

REGULATIONS CONCERNING DISTRIBUTIONS, ETC. OF SECURITIZED PRODUCTS

(March 17, 2009)

CHAPTER I GENERAL PROVISIONS

(Purpose)

Article 1 The purpose of the Regulations Concerning Distributions, etc. of Securitized Products (hereinafter referred to as the “ Regulations ”) is to prescribe the establishment of procedures for the communication, etc. of information on the details and risks of the underlying assets, etc. of securitized products and other matters to be complied with when an Association Member engages in distributions, etc. of securitized products. In addition, the Regulations seek to ensure the traceability of securitized products by further enhancing and standardizing the information communicated to customers who are investors, and thereby contribute to the development of the sounder securitization market.

(Compliance with Laws and Rules, etc.)

Article 2 When an Association Member engages in the distributions, etc. of securitized products, it shall comply with the Financial Instruments and Exchange Act (hereinafter referred to as the “ FIEA ”) and other related laws, ordinances and rules, etc. in addition to the Regulations.

(Definitions)

Article 3 The terms set force in each of the following Items shall have their respective definitions prescribed therein for the purposes of the Regulations:

- (1) Securitized Product: Among the securities prescribed in Article 3, Item 1 of the Articles of Association, those that are issued based on the underlying cash flow stemming from specific assets (hereinafter referred to as the “ underlying assets ”) for the main purpose of essentially transferring ownership of the said underlying assets, or those that are issued with reference to the risk of the said underlying assets for the main purpose of essentially transferring the risk of the said underlying assets; provided, however, that the following cases are excluded.
 - (i) Securitized products for which the location and details of specific risk (including the risk arising from the underlying assets of the said securitized product, the same hereinafter) are clear, and it is possible for investors to recognize such risk.
 - (ii) Securitized products that are distributed to the holders of the underlying assets or to the conduit at the origination stage (provided that the distributions to the conduit is not based on a request by the customer.)
 - (iii) Securitized products for which fund managers, etc. have investigated and analyzed the underlying

assets of the targeted investment before making the investment and the fund managers, etc. are required under related laws and ordinances to report to customers on the investment in and investment management of the said securitized product.

- (2) Customers: The counterparty to which an Association Member is going to distribute securitized products and a person or entity that is already holding the securitized products distributed by the said Association Member.
- (3) Distributions: Acts that an Association Member makes a customer acquire securitized products (excluding the acts falling under agency or intermediary).

CHAPTER II Collection and Communication, etc. of Information

(Establishment of Internal Procedures for the Communication, etc., of Details and Risks of Underlying Assets)

Article 4 An Association Member shall establish internal procedures that allow it to carry out properly and accurately the following duties in order to communicate the details and risks of underlying assets, etc. of the securitized products to customers based on sufficient consideration for ensuring the traceability of securitized products.

- (1) Prior to distributions, the said Association Member shall consider the collection of the information on the details and risks of the underlying assets, etc. of securitized products judged to be necessary for the proper communication of information. Following that process, the said Association Member shall collect and analyze the information that it judged that it should collect with the exception of information that it can't collect (The analysis can be substituted with an analysis prepared by others, the same applies hereinafter).
- (2) At the time of distributions, of the information collected and analyzed according to the preceding Item, the said Association Member shall communicate directly to customers the information that it judged that it should communicate to customers. Provided, however, that direct communication will not be necessary if a third party or another method is used to communicate the information to the customers or the customers can acquire the information on their own. It should be noted that the information to be communicated includes risk that is not reflected in the credit rating of the securitized product.
- (3) After the distributions, if there is a request by a customer (limited to the customer who can be recognized to be holding the said securitized product, the same applies hereinafter) for information to be used in an investment decision or as a price evaluation reference, the said Association Member shall consider the collection of information enabling the customer to properly trace the information collected and analyzed according to Item 1 above. Then the said Association Member shall collect and if necessary analyze the information that it judged that it should collect or newly communicate to the customer with the exception of information that it can't collect. Following that procedure, the said Association Member shall communicate directly to the customer the information that it judged that it should communicate to the customer. Provided, however, that direct communication will not be necessary if a third party or another method is used to communicate the information to the customer or the customer can acquire the information on his own.

- (4) Regarding the information which cannot be collected as prescribed in Item 1 and 3, or the information which the said Association Member did not judge necessary to communicate as prescribed in Item 2 and 3, if it judges that it shall communicate these reasons, it shall clearly communicate the reasons why it couldn't collect the information or why it didn't judge that it should communicate the information.

(Establishment of Organizational Systems, etc.)

Article 5 To establish the procedures prescribed in the preceding Article, an Association Member shall establish the necessary organizational systems and acquire staff.

(Use of the Standardized Information Reporting Package)

Article 6 In communicating information in accordance with Article 4, an Association Member may use the separately prescribed Standardized Information Reporting Package (SIRP) as a reference if it judges that its use as a reference is appropriate.

(Establishment of Internal Rules)

Article 7 An Association Member shall provide its internal rules pertaining to treatments prescribed in the Article 4 to the preceding inclusive.

CHAPTER III Miscellaneous Provisions

(Treatment of Beneficial Interests of Trusts)

Article 8 It is desirable that an Association Member treats beneficial interests of trusts as prescribed by Article 2, Paragraph 2, Items 1 and 2 of the FIEA that have the same features as securitized products in a manner equivalent to that provided for in the Regulations.

(Treatment of an Association Member Acting as Agent or Intermediary)

Article 9 Even if an Association Member does not distribute securitized products, but only act as an agency or an intermediary, it is desirable that treatment of the products be equivalent to the items provided under Chapter II.

SUPPLEMENTARY PROVISIONS

The Regulations are enforced from June 1, 2009 and applied for those securitized products which are to be distributed with a trade date falling on or after that date and issued on and after that date. However, it is desirable that the treatment for securitized products distributed with a trade date prior to the enforcement date, and those issued prior to the enforcement date and distributed with a trade date on or after the enforcement date be based on the Regulations.