

Points of Attention Regarding “Transaction Subject to Closing Price” in Discretionary Investment Contracts

March 26, 2003

Resolution of the Board of Directors

[Partially amended on November 28, 2007]

Reflecting on occurrence of inappropriate acts in relation to so-called closing price -guaranteed transactions, from the viewpoint of responsibility as trustee assumed by the asset management business operator, when a member who conducts business pertaining to discretionary investment contracts (hereinafter referred to as a “member”) implements “Transaction Subject to Closing Price” (referring to transactions that the member implements as after-hours trading or off-board transactions after the market closes under the conditions based upon the closing quotation offered by a securities company in advance; hereinafter referred to as a “Transaction”), the attention shall be paid to the following matters and internal rules or other similar regulations shall be reviewed as necessary.

1. When placing an order for a Transaction, the standards applicable upon implementing the Transaction need to be clarified in advance and such matters as the reasonableness of the condition based upon the closing quotation offered by the securities company and the basic stance toward the hedge transactions implemented by the securities company need to be confirmed.
2. When a securities company implements a spot-stock trading for the hedging transactions, a member shall, upon placing an order, request it to execute the transactions under condition, inter alia, to “strive to minimize the impact on the market.”
3. The environment needs to be developed so that the actual situations regarding 1. and 2. above can be confirmed in a timely manner as set forth below:
 - (1) By comparing the price at the time of placement of the order of the Transaction and the closing price, confirm whether a specific variation may be observed;
 - (2) Confirm, through the securities company, the information vendor, etc., or otherwise request the securities company which conducted the relevant transaction to give explanations regarding the relevant hedging transactions, etc. as necessary; and
 - (3) If the explanation of the securities company is insufficient, implement certain prescribed measures as necessary, and record the contents of the matters so confirmed on the order slip, etc.
4. When selecting a securities company to place the order with, the provisions of the Standards to Be Taken into Account in Performance of Business Operations shall apply in addition to the above-mentioned matters that need to be taken into consideration.

Supplementary Provision (November 28, 2007)

This amendment comes into effect as of November 28, 2007.

(Note)

Amendments made are as follows:

(1) Preamble is amended.