

# **RULES CONCERNING DEALING, ETC. OF PRIVATE PLACEMENT, ETC. OF CORPORATE BONDS**

**(February 14, 2017)**

## **(Purpose)**

**Article 1** The purpose of the Rules Concerning Dealing, etc. of Private Placement, etc. of Corporate Bonds (hereinafter referred to as the “Rules”) is to prescribe matters necessary for examining issuers, etc. and reviewing corporate bonds subject to the Rules as well as for providing information to customers in the course of the dealing, etc. of private placement, etc. of such bonds by Association Members, and to develop a system appropriate for the market intermediary function fulfilled by Association Members, thereby contributing to the investor protection.

## **(Definitions)**

**Article 2** In the Rules, the definition of the terms set forth in each Item below shall be as prescribed in the respective Items:

**1 Corporate Bonds**

It means the following securities:

- (a) Corporate bonds as prescribed in Article 2, Paragraph 1, Item 5 of the Financial Instruments and Exchange Act (hereinafter referred to as the “FIEA”).
- (b) Securities that are set forth in Article 2, Paragraph 1, Item 17 of the FIEA and have the same nature as set forth in (a) above .

**2 Corporate Bonds Subject to Rules**

It means the Corporate Bonds as prescribed in Schedule 1.

**3 Dealing, etc. of Private Placement, etc.**

It means any of the following acts:

- (a) Private placement (excluding those falling under the provision of Article 2, Paragraph 3, Item 2 (a) of the FIEA; the same shall apply hereinafter) or dealing of private placement, or public offering or dealing of public offering of securities for which a securities registration statement or shelf registration supplement is not submitted by an issuer.
- (b) Solicitations for Selling, etc. that falls under the provisions of Article 2, Paragraph 4, Item 2 (b) or (c) of the FIEA, or secondary distribution or dealing of secondary distribution of securities for which a securities registration statement or shelf registration supplement is not submitted by an issuer (except for the secondary distribution as prescribed in Article 4, Paragraph 1, Item 4 of the FIEA).

## **(Compliance with Laws and Regulations, Rules, etc.)**

**Article 3** When an Association Member conducts the Dealing, etc. of Private Placement, etc. of Corporate Bonds Subject to Rules, it must comply with the FIEA, other related laws and regulations, rules, etc. in addition to the Rules.

## **(Internal Rules)**

**Article 4** When an Association Member conducts any act prescribed from Article 5 to Article 7, it must

establish internal rules that prescribe matters necessary for a proper conduct of such acts.

**(Examination)**

**Article 5** When an Association Member conducts the Dealing, etc. of Private Placement, etc. of Corporate Bonds Subject to Rules, it must rigorously examine pursuant to that prescribed in Schedule 2.

**(Review)**

**Article 6** After conducting the Dealing, etc. of Private Placement, etc. of Corporate Bonds Subject to Rules, an Association Member must conduct the review of the Corporate Bonds Subject to Rules and the issuers of such bonds pursuant to that prescribed in Schedule 3, and provide safe custody at the Association Member's office unless there is a crucial reason not to do so.

**(Information Provision)**

**Article 7** When an Association Member conducts the Dealing, etc. of Private Placement, etc. of Corporate Bonds Subject to Rules, it must provide a customer (excluding qualified institutional investors (the qualified institutional investors prescribed in Article 2, Paragraph 3, Item 1 of the FIEA); the same shall apply in the next Paragraph) with information pursuant to that prescribed in Schedule 4.

2. When an Association Member provides safe custody for the Corporate Bonds Subject to Rules at the Association Member's office, it must provide the customer with information pursuant to that prescribed in Schedule 5.

**(Solicitation Commencement Standards)**

**Article 8** When soliciting sale (limited to solicitation made by visit or telephone to customers who do not request the solicitation of such sale, and those made at the headquarters, or other sales or business office of an Association Member to customers who do not request the solicitation of such sale) in connection with the Dealing, etc. of Private Placement, etc. of Corporate Bonds Subject to Rules to customers (limited to individuals and excluding Professional Investors; the same shall apply in this Article), the Association Member should establish the solicitation commencement standards, and should not solicit customers who do not meet such standards.

**(Prohibited Acts)**

**Article 9** When, as a result of the examination prescribed in Article 5, an Association Member judges it inappropriate to conduct the Dealing, etc. of Private Placement, etc. of Corporate Bonds Subject to Rules, it must not conduct such Dealing, etc. of Private Placement, etc. of Corporate Bonds Subject to Rules.

2. If, as a result of the examination prescribed in Article 5, an Association Member cannot confirm that it can conduct the reviewing as prescribed in Article 6, it must not conduct the Dealing, etc. of Private Placement, etc. of Corporate Bonds Subject to Rules.

**(Dealing by Special Members Entrusted)**

**Article 10** When a Special Member conducts the Dealing, etc. of Private Placement, etc. of Corporate Bonds Subject to Rules that is entrusted by a Regular Member, it shall check the status of compliance with the Rules by the Regular Member, and may entrust all or part of the acts prescribed in Article 5 to 7 to the Regular Member.

**(Reporting to the Association)**

**Article 11** When an Association Member conducts the Dealing, etc. of Private Placement, etc. of Corporate Bonds Subject to Rules, it must submit a report to the Association pursuant to that separately prescribed by

the Association.

**SUPPLEMENTARY PROVISIONS [Omitted]**

(Note) These Rules are based on the version in effect as of April 1, 2017, and apply to the Dealing, etc. of Private Placement, etc. of the Corporate Bonds Subject to Rules that is conducted on and after April 1, 2017.

<p>This translation is solely for the convenience of those interested therein, and accordingly all questions that may arise with regard to the meaning of the words or expressions herein shall be dealt with in accordance with the original Japanese text.</p>
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**(Schedule 1) Corporate Bonds Subject to Rules prescribed in Article 2, Item 2**

Description
<p>The Corporate Bonds Subject to Rules are corporate bonds other than listed below:</p> <p>(1) Corporate Bonds issued by an issuer who is any of the following:</p> <ul style="list-style-type: none"><li>(i) Who lists its securities on a domestic financial instruments exchange market;</li><li>(ii) Who lists its securities on an eligible foreign financial instruments market (the Eligible Foreign Financial Instruments Market prescribed in Article 7, Paragraph 1, Item 1 of the Rules Concerning Foreign Securities Transactions);</li><li>(iii) Who is a Type I Financial Instruments Business Operator, a member of a Special Financial Instruments Business Operator group (a group consisting of the Special Financial Instruments Business Operator and its subsidiary corporations, etc. prescribed in Article 57-2, Paragraph 2 of the FIEA) or a Designated Parent Company group (a group consisting of the Designated Parent Company and its subsidiary corporations, etc. prescribed in Article 57-12, Paragraph 3 of the FIEA), a bank, a member of a Bank Holding Company group (a group consisting of the Bank Holding Company and its subsidiary corporations, etc. prescribed in Article 2, Paragraph 13 of the Banking Act), an insurance company, a member of an Insurance Holding Company group (a group consisting of the Insurance Holding Company and its subsidiary corporations, etc. prescribed in Article 2, Paragraph 16 of the Insurance Business Act), or a securities finance company;</li><li>(iv) Who is a Foreign Securities Broker (the Foreign Securities Broker prescribed in Article 58 of the FIEA), who conducts the business set forth in Article 10, Paragraph 1, Item 1 of the Banking Act in a foreign country, who is a Foreign Insurer (a Foreign Insurer as prescribed in Article 2, Paragraph 6 of the Insurance Business Act), or a member of a group of G-SIFIs (the Global Systemically Important Financial Institutions announced by the Financial Stability Board (FSB)) and its subsidiary corporations, etc.;</li><li>(v) Who has obtained a credit rating (the Credit Rating prescribed in Article 2, Paragraph 34 of the FIEA) from a Registered Credit Rating Agency (the Registered Credit Rating Agencies prescribed in Article 2, Paragraph 36 of the FIEA) or its Specified Associated Juridical Person (the "Specified Associated Juridical Person" prescribed in Article 116-3, Paragraph 2 of the Cabinet Office Ordinance on Financial Instruments Business, etc.), and the credit rating obtained is an investment grade or higher (including the cases where a credit rating is scheduled to be given without delay after the issuance of the Corporate Bonds).</li></ul> <p>(2) Corporate Bonds that meet any of the following:</p> <ul style="list-style-type: none"><li>(i) Book-Entry Transfer Bonds (Corporate Bonds whose dealing is limited to a Book-Entry Transfer Institution (a person prescribed in Article 2, Paragraph 2 of the Act on Book Entry of Corporate Bonds and Shares) or a person who conducts the Book-Entry Transfer Services (the services prescribed in Article 3, Paragraph 1 of the same Act) or a similar service pursuant to foreign laws and regulations);</li><li>(ii) Corporate Bonds that are/will be issued based on the program information listed on a domestic Financial Instruments Exchange Market or an Eligible Foreign Financial Instruments Market;</li><li>(iii) Corporate Bonds issued by a subsidiary of an entity set forth in any of the above (1) (the Subsidiary prescribed in Article 2, Item 3 of the Companies Act; if the issuer is a foreign corporation, a person corresponding to the above definition);</li><li>(iv) Corporate Bonds guaranteed by an entity set forth in any of the above (1) (limited to the cases where the performance of the issuer's obligations on such Corporate Bonds is fully guaranteed);</li><li>(v) Corporate Bonds that are issued for the purpose of liquidating assets and whose credit rating of investment grade or higher is granted by a registered credit rating agency or its Specified Associated Juridical Person, and Corporate Bonds that do not obtain credit rating but are issued by the issuer for the purpose of liquidation of the same assets as those for liquidation by issuance of the Corporate Bonds with credit rating (limited to the cases where the fact the credit rating is not granted is explained to a customer);</li><li>(vi) Corporate Bonds that are issued for finance of a project and meet any of the following:<ul style="list-style-type: none"><li>(a) Corporate Bonds whose issuer's investor fulfills all of the following conditions:</li></ul></li></ul>

Description
<p>A. The investor who is a person meets the conditions set forth in (1)-(i) above or a subsidiary of such person, and has invested 20% or more of the total investment, exists;</p> <p>B. The aggregate of investment amount by the person in the above A and by other persons who meet any of the above (1) exceeds the majority of the total investment amount.</p> <p>(b) Corporate Bonds issued by a private business operator who provides or operates public facilities, etc. prescribed in Article 8, Paragraph 2 of the Act on Promotion of Private Finance Initiative.</p> <p>(vii) Securities set forth in Article 3, Item (4) or (5) of the FIEA</p> <p>(3) Repackaged Corporate Bonds that use any of the following as collateral securities (limited to the cases where the collateral securities are deposited to a proper central securities depository (CDS)):</p> <ul style="list-style-type: none"> <li>(i) Securities issued by a person who is set forth in (1) above;</li> <li>(ii) Corporate Bonds that meet the conditions in (2);</li> <li>(iii) Securities that meet the conditions in Article 2, Paragraph 1, Items (1) to (3) of the FIEA;</li> <li>(iv) Securities that are set forth in Article 2, Paragraph 1, Item 17 of the FIEA and have a nature of securities set forth in Items (1) to (3) of the same Paragraph.</li> </ul>

**(Schedule 2) Examination of Corporate Bonds prescribed in Article 5**

Item	Description
1. Examination Items	<p>(1) Corporate Bonds (excluding bonds issued for the purpose of the liquidation of assets)</p> <p>The judgment is made after examining the following points:</p> <p>(i) Existence of the issuer and the business conducted by the issuer</p> <ul style="list-style-type: none"><li>- Examine the existence of the issuer and the business conducted by the issuer by checking the matters included in the Certificate of Registered Matters of the issuer, visiting the issuer's location, and conducting a hearing of the management of the issuer.</li></ul> <p>(ii) Financial soundness of the issuer</p> <ul style="list-style-type: none"><li>- Obtain financial statements, etc. for which the auditor's opinion is unqualified or lawful, and examine the financial soundness of the issuer.</li><li>- Examination measures to be taken for better financial soundness by, for example, conducting a hearing of the management and officers in charge of finance, as necessary.</li></ul> <p>(iii) Adequacy of business plan of the issuer</p> <ul style="list-style-type: none"><li>- Obtain a business plan and examine its adequacy.</li><li>- Examine the feasibility of the business plan in addition to checking, for example, the management policy, basic strategy, sales plan, profit plan, and finance plan.</li></ul> <p>(iv) Compliance status of the business activities and the development of compliance scheme by the issuer</p> <ul style="list-style-type: none"><li>- Check the organization and personnel allocation and examine the adequacy of institutional design of the company.</li><li>- Examine the adequacy of compliance status and compliance scheme by, for example, conducting a hearing of the management and business execution managers.</li></ul> <p>(v) Whether or not falling into the category of anti-social forces, whether or not having a relationship with anti-social forces, and the system to eliminate any relationship with anti-social forces and its operational status.</p> <ul style="list-style-type: none"><li>- Check whether the issuer and its concerned parties (e.g. a company with a parent-subsidiary relationship with the issuer, officers of the issuer, and major trading partners and shareholders of the issuer) do not fall into the category of anti-social force.</li></ul> <p>(vi) How to use the financed money</p> <ul style="list-style-type: none"><li>- Examine the consistency between a business plan and cash flow, and check how the financed money is used, by, for example, conducting a hearing of the management and officers in charge of finance.</li></ul> <p>(vii) Whether any act is conducted to evade regulations on public offering and secondary distribution</p> <ul style="list-style-type: none"><li>- If the same issuer has conducted several private placements in a certain period of time, examine the adequacy of the reason why public offering/secondary distribution was not chosen.</li></ul> <p>(viii) Performance of guarantee agreement in case that a guarantor exists</p> <ul style="list-style-type: none"><li>- Evaluate that the guarantee agreement can surely be performed by checking the details of the guaranty provisions on the guarantee agreement or on the surface of the Corporate Bond Certificates and examine what is guaranteed and the guaranty conditions.</li><li>- Similar to the examination of the issuer in (i) and (ii) above, examine the existence and financial soundness of the guarantor and check the ability to perform the guarantee obligations based on such financial soundness.</li></ul> <p>(ix) Feasibility of review</p> <p>Check whether review of the Corporate Bonds is feasible pursuant to the provisions in Schedule 3.</p> <p>(x) Other matters that the Association Member deems necessary.</p>

Item	Description
	<p>(2) Bonds issued for the purpose of liquidation of assets</p> <p>The judgment is made after examining the following points:</p> <p>(i) Existence and business performance capability of a major player in the issuance of bonds and administration after the issuance (hereinafter referred to as the “Arranger”);</p> <ul style="list-style-type: none"> <li>- If arrangers, etc. (including a person who is involved in the issuance of the Corporate Bonds in addition to the Arranger, if any; hereinafter referred to as the “Arrangers, etc.”) exist, evaluate the existence of capability, nature, scheme, and business performance capability of the Arrangers, etc., by checking the Certificate of Registered Matters, visiting the location, conducting a hearing of the responsible persons, examining projects handled by the Arrangers, etc. in the past, and understanding the financial condition and credit worthiness of the Arrangers, etc.</li> <li>- Examine, for example, the adequacy of the compliance system by checking whether the net proceeds received by the issuer or the original holder are not used for any purpose other than the scheme and whether there is no conflict of interest between the issuer and the Arrangers, etc.</li> </ul> <p>(ii) Rationality and appropriateness of asset liquidation scheme</p> <p>Obtain and examine materials that enable to examine, for example, the following points, depending on the scheme:</p> <ul style="list-style-type: none"> <li>- Adequacy of the scheme to liquidate assets;</li> <li>- Business plan (financing, acquisition of the target assets, a profit plan after acquiring the assets, etc.)</li> <li>- Details of the underlying assets and the market attribute of the assets</li> <li>- Senior/subordinate structure</li> <li>- Liquidity support and credit enhancement</li> <li>- Details of credit events</li> <li>- Existence of underlying assets and collection status</li> <li>- Appropriateness of issue price and coupon rate</li> <li>- How the proceeds received by the issuer and the original holder are used</li> </ul> <p>*When conducting a transaction in a secondary market, examine whether a material such as a periodical report that enables to check the above points can be continuously provided by the Arrangers, etc.</p> <p>(iii) Whether or not falling into the category of anti-social forces, whether or not having a relationship with anti-social forces, and the system to eliminate any relationship with anti-social forces and its operational status.</p> <ul style="list-style-type: none"> <li>- Check whether the issuer, the Arrangers, etc., and/or the concerned parties (e.g. a company with a parent-subsidiary relationship with the issuer or the Arrangers, etc., officers of the issuer or the Arrangers, etc., and major trading partners and shareholders of the issuer and the Arrangers, etc.) do not fall into the category of anti-social forces.</li> </ul> <p>(iv) Whether any act is conducted to evade regulations on public offering and secondary distribution</p> <ul style="list-style-type: none"> <li>- If the same Arrangers, etc. have supported several private placements by similar issuers in a certain period of time, examine the adequacy of the reason why public offering/secondary distribution was not chosen.</li> </ul> <p>(v) Performance of guarantee agreement in case that a guarantor exists</p> <ul style="list-style-type: none"> <li>- Evaluate that the guarantee agreement can surely be performed by checking the details of the guaranty provisions on the guarantee agreement or on the surface of the Corporate Bond Certificates and examine what is guaranteed and the guaranty conditions.</li> <li>- Similar to the examine of issuer in (i) and (ii) of (1) above, examine the existence and financial soundness of the guarantor.</li> </ul> <p>(vi) Feasibility of review</p> <p>Check whether review of the Corporate Bonds is feasible pursuant to the</p>

Item	Description
	provisions in Schedule 3. (vii) Other matters that the Association Member deems necessary.
2. Corporate Bonds for which Examination can be Omitted	<p>Some Corporate Bonds Subject to Rules that meet any of the following may be excluded from the examination (excluding the cases where review prescribed in Article 6 of the Rules or information provision prescribed in each Item of Article 7 of the Rules cannot be conducted, or the cases where the fact some examination items are disqualified as prescribed in Schedule 2-1 is obtained).</p> <p>(1) Corporate Bonds that have already been examined by the Association Member itself pursuant to Article 5 of the Rules;</p> <p>(2) Corporate Bonds for which underwriting examination for securities has already been conducted by the Regular Member pursuant to the “Rules Concerning Underwriting, Etc. of Securities”</p>



**(Schedule 3) Review of Corporate Bonds prescribed in Article 6**

Item	Description
1. Items/ Frequency of Review	<p>(1) Corporate Bonds (excluding bonds issued for the purpose of the liquidation of assets)</p> <p>Review is done by checking the following matters:</p> <p>(i) Condition of business conducted by the issuer</p> <ul style="list-style-type: none"><li>- Obtain a business report at least once a year to check that the business plan is executed properly, and confirm the existence of the business conducted by the issuer by, for example, visiting the location and conducting a hearing of the management.</li></ul> <p>(ii) Financial soundness of the issuer</p> <ul style="list-style-type: none"><li>- Obtain financial statements, etc. for which auditor's opinion is unqualified or lawful at least once a year to understand the financial condition, and confirm the financial soundness of the issuer.</li><li>- Confirm measures to be taken for better financial soundness by, for example, conducting a hearing of the management and officers in charge of finance about the financial condition, as necessary.</li></ul> <p>(iii) Compliance status of the business activities and the development of compliance system by the issuer</p> <ul style="list-style-type: none"><li>- Check appropriately the organization and personnel allocation to find whether there is any change in the institutional design of the company.</li><li>- Depending on the size and reason for the change, confirm the adequacy of compliance status and compliance scheme by, for example, conducting a hearing of the management and business execution managers.</li></ul> <p>(iv) Whether or not falling into the category of anti-social forces, whether or not having a relationship with anti-social forces, and the system to eliminate any relationship with anti-social forces and its operational status</p> <ul style="list-style-type: none"><li>- Check appropriately whether the issuer and its concerned parties (e.g. a company with a parent-subsidiary relationship with the issuer, officers of the issuer, and major trading partners and shareholders of the issuer) do not fall into the category of anti-social forces.</li></ul> <p>(v) How to use the financed money</p> <ul style="list-style-type: none"><li>- Confirm the consistency between a business plan and cash flow at least once a year, and check how the financed money is used, by, for example, conducting a hearing of the management and officers in charge of finance.</li><li>- If it is found that the business plan disclosed at the time of financing the money significantly delays, or if the issuer uses the financed money for a purpose other than the original one, check again the impact of such facts and the feasibility of the business plan.</li></ul> <p>(vi) Whether any act is conducted to evade regulations on public offering and secondary distribution</p> <ul style="list-style-type: none"><li>- Check appropriately whether the same issuer has conducted several private placements. If so, check the adequacy of the reason why public offering/secondary distribution was not chosen.</li></ul> <p>(vii) Performance of guarantee agreement in case that a guarantor exists</p> <ul style="list-style-type: none"><li>- Confirm that there is no change in the ability to perform the guarantee obligations by checking whether any change has been made on the guarantee agreement.</li></ul> <p>(viii) Other matters that the Association Member deems necessary.</p> <p>(2) Bonds issued for the the purpose of liquidation of assets</p> <p>Review is done by checking the following matters:</p> <p>(i) Existence and business performance capability of the Arrangers, etc.</p> <ul style="list-style-type: none"><li>- Check appropriately that there is no change in the existence of capability, nature, scheme, and business performance capability of the concerned people such as the Arrangers, etc. by visiting the location of the Arrangers, etc., conducting a</li></ul>

Item	Description
	<p>hearing of the responsible persons, understanding projects the Arrangers, etc. handle, and identifying changes in financial condition and credit worthiness of the Arrangers, etc.</p> <ul style="list-style-type: none"> <li>- Obtain financial statements, etc., of the issuer at least once a year to understand the financial condition and check its financial soundness.</li> <li>- Check measures to be taken for better financial soundness by, for example, conducting a hearing of the Arrangers, etc., as necessary.</li> </ul> <p>(ii) Rationality and appropriateness of asset liquidation scheme</p> <ul style="list-style-type: none"> <li>- Check appropriately that there is no change in the asset liquidation scheme.</li> <li>- Check appropriately the adequacy of asset liquidation scheme (for example, appropriateness of how the money financed through the issuance of Corporate Bonds is used, existence and a degree of deterioration of the assets acquired, whether the planned assets have been obtained, and whether the profit is recorded).</li> </ul> <p>(iii) Whether or not falling into the category of anti-social forces, whether or not having a relationship with anti-social forces, and the system to eliminate any relationship with anti-social forces and its operational status</p> <ul style="list-style-type: none"> <li>- Check appropriately that whether the issuer, the Arrangers, etc., and/or the concerned parties (e.g. a company with a parent-subsidary relationship with the issuer or the Arrangers, etc., officers of the issuer or the Arrangers, etc., and major trading partners and shareholders of the issuer and the Arrangers, etc.) do not fall into the category of anti-social forces.</li> </ul> <p>(iv) Whether any act is conducted to evade regulations on public offering and secondary distribution</p> <ul style="list-style-type: none"> <li>- Check appropriately whether the same Arrangers, etc. have supported several private placements by similar issuers in a certain period of time. If so, check the adequacy of the reason why public offering/secondary distribution was not chosen.</li> </ul> <p>(v) Performance of guarantee agreement in case that a guarantor exists</p> <ul style="list-style-type: none"> <li>- Check appropriately the ability to perform the guarantee obligations by conducting a hearing of the Arrangers, etc. and the guarantor. If any change is made in the guarantee agreement, obtain the guarantee agreement to check what is guaranteed and the guarantee conditions and to confirm that the guarantee agreement can surely be performed.</li> </ul> <p>(vi) Other matters that the Association Member deems necessary.</p>

**(Schedule 4) Information provision prescribed in Article 7, Paragraph 1**

Item	Description
1. Information Items to be Provided	<p>(1) Corporate Bonds (excluding bonds issued for the purpose of the liquidation of assets)</p> <ul style="list-style-type: none"><li>(i) Financial condition of the issuer<ul style="list-style-type: none"><li>- Obtain financial statements, etc. for which auditor's opinion is unqualified or lawful and provide information on the financial condition, etc. of the issuer.</li><li>- Provide information that is additionally confirmed based on the examination prescribed in Schedule 2, as necessary.</li></ul></li><li>(ii) How to use the financed money and business plan of the issuer<ul style="list-style-type: none"><li>- Provide information on how the financed money is used and the business condition using the business plan, etc.</li><li>- For example, inform that there are bankruptcy risk and a risk that the Corporate Bonds issued would become invalid.</li></ul></li><li>(iii) If a guarantor exists, what is guaranteed and conditions of guarantee in the guarantee agreement<ul style="list-style-type: none"><li>- If a guarantor exists, provide information on what is guaranteed and the guarantee conditions.</li></ul></li><li>(iv) Other matters<ul style="list-style-type: none"><li>- Provide information on matters that are judged to have a significant impact on the investment decision-making based on the examination prescribed in Schedule 2, in an easy-to-understandable manner.</li></ul></li></ul> <p>(2) Bonds issued for the the the purpose of liquidation of assets</p> <ul style="list-style-type: none"><li>(i) Summary of the Arrangers, etc.<ul style="list-style-type: none"><li>- Provide information on the summary of the Arrangers, etc.</li></ul></li><li>(ii) Asset liquidation scheme<ul style="list-style-type: none"><li>- Provide information on the asset liquidation scheme.</li><li>- For example, inform that there are bankruptcy risk and a risk that the Corporate Bonds issued would become invalid.</li></ul></li><li>(iii) How to the financed money is used and business plan<ul style="list-style-type: none"><li>- Provide information on the business plan (finance plan, acquisition of the target assets, a plan to generate profits from the acquired assets)</li><li>- When providing information on how the financed money is used, clearly indicate the costs for issuing the Corporate Bonds.</li></ul></li><li>(iv) If a guarantor exists, what is guaranteed and conditions of guarantee in the guarantee agreement<ul style="list-style-type: none"><li>- If a guarantor exists, provide information on what is guaranteed and the guarantee conditions.</li></ul></li><li>(v) Other matters<ul style="list-style-type: none"><li>- Provide information on matters that are judged to have a significant impact on the investment decision-making based on the examination prescribed in Schedule 2, in an easy-to-understandable manner.</li></ul></li></ul>

**(Schedule 5) Information provision prescribed in Article 7, Paragraph 2**

Item	Description
1. Information Items to be provided / frequency	<p>(1) Corporate Bonds (excluding bonds issued for the the purpose of the liquidation of assets)</p> <ul style="list-style-type: none"> <li>(i) Condition of business conducted by the issuer <ul style="list-style-type: none"> <li>- Provide a business report, etc. prepared by the issuer at least once a year.</li> <li>- Provide information that is additionally confirmed based on the review prescribed in Schedule 3 (for example, if it is found that the financed money was used for a purpose other than the original one, such fact and the impact thereof), as necessary.</li> </ul> </li> <li>(ii) Financial condition of the issuer <ul style="list-style-type: none"> <li>- Provide at least once a year financial statements, etc. for which auditor's opinion is unqualified or lawful that are prepared by the issuer.</li> <li>- Provide information that is additionally confirmed based on the review prescribed in Schedule 3, as necessary.</li> </ul> </li> <li>(iii) Other matters <ul style="list-style-type: none"> <li>- Immediately inform investors of information on matters that are found during the review prescribed in Schedule 3 and are judged to have a significant impact on the investment decision-making.</li> </ul> </li> </ul> <p>(2) Bonds issued for the purpose of the liquidation of assets</p> <ul style="list-style-type: none"> <li>(i) Asset liquidation status <ul style="list-style-type: none"> <li>- Provide a periodical report and financial results prepared by the Arrangers, etc. for reporting the business at least once a year.</li> <li>- Provide information that is additionally confirmed based on the review prescribed in Schedule 3 (for example, if it is found that the financed money was used for a purpose other than the original one, such fact and the impact thereof), as necessary.</li> </ul> </li> <li>(ii) Other matters <ul style="list-style-type: none"> <li>- Immediately inform investors of information on matters that are found during the review prescribed in Schedule 3 and are judged to have a significant impact on the investment decision-making.</li> </ul> </li> </ul>
2. How to Provide Information	<p>(1) Information is provided with any of the methods set forth below:</p> <ul style="list-style-type: none"> <li>(i) Sending a document;</li> <li>(ii) Transmitting via a facsimile machine;</li> <li>(iii) Transmitting via an electronic mail (an Electric Mail as prescribed in Article 2, Item 1 of the Act on Regulation of Transmission of Specified Electronic Mail);</li> <li>(iv) Transmitting using the Internet or other electric telecommunication lines.</li> </ul> <p>(2) When providing information with any of the methods set forth in (1)-(ii) to (iv) above, obtain prior consent of the customer that the information will be provided with such method. Provided, however, for customers whose consent has already been obtained to receive other contractual documents in an electromagnetic means, it is allowed to only send a notice that the information will be provided with such method, instead of obtaining consent.</p> <p>(3) Provision of information with a method set forth in (1)-(iv) above includes a case that the information will be uploaded to a website of the issuer, etc..</p>
3. In the case of safe custody of Corporate Bonds Subject to Rules for	<p>(1) When transferred from other Association Members, conduct the following in advance:</p> <ul style="list-style-type: none"> <li>(i) If the Dealing, etc. of Private Placement, etc. of the Corporate Bonds Subject to Rules is expected to occur after the transfer, conduct the examination prescribed in Article 5 of the Rules.</li> <li>(ii) Regardless of whether or not meeting the above (i), check whether the review</li> </ul>

Item	Description
<p>which Dealing, etc. of Private Placement, etc. was done by another Association Member</p>	<p>of the Corporate Bonds Subject to Rules can be conducted pursuant to Article 6 of the Rules.</p> <p>(iii) If, as a result of the above (ii), it is found that review and the information provision prescribed in Article 7, Paragraph 2 of the Rules cannot be conducted, in principle, do not accept the transfer of such Corporate Bonds Subject to Rules.</p> <p>(iv) Even if, as a result of the above (ii), it is found that review and the information provision prescribed in Article 7, Paragraph 2 of the Rules cannot be conducted, it is still allowed to accept the transfer if the transferring Association Member promises to conduct the review and the information provision to customers.</p> <p>(v) Even if, as a result of the above (ii), it is found that review and the information provision prescribed in Article 7, Paragraph 2 of the Rules cannot be conducted, it is still allowed to provide safe custody if doing so is compelling from an investor protection viewpoint.</p> <p>(2) Carry out the following matters in advance in the case where a customer entrusts safe custody of the Corporate Bonds Subject to Rules:</p> <p>(i) If the Dealing, etc. of Private Placement, etc. of Corporate Bonds Subject to Rules is expected to occur after starting the safe custody, conduct the examination prescribed in Article 5 of the Rules.</p> <p>(ii) Regardless of whether or not meeting the above (i), check whether the review of the Corporate Bonds Subject to Rules can be conducted pursuant to Article 6 of the Rules.</p> <p>(iii) If, as a result of the above (ii), it is found that review and the information provision prescribed in Article 7, Paragraph 2 of the Rules cannot be conducted, in principle, do not accept the safe custody of such Corporate Bonds Subject to Rules.</p> <p>(iv) Even if, as a result of the above (ii), it is found that review and the information provision prescribed in Article 7, Paragraph 2 of the Rules cannot be conducted, it is still allowed to provide safe custody if doing so is compelling from an investor protection viewpoint.</p>