for Short-Term Corporate Bonds, etc.).
2. Any person that requests that an Account Management Institution open an account shall submit to the Account Management Institution documents prescribed by the Rules.
3. When the provisions of Paragraph 1 apply, the Account Management Institution shall confirm the identity of the applicant using the method prescribed by the Act on Prevention of Transfer of Criminal Proceeds.
4. After an Account Management Institution approves of the opening of an account pursuant to the provisions of Paragraph 1, the Account Management Institution shall so notify the

applicant.

#### Article 25 Account Classifications

An Account Management Institution shall handle its Participant Accounts in accordance with JASDEC's account classifications applicable to JASDEC Participants prescribed in the provisions of Article 18.

#### Article 26 Agreements with Participants

1. When opening an account of a Participant pursuant to the provisions of Article 24, an Account Management Institution shall enter into an agreement with the Participant, which shall include the following provisions:
  - (1) The Participant's account shall be opened under the Book-Entry Transfer System for Corporate Bonds, etc.; and, in connection with the handling of the Participant's account, the parties shall comply with the provisions of the agreement, the Act and other laws and ordinances, these Operational Rules, and other provisions prescribed by JASDEC in connection with the Book-Entry Transfer System for Corporate Bonds, etc.
  - (2) Documents, etc., necessary for the confirmation of the Participant's identity to be conducted by the Account Management Institution pursuant to the provisions of Article 24, Paragraph 3, shall be submitted.
  - (3) Only those Corporate Bonds, etc., in which the Participant has rights/interests, shall be recorded or described in the Participant's account (excluding Customer Accounts of any Participant that is an Indirect Account Management Institution; the same shall apply hereinafter in this article, other than in Item 3 of Paragraph 2 and Item 3 of Paragraph 3).
  - (4) If any change to the Participant's name/trade name or address occurs, the Participant shall so notify the applicable Account Management Institution immediately.
  - (5) The applicable Account Management Institution (except if it is one of those prescribed in Article 44, Paragraph 1, Item 13 of the Act) shall jointly guarantee, for the benefit of the Participant prescribed in Article 11, Paragraph 2 of the Act, the performance of all of the obligations which are owed by the Participant's Upper-Tier Institution to the Participant under Article 80, Paragraph 2 and Article 81, Paragraph 2 of the Act (including when the foregoing provisions are applied *mutatis mutandis* in Articles 113, 115, 117, 118, 120, 121, 124 and 127 of the Act).
  - (6) If the applicable Participant is an Indirect Account Management Institution, the Account Management Institution shall communicate to such Participant the matters

which have been notified by JASDEC.

- (7) If Customer Accounts are to be opened for an Account Management Institution or its Upper-Tier Institution by multiple respective Immediately Upper-Tier Institutions, the applicable Account Management Institution shall notify the Participant to such effect and advise the names of the Immediately Upper-Tier Institution and its Upper-Tier Institution(s) (other than JASDEC) which will open the Customer Account(s) where the amount or number of units of the issue of Corporate Bonds, etc., in which the Participant has rights/interests will be recorded or described.
2. When opening a Participant's account relating to Short-Term Corporate Bonds, etc., the agreement prescribed in the preceding paragraph shall set forth the provisions listed below, in addition to the matters described in the items under the preceding paragraph:
    - (1) The Participant may request that the applicable Account Management Institution make book-entry transfers with respect to those Short-Term Corporate Bonds, etc. (other than those subject to attachment and those with respect to which book-entry transfers and applications therefor are otherwise prohibited under laws and ordinances) which are recorded or described in the Participant's account.
    - (2) Upon the occurrence of redemption dates with respect to those Short-Term Corporate Bonds, etc., which are recorded or described in the Participant's account, the Participant shall delegate to the applicable Account Management Institution the application procedure for deletion of such Short-Term Corporate Bonds, etc., pursuant to the provisions of Article 52.
    - (3) The redemption proceeds (including the payment of property other than money in the case where, in lieu of money, property other than money will be paid; the same shall apply hereinafter in the following paragraph, Chapter 6, Chapter 6-2, Chapter 10 and Chapter 11) relating to those Short-Term Corporate Bonds, etc. (other than those subject to attachment and those with respect to which deletion and applications therefor are otherwise prohibited under laws and ordinances), which are recorded or described in the Participant's account, shall be received by the applicable Account Management Institution on behalf of the applicable Participant pursuant to the provisions of Article 52, and then distributed to the applicable Participant.
    - (4) If the Account Management Institution does not handle any of the issues of Short-Term Corporate Bonds, etc., which are handled by JASDEC, under the provisions of Article 8 (limited to cases where it does not constitute an unfair discriminatory practice prescribed in Article 14 of the Act, which is applied *mutatis mutandis* under Article 46 of the Act), the Account Managing Institution shall so notify the Participant.
  3. When opening a Participant's account relating to Straight Bonds, the agreement

prescribed in Paragraph 1 shall set forth the provisions listed below, in addition to the provisions described in the items under Paragraph 1:

- (1) The Participant may request that the applicable Account Management Institution make book-entry transfers with respect to those Straight Bonds (other than those subject to attachment and those with respect to which book-entry transfers and applications therefor are otherwise prohibited under laws and ordinances) which are recorded or described in the Participant's account; provided, however, that the Participant shall not make any application for a book-entry transfer relating to Straight Bonds to be implemented on the applicable Straight Bonds redemption due date, pre-maturity redemption due date (meaning the pre-maturity redemption date (if the pre-maturity redemption date falls on a holiday prescribed in Article 4 or a foreign holiday designated in the issue conditions of the applicable issue of Straight Bonds, the actual pre-maturity redemption date); the same shall apply hereinafter), or the business day (hereinafter referred to as the "Corporate Bonds Transfer Suspension Date") immediately preceding the redemption due date, the pre-maturity redemption due date, fixed date redemption due date (meaning the fixed date redemption date (if the fixed date redemption date falls on a holiday prescribed in Article 4 or a foreign holiday designated in the issue conditions of the applicable issue of Straight Bonds, the actual fixed date redemption date); the same shall apply hereinafter) or the interest payment due date (meaning the interest payment date (if the interest payment date falls on a holiday prescribed in Article 4 or a foreign holiday prescribed in the issue conditions of the applicable issue of Straight Bonds, the day on which the interest is actually paid); the same shall apply hereinafter).
- (2) If any of the Straight Bonds which are recorded or described in the Participant's account are to be redeemed, pre-maturely redeemed, or redeemed on a fixed date, the Participant shall delegate to the applicable Account Management Institution the application procedures for deletion of such Straight Bonds pursuant to the provisions of Article 58-25.
- (3) The redemption proceeds (including pre-maturity redemption proceeds and fixed date redemption proceeds) and interest relating to those JASDEC-Related Issues (meaning those issues of Straight Bonds whose redemption proceeds and interest are handled pursuant to the provisions of Chapter 6-2, Part 7; the same shall apply hereinafter) (other than those subject to attachment and those with respect to which deletion and applications therefor are otherwise prohibited under laws and ordinances) which are recorded or described in the Participant's account shall be received by the applicable Account Management Institution on behalf of the applicable Participant pursuant to the provisions of Article 58-31, and then

distributed to the applicable Participant.

- (4) If the Account Management Institution does not handle any of the issues of Straight Bonds which are handled by JASDEC under the provisions of Article 8-2 (limited to cases where it does not constitute an unfair discriminatory practice prescribed in Article 14 of the Act, which is applied *mutatis mutandis* under Article 46 of the Act), the Account Managing Institution shall so notify the Participant.
  - (5) If the Participant makes an application for a book-entry transfer relating to Non-JASDEC-Related Issues (meaning those issues of Straight Bonds other than JASDEC-Related Issues; the same shall apply hereinafter), which are recorded or described in the Participant's account, the Participant shall so notify the applicable Account Management Institution in advance.
4. Notwithstanding the provisions of Item 3 of the preceding paragraph, an Account Management Institution may agree with the applicable Participant to distribute some or all of the interest relating to JASDEC-Related Issues (other than those subject to attachment and those with respect to which deletion and applications therefor are otherwise prohibited under laws and ordinances) which are recorded or described in the Participant's account to a person other than the Participant pursuant to the Participant's request.
  5. When opening a Participant's account relating to Beneficial Interest in Investment Trust, the agreement prescribed in Paragraph 1 shall set forth the provisions listed below, in addition to the provisions described in the items under Paragraph 1:
    - (1) The Participant may request that the applicable Account Management Institution make book-entry transfers with respect to those Beneficial Interest in Investment Trust (other than those subject to attachment and those with respect to which book-entry transfers and applications therefor are otherwise prohibited under laws and ordinances) which are recorded or described in the Participant's account; provided, however, that the Participant shall not make any book-entry transfer application for a book-entry transfer relating to Beneficial Interest in Investment Trust to be implemented on any of the dates listed below (hereinafter referred to as the "Beneficial Interest in Investment Trust Transfer Suspension Date"):
      - A. Business days designated by the Issuer on which book-entry transfers are suspended for the purpose of processing profit distributions (excluding book-entry transfer requests for book-entry transfers to the applicable Account Management Institution's accounts);
      - B. Business days during the period (hereinafter referred to as the "Book-Entry Transfer Suspension Period") ending on the redemption date (meaning the date on which the term of the applicable trust agreement ends; provided, however, that if the date on which the term of the applicable trust agreement ends is a

holiday prescribed in Article 4, the business day preceding the redemption date or the business day following the redemption date, depending upon the classification designated by the Issuer; the same shall apply hereinafter in this paragraph and in Chapter 6-3) designated by the Issuer for the purpose of processing redemption proceeds, during which book-entry transfers are suspended (excluding book-entry transfer requests for book-entry transfers to the applicable Account Management Institution's accounts);

- C. The business day following the redemption date (excluding book-entry transfer requests submitted on or before the business day preceding the proposed book-entry transfer date for book-entry transfers to the applicable Account Management Institution's accounts); and
  - D. The days described below, with respect to book-entry transfer requests for Book-Entry Transfer with non-Designated Distributor:
    - (a) The business day that precedes the business day, designated by the Issuer, on which book-entry transfers will be suspended for the purpose of processing profit distributions (excluding book-entry transfer requests submitted on or before the business day preceding the proposed book-entry transfer date);
    - (b) The business day, designated by the Issuer, on which book-entry transfers are suspended for the purpose of processing profit distributions;
    - (c) Business days during the Book-Entry Transfer Suspension Period ending on the business day which is two business days before the redemption date (excluding book-entry transfer requests for book-entry transfers to the applicable Account Management Institution's accounts);
    - (d) The business day preceding the redemption date (if such business day does not occur during the Book-Entry Transfer Suspension Period, excluding book-entry transfer requests submitted on or before the business day preceding the proposed book-entry transfer date; if such business day occurs during the Book-Entry Transfer Suspension Period, excluding book-entry transfer requests for book-entry transfers to the applicable Account Management Institution's accounts);
    - (e) The redemption date; and
    - (f) The business day following the redemption date.
- (2) If any Beneficial Interest in Investment Trust which are recorded or described in a Participant's account are to be cancelled or redeemed pursuant to the request of the Participant, the Participant shall delegate to the applicable Account Management Institution the application procedures for deletion of such Beneficial Interest in

Investment Trust pursuant to the provisions of Article 58-48.

- (3) If the Account Management Institution does not handle any of the issues of Beneficial Interest in Investment Trust which are handled by JASDEC under the provisions of Article 8-3 (limited to cases where it does not constitute an unfair discriminatory practice prescribed in Article 14 of the Act, which is applied *mutatis mutandis* under Article 46 of the Act), the Account Managing Institution shall so notify the Participant.

## Part 2 JASDEC's Approval Concerning Indirect Account Management Institutions

### Article 27 Approval of Indirect Account Management Institutions

1. In addition to the provisions in Part 1 of chapter 5, if any Account Management Institution prescribed in Article 23 is to serve as an Indirect Account Management Institution, such Account Management Institution that will serve as an Indirect Account Management Institution shall specify to JASDEC whether the account to be opened by the Immediately Upper-Tier Institution relates to Short-Term Corporate Bonds, etc., Straight Bonds or Beneficial Interest in Investment Trust, clearly identify all of its Upper-Tier Institutions, and make an application for JASDEC's approval in advance in accordance with the Rules.
2. In connection with the application prescribed in the preceding paragraph, the applicant shall submit to JASDEC the documents prescribed by the Rules, such as a certificate of its registered matters.
3. JASDEC shall approve the application prescribed in Paragraph 1 if it determines that allowing the applicant to become an Indirect Account Management Institution is not likely to adversely affect the reputation of the Book-Entry Transfer System for Corporate Bonds, etc., or the efficient operation thereof.
4. An institution that will become an Upper-Tier Institution of the applicant specified in Paragraph 1 must file a notification with JASDEC pursuant to the method prescribed by the Rules that such applicant will become an Indirect Account Management Institution.
5. Upon its approval of an Indirect Account Management Institution, JASDEC shall notify such Indirect Account Management Institution and all Upper-Tier Institutions of such Indirect Account Management Institution (other than JASDEC) of the date of such approval.
6. When any person becomes a new Indirect Account Management Institution, JASDEC shall notify Issuers (Issuing Agents and Paying Agents if Issuing Agents and Paying Agents have been appointed; the same shall apply hereinafter in this chapter), JASDEC



Participants, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations and Trustee Companies of the name of such Indirect Account Management Institution and the date of such approval.

7. In addition to the provisions of the preceding paragraphs, the matters required in connection with the approval of Indirect Account Management Institutions shall be prescribed by the Rules.
8. When any person becomes a new Indirect Account Management Institution, JASDEC shall issue a public notice to that effect.

Article 28 Deleted.

Article 29 Notification of Change of Trade Name, etc. of Indirect Account Management Institutions

1. If any change occurs to an Indirect Account Management Institution's trade name, address, or other matters relating thereto previously communicated to JASDEC, the Indirect Account Management Institution shall so notify JASDEC without delay.
2. If JASDEC learns of any change to the name of any Indirect Account Management Institution pursuant to the provisions of the preceding paragraph, JASDEC shall so notify Issuers, JASDEC Participants, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations and Trustee Companies.
3. If JASDEC learns of any change to the name of any Indirect Account Management Institution pursuant to the provisions of Paragraph 1, JASDEC shall issue a public notice to that effect.
4. If any Indirect Account Management Institution ceases to be an entity prescribed in Article 44, Paragraph 1, Items 1 to 13 of the Act, it shall so notify JASDEC without delay.

Article 30 Cancellation of Approval Concerning Indirect Account Management Institutions

1. Pursuant to the provisions of the Rules, an Indirect Account Management Institution may apply to JASDEC for the cancellation of its approval as an Indirect Account Management Institution. Such application shall be submitted not less than one month before the proposed cancellation date.
2. JASDEC shall cancel its approval of any Indirect Account Management Institution if any of the following items applies to such Indirect Account Management Institution:
  - (1) The Indirect Account Management Institution submits the application prescribed in the preceding paragraph.
  - (2) The Indirect Account Management Institution ceases to be an entity prescribed in

Article 44, Paragraph 1, Items 1 to 13 of the Act.

3. If an Indirect Account Management Institution's approval as an Indirect Account Management Institution is to be cancelled, prior to such cancellation, the Indirect Account Management Institution shall complete procedures to implement book-entry transfers of those Corporate Bonds, etc. which are recorded or described in the Customer Account which has been opened for such Indirect Account Management Institution at its Immediately Upper-Tier Institution to another account.
4. JASDEC shall not be liable for any damage arising in connection with the cancellation of its approval of Indirect Account Management Institutions.
5. When cancelling its approval of an Indirect Account Management Institution, JASDEC shall notify in advance the applicable Indirect Account Management Institution of the date on which such cancellation shall occur.
6. When an Indirect Account Management Institution ceases to be an Indirect Account Management Institution, JASDEC shall notify in advance Issuers, JASDEC Participants, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations and Trustee Companies of the name of such Indirect Account Management Institution and the date of such cancellation.
7. When an Indirect Account Management Institution ceases to be an Indirect Account Management Institution, JASDEC shall issue a public notice to that effect.

Article 31 Measures to Be Taken upon an Indirect Account Management Institution's Violation of Laws, Ordinances, etc.

1. If any of the following items applies to any Indirect Account Management Institution, JASDEC shall give an opportunity to such Indirect Account Management Institution to defend itself; JASDEC may, pursuant to a resolution adopted by JASDEC's Board of Directors, subsequently cancel its approval of such Indirect Account Management Institution or issue a warning to such Indirect Account Management Institution.
  - (1) The violation of (i) laws, regulations, rules or ordinances; (ii) disposition by an administrative or governmental entity based on laws, regulations, rules or ordinances; (iii) these Operational Rules, (vi) the Rules, or (v) stipulations made by JASDEC pursuant to the provisions of Article 75.
  - (2) In addition to those cases set forth in the preceding item, whenever JASDEC determines it necessary in order to ensure the proper and efficient performance of the Book-Entry Transfer Services for Corporate Bonds, etc.
2. Cancellation of approval of the applicable Indirect Account Management Institution pursuant to the provisions of the preceding paragraph shall not preclude JASDEC from

exercising its right to pursue claims for compensation for damage.

3. The provisions of Paragraphs 3 through 6 of the preceding article shall apply *mutatis mutandis* to the cancellation of approval of an Indirect Account Management Institution as a disposition taken pursuant to the provisions of Paragraph 1.
4. In the event that any disposition is taken pursuant to Paragraph 1, JASDEC shall issue a public notice to that effect without delay.

#### Article 32 Recommendation to Indirect Account Management Institutions to Improve Their Business Operations

If either of the items under Paragraph 1 of the preceding article applies to any Indirect Account Management Institution, and if JASDEC determines that the Indirect Account Management Institution's business operation methods need to be improved, JASDEC shall recommend that the Indirect Account Management Institution improve its business operation methods relating to the Book-Entry Transfer Services for Corporate Bonds, etc. In such event, any Indirect Account Management Institution that receives such recommendation shall promptly submit written reports to JASDEC concerning improvements to its business operation methods.

## Chapter 6 Handling of Book-Entry Transfer, etc. of Short-Term Corporate Bonds, etc.

### Part 1 Book-Entry Transfer Account Registers

#### Article 33 Matters to be Recorded or Described in Book-Entry Transfer Account Registers

1. Book-Entry Transfer Account Registers relating to Short-Term Corporate Bonds, etc. (hereinafter in this chapter referred to simply as “Book-Entry Transfer Account Registers”) and which are maintained by JASDEC shall have a separate section for each JASDEC Participant’s account, and those which are maintained by Account Management Institutions shall have a separate section for each Participant’s account.
2. The following matters shall be recorded in each JASDEC Participant’s account (other than Customer Accounts) in the Book-Entry Transfer Account Register maintained by JASDEC:
  - (1) JASDEC Participant’s name and address.
  - (2) Issue of Short-Term Corporate Bonds, etc.
  - (3) The amount, and amount of increase and decrease of each issue of Short-Term Corporate Bonds, etc., in the account (if Classified Accounts have been established, in each Classified Account; the same shall apply hereinafter in this article).
  - (4) If any restriction on disposition of Short-Term Corporate Bonds, etc., owned by the JASDEC Participant itself has been imposed under an attachment order, etc., a notation to that effect and the date on which such attachment order, etc. was delivered.
  - (5) Other matters prescribed by the Order for Enforcement of the Act on Book-Entry Transfer of Corporate Bonds and Shares, etc. (Cabinet Order No. 362 of 2002; hereinafter referred to as the “Cabinet Order”).
3. The following matters shall be recorded in each Customer Account in the Book-Entry Transfer Account Register prescribed in the preceding paragraph:
  - (1) Matters prescribed in Items 1 and 2 of the preceding paragraph.
  - (2) Amount of increase and decrease and amount of each issue of Short-Term Corporate Bonds, etc., in the account.
  - (3) Other matters prescribed by the Cabinet Order.
4. The following matters shall be recorded or described in each Participant’s account in the Book-Entry Transfer Account Register maintained by Account Management Institutions (other than Customer Accounts):
  - (1) Participant’s name and address.
  - (2) Issue of Short-Term Corporate Bonds, etc.

- (3) The amount of increase and decrease and amount of each issue of Short-Term Corporate Bonds, etc., in the account.
  - (4) If any restriction on the disposition of Short-Term Corporate Bonds, etc., owned by the Participant itself has been imposed under an attachment order, etc., a notation to that effect and the date on which such attachment order, etc., was delivered.
  - (5) Other matters prescribed by the Cabinet Order.
5. The following matters shall be recorded or described in each Customer Account in the Book-Entry Transfer Account Register prescribed in the preceding paragraph:
- (1) Matters prescribed in Items 1 and 2 of the preceding paragraph.
  - (2) The amount of increase and decrease and amount of each issue of Short-Term Corporate Bonds, etc., in the account.
  - (3) Other matters prescribed by the Cabinet Order.

Article 34 Units of Amount of Short-Term Corporate Bonds, etc., to Be Recorded or Described in Book-Entry Transfer Account Registers

The amounts of Short-Term Corporate Bonds, etc., recorded or described in Book-Entry Transfer Account Registers shall be integer multiples of the value of each corporate bond relating to each issue of Short-Term Corporate Bonds, etc.

Article 35 Maintenance of Book-Entry Transfer Account Registers

Book-Entry Transfer Institutions, etc., shall properly and accurately maintain the Book-Entry Transfer Account Registers; provided, however, that they may delete those records and descriptions which were made over ten years ago, and destroy portions relating to such records and descriptions.

Article 36 Revisions and Corrections of Records and Descriptions in Book-Entry Transfer Account Registers

1. If a Book-Entry Transfer Institution, etc., learns of any change affecting matters recorded or described in the Book-Entry Transfer Account Register maintained by it, it shall immediately record or describe such change in such Book-Entry Transfer Account Register.
2. If any error is discovered in any record or description in the Book-Entry Transfer Account Register maintained by a Book-Entry Transfer Institution, etc., it shall immediately correct such record or description.

## Part 2 New Record Procedures

### Article 37 Issuers' Notice Concerning New Record Procedures

1. Issuers (Issuing Agents, if Issuing Agents have been appointed; the same shall apply hereinafter in this part, except for Paragraph 2 of the following article and Item 2 of Article 41) of Short-Term Corporate Bonds, etc., shall notify JASDEC of the following matters upon their issuance of new Short-Term Corporate Bonds, etc.
  - (1) The following information concerning the issue of Short-Term Corporate Bonds, etc., scheduled to be issued (hereinafter in this chapter referred to as "Issue Information"):
    - A. Issue of the Short-Term Corporate Bonds, etc.
    - B. Total issue amount.
    - C. Value of each corporate bond.
    - D. Payment date.
    - E. Redemption date.
    - F. Other matters prescribed by the Rules.
  - (2) The following information concerning the subscription of Short-Term Corporate Bonds, etc., scheduled to be issued (hereinafter referred to as "Subscription Information"):
    - A. Matters prescribed by the Rules to identify the name of the Participant which will make the payment (hereinafter in this chapter referred to as the "Paying Participant").
    - B. Matters prescribed by the Rules to identify the account opened for the Paying Participant for the purpose of implementing book-entry transfers of such Short-Term Corporate Bonds, etc.
    - C. Value of the Short-Term Corporate Bonds, etc. in connection with which each Participant will make payments.
    - D. Other matters prescribed by the Rules.
2. The notice prescribed in the preceding paragraph shall be given no later than the payment date of the applicable Short-Term Corporate Bonds, etc.
3. In addition to the provisions of the preceding two paragraphs, matters required in connection with the Issuers' notice concerning new record procedures shall be prescribed by the Rules.

### Article 38 Classification of Settlement Methods

1. When a new record concerning Short-Term Corporate Bonds, etc., is made, settlement

methods shall be classified as either a DVP Settlement or a Non-DVP Settlement.

2. In connection with the classification prescribed in the preceding paragraph, if the Issuer's Fund-Settlement Corporation is different from the Fund-Settlement Corporation of the Paying Participant, and if the Issuer and the Paying Participant so agree, a DVP Settlement may be designated.
3. When designating a DVP Settlement, the Issuer shall, in addition to the notice prescribed in Paragraph 1 of the preceding article, provide JASDEC with the following information relating to the DVP Settlement (hereinafter in this chapter referred to as "DVP Settlement New Record Information"):
  - (1) The fact that a DVP Settlement will be designated.
  - (2) Fund settlement amount relating to the payment.
  - (3) Fund-Settlement Corporation to be used by the Paying Participant.
  - (4) Other matters prescribed by the Rules.

#### Article 39 Record in Issuance Account

1. When JASDEC receives the Issuer's notice prescribed in Paragraph 1 of Article 37 (in the case of a DVP Settlement, including a notice relating to DVP Settlement New Record Information), it shall take the measures prescribed in the following items, depending on the settlement method classification set forth in the following items.
  - (1) When a DVP Settlement is not designated:

JASDEC shall record details of Issue Information and Subscription Information in the Issuance Account and provide the Issuer and the Purchaser JASDEC Participant (meaning the JASDEC Participant (i) which makes the payment, (ii) whose Participant makes the payment, (iii) whose Lower-Tier Institution makes the payment, or (iv) whose Lower-Tier Institution's Participant makes the payment; the same shall apply hereinafter in this chapter) with the details of such record and other matters prescribed by the Rules.
  - (2) When a DVP Settlement is designated:

JASDEC shall notify the Issuer and the Purchaser JASDEC Participant of the matters prescribed by the Rules as information required for the implementation of a DVP Settlement.
2. When Item 2 of the preceding paragraph applies, the Purchaser JASDEC Participant shall confirm the details of the matters set forth in the applicable notice, and notify JASDEC as to whether it approves such matters, as a result of such confirmation.
3. Upon its receipt of the notice prescribed in the preceding paragraph from the Purchaser JASDEC Participant, JASDEC shall take the measures prescribed in the following items,

depending upon whether the approval prescribed in the following items is given or not given.

- (1) When the matters so notified are approved by the Purchaser JASDEC Participant:
  - A. JASDEC shall record the Issue Information, the Subscription Information and DVP Settlement New Record Information in the Issuance Account, and notify the Issuer and the Purchaser JASDEC Participant of the details of such record and the Settlement Number designated by JASDEC in order to implement a DVP Settlement.
  - B. On the payment date, JASDEC shall, by an electromagnetic means, notify the Bank of Japan, using the system relating to the Book-Entry Transfer System for Corporate Bonds, etc., of the matters prescribed by the Rules as information necessary for the implementation of fund settlements through the BOJ Net in connection with the issues of Short-Term Corporate Bonds, etc., recorded in the Issuance Account.
- (2) When the matters so notified are not approved by the Purchaser JASDEC Participant:

JASDEC shall notify the Issuer that the matters so notified were not approved.

#### Article 40 Fund Settlement by Way of a DVP Settlement

When a DVP Settlement is designated, fund settlement methods shall be as prescribed in the following items.

- (1) When the Purchaser JASDEC Participant makes the payment on its own account:

The Purchaser JASDEC Participant shall take the measures prescribed by the Rules, which are necessary in order to make payments of funds through the BOJ Net. In such event, if the fund settlement is to be made using a Fund-Settlement Corporation, the Purchaser JASDEC Participant shall communicate to the Fund-Settlement Corporation the fact that the funds will be paid through the BOJ Net and the Issue Fund Settlement Information (meaning the information prescribed by the Rules as that portion of the information recorded in the Issuance Account, which is necessary for the fund settlement, and the Settlement Number).
- (2) When the Purchaser JASDEC Participant or its Lower-Tier Institution's Participant makes the payment:

The Purchaser JASDEC Participant shall take the measures prescribed by the Rules, which are necessary in order to enable the Paying Participant (if such Paying Participant implements the fund settlement using a Fund-Settlement Corporation, the Fund-Settlement Corporation) to make payments of funds through the BOJ Net.



## Article 41 Notice upon Payment

Notice to JASDEC upon payments relating to Short-Term Corporate Bonds, etc., shall be given as set forth in the following items.

- (1) When a DVP Settlement is not designated:

Upon the Issuer's confirmation that payments relating to the issue of Short-Term Corporate Bonds, etc., issued by it and recorded in the Issuance Account have been made, the Issuer shall so notify JASDEC.

- (2) When a DVP Settlement is designated:

Upon JASDEC's confirmation, pursuant to the provisions of the Rules, of the completion of fund settlements implemented through the BOJ Net in accordance with the provisions of the items of the preceding article in connection with the payments for the Short-Term Corporate Bonds, etc., any notice prescribed by Article 37, Paragraph 1, shall be deemed to constitute notice concerning the payments relating to such Short-Term Corporate Bonds, etc., which the Issuer is required to issue.

## Article 42 New Records

1. When the notice prescribed in the preceding article is given, JASDEC shall take the measures prescribed in the following items with respect to the amounts recorded in the Issuance Account in connection with the issue of Short-Term Corporate Bonds, etc., relating to such notice pursuant to the provisions of Item 1 of Paragraph 1 of Article 39 and Item 1 of Paragraph 3 of Article 39, on the basis of the classifications set forth in the following items.

- (1) If JASDEC opened the account prescribed in Article 37, Paragraph 1, Item 2,B:

The amount of increase shall be recorded in the Holding Account of the applicable account.

- (2) If JASDEC did not open the account prescribed in Article 37, Paragraph 1, Item 2, B:

The amount of increase shall be recorded in the Customer Account of the Account Management Institution which is the Purchaser JASDEC Participant, and JASDEC shall notify such Account Management Institution of those portions of the Issue Information and the Subscription Information, which are set forth in Article 37, Paragraph 1, Item 1,A and Item 2, A, B and C.

2. When the notice prescribed in Item 2 of the preceding paragraph (including when it is applied *mutatis mutandis* to this paragraph) is given, the provisions of the preceding

paragraph shall apply *mutatis mutandis* to any Account Management Institution that receives such notice.

3. When recording or describing the amount of any increase pursuant to the preceding two paragraphs, if the account prescribed in Article 37, Paragraph 1, Item 2, B is a Trust Account, the notice prescribed in Article 37 shall include the application information concerning the trust's records or descriptions pursuant to Article 8 of the Cabinet Order (including when it is applied *mutatis mutandis* in Articles 17, 19, 21, 23 and 27 of the Cabinet Order); in such event, the Book-Entry Transfer Institution, etc., at which such Trust Account is opened shall record or describe in the Book-Entry Transfer Account Register the matters prescribed in Article 68, Paragraph 3, Item 5 of the Act (including when it is applied *mutatis mutandis* in Articles 115, 117, 118, 120 and 127 of the Act).
4. When JASDEC enters a new record prescribed in the preceding three paragraphs, JASDEC shall notify the Issuer and the Purchaser JASDEC Participant that the new record has been entered and other matters prescribed by the Rules. In such event, the recipients of such notice shall confirm the contents thereof.

## Part 3 Book-Entry Transfer Procedures

### Article 43 Book-Entry Transfer Procedures

1. When an application for a book-entry transfer (excluding those book-entry transfers to be implemented by JASDEC by way of a DVP Settlement; the same shall apply hereinafter in this part) involving a specified issue of Short-Term Corporate Bonds, etc. is made, the Book-Entry Transfer Institution, etc., shall, under the provisions of Paragraphs 4 through 9, and pursuant to the notations set forth in the application pursuant to the provisions of Paragraph 3, record, describe or give notice concerning the amount of increase or decrease in the Book-Entry Transfer Account Register maintained by it.
2. The application prescribed in the preceding paragraph shall be made by the Participant in whose account (other than Customer Accounts) the amount of decrease arising from the book-entry transfer will be recorded or described (hereinafter in this chapter referred to as the "Transferor Participant") to its Immediately Upper-Tier Institution.
3. The Transferor Participant shall include the following matters (hereinafter in this chapter referred to as the "Book-Entry Transfer Application Information") in the application relating to the book-entry transfer:
  - (1) The issue and amount of the Short-Term Corporate Bonds, etc., with respect to which the amount of increase or decrease, in connection with the book-entry transfer thereof, must be recorded or described.

- (2) Indication as to whether the amount of decrease should be recorded or described in the Holding Account or the Pledge Account in the Transferor Participant's account.
  - (3) Matters prescribed by the Rules in order to identify the account (other than Customer Accounts; hereinafter in this chapter referred to as the "Transferee Account") where the amount of increase should be recorded or described.
  - (4) Indication as to whether the amount of increase should be recorded or described in the Holding Account or the Pledge Account in the Transferee Account (other than an Institution Account).
  - (5) The date on which the book-entry transfer is to be implemented.
  - (6) Other matters prescribed by the Rules.
4. If an application prescribed in Paragraph 1 is made, the Book-Entry Transfer Institution, etc. that received the application shall take the following measures without delay.
- (1) Record or describe the amount of decrease with respect to the amount (hereinafter in this chapter referred to as the "Book-Entry Transfer Amount") prescribed in Item 1 of the preceding paragraph in the Holding Account or the Pledge Account of the Transferor Participant's account prescribed in the provisions of Item 2 of the preceding paragraph.
  - (2) If the applicable Book-Entry Transfer Institution, etc., is not the Common Immediately Upper-Tier Institution which relates to the applicable book-entry transfer, notify the Immediately Upper-Tier Institution of the matters prescribed in Item 1 and Items 3 to 6 of the preceding paragraph.
  - (3) If the applicable Book-Entry Transfer Institution, etc., is the Common Immediately Upper-Tier Institution which relates to the applicable book-entry transfer and which opened the Transferee Account, record or describe the amount of increase relating to the Book-Entry Transfer Amount in the Holding Account or the Pledge Account in such Transferee Account prescribed in Item 4 of the preceding paragraph.
  - (4) If the applicable Book-Entry Transfer Institution, etc., is the Common Immediately Upper-Tier Institution which relates to the applicable book-entry transfer but which did not open the Transferee Account, record or describe the amount of increase relating to the Book-Entry Transfer Amount in the Customer Account of the account of the Immediately Lower-Tier Institution of such Common Immediately Upper-Tier Institution, which is an Upper-Tier Institution of the Participant to which the applicable Transferee Account belongs, and notify such Immediately Lower-Tier Institution of the matters prescribed in Item 1 and Items 3 to 6 of the preceding paragraph.
5. When the notice prescribed in Item 2 of the preceding paragraph is given, the Book-Entry Transfer Institution, etc. that has received such notice shall immediately take the

following measures:

- (1) Record or describe the amount of decrease relating to the Book-Entry Transfer Amount in the Customer Account of the account of the Account Management Institution that issued such notice.
  - (2) If the applicable Book-Entry Transfer Institution, etc., is not the Common Immediately Upper-Tier Institution which relates to such book-entry transfer, notify the Immediately Upper-Tier Institution of the matters concerning which the notice pursuant to the provisions of Item 2 of the preceding paragraph was given.
  - (3) If the applicable Book-Entry Transfer Institution, etc., is the Common Immediately Upper-Tier Institution which relates to such book-entry transfer and which opened the Transferee Account, record or describe the amount of increase relating to the Book-Entry Transfer Amount in the Holding Account or the Pledge Account of the applicable Transferee Account prescribed in the provisions of Item 4 of Paragraph 3.
  - (4) If the applicable Book-Entry Transfer Institution, etc., is the Common Immediately Upper-Tier Institution which relates to such book-entry transfer but did not open the Transferee Account, record or describe the amount of increase relating to the Book-Entry Transfer Amount in the Customer Account of the account of the Immediately Lower-Tier Institution of such Common Immediately Upper-Tier Institution, which is an Upper-Tier Institution of the Participant to which the applicable Transferee Account belongs, and notify such Immediately Lower-Tier Institution of the matters set forth in such notice provided pursuant to Item 2 of the preceding paragraph.
6. If a notice is given pursuant to Item 2 of the preceding paragraph (including when it is applied *mutatis mutandis* to this paragraph), the provisions of the preceding paragraph shall apply *mutatis mutandis* to the Book-Entry Transfer Institution, etc., that received such notice.
7. When the notice prescribed in Item 4 of Paragraph 4 or Item 4 of Paragraph 5 (including when it is applied *mutatis mutandis* to the preceding paragraph; the same shall apply hereinafter in this paragraph) is given, the Account Management Institution that received such notice shall immediately take the following measures:
- (1) If the applicable Account Management Institution opened the Transferee Account, record or describe the amount of increase relating to the Book-Entry Transfer Amount in the Holding Account or the Pledge Account in such Transferee Account prescribed in the provisions of Item 4 of Paragraph 3.
  - (2) If the applicable Account Management Institution did not open the Transferee Account, record or describe the amount of increase relating to the Book-Entry Transfer Amount in the Customer Account of the account of the Immediately

Lower-Tier Institution of such Account Management Institution, which is an Upper-Tier Institution of the Participant to which the applicable Transferee Account belongs, and notify such Immediately Lower-Tier Institution of the matters set forth in such notice provided pursuant to Item 4 of Paragraph 4 or Item 4 of Paragraph 5.

8. When the notice prescribed in Item 2 of the preceding paragraph (including when it is applied *mutatis mutandis* to this paragraph) is given, the provisions of the preceding paragraph shall apply *mutatis mutandis* to the Account Management Institution that received such notice.
9. In connection with the record or description of the amount of increase pursuant to the provisions of Paragraphs 4 through 8, if the Transferee Account is a Trust Account, the application for book-entry transfers prescribed in Paragraph 1 shall include the application information concerning the trust's records or descriptions pursuant to the provisions of Article 8 of the Cabinet Order (including when it is applied *mutatis mutandis* in Articles 17, 19, 21, 23 and 27 of the Cabinet Order); in such event, the Book-Entry Transfer Institution, etc., at which such Trust Account is opened, shall record or describe in the Book-Entry Transfer Account Register the matters prescribed in Article 68, Paragraph 3, Item 5 of the Act (including when it is applied *mutatis mutandis* in Articles 115, 117, 118, 120 and 127 of the Act).
10. In addition to the provisions of the preceding paragraphs, matters required in connection with the book-entry transfer procedures prescribed in this article shall be prescribed by the Rules.

#### Article 43-2 Special Rules for Book-Entry Transfer Procedures Relating to Provision of Collateral to the Bank of Japan

When a BOJ Collateral Provider JASDEC Participant (meaning a JASDEC Participant whose Participant provides, the Bank of Japan with collateral; the same shall apply hereinafter in this chapter) makes an application (limited to those made to JASDEC) for a book-entry transfer (including a notice) relating to book-entry transfer procedures prescribed in the preceding article in connection with the provision of collateral to the Bank of Japan, the Bank of Japan shall make such application on behalf of the applicable BOJ Collateral Provider JASDEC Participant.

## Part 4 Special Rules for JASDEC's Book-Entry Transfer Procedures

### Article 44 Settlement Method Classifications

1. Settlement methods to be used at the time of book-entry transfers by JASDEC shall be classified as either a DVP Settlement or a Non-DVP Settlement.
2. In connection with the classification prescribed in the preceding paragraph, a DVP Settlement may be designated if all of the conditions listed below are satisfied:
  - (1) The Fund-Settlement Corporation of the Transferor Participant is different from the Fund-Settlement Corporation of the Participant (hereinafter in this chapter referred to as the "Transferee Participant") in whose account (other than Customer Accounts) the amount of increase relating to the book-entry transfer will be recorded.
  - (2) The Transferor Participant and the Transferee Participant have reached an agreement.
  - (3) An application for a book-entry transfer is made directly to JASDEC based on the confirmation results relating to settlement conditions.

### Article 45 JASDEC's Book-Entry Transfer Procedures

With respect to book-entry transfer procedures relating to a DVP Settlement prescribed in the settlement method classification set forth in the provisions of the preceding article, book-entry transfer procedures to be implemented by JASDEC shall be in accordance with the provisions of Articles 46 through 50.

### Article 46 Book-Entry Transfer Application Relating to a DVP Settlement

1. If a DVP Settlement is to be designated, the Transferor JASDEC Participant (meaning the JASDEC Participant (i) which acts as the transferor with respect to the book-entry transfer, (ii) whose Participant acts as the transferor with respect to the book-entry transfer, (iii) whose Lower-Tier Institution acts as the transferor with respect to the book-entry transfer, or (iv) whose Lower-Tier Institution's Participant acts as the transferor with respect to the book-entry transfer; the same shall apply hereinafter in this chapter) shall notify JASDEC, in addition to the notification of the Book-Entry Transfer Application Information, of the following information relating to a DVP Settlement (hereinafter in this chapter referred to as the "Book-Entry Transfer DVP Settlement Information"):
  - (1) The fact that a DVP Settlement will be designated.
  - (2) Fund settlement amounts relating to the book-entry transfer.
  - (3) Fund-Settlement Corporations to be used by the Transferor Participant and the Transferee Participant.

- (4) Other matters prescribed by the Rules.
2. In addition to the provisions of the preceding paragraph, matters required in connection with the book-entry transfer applications involving a DVP Settlement shall be prescribed by the Rules.

#### Article 47 Record in Transfer Account in Connection with a DVP Settlement

1. Upon its receipt of the notice prescribed in Paragraph 1 of the preceding article, JASDEC shall take the following measures:
  - (1) On the day on which the book-entry transfer is implemented, JASDEC shall record in the Transfer Account the Book-Entry Transfer Application Information and the Book-Entry Transfer DVP Settlement Information, and notify the Transferor JASDEC Participant and the Transferee JASDEC Participant (meaning the JASDEC Participant (i) which acts as the transferee with respect to the book-entry transfer, (ii) whose Participant acts as the transferee with respect to the book-entry transfer, (iii) whose Lower-Tier Institution acts as the transferee with respect to the book-entry transfer, or (iv) whose Lower-Tier Institution's Participant acts as the transferee with respect to the book-entry transfer; the same shall apply hereinafter in this chapter) of the information recorded in the Transfer Account and the Settlement Number designated by JASDEC in order to implement a DVP Settlement.
  - (2) On the day on which the book-entry transfer is implemented, JASDEC shall, by an electromagnetic means, notify the Bank of Japan, using the system relating to the Book-Entry Transfer System for Corporate Bonds, etc., of the matters prescribed by the Rules as information necessary for the implementation of fund settlements through the BOJ Net in connection with the issue of Short-Term Corporate Bonds, etc., recorded in the Transfer Account.
2. In addition to the provisions of the preceding paragraph, matters required in connection with the record, etc. in the Transfer Account relating to a DVP Settlement shall be prescribed by the Rules.

#### Article 48 Fund Settlements by Way of a DVP Settlement

When a DVP Settlement is designated, the fund settlement shall be as set forth in the following items.

- (1) When the Transferee JASDEC Participant makes payments on its own account:  
The Transferee JASDEC Participant shall take the measures prescribed by the Rules, which are necessary in order to make payments of funds through the BOJ Net. In such event, if the fund settlement is to be implemented with the use of a

Fund-Settlement Corporation, the Transferee JASDEC Participant shall communicate, to the Fund-Settlement Corporation, that payments of funds will be made through the BOJ Net and the Book-Entry Transfer Fund Settlement Information (meaning the information recorded in the Transfer Account, which is prescribed by the Rules as information necessary for fund settlements, and the Settlement Number).

- (2) When the Transferee JASDEC Participant or its Lower-Tier Institution's Participant makes payments:

The Transferee JASDEC Participant shall take the measures prescribed by the Rules, which are necessary in order to enable the payer (if the payer uses a Fund-Settlement Corporation in order to implement the fund settlement, the Fund-Settlement Corporation) to make payments of funds through the BOJ Net.

#### Article 49 Book-Entry Transfer Records in Connection with a DVP Settlement

1. Upon JASDEC's confirmation pursuant to the provisions of the Rules that the Bank of Japan has completed settlement of funds by way of a DVP Settlement in connection with the book-entry transfers, JASDEC shall record the amount of decrease in the Transferor JASDEC Participant's account and record the amount of increase in the Transferee JASDEC Participant's account, with respect to the amount recorded in the Transfer Account pursuant to the provisions of Article 47, Paragraph 1, Item 1.
2. If the account where the amount of increase is recorded pursuant to the provisions of the preceding paragraph is a Transferee Account and also a Trust Account, the application for book-entry transfers prescribed in Paragraph 1 of Article 43 shall include the application information concerning the trust's records or descriptions pursuant to the provisions of Article 8 of the Cabinet Order (including when it is applied *mutatis mutandis* in Articles 17, 19, 21, 23 and 27 of the Cabinet Order); in such event, JASDEC shall record in the Book-Entry Transfer Account Register the matters prescribed in Article 68, Paragraph 3, Item 5 of the Act (including when it is applied *mutatis mutandis* in Articles 115, 117, 118, 120 and 127 of the Act).

#### Article 50 Notice of Completing the Record of Book-Entry Transfer

In the event that JASDEC implements book-entry transfers pursuant to the provisions of Articles 43 and 49, JASDEC shall notify the Transferor JASDEC Participant and the Transferee JASDEC Participant that such book-entry transfers were implemented and other matters prescribed by the Rules; in such event, the recipients of such notification shall confirm the contents thereof.



## Part 5 Deletion Procedures

### Article 51 Deletion Procedures

1. If an application for deletion (excluding the cases set forth in Part 6) of a specified issue of Short-Term Corporate Bonds, etc., is made, the Account Management Institution shall, under the provisions of Paragraphs 4 through 6, record, describe or give notice concerning the amount of decrease, in the Book-Entry Transfer Account Register maintained by it, in accordance with the instructions set forth in the application pursuant to the provisions of Paragraph 3.
2. The application prescribed in the preceding paragraph shall be made by the Participant (hereinafter in this chapter referred to as the “Deletion Applicant Participant”) in whose account (other than Customer Accounts) the amount of decrease relating to the deletion shall be recorded or described, to its Immediately Upper-Tier Institution.
3. In its application for deletion, the Deletion Applicant Participant shall set forth the following matters (hereinafter in this chapter referred to as “Deletion Application Information”):
  - (1) Issue and amount of the Short-Term Corporate Bonds, etc., for which the amount of decrease shall be recorded or described in connection with such deletion.
  - (2) Indication as to whether the amount of decrease will be recorded or described in the Holding Account or the Pledge Account in the Deletion Applicant Participant’s account.
  - (3) Other matters prescribed by the Rules.
4. If the application prescribed in Paragraph 1 is made, the Account Management Institution that received such application shall take the following measures without delay:
  - (1) Record or describe the amount of decrease with respect to the amount prescribed in Item 1 of the preceding paragraph in the Holding Account or the Pledge Account of the Deletion Applicant Participant’s account prescribed in Item 2 of the preceding paragraph.
  - (2) If the Account Management Institution that received the applicable application is an Indirect Account Management Institution, notify the Immediately Upper-Tier Institution of the matters set forth in the notice pursuant to the provisions of Item 1 of the preceding paragraph.
5. When the notice prescribed in Item 2 of the preceding paragraph is given, the Account Management Institution that received such notice shall immediately take the following measures:

- (1) Record or describe the amount of decrease with respect to the amount prescribed in Item 1 of Paragraph 3 in the Customer Account of the account of the Account Management Institution that issued such notice.
  - (2) If the Account Management Institution that received the applicable notice is an Indirect Account Management Institution, notify the Immediately Upper-Tier Institution of the matters set forth in the notice pursuant to the provisions of Item 2 of the preceding paragraph.
6. When the notice prescribed in Item 2 of the preceding paragraph (including when it is applied *mutatis mutandis* pursuant to this paragraph) is given, the provisions of the preceding paragraph shall apply *mutatis mutandis* to the Account Management Institution that received such notice.

#### Article 52 Delegation of Deletion Procedures

1. A Participant (other than JASDEC Participants) shall delegate to its Immediately Upper-Tier Institution that is an Account Management Institution the administration relating to the receipt of redemption proceeds in connection with the deletion procedures and the administrative work relating to deletion procedures prescribed in the preceding article, which are related to redemption.
2. If the Account Management Institution to which work is delegated pursuant to the preceding paragraph is an Indirect Account Management Institution, such Indirect Account Management Institution shall delegate such work to its Immediately Upper-Tier Institution that is an Account Management Institution. The same shall apply when such Immediately Upper-Tier Institution is another Indirect Account Management Institution.

### Part 6 JASDEC's Deletion Procedures

#### Article 53 Classification of Settlement Methods

1. The Settlement methods to be used by JASDEC acting as a Book-Entry Transfer Institution when implementing deletion shall be classified as either a DVP Settlement or a Non-DVP Settlement.
2. With respect to the settlement method classification prescribed in the preceding paragraph,
  - (i) a Non-DVP Settlement shall be used when the Fund-Settlement Corporation relating to the Deletion Applicant JASDEC Participant (meaning a JASDEC Participant which implements deletion procedures for itself or for the Participant which has delegated work pursuant to the provisions of the preceding article; the same shall apply hereinafter in this

chapter) is the same Fund-Settlement Corporation relating to the Issuer of the Short-Term Corporate Bonds, etc., and (ii) a DVP Settlement shall be used when such Fund-Settlement Corporations are not the same; provided, however, that if the Fund-Settlement Corporation relating to the Deletion Applicant JASDEC Participant and the Fund-Settlement Corporation relating to the Issuer of the Short-Term Corporate Bonds are not the same, and if the deletion will be carried out by assets other than money in lieu of money, a Non-DVP Settlement shall be used

3. Notwithstanding the provisions of the preceding paragraph, if deemed necessary by JASDEC, a different classification of settlement methods may be prescribed pursuant to the provisions of the Rules.

#### Article 54 Application for Deletion

1. When JASDEC implements deletion as a Book-Entry Transfer Institution, the Deletion Applicant JASDEC Participant shall provide JASDEC with the Deletion Application Information and communicate the matters set forth in the following items as information necessary for the implementation of a DVP Settlement (hereinafter in this chapter referred to as the “Deletion DVP Settlement Information”):
  - (1) Fund settlement amounts relating to the deletion procedures.
  - (2) The Fund-Settlement Corporation used by the Deletion Applicant JASDEC Participant.
  - (3) Other matters prescribed by the Rules.
2. The Deletion Applicant JASDEC Participant may make an application for deletion to JASDEC commencing on the business day immediately preceding the day on which it wishes to implement deletion.
3. Notwithstanding the provisions of the preceding two paragraphs, the notice prescribed in Paragraph 1 shall be deemed to have been given if the period prescribed by the Rules expires on the redemption date (if such date becomes a non-business day after new records relating to those issues of Short-Term Corporate Bonds, etc., relating to such deletion are entered, the business day immediately preceding such day; the same shall apply hereinafter in this chapter) relating to a specified issue of Short-Term Corporate Bonds, etc.
4. In addition to the provisions of the preceding three paragraphs, when JASDEC is to implement deletion acting as a Book-Entry Transfer Institution, matters required in connection with applications for deletion shall be prescribed by the Rules.

#### Article 55 Record in Redemption Account

Upon its receipt of an application for deletion prescribed in the preceding article from a Deletion Applicant JASDEC Participant, JASDEC shall take the measures set forth in the following items in accordance with the settlement method classification set forth in the items below.

(1) In the case of a Non-DVP Settlement:

On the redemption date, JASDEC shall record the Deletion Application Information in the Redemption Account, and notify the Issuer (the Paying Agent, if a Paying Agent has been appointed; the same shall apply hereinafter in this article) and the Deletion Applicant JASDEC Participant of the details of such record and of the fact that a DVP Settlement will not be implemented.

(2) In the case of a DVP Settlement:

- A. On the redemption date, JASDEC shall record in the Redemption Account the Deletion Application Information and Deletion DVP Settlement Information, and notify the Issuer and the Deletion Applicant JASDEC Participant of the details of such record, of the fact that a DVP Settlement will be implemented, and of the Settlement Number designated by JASDEC in order to implement a DVP Settlement.
- B. On the redemption date, JASDEC shall, by an electromagnetic means, notify the Bank of Japan, using the system relating to the Book-Entry Transfer System for Corporate Bonds, etc., of the matters prescribed by the Rules as information necessary for the implementation of fund settlements through the BOJ Net in connection with the issues of Short-Term Corporate Bonds, etc., recorded in the Redemption Account.

#### Article 56 Fund Settlements by Way of a DVP Settlement

In connection with a fund settlement by way of a DVP Settlement, the Issuer (the Paying Agent, if a Paying Agent has been appointed; the same shall apply hereinafter in this article) shall take measures which are necessary in order to make payments of funds through the BOJ Net; in such event, if a Fund-Settlement Corporation is used for settlement of funds, the Issuer shall communicate to the Fund-Settlement Corporation the fact that the payment of funds will be made through the BOJ Net and the Redemption Fund Settlement Information (meaning that portion of the information recorded in the Redemption Account, which is designated by the Rules to be necessary for settlement of funds, and the Settlement Number).

#### Article 57 Fund Settlement Confirmation

The provisions of the following items shall apply to notices to JASDEC relating to settlement

of funds in connection with redemption of Short-Term Corporate Bonds, etc. (including settlement in conjunction with redemption carried out with assets other than money in lieu of money; the same shall apply hereinafter in Article 58-28, Paragraph 1).

(1) In the case of a Non-DVP Settlement:

Upon confirmation of receipt of the redemption proceeds relating to the issue of Short-Term Corporate Bonds, etc., involved in the deletion and recorded in the Redemption Account, the Deletion Applicant JASDEC Participant shall notify JASDEC to that effect.

(2) In the case of a DVP Settlement:

JASDEC shall confirm, using the methods prescribed by the Rules, the notice from the Bank of Japan concerning the settlement of funds through the BOJ Net pursuant to the provisions of the preceding article with respect to the completion of settlement of funds in connection with the redemption of Short-Term Corporate Bonds, etc.

#### Article 58 Deletion of Records

1. In connection with the record of the amount of decrease in connection with deletion procedures, JASDEC shall take the measures prescribed in the following items in accordance with the settlement method classification set forth in the following items.

(1) In the case of a Non-DVP Settlement:

Upon its receipt of the notice prescribed in Item 1 of the preceding article, JASDEC shall record the amount of decrease in the Deletion Applicant JASDEC Participant's account with respect to the amount recorded in the Redemption Account pursuant to the provisions of Item 1 of Article 55.

(2) In the case of a DVP Settlement:

Upon the confirmation pursuant to Item 2 of the preceding article, JASDEC shall record the amount of decrease in the Deletion Applicant JASDEC Participant's account with respect to the amount recorded in the Redemption Account pursuant to the provisions of Item 2 of Article 55.

2. Upon entering the records of deletion prescribed in the preceding paragraph, JASDEC shall notify the Issuer (the Paying Agent, if a Paying Agent has been appointed) and the Deletion Applicant JASDEC Participant that such deletion has been implemented and other matters prescribed by the Rules; in such event, recipients of such notification shall confirm the contents thereof.

### Chapter 6-2 Handling of Book-Entry Transfer, etc. of Straight Bonds

## Part 1 Book-Entry Transfer Account Registers

### Article 58-2 Matters to Be Recorded or Described in Book-Entry Transfer Account Registers

1. The Book-Entry Transfer Account Registers relating to Straight Bonds (hereinafter in this chapter simply referred to as the “Book-Entry Transfer Account Register”) which are maintained by JASDEC shall have a separate section for each JASDEC Participant’s account, and those which are maintained by Account Management Institutions shall have a separate section for each Participant’s account.
2. The following matters shall be recorded in each JASDEC Participant’s account (other than Customer Accounts) in the Book-Entry Transfer Account Register maintained by JASDEC:
  - (1) JASDEC Participant’s name and address;
  - (2) Issue of Straight Bonds;
  - (3) The amount, and amounts of increase and decrease, of each issue of Straight Bonds in the account (if Classified Accounts have been established, in each Classified Account; the same shall apply hereinafter in this article);
  - (4) If the issue prescribed in Item 2 is an issue of Straight Bonds which are subject to pre-maturity redemption in connection with the exercise of a call option (limited to pre-maturity redemption that redeems some of the issue balance) (hereinafter referred to as “Call Option Partial Redemption Issue”), or is an issue of Straight Bonds which are redeemed at a fixed date (hereinafter referred to as the “Fixed-Date Redemption Issue”), the Factor or the Actual Balance;
  - (5) If any restriction on disposition of Straight Bonds owned by the JASDEC Participant itself has been imposed under an attachment order, etc., a notation to that effect and the date on which such attachment order, etc., was delivered;
  - (6) Other matters prescribed by the Cabinet Order.
3. The following matters shall be recorded in each Customer Account in the Book-Entry Transfer Account Register prescribed in the preceding paragraph:
  - (1) Matters prescribed in Items 1, 2 and 4 of the preceding paragraph.
  - (2) The amount, and amounts of increase and decrease, of each issue of Straight Bonds in the account.
  - (3) Other matters prescribed by the Cabinet Order.
4. The following matters shall be recorded or described in each Participant’s account in the Book-Entry Transfer Account Register maintained by Account Management Institutions (other than Customer Accounts):
  - (1) Participant’s name and address;

- (2) Issue of Straight Bonds;
  - (3) The amount, and amounts of increase and decrease, of each issue of Straight Bonds in the account;
  - (4) If any of the issues prescribed in Item 2 is the Call Option Partial Redemption Issue or the Fixed-Date Redemption Issue, the Factor or the Actual Balance;
  - (5) If any restriction on disposition of Straight Bonds owned by the Participant itself has been imposed under an attachment order, etc., a notation relating thereto and the date on which such attachment order, etc., was delivered;
  - (6) Other matters prescribed by the Cabinet Order.
5. The following matters shall be recorded or described in each Customer Account in the Book-Entry Transfer Account Register prescribed in the preceding paragraph:
- (1) Matters prescribed in Items 1, 2 and 4 of the preceding paragraph.
  - (2) The amount, and amounts of increase and decrease, of each issue of Straight Bonds in the account.
  - (3) Other matters prescribed by the Cabinet Order.

#### Article 58-3 Units of Amounts of Straight Bonds To Be Recorded or Described in Book-Entry Transfer Account Registers

Amounts of Straight Bonds recorded or described in Book-Entry Transfer Account Registers shall be integer multiples of the value of each corporate bond relating to each issue of Straight Bonds.

#### Article 58-4 Maintenance of Book-Entry Transfer Account Registers

Book-Entry Transfer Institutions, etc., shall properly and accurately maintain the Book-Entry Transfer Account Registers; provided, however, that they may delete those records and descriptions which were made over ten years ago, and destroy portions relating to such records and descriptions.

#### Article 58-5 Revisions and Corrections of Records and Descriptions in Book-Entry Transfer Account Registers

1. If a Book-Entry Transfer Institution, etc., learns of any change affecting matters recorded or described in the Book-Entry Transfer Account Register maintained by it, it shall immediately record or describe such change in such Book-Entry Transfer Account Register.
2. A Book-Entry Transfer Institution, etc., shall, whenever it becomes clear that there is an

error in any record or description in the Book-Entry Transfer Account Register maintained by it, immediately make a correction to such record or description.

## Part 2 New Record Procedures

### Article 58-6 Issuing Agents' Notice Concerning the Issue Information

1. Issuing Agents of Issuers (hereinafter in this chapter referred to as the "Issuing Agents") shall notify JASDEC, when such Issuers issue new Straight Bonds of the following matters (hereinafter in this chapter referred to as the "Issue Information") concerning the issue of Straight Bonds that are scheduled to be issued:
  - (1) Issue of the Straight Bonds;
  - (2) Total issue amount;
  - (3) Trade name of the corporate bond administrator;
  - (4) Value of each corporate bond and the Currency in which it is denominated;
  - (5) Payment date;
  - (6) The distinction as to whether or not interest payments will be made;
  - (7) Interest Payment Dates (limited to Straight Bonds with respect to which interest payments will be made);
  - (8) Interest rate (limited to Straight Bonds with respect to which interest payments will be made; the same shall apply in the following item);
  - (9) The distinction as to whether or not the interest rate will fluctuate;
  - (10) Currency in which interest payments will be denominated (limited to Straight Bonds with respect to which interest payments will be made);
  - (11) Redemption date;
  - (12) Currency in which the redemption proceeds will be denominated (if in lieu of money, redemption will be by assets other than money, to that effect);
  - (13) Other matters prescribed by the Rules.
2. When applying the provisions of Item 3 of the preceding paragraph to local government bonds, the term "corporate bond administrator" in the same item shall be deemed to be replaced with "person to whom solicitation and management of local government bonds has been delegated" as prescribed in Article 705, Paragraph 1 of the Companies Act (Act No. 86 of 2005) which is applied *mutatis mutandis* by replacing certain terms under Article 5-6 of the Local Government Finance Act (Act No. 109 of 1948).
3. When applying the provisions of Item 3 of Paragraph 1 to investment corporation bonds, the term "corporate bond administrator" in the same item shall be deemed to be replaced with "investment corporation bond administrator" as prescribed in Article 139-8 of the



Act on Investment Trusts and Investment Corporations.

4. When applying the provisions of Item 3 of Paragraph 1 to specified corporate bonds, the term “corporate bond administrator” in the same item shall be deemed to be replaced with “specified corporate bond administrator” as prescribed in Article 126 of the Act on Securitization of Assets.
5. When applying the provisions of Item 3 of Paragraph 1 to Special Corporation Bonds, the term “corporate bond administrator” in the same item shall be deemed to be replaced with “person to whom the management of the right to be indicated on bond certificates issued by a juridical person has been delegated pursuant to a special Act.”
6. When applying the provisions of Item 3 of Paragraph 1 to Foreign Bonds, the term “corporate bond administrator” in the same item shall be deemed to be replaced with “person to whom the management of the right to be indicated on bond certificates issued by a foreign state or foreign juridical person has been delegated.”
7. The notice prescribed in Paragraph 1 shall be given no later than the business day immediately preceding the payment date of the applicable Straight Bonds.
8. Upon its receipt of the notice prescribed in Paragraph 1 from the Issuing Agent, JASDEC shall notify the applicable Issuing Agent and the JASDEC Participant of the matters prescribed by the Rules as information necessary in order to implement the new record procedures.
9. In addition to the provisions of the preceding paragraphs, matters required in connection with the notification concerning the Issue Information shall be prescribed by the Rules.

#### Article 58-7 Notices from a Paying Agent Concerning Decisions, etc., Concerning Issue Information

Whenever decisions, etc., are made concerning matters relating to the Issue Information of the Straight Bonds issued by such Issuers, which are prescribed by the Rules, the Paying Agent of an Issuer (hereinafter in this chapter referred to as the “Paying Agent”) shall notify JASDEC of the details thereof.

#### Article 58-8 Notices from Issuing Agents Concerning New Record Information

1. When an Issuer of Straight Bonds issues new Straight Bonds, its Issuing Agent shall notify JASDEC of the following matters (hereinafter in this chapter referred to as the “New Record Information”) in addition to the notice prescribed in Article 58-6, Paragraph 1:
  - (1) Information prescribed by the Rules, which will identify the name or trade name of the Participant which will make payments (hereinafter in this chapter referred to as

- the “Paying Participant”);
- (2) Information prescribed by the Rules that will identify the account opened for the Paying Participant for the purpose of implementing book-entry transfers for the applicable Straight Bonds;
  - (3) Amount of the Straight Bonds relating to the payments to be made by each Participant;
  - (4) Other matters prescribed by the Rules.
2. The notice prescribed in the preceding paragraph shall be given no later than the payment date of the applicable Straight Bonds.

#### Article 58-9 Classification of Settlement Methods

1. When new records concerning Straight Bonds are made, settlement methods shall be classified as either a DVP Settlement or a Non-DVP Settlement.
2. In connection with the classification prescribed in the preceding paragraph, if all of the following conditions are satisfied, a DVP Settlement may be designated.
  - (1) The Fund-Settlement Corporation of the Issuer is different from the Fund-Settlement Corporation of the Paying Participant.
  - (2) The Issuer and the Paying Participant have reached an agreement.
  - (3) Notification concerning the New Record Information will be given directly to JASDEC based on the confirmation results relating to settlement conditions.
3. When designating a DVP Settlement, the Issuing Agent shall, in addition to the notice prescribed in Paragraph 1 of the preceding article, provide JASDEC with the following information relating to a DVP Settlement (hereinafter in this chapter referred to as “DVP Settlement New Record Information”):
  - (1) The fact that a DVP Settlement will be designated.
  - (2) Fund settlement amount relating to the payment.
  - (3) Fund-Settlement Corporation to be used by the Paying Participant.
  - (4) Fund-Settlement Corporation to be used by the Issuer.
  - (5) Other matters prescribed by the Rules.

#### Article 58-10 Record in Issuance Account

Upon its receipt of the Issuing Agent’s notice prescribed in Paragraph 1 of Article 58-8 (in the case of a DVP Settlement, including notice relating to DVP Settlement New Record Information), JASDEC shall take the measures prescribed in the following items, depending on the settlement method classification set forth in the following items.

- (1) When a DVP Settlement is not designated:

JASDEC shall record details of the Issue Information prescribed by the Rules and the New Record Information in the Issuance Account, and provide the Issuing Agent and the Purchaser JASDEC Participant (meaning the JASDEC Participant (i) which makes the payment, (ii) whose Participant makes the payment, (iii) whose Lower-Tier Institution makes the payment, or (iv) whose Lower-Tier Institution's Participant makes the payment; the same shall apply hereinafter in this chapter) with the details of such record.

(2) When a DVP Settlement is designated:

- A. JASDEC shall record in the Issuance Account details of the Issue Information prescribed by the Rules, the New Record Information, and the DVP Settlement New Record Information, and shall notify the Issuing Agent and the Purchaser JASDEC Participant of the details of such record and the Settlement Number designated by JASDEC in order to implement a DVP Settlement.
- B. JASDEC shall, by an electromagnetic means, notify the Bank of Japan, using the system relating to the Book-Entry Transfer System for Corporate Bonds, etc., of the matters prescribed by the Rules as information necessary for the implementation of fund settlements through the BOJ Net in connection with the issues of Straight Bonds recorded in the Issuance Account.

#### Article 58-11 Fund Settlement by Way of a DVP Settlement

When a DVP Settlement is designated, fund settlement methods shall be as prescribed in the following items.

(1) When the Purchaser JASDEC Participant makes the payment on its own account:

The Purchaser JASDEC Participant shall take the measures prescribed by the Rules, which are necessary in order to make payments of funds through the BOJ Net. In such event, if the fund settlement is to be made using a Fund-Settlement Corporation, the Purchaser JASDEC Participant shall communicate to the Fund-Settlement Corporation the fact that the funds will be paid through the BOJ Net and the Issue Fund Settlement Information (meaning the information prescribed by the Rules as that portion of the information recorded in the Issuance Account, which is necessary for the fund settlement, and the Settlement Number).

(2) When the Purchaser JASDEC Participant or its Lower-Tier Institution's Participant makes the payment:

The Purchaser JASDEC Participant shall take measures prescribed by the Rules, which are necessary in order to enable the Paying Participant (if such Paying Participant implements the fund settlement using a Fund-Settlement Corporation, the

Fund-Settlement Corporation) to make payments of funds through the BOJ Net.

#### Article 58-12 Notice upon Payment

Notice to JASDEC upon payments relating to Straight Bonds shall be given as set forth in the following items.

- (1) When a DVP Settlement is not designated:

Upon the Issuing Agent's confirmation that payments have been made relating to the issue of Straight Bonds issued by the Issuer and recorded in the Issuance Account, for which it is acting as an Issuing Agent, the Issuing Agent shall so notify JASDEC.

- (2) When a DVP Settlement is designated:

Upon JASDEC's confirmation, pursuant to the provisions of the Rules, of the completion of fund settlements implemented through the BOJ Net in accordance with the provisions of the items of the preceding article in connection with the payments for the Straight Bonds, any notice prescribed by Article 58-8, Paragraph 1, shall be deemed to constitute the notice which the Issuer is required to issue concerning the payments relating to such Straight Bonds.

#### Article 58-13 New Records

1. When the notice prescribed in the preceding article is given, JASDEC shall take the measures prescribed in the following items with respect to the amounts recorded in the Issuance Account in connection with the issue of Straight Bonds relating to such notice pursuant to the provisions of Item 1 of Paragraph 1 of Article 58-10 and Item 2, A of Paragraph 2 of Article 58-10 based on the classifications set forth in the following items:
  - (1) If JASDEC opened the account prescribed in Article 58-8, Paragraph 1, Item 2:

The amount of increase shall be recorded in the Holding Account of the applicable account.
  - (2) If JASDEC did not open the account prescribed in Article 58-8, Paragraph 1, Item 2:

The amount of increase shall be recorded in the Customer Account of the account of the Account Management Institution which is the Purchaser JASDEC Participant, and JASDEC shall notify such Account Management Institution of those portions of the Issue Information and the New Record Information, which are described in Article 58-6, Paragraph 1, Item 1, and Article 58-8, Paragraph 1, Items 1 to 3.
2. When the notice prescribed in Item 2 of the preceding paragraph (including when it is applied *mutatis mutandis* to this paragraph) is given, the provisions of the preceding paragraph shall apply *mutatis mutandis* to any Account Management Institution that receives such notice.

3. When recording or describing the amount of increase pursuant to the preceding two paragraphs, if the account prescribed in Article 58-8, Paragraph 1, Item 2 is a Trust Account, the notice prescribed in Article 58-8, Paragraph 1 shall include the application information concerning the trust's records or descriptions pursuant to Article 8 of the Cabinet Order (including when it is applied *mutatis mutandis* in Article 16, 17, 19, 21, 23, 26 and 27 of the Cabinet Order); in such event, the Book-Entry Transfer Institution, etc. at which such Trust Account is opened shall record or describe in the Book-Entry Transfer Account Register the matters prescribed in Article 68, Paragraph 3, Item 5 of the Act (including when it is applied *mutatis mutandis* in Article 113, 115, 117, 118, 120, 124 and 127 of the Act).
4. In the event that JASDEC enters new records as prescribed in the preceding three paragraphs, JASDEC shall notify the Issuing Agent and the Purchaser JASDEC Participant of the fact that new records have been entered and of other matters prescribed by the Rules. In such event, the recipients of such notice shall confirm the contents thereof.

### Part 3 Book-Entry Transfer Procedures

#### Article 58-14 Book-Entry Transfer Procedures

1. When an application for a book-entry transfer (excluding those book-entry transfers to be implemented by JASDEC by way of a DVP Settlement; the same shall apply hereinafter in this part) involving a specified issue of Straight Bonds is made, the Book-Entry Transfer Institution, etc., shall, under the provisions of Paragraphs 4 through 9, and in accordance with the notations set forth in the application pursuant to the provisions of Paragraph 3, record, describe or give notice concerning the amount of increase or decrease in the Book-Entry Transfer Account Register maintained by it.
2. The application prescribed in the preceding paragraph shall be made by the Participant in whose account (other than Customer Accounts) the amount of decrease arising from the book-entry transfer will be recorded or described (hereinafter in this chapter referred to as the "Transferor Participant") to its Immediately Upper-Tier Institution.
3. The Transferor Participant shall include the following matters (hereinafter in this chapter referred to as the "Book-Entry Transfer Application Information") in the application relating to the book-entry transfer:
  - (1) The issue and amount of the Straight Bonds with respect to which the amount of increase or decrease, in connection with the book-entry transfer thereof, must be recorded or described.

- (2) Indication as to whether the amount of decrease should be recorded or described in the Holding Account or the Pledge Account in the Transferor Participant's account.
  - (3) Matters prescribed by the Rules in order to identify the account (other than Customer Accounts; hereinafter in this chapter referred to as the "Transferee Account") where the amount of increase should be recorded or described.
  - (4) Indication as to whether the amount of increase should be recorded or described in the Holding Account or the Pledge Account in the Transferee Account (other than an Institution Account).
  - (5) The date on which the book-entry transfer is implemented.
  - (6) Other matters prescribed by the Rules.
4. If an application prescribed in Paragraph 1 is made, the Book-Entry Transfer Institution, etc. that received the application shall take the following measures without delay.
- (1) Record or describe the amount of decrease relating to the amount (hereinafter in this chapter referred to as the "Book-Entry Transfer Amount") prescribed in Item 1 of the preceding paragraph in the Holding Account or the Pledge Account of the Transferor Participant's account prescribed in the provisions of Item 2 of the preceding paragraph.
  - (2) If the applicable Book-Entry Transfer Institution, etc., is not the Common Immediately Upper-Tier Institution relating to the applicable book-entry transfer, notify the Immediately Upper-Tier Institution of the matters prescribed in Item 1 and Items 3 to 6 of the preceding paragraph.
  - (3) If the applicable Book-Entry Transfer Institution, etc., is the Common Immediately Upper-Tier Institution relating to the applicable book-entry transfer, which opened the Transferee Account, record or describe the amount of increase relating to the Book-Entry Transfer Amount in the Holding Account or the Pledge Account in such Transferee Account prescribed in Item 4 of the preceding paragraph.
  - (4) If the applicable Book-Entry Transfer Institution, etc., is the Common Immediately Upper-Tier Institution which relates to the applicable book-entry transfer and which did not open the Transferee Account, record or describe the amount of increase relating to the Book-Entry Transfer Amount in the Customer Account of the account of the Immediately Lower-Tier Institution of such Common Immediately Upper-Tier Institution which is an Upper-Tier Institution of the Participant to which the applicable Transferee Account belongs, and notify such Immediately Lower-Tier Institution of the matters prescribed in Item 1 and Items 3 to 6 of the preceding paragraph.
5. When the notice prescribed in Item 2 of the preceding paragraph is given, the Book-Entry Transfer Institution, etc. that received such notice shall immediately take the following

measures:

- (1) Record or describe the amount of decrease relating to the Book-Entry Transfer Amount in the Customer Account of the account of the Account Management Institution that issued such notice.
  - (2) If the applicable Book-Entry Transfer Institution, etc., is not the Common Immediately Upper-Tier Institution concerning such book-entry transfer, notify the Immediately Upper-Tier Institution of the matters concerning which the notice pursuant to the provisions of Item 2 of the preceding paragraph was given.
  - (3) If the applicable Book-Entry Transfer Institution, etc., is the Common Immediately Upper-Tier Institution which relates to such book-entry transfer and which opened the Transferee Account, record or describe the amount of increase relating to the Book-Entry Transfer Amount in the Holding Account or the Pledge Account of the applicable Transferee Account prescribed in the provisions of Item 4 of Paragraph 3.
  - (4) If the applicable Book-Entry Transfer Institution, etc., is the Common Immediately Upper-Tier Institution which relates to such book-entry transfer and which did not open the Transferee Account, record or describe the amount of increase relating to the Book-Entry Transfer Amount in the Customer Account of the account of the Immediately Lower-Tier Institution of such Common Immediately Upper-Tier Institution, which is an Upper-Tier Institution of the Participant to which the applicable Transferee Account belongs, and notify such Immediately Lower-Tier Institution of the matters set forth in such notice provided pursuant to Item 2 of the preceding paragraph.
6. When the notice prescribed in Item 2 of the preceding paragraph (including when it is applied *mutatis mutandis* to this paragraph) is given, the provisions of the preceding paragraph shall apply *mutatis mutandis* to the Book-Entry Transfer Institution, etc., that received such notice.
7. When the notice prescribed in Item 4 of Paragraph 4 or Item 4 of Paragraph 5 (including when it is applied *mutatis mutandis* to the preceding paragraph; the same shall apply hereinafter in this paragraph) is given, the Account Management Institution that received such notice shall take the following measures without delay:
- (1) If the applicable Account Management Institution opened the Transferee Account, record or describe the amount of increase relating to the Book-Entry Transfer Amount in the Holding Account or the Pledge Account in such Transferee Account prescribed in the provisions of Item 4 of Paragraph 3.
  - (2) If the applicable Account Management Institution did not open the Transferee Account, record or describe the amount of increase relating to the Book-Entry Transfer Amount in the Customer Account of the account of the Immediately Lower-Tier Institution of

such Account Management Institution, which is an Upper-Tier Institution of the Participant to which the applicable Transferee Account belongs, and notify such Immediately Lower-Tier Institution of the matters set forth in such notice provided pursuant to Item 4 of Paragraph 4 or Item 4 of Paragraph 5.

8. When the notice prescribed in Item 2 of the preceding paragraph (including when it is applied *mutatis mutandis* to this paragraph) is given, the provisions of the preceding paragraph shall apply *mutatis mutandis* to the Account Management Institution that received such notice.
9. In connection with the record or description of the amount of increase pursuant to the provisions of Paragraphs 4 through 8, if the Transferee Account is a Trust Account, the book-entry transfer application prescribed in Paragraph 1 shall include the application information concerning the trust's records and descriptions pursuant to the provisions of Article 8 of the Cabinet Order (including when it is applied *mutatis mutandis* in Articles 16, 17, 19, 21, 23, 26 and 27 of the Cabinet Order); in such event, the Book-Entry Transfer Institution, etc., at which such Trust Account is opened, shall record or describe in the Book-Entry Transfer Account Register the matters prescribed in Article 68, Paragraph 3, Item 5 of the Act (including when it is applied *mutatis mutandis* in Articles 113, 115, 117, 118, 120, 124 and 127 of the Act).
10. In addition to the provisions of the preceding paragraphs, matters required in connection with the book-entry transfer procedures prescribed in this article shall be prescribed by the Rules.

#### Article 58-15 Special Rules for Book-Entry Transfer Procedures Relating to Provisions of Collateral to the Bank of Japan

When a BOJ Collateral Provider JASDEC Participant (meaning a JASDEC Participant which provides, or whose Participant provides, the Bank of Japan with collateral; the same shall apply hereinafter in this chapter) makes an application (limited to those made to JASDEC) for a book-entry transfer (including a notice) relating to book-entry transfer procedures prescribed in the preceding article in connection with the provision of collateral to the Bank of Japan, the Bank of Japan shall make such application on behalf of the applicable BOJ Collateral Provider JASDEC Participant.

### Part 4 Special Rules for JASDEC's Book-Entry Transfer Procedures

#### Article 58-16 Settlement Method Classifications



1. Settlement methods to be used at the time of book-entry transfers by JASDEC shall be classified as either a DVP Settlement or a Non-DVP Settlement.
2. In connection with the classification prescribed in the preceding paragraph, a DVP Settlement may be designated if all of the conditions listed below are satisfied:
  - (1) The Fund-Settlement Corporation of the Transferor Participant is different from the Fund-Settlement Corporation of the Participant (hereinafter in this chapter referred to as the “Transferee Participant”) in whose account (other than Customer Accounts) the amount of increase relating to the book-entry transfer will be recorded.
  - (2) The Transferor Participant and the Transferee Participant have reached an agreement.
  - (3) An application for a book-entry transfer is made directly to JASDEC based on the confirmation results relating to settlement conditions.

#### Article 58-17 JASDEC’s Book-Entry Transfer Procedures

With respect to book-entry transfer procedures relating to a DVP Settlement prescribed in the settlement method classification set forth in the provisions of the preceding article, book-entry transfer procedures to be implemented by JASDEC shall be in accordance with the provisions of Articles 58-18 through 58-22.

#### Article 58-18 Book-Entry Transfer Application Relating to a DVP Settlement

1. If a DVP Settlement is designated, the Transferor JASDEC Participant (meaning the JASDEC Participant (i) which acts as the transferor with respect to the book-entry transfer, (ii) whose Participant acts as the transferor with respect to the book-entry transfer, (iii) whose Lower-Tier Institution acts as the transferor with respect to the book-entry transfer, or (iv) whose Lower-Tier Institution’s Participant acts as the transferor with respect to the book-entry transfer; the same shall apply hereinafter in this chapter) shall ,in addition to the notification of the Book-Entry Transfer Application Information, notify JASDEC of the following information relating to the DVP Settlement (hereinafter in this chapter referred to as the “Book-Entry Transfer DVP Settlement Information”):
  - (1) The fact that a DVP Settlement will be designated.
  - (2) Fund settlement amounts relating to the book-entry transfer.
  - (3) Fund-Settlement Corporations to be used by the Transferor Participant and the Transferee Participant.
  - (4) Other matters prescribed by the Rules.
2. In addition to the provisions of the preceding paragraph, matters required in connection with the book-entry transfer applications involving a DVP Settlement shall be prescribed

by the Rules.

#### Article 58-19 Record in Transfer Account in Connection with a DVP Settlement

1. Upon its receipt of the notice prescribed in Paragraph 1 of the preceding article, JASDEC shall take the following measures:
  - (1) On the day on which the book-entry transfer is implemented, JASDEC shall record, in the Transfer Account, the Book-Entry Transfer Application Information and the Book-Entry Transfer DVP Settlement Information, and notify the Transferor JASDEC Participant and the Transferee JASDEC Participant (meaning the JASDEC Participant (i) which acts as the transferee with respect to the book-entry transfer, (ii) whose Participant acts as the transferee with respect to the book-entry transfer, (iii) whose Lower-Tier Institution acts as the transferee with respect to the book-entry transfer, or (iv) whose Lower-Tier Institution's Participant acts as the transferee with respect to the book-entry transfer; the same shall apply hereinafter in this chapter) of the information recorded in the Transfer Account and the Settlement Number designated by JASDEC in order to implement a DVP Settlement.
  - (2) On the day on which the book-entry transfer is implemented, JASDEC shall, by an electromagnetic means, notify the Bank of Japan, using the system relating to the Book-Entry Transfer System for Corporate Bonds, etc., of the matters prescribed by the Rules as information necessary for the implementation of fund settlements through the BOJ Net in connection with the issue of Straight Bonds recorded in the Transfer Account.
2. In addition to the provisions of the preceding paragraph, matters required in connection with the record, etc. in the Transfer Account relating to a DVP Settlement shall be prescribed by the Rules.

#### Article 58-20 Fund Settlements by Way of a DVP Settlement

When a DVP Settlement is designated, the fund settlement method shall be as set forth in the following items.

- (1) When the Transferee JASDEC Participant makes payments on its own account:

The Transferee JASDEC Participant shall take the measures prescribed by the Rules, which are necessary in order to make payments of funds through the BOJ Net. In such event, if the fund settlement is to be implemented with the use of a Fund-Settlement Corporation, the Transferee JASDEC Participant shall communicate to the Fund-Settlement Corporation that payments of funds will be made through the BOJ Net and the Book-Entry Transfer Fund Settlement

Information (meaning the information recorded in the Transfer Account, which is prescribed by the Rules as information necessary for fund settlements and the Settlement Number).

- (2) When the Transferee JASDEC Participant or its Lower-Tier Institution's Participant makes payments:

The Transferee JASDEC Participant shall take measures prescribed by the Rules, which are necessary in order to enable the payer (if the payer uses a Fund-Settlement Corporation in order to implement the fund settlement, the Fund-Settlement Corporation) to make payments of funds through the BOJ Net.

#### Article 58-21 Book-Entry Transfer Records in Connection with a DVP Settlement

1. Upon JASDEC's confirmation, pursuant to the provisions of the Rules, that the Bank of Japan has completed settlement of funds by way of a DVP Settlement in connection with the book-entry transfers, with respect to the amount recorded in the Transfer Account pursuant to the provisions of Paragraph 1, Item 1 of Article 58-19, JASDEC shall record the amount of decrease in the Transferor JASDEC Participant's account, and record the amount of increase in the Transferee JASDEC Participant's account.
2. If the account where the amount of increase is recorded pursuant to the provisions of the preceding paragraph is a Transferee Account and also a Trust Account, the application for book-entry transfers prescribed in Paragraph 1 of Article 58-14 shall include the application information concerning the trust's records or descriptions pursuant to the provisions of Article 8 of the Cabinet Order (including when it is applied *mutatis mutandis* in Articles 16, 17, 19, 21, 23, 26 and 27 of the Cabinet Order); in such event, JASDEC shall record in the Book-Entry Transfer Account Register the matters prescribed in Article 68, Paragraph 3, Item 5 of the Act (including when it is applied *mutatis mutandis* in Articles 113, 115, 117, 118, 120, 124 and 127 of the Act).

#### Article 58-22 Notice of Completing the Record of Book-Entry Transfer

In the event that JASDEC implements book-entry transfers pursuant to the provisions of Articles 58-14 and 58-21, JASDEC shall notify the Transferor JASDEC Participant and the Transferee JASDEC Participant that such book-entry transfers were implemented and of other matters prescribed by the Rules; in such event, recipients of such notification shall confirm the contents thereof.

#### Article 58-23 Restrictions on Book-Entry Transfers

1. No application shall be made for book-entry transfers of Straight Bonds to be implemented on the Transfer Suspension Date of such Straight Bonds; provided, however, that the foregoing shall not apply to applications for book-entry transfers for the implementation of book-entry transfers (limited to those with respect to which no application by a Participant for the exercise of its put option is made) of such Straight Bonds on the pre-maturity redemption due date relating to the pre-maturity redemption resulting from the exercise of the put option prescribed in Article 8-2, Paragraph 2, Item 4, D.
2. In addition to the provisions of the preceding paragraph, matters required in connection with the restrictions on book-entry transfers of Straight Bonds shall be prescribed by the Rules.

## Part 5 Deletion Procedures

### Article 58-24 Deletion Procedures

1. If an application for deletion (except where Part 6 applies) of a specified issue of Straight Bonds is made, the Account Management Institution shall, under the provisions of Paragraphs 4 through 6, record, describe or give notice concerning the amount of decrease in the Book-Entry Transfer Account Register maintained by it in accordance with the instructions set forth in the application pursuant to the provisions of Paragraph 3.
2. The application prescribed in the preceding paragraph shall be made by the Participant (hereinafter in this chapter referred to as the “Deletion Applicant Participant”), in whose account (other than Customer Accounts) the amount of decrease relating to the deletion shall be recorded or described, to its Immediately Upper-Tier Institution.
3. In its application for deletion, the Deletion Applicant Participant shall set forth the following matters (hereinafter in this chapter referred to as “Deletion Application Information”):
  - (1) Issue and amount of the Straight Bonds, for which the amount of decrease shall be recorded or described in connection with such deletion.
  - (2) Indication as to whether the amount of decrease will be recorded or described in the Holding Account or the Pledge Account in the Deletion Applicant Participant’s account.
  - (3) Other matters prescribed by the Rules.
4. If the application prescribed in Paragraph 1 is made, the Account Management Institution that received such application shall take the following measures without delay:
  - (1) Record or describe the amount of decrease with respect to the amount prescribed in

Item 1 of the preceding paragraph in the Deletion Applicant Participant's account designated as the Holding Account or the Pledge Account under Item 2 of the preceding paragraph.

- (2) If the Account Management Institution that received the applicable application is an Indirect Account Management Institution, notify the Immediately Upper-Tier Institution of the matters set forth in the notice pursuant to the provisions of Item 1 of the preceding paragraph.
5. When the notice prescribed in Item 2 of the preceding paragraph is given, the Account Management Institution that received such notice shall immediately take the following measures:
- (1) Record or describe the amount of decrease with respect to the amount prescribed in Item 1 of Paragraph 3 in the Customer Account of the account of the Account Management Institution that issued such notice.
  - (2) If the Account Management Institution that received the applicable notice is an Indirect Account Management Institution, notify the Immediately Upper-Tier Institution of the matters set forth in the notice pursuant to the provisions of Item 2 of the preceding paragraph.
6. When the notice prescribed in Item 2 (including when it is applied *mutatis mutandis* pursuant to this paragraph) of the preceding paragraph is given, the provisions of the preceding paragraph shall apply *mutatis mutandis* to the Account Management Institution that received such notice.

#### Article 58-25 Delegation of Deletion Procedures

1. A Participant (other than a JASDEC Participant; the same shall apply hereinafter in this paragraph) shall delegate to its Immediately Upper-Tier Institution that is an Account Management Institution those matters relating to the administrative work relating to deletion procedures prescribed in the preceding paragraph in connection with redemption, pre-maturity redemption (in the event of pre-maturity redemption in connection with the exercise of a put option, limited to a case where the Participant makes a demand) or fixed-date redemption.
2. If the Account Management Institution to which work is delegated pursuant to the preceding paragraph is an Indirect Account Management Institution, such Indirect Account Management Institution shall delegate such work to its Immediately Upper-Tier Institution that is an Account Management Institution. The same shall apply when such Immediately Upper-Tier Institution is another Indirect Account Management Institution.

## Part 6 JASDEC's Deletion Procedures

### Article 58-26 Classification of Settlement Methods

1. Settlement methods to be used by JASDEC acting as a book-entry transfer institution when implementing deletion shall be classified as either a DVP Settlement or a Non-DVP Settlement.
2. With respect to the settlement method classification prescribed in the preceding paragraph,
  - (i) a Non-DVP Settlement shall be used if any of the following items applies, and (ii) a DVP Settlement shall be used in all other cases.
    - (1) The Fund-Settlement Corporation relating to the Deletion Applicant JASDEC Participant (meaning a JASDEC Participant which implements deletion procedures for itself or for the Participant which has delegated work pursuant to the provisions of the preceding article; the same shall apply hereinafter in this chapter) is the same Fund-Settlement Corporation relating to the Issuer of the Straight Bonds;
    - (2) The Straight Bonds involved in JASDEC's deletion procedures are Non-JASDEC-Related Issues;
    - (3) The redemption proceeds (including pre-maturity redemption proceeds; the same shall apply hereinafter in this part) of the Straight Bonds involved in JASDEC's deletion procedures are denominated in a Currency other than Japanese Yen;
    - (4) Redemption of the Straight Bonds related to JASDEC's deletion procedures is, in lieu of money, carried out by assets other than money;
    - (5) Redemption of the Straight Bonds related to JASDEC's deletion procedures is pre-maturity redemption in connection with the exercise of a call option (limited to pre-maturity redemption that redeems some of the issue balance) or a fixed-date redemption.
3. Notwithstanding the provisions of the preceding paragraph, if deemed necessary by JASDEC, a different classification of settlement methods may be prescribed pursuant to the provisions of the Rules.

Article 58-27 Record, etc. in Redemption Account

1. On the business day immediately preceding the redemption due date, the pre-maturity redemption due date, or the fixed-date redemption due date of a specified issue of Straight Bonds, an application for deletion of such issue of Straight Bonds shall be deemed to have been made by the Deletion Applicant JASDEC Participant, and if the application for deletion deemed to have been made is related to redemption or pre-maturity redemption (excluding pre-maturity redemption of a portion of the issued balance in connection with the exercise of a call option), JASDEC shall record in the Redemption Account the issue and the amount recorded in each JASDEC Participant's account on the business day immediately preceding the redemption due date or the pre-maturity redemption due date.
2. Notwithstanding the provisions of the preceding paragraph, matters required in connection with the record, etc. in the Redemption Account relating to the pre-maturity redemption resulting from the exercise of a put option shall be prescribed by the Rules.

Article 58-28 Fund Settlement Confirmation

1. The provisions of the following items shall apply to notices to JASDEC relating to settlement of funds in connection with redemption, pre-maturity redemption or fixed-date redemption of Straight Bonds.
  - (1) In the case of a Non-DVP Settlement:
    - A. Upon confirmation of receipt of the redemption proceeds relating to the issue of Straight Bonds related to the deletion and recorded in the Redemption Account, the Deletion Applicant JASDEC Participant shall so notify JASDEC.
    - B. Upon confirmation of receipt of the pre-maturity redemption proceeds (limited to pre-maturity redemption proceeds in the case a portion of the issue balance is redeemed in connection with the exercise of a call option) or fixed-date redemption proceeds relating to a specified issue of Straight Bonds, the Deletion Applicant JASDEC Participant shall so notify JASDEC.
  - (2) In the case of a DVP Settlement:

JASDEC shall confirm, using the methods prescribed by the Rules, the completion of settlement of funds by the Bank of Japan in connection with the redemption of Straight Bonds by way of a DVP Settlement.
2. A Deletion Applicant Participant (other than JASDEC Participants) shall, upon its confirmation of receipt of the redemption proceeds, pre-maturity redemption proceeds, or fixed-date redemption proceeds relating to a specified issue of Non-JASDEC-Related Issues, provide its Immediately Upper-Tier Institution with a notice to that effect.
3. If the Account Management Institution that receives the notice prescribed in the preceding

paragraph is an Indirect Account Management Institution, such Indirect Account Management Institution shall notify its Immediately Upper-Tier Institution of the matters set forth in the notice received by it. The same shall apply when such Account Management Institution that received such notice is another Indirect Account Management Institution.

4. If the pre-maturity redemption due date (limited to the pre-maturity redemption due date in the case a portion of the issue balance is redeemed in connection with the exercise of a call option; the same shall apply hereinafter in this article) or the fixed-date redemption due date arrives with respect to a specified issue of Straight Bonds, JASDEC shall deem that the notice of Paragraph 1, Item 1, B has been given.
5. If the pre-maturity redemption due date or the fixed-date redemption due date arrives with respect to a specified issue of Straight Bonds, the Immediately Upper-Tier Institutions of Participants shall deem that notices prescribed in Paragraph 2 related to funds settlement in connection with pre-maturity redemption or fixed-date redemption has been given.
6. In the case of the preceding paragraph, if the Account Management Institution that deems that notice has been given is an Indirect Account Management Institution, its Upper-Tier Institution (other than JASDEC) shall, if the pre-maturity redemption due date or the fixed-date redemption due date with respect to specified issue of Straight Bonds has arrived, deem that notices prescribed in Paragraph 3 related to pre-maturity redemption or fixed-date redemption have been given.

#### Article 58-29 Deletion Records

1. In connection with the record of the amount of decrease in connection with deletion procedures, JASDEC shall take the measures prescribed in the following items in accordance with the settlement method classification set forth in the following items:
  - (1) In the case of a Non-DVP Settlement:
    - A. Upon its receipt of the notice prescribed in Item 1, A, Paragraph 1 of the preceding article, JASDEC shall record the amount of decrease in the Deletion Applicant JASDEC Participant's account with respect to the amount recorded in the Redemption Account pursuant to the provisions of Paragraph 1 of Article 58-27.
    - B. If pursuant to the provisions of Paragraph 4 of the preceding article, the notice prescribed in Item 1, B, Paragraph 1 of the preceding article is deemed to have been given, JASDEC shall record the amount of decrease in the Deletion Applicant JASDEC Participant's account with respect to the amount subject to such notice.



(2) In the case of a DVP Settlement:

Upon the confirmation pursuant to Item 2, Paragraph 1 of the preceding article, JASDEC shall record the amount of decrease in the Deletion Applicant JASDEC Participant's account with respect to the amount recorded in the Redemption Account pursuant to the provisions of Paragraph 1 of Article 58-27.

2. Upon entering the records of deletion prescribed in Items 1, A or 2 of the preceding paragraph, JASDEC shall notify the Issuing Agent and the Deletion Applicant JASDEC Participant that such deletion has been implemented and of other matters prescribed by the Rules; in such event, recipients of such notification shall confirm the contents thereof.

## Part 7 Handling of Redemption Proceeds and interest

### Article 58-30 Procedures Concerning Claims, etc., for Redemption Proceeds and Interest

1. A JASDEC Participant must delegate to JASDEC the making of claims for redemption proceeds (including pre-maturity redemption proceeds and fixed-date redemption proceeds; the same shall apply hereinafter in this part) and interest relating to the JASDEC-Related Issues (other than those subject to attachment and those with respect to which deletion and applications therefor are otherwise prohibited under laws and ordinances; the same shall apply hereinafter in this part); in this case the JASDEC Participant (excluding any Collateral Recipient JASDEC Participant (meaning a JASDEC Participant that accepts Straight Bonds as collateral from a Participant, and that has been authorized by JASDEC to cause a Collateral Provider JASDEC Participant (meaning a JASDEC Participant that provided the Collateral Recipient JASDEC Participant with collateral or a JASDEC Participant that is the Upper-Tier Institution of the Participant that provided the Collateral Recipient JASDEC Participant with collateral; the same shall apply hereinafter) to receive fixed-date redemption proceeds and interest concerning such Straight Bonds; the same shall apply hereinafter)) shall notify JASDEC of the matters prescribed by the Rules as information (hereinafter in this chapter referred to as the "Tax Information") concerning interest income taxation required for making claims for the interest relating to the JASDEC-Related Issue.
2. Following the delegation under the preceding paragraph, JASDEC shall make claims against the Paying Agents pursuant to the Rules with respect to the redemption proceeds and interest of the Straight Bonds of JASDEC-Related Issues, whose redemption due date, pre-maturity redemption due date, fixed date redemption due date or interest payment due date falls after two business days, and which are recorded in the JASDEC Participant's account.

3. When the preceding paragraph applies, a Paying Agent that receives from the Issuer payments of redemption proceeds and interest in connection with the issues of Straight Bonds relating to the claims referred to in the preceding paragraph must distribute the redemption proceeds and interest prescribed in the preceding paragraph to JASDEC Participants pursuant to the provisions of the Rules.
4. In addition to the provisions of the preceding three paragraphs, matters required in connection with the procedures for making claims, etc., for redemption proceeds and interest shall be prescribed by the Rules.

Article 58-31 Delegation to Upper-Tier Institutions Concerning Receipt of Redemption Proceeds and Interest

1. Participants (other than JASDEC Participants) shall delegate to their Immediately Upper-Tier Institutions that are Account Management Institutions the work involved in making claims for, and receiving, the redemption proceeds and interest prescribed in the preceding article.
2. If the Account Management Institution to which the delegation is made pursuant to the preceding paragraph is an Indirect Account Management Institution, such Indirect Account Management Institution shall make the same delegation to the Account Management Institution that is its Immediately Upper-Tier Institution and communicate to it the Tax Information that is necessary for the JASDEC Participant to give the notice prescribed in Item 1 of the preceding article. The same shall apply when such Immediately Upper-Tier Institution is another Indirect Account Management Institution.

## Chapter 6-3 Handling of Book-Entry Transfer, etc. of Beneficial Interest in Investment Trust

### Part 1 Book-Entry Transfer Account Registers

Article 58-32 Matters to be Recorded or Described in Book-Entry Transfer Account Registers

1. The Book-Entry Transfer Account Registers relating to Beneficial Interest in Investment Trust (hereinafter in this chapter simply referred to as the “Book-Entry Transfer Account Register”) which are maintained by JASDEC shall have a separate section for each JASDEC Participant’s account, and those which are maintained by Account Management Institutions shall have a separate section for each Participant’s account.
2. The following matters shall be recorded in each JASDEC Participant’s account (other than

Customer Accounts) in the Book-Entry Transfer Account Register maintained by JASDEC:

- (1) JASDEC Participant's name and address.
  - (2) Issue of Beneficial Interest in Investment Trust.
  - (3) The number of units, and number of units of increase and decrease, of each issue of Beneficial Interest in Investment Trust in the account (if Classified Accounts have been established, in each Classified Account; the same shall apply hereinafter in this article).
  - (4) If any restriction on disposition of Beneficial Interest in Investment Trust owned by the JASDEC Participant itself has been imposed under an attachment order, etc., a notation relating thereto and the date on which such attachment order, etc., was delivered.
  - (5) Other matters prescribed by the Cabinet Order.
3. The following matters shall be recorded in each Customer Account in the Book-Entry Transfer Account Register prescribed in the preceding paragraph:
- (1) Matters prescribed in Items 1 and 2 of the preceding paragraph.
  - (2) The number of units, and number of units of increase and decrease, of each issue of Beneficial Interest in Investment Trust in the account.
  - (3) Other matters prescribed by the Cabinet Order.
4. The following matters shall be recorded or described in each Participant's account in the Book-Entry Transfer Account Register maintained by Account Management Institutions (other than Customer Accounts):
- (1) Participant's name or trade name and address.
  - (2) Issue of Beneficial Interest in Investment Trust.
  - (3) The number of units, and number of units of increase and decrease, of each issue of Beneficial Interest in Investment Trust in the account.
  - (4) If any restriction on the disposition of Beneficial Interest in Investment Trust owned by the Participant itself has been imposed under an attachment order, etc., a notation relating thereto and the date on which such attachment order, etc., was delivered.
  - (5) Other matters prescribed by the Cabinet Order.
5. The following matters shall be recorded or described in each Customer Account in the Book-Entry Transfer Account Register prescribed in the preceding paragraph:
- (1) Matters prescribed in Items 1 and 2 of the preceding paragraph.
  - (2) The number of units, and number of units of increase and decrease, of each issue of Beneficial Interest in Investment Trust in the account.
  - (3) Other matters prescribed by the Cabinet Order.

Article 58-33 Units of Beneficial Interest in Investment Trust to Be Recorded or Described in Book-Entry Transfer Account Registers

The number of units of Beneficial Interest in Investment Trust recorded or described in Book-Entry Transfer Account Registers shall be integer multiples of each unit of Beneficial Interest in Investment Trust.

Article 58-34 Maintenance of Book-Entry Transfer Account Registers

Book-Entry Transfer Institutions, etc., shall properly and accurately maintain the Book-Entry Transfer Account Registers; provided, however, that they may delete those records and descriptions which were made over ten years ago, and destroy portions relating to such records and descriptions.

Article 58-35 Revisions and Corrections of Records and Descriptions in Book-Entry Transfer Account Registers

1. If a Book-Entry Transfer Institution, etc., learns of any change affecting matters recorded or described in the Book-Entry Transfer Account Register maintained by it, it shall immediately record or describe such change in such Book-Entry Transfer Account Register.
2. Whenever it becomes clear that there is an error in any records or descriptions in the Book-Entry Transfer Account Register maintained by a Book-Entry Transfer Institution, etc., it shall immediately make a correction to such records or descriptions.

## Part 2 New Record Procedures

Article 58-36 Issuer's Notice Concerning the Issue Information

1. When an Issuer of Beneficial Interest in Investment Trust (hereinafter in this chapter simply referred to as the "Issuer") issues new Beneficial Interest in Investment Trust, if such Beneficial Interest in Investment Trust are issued on the execution of an applicable investment trust agreement, it shall notify JASDEC of the following matters (hereinafter in this chapter referred to as the "Issue Information") concerning such issue:
  - (1) Issue of the Beneficial Interest in Investment Trust.
  - (2) Trade name of the Trustee Company.
  - (3) With respect to Beneficial Interest in Investment Trust of an investment trust managed under instructions from the settlor, the trade name of the settlor (if such

settlor is a financial instruments exchange business operator (meaning a financial instruments exchange business operator as prescribed in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations; the same shall apply hereinafter) which has been registered under Article 29 of the Financial Instruments and Exchange Act) to engage in investment management business for qualified investors ( meaning qualified investors as prescribed in Article 29-5, Paragraph 1 of said act), a notation to that effect.

- (4) In the case of Beneficial Interest in Investment Trust of an investment trust managed under instructions from the settlor, the total amount of principal that will be jointly managed and units that correspond to the same.
- (5) Term of the trust agreement.
- (6) The trust principal redemption and profit distribution timing and location(s).
- (7) Calculation method, payment method and timing of trust fees and other fees to be received by the trustee and the settlor.
- (8) The distinction as to whether it is a Public Offering, a Private Placement with qualified institutional investors, a private placement with professional investors or a private placement with general investors.
- (9) With respect to Beneficial Interest in Investment Trust of an investment trust managed under instructions from the settlor, for which additional amounts may be added to the principal, the maximum amount of the principal to which such additional amounts may be added.
- (10) If the settlor delegates the authority to give instructions regarding the investment, the name or trade name (if such person is a financial instruments exchange business operator which has been registered under Article 29 of the Financial Instruments and Exchange Act to engage in the investment management business for qualified investors, including a notation to that effect) and address of the person to whom the settlor delegates the authority to give instructions regarding the investment.
- (11) If the trustee delegates the authority relating to the investment, the name or trade name (if such person is a financial instruments exchange business operator that has been registered under Article 29 of the Financial Instruments and Exchange Act to engage in the investment management business for qualified investors, including a notation to that effect) and address of the person to whom the trustee delegates the authority relating to the investment.
- (12) Amount of expenses relating to the delegation referenced in the preceding two items.
- (13) If the settlor delegates the authority to give instructions on the investment or if the trustee delegates the authority relating to investments, details of such delegation.

(14) In the case of securities investment trusts other than those listed below, a notation to the effect that, even if the purchase or redemption price prescribed in the basic terms and conditions of the investment trust is less than the amount of such trust's principal, no purchase or redemption shall be made for a price in excess of such price.

- A. Government or corporate bond investment trusts prescribed in Article 13, Item 2 (a), of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Ordinance of the Prime Minister's Office No. 129 of 2000).
- B. Mother funds prescribed in Article 13, Item 2 (b), of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations.
- C. In addition to those which are listed in (a) and (b) above, those specifically prescribed in the initial basic terms and conditions of the investment trust at the time of establishment.

(15) Other matters prescribed by the Rules.

- 2. The notice prescribed in the preceding paragraph shall be given no later than the day described in the items below, depending upon the classification set forth in the items below.
  - (1) Public Offering:  
The business day which is two business days before the offering commencement date.
  - (2) Private Placement with qualified institutional investors, a private placement with professional investors, or private placement with general investors:  
The business day which is two business days before the initial establishment date.
- 3. Upon its receipt of the notice prescribed in Paragraph 1 from the Issuer, JASDEC shall notify those notice recipients described in the items below, depending upon the classification set forth in the items below, of the matters prescribed by the Rules as information necessary in order to implement new record procedures.
  - (1) Public Offering:  
The Issuer, the Trustee Company and the JASDEC Participant of the applicable issue.
  - (2) Private Placement with qualified institutional investors, a private placement with professional investors, or a private placement with general investors:  
The Issuer and the Trustee Company of the applicable issue.
- 4. In addition to the provisions of the preceding paragraphs, matters required in connection with the notification from Issuers concerning the Issue Information shall be prescribed by

the Rules.

#### Article 58-37 Notices from Issuers Concerning New Record Information

1. When an Issuer issues new Beneficial Interest in Investment Trust, it shall notify JASDEC of the following matters (hereinafter in this chapter referred to as the “New Record Information”) as information concerning the new record of the Beneficial Interest in Investment Trust to be issued:
  - (1) Information prescribed by the Rules that will identify the name or trade name of any Participant (hereinafter in this chapter referred to as the “Beneficiary”) that will be a beneficiary of the trusts.
  - (2) Information prescribed by the Rules that will identify the account opened for the Beneficiary for the purpose of implementing book-entry transfers for the applicable Beneficial Interest in Investment Trust.
  - (3) Number of units of Beneficial Interest in Investment Trust relating to the applicable trusts with respect to each Participant.
  - (4) Settlement date.
  - (5) The Designated Distributor used by the Beneficiary in connection with the applicable Beneficial Interest in Investment Trust (hereinafter in this chapter (excluding Part 5, and from Part 7 to Part 9) referred to simply as the “Designated Distributor”) (if the applicable Beneficial Interest in Investment Trust relate to a Direct Public Offering, etc., by the Issuer, the Issuer which implements the Direct Public Offering, etc.)
  - (6) Other matters prescribed by the Rules.
2. The notice prescribed in the preceding paragraph must be given on the settlement date of the applicable Beneficial Interest in Investment Trust.
3. In addition to the provisions of the preceding two paragraphs, matters required in connection with the notification from Issuers concerning the New Record Information shall be prescribed by the Rules.

#### Article 58-38 Classification of Settlement Methods

1. When new records concerning Beneficial Interest in Investment Trust are made, settlement methods shall be classified as either a DVP Settlement or a Non-DVP Settlement.
2. In connection with the classification prescribed in the preceding paragraph, a DVP Settlement may be designated if the BOJ Net Fund-Settlement Corporation of the Issuer is different from the BOJ Net Fund-Settlement Corporation of the Designated Distributor,

and if the Issuer and the Designated Distributor have reached an agreement (in the case of Direct Public Offering, etc. by the Issuer, [a DVP Settlement may be designated] if the BOJ Net Fund-Settlement Corporation involved in the Direct Public Offering, etc. is not the Trustee Company for the applicable issue of the Beneficial Interest in Investment Trust).

3. When designating a DVP Settlement, the Issuer shall, in addition to the notice prescribed in Paragraph 1 of the preceding article, provide JASDEC with the following information relating to the DVP Settlement (hereinafter in this chapter referred to as “DVP Settlement New Record Information”):
  - (1) The fact that a DVP Settlement will be designated.
  - (2) Fund settlement amount relating to the trust establishment.
  - (3) BOJ Net Fund-Settlement Corporation to be used by the Designated Distributor (in the case of Direct Public Offering, etc. by the Issuer, the BOJ Net Fund-Settlement Corporation involved in the Direct Public Offering, etc.; the same shall apply hereinafter in this chapter).
  - (4) BOJ Net Fund-Settlement Corporation to be used by the Issuer.
  - (5) Other matters prescribed by the Rules.

#### Article 58-39 Record in Issuance Account

1. Upon its receipt of the Issuer’s notice prescribed in Paragraph 1 of Article 58-37 (in the case of a DVP Settlement, including notice relating to the DVP Settlement New Record Information), JASDEC shall take the measures prescribed in the following items, depending on the settlement method classification set forth in the following items.
  - (1) When a DVP Settlement is not designated:

JASDEC shall record details of the New Record Information in the Issuance Account and provide the Issuer, the Purchaser JASDEC Participant (meaning the JASDEC Participant (i) which becomes the Beneficiary, (ii) whose Participant becomes the Beneficiary, (iii) whose Lower-Tier Institution becomes the Beneficiary, or (iv) whose Lower-Tier Institution’s Participant becomes the Beneficiary; the same shall apply hereinafter in this chapter) and the Trustee Company with the details of such records and other matters prescribed by the Rules.
  - (2) When a DVP Settlement is designated:

JASDEC shall notify the Issuer, the Purchaser JASDEC Participant, and the Trustee Company of the details of the New Record Information, the DVP Settlement New Record Information, and other matters prescribed by the Rules.
2. When Item 2 of the preceding paragraph applies, the Purchaser JASDEC Participant shall



confirm the details of the matters included in such notice, and, upon its approval thereof, shall so notify JASDEC.

3. Upon its receipt of the approval notice prescribed in the preceding paragraph from the Purchaser JASDEC Participant, JASDEC shall take the measures prescribed in the following items.
  - (1) JASDEC shall record in the Issuance Account details of the New Record Information, the New Record DVP Settlement Information and matters prescribed by the Rules, and notify the Issuer, the Purchaser JASDEC Participant, and the Trustee Company of the details of such records, and the Settlement Number assigned by JASDEC in order to implement the DVP Settlement.
  - (2) JASDEC shall notify the BOJ Net Fund-Settlement Corporation of the matters prescribed by the Rules as the information necessary for the implementation of fund settlements through the BOJ Net in connection with the issues of Beneficial Interest in Investment Trust recorded in the Issuance Account.
  - (3) On the settlement date, JASDEC shall, by an electromagnetic means, notify the Bank of Japan, using the system relating to the Book-Entry Transfer System for Corporate Bonds, etc., of the matters prescribed by the Rules as information necessary for the implementation of fund settlements through the BOJ Net in connection with the issues of Beneficial Interest in Investment Trust recorded in the Issuance Account.

#### Article 58-40 Fund Settlement by Way of a DVP Settlement

When a DVP Settlement is designated, fund settlement methods shall be as prescribed in the following items.

- (1) When the Purchaser JASDEC Participant is a Designated Distributor:

The Purchaser JASDEC Participant shall take the measures prescribed by the Rules, which are necessary in order to make payments of funds through the BOJ Net. In such event, if the fund settlement is to be made using a BOJ Net Fund-Settlement Corporation, the Purchaser JASDEC Participant shall communicate to the BOJ Net Fund-Settlement Corporation the fact that the funds will be paid through the BOJ Net and the Issue Fund Settlement Information (meaning the information prescribed by the Rules as the portion of the information recorded in the Issuance Account which is necessary for the fund settlement, and the Settlement Number; the same shall apply hereinafter in this article).
- (2) When the Purchaser JASDEC Participant is not a Designated Distributor (except in the event of Direct Public Offering, etc. by the Issuer):

The Purchaser JASDEC Participant shall take measures prescribed by the Rules, which are necessary in order to enable the Designated Distributor (if such Designated Distributor uses a BOJ Net Fund-Settlement Corporation in order to implement fund settlements, the BOJ Net Fund-Settlement Corporation) to make payments of funds through the BOJ Net.

- (3) In the case of Direct Public Offering, etc. by the Issuer:

The Issuer shall communicate to the BOJ Net Fund-Settlement Corporation involved in the Direct Public Offering, etc., the fact that the funds will be paid through the BOJ Net and the Issue Fund Settlement Information.

#### Article 58-41 Notice upon Trust Establishment

Notice to JASDEC upon the establishment of a trust relating to Beneficial Interest in Investment Trust shall be given as set forth in the following items:

- (1) When a DVP Settlement is not designated:

Upon the establishment of a trust relating to the issue of Beneficial Interest in Investment Trust recorded in the Issuance Account pursuant to the Issuer's instructions, the Trustee Company shall so notify JASDEC. When JASDEC is so notified, any notice prescribed by Article 58-37, Paragraph 1, shall be deemed to constitute notice concerning the establishment of the trust relating to such Beneficial Interest in Investment Trust which the Issuer is required to issue.

- (2) When a DVP Settlement is designated:

Upon JASDEC's confirmation pursuant to the provisions of the Rules of the completion of fund settlements implemented through the BOJ Net in accordance with the provisions of the preceding article in connection with the establishment of the trust relating to Beneficial Interest in Investment Trust, any notice prescribed by Article 58-37, Paragraph 1, shall be deemed to constitute notice concerning the establishment of the trust relating to such Beneficial Interest in Investment Trust which the Issuer is required to issue.

#### Article 58-42 New Record

1. When the notice prescribed in the preceding article is given, JASDEC shall take the measures prescribed in the following items with respect to the number of units recorded in the Issuance Account in connection with the issue of Beneficial Interest in Investment Trust relating to such notice pursuant to the provisions of Item 1 of Paragraph 1 of Article 58-39 and Item 1 of Paragraph 3 of Article 58-39, based on the classifications set forth in the following items.

- (1) If JASDEC opened the account prescribed in Article 58-37, Paragraph 1, Item 2:  
The increase shall be recorded in the Holding Account of the applicable account.
  - (2) If JASDEC did not open the account prescribed in Article 58-37, Paragraph 1, Item 2:  
The increase shall be recorded in the Customer Account of the account of the Account Management Institution which is the Purchaser JASDEC Participant, and JASDEC shall notify such Account Management Institution of those portions of the Issue Information and the New Record Information, which are described in Article 58-36, Paragraph 1, Item 1, and Article 58-37, Paragraph 1, Items 1 to 3.
2. When the notice prescribed in Item 2 of the preceding paragraph (including when it is applied *mutatis mutandis* in this paragraph) is given, the provisions of the preceding paragraph shall apply *mutatis mutandis* to any Account Management Institution that receives such notice.
3. When an increase is recorded or described pursuant to the provisions of the preceding two paragraphs, if the account prescribed in Article 58-37, Paragraph 1, Item 2, is a Trust Account, the notice prescribed in Article 58-37, Paragraph 1 shall include the application concerning the trust's records or descriptions pursuant to the provisions of Article 8 of the Cabinet Order, which shall apply *mutatis mutandis* by replacing certain terms in Article 24 of the Cabinet Order; in such event, the Book-Entry Transfer Institution, etc., at which such Trust Account is opened shall record or describe in the Book-Entry Transfer Account Register the matters prescribed in Article 68, Paragraph 3, Item 5 of the Act, which shall apply *mutatis mutandis* by replacing certain terms in Article 121 of the Act.
4. In the event that JASDEC enters a new record prescribed in the preceding three paragraphs, JASDEC shall notify the Issuer and the Purchaser JASDEC Participant that such new record has been entered and of other matters prescribed by the Rules. In such event, the recipients of such notice shall confirm the contents thereof.

### Part 3 Book-Entry Transfer Procedures

#### Article 58-43 Book-Entry Transfer Procedures

1. When an application for a book-entry transfer involving a specified issue of Beneficial Interest in Investment Trust is made, the Book-Entry Transfer Institution, etc., shall, under the provisions of Paragraphs 4 through 9 and pursuant to the notations set forth in the application pursuant to the provisions of Paragraph 3, record, describe or give notice concerning the increase or decrease in the Book-Entry Transfer Account Register maintained by it.

2. The application prescribed in the preceding paragraph shall be made by the Participant in whose account (other than Customer Accounts) the decrease arising from the book-entry transfer will be recorded or described (hereinafter in this chapter referred to as the “Transferor Participant”) to its Immediately Upper-Tier Institution.
3. The Transferor Participant shall include the following matters (hereinafter in this chapter referred to as the “Book-Entry Transfer Application Information”) in the application relating to the book-entry transfer:
  - (1) The issue and number of units of the Beneficial Interest in Investment Trust with respect to which the increase or decrease, in connection with the book-entry transfer thereof, must be recorded or described.
  - (2) Indication as to whether the decrease should be recorded or described in the Holding Account or the Pledge Account in the Transferor Participant’s account.
  - (3) Matters prescribed by the Rules in order to identify the account (other than Customer Accounts; hereinafter in this chapter referred to as the “Transferee Account”) where the increase should be recorded or described.
  - (4) Indication as to whether the increase should be recorded or described in the Holding Account or the Pledge Account in the Transferee Account (other than an Institution Account).
  - (5) The date on which the book-entry transfer is to be implemented.
  - (6) Other matters prescribed by the Rules.
4. If an application prescribed in Paragraph 1 is made, the Book-Entry Transfer Institution, etc. that has received the application shall take the following measures without delay:
  - (1) Record or describe the decrease relating to the number of units (hereinafter in this chapter referred to as the “Number of Transfer Units”) prescribed in Item 1 of the preceding paragraph in the Holding Account or the Pledge Account of the Transferor Participant’s account prescribed in the provisions of Item 2 of the preceding paragraph.
  - (2) If the applicable Book-Entry Transfer Institution, etc., is not the Common Immediately Upper-Tier Institution relating to the applicable book-entry transfer, notify the Immediately Upper-Tier Institution of the matters prescribed in Item 1 and Items 3 to 6 of the preceding paragraph.
  - (3) If the applicable Book-Entry Transfer Institution, etc., is the Common Immediately Upper-Tier Institution relating to the applicable book-entry transfer and is the institution which opened the Transferee Account, record or describe the increase relating to the Number of Transfer Units in the Holding Account or the Pledge Account in such Transferee Account prescribed in Item 4 of the preceding paragraph.

- (4) If the applicable Book-Entry Transfer Institution, etc., is the Common Immediately Upper-Tier Institution relating to the applicable book-entry transfer but is not the institution which opened the Transferee Account, record or describe the increase relating to the Number of Transfer Units in the Customer Account of the account of the Immediately Lower-Tier Institution of such Common Immediately Upper-Tier Institution, which is an Upper-Tier Institution of the Participant to which the applicable Transferee Account belongs, and notify such Immediately Lower-Tier Institution of the matters prescribed in Item 1 and Items 3 to 6 of the preceding paragraph.
5. When the notice prescribed in Item 2 of the preceding paragraph is given, the Book-Entry Transfer Institution, etc. that has received such notice shall immediately take the following measures:
  - (1) Record or describe the decrease relating to the Number of Transfer Units in the Customer Account of the account of the Account Management Institution that issued such notice.
  - (2) If the applicable Book-Entry Transfer Institution, etc., is not the Common Immediately Upper-Tier Institution concerning such book-entry transfer, notify the Immediately Upper-Tier Institution of the matters concerning which the notice pursuant to the provisions of Item 2 of the preceding paragraph was received.
  - (3) If the applicable Book-Entry Transfer Institution, etc., is the Common Immediately Upper-Tier Institution concerning such book-entry transfer and is the institution which opened the Transferee Account, record or describe the increase relating to the Number of Transfer Units in the Holding Account or the Pledge Account of the applicable Transferee Account prescribed in the provisions of Item 4 of Paragraph 3.
  - (4) If the applicable Book-Entry Transfer Institution, etc., is the Common Immediately Upper-Tier Institution concerning such book-entry transfer but is not the institution which opened the Transferee Account, record or describe the increase relating to the Number of Transfer Units in the Customer Account of the account of the Immediately Lower-Tier Institution of such Common Immediately Upper-Tier Institution, which is an Upper-Tier Institution of the Participant to which the applicable Transferee Account belongs, and notify such Immediately Lower-Tier Institution of the matters set forth in such notice provided pursuant to Item 2 of the preceding paragraph.
6. When the notice prescribed in Item 2 of the preceding paragraph (including when it is applied *mutatis mutandis* in this paragraph) is given, the provisions of the preceding paragraph shall apply *mutatis mutandis* to the Book-Entry Transfer Institution, etc., that received such notice.

7. When the notice prescribed in Item 4 of Paragraph 4 or Item 4 of Paragraph 5 (including when it is applied *mutatis mutandis* in the preceding paragraph; the same shall apply hereinafter in this paragraph) is given, the Account Management Institution that received such notice shall immediately take the following measures:
  - (1) If the applicable Account Management Institution opened the Transferee Account, record or describe the increase relating to the Number of Transfer Units in the Holding Account or the Pledge Account in such Transferee Account prescribed in the provisions of Item 4 of Paragraph 3.
  - (2) If the applicable Account Management Institution did not open the Transferee Account, record or describe the increase relating to the Number of Transfer Units in the Customer Account of the account of the Immediately Lower-Tier Institution of such Account Management Institution, which is an Upper-Tier Institution of the Participant to which the applicable Transferee Account belongs, and notify such Immediately Lower-Tier Institution of the matters set forth in such notice provided pursuant to Item 4 of Paragraph 4 or Item 4 of Paragraph 5.
8. When the notice prescribed in Item 2 of the preceding paragraph (including when it is applied *mutatis mutandis* in this paragraph) is given, the provisions of the preceding paragraph shall apply *mutatis mutandis* to the Account Management Institution that received such notice.
9. When recording or describing the increase pursuant to the provisions of Paragraphs 4 through 8, if the Transferee Account is a Trust Account, the book-entry transfer application prescribed in Paragraph 1 shall include the application information concerning the trust's records and descriptions pursuant to the provisions of Article 8 of the Cabinet Order, which is applied *mutatis mutandis* by replacing certain terms in Article 24 of the Cabinet Order; in such event, the Book-Entry Transfer Institution, etc., at which such Trust Account is opened, shall record or describe in the Book-Entry Transfer Account Register the matters prescribed in Article 68, Paragraph 3, Item 5 of the Act, which shall apply *mutatis mutandis* in Article 121 of the Act.
10. In addition to the provisions of the preceding paragraphs, matters required in connection with the book-entry transfer procedures prescribed in this article shall be prescribed by the Rules.

Article 58-44 Special Rules for Book-Entry Transfer Procedures Relating to Book-Entry Transfer with non-Designated Distributor

1. When a Transferor Participant implements a Book-Entry Transfer with non-Designated Distributor, the Transferor JASDEC Participant (meaning the JASDEC Participant (i)

which becomes the transferor in connection with the book-entry transfer, (ii) whose Participant becomes the transferor in connection with the book-entry transfer, (iii) whose Lower-Tier Institution becomes the transferor in connection with the book-entry transfer, or (iv) whose Lower-Tier Institution's Participant becomes the transferor in connection with the book-entry transfer; the same shall apply hereinafter in this article) shall notify JASDEC of the Book-Entry Transfer Application Information, the fact that it is a Book-Entry Transfer with non-Designated Distributor, and the Individual Principal Reference Code which has been previously registered with the Beneficiary Certificate Delivery Management System of The Investment Trusts Association, Japan, as information concerning the individual principal of the Beneficial Interest in Investment Trust relating to such book-entry transfer application.

2. Upon its receipt of the notice prescribed in the preceding paragraph, JASDEC shall register or delete such Individual Principal Reference Code and other matters prescribed by the Rules as Information of Book-Entry Transfer with non-Designated Distributor.
3. When the Information of Book-Entry Transfer with non-Designated Distributor prescribed in the preceding paragraph is registered with JASDEC, on the business day which is five business days before the business day, designated by the Issuer, on which book-entry transfers are suspended for the purpose of processing profit distributions, or on the business day which is five business days before the commencement of the Book-Entry Transfer Suspension Period, JASDEC shall notify the JASDEC Participant as non-Designated Distributor (meaning JASDEC Participant in the case where Beneficial Interest in Investment Trust relating to the Information of Book-Entry Transfer with non-Designated Distributor is recorded (i) in its account, (ii) in the account of its Participant, (iii) in the account of its Lower-Tier Institution, or (iv) in the account of the Participant of its Lower-Tier Institution; the same shall apply hereinafter in this article) of the Information of Book-Entry Transfer with non-Designated Distributor and matters prescribed by the Rules.
4. When the Information of Book-Entry Transfer with non-Designated Distributor prescribed in Paragraph 2 is registered with JASDEC, on the business day preceding the business day designated by the Issuer on which book-entry transfers are suspended for the purpose of processing profit distributions, or on the business day preceding the redemption date, JASDEC shall notify the applicable JASDEC Participant as non-Designated Distributor of the Information of Book-Entry Transfer with non-Designated Distributor and matters prescribed by the Rules. In this case, the JASDEC Participant as non-Designated Distributor must confirm the details of such notice and notify JASDEC of the matters prescribed by the Rules as tax information (hereinafter in this chapter referred to as the "Beneficial Interest in Investment Trust Tax Information") which is necessary in order to

process profit distributions or redemption proceeds.

5. Upon its receipt of the notice prescribed in the latter part of the preceding paragraph, JASDEC shall notify the Transferor JASDEC Participants which issued the notice referenced in Paragraph 1 for the purpose of registering the Information of Book-Entry Transfer with non-Designated Distributor (excluding Transferor JASDEC Participants involved in Book-Entry Transfer with non-Designated Distributor if the Information of Book-Entry Transfer with non-Designated Distributor has previously been registered) of the details of such notice.

#### Article 58-45 Notice of Completing the Record of Book-Entry Transfer

In the event that JASDEC implements book-entry transfers pursuant to the provisions of the preceding two Articles, JASDEC shall notify the Transferor JASDEC Participant and the Transferee JASDEC Participant of the fact that such book-entry transfers were implemented and of other matters prescribed by the Rules; in such event, recipients of such notification shall confirm the contents thereof.

#### Article 58-46 Restrictions on Book-Entry Transfers

1. No applications shall be made for book-entry transfers of Beneficial Interest in Investment Trust to be implemented on the Transfer Suspension Date of such Beneficial Interest in Investment Trust.
2. In addition to the provisions of the preceding paragraph, matters required in connection with restrictions on book-entry transfers of Beneficial Interest in Investment Trust shall be prescribed by the Rules.

### Part 4 Deletion Procedures

#### Article 58-47 Deletion Procedures

1. If an application is made for deletion (except where Part 5 or Part 6 applies) of a specified issue of Beneficial Interest in Investment Trust, the Account Management Institution shall, under the provisions of Paragraphs 4 through 6, record, describe or give notice concerning the decrease in the Book-Entry Transfer Account Register maintained by it in accordance with the instructions set forth in the application pursuant to the provisions of Paragraph 3.
2. The application prescribed in the preceding paragraph shall be made by the Participant (hereinafter in this chapter referred to as the "Deletion Applicant Participant"), in whose account (other than Customer Accounts) the decrease relating to the deletion shall be



- recorded or described, to its Immediately Upper-Tier Institution.
3. In its application for deletion, the Deletion Applicant Participant shall set forth the following matters (hereinafter in this chapter referred to as the “Deletion Application Information”):
    - (1) Issue and number of units of the Beneficial Interest in Investment Trust, for which the decrease shall be recorded or described in connection with such deletion.
    - (2) Indication as to whether the decrease will be recorded or described in the Holding Account or the Pledge Account in the Deletion Applicant Participant’s account.
    - (3) Other matters prescribed by the Rules.
  4. If the application prescribed in Paragraph 1 is made, the Account Management Institution that received such application shall take the following measures without delay:
    - (1) Record or describe the decrease with respect to the number of units prescribed in Item 1 of the preceding paragraph in the Holding Account or the Pledge Account of the Deletion Applicant Participant’s account prescribed in Item 2 of the preceding paragraph.
    - (2) If the Account Management Institution that received such application is an Indirect Account Management Institution, notify the Immediately Upper-Tier Institution of the matters set forth in the notice pursuant to the provisions of Item 1 of the preceding paragraph.
  5. When the notice prescribed in Item 2 of the preceding paragraph is given, the Account Management Institution that received such notice shall immediately take the following measures:
    - (1) Record or describe the decrease with respect to the number of units prescribed in Item 1 of Paragraph 3 in the Customer Account of the account of the Account Management Institution that issued such notice.
    - (2) If the Account Management Institution that received such notice is an Indirect Account Management Institution, notify the Immediately Upper-Tier Institution of the matters set forth in the notice pursuant to the provisions of Item 2 of the preceding paragraph.
  6. When the notice prescribed in Item 2 of the preceding paragraph (including when it is applied *mutatis mutandis* in this paragraph) is given, the provisions of the preceding paragraph shall apply *mutatis mutandis* to the Account Management Institution that received such notice.

#### Article 58-48 Delegation of Deletion Procedures

1. A Participant (other than JASDEC Participants; the same shall hereinafter apply in this

paragraph) shall delegate to its Immediately Upper-Tier Institution that is an Account Management Institution those matters concerning the administrative work relating to deletion procedures prescribed in the preceding paragraph, which is administrative work related to deletion procedures in connection with cancellation or redemption pursuant to the Participant's demand.

2. If the Account Management Institution to which the delegation is made pursuant to the preceding paragraph is an Indirect Account Management Institution, such Indirect Account Management Institution shall delegate such work to its Immediately Upper-Tier Institution that is an Account Management Institution. The same shall apply when such Immediately Upper-Tier Institution is another Indirect Account Management Institution.

## Part 5 JASDEC's Procedures for Deletion upon Cancellation

### Article 58-49 Information Concerning Planned Deletion upon Cancellation

1. When JASDEC implements deletion upon cancellation (hereinafter in this chapter referred to as "Deletion upon Cancellation") as a book-entry transfer institution, any Issuer that receives notice of a request for cancellation from the Designated Distributor (meaning the Designated Distributor which relays the Deletion Applicant Participant's request for cancellation to the Issuer; the same shall apply hereinafter in this part) or the Beneficiary (limited to Beneficiaries relating to the Direct Public Offering, etc. by the Issuer) must notify JASDEC of the matters (hereinafter in this chapter referred to as the "Information Concerning Planned Deletion upon Cancellation") as information concerning the Beneficial Interest in Investment Trust whose decrease will be recorded at the time of Deletion upon Cancellation:
  - (1) Issue and number of units of the Beneficial Interest in Investment Trust relating to the Deletion upon Cancellation.
  - (2) Name of the JASDEC Participant in whose account the decrease will be recorded, and the account classification.
  - (3) Settlement date.
  - (4) The Designated Distributor (in the event the relevant Beneficial Interest in Investment Trust are related to a Direct Public Offering, etc. by the Issuer, the Issuer which implements the Direct Public Offering, etc.).
  - (5) Other matters prescribed by the Rules.
2. In addition to those prescribed in the preceding paragraph, matters necessary in connection with the Information Concerning Planned Deletion upon Cancellation when JASDEC implements Deletion upon Cancellation as a book-entry transfer institution shall

be prescribed by the Rules.

#### Article 58-50 Classification of Settlement Methods

1. Settlement methods to be used by JASDEC acting as a book-entry transfer institution when implementing Deletion upon Cancellation shall be classified as either a DVP Settlement or a Non-DVP Settlement.
2. In connection with the classification prescribed in the preceding paragraph, a DVP Settlement may be designated if the BOJ Net Fund-Settlement Corporation of the Issuer is different from the BOJ Net Fund-Settlement Corporation of the Designated Distributor, and if the Issuer and the Designated Distributor have reached an agreement (in the case of Direct Public Offering, etc. by the Issuer, [a DVP Settlement may be designated] if the BOJ Net Fund-Settlement Corporation involved in the Direct Public Offering, etc. is not the Trustee Company for the applicable issue of the Beneficial Interest in Investment Trust).
3. When designating a DVP Settlement pursuant to the provisions of the preceding paragraph, the Issuer shall, in addition to the notice prescribed in the preceding article, provide JASDEC with the following information relating to the DVP Settlement (hereinafter in this chapter referred to as “DVP Settlement Information upon Cancellation”):
  - (1) The fact that a DVP Settlement will be designated.
  - (2) Fund settlement amount relating to the deletion procedures.
  - (3) BOJ Net Fund-Settlement Corporation to be used by the Designated Distributor.
  - (4) BOJ Net Fund-Settlement Corporation to be used by the Issuer.
  - (5) Other matters prescribed by the Rules.

#### Article 58-51 Record in Cancellation Account

1. Upon its receipt of the notice of the Information Concerning Planned Deletion upon Cancellation prescribed in Article 58-49 from the Issuer, JASDEC shall take the measures described in the following items, depending upon the classification of settlement methods described in the following items.
  - (1) In the case of a Non-DVP Settlement:

On the settlement date, JASDEC shall record in the Cancellation Account details of the Information Concerning Planned Deletion upon Cancellation, and notify the Issuer, the Deletion Applicant JASDEC Participant (meaning the JASDEC Participant which implements deletion procedures for itself or for a Participant which made the delegation prescribed in Article 58-48, Paragraph 1; the same shall

apply hereinafter in this chapter) and the Trustee Company of the details of such records and matters prescribed by the Rules.

(2) In the case of a DVP Settlement:

JASDEC shall notify the Issuer, the Deletion Applicant JASDEC Participant and the Trustee Company of the details of the Information Concerning Planned Deletion upon Cancellation and the Information Concerning DVP Settlement upon Cancellation as well as the matters prescribed by the Rules.

2. When Item 2 of the preceding paragraph applies, the Deletion Applicant JASDEC Participant shall confirm the details of the matters included in such notice, and, upon its approval thereof, shall so notify JASDEC.

3. Upon its receipt of the approval notice prescribed in the preceding paragraph from the Deletion Applicant JASDEC Participant, JASDEC shall take the measures prescribed in the following items:

(1) On the settlement date, JASDEC shall record in the Cancellation Account details of the Information Concerning Planned Deletion upon Cancellation and the Information Concerning DVP Settlement upon Cancellation, and notify the Issuer, the Deletion Applicant JASDEC Participant and the Trustee Company of the details of such records and the Settlement Number assigned by JASDEC in order to implement the DVP Settlement.

(2) JASDEC shall notify the BOJ Net Fund-Settlement Corporation of the matters prescribed by the Rules as information necessary for the implementation of fund settlements through the BOJ Net in connection with the issues of Beneficial Interest in Investment Trust recorded in the Cancellation Account.

(3) On the settlement date, JASDEC shall, by an electromagnetic means, notify the Bank of Japan, using the system relating to the Book-Entry Transfer System for Corporate Bonds, etc., of the matters prescribed by the Rules as information necessary for the implementation of fund settlements through the BOJ Net in connection with the issues of Beneficial Interest in Investment Trust recorded in the Cancellation Account.

#### Article 58-52 Fund Settlement by Way of a DVP Settlement

In connection with fund settlement by way of a DVP Settlement, the Issuer shall notify the BOJ Net Fund-Settlement Corporation used by it that the fund settlement will be implemented through the BOJ Net. In such event, the BOJ Net Fund-Settlement Corporation shall take measures prescribed by the Rules which are necessary in order to pay funds through the BOJ Net.

#### Article 58-53 Application for Deletion upon Cancellation

The provisions of the following items shall apply to the application for the Deletion upon Cancellation of Beneficial Interest in Investment Trust (hereinafter in this chapter referred to as the “Application for Deletion upon Cancellation”) submitted to JASDEC.

(1) In the case of a Non-DVP Settlement:

The Deletion Applicant JASDEC Participant shall, upon its confirmation of receipt of the cancellation proceeds with respect to the issue of Beneficial Interest in Investment Trust relating to the Deletion upon Cancellation recorded in the Cancellation Account, so notify JASDEC. JASDEC shall treat such notice as an Application for Deletion upon Cancellation submitted to JASDEC by the Deletion Applicant JASDEC Participant.

(2) In the case of a DVP Settlement:

With respect to the completion of the fund settlement upon the Deletion upon Cancellation of Beneficial Interest in Investment Trust by way of a DVP Settlement, JASDEC shall confirm, using the method prescribed by the Rules, the notice from the Bank of Japan concerning the fund settlement through the BOJ Net pursuant to the provisions of the preceding article. JASDEC shall treat such notice as an Application for Deletion upon Cancellation submitted to JASDEC by the Deletion Applicant JASDEC Participant.

#### Article 58-54 Deletion Records

1. In connection with the record of the decrease in connection with Deletion upon Cancellation procedures, JASDEC shall take the measures prescribed in the following items in accordance with the settlement method classification set forth in the following items.

(1) In the case of a Non-DVP Settlement:

Upon its receipt of the notice prescribed in Item 1 of the preceding article, JASDEC shall record the decrease in the Deletion Applicant JASDEC Participant’s account with respect to the number of units recorded in the Cancellation Account pursuant to the provisions of Item 1 of Paragraph 1 of Article 58-51.

(2) In the case of a DVP Settlement:

Upon the confirmation pursuant to Item 2 of the preceding article, JASDEC shall record the decrease in the Deletion Applicant JASDEC Participant’s account with respect to the number of units recorded in the Cancellation Account pursuant to the provisions of Item 1 of Paragraph 3 of Article 58-51.

2. Upon entering the records of deletion prescribed in the preceding paragraph, JASDEC shall notify the Issuer and the Deletion Applicant JASDEC Participant that such deletion has been implemented and of other matters prescribed by the Rules; in such event, recipients of such notification shall confirm the contents thereof.

## Part 6 JASDEC's Procedures for Deletion upon Redemption

### Article 58-55 Record in Redemption Account

1. On the business day following the redemption date of a specified issue of Beneficial Interest in Investment Trust, JASDEC shall record in the Redemption Account the number of units of decrease in the number of units recorded in each JASDEC Participant's account, which needs to be recorded as a result of deletion relating to redemption (hereinafter in this chapter referred to as "Deletion upon Redemption").
2. JASDEC shall notify the Issuer and the Deletion Applicant JASDEC Participant of the details of the records prescribed in Paragraph 1 and the matters prescribed by the Rules.

### Article 58-56 Application for Deletion upon Redemption

1. The Deletion Applicant JASDEC Participant must, upon its confirmation of receipt of the redemption proceeds with respect to the issue of Beneficial Interest in Investment Trust recorded in the Redemption Account, so notify JASDEC.
2. If JASDEC receives the notice referenced in the preceding paragraph from the Deletion Applicant JASDEC Participant, such notice shall be deemed to constitute a submission of an application for deletion in connection with redemption (hereinafter in this chapter referred to as the "Application for Deletion upon Redemption").

### Article 58-57 Deletion Records

1. Upon its receipt of the notice prescribed in Paragraph 1 of the preceding article, JASDEC shall record the decrease in the Deletion Applicant JASDEC Participant's account with respect to the number of units recorded in the Redemption Account pursuant to the provisions of Article 58-55.
2. Upon entering the record of deletion prescribed in the preceding paragraph, JASDEC shall notify the Issuer and the Deletion Applicant JASDEC Participant that such deletion has been implemented and of other matters prescribed by the Rules; in such event, recipients of such notification shall confirm the contents thereof.

## Part 7 Record Procedures for Mergers of Trusts

### Article 58-58 Issuers' Notice Concerning Trust Mergers

1. When the beneficial interests in each trust involved in a trust merger are Beneficial Interest in Investment Trust handled under the Book-Entry Transfer Services for Corporate Bonds, etc. and the Issuer intends to deliver Beneficial Interest in Investment Trust handled under the Book-Entry Transfer Services for Corporate Bonds, etc. at the time of the trust merger, said Issuer shall notify JASDEC of the following matters in accordance with the Rules; in such a case, the provisions of Part 2 shall not apply.
  - (1) The issue of the Beneficial Interest in Investment Trust to be delivered to the beneficiaries of the pre-merger trusts at the time of the merger of such trusts (hereinafter in this part and Article 70-2-2 referred to as the "Post-Merger Issue").
  - (2) The issue of the Beneficial Interest in Investment Trust of the pre-merger trusts (hereinafter in this part and Article 70-2-2 referred to as the "Cancelled Issue").
  - (3) Ratio equal to (a) below to (b) below (hereinafter in this part and in Article 70-2-2 referred to as the "Allotment Ratio"):
    - (a) Total number of units of the applicable Beneficial Interest in Investment Trust of the Post-Merger Issue.
    - (b) Total number of units of the applicable Beneficial Interest in Investment Trust of the Cancelled Issue.
  - (4) The date on which the trust merger becomes effective (hereinafter in this part and Article 70-2-2 referred to as the "Merger Date").
  - (5) Issue information related to the Post-Merger Issue.
2. The notice prescribed in the preceding paragraph shall be given not less than two weeks before the merger date. In such a case, the notice related to the Allotment Ratio prescribed in the preceding Item 3 shall be given using the method separately prescribed by JASDEC.
3. Upon its receipt of the notice prescribed in Paragraph 1 (excluding the notice of Item 5 of said paragraph) from the Issuer, JASDEC shall notify JASDEC Participants, BOJ Net Fund-Settlement Corporations, and Trustee Companies of the matters described in Items 1 to 4 of said paragraph; if JASDEC receives the notice prescribed in said paragraph (limited to the notice of Item 5 of said paragraph) from the Issuer, JASDEC shall notify the notice recipients prescribed in said item of matters prescribed in the Rules in accordance with the classification prescribed in Items of Article 58-36, Paragraph 3.
4. When the notice prescribed in the first part of the preceding paragraph is given, the JASDEC Participant which received such notice shall immediately provide its

Immediately Lower-Tier Institution with a notice of the matter listed in Items 1 to 4 under Paragraph 1 concerning the Post-Merger Issue and the Cancelled Issue pertaining to said notice.

5. Whenever the notice prescribed in the preceding paragraph (including when it is applied *mutatis mutandis* in this paragraph) is given, the provisions of the preceding paragraph shall apply *mutatis mutandis* to the Immediately Lower-Tier Institution which receives such notice.

Article 58-59 Record and Notice of Increase in Account Management Institutions and Decrease from Deletion Related to Trust Mergers

1. When the notice prescribed in Paragraphs 3 or 4 of the preceding article (including when it is applied *mutatis mutandis* in Paragraph 5 of said article) is given, the Account Management Institution that received such notice shall take the measures described below on the merger date (limited to those described in Items 1 and 2 if the applicable Account Management Institution is a JASDEC Participant or has Customer Accounts).
  - (1) Record or describe in the Book-Entry Transfer Account Register maintained by it, the increase in the number of units of the Beneficial Interest in Investment Trust of Post-Merger Issue (the number of units that results from multiplying the number of units that are recorded or described in the account (other than a Customer Account) where the Beneficial Interest in Investment Trust of the Cancelled Issue in the Book-Entry Transfer Account Register maintained by it are recorded or described (excluding the number of units which have been cancelled or with respect to which application for cancellation has been submitted hereinafter referred to as “Number of Recorded Units of Decrease of Cancelled Issue”) by the Allotment Ratio (any fractional number less than one unit shall be rounded down); hereinafter referred to in this part as the “Number of Recorded Units of Increase of Post-Merger Issue”).
  - (2) Record (hereinafter in this part, referred to simply as the “Record of Decrease”) or describe (hereinafter in this part, referred to simply as “Record or Description of Decrease”) in the Book-Entry Transfer Account Register maintained by it, the decrease relating to the Number of Recorded Units of Decrease of Cancelled Issue by deletion in connection with trust merger.
  - (3) Notify the Immediately Upper-Tier Institution of the Number of Recorded Units of Increase of Post-Merger Issue and the Number of Recorded Units of Decrease of Cancelled Issue recorded or described pursuant to the preceding two items.
2. When the notice prescribed in Item 3 of the preceding paragraph or Item 3 of this paragraph is given, the Account Management Institution that received such notice shall



immediately take the measures described below (limited to those described in Items 1 and 2 in the case of a JASDEC Participant):

- (1) Record or describe in the Customer Account of the account of the Account Management Institution that made such notice, the increase relating to the Number of Recorded Units of Increase of Post-Merger Issue with respect to which such notice was received.
- (2) Record or describe in the Customer Account of the account in the preceding item the decrease relating to the Number of Recorded Units of Decrease of Cancelled Issue with respect to which such notice was received that is recorded or described in such Customer Account.
- (3) Notify the Immediately Upper-Tier Institution of the Number of Recorded Units of Increase of Post-Merger Issue and Number of Recorded Units of Decrease of Cancelled Issue recorded or described pursuant to the provisions of Items 1 and 2 of the preceding paragraph and the Number of Recorded Units of Increase of Post-Merger Issue and Number of Recorded Units of Decrease of Cancelled Issue notified from the Immediately Lower-Tier Institution pursuant to the provisions of Item 3 of said paragraph and this Item.

#### Article 58-60 Notice to Issuer Related to Trust Mergers

1. If the Account Management Institution which entered the record or description prescribed in the provisions of Items 1 and 2 of Paragraph 1 of the preceding article is not the Designated Distributor, etc., (meaning a Designated Distributor that the Beneficiary or a Participant that is a pledgee uses or an Account Management Institution that the Issuer uses for operations related to Direct Public Offering, etc.; the same shall apply hereinafter in this chapter) of the Beneficial Interest in Investment Trust of the Cancelled Issue (except when the account where such record or description was entered was only the Proprietary Account of the Designated Distributor, etc., of the Beneficial Interest in Investment Trust of the Cancelled Issue or when the Upper-Tier Institution of the Account Management Institution is the Designated Distributor, etc., of the Beneficial Interest in Investment Trust of the Cancelled Issue), such Account Management Institution shall notify the Designated Distributor, etc., which serves as the book-entry transferor of the Beneficial Interest in Investment Trust of the Cancelled Issue or its Lower-Tier Institution of the Number of Recorded Units of Increase of Post-Merger Issue and Number of Recorded Units of Decrease of Cancelled Issue recorded or described pursuant to the provisions of Items 1 and 2 of Paragraph 1 of the preceding article, and the name and the Classified Account of the JASDEC Participant in connection with which the increase or

decrease should be recorded in the Book-Entry Transfer Account Register maintained by JASDEC.

2. Any JASDEC Participant which receives the notice prescribed in Paragraph 3 of Article 58-58 shall, if the Beneficial Interest in Investment Trust of the Cancelled Issue have been recorded in the Proprietary Account of its own JASDEC Participant Account in the Book-Entry Transfer Account Register maintained by JASDEC and if it is not the Designated Distributor, etc., of the Beneficial Interest in Investment Trust of the Cancelled Issue, notify the Designated Distributor, etc. which serves as the book-entry transferor of the Beneficial Interest in Investment Trust of the Cancelled Issue or its Lower-Tier Institution of the number of units of the Beneficial Interest in Investment Trust of the Cancelled Issue recorded in the Proprietary Account of its own JASDEC Participant (excluding the number of units which have been previously cancelled or with respect to which application for cancellation has been submitted) and of the number of units that results from multiplying such number of units by the Allotment Ratio (any fractional number less than one unit shall be rounded down), and of the name and the Classified Account of the applicable JASDEC Participant.
3. The Account Management Institution which is the Designated Distributor, etc., of the Beneficial Interest in Investment Trust of the Cancelled Issue shall notify the Issuer of the Number of Recorded Units of Increase of Post-Merger Issue and the Number of Recorded Units of Decrease of Cancelled Issue recorded or described pursuant to the provisions of Items 1 and 2 of Paragraph 1 of the preceding article, the number of units notified pursuant to the provisions of the preceding two paragraphs and the number of units of the Beneficial Interest in Investment Trust of the Cancelled Issue recorded or described in the Proprietary Account in its account in the Book-Entry Transfer Account Register maintained by its Immediately Upper-Tier Institution (excluding the number of units which have previously been cancelled or in connection with which application for cancellation has been submitted) and the number of units that result from multiplying such number of units by the Allotment Ratio (any fractional number of unit less than one shall be rounded down), and the name and the Classified Account of the JASDEC Participant which should be recorded in the Book-Entry Transfer Account Register maintained by JASDEC.

#### Article 58-60-2 Notice from Issuers Concerning Increases or Decreases in the Number of Units, etc. Related to Trust Mergers

When the notice prescribed in Paragraph 3 of the preceding article is given, the Issuer which received such notice shall notify JASDEC of the matters listed below as information

concerning the Beneficial Interest in Investment Trust with respect to which an increase or decrease shall be recorded in connection with trust mergers.

- (1) The number of units notified pursuant to the provisions of Paragraph 3 of the preceding article.
- (2) The name and the Classified Account of the JASDEC Participant with respect to which the increase or decrease should be recorded.
- (3) The Designated Distributor used by the Beneficiary or a Participant that is a pledgee in relation to the Post-Merger Issue or the Cancelled Issue (if such Beneficial Interest in Investment Trust are related to a Direct Public Offering, etc. by the Issuer, the Issuer which conducts the Direct Public Offering, etc.).
- (4) Other matters prescribed by the Rules.

#### Article 58-60-3 Record in Issuance Account and Cancellation Account Relating to Trust Mergers

Upon its receipt of the notice prescribed in the preceding article from the Issuer, JASDEC shall, in accordance with the following classifications, immediately take the measures prescribed in the applicable items, and notify the Issuer, the JASDEC Participant, and the Trustee Companies of the content of such records set forth in the relevant item and matters prescribed by the Rules.

- (1) If the content of the notice is the recording of increase in the number of units of the Post-Merger Issue:  
Record in the Issuance Account
- (2) If the content of the notice is the recording of decrease in the number of units of the Cancelled Issue:  
Record in the Cancellation Account

#### Article 58-60-4 JASDEC's Record of Increase or Decrease Related to Trust Mergers

1. If a trust related to the Beneficial Interest in Investment Trust of the Post-Merger Issue recorded in the Issuance Account has been established by instruction from the Issuer, JASDEC shall be notified of such fact by the Trustee Company that has received the notice related to the record of Item 1 of the preceding article. If JASDEC receives such notice, the notices prescribed in Article 58-60-2 (of such notices, limited to information about the Beneficial Interest in Investment Trust regarding which the increase in number of units in connection with the trust merger have been recorded) shall be deemed to be a notice of establishment of a trust related to such Beneficial Interest in Investment Trust that the Issuer should give.
2. Upon its receipt of the notice prescribed in the preceding paragraph, JASDEC shall record

in the JASDEC Participant's account the increase in the number of units recorded in the Issuance Account.

3. After the record of increase prescribed in the preceding paragraph is made, JASDEC shall notify the Issuer and the applicable JASDEC Participant of the fact that the increase was recorded and other matters prescribed by the Rules. In such event, the Issuer that has received such notice shall confirm the contents thereof.
4. A JASDEC Participant shall, if it receives the notice related to the record prescribed in the items of the preceding article or the notice of the preceding paragraph, confirm the content of such notice, and upon its approval of the content of the notice of Item 2 of the preceding article, so notify JASDEC to that effect.
5. Upon its receipt of the notice in the preceding paragraph, JASDEC shall record in the JASDEC Participant's account the decrease in the number of units recorded in the Cancellation Account.
6. When the record of the decrease prescribed in the preceding paragraph is made, JASDEC shall notify the Issuer and the applicable JASDEC Participant of the fact that the decrease was recorded and other matters prescribed in the Rules. In such event, recipients of such notice shall confirm the contents thereof.

#### Article 58-60-5 Notice Concerning the Number of Units Prior to Trust Merger

1. The Account Management Institution which receives the notice prescribed in Paragraph 3 or 4 of Article 58-58 (including when it is applied *mutatis mutandis* in Paragraph 5 of said article), shall promptly notify its Immediately Upper-Tier Institution, using the method prescribed by the Rules, of the number of units of Beneficial Interest in Investment Trust relating to the merger of the applicable trusts recorded or described in the account of such Account Management Institution's Participant (other than a Customer Account) in the Book-Entry Transfer Account Register maintained by it on the day immediately preceding the merger date, and the number of units of the Beneficial Interest in Investment Trust notified from the Immediately Lower-Tier Institution pursuant to the provisions of this paragraph.
2. JASDEC shall notify the Issuer, using the method prescribed by the Rules, of the number of units of Beneficial Interest in Investment Trust related to the merger of the applicable trusts recorded or described in the JASDEC Participant Account (other than a Customer Account) in the Book-Entry Transfer Account Register maintained by JASDEC on the day immediately preceding the merger date, and the number of units of such Beneficial Interest in Investment Trust notified from the JASDEC Participant pursuant to the provisions of the preceding paragraph.

## Part 8 Record Procedures for Splits of Beneficial Interest in Investment Trust

### Article 58-61 Issuers' Notice Concerning Splits of Beneficial Interest in Investment Trust

1. The Issuer of Beneficial Interest in Investment Trust of a particular issue shall, whenever a split of such Beneficial Interest in Investment Trust is to be implemented, notify JASDEC of the following matters:
  - (1) The issue of the Beneficial Interest in Investment Trust involved in the split (hereinafter in this part referred to as the "Split Issue").
  - (2) The ratio of the total number of units described in (a) below to the total number of units issued described in (b) below (hereinafter in this part referred to as the "Increase Ratio"):
    - (a) Total number of units of the applicable Beneficial Interest in Investment Trust to be received by the beneficiary through the split.
    - (b) Total number of units issued of the applicable Beneficial Interest in Investment Trust prior to the split.
  - (3) The date of the split.
  - (4) Other matters prescribed by the Rules.
2. The notice prescribed in the preceding paragraph shall be given not less than two weeks before the split date using the method prescribed by the Rules.
3. Upon its receipt of the notice prescribed in Paragraph 1 from the Issuer, JASDEC shall notify JASDEC Participants, BOJ Net Fund-Settlement Corporations, and Trustee Companies of the matters described in the items of said paragraph.
4. When the notice prescribed in the preceding paragraph is given, the JASDEC Participant that received such notice shall immediately provide its Immediately Lower-Tier Institution with a notice of the matters listed in the items under Paragraph 1 concerning the issue of the Beneficial Interest in Investment Trust pertaining to said notice.
5. Whenever any notice prescribed in the preceding paragraph (including when it is applied *mutatis mutandis* in this paragraph) is given, the provisions of the preceding paragraph shall apply *mutatis mutandis* to the Immediately Lower-Tier Institution which receives such notice.

### Article 58-62 Record and Notice of Splits by Account Management Institutions

1. When a notice prescribed in Paragraph 3 or 4 of the preceding article (including when it is applied *mutatis mutandis* in Paragraph 5 of said article) is given, the Account

Management Institution that has received such notice shall take the measures described below on the split date (limited to those described in Item 1 if the applicable Account Management Institution is a JASDEC Participant or has Customer Accounts):

- (1) Record or describe in the account (other than a Customer Account) in the Book-Entry Transfer Account Register maintained by it, where the Beneficial Interest in Investment Trust of the Split Issue are recorded or described, the increase resulting from the multiplication of the number of units recorded or described in such account (excluding the number of units which have previously been cancelled or with respect to which application for cancellation has been submitted) by the Increase Ratio (any fractional number less than one unit shall be rounded down).
  - (2) Notify the Immediately Upper-Tier Institution of the number of units whose increase was recorded or described pursuant to the provisions of the preceding item.
2. When the notice prescribed in Item 2 of the preceding paragraph or Item 2 of this paragraph is given, the Account Management Institution that has received such notice shall immediately take the measures described below (limited to those described in Item 1 in the case of a JASDEC Participant):
- (1) Record or describe the increase in the number of units, with respect to which said notice was given, in the Customer Account opened in the account of the Account Management Institution that made said notice.
  - (2) Notify the Immediately Upper-Tier Institution of the number of units with respect to which the increase is recorded or described pursuant to the provisions of Item 1 of the preceding paragraph and the number of units notified from the Immediately Lower-Tier Institution pursuant to the provisions of Item 2 of the preceding paragraph or this Item.

#### Article 58-63 Notice to JASDEC Concerning Split Information

When the notice prescribed in Paragraph 3 or 4 of Article 58-61 (including when it is applied *mutatis mutandis* in Paragraph 5 of said article) is given, the JASDEC Participant that received such notice shall, on the split date, notify JASDEC of the following matters as information relating to the Beneficial Interest in Investment Trust whose increase through the split will be recorded:

- (1) The number of units of increase recorded or described pursuant to the provisions of Item 1 of Paragraph 1 of the preceding article, and the number of units notified from the Immediately Lower-Tier Institution pursuant to the provisions of Item 2 of Paragraph 1 or Item 2 of Paragraph 2 of the preceding article.
- (2) The number of units (any fractional number less than one unit shall be rounded

down) equal to the number of units of Beneficial Interest in Investment Trust of the Split Issue recorded in the Proprietary Account of its own JASDEC Participant Account (excluding the number of units which have previously been cancelled or with respect to which application for cancellation has been submitted), multiplied by the Increase Ratio.

- (3) The Classified Account in which the increase relating to the preceding two items should be recorded.
- (4) The Designated Distributor used by the Beneficiary or Participant that is the pledgee related to the Split Issue (in the event that such Beneficial Interest in Investment Trust is related to a Direct Public Offering, etc. by Issuer, the Issuer that engages in the Direct Public Offering, etc.).
- (5) Other matters prescribed by the Rules.

#### Article 58-64 Record of Split by JASDEC

1. Upon its receipt of the notice prescribed in the preceding article from a JASDEC Participant, JASDEC shall record the increase relating to the number of units prescribed in Items 1 and 2 of the preceding article in the Classified Account prescribed in Item 3) of the preceding article in the account of the applicable JASDEC Participant, where the Beneficial Interest in Investment Trust of the issue relating to such notice are recorded.
2. After the record prescribed in the preceding paragraph is made, JASDEC shall notify the Issuer, the applicable JASDEC Participant, and the Trustee Company of the fact that such increase was recorded and of other matters prescribed by the Rules. In such event, the recipients of such notice shall confirm the contents thereof.

#### Article 58-65 Notification Concerning the Pre-Split Number of Units

1. Any Account Management Institution that receives the notice prescribed in Paragraph 3 or 4 of Article 58-61 (including when it is applied *mutatis mutandis* in Paragraph 5 of said article) shall promptly notify its Immediately Upper-Tier Institution, using the method prescribed by the Rules, of the number of units of Beneficial Interest in Investment Trust relating to the split recorded or described in the account (other than the Customer Account) of the Participant of such Account Management Institution in the Book-Entry Transfer Account Register maintained by the Account Management Institution as of the date immediately preceding the split date, and the number of units of the applicable Beneficial Interest in Investment Trust notified from its Immediately Lower-Tier Institution pursuant to the provisions of this paragraph.
2. JASDEC shall, using the method prescribed by the Rules, notify the Issuer of the number

of units of Beneficial Interest in Investment Trust relating to the split recorded in the JASDEC Participant Account (other than a Customer Account) in the Book-Entry Transfer Account Register maintained by JASDEC as of the date immediately preceding the split date, and the number of units of applicable Beneficial Interest in Investment Trust notified from the JASDEC Participant pursuant to the provisions of the preceding paragraph.

## Part 9 Record Procedures for Mergers of Beneficial Interest in Investment Trust

### Article 58-66 Issuers' Notice Concerning Mergers of Beneficial Interest in Investment Trust

1. The Issuer of Beneficial Interest in Investment Trust of a particular issue shall, whenever a merger of such Beneficial Interest in Investment Trust is to be implemented, notify JASDEC of the following matters:
  - (1) The issue of the Beneficial Interest in Investment Trust involved in the merger (hereinafter in this part referred to as the "Beneficial Interests Merger Issue").
  - (2) The ratio after deducting the ratio of the total number of issued units under (a) below to the total number of issued units under (b) below from one (hereinafter in this part referred to as the "Decrease Ratio"):
    - (a) Total number of issued units of the applicable Beneficial Interest in Investment Trust after the merger.
    - (b) Total number of issued units of the applicable Beneficial Interest in Investment Trust prior to the merger.
  - (3) The date of the merger.
  - (4) Other matters prescribed by the Rules.
2. The notice prescribed in the preceding paragraph shall be given not less than two weeks before the merger date, using the method prescribed by the Rules.
3. Upon its receipt of the notice prescribed in Paragraph 1 from the Issuer, JASDEC shall notify JASDEC Participants, BOJ Net Fund-Settlement Corporations and Trustee Companies of the matters described in the items under said paragraph.
4. When the notice prescribed in the preceding paragraph is given, the JASDEC Participant that has received such notice shall immediately provide its Immediately Lower-Tier Institution with a notice of the matters listed in the items under Paragraph 1 concerning the issue of the Beneficial Interest in Investment Trust pertaining to said notice.
5. Whenever any notice prescribed in the preceding paragraph (including when it is applied *mutatis mutandis* in this paragraph) is given, the provisions of the preceding paragraph shall apply *mutatis mutandis* to the Immediately Lower-Tier Institution that receives such



notice.

#### Article 58-67 Record and Notice of Mergers by Account Management Institutions

1. When the notice prescribed in Paragraph 3 or 4 of the preceding article (including when it is applied *mutatis mutandis* in Paragraph 5 of said article) is given, the Account Management Institution that has received such notice shall take the measures described below on the merger date (limited to those described in Item 1 if the applicable Account Management Institution is a JASDEC Participant or has Customer Accounts):
  - (1) Record or describe in the account the decrease in the number of units derived from multiplying the number of units recorded or described in the account (other than a Customer Account) in the Book-Entry Transfer Account Register maintained by it, where the Beneficial Interest in Investment Trust of the Beneficial Interests Merger Issue is recorded or described (excluding the number of units which have previously been cancelled or with respect to which application for cancellation has been submitted) by the Decrease Ratio (any fractional number less than one unit shall be rounded up to the nearest whole number).
  - (2) Notify the Immediately Upper-Tier Institution of the number of units whose decrease was recorded or described pursuant to the provisions of the preceding item.
2. When the notice prescribed in Item 2 of the preceding paragraph or Item 2 of this paragraph is given, the Account Management Institution that has received such notice shall immediately take the measures described below (limited to those described in Item 1 in the case of a JASDEC Participant):
  - (1) Record or describe the decrease in the number of units, with respect to which said notice was given, in the Customer Account opened in the account of the Account Management Institution that made said notice.
  - (2) Notify the Immediately Upper-Tier Institution of the number of units with respect to which the decrease is recorded or described pursuant to the provisions of Item 1 of the preceding paragraph and of the number of units notified from the Immediately Lower-Tier Institution pursuant to the provisions of Item 2 of the preceding paragraph or this Item.

#### Article 58-68 Notice to Issuers

1. If the Account Management Institution which recorded or described the decrease prescribed in the provisions of Paragraph 1, Item 1, of the preceding article is not the Designated Distributor, etc., of the Beneficial Interests Merger Issue (except when the account where the decrease was recorded or described was only the Proprietary Account

of the Designated Distributor, etc., of the Beneficial Interests Merger Issue, or when the Upper-Tier Institution of the Account Management Institution was the Designated Distributor, etc. of the Beneficial Interests Merger Issue), such Account Management Institution shall notify the Designated Distributor, etc., of the Beneficial Interests Merger Issue, which serves as the book-entry transferor of the applicable Beneficial Interest in Investment Trust, or its Lower-Tier Institution of the number of units of the decrease recorded or described pursuant to the provisions of Paragraph 1, Item 1 of the preceding article, and the name and the Classified Account of the JASDEC Participant in connection with which the decrease should be recorded in the Book-Entry Transfer Account Register maintained by JASDEC.

2. Any JASDEC Participant which receives a notice prescribed in Paragraph 3 or 4 of Article 58-66 (including when it is applied *mutatis mutandis* in Paragraph 5 of said article) shall, if the Beneficial Interest in Investment Trust of the Beneficial Interests Merger Issue have been recorded in the Proprietary Account of its own JASDEC Participant Account in the Book-Entry Transfer Account Register maintained by JASDEC and if it is not the Designated Distributor, etc., of the Beneficial Interests Merger Issue, notify the Designated Distributor, etc., which serves as the book-entry transferor of the Beneficial Interests Merger Issue, or its Lower-Tier Institution of the number of units equal to the number of units of the Beneficial Interest in Investment Trust of the Beneficial Interests Merger Issue recorded in the Proprietary Account of its own JASDEC Participant Account (excluding the number of units which have previously been cancelled or with respect to which application for cancellation has been submitted) multiplied by the Decrease Ratio (any fractional number less than one unit shall be rounded up to the nearest whole number), and the name and the Classified Account of the applicable JASDEC Participant.
3. The Account Management Institution which is the Designated Distributor, etc., of the Beneficial Interests Merger Issue shall notify the Issuer of the number of units, which is equal to the number of units with respect to which a decrease was recorded or described pursuant to the provisions of Paragraph 1, Item 1, of the preceding article, the number of units notified pursuant to the provisions of the preceding two paragraphs, and the number of units of the Beneficial Interest in Investment Trust of the Beneficial Interests Merger Issue recorded or described in the Proprietary Account in its account in the Book-Entry Transfer Account Register maintained by its Immediately Upper-Tier Institution (excluding the number of units which have previously been cancelled or in connection with which application for cancellation has been submitted), multiplied by the Decrease Ratio (any fractional number of unit less than one shall be rounded up to the nearest whole number), and the name and the Classified Account of the JASDEC Participant with respect to which a decrease needs to be recorded in the Book-Entry Transfer Account

Register maintained by JASDEC.

Article 58-69 Notice from Issuers Concerning Decreases in the Number of Units, etc.

When the notice prescribed in Paragraph 3 of the preceding article is given, the Issuer which received such notice shall notify JASDEC of the matters listed below as information concerning the Beneficial Interest in Investment Trust, with respect to which a decrease shall be recorded in connection with the merger of the beneficial interests:

- (1) The number of units notified pursuant to the provisions of Paragraph 3 of the preceding article.
- (2) The name and the Classified Account of the JASDEC Participant with respect to which the decrease should be recorded.
- (3) The Designated Distributor used by the Beneficiary or participant that is a pledgee, related to the Beneficial Interests Merger Issue (in the case such Beneficial Interest in Investment Trust are related to a Direct Public Offering, etc. by the Issuer, the Issuer which conducts the Direct Public Offering, etc.).
- (4) Other matters prescribed by the Rules.

Article 58-70 Recording in Cancellation Accounts

Upon its receipt of the notice prescribed in the preceding article from the Issuer, JASDEC shall immediately record in the Cancellation Account the matters set forth in such notice and notify the Issuer, the JASDEC Participants and the Trustee Companies of the details of such records and of matters prescribed by the Rules.

Article 58-71 JASDEC's Record of Merger

1. The JASDEC Participant that has received the notice prescribed in the preceding article shall confirm the details of such notice and, upon its approval thereof, shall so notify JASDEC.
2. Upon its receipt of the notice prescribed in the preceding paragraph, JASDEC shall record the decrease in the JASDEC Participant's account, with respect to the number of units recorded in the Cancellation Account.
3. When the record of decrease prescribed in the preceding paragraph is made, JASDEC shall notify the Issuer and the applicable JASDEC Participant of the fact that the decrease was recorded and of other matters prescribed by the Rules. In such event, recipients of such notice shall confirm the contents thereof.

## Article 58-72 Notice Concerning the Number of Units Prior to Merger

1. Any Account Management Institution which receives a notice prescribed in Paragraph 3 or 4 of Article 58-66 (including when it is applied *mutatis mutandis* in Paragraph 5 of said article) shall promptly notify its Immediately Upper-Tier Institution, using the method prescribed by the Rules, of the number of units of Beneficial Interest in Investment Trust relating to the applicable merger recorded or described in the account of such Account Management Institution's Participant (excluding the Customer Account) in the Book-Entry Transfer Account Register maintained by it as of the day preceding the merger date, and the number of units of such Beneficial Interest in Investment Trust notified from its Immediately Lower-Tier Institution pursuant to the provisions of this paragraph.
2. JASDEC shall notify the Issuer, using the method prescribed by the Rules, of the number of units of the Beneficial Interest in Investment Trust relating to the applicable merger recorded in the JASDEC Participant Account (excluding Customer Accounts) in the Book-Entry Transfer Account Register maintained by it as of the day immediately preceding the merger date, and the number of units of such Beneficial Interest in Investment Trust notified from the JASDEC Participant pursuant to the provisions of the preceding paragraph.

## Chapter 7 Fees

### Article 59 Service Fees

Issuers, Issuing Agents, Paying Agents, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations, Trustee Companies, JASDEC Participants, Indirect Account Management Institutions and the interested parties prescribed in Article 70 shall pay to JASDEC service fees prescribed by the Rules in accordance with the provisions of the Rules.

## Chapter 7-2 Participants Protection Trusts

### Article 59-2 Referral of Matters to the Operational Rules Concerning Participants' Meetings and Participants Protection Trusts

The necessary matters concerning the Participants Protection Trusts shall be prescribed by the Operational Rules Concerning Participants' Meetings and Participants Protection Trusts.

## Chapter 8 Performance of Duties Relating to Excessive Record or Description

### Part 1 JASDEC's Performance of Duties Relating to Excessive Record

#### Article 60 Matters Concerning Performance of JASDEC's Duties Relating to Excessive Record

1. With respect to the Corporate Bonds, etc. of an issue, with respect to which rights have been acquired pursuant to Article 77 of the Act (including when it is applied *mutatis mutandis* in Articles 113, 115, 117, 118, 120, 121, 124 and 127 of the Act), if the total amount of the Corporate Bonds, etc. of said issue held by the Participants exceeds the total issue amount (excluding the previously redeemed amount) of the Corporate Bonds, etc. of said issue, and if the sum of the amounts under Item 1 exceeds the total issue amount under Item 2, JASDEC shall acquire Corporate Bonds, etc. on its own account, equal in value to the excess amount (meaning the amount calculated by deducting the total issue amount under Item 2 from the sum of the amounts under Item 1).
  - (1) The sum of the amounts of the Corporate Bonds, etc. of said issue recorded in JASDEC Participant Accounts in the Book-Entry Transfer Account Register maintained by JASDEC.
  - (2) Total issue amount (excluding the previously redeemed amount) of the Corporate Bonds, etc. of said issue.
2. When the amount prescribed in Item 1 of the preceding paragraph includes the increase or decrease in the amount recorded in the account prescribed in the same item for which no creation, transfer or termination of rights had actually occurred and it has been proved that there has been no acquisition of the Corporate Bonds, etc. in the amount recorded pursuant to the provisions of Article 77 of the Act (including when it is applied *mutatis mutandis* in Articles 113, 115, 117, 118, 120, 121, 124 and 127 of the Act), said amount under Item 1 of the preceding paragraph shall be the amount obtained by excluding said record.
3. When JASDEC has acquired Corporate Bonds, etc., pursuant to the provisions of Paragraph 1, it shall immediately express its intent to the Issuer to the effect that it exempts the Issuer from any and all liability concerning said Corporate Bonds, etc.; in such event, all rights relating to such Corporate Bonds, etc., shall be extinguished and JASDEC shall delete such Corporate Bonds, etc., from the Book-Entry Transfer Account Register.

## Article 61 Opening of Institution Accounts

1. JASDEC shall open an Institution Account when completing the procedures prescribed in the provisions of the preceding article.
2. When opening an Institution Account, JASDEC shall establish a section for Institution Accounts in its Book-Entry Transfer Account Register, where the following matters shall be recorded:
  - (1) Issue of Corporate Bonds, etc.
  - (2) Amount of each issue of Corporate Bonds, etc.
  - (3) Reason for any increase or decrease in the amount of each issue of Corporate Bonds, etc.

## Part 2 Account Management Institutions' Performance of Duties Relating to Excessive Record or Description

### Article 62 Matters Concerning Performance of Duties by Account Management Institutions Relating to Excessive Record or Description

1. With respect to the Corporate Bonds, etc. of the issue, rights in which have been acquired pursuant to Article 77 of the Act (including when it is applied mutatis mutandis in Articles 113, 115, 117, 118, 120, 121, 124 and 127 of the Act), if the total amount of the Corporate Bonds, etc. of said issue held by the Participants exceeds the total issue amount (excluding the previously redeemed amount) of the Corporate Bonds, etc. of said issue, and when there is an Account Management Institution with the sum of the amounts under Item 1 exceeding the amount under Item 2, such Account Management Institution shall be obliged to express its intent to the Issuer to the effect that it exempts the Issuer from any and all liability concerning the Corporate Bonds, etc. of said issue equal in value to excess amount (meaning the amount calculated by deducting the amount under Item 2 from the sum of the amounts under Item 1):
  - (1) The sum of the amounts of the applicable issue of Corporate Bonds, etc., recorded or described in the account of such Account Management Institution's Participant in the Book-Entry Transfer Account Register maintained by such Account Management Institution.
  - (2) Amount of the applicable issue of Corporate Bonds, etc., recorded or described in the Customer Accounts of such Account Management Institution's account in the Book-Entry Transfer Account Register maintained by the Immediately Upper-Tier Institution of the applicable Account Management Institution.

2. The provisions of Paragraph 2 of Article 60 shall be applied *mutatis mutandis* to the following matters:
  - (1) Amount prescribed in Item 1 of the preceding paragraph.
  - (2) Amount prescribed in Item 2 of the preceding paragraph in the case it includes a record or description of any increases or decreases in the Customer Account for which no creation, transfer or termination of rights has actually occurred.
3. In the case prescribed in Paragraph 1, if the Account Management Institution does not hold the Corporate Bonds, etc. of the issue equal in value to the excess amount prescribed in Paragraph 1, such Account Management Institution shall be obliged to acquire the Corporate Bonds, etc. of said issue until the amount of the acquired Corporate Bonds, etc. equals said excess amount before expressing its intent of exemption pursuant to the provisions of Paragraph 1.
4. When the Account Management Institution has expressed its intent of exemption pursuant to the provisions of Paragraph 1, it shall notify its Immediately Upper-Tier Institution of the following matters.
  - (1) The fact that it has expressed its intent of said exemption.
  - (2) The issue and amount of the Corporate Bonds, etc., subject to such exemption.
5. The Immediately Upper-Tier Institution prescribed in the preceding paragraph shall, immediately after its receipt of the notice prescribed in the preceding paragraph, record or describe the following matters in the Book-Entry Transfer Account Register maintained by it with respect to the Corporate Bonds, etc., of the issue, as prescribed in Item 2 of the preceding paragraph:
  - (1) Record or describe the decrease in the amount relating to the amount prescribed in Item 2 of Paragraph 2 in the Proprietary Account opened in the account of the Account Management Institution prescribed in the preceding paragraph.
  - (2) Record or describe the increase in the amount relating to the amount prescribed in Item 2 of the preceding paragraph in the Customer Account opened in the account prescribed in the preceding item.

### Part 3 Modifications Made in the Case of Beneficial Interest in Investment Trust

#### Article 62-2 Modifications to Be Made to Provisions when the Subject of the Obligations to Be Performed in Connection with Excessive Record or Description Are Beneficial Interest in Investment Trust

When the Corporate Bonds, etc., prescribed in the preceding three articles are Beneficial

Interest in Investment Trust, each of the wordings set forth in the middle column for the provisions listed in the left column in the table below shall be replaced with the respective wording set forth in the right column.

Provision To Be Revised	Wording To Be Replaced	Replacement Wording
Article 60, Paragraph 1	total amount	total number of units
	total issue amount (excluding the previously redeemed amount)	total number of units issued (excluding the number of units previously redeemed or cancelled, but including the number of units newly recorded as a result of additional establishment)
	sum of the amounts	sum of the number of units
	total issue amount	total number of units issued
	excess amount	excess number of units
	the amount calculated by deducting	the number of units calculated by deducting
	equal in value	equal in number of units
	amount	number of units
Article 60, Paragraph 2	amount	number of units
	increase or decrease in the amount	increase or decrease in number of units
Article 61, Paragraph 2	amount	number of units
	increase or decrease in the amount	increase or decrease
Article 62, Paragraph 1	total amount	total number of units
	total issue amount (excluding the previously redeemed amount)	total number of units issued (excluding the number of units previously redeemed or cancelled, but including the number of units newly recorded as a result of



		additional establishment)
	sum of the amounts	sum of the number of units
	amount	number of units
	excess amount	excess number of units
	the amount calculated by deducting	the number of units calculated by deducting
	equal in value	equal in number of units
Article 62, Paragraph 2	amount	number of units
	increase or decrease in the amount	increase or decrease in number of units
Article 62, Paragraph 3	excess amount	excess number of units
	amount	number of units
Article 62, Paragraph 4, Item 2	amount	number of units
Article 62, Paragraph 5, Item 1	decrease in the amount	decrease in number of units
Article 62, Paragraph 5, Item 2	increase in the amount	increase in number of units

## Chapter 9 Participants' Meetings

Article 63 Referral of Matters to the Operational Rules Concerning Participants' Meetings and Participants Protection Trusts

The necessary matters concerning the Participants' Meetings shall be prescribed by the Operational Rules Concerning Participants' Meetings and Participants Protection Trusts.

Article 64 Deleted.

Article 65 Deleted.

Article 66 Deleted.

## Chapter 10 Notification of Matters by the Issuers

### Article 67 Notification of Material Matters, etc., Concerning Corporate Bonds, etc.

1. Pursuant to the provisions of the Rules, if any decision is made concerning material matters regarding the rights relating to, or handling of, Corporate Bonds, etc., or if any material matter occurs with respect to Corporate Bonds, etc., the applicable Issuer must notify JASDEC of the details thereof.
2. If any delay in payment (with respect to any issue that has a grace period with respect to the payment of the redemption proceeds or interest relating to Corporate Bonds, etc., if payment is not made by the date such period expires) of redemption proceeds (including pre-maturity redemption proceeds and fixe-date redemption proceeds; the same shall apply hereinafter in this paragraph and the following paragraph) or interest (the redemption proceeds for Short-Term Corporate Bonds, etc.; the same shall apply hereinafter in this paragraph and the following paragraph) relating to Corporate Bonds, etc., the Paying Agent must promptly notify JASDEC of the details thereof.
3. With respect to any issue that has a grace period with respect to the payment of the redemption proceeds or interest relating to Corporate Bonds, etc., if payment of the redemption proceeds or interest is not paid on the redemption date (including a pre-maturity redemption date and fixed date redemption date) or the payment date (the redemption date for Short-Term Corporate Bonds, etc.), the Paying Agent must promptly notify JASDEC of the details thereof.
4. Upon its receipt of the notice prescribed in Paragraph 1 from the Issuer, JASDEC shall notify JASDEC Participants, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations and Trustee Companies of notified information that is information prescribed by the Rules.

## Chapter 11 Miscellaneous Provisions

### Article 68 Prevention of Excess Recording

1. Book-Entry Transfer Institutions, etc., shall manage the Book-Entry Transfer Account Registers maintained by it with utmost care in order to prevent excess recording from occurring.
2. For the purpose prescribed in the preceding paragraph, JASDEC shall check the total amount in JASDEC Participant Accounts of each issue of Corporate Bonds, etc., and the total issue amount (excluding the previously redeemed amount) of such issue of Corporate

- Bonds, etc., in the Book-Entry Transfer Account Register on a daily basis.
3. For the purpose prescribed in Paragraph 1, each Direct Account Management Institution shall receive notice from JASDEC concerning the amount in the Customer Account of each issue of Corporate Bonds, etc., perform confirmation against the amount in the Book-Entry Transfer Account Register maintained by it, and notify JASDEC of the result thereof pursuant to the provisions of the Rules.
  4. The provisions of the preceding paragraph shall apply *mutatis mutandis* to the confirmation of amounts conducted by Indirect Account Management Institutions.
  5. When applying the provisions of the preceding three paragraphs relating to Beneficial Interest in Investment Trust, the word “amount,” in such paragraphs shall be replaced with “number of units”; and the phrase “the total issue amount (excluding the previously redeemed amount)” in Paragraph 2 shall be replaced with “the total number of units issued (excluding the number of units previously redeemed or cancelled, but including the number of units newly recorded as a result of additional establishment)”.
  6. For the purpose prescribed in Paragraph 1, Issuers of Beneficial Interest in Investment Trust shall confirm the total number of units of each issue of Beneficial Interest in Investment Trust (meaning the number of units after confirmation pursuant to Paragraph 2 which is applied by replacing certain terms in the preceding paragraph) notified from JASDEC, and shall immediately notify JASDEC if there is any discrepancy between such number of units and the total number of issued units of such issue of Beneficial Interest in Investment Trust (excluding the number of units previously redeemed or cancelled, but including the number of units newly recorded as a result of additional establishment).

#### Article 68-2 Handling, etc. of Certificates

1. Pursuant to the provisions in Paragraph 3 of Article 86 of the Act (including when it is applied *mutatis mutandis* in Articles 115, 117, 118 and 124 of the Act), the Participant may request that its Immediately Upper-Tier Institution deliver a written instrument (hereinafter referred to as a “Certificate”) certifying the matters set forth in the items under Paragraph 3 of Article 68 of the Act (including when it is applied *mutatis mutandis* in Articles 115, 117, 118 and 124 of the Act) concerning the Short-Term Corporate Bonds, etc., or Straight Bonds recorded or described in the Proprietary Account of the Book-Entry Transfer Account Register maintained by such Immediately Upper-Tier Institution; provided, however, that the foregoing shall not apply to any person that has previously received Certificates relating to the applicable Short-Term Corporate Bonds, etc., or Straight Bonds and that has not returned such Certificates to the applicable Immediately Upper-Tier Institution.

2. When making the request pursuant to the provisions of the preceding paragraph, the Participant shall present to the applicable Immediately Upper-Tier Institution to which such demand is made the following matters.
  - (1) Name/trade name and address of the person making the request.
  - (2) Purpose of the request.
  - (3) Account of the Participant with respect to which the request is made.
  - (4) Other information sufficient to identify the matters to be certified.
3. Any Participant that receives a Certificate pursuant to the provisions of Paragraph 1 may not make an application for book-entry transfers or an application for deletion or to receive redemption proceeds (if the subject of the applicable Certificate is Straight Bonds, including pre-maturity redemption proceeds; the same shall apply hereinafter in this article) with respect to the Short-Term Corporate Bonds, etc., or Straight Bonds which has been the subject of the applicable Certificate, until such Certificate is returned to the Immediately Upper-Tier Institution prescribed in Paragraph 1.
4. Upon its issuance of a Certificate to a Participant, an Indirect Account Management Institution shall immediately notify the Immediately Upper-Tier Institution of such Indirect Account Management Institution of that fact and the issue and amount of the Short-Term Corporate Bonds, etc., or Straight Bonds which has been the subject of the applicable Certificate.
5. If the Immediately Upper-Tier Institution that received the notice prescribed in the preceding paragraph is an Indirect Account Management Institution, it shall immediately notify its Immediately Upper-Tier Institution of the matters notified pursuant to the provisions of the preceding paragraph. The same shall apply when the Immediately Upper-Tier Institution that received such notice is another Indirect Account Management Institution.
6. Upon its issuance of a Certificate to a Participant or receipt of the notice prescribed in the preceding two paragraphs, a JASDEC Participant shall, using the method prescribed by the Rules, immediately notify JASDEC of that fact, the issue and amount of the Short-Term Corporate Bonds, etc., or Straight Bonds which has been the subject of the applicable Certificate or notice, and the Classified Account in the Book-Entry Transfer Account Register maintained by JASDEC where such issue of the Short-Term Corporate Bonds, etc., or Straight Bonds are recorded.
7. The provisions of the preceding three paragraphs shall apply *mutatis mutandis* when a Participant returns a Certificate. In such event, the phrase, "Upon its issuance of a Certificate to a Participant," shall be replaced with the phrase, "if a Participant returns a Certificate to a JASDEC Participant."
8. If JASDEC issues a Certificate to a JASDEC Participant or receives the notice prescribed

in Paragraph 6 from a JASDEC Participant, JASDEC shall take necessary measures to prevent any book-entry transfer, deletion or payment of redemption proceeds from being made with respect to the issue of the Short-Term Corporate Bonds, etc., or Straight Bonds which has been the subject of the applicable Certificate or notice, the amount thereof, or the Classified Account in the Book-Entry Transfer Account Register maintained by JASDEC, where such issue of the Short-Term Corporate Bonds, etc., or Straight Bonds is recorded, and, in addition, shall notify the Issuer of the applicable Short-Term Bonds, etc. (if the Paying Agent has been appointed, the Paying Agent; the same shall apply hereinafter in this article) or the Paying Agent of the applicable issue of the Straight Bonds, using the method prescribed by the Rules, regarding the matters set forth in the Certificate or notice.

9. If a JASDEC Participant returns a Certificate or if JASDEC receives the notice prescribed in Paragraph 6, which is applied *mutatis mutandis* under Paragraph 7 by replacing certain terms, JASDEC shall take necessary measures in order to cancel the measures prescribed in the preceding paragraph, and, in addition, shall notify the Issuer of the Short-Term Corporate Bonds, etc. or the Paying Agent of the issue of the Straight Bonds relating to such Certificate or notice, using the method prescribed by the Rules, regarding the matters set forth in the Certificate or notice.

#### Article 69 Provision of Information Concerning Details of Corporate Bonds, etc.

1. Upon its receipt of any notice concerning payments for the Corporate Bonds, etc. (in the event that such Corporate Bonds, etc., are Beneficial Interest in Investment Trust, any notice concerning the establishment of a trust) from the Issuer of Corporate Bonds, etc., JASDEC shall provide information concerning matters prescribed by the Rules as information concerning such Corporate Bonds, etc., using the method prescribed by the Rules pursuant to Article 87 of the Act (including when it is applied *mutatis mutandis* in Articles 113, 115, 117, 118, 120, 121, 124 and 127 of the Act).
2. Upon receipt of the notice prescribed in Paragraph 1 or Paragraph 2 of Article 67, JASDEC shall, using the method prescribed by the Rules, provide notified information that is information prescribed by the Rules.

#### Article 70 Certification of Matters, etc. Recorded or Described in the Book-Entry Transfer Account Register

1. A JASDEC Participant may request, using the method prescribed by the Rules, that JASDEC deliver a written instrument certifying the matters recorded in its JASDEC Participant Account or provide information concerning such matters by electromagnetic

means. The same shall apply to an interested party (meaning a party that, under the Cabinet Order, is deemed to have an interest prescribed in Article 277 of the Act; the same shall apply hereinafter in this article) of the JASDEC Participant Account when a valid reason exists.

2. A Participant may request that the Account Management Institution at which the Participant's account is opened deliver a written instrument certifying the matters recorded or described in such account or provide information concerning such matters by electromagnetic means prescribed in the items under Paragraph 1 of Article 9 of the Order Concerning Account Management Institutions (Ordinance of the Cabinet Office, the Ministry of Justice and the Ministry of Finance No. 2 of 2002). The same shall apply to an interested party of such account when a valid reason exists.
3. When making the request pursuant to the provisions of the preceding two paragraphs, the JASDEC Participant, Participant or interested party shall present the following matters to JASDEC or the Account Management Institution to which such request is made:
  - (1) Name/trade name and address of the person making the request.
  - (2) Purpose of the request.
  - (3) The JASDEC Participant Account or the Participant's account with respect to which the request is made.
  - (4) Other information sufficient to identify the matters to be certified.
4. When an interested party makes the request under the preceding paragraph, a document evidencing such party's interest shall be submitted.

#### Article 70-2 Handling of Attachment, etc.

1. If an Indirect Account Management Institution receives delivery of a notice concerning restrictions imposed pursuant to an attachment order, etc., with respect to Corporate Bonds, etc., recorded or described in the Proprietary Account of the Book-Entry Transfer Account Register maintained by it (in the event that such Corporate Bonds, etc., are Beneficial Interest in Investment Trust, except when the measures prescribed in Paragraph 5 to be taken by JASDEC are clearly unnecessary), such Indirect Account Management Institution shall immediately notify its Immediately Upper-Tier Institution of such fact and the issue and amount or number of units of the Corporate Bonds, etc., relating to the notice so delivered.
2. If the Immediately Upper-Tier Institution that received the notice prescribed in the preceding paragraph from an Indirect Account Management Institution is another Indirect Account Management Institution, it shall immediately notify its Immediately Upper-Tier Institution of the matters notified from its Indirect Account Management Institution

pursuant to the provisions of the preceding paragraph. The same shall apply if the Immediately Upper-Tier Institution that received such notice is another Indirect Account Management Institution.

3. If a JASDEC Participant receives delivery of a notice concerning restrictions imposed pursuant to an attachment order, etc., on the disposition of Corporate Bonds, etc., recorded or described in the Proprietary Account of the Book-Entry Transfer Account Register maintained by it (in the event that such Corporate Bonds, etc., are Beneficial Interest in Investment Trust, except when the measures prescribed in Paragraph 5 to be taken by JASDEC are clearly unnecessary), or a notice prescribed in the preceding two paragraphs, such JASDEC Participant shall immediately notify JASDEC using the method prescribed in the Rules of such fact, the issue and amount or number of units of the Corporate Bonds, etc., relating to the notice so delivered or the notice prescribed in the preceding two paragraphs, and the Classified Account in the Book-Entry Transfer Account Register maintained by JASDEC where the issue of the applicable Corporate Bonds, etc., is recorded.
4. The provisions of the preceding three paragraphs shall apply *mutatis mutandis* upon the receipt of delivery of notice concerning withdrawal of application for, or cancellation, etc., of attachment orders, etc. In such event, the phrase, “if a JASDEC Participant receives delivery of a notice concerning restrictions imposed pursuant to an attachment order, etc., on the disposition of Corporate Bonds, etc.,” shall be replaced with the phrase, “if a JASDEC Participant receives delivery of a notice concerning withdrawal of application for, or cancellation, etc., of attachment orders, etc.”
5. If JASDEC receives delivery of a notice concerning restrictions imposed pursuant to an attachment order, etc., on the disposition of Corporate Bonds, etc., recorded in the Proprietary Account of the Book-Entry Transfer Account Register maintained by it, or the notice prescribed in Paragraph 3 from a JASDEC Participant, JASDEC shall take necessary measures in order to prevent any book-entry transfer or deletion (if the applicable issue consists of Short-Term Corporate Bonds, etc., including the payment of redemption proceeds; if the applicable issue consists of Straight Bonds, including the payment of redemption proceeds (including pre-maturity redemption proceeds and fixed-date redemption proceeds) and interest) from being made with respect to the issue, amount or number of units of the Corporate Bonds, etc., relating to the notice so delivered or to the notice prescribed in Paragraph 3, or the Classified Account in the Book-Entry Transfer Account Register maintained by JASDEC where the issue of the applicable Corporate Bonds, etc., is recorded, and, in addition, if such issue consists of Short-Term Corporate Bonds, etc. or Straight Bonds, notify the Paying Agent of such issue (in the case of Short-Term Corporate Bonds, etc., limited to the Paying Agent if a Paying Agent

has been appointed; the same shall apply hereinafter in this article), using the method prescribed by the Rules, of the matters set forth in the notice so delivered or in the notice prescribed in Paragraph 3.

6. If JASDEC receives delivery of a notice concerning withdrawal of application for, or cancellation, etc., of attachment orders, etc., with respect to Corporate Bonds, etc., recorded in the Proprietary Account of the Book-Entry Transfer Account Register maintained by it, or a notice as prescribed in Paragraph 3, which is applied *mutatis mutandis* in Paragraph 4 by replacing certain terms, JASDEC shall take necessary measures in order to cancel the measures taken pursuant to the preceding paragraph, and, in addition, if the issue relating to the notice so delivered or to the notice prescribed in Paragraph 3, which is applied *mutatis mutandis* in Paragraph 4 by replacing certain terms, consists of Short-Term Corporate Bonds, etc., or Straight Bonds, notify the Paying Agent of such issue, using the method prescribed in the Rules, the matters set forth in the notice so delivered or in the notice prescribed in Paragraph 3, which is applied *mutatis mutandis* in Paragraph 4 by replacing certain terms.

#### Article 70-2-2 Handling of Attachment, etc. Regarding Beneficial Interest in Investment Trust Related to Trust Mergers

1. The Indirect Account Management Institution which has received the notice in Paragraph 4 of Article 58-58 (including when it is applied *mutatis mutandis* in Paragraph 5 of said article) shall, with respect to the Beneficial Interest in Investment Trust of Cancelled Issues recorded or described in the Proprietary Account of the Book-Entry Transfer Account Register maintained by it, if Beneficial Interest in Investment Trust, with respect to which necessary measures in order to prevent any book-entry transfer or deletion pursuant to Paragraph 5 of the preceding article have been taken (hereinafter referred to as “Frozen Target Beneficial Interest in Investment Trust”), exist, notify the Immediately Upper-Tier Institution of such Indirect Account Management Institution of such fact, the merger date, and the number of units of the Cancelled Issue and such Frozen Target Beneficial Interest in Investment Trust.
2. If the Immediately Upper-Tier Institution which has received the notice in the preceding paragraph from the Indirect Account Management Institution is an Indirect Account Management Institution, it shall notify its Immediately Upper-Tier Institution regarding matters notified from the Indirect Account Management Institution pursuant to the provisions of the preceding paragraph. The same shall apply if the Immediately Upper-Tier Institution which received such notice is an Indirect Account Management Institution.



3. The JASDEC Participant that has received the notice in Paragraph 3 of Article 58-58 shall, with respect to the Beneficial Interest in Investment Trust of Cancelled Issues recorded or described in the Proprietary Account of the Book-Entry Transfer Account Register maintained by it, if Frozen Target Beneficial Interest in Investment Trust exist or the notice of Paragraph 2 was received, notify JASDEC, using the method prescribed by the Rules, of such fact, the merger date, Cancelled Issues, and the number of units of such Frozen Target Beneficial Interest in Investment Trust, and the Classified Account in the Book-Entry Transfer Account Register maintained by JASDEC where the applicable Frozen Target Beneficial Interest in Investment Trust are recorded.
4. JASDEC shall, with respect to the Beneficial Interest in Investment Trust of Cancelled Issues recorded in the Proprietary Account of the Book-Entry Transfer Account Register maintained by it, if Frozen Target Beneficial Interest in Investment Trust exist or the notice in the preceding paragraph from the JASDEC Participant was received, take necessary measures to cancel the measures of Paragraph 5 of the preceding article.
5. If the Indirect Account Management Institution that issued the notice in Paragraph 1 recorded or described, on the merger date, an increase in Beneficial Interest in Investment Trust of Post-Merger Issue in the Proprietary Account of the Book-Entry Transfer Account Register that it maintains, it shall immediately notify the Immediately Upper-Tier Institution of such Indirect Account Management Institution of such fact, the Post-Merger Issue, the number of units that result from multiplying the number of units of the Frozen Target Beneficial Interest in Investment Trust set forth in the notice of said paragraph by the Allotment Ratio (any fractional number less than one unit shall be rounded down).
6. If the Immediately Upper-Tier Institution that received the notice in the preceding paragraph from the Indirect Account Management Institution is an Indirect Account Management Institution, it shall immediately notify its Immediately Upper-Tier Institution of the matters notified by the Indirect Account Management Institution pursuant to the provisions of the preceding paragraph. The same shall apply if the Immediately Upper-Tier Institution which received such notice is an Indirect Account Management Institution.
7. If the JASDEC Participant which gave the notice in Paragraph 3 records or describes, on the merger date, an increase in Beneficial Interest in Investment Trust of Post-Merger Issue in the Proprietary Account of the Book-Entry Transfer Account Register that it maintains, it shall immediately notify JASDEC, using the method prescribed by the Rules, of such fact, the Post-Merger Issue, the number of units that results from multiplying the number of units of the Frozen Target Beneficial Interest in Investment Trust set forth in the notice of said paragraph by the Allotment Ratio (any fractional number less than one unit shall be rounded down), and the Classified Account in the Book-Entry Transfer

Account Register maintained by JASDEC where the applicable Beneficial Interest in Investment Trust of the Post-Merger Issue are recorded.

8. The JASDEC Participant that received the notice in Paragraph 5 shall immediately, using the method prescribed by the Rules, notify JASDEC of the matters notified and the Classified Account in the Book-Entry Transfer Account Register maintained by JASDEC where the applicable Beneficial Interest in Investment Trust of Post-Merger Issue are recorded.
9. Upon its receipt of the notices of the preceding two paragraphs from the JASDEC Participant, JASDEC shall take the measures prescribed in Paragraph 5 of the preceding article with respect to the issue and number of units of the Beneficial Interest in Investment Trust subject to such notice in the same paragraph and the Classified Account in the Book-Entry Transfer Account Register where the issue of the applicable Beneficial Interest in Investment Trust is recorded maintained by JASDEC using the method prescribed by the Rules.
10. JASDEC shall, with respect to the Beneficial Interest in Investment Trust of Cancelled Issue recorded in the Proprietary Account of the Book-Entry Transfer Account Register maintained by it, If any Frozen Target Beneficial Interest in Investment Trust exist and JASDEC records the increase in Beneficial Interest in Investment Trust of Post-Merger Issue in the Proprietary Account of the Book-Entry Transfer Account Register maintained by it , take the measures prescribed in Paragraph 5 of the preceding article with respect to the number of units that results from multiplying the number of units of Post-Merger Issue and the applicable Frozen Target Beneficial Interest in Investment Trust by the Allotment Ratio (any fractional number less than one unit shall be rounded down), and the Classified Account in the Book-Entry Transfer Account Register that it maintains, where the issue of the applicable Beneficial Interest in Investment Trust of the Post-Merger Issue is recorded using the method prescribed by the Rules.

#### Article 70-3 Modifications to Be Made to Provisions in the Case of Corporate Bond Beneficial Interests

1. The provisions of Paragraph 1, Item 3 of Article 58-6, Article 58-15, Paragraph 2, Item 4 of Article 58-26, and Paragraph 3 of Article 67 do not apply to Corporate Bond Beneficial Interests.
2. When Straight Bonds are Corporate Bond Beneficial Interests, each of the wordings set forth in the middle column for the provisions listed in the left column in the table below shall be replaced with the respective wording described in the right column.

Provision To Be Revised	Wording To Be Replaced	Replacement Wording
Article 2, Item 19	the day after the payment date	the day after the trust establishment date
	payment date	dividend payment date
	value of each corporate bond	value of each of the Corporate Bond Beneficial Interests
	interest payments	dividends
Article 2, Item 22	payment (in a case where in lieu of money, property other than money will be paid, including such payment of property other than money; the same shall apply hereinafter)	trust establishment
Article 2, Item 33	DVP Settlement or Non-DVP Settlement	Non-DVP Settlement
	payments, etc.	trust establishment, etc.
Article 2, Item 37	Value of each corporate bond	Value of each of the Corporate Bond Beneficial Interests
Article 8-2, Paragraph 2, Item 3	Value of each corporate bond	Value of each of the Corporate Bond Beneficial Interests
Article 8-2, Paragraph 2, Item 4, D	day on which an interest payment is made	day on which a dividend payment is made
Article 8-2, Paragraph 2, Item 5	Interest is paid not more frequently than twelve times per year	Dividends are paid at intervals of once a month, every three months, every six months or once a year
Article 14, Paragraph 1	after payments	after trust establishment
Article 26, Paragraph 3, Item 1	interest payment due date	dividend payment due date
	interest payment date	dividend payment date
	the day on which the interest is actually paid	the day on which the dividend is actually paid
Article 26, Paragraph 3,	interest	dividends

Item 3		
Article 26, Paragraph 4,	interest	dividends
Article 58-3	value of each corporate bond	value of each of the Corporate Bond Beneficial Interests
Article 58-6, Paragraph 1, Item 4	Value of each corporate bond	Value of each of the Corporate Bond Beneficial Interests
Article 58-6, Paragraph 1, Item 5	Payment date	Trust establishment date
Article 58-6, Paragraph 1, Item 6	interest payments	dividends
Article 58-6, Paragraph 1, Item 7	Interest Payment Dates (limited to Straight Bonds with respect to which interest payments will be made)	Dividend Payment Dates
Article 58-6, Paragraph 1, Item 8	Interest rate (limited to Straight Bonds with respect to which interest payments will be made; the same shall apply in the following item)	dividend rate
Article 58-6, Paragraph 1, Item 9	interest rate	dividend rate
Article 58-6, Paragraph 1, Item 10	interest payments ... (limited to Straight Bonds with respect to which interest payments will be made)	dividends
Article 58-6, Paragraph 1, Item 12	Currency in which the redemption proceeds will be denominated (if, in lieu of money, redemption will be by assets other than money, to that effect)	Currency in which the redemption proceeds will be denominated
Article 58-6, Paragraph 7	payment date	trust establishment date
Article 58-8, Paragraph 1,	the Participant which will	the Participant which is the

Item 1	make payments	originator (meaning the originator prescribed in Article 224 of the Act on Securitization of Assets; the same shall apply hereinafter) that entrusts the assets that underwrite the Corporate Bond Beneficial Interests
	Paying Participant	Trust Participant
Article 58-8, Paragraph 1, Item 2	Paying Participant	Trust Participants
Article 58-8, Paragraph 1, Item 3	payments	entrustment
Article 58-8, Paragraph 2	payment date	trust establishment date
Article 58-9, Paragraph 1	classified as either a DVP Settlement or a Non-DVP Settlement	classified as a Non-DVP Settlement
Article 58-10, Item 1	makes the payment	entrusts assets that underwrite the Corporate Bond Beneficial Interests as the originator
Article 58-12, Paragraph 1	payments	trust establishment
Article 58-12, Paragraph 1, Item 1	payments	trust establishment
Article 58-30, Paragraph 1	interest	dividends
	interest income taxation	dividend income taxation
Article 58-30, Paragraph 2	interest payment due date	dividend payment due date
	interest	dividends
Article 58-30, Paragraph 3	interest	dividends
Article 58-30, Paragraph 4	interest	dividends
Article 58-31, Paragraph 1	interest	dividends
Article 67, Paragraph 2	interest	dividends
	If any delay in payment (with	If an event prescribed in

	respect to any issue that has a grace period with respect to the payment of the redemption proceeds or interest relating to Corporate Bonds, etc., if payment is made by the date such period expires), of	Paragraph 2, Item 5, Article 52 of the Order for Enforcement of the Act on Securitization of Assets (Cabinet Order No. 479 of 2000) occurs with respect to
Article 69, Paragraph 1	notice concerning payments	notice concerning trust establishment
Article 70-2, Paragraph 5	interest	dividends

## Article 71 Reports and Investigations

1. Upon the occurrence of any event prescribed in Article 62 or other incident prescribed in Article 19 of the Act, the Account Management Institution shall immediately report such fact and the following matters to JASDEC:
  - (1) Name of the business office where the incident occurred.
  - (2) Name or trade name and title of the director, accounting advisor, auditor, officer or employee who caused the incident.
  - (3) General description of the incident.
2. Upon the discovery of the details of the incident which was reported pursuant to the provisions of the preceding paragraph, the Account Management Institution shall report the following matters to JASDEC without delay.
  - (1) Details of the incident.
  - (2) Improvement plans.
3. Whenever deemed necessary and appropriate in order to ensure the proper operation of the Book-Entry Transfer Services for Corporate Bonds, etc., JASDEC may, after presentation of the reasons therefor, require Issuers (including Issuing Agents and Paying Agents; the same shall apply hereinafter in this chapter), JASDEC Participants, Indirect Account Management Institutions and Trustee Companies to submit reports or information concerning matters required in connection with the Book-Entry Transfer Services for Corporate Bonds, etc.
4. When the provisions of Paragraph 1 apply, or when otherwise deemed necessary in order to promote the efficient operation of the Book-Entry Transfer System for Corporate Bonds, etc., JASDEC may review the Book-Entry Transfer Account Registers maintained by Account Management Institutions.

## Article 72 Partial Delegation of Work

Whenever deemed necessary for the operation of the Book-Entry Transfer Services for Corporate Bonds, etc., with the approval of the competent minister, JASDEC may delegate some of its work to third parties.

## Article 73 Disclaimers

1. Except when JASDEC is deemed to have committed intentional misconduct or gross negligence, JASDEC shall not be liable for any damage resulting from matters handled pursuant to the applications, notices, etc., from Issuers, JASDEC Participants or Trustee Companies based on the stipulations made by JASDEC pursuant to these Operational

Rules and Article 75.

2. In addition to the provisions of the preceding paragraph, JASDEC shall not be liable for any damage resulting from events not attributable to JASDEC.

#### Article 73-2 Elimination of Anti-Social Forces

If JASDEC learns that any Issuer of Corporate Bonds, etc., Issuing Agent, Paying Agent, Fund-Settlement Corporation, BOJ Net Funds Settlement Corporation, Trustee Company, JASDEC Participant or Indirect Account Management Institution (hereinafter referred to as “Corporate Bond Issuers, etc.”), any officer of the foregoing, or any person comparable to the foregoing is an anti-social force (meaning an organized crime group or an organized crime group member as specified in Article 2 of the Act for the Prevention of Wrongful Acts by Members of Organized Crime Groups (Act No. 77 of 1991), or a person comparable to such persons), JASDEC shall discontinue the handling, cancel designations, or cancel registration of Corporate Bonds, etc., or abolish or cancel approval of JASDEC Participant Accounts related to such to Corporate Bond Issuers, etc. and take other necessary measures.

#### Article 74 Prohibition of Withdrawal of Application for a DVP Settlement

With respect to JASDEC’s procedures concerning new records, book-entry transfers and deletions (limited to those implemented by way of a DVP Settlement), after the Issuer and JASDEC Participant give notices concerning settlement of funds pursuant to the provisions of these Operational Rules and the Fund-Settlement Corporation, or the BOJ Net Fund-Settlement Corporation makes payments of funds through the BOJ Net, such Issuer and JASDEC Participant may not withdraw their application for procedures concerning new records, book-entry transfers, or deletions.

#### Article 74-2: Public Notices, etc., of Statistics, etc.

For promotion of the efficient operation of the Book-Entry Transfer Services for Corporate Bonds, etc., JASDEC may issue public notices, etc., regarding statistics, etc., when necessary.

#### Article 75 Determination of Required Matters, etc.

For the purpose of operating the Book-Entry Transfer System for Corporate Bonds, etc., properly and in a reliable manner, in addition to the provisions of these Operational Rules, JASDEC may promulgate regulations concerning required matters and take necessary measures.



#### Article 76 Abolishment of System

If JASDEC determines that the Book-Entry Transfer System for Corporate Bonds, etc., does not need to continue to exist, JASDEC may abolish it following six months' prior notice; provided, however, that the foregoing shall not apply if the designation under Article 3, Paragraph 1 of the Act is cancelled pursuant to the provisions of Article 22, Paragraph 1 of the Act.

#### Article 77 Amendment of Operational Rules, etc.

1. When deemed necessary in order to promote the efficient operation of the Book-Entry Transfer System for Corporate Bonds, etc., JASDEC may amend these Operational Rules (other than the provisions relating to the Participants Protection Trusts) with the approval of the Commissioner of the Financial Services Agency and Minister of Justice.
2. When deemed necessary in order to promote the efficient operation of the Book-Entry Transfer System for Corporate Bonds, etc., JASDEC may amend these Operational Rules (limited to the provisions relating to the Participants Protection Trusts) with the approval of the Commissioner of the Financial Services Agency, Minister of Justice and the Minister of Finance.
3. When deemed necessary in order to promote the efficient operation of the Book-Entry Transfer System for Corporate Bonds, etc., JASDEC may amend the Rules promulgated, or the necessary measures to be taken, pursuant to Article 75.

#### Article 78: Governing Law and Agreed Jurisdiction

1. The rights and obligations among JASDEC, Issuers, JASDEC Participants, Indirect Account Management Institutions, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations, and Trustee Companies concerning the Book-Entry Transfer System for Corporate Bonds, etc., shall be governed by the laws of Japan.
2. If any dispute arises concerning the rights and obligations among JASDEC, Issuers, JASDEC Participants, Indirect Account Management Institutions, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations, and Trustee Companies with respect to the Book-Entry Transfer System for Corporate Bonds, etc., the Tokyo District Court shall have exclusive jurisdiction over any litigation relating thereto; provided, however, that JASDEC shall not be precluded from commencing lawsuits against Issuers, JASDEC Participants, Indirect Account Management Institutions, Fund-Settlement Corporations, BOJ Net Fund-Settlement Corporations, and Trustee Companies in courts outside of Japan, which have jurisdiction.

## SUPPLEMENTARY RULES

These Operational Rules shall come into effect as of January 10, 2003.

Supplementary Rules (Notice on January 17, 2003)

These amended provisions shall come into effect as of January 17, 2003.

Supplementary Rules (Notice on June 20, 2003)

These amended provisions shall come into effect as of June 20, 2003.

Supplementary Rules (Notice on March 17, 2004)

These amended provisions shall come into effect as of April 1, 2004.

Supplementary Rules (Notice on September 17, 2004)

These amended provisions shall come into effect as of October 1, 2004.

Supplementary Rules (Notice on March 2, 2005)

These amended provisions shall come into effect as of March 7, 2005.

## Supplementary Rules (Notice on July 13, 2005)

### Article 1 Effective Date

These amended provisions shall come into effect as of January 10, 2006.

### Article 2 Special Rules Concerning Straight Bonds

The provisions of the Operational Rules as amended by these amendments (hereinafter referred to as the “Operational Rules”) (other than Articles 8 through 8-3, Article 11, Article 12 (Paragraphs 5 and 6), Article 12-2, Article 15-2, Article 15-3, Article 26 (Paragraphs 2 and 5), Chapter 6, Article 58-6, Articles 58-8 through 58-13, Chapter 6-3, Article 62-2, Article 68 (Paragraphs 5 and 6) and Article 69) shall apply to the Special Rules Straight Bonds (meaning those (i) which are Special Rule Corporate Bonds prescribed in Article 10 of the Supplementary Rules of the Act; Special Rule Local Government Bonds prescribed in Article 27 (Paragraph 1) of the Supplementary Rules of the Act; Special Rule Investment Corporation Bonds prescribed in Article 28 (Paragraph 1) of the Supplementary Rules of the Act; Special Rule Corporate Bonds prescribed in Article 29 (Paragraph 1) of the Supplementary Rules of the Act; Special Rule Specified Corporate Bonds prescribed in Article 30 (Paragraph 1) of the Supplementary Rules of the Act; Special Rule Special Corporation Bonds prescribed in Article 31 (Paragraph 1) of the Supplementary Rules of the Act; or Special Rule Foreign Bonds prescribed in Article 36 (Paragraph 1) of the Supplementary Rules of the Act, (ii) which satisfy the requirements set forth in Article 8-2, Paragraph 2 (except for Items 2 to 4) of the Operational Rules, (iii) whose denomination of each corporate bond is at least 1000 of the Currency unit and in whole multiples of 1000 of the Currency unit and (iv) whose redemption method involves partial redemption of the total issue amount on specified interest payment due date without the use of the method prescribed in Article 8-2, Paragraph 2, Item 4 of these Operational Rules or the fixed date redemption method; the same shall apply hereinafter), with respect to which JASDEC obtains the consent of the Issuer of the Special Rule Straight Bonds pursuant to the provisions of Article 13, Paragraph 1 of the Act, which are recorded or described in the Transfer Receipt Book, and which are thus treated as Straight Bonds. In such event, each of the wordings set forth in the middle column for the provisions of these Operational Rules listed in the left column in the table below shall be replaced with the respective wording set forth in the right column:

Provision To Be Revised	Wording To Be Replaced	Replacement Wording
Article 10	the requirements under Article 8, Article 8-2 or Article 8-3	Special Rules Straight Bonds
Article 24, Paragraph 1	such applicant (which must be a corporation when opening an account for Short-Term Corporate Bonds, etc.)	such applicant
Article 26, Paragraph 3, Item 5	other than JASDEC-Related Issues	other than JASDEC-Related Issues and Issues Substantially Managed by Serial Number (meaning those issues of Special Rules Straight Bonds which are not redeemed by the fixed date redemption method, and whose total issue amount is partially redeemed on specified interest payment due dates; the same shall apply hereinafter)
Article 58-3	value of each corporate bond	value of each corporate bond (the smallest denomination if any corporate bond has more than one denomination)
Article 58-26, Paragraph 2, Item 2	Non-JASDEC-Related Issues	Non-JASDEC-Related Issues or Issues Substantially Managed by Serial Number
Article 58-28, Paragraph 2	Non-JASDEC-Related Issues	Non-JASDEC-Related Issues or Issues Substantially Managed by Serial Number
Article 60, Paragraph 1	the total issue amount (excluding	the sum of the amounts recorded or described in the Transfer Receipt Book in connection therewith (excluding amounts relating to any record or description in the event that such record or description did not come into effect and

	total issue amount	sum of the amounts
Article 60, Paragraph 2	creation, transfer or termination	creation (including records or descriptions in the Transfer Receipt Book becoming effective), transfer or termination (including records or descriptions in the Transfer Receipt Book ceasing to have effect)
	pursuant to	in such account pursuant to
Article 62, Paragraph 1	the total issue amount (excluding	the sum of the amounts recorded or described in the Transfer Receipt Book in connection therewith (excluding amounts relating to any record or description in the event that such record or description did not come into effect and
Article 62, Paragraph 2, Item 2	creation, transfer or termination	creation (including records or descriptions in the Transfer Receipt Book becoming effective), transfer or termination (including records or descriptions in the Transfer Receipt Book ceasing to have effect)
Article 68, Paragraph 2	the total issue amount (excluding	the sum of the amounts recorded or described in the Transfer Receipt Book in connection therewith (excluding amounts relating to any record or description in the event that such record or description did not come into effect and

Article 3 Notice from Issuing Agents Concerning Issue Information of Special Rule Straight Bonds

The provisions of Article 58-6 (other than Paragraph 7) of the Operational Rules shall apply *mutatis mutandis* when the Issuer of the Special Rules Straight Bonds gives its consent prescribed in Article 13, Paragraph 1 of the Act to JASDEC. In such event, each of the wordings set forth in the middle column for the provisions of these Operational Rules listed in the left column in the table below shall be replaced with the respective wording set forth in the right column:

Provisions To Be Revised	Wording To Be Replaced	Replacement Wording
Article 58-6, Paragraph 1	Straight Bonds that are scheduled to be issued	Special Rules Straight Bonds
Article 58-6, Paragraph 1, Item 1	Straight Bonds	Special Rules Straight Bonds
Article 58-6, Paragraph 1, Item 4	Value of each corporate bond	Value of each corporate bond (the smallest denomination if any corporate bond has more than one denomination; the same shall apply hereinafter in this paragraph)
Article 58-6, Paragraph 1, Item 7	Straight Bonds	Special Rules Straight Bonds
Article 58-6, Paragraph 2	local government bonds	Special Rules Local Government Bonds
Article 58-6, Paragraph 3	investment corporation bonds	Special Rules Investment Corporation Bonds
Article 58-6, Paragraph 4	specified corporate bonds	Special Rules Specified Corporate Bonds
Article 58-6, Paragraph 5	Special Corporation Bonds	Special Rules Special Corporation Bonds
Article 58-6, Paragraph 6	Foreign Bonds	Special Rules Foreign Bonds
Article 58-6, Paragraph 8	new record procedures	application for a record or description in the Transfer Receipt Book

#### Article 4 Maintenance of the Transfer Receipt Book

JASDEC shall maintain the Transfer Receipt Book (meaning the one relating to Special Rule Straight Bonds; the same shall apply hereinafter).

#### Article 5 Application for Records or Descriptions Concerning Special Rules Straight Bonds in the Transfer Receipt Book

1. A Participant (hereinafter referred to as the “Special Rules Participant”) that has rights

concerning Special Rules Straight Bonds (limited to those with respect to which JASDEC has obtained the consent of the Issuer of the Special Rules Straight Bonds pursuant to the provisions of Article 13, Paragraph 1 of the Act; the same shall apply hereinafter) may submit an application to JASDEC to record or describe the Special Rules Straight Bonds held by it in the Transfer Receipt Book. The following matters shall be set forth in such application:

- (1) Issue and amount of the Special Rules Straight Bonds;
  - (2) Numbers assigned to the corporate bond certificates of the Special Rules Straight Bonds;
  - (3) Name/trade name and address of the Special Rules Participant.
  - (4) Name of the Registration Institution (meaning the registration institution prescribed in Article 2 of the Corporate Bonds, etc., Registration Act (Act No. 11 of 1942) prior to its abolition under Article 3 of the Act on Improvements, etc., of the Laws Related to the Improvements of the Securities Market through a Reform of the Securities Settlement System, etc. (Act No. 65 of 2002), which is deemed to remain effective under the provisions of Article 3 of the Supplementary Rules Rule to the Act on Improvements, etc., of the Laws Related to the Improvements of the Securities Market through a Reform of the Securities Settlement System, etc.; the same shall apply hereinafter) (limited to those registered pursuant to the provisions of Article 3, Paragraph 1 of the Corporate Bonds, etc., Registration Act (other than those with respect to which restrictions on disposition, pledge rights (including re-pledge rights), or security interest have been registered); hereinafter referred to as the “Recorded Bonds”).
  - (5) Special Rules Participant’s account.
  - (6) Other matters prescribed by the Rules.
2. The Special Rules Participant that submits an application prescribed in the preceding paragraph shall submit to JASDEC the corporate bond certificates of the Special Rules Straight Bonds relating to such application (limited to those whose coupons for interest, which is not yet due and payable, are not missing); provided, however, that if such Special Rules Straight Bonds are Recorded Bonds, instead of submitting the corporate bond certificates, the certification prescribed in Article 14, Paragraph 3 of the Supplementary Rules of the Act Concerning Special Rules Straight Bonds (including when it is applied *mutatis mutandis* in Article 27 (Paragraph 2), Article 28 (Paragraph 2), Article 29 (Paragraph 2), Article 30 (Paragraph 2), Article 31 (Paragraph 2) and Article 36 (Paragraph 2) of the Supplementary Rules of the Act) may be given.
  3. In addition to the provisions of the preceding two paragraphs, matters required in connection with applications for records or descriptions concerning Special Rule Straight

Bonds in the Transfer Receipt Book shall be prescribed by the Rules.

Article 6 JASDEC's Records or Descriptions in the Transfer Receipt Book, and Issuance of Notices, Concerning Special Rules Straight Bonds

Upon its receipt of an application prescribed in Paragraph 1 of the preceding article, JASDEC shall record or describe in the Transfer Receipt Book the matters set forth in Items 1 to 4 of Paragraph 1 of the preceding article, and the date on which a record or description in the Transfer Receipt Book is made in connection with such application. In such event, JASDEC shall notify the Issuer of the Special Rules Straight Bonds (in the case of Recorded Bonds, the Issuer and the Registration Institution) that a record or description has been made in the Transfer Receipt Book.

Article 7 Period During Which Record or Description in the Transfer Receipt Book Concerning Special Rules Straight Bonds is Suspended

When deemed necessary, JASDEC may designate a period during which no records or descriptions in the Transfer Receipt Book concerning Special Rule Straight Bonds can be made.

Article 8 Record or Description in Book-Entry Transfer Account Register, and Issuance of Notices, Concerning Special Rules Straight Bonds

1. When a record or description in the Transfer Receipt Book has been made pursuant to the provisions of Article 6 of the Supplementary Rules, if the account prescribed in the application pursuant to Article 5, Paragraph 1 of the Supplementary Rules has been opened by JASDEC, JASDEC shall record the amount of increase based on such application in the Proprietary Account of the Special Rule Participant that made the application in the Book-Entry Transfer Account Register maintained by JASDEC concerning the issue of the Special Rules Straight Bonds relating to such application.
2. When a record or description in the Transfer Receipt Book has been made pursuant to the provisions of Article 6 of the Supplementary Rules, if the account prescribed in the application pursuant to Article 5, Paragraph 1, of the Supplementary Rules had not been opened by JASDEC, JASDEC shall record the amount of increase based on such application in the Customer Account of the JASDEC Participant that is the Upper-Tier Institution of the Special Rules Participant in the Book-Entry Transfer Account Register maintained by JASDEC concerning the issue of the Special Rules Straight Bonds relating to such application. In such event, JASDEC shall notify the applicable JASDEC



Participant of the following matters:

- (1) Issue and amount of the applicable Special Rules Straight Bonds
  - (2) Information prescribed by the Rules that identifies the name or trade name of the Special Rules Participant.
3. The provisions of the preceding two paragraphs shall apply *mutatis mutandis* to any Account Management Institution that receives a notice prescribed in the preceding paragraph (including when it is applied *mutatis mutandis* to this paragraph).
  4. When recording or describing the amount of increase prescribed in the preceding three paragraphs, if the account of the Special Rules Participant is a Trust Account, the application prescribed in Article 5, Paragraph 1 of the Supplementary Rules shall include details of the application relating to the trust's records or descriptions pursuant to Article 8 of the Cabinet Order (including when it is applied *mutatis mutandis* in Articles 16, 17, 19, 21, 23 and 27 of the Cabinet Order); in such event, the Book-Entry Transfer Institution, etc., at which such Trust Account is opened, shall record or describe in the Book-Entry Transfer Account Register the matters prescribed in Article 68, Paragraph 3, Item 5 of the Act (including when it is applied *mutatis mutandis* in Articles 113, 115, 117, 118, 120 and 127 of the Act).

#### Article 9 Deletion of Record or Description in the Transfer Receipt Book Concerning Special Rules Straight Bonds

1. If any record or description has been made in the Transfer Receipt Book pursuant to an application submitted by a person that does not have the authority to submit the application prescribed in Article 5, Paragraph 1 of the Supplementary Rules concerning Special Rule Straight Bonds, and if an application for deletion has been made pursuant to Article 58-24 of the Operational Rules with respect to such Special Rule Straight Bonds, the Special Rule Participant that holds such Special Rule Straight Bonds may make an application to JASDEC for the deletion of the record or description in the Transfer Receipt Book concerning such Special Rule Straight Bonds.
2. Upon its receipt of the application for deletion prescribed in the preceding paragraph, JASDEC shall delete the record or description in the Transfer Receipt Book concerning the Special Rules Straight Bonds relating to such application. In such event, JASDEC shall notify the Issuer of the Special Rule Straight Bonds relating to such record or description that the record or description in the Transfer Receipt Book has been deleted.

#### Article 10 Provision of Contents of Special Rules Straight Bonds

1. Upon its receipt of the notice prescribed in Article 58-6 of the Operational Rules, which is

applied *mutatis mutandis* pursuant to Article 3 of the Supplementary Rules, from the Issuer of Special Rules Straight Bonds, JASDEC shall provide information concerning matters stipulated in the Rules as details of such Special Rules Straight Bonds using the method prescribed by the Rules under Article 87 of the Act which is applied *mutatis mutandis* pursuant to Article 17, Paragraph 2, of the Supplementary Rules of the Act (including when it is applied *mutatis mutandis* in Article 27 (Paragraph 2), Article 28 (Paragraph 2), Article 29 (Paragraph 2), Article 30 (Paragraph 2), Article 31 (Paragraph 2) or Article 36 (Paragraph 2) of the Supplementary Rules of the Act).

2. Upon its receipt of the notice prescribed in Paragraph 1 or 2 of Article 67 of the Operational Rules, JASDEC shall, using the method prescribed by the Rules, provide notified information that is information prescribed by the Rules.

#### Article 11 Public Notice Concerning Consent of the Issuer of Special Rules Straight Bonds

JASDEC shall treat the provision of information prescribed in Paragraph 1 of the preceding article as the issuance of public notice concerning the consent of the Issuer of Special Rule Straight Bonds pursuant to Article 18 of the Supplementary Rules of the Act (including when it is applied *mutatis mutandis* in Article 27 (Paragraph 2), Article 28 (Paragraph 2), Article 29 (Paragraph 2), Article 30 (Paragraph 2), Article 31 (Paragraph 2) and Article 36 (Paragraph 2) of the Supplementary Rules of the Act).

#### Article 12 Application

1. When applying Item 2 of Paragraph 1, and Paragraph 2, of Article 5 of the Supplementary Rules to Special Rules Local Government Bonds, (i) the reference to “corporate bond certificates” in Article 5, Paragraph 1, Item 2 of the Supplementary Rules shall be replaced with “local government bond certificates (meaning the local government bond certificates prescribed in Article 705, Paragraph 2 of the Companies Act, applied *mutatis mutandis* by replacing certain terms pursuant to Article 5-6 of the Local Government Finance Act; the same shall apply in Article 5, Paragraph 2 of the Supplementary Rules)”, and (ii) the reference to “corporate bond certificates” in Article 5, Paragraph 2, of the Supplementary Rules shall be replaced with “local government bond certificates.”
2. When applying Item 2 of Paragraph 1, and Paragraph 2, of Article 5 of the Supplementary Rules to Special Rules Investment Corporation Bonds, (i) the reference to “corporate bond certificates” in Article 5, Paragraph 1, Item 2 of the Supplementary Rules shall be replaced with “investment corporation bond certificates (meaning the investment corporation bond certificates prescribed in Article 2, Paragraph 18 of the Act on Investment Trusts and Investment Corporations”); the same shall apply in Article 5,

Paragraph 2 of the Supplementary Rules), and (ii) the reference to “corporate bond certificates” in Article 5, Paragraph 2 of the Supplementary Rules shall be replaced with “investment corporation bond certificates.”

3. When applying Item 2 of Paragraph 1 of Article 5 of the Supplementary Rules to Special Rules Corporate Bonds of mutual companies, the reference to “corporate bond certificates” in such item shall be replaced with “corporate bond certificates (meaning the corporate bond certificates prescribed in Article 61, Item 6 of the Insurance Business Act”; the same shall apply in Article 5, Paragraph 2 of the Supplementary Rules).”
4. When applying Item 2 of Paragraph 1, and Paragraph 2, of Article 5 of the Supplementary Rules to Special Rules Specified Corporate Bonds, (i) the reference to “corporate bond certificates” in Article 5, Paragraph 1, Item 2 of the Supplementary Rules shall be replaced with “specified corporate bond certificates (meaning the specified corporate bond certificates prescribed in Article 2, Paragraph 9 of the Act on Securitization of Assets; the same shall apply in Article 5, Paragraph 2 of the Supplementary Rules)”, and (ii) the reference to “corporate bond certificates” in Article 5, Paragraph 2 of the Supplementary Rules shall be replaced with “specified corporate bond certificates.”
5. When applying Item 2 of Paragraph 1, and Paragraph 2, of Article 5 of the Supplementary Rules to Special Rules Special Corporation Bonds, the reference to “corporate bond certificates” in Item 2 of Paragraph 1, and Paragraph 2 of the Supplementary Rules shall be replaced with “bond certificates”.
6. When applying Item 2 of Paragraph 1, and Paragraph 2 of Article 5 of the Supplementary Rules to Special Rules Foreign Bonds, the reference to “corporate bond certificates” in Item 2 of Paragraph 1, and Paragraph 2 of Article 5 of the Supplementary Rules shall be replaced with “bond certificates”.

#### Supplementary Rules (Notice on April 19, 2006)

These amended provisions shall come into effect as of the date the Companies Act (Act No. 86 of 2005) comes into effect.

#### Supplementary Rules (Notice on May 11, 2006)

##### Article 1 Effective Date

These amended provisions shall come into effect as of January 4, 2007.

Article 2 Special Rules Concerning Beneficial Interest in Investment Trust

Those Beneficial Interest in Special Investment Trust (meaning beneficial interest in the investment trust prescribed in Article 32, Paragraph 1, of the Supplementary Rules to the Act (with respect to investment trusts which are to be split or consolidated under their respective basic terms and conditions of the investment trust and which issue beneficiary certificates ( meaning the beneficiary certificates prescribed in Article 2, Paragraph 7 of the Act on Investment Trusts and Investment Corporations; the same shall apply hereinafter), the phrase in Article 8-3, Paragraph 2, Item 5, of the Operational Rules as amended by these amendments (hereinafter referred to as the “Operational Rules”), “With respect to those basic terms and conditions of the investment trusts under which the Beneficial Interest in Investment Trust are to be split or consolidated,” shall be replaced with the phrase, “Under the basic terms and conditions of the investment trust, the calculation of the increase or decrease in the number of units resulting from a split or merger of beneficial interests of the issue of the Beneficial Interest in Investment Trust shall be performed separately for the number of units relating to the beneficiary certificates of such issue and for the Beneficial Interest in Investment Trust recorded or described in the Book-Entry Transfer Account Register; with respect to those investment trust agreements under which the Beneficial Interest in Investment Trust are to be split or consolidated”) which satisfy the conditions prescribed in Article 8-3, Paragraph 2 of the Operational Rules; the same shall apply hereinafter), with respect to which JASDEC has obtained the consent of the Issuer of the Beneficial Interest in Special Investment Trust pursuant to the provisions of Article 13, Paragraph 1 of the Act, and which are recorded or described in the Transfer Receipt Book, shall be deemed to constitute Beneficial Interest in Investment Trust, and the provisions of these Operational Rules (excluding Articles 8 through 8-3, Article 11, Article 12 (Paragraph 1), Articles 13 through 15, Article 26 (Paragraphs 2 through 4), Chapter 6, Chapter 6-2, Article 58-36, Article 68-2 and Article 69) shall apply to them. In such event, the each of the wordings set forth in the middle column for the provisions of these Operational Rules listed in the left column in the table below shall be replaced with the respective wording set forth in the right column:

Provisions To Be Revised	Wording To Be Replaced	Replacement Wording
Article 10	the requirements under Article 8, Article 8-2 or Article 8-3	Beneficial Interest in Special Investment Trust
Article 24, Paragraph 1	such applicant (which must be a corporation when opening an	such applicant

	account for Short-Term Corporate Bonds, Etc.)	
Article 60, Paragraph 2	creation, transfer or termination	creation (including the records or descriptions in the Transfer Receipt Book becoming effective), transfer or termination (including records or descriptions in the Transfer Receipt Book ceasing to have effect)
	pursuant to	in such account pursuant to
Article 62, Paragraph 2, Item 2	creation, transfer or termination	creation (including the records or descriptions in the Transfer Receipt Book becoming effective), transfer or termination (including records or descriptions in the Transfer Receipt Book ceasing to have effect)
The item relating to Article 60, Paragraph 1 in the table set forth in Article 62-2	total issue amount (excluding the previously redeemed amount)	total issue amount (excluding the previously redeemed amount) of
	total number of units issued (excluding the number of units previously redeemed or cancelled, but including the number of units newly recorded as a result of additional establishment)	total number of units recorded or described in the Transfer Receipt Book (excluding the number of units recorded or described whose record or description did not become effective and excluding the number of units previously redeemed or cancelled, but including the number of units newly recorded as a result of additional establishment)
	total number of units issued	total number of units
The item relating to Article 62, Paragraph 1 in the table set forth in Article	total issue amount (excluding the previously redeemed amount)	total issue amount (excluding the previously redeemed amount) of
	total number of units issued (excluding the number of units previously redeemed or	total number of units recorded or described in the Transfer Receipt Book (excluding the number of units recorded

62-2	cancelled, but including the number of units newly recorded as a result of additional establishment)	or described whose record or description did not become effective and excluding the number of units previously redeemed or cancelled, but including the number of units newly recorded as a result of additional establishment)
Article 68, Paragraph 5	total issue amount (excluding the previously redeemed amount)	total issue amount (excluding the previously redeemed amount)
	total number of units issued (excluding the number of units previously redeemed or cancelled, but including the number of units newly recorded as a result of additional establishment)	total number of units recorded or described in the Transfer Receipt Book (excluding the number of units recorded or described whose record or description did not become effective and excluding the number of units previously redeemed or cancelled, but including the number of units newly recorded as a result of additional establishment)
Article 68, Paragraph 6	total number of issued units...(excluding	total number of units recorded or described in the Transfer Receipt Book... (excluding the number of units recorded or described whose record or description did not become effective and

Article 3 Notice from Issuer Concerning Issue Information of Special Rule Investment Trust

The provisions of Article 58-36 (excluding Paragraph 2) of the Operational Rules shall apply *mutatis mutandis* when the Issuer of Beneficial Interest in Special Investment Trust gives JASDEC the consent prescribed in Article 13, Paragraph 1 of the Act. In such event, each of the wordings set forth in the middle column for the provisions of these Operational Rules listed in the left column in the table below shall be replaced with the respective wording set forth in the right column:

Provisions To Be Revised	Wording To Be Replaced	Replacement Wording
Article 58-36, Paragraph 1	Beneficial Interest in Investment Trust	Beneficial Interest in Special Investment Trust

Article 58-36, Paragraph 3	new record procedures	application for records or descriptions in the Transfer Receipt Book or new record procedures
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**Article 4 Maintenance of the Transfer Receipt Book**

JASDEC shall maintain the Transfer Receipt Book (meaning the one relating to Beneficial Interest in Special Investment Trust; the same shall apply hereinafter).

**Article 5 Application for Records or Descriptions Concerning Beneficial Interest in Special Investment Trust in the Transfer Receipt Book**

1. A Participant (hereinafter referred to as the “Special Rules Participant”) that has rights concerning Beneficial Interest in Special Investment Trust (limited to those with respect to which JASDEC has obtained the consent of the Issuer of the Special Rules Beneficial Interest in Investment Trust pursuant to the provisions of Article 13, Paragraph 1 of the Act; the same shall apply hereinafter) may submit an application to JASDEC to make a record or description in the Transfer Receipt Book concerning the Special Rules Beneficial Interest in Investment Trust owned by it. The following matters shall be set forth in such application:
  - (1) Issue and number of units of the Special Rules Beneficial Interest in Investment Trust.
  - (2) Numbers assigned to the beneficiary certificates of the Special Rules Beneficial Interest in Investment Trust.
  - (3) Name/trade name and address of the Special Rules Participant.
  - (4) Special Rules Participant’s account.
  - (5) Other matters prescribed by the Rules.
2. The Special Rules Participant that submits an application prescribed in the preceding paragraph shall submit to JASDEC the beneficiary certificates of the Beneficial Interest in Special Investment Trust relating to such application.
3. In addition to the provisions of the preceding two paragraphs, matters required in connection with applications for a record or description concerning Beneficial Interest in Special Investment Trust in the Transfer Receipt Book shall be prescribed by the Rules.

**Article 6 JASDEC’s Record or Description in the Transfer Receipt Book, and Issuance of Notices, Concerning Beneficial Interest in Special Investment Trust**

Upon its receipt of an application prescribed in Paragraph 1 of the preceding article, JASDEC shall record or describe in the Transfer Receipt Book the matters set forth in Items 1 to 4 of Paragraph 1 of the preceding article, and the date on which a record or description in the Transfer Receipt Book is made in connection with such application. In such event, JASDEC shall notify the Issuer of the Beneficial Interest in Special Investment Trust that a record or description has been made in the Transfer Receipt Book.

Article 7 Period During Which Record or Description in the Transfer Receipt Book Concerning Beneficial Interest in Special Investment Trust is Suspended

When deemed necessary, JASDEC may designate a period during which no records or descriptions in the Transfer Receipt Book concerning Beneficial Interest in Special Investment Trust can be made.

Article 8 Record or Description in the Book-Entry Transfer Account Register, and Issuance of Notices, Concerning Beneficial Interest in Special Investment Trust

1. When a record or description in the Transfer Receipt Book has been made pursuant to the provisions of Article 6 of the Supplementary Rules, if the account prescribed in the application pursuant to Article 5, Paragraph 1 of the Supplementary Rules had been opened by JASDEC, JASDEC shall record the increase based on such application in the Proprietary Account of the Special Rules Participant that made the application in the Book-Entry Transfer Account Register maintained by JASDEC concerning the issue of the Beneficial Interest in Special Investment Trust relating to such application.
2. When a record or description in the Transfer Receipt Book has been made pursuant to the provisions of Article 6 of the Supplementary Rules, if the account prescribed in the application pursuant to Article 5, Paragraph 1 of the Supplementary Rules had not been opened by JASDEC, JASDEC shall record the increase based on such application in the Customer Account of the JASDEC Participant that is the Upper-Tier Institution of the Special Rules Participant that made the application in the Book-Entry Transfer Account Register maintained by JASDEC concerning the issue of the Beneficial Interest in Special Investment Trust relating to such application. In such event, JASDEC shall notify the applicable JASDEC Participant of the following matters.
  - (1) Issue and number of units of the applicable Special Rules Beneficial Interest in Investment Trust.
  - (2) Information prescribed by the Rules that identifies the name or trade name of the Special Rules Participant.
3. The provisions of the preceding two paragraphs shall apply *mutatis mutandis* to any



Account Management Institution that receives a notice prescribed in the preceding paragraph (including when it is applied *mutatis mutandis* in this paragraph).

4. When recording or describing the increase prescribed in the preceding three paragraphs, if the account of the Special Rules Participant is a Trust Account, the application prescribed in Article 5, Paragraph 1 of the Supplementary Rules shall include details of the application relating to the trust's records or descriptions pursuant to Article 8 of the Cabinet Order, which shall apply *mutatis mutandis* by replacing certain terms pursuant to Article 24 of the Cabinet Order; in such event, the Book-Entry Transfer Institution, etc., at which such Trust Account is opened shall record or describe in the Book-Entry Transfer Account Register the matters prescribed in Article 68, Paragraph 3, Item 5 of the Act which shall apply *mutatis mutandis* by replacing certain terms in Article 121 of the Act.

#### Article 9 Deletion of Record or Description in the Transfer Receipt Book Concerning Beneficial Interest in Special Investment Trust

1. If any record or description has been made in the Transfer Receipt Book pursuant to an application submitted by a person that does not have the authority to submit the application prescribed in Article 5, Paragraph 1 of the Supplementary Rules concerning Special Rules Beneficial Interest in Investment Trust, and if an application for deletion has been made pursuant to Article 58-47 of these Operational Rules with respect to such Special Rules Beneficial Interest in Investment Trust, the Special Rules Participant that owns such Beneficial Interest in Special Investment Trust may make an application to JASDEC for the deletion of the record or description in the Transfer Receipt Book concerning such Beneficial Interest in Special Investment Trust.
2. Upon its receipt of the application for deletion prescribed in the preceding paragraph, JASDEC shall delete the record or description in the Transfer Receipt Book concerning the Special Rules Beneficial Interest in Investment Trust relating to such application. In such event, JASDEC shall notify the Issuer of the Beneficial Interest in Special Investment Trust relating to such record or description that the record or description in the Transfer Receipt Book has been deleted.

#### Article 10 Provision of Contents of Special Rules Beneficial Interest in Investment Trust

1. Upon its receipt of the notice prescribed in Article 58-36 of the Operational Rules which is applied *mutatis mutandis* in Article 3 of the Supplementary Rules from the Issuer of Beneficial Interest in Special Investment Trust, JASDEC shall, pursuant to Article 87 of the Act, which shall apply *mutatis mutandis* in Article 17, Paragraph 2 of the Supplementary Rules of the Act, which in turn shall apply *mutatis mutandis* in Article 32,

Paragraph 2 of the Supplementary Rules of the Act, provide information concerning the terms of the Beneficial Interest in Special Investment Trust using the method prescribed by the Rules.

2. Upon its receipt of the notice prescribed in Paragraph 1 of Article 67 of the Operational Rules, JASDEC shall, using the method prescribed by the Rules, provide notified information that is information prescribed by the Rules.

#### Article 11 Public Notice Concerning the Consent of the Issuer of Special Rules Beneficial Interest in Investment Trust

If JASDEC receives the Issuer's consent relating to Beneficial Interest in Special Investment Trust pursuant to Article 13, Paragraph 1 of the Act, JASDEC shall publish such fact pursuant to Article 18 of the Supplementary Rules of the Act, which shall apply *mutatis mutandis* in Article 32, Paragraph 2 of the Supplementary Rules of the Act, using the method prescribed by the Rules.

#### Supplementary Rules (Notice on August 10, 2007)

These amended provisions shall come into effect as of January 4, 2008.

#### Supplementary Rules (Notice on September 28, 2007)

These amended provisions shall come into effect as of the date of the Trust Act (Act No. 108 of 2006) comes into effect (September 30, 2007).

#### Supplementary Rules (Notice on September 28, 2007)

These amended provisions shall come into effect as of the date the Act for Partial Amendment of the Securities and Exchange Act, etc. (Act No. 65 of 2006) comes into effect (September 30, 2007).

#### Supplementary Rules (Notice on September 28, 2007)

These amended provisions shall come into effect as of October 1, 2007.

#### Supplementary Rules (Notice on September 28, 2007)

These amended provisions shall come into effect as of the date prescribed in Article 1, Item 1 of the Supplementary Rules of the Act on Prevention of Transfer of Criminal Proceeds (March 1, 2008).

#### Supplementary Rules (Notice on November 1, 2007)

These amended provisions shall come into effect as of November 1, 2007, and shall apply to the interest on local government bonds payable on or after January 4, 2008.

#### Supplementary Rules (Notice on December 3, 2007)

These amended provisions shall come into effect as of December 4, 2007.

#### Supplementary Rules (Notice on September 26, 2008)

##### Article 1: Effective Date

These amended provisions shall come into effect as of the date the Shoko Chukin Bank Limited Act (Act No. 74 of 2007) prescribed in the main text of Article 1 of the Supplementary Rules of such Act comes into effect (October 1, 2008).

##### Article 2 Transitional Measures

Notwithstanding the provisions of Article 8-2, when applying the provisions of these Operational Rules to the Short-Term Commercial/Industrial Bonds, which are deemed to be Special Corporate Bonds, as such term is defined in Article 120 of the Act, under the provisions of Article 83 of the Supplementary Rules of the Shoko Chukin Bank Limited Act, such Short-term Commercial/Industrial Bonds shall be treated as Short-Term Corporate Bonds, etc., prescribed in Article 8.

Supplementary Rules (Notice on December 8, 2008)

These amended provisions shall come into effect as of the date the Act for Partial Amendments of the Act on Book-Entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining the Settlement of Trades of Shares and Other Securities, etc. (Act No. 88 of 2004) prescribed in the main text of Article 1 of the Supplementary Rules of such Act comes into effect (January 5, 2009).

Supplementary Rules (Notice on March 31, 2009)

These amended provisions shall come into effect as of March 31, 2009.

Supplementary Rules (Notice on May 25, 2009)

These amended provisions shall come into effect as of May 25, 2009.

Supplementary Rules (Notice on September 24, 2009)

These amended provisions shall come into effect as of September 28, 2009.

Supplementary Rules (Notice on June 24, 2010)

These amended provisions shall come into effect as of the date the Order for Partial Amendment of the Order on Book-Entry Transfer of Corporate Bonds and Shares, etc. (Ordinance of the Cabinet Office and the Ministry of Justice No. 1 of January 22, 2010) prescribed in the main text of the Supplementary Rules of such order comes into effect (July 1, 2010).

Supplementary Rules (Notice on March 23, 2012)

These amended provisions shall come into effect as of April 1, 2012.

Supplementary Rules (Notice on March 30, 2012)

These amended provisions shall come into effect as of April 1, 2012.

Supplementary Rules (Notice on January 8, 2013)

These amended provisions shall come into effect as of February 25, 2013.

Supplementary Rules (Notice on February 1, 2013)

These amended provisions shall come into effect as of February 1, 2013.

Supplementary Rules (Notice on October 31, 2013)

These amended provisions shall come into effect as of November 1, 2013.

Supplementary Rules (Notice on November 26, 2014)

These amended provisions shall come into effect as of December 1, 2014.

Supplementary Rules (Notice on April 2, 2018)

These amended provisions shall come into effect as of May 1, 2018.