

# Business Operation Standards on Fund Management Business

September 30, 2009

Resolution of the Board of Directors

Partially amended June 15, 2012  
Partially amended on February 27, 2013  
Partially amended on June 14, 2013  
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The standards detailed below apply when a member manages business pertaining to fund management business (which refers to the act specified in Article 2, paragraph (8), item (xv) of the Financial Instruments and Exchange Act (hereinafter referred to as the “FIEA”) that is conducted in the course of financial instruments business) (hereinafter referred to as “Fund Management Business Operations”).

The Business Operation Standards on Securities Investments Related to Real Property, established separately, apply when a member manages fund management business operations that invest in securities for which underlying assets are real property.

## 1. Duty of Loyalty

Members must base their business on performing services for customers with due loyalty.

Members are required to prevent acts in conflict of interest, such as damaging a particular customer’s interests in the interest of another customer and giving priority to their own interests, and to ensure the fairness and appropriateness of the fund management business operations they perform so that their relationships of trust with customers are not impaired.

## 2. Transactions at a fair price, etc.

- (1) When a member invests in securities, etc. (which refer to securities or rights pertaining to derivative transactions; the same applies hereinafter) for assets under management (which refer to assets under management specified in Article 35, paragraph (1), item (xv) of the FIEA; the same applies hereinafter), or when it conducts a transaction in securities, etc. on its own account, the investment or transaction must be based on a fair price (a market price in the securities market or a fair price that is based on the market price, or a price that is judged to be appropriate with all situations considered).

The same applies when a member temporarily or provisionally invests in a financial instrument other than securities, etc. for assets under management due to special

circumstances, or when it conducts a transaction in a financial instrument other than securities, etc. on its own account.

When a member selects a other party with whom the member is to place orders pertaining to transactions in securities, etc. (which refer to orders to be placed with a financial instruments business operator, etc. as a service provider; the same applies hereinafter), the member shall strive to place orders with the other party who is judged to best contribute to the interests of the assets under management on the conditions which are judged to do the same after comprehensively considering, in addition to transaction prices and fees, the other party's abilities to execute the transactions and provide information, to report the results of execution, to execute administrative functions including managing money or securities, and any other situations at that time.

Members must not conduct any acts that impair the fairness of the securities market when they conduct a transaction in securities, etc., such as market manipulation intended to manipulate market prices (Article 159 of the FIEA).

[See Detailed Regulation 1]

- (2) When a member evaluates the price of securities, etc. in relation to fund management business operations, it shall conduct the evaluation according to an appropriate method.

### 3. Prohibition of Compensation for a Loss and Provision of Special Benefits

Members shall pay attention to the provisions in Article 38-2, item (ii) and Article 42-2, item (vi) of the FIEA, and specify in each contract in advance that they do not compensate for any loss or provide special benefits, directly or indirectly, after the fact.

Members shall do the same for contracts that they have already concluded, at the time of renewing or novating them.

[See Detailed Regulations 2 and 3]

### 4. Transactions in Securities, etc.

- (1) Transactions in securities, etc. that a member conducts on its own account

A member shall conduct a transaction in securities, etc. on its own account (excluding transactions based on same-boat investments, etc.) as specified below so that it cannot impair each customer's interests or confidence.

In these Standards, "securities business" refers to the business specified in Article 28, paragraphs (1) and (2) of the FIEA, or the business in which a registered financial institution specified in Article 33-2, item (ii) of the FIEA performs any of the acts registered according to the FIEA. Members that are engaged in trust business (meaning the business that is specified in Article 1, paragraph (1) of the Act on Engagement in Trust Business by Financial Institutions and is operated by a financial institution with the authorization referred to in the same paragraph) and conduct securities-related business as registered financial institutions are

included in “members engaged in securities business” unless otherwise specified.

- (a) When a member conducts a transaction in securities, etc. on its own account, it shall conform to the purport of the provisions in Article 42-2, items (iii) and (v) of the FIEA and comply with A. and B. below in order to avoid any conflict of interest with assets under management.

Note, however, that this does not apply if the member already has established a system in accordance with its internal rules to isolate its department in charge of self-dealing and the manager of the department from investment information pertaining to assets under management, along with a system to prevent any conflict of interest with assets under management through a complete checking process pertaining to blocking such information.

- A. Members shall not conduct any transaction in the same issue of securities, etc. on their own account before effecting a transaction in securities, etc. in assets under management (this applies only when the member has individual and specific information about trends in sale and purchase of securities, etc. in the assets under management).
  - B. If a member conducts a transaction on its own account in the issue of securities, etc. as that of securities, etc. in assets under management in which the member has completed a transaction, the member shall pay due consideration to when the transaction is conducted so that the transaction cannot be suspected of an act in conflict of interest (this applies only when the member has individual and specific information about trends in sale and purchase of securities, etc. in the assets under management).
- (b) Members shall conduct a transaction in securities, etc. on their own account only for the purpose of investment. Members shall also pay attention that the transactions they conduct should not damage the soundness of their financial conditions.

[See Detailed Regulation 4]

- (2) Transactions in shares, etc. and investment securities, etc. that an officer or employee conducts on his/her own account

With regard to transactions in shares, etc. (which refer to shares and corporate bond certificates with share options, as well as corporate bonds, etc. with the rights and possibility of conversion to shares such as bonds exchangeable with stocks of other companies; the same applies hereinafter) and in investment securities, etc. (which refer to investment securities and investment equity subscription rights certificates; the same applies hereinafter. Note, however, that in 4., they refer only to those that are invested mainly in assets such as real property) that their officer or employee conducts on his/her own account, members shall establish internal rules that meet the minimum requirements listed below. Members shall also strive to ensure

that all their officers and employees know the purport of these rules by holding internal training or taking other relevant actions so that such transactions do not impair customers' interests and confidence.

[See Detailed Regulations 5 and 6]

- (a) The internal rules apply to the member's officers (excluding part-time officers), employees, and relatives who share the same livelihood with them (excluding lineal ascendants).
- (b) With regard to a transaction conducted by any of the persons set forth in (a), the rules require that he/she notify the date of the transaction, the names of the securities company and of the transaction account, the issues and volumes, and whether the shares/securities are purchased or sold, and other necessary information.

[See Detailed Regulations 6 and 7]

- (c) The rules attach conditions to holding and trading shares, etc. and investment securities, etc., such as that a transaction is conducted only for the purpose of investment.

[See Detailed Regulations 4, 5, 6]

- (d) A person responsible for the management shall be appointed

[See Detailed Regulation 8]

### (3) Same-boat investments

Members must pay attention that they shall avoid any conflict of interest between the relevant assets under management and other customers, and that it shall ensure the investment is fair to other assets under management, when the member, its officer, employee, Related Juridical Person, etc. (which refers to the "Parent Corporation, etc." specified in Article 31-4, paragraph (3) of the FIEA; the "Subsidiary Corporation, etc." specified in Article 31-4, paragraph (4) of the same Act; and the "Related Foreign Juridical Person, etc." specified in Article 126, item (iii) of the Cabinet Office Order on Financial Instruments Business, etc. (hereinafter referred to as the "FIB Cabinet Office Ordinance"; the same applies hereinafter), or major shareholder (which refer to the "Major Shareholder" specified in Article 29-4, paragraph (2) of the same Act) makes a same-boat investment.

### (4) Transactions in securities, etc. for assets under management to which a member, its officer, employee, Related Juridical Person, etc., or major shareholder acts as the other party on its/his/her own account

- (a) Members must not conduct on their own account any transaction in securities, etc. for assets under management to which they are the other party.

Note, however, that this does not apply when a member obtains consent to the transaction from the customer specified in Article 128, item (ii) of the FIB Cabinet Office Ordinance and appropriately conducts the transaction in such a way that does not damage the customer's interests in accordance with the said item if the member

purchases the living dead or other shares on its own account, if it sells shares for warehousing, etc. to assets under management, or if the transaction is inevitable for any other reasons.

- (b) When a member conducts any of the acts specified in Article 2, paragraph (8), (i) to (iv) of the FIEA for assets under management, it shall not conduct any transaction in securities, etc. for assets under management to which its officer, employee, Related Juridical Person, etc., or major shareholder is the other party on its/his/her own account (excluding purchasing the living dead and other inevitable transactions).

Note, however, that this excludes cases in which such transactions are conducted by a member's Related Juridical Person, etc. or major shareholder on its own account in the course of its securities business.

- (5) Transactions in securities, etc. for assets under management to which a Related Juridical Person, etc. engaged in securities business is the other party

Members shall comply with the following when they conduct a transaction in securities, etc. for assets under management to which a Related Juridical Person, etc. engaged in securities business is the other party:

[See Detailed Regulation 9]

- (a) A member may conduct the transactions only if it satisfies all the following requirements:

- A. When a member concludes a contract with a customer (including making changes to a contract; the same applies hereinafter), the member shall disclose the items, established separately, to the customers and include the details of the agreement in the contract and its detailed regulations, and other relevant documents (hereinafter referred to as "Comprehensive Prior Disclosure and Agreement"). The matters to be disclosed to the customer in this case are specified in Appended Table (1) (a).

The agreement is valid for one year from the date of conclusion of the contract. It may be automatically renewed unless an intention is expressed otherwise (the same applies to the validity period pertaining to Comprehensive Prior Disclosure and Agreement hereinafter).

[See Detailed Regulation 10]

- B. When a member conducts a transaction, the member shall disclose the items specified separately to the relevant customer in writing, by facsimile or e-mail, or by any other appropriate means promptly after each transaction (hereinafter referred to as "After-the-Fact Prompt Disclosure"). The matters that must be disclosed to the customer in this case are specified in Appended Table (1) (b).

[See Detailed Regulations 11, 12, 13]

- (b) The following cases do not prevent members from omitting After-the-Fact Prompt

Disclosure:

- A. The transaction is judged to meet favorable and appropriate conditions for the assets under management because multiple parties offer conditions or for any other reasons, and a record pertaining to the judgment is to be retained.

[See Detailed Regulations 14, 15, 16]

- B. It is judged that documents or other materials can explain that the transaction with the Related Juridical Person, etc. would contribute to the interests of the assets under management in light of optimum execution.

[See Detailed Regulation 17]

5. Incorporating Securities, etc. into Assets under Management

(1) Avoiding conflicts of interest and ensuring fairness

Members must pay attention to avoiding any conflict of interest between the members and assets under management and ensure fairness between assets under management by establishing internal rules regarding the criteria for incorporation and allocation of securities, etc. as well as the criteria for execution and allocation at the time of sale.

(2) Incorporating securities issued by a member or a Related Juridical Person, etc. into assets under management

Members shall not incorporate securities which they or any Related Juridical Persons, etc. issue into assets under management.

Note, however, that this does not apply if the incorporation falls under any of the following cases. In such incorporation, due consideration shall be paid to ensure that it does not impair the customer's interests or confidence.

- (a) Investments in or contributions to interests in collective investment schemes (which refer to the rights specified in Article 2, paragraph (2), item (v) or (vi) of the FIEA; the same applies hereinafter) allowed by a contract, or investments or contributions to vehicles for investment schemes

- (b) Incorporating securities that satisfies both A. and B. below:

- A. The following disclosures must be made (in the case of a., the consent of the customer must also be obtained):

- a. Comprehensive Prior Disclosure and Consent regarding the items specified in Appended Table (2) (a)

[See Detailed Regulation 10]

- b. After-the-Fact Prompt Disclosure regarding the items specified in Appended Table (2) (b) when incorporation is carried out.

(Note, however, that this excludes cases in which the customer's intention of not requiring the After-the-Fact Prompt Disclosure can be confirmed in writing.)

[See Detailed Regulations 10, 11, 12, 13]

- c. After-the-Fact Prompt Disclosure regarding the items specified in Appended Table

(2) (c) when sale is carried out

(Note, however, that this excludes cases in which the customer's intention of not requiring the After-the-Fact Prompt Disclosure can be confirmed in writing.)

[See Detailed Regulations 10, 11, 12, 13]

- B. Incorporating the securities in each customer's assets under management within the scope that does not exceed 10 percent of the assets if those securities are shares, etc., or 30 percent of the assets if those securities are other than shares, etc.

(In cases in which newly issued securities are to be incorporated, the ratio of the total amount of the newly issued securities to be incorporated into the member's assets under management as a whole to the total amount of the new issuance must not exceed 10 percent if those securities are shares, etc., or 30 percent if those securities are other than shares, etc.)

- (3) Incorporating securities that are underwritten by a Related Juridical Person, etc. engaged in securities business into assets under management

Members shall not incorporate any securities which are underwritten by a Related Juridical Person, etc. engaged in securities business (which refers to the Underwriting of Securities, etc. specified in Article 130, paragraph (1), item (ix) of the FIB Cabinet Office Ordinance; the same applies hereinafter) into assets under management.

[See Detailed Regulation 18]

Note, however, that this does not apply if the incorporation falls under any of the following cases. In such incorporation, due consideration shall be paid to ensure that it does not impair the customer's interests or confidence.

- (a) Investments in or contributions to interests in collective investment schemes allowed by a contract, or investments or contributions to vehicles for investment schemes

- (b) Incorporating securities which are underwritten by a Related Juridical Person, etc. engaged in securities business and satisfies both A. and B. below:

- A. The following disclosures must be made (in the case of a., the consent of the customer must also be obtained):

- a. Comprehensive Prior Disclosure and Consent regarding the items specified in Appended Table (3) (a)

[See Detailed Regulation 10]

- b. After-the-Fact Prompt Disclosure regarding the matters specified in Appended Table (3) (b) when incorporation is carried out.

(Note, however, that this excludes cases in which the customer's intention of not requiring the After-the-Fact Prompt Disclosure can be confirmed in writing.)

[See Detailed Regulations 10, 11, 12, 13]

- B. Incorporating the securities within the scope that the ratio of the total amount of the securities acquired from the Related Juridical Person, etc., to be incorporated into assets under management pertaining to the member's Fund Management Business Operations to the total amount of the securities underwritten by the Related Juridical Person, etc. does not exceed 10 percent if those securities are

shares, etc., or 30 percent if those securities are other than shares, etc. (Attention shall be paid not to exceed these limits when incorporating securities for which the amount to be underwritten is not determined in advance.)

Note, however, that this does not apply to incorporation of unlisted shares, etc. (including registered ones; the same applies hereinafter) carried out by a member engaged in venture capital business.

[See Detailed Regulations 10 and 19]

#### 6. Transactions in Securities, etc. between Assets under Management

Members, in principle, shall not conduct any transaction in securities, etc. between assets under management, paying attention to the purport of Article 42-2, item (ii) of the FIEA and Article 108 of the Civil Code.

If a member conducts such a transaction according to Article 129 of the FIB Cabinet Office Ordinance, the member must pay attention to the matters provided in “VI-2-5-1 (2) (iii) Transactions Made between Investment Asset Accounts” of the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.

Attention shall be paid that a member that has conducted the transaction is required to include the transaction in its investment report as a transaction it has conducted with “other Investment Properties” specified in Article 134, paragraph (1), item (vi), sub-item (b) of the FIB Cabinet Office Ordinance as matters to be stated in an investment report.

#### 7. Entrustment of Authority over Investment

Members shall pay attention to the following when they entrust the whole or part of the authority to make investments in relation to Fund Management Business Operations according to Article 42-3 of the FIEA:

- (a) The entrustment shall conform to the main purport of each contract pertaining to fund management that has been concluded based on each customer’s trust in the member’s expertise in investment.
- (b) Matters necessary to perform the business in compliance with laws and regulations as well as the Association’s self-regulatory rules and other rules, must be specified in the entrustment contract and other relevant documents.
- (c) The entrustment contract must specify the scope of the entrusted party’s contractual responsibility that arises in the course of performing the business, and other matters necessary for preventing disputes or appropriately processing disputes.

#### 8. Conclusion of a Contract Based on Each Customer’s Independent Judgment

- (1) Members shall not commit any acts that conflict with Article 42-6 of the FIEA or acquire customers with a loan from their loan department or Related Juridical Person, etc. as support.
- (2) Hence, members shall strive to identify the nature of each customer’s funds for investment



when they conclude a contract. If they are convinced that the relevant funds are a loan from their loan department or Related Juridical Person, etc., they shall obtain a written confirmation from the customer that the contract is concluded based on the customer's voluntary intention to invest. The member shall record and retain the process pertaining to identifying the nature of the funds or to obtaining confirmation from the customer.

[See Detailed Regulations 20, 21, 22, 23, 24, 25]

## 9. Separate Management

- (1) Members must build a system to manage assets under management, their own property, and other assets under management separately according to Article 132 of the FIB Cabinet Office Ordinance.
- (2) Members must specify their method for separate management in a contract and make it clear to each customer. Members shall do the same for contracts that they have already concluded, at the time of renewing or novating them.

## 10. Confirmation by a Customer at the Time of Transaction, etc.

Members must establish a system to obtain confirmation at the time of transaction and report any suspicious transaction in accordance with the Act for Prevention of Transfer of Criminal Proceeds.

Note, however, that this does not apply to confirmation at the time of transaction when money is not deposited by a customer.

## 11. Establishment of an Appropriate System for Business Operations

To operate the business, members must establish an internal system to ensure appropriate business operation by having the compliance officer, specified in 1.(2) of the Self-Regulation Standards on Systems for Business Execution (Resolution of the Board of Directors, June 16, 2000), manage the status of compliance with these Standards, and by taking other relevant actions.

## 12. Definition of Terms

In these Standards, the terms listed below are as defined in these items.

### (a) Same-boat investments

Investments in or contributions to assets under management that the member manages itself, cancellation of the investments or contributions (including partial cancellation), acquisition of the rights from other customers, or transfer of the rights to other persons, by a member, its officer, employee, Related Juridical Person, etc., or major shareholder on its/his/her own account.

(b) Venture capital business

Business to collect funds by investing in shares, etc. in unlisted companies, supporting investee companies in business management to facilitate stock listing, selling shares on the market after these companies are listed, and taking other relevant actions.

(c) The living dead, etc.

Shares, etc. which are unlikely listed before the expiration of a contract for management of funds held as assets under management.

(d) Shares for warehousing, etc.

Shares, etc. temporarily purchased by a member on its own account in order to incorporate them into assets under management when assets under management cannot acquire shares, etc. in an investee company during the time that the investee company prefers for the acquisition.

### Supplementary Provisions

These standards come into effect as of December 1, 2009.

### Supplementary Provisions (June 15, 2012)

This amendment comes into effect as of June 15, 2012.

Note:

Amended provisions are as follows:

6 is amended.

Detailed Regulations 1 and 18 are amended.

### Supplementary Provisions (February 27, 2013)

This amendment comes into effect as of April 1, 2013. Note that, of the provisions pertaining to a Related Juridical Person, etc., the provisions pertaining to a Related Foreign Juridical Person, etc. before the amendment may be applied until June 30, 2013.

Note:

Amended provisions are as follows:

4 (3), 4 (4), 4 (4) (a), 4 (4) (b), 4 (5), 4 (5) (b) B., 5 (2), 5 (3), 5 (3) (b) B., 8 (1), 8 (2), and 12 (a) are amended.

4 (6) and 5 (4) are deleted.

Appended Table (1), (1) (a), (1) (b), (2), (2) (a), (2) (b), (2) (c), (3), (3) (a), and (3) (b) are amended.

Detailed Regulations 9, 18, 22, 23, 24, and 26 are amended.

#### Supplementary Provisions (June 14, 2013)

This amendment comes into effect as of June 14, 2013.

Note:

Amended provision is as follows:

10 is amended.

#### Supplementary Provisions (March 26, 2014)

This amendment comes into effect as of April 1, 2014.

Note that the amendments pertaining to certificates of investment Equity subscription rights come into effect on the date specified by the Cabinet Order provided for in Article 1, item (iii) of the Supplementary Provision of Act No. 45 of 2013 (December 1, 2014).

Note:

Amended provisions are as follows:

4 (2) is amended.

Detailed Regulations 4, 5, 6, 7, and 18 are amended.

#### Supplementary Provisions (March 24, 2021)

This amendment comes into effect as of March 24, 2021.

Note:

Amended provisions are as follows:

Detailed Regulations 21 and 23 are amended.

## Appended Table: Disclosure Items

- (1) Disclosure items when conducting a transaction in securities, etc. for assets under management to which a Related Juridical Person, etc. engaged in securities business is the other party (4 (5))

[See Detailed Regulation 26]

(a) At the time of contract

- a. To the effect that an order may be placed with a Related Juridical Person, etc. as the other party to a transaction when the order is judged to contribute to the interests of assets under management
- b. Name of the subject Related Juridical Person, etc.
- c. Matters subject to After-the-Fact Prompt Disclosure after the transaction, and disclosure to the effect that the After-the-Fact Prompt Disclosure may be omitted if:
  - i. When the transaction is judged to meet favorable and appropriate conditions for the assets under management because multiple parties offer conditions or for any other reasons, and a record pertaining to the judgment is to be retained.
  - ii. When it is judged that documents or other materials can explain that the transaction with the Related Juridical Person, etc. would contribute to the interests of the assets under management in light of optimum execution.)
- d. Whether the details of consent for Comprehensive Prior Disclosure can be changed as needed at the customer's request

(b) After transaction

- e. To the effect that the member has placed an order with its Related Juridical Person, etc.
- f. Reason why placing the order with the Related Juridical Person, etc. has been judged to contribute to the interests of the assets under management
- g. Date of transaction
- h. Type and issue of the securities, sale or purchase, volume and price

- (2) Disclosure items when securities issued by a member or Related Juridical Person, etc. are incorporated into assets under management (5 (2))

[See Detailed Regulation 26]

(a) At the time of contract

- a. To the effect that securities issued by the member or a Related Juridical Person, etc. may be incorporated when such incorporation is judged to contribute to the interests of the assets under management
- b. In the case of incorporating the securities of a Related Juridical Person, etc., the name of that Person
- c. Matters subject to After-the-Fact Prompt Disclosure after the incorporation (these may be omitted if the customer's intention of not requiring the After-the-Fact Prompt Disclosure can be confirmed in writing)

- d. Maximum amount or percentage of the securities incorporated
  - e. Whether the details of consent for Comprehensive Prior Disclosure can be changed as needed at the customer's request
- (b) After incorporation
- f. To the effect that securities issued by the member or a Related Juridical Person, etc. have been incorporated, and the date of incorporation (contract date)
  - g. Amount of the securities incorporated (also disclose the name of the securities incorporated in the case of securities issued by a Related Juridical Person, etc.)
  - h. Reasons why incorporating the securities has been judged to contribute to the interests of the assets under management
- (c) After sale
- i. To the effect that securities issued by the member or its Related Juridical Person, etc. have been sold, and the date of sale (contract date)
  - j. Amount of the securities sold (also disclose the name of the securities sold in the case of securities issued by a Related Juridical Person, etc.)
  - k. Reasons why the sale has been judged to contribute to the interests of the assets under management
- (3) Disclosure items when securities that are underwritten by a Related Juridical Person, etc. engaged in securities business are incorporated into assets under management (5 (3))
- [See Detailed Regulations 26 and 27]
- (a) At the time of contract
- a. To the effect that securities underwritten by a Related Juridical Person, etc. may be incorporated when such incorporation is judged to contribute to the interests of the assets under management, and these securities' investment target
  - b. Name of the subject Related Juridical Person, etc.
  - c. Matters subject to After-the-Fact Prompt Disclosure after the incorporation (these may be omitted if the customer's intention of not requiring the After-the-Fact Prompt Disclosure can be confirmed in writing)
  - d. Maximum amount or percentage of the securities incorporated
  - e. Whether the details of consent for Comprehensive Prior Disclosure can be changed as needed at the customer's request
- (b) After incorporation
- f. To the effect that securities underwritten by the Related Juridical Person, etc. have been incorporated
  - g. Name and amount of the securities incorporated
  - h. Reasons why incorporating the securities has been judged to contribute to the interests of the assets under management

## Detailed Regulations

Detailed Regulation 1 [2 (1)]	<p>Attention shall be paid that, in relation to “a market price in the securities market or a fair price that is based on the market price, or a price that is judged to be appropriate with all situations considered,” Articles 12 through 16 of the Rules Concerning Publication of Over-The-Counter Trading Reference Prices, Etc. and Trading Prices of Bonds (self-regulatory rules of Japan Securities Dealers Association) provide for rules on over-the-counter trading in bonds and other transactions, and Articles 11 through 13 of the Rules Concerning Foreign Securities Transactions (self-regulatory rules of Japan Securities Dealers Association) provide for rules on foreign securities transactions.</p> <p>Also, attention shall be paid to local laws and regulations with respect to foreign securities markets.</p>
Detailed Regulation 2 [3]	Members are not prevented from taking the same measures before renewal or novation of contracts at their own judgment.
Detailed Regulation 3 [3]	Any agreement with each customer shall be in writing. The format of it is at the discretion of each member. Note that, considering the materiality of the matter, it is desirable to replace the whole text of the contract or to conclude a changed or additional contract.
Detailed Regulation 4 [4 (1) (b) and 4 (2) (c)]	<p>“Transactions for the purpose of investment” mean, for example, transactions in securities, etc. with a plan to hold them for at least six months under ordinary market conditions.</p> <p>Article 117, paragraph (1), item (xii) of the FIB Cabinet Office Ordinance prohibits “an act of an individual-type Financial Instruments Business Operator, etc., or of any Officer (in the case where the Officer is a juridical person, including executive members thereof) or employee of a Financial Instruments Business Operator, etc. to conduct the Purchase and Sale or Other Transactions of Securities, etc., by taking advantage of the business position and by the use of information on ordering trends in the customers’ Purchase and Sale or Other Transactions of Securities, etc. and any other special information which may come to such person's knowledge in the course of duties, or solely in pursuit of their speculative profit.”</p>
Detailed Regulation 5 [the main sentence of 4 (2); 4 (2) (c)]	“Transactions in shares, etc. and investment securities, etc.” include transactions pertaining to cumulative investments in shares, cumulative investments in investment securities, and stock mini investments.

Detailed Regulation 6 [the main sentence of 4 (2); 4 (2) (b); 4 (2) (c)]	“Transactions” includes acquisition through offerings or secondary offerings of shares, etc. and investment securities, etc.
Detailed Regulation 7 [4 (2) (b)]	<p>In the case of notification under (b), if the notification is of a transaction in shares pertaining to cumulative investments in shares or of a transaction in investment securities pertaining to cumulative investment in investment securities, the matters set forth below must be notified at the timing respectively specified below.</p> <p>*At the time of joining [including at the time of contract change]</p> <ul style="list-style-type: none"> <li>- Date of contract conclusion</li> <li>- Name of the securities company</li> <li>- Name of the transaction account</li> <li>- Issue</li> <li>- Amount to be paid in (amount for each month specified in advance for the issue)</li> </ul> <p>Note that, in case of contract change (change, suspension, or resumption of the amount to be paid in), the date of request and details of the change pertaining to the contract shall be notified.</p> <p>*At the time of sale</p> <ul style="list-style-type: none"> <li>- The date of sale</li> <li>- Name of the securities company</li> <li>- Name of the transaction account</li> <li>- Issue</li> <li>- Volume</li> </ul>
Detailed Regulation 8 [4 (2) (d)]	Notification to the Association of the person responsible for the management is not required.
Detailed Regulation 9 [the main sentence of 4 (5)]	4 (4) (b) (excluding the proviso) is applied to transactions in securities, etc. as investment securities. The term “Investment securities” refers to securities that a Related Juridical Person, etc. engaged in securities business holds for purposes other than operating the business (e.g., “investment securities” in Appended Form No. 12 specified in Article 172 of the FIB Cabinet Office Ordinance).



Detailed Regulation 10 [4 (5) (a) A., 5 (2) (b) A. a., the proviso to 5 (2) (b) A. b., the proviso to 5 (2) (b) A. c., 5 (3) (b) A. a., the proviso to 5 (3) (b) A. b., the proviso to the main sentence of 5 (3)]	Documents pertaining to Comprehensive Prior Disclosure and Agreement, documents that do not require After-the-Fact Prompt Disclosure, and customers' written agreements concerning incorporation of specified securities shall be sorted by customer and retained, or be retained together separately for five years from the date of termination of each contract.
Detailed Regulation 11 [4 (5) (a) B., 5 (2) (b) A. b., 5 (2) (b) A. c., 5 (3) (b) A. b.]	Members are not prevented from making disclosure prior to each transaction in lieu of After-the-Fact Prompt Disclosure. In this case, disclosure items are the same as those for After-the-Fact Prompt Disclosure, and the disclosure of the price may be omitted.
Detailed Regulation 12 [4 (5) (a) B., 5 (2) (b) A. b., 5 (2) (b) A. c., 5 (3) (b) A. b.]	In principle, After-the-Fact Prompt Disclosure must be made within three business days after contract execution for a transaction.
Detailed Regulation 13 [4 (5) (a) B., 5 (2) (b) A. b., 5 (2) (b) A. c., 5 (3) (b) A. b.]	Documents or other relevant materials disclosed each time a transaction is conducted are to be sorted by customer and retained, or retained together separately, for one year from the date of the disclosure. Attention shall be paid to documents or other materials for which retention periods are specified separately by laws and regulations.
Detailed Regulation 14 [4 (5) (b) A.]	The term "other grounds" as used in the phrase "based on grounds that multiple parties have made offers or other grounds" assumes, for example, that certain grounds for judgment other than offers being made can be found in a case in which, despite an inquiry being made, the party inquired makes no offer, or in a case of being in a region where no appropriate party to inquire can be found.
Detailed Regulation 15 [4 (5) (b) A.]	The term "appropriate conditions" refers to conditions that are not only beneficial to assets under management but also unlikely to lead to provide special benefits.
Detailed Regulation 16 [4 (5) (b) A.]	The retention period in the case that "a record pertaining to the judgment is retained" is seven years from the date of preparation of the record.
Detailed Regulation 17 [4 (5) (b) B.]	The term "optimum execution" refers to the execution that is judged to contribute most to the interests of asset under management after comprehensively considering, in addition to transaction prices and fees, the other party's abilities to execute the transactions and provide information, to report the results of execution, to execute administrative functions including managing money or securities, and any other situations.

<p>Detailed Regulation 18 [the main clause of the main sentence of 5 (3)]</p>	<p>In light of preventing circumvention and distribution of underwritten securities, attention shall be paid that this also applies to cases in which the member acquires the underwritten securities from any Related Juridical Person, etc. other than the Related Juridical Person, etc. to incorporate them into assets under management.</p> <p>In relation to what is called commitment-type rights offerings, when share options in assets under management are exercised to acquire shares or investment equity subscription rights in the said assets are exercised to acquire investment securities, the acquisition is deemed as “incorporating securities that are underwritten into assets under management” so that this provision applies.</p>
<p>Detailed Regulation 19 [the proviso to the main sentence of 5 (3)]</p>	<p>The term “specified” means that individual issues are specified.</p>
<p>Detailed Regulation 20 [8 (2)]</p>	<p>This does not apply to any contracts that have no affinity with “identifying the nature of funds for investment,” including contracts pertaining to investing pension funds.</p>
<p>Detailed Regulation 21 [8 (2)]</p>	<p>The record of the process pertaining to identifying the nature of the funds (i.e., whether the funds are a loan and, if they are, who the lender is) must be retained with the officer or employee who has negotiated directly with the customer recording the process in the written request for managerial decision, customer file, or the like. (The retention period shall be five years from the date of contract. If the record is managed as electronic data, or if the officer or employee who has negotiated directly with the customer is unavailable for recording the process, the name of the officer or employee who has negotiated directly with the customer as well as other items that are sufficient to identify the officer or employee may be recorded in the written request for managerial decision, customer file, or any other relevant documents in lieu of the record provided by the officer or employee who has negotiated directly with the customer. The same applies hereinafter.)</p>
<p>Detailed Regulation 22 [8 (2)]</p>	<p>When recording the process under the preceding Detailed Regulation in a case in which a member is convinced that the funds are not a loan from its loan department or Related Juridical Person, etc. or it is not convinced that the funds are a loan from its loan department or Related Juridical Person, etc., the record must also include the name and title of the person with whom the member has negotiated as well as specific details of the negotiation.</p>

Detailed Regulation 23 [8 (2)]	In principle, “confirmation from the customer” in the case of being convinced that the funds are a loan from its loan department or Related Juridical Person, etc. must be made in writing (e.g., included in detailed regulations of a contract). If this is difficult, it is unavoidable for the officer or employee who has negotiated directly with the customer to record the name and title of the person with whom the confirmation is made, the details of the confirmation made, the reason why the confirmation could not be made in writing, and other relevant matters, in the written request for managerial decision, customer file, or the to them for retention.
Detailed Regulation 24 [8 (2)]	If the member is convinced that the funds are a loan, the member is not prevented from immediately obtaining confirmation that the loan is based on the customer’s voluntary intention to invest, without ascertaining whether the loan is from its loan department or Related Juridical Person, etc. In this case, the preceding Detailed Regulation applies in the same manner to “confirmation from customer.”
Detailed Regulation 25 [8 (2)]	The nature of funds shall be identified or each customer’s intention shall be confirmed when a new contract is concluded (including when the principal in a contract is increased).
Detailed Regulation 26 [related to “At the time of contract” in A. under (1) to (3) each in Appended Table]	“At the time of contract” includes the time when a contract is concluded as well as the time when changes are made to documents (including changes to documents that are made in line with changes in a member’s organization and/or services, and/or in personnel at a Related Juridical Person’s, etc.)
Detailed Regulation 27 [related to the “investment target” in (3) (i) in Appended Table]	The term “investment target” refers to a basic policy to follow when securities, etc. are incorporated according to the type of securities, etc. specified in Appended Table (e.g., the type of securities, etc. subject to investment, and the type of securities, etc., that must not be acquired).