

# RULES CONCERNING PROVISION OF DEMAND INFORMATION AND PURCHASER INFORMATION FOR PUBLIC OFFERING OF CORPORATE BOND CERTIFICATES, ETC. (November 17, 2020)

## (Purpose)

**Article 1** The purpose of the Rules Concerning Provision of Demand Information and Purchaser Information for Public Offering of Corporate Bond Certificates, etc., is to set forth matters that are necessary for the provision, etc., of demand information and purchaser information pertaining to corporate bond certificates, etc., to issuers when Regular Members are underwriting corporate bond certificates, etc., for public offering, thereby ensuring fair business operations that respect the actual market so as to be conducive to the sound development of capital markets.

## (Definitions)

**Article 2** The terms set forth in each of the following Items shall have their respective definitions prescribed therein for the purpose of the Rules:

- 1 Applicable Corporate Bond Certificates, etc.:  
Applicable Corporate Bond Certificates, etc., shall mean any of the following securities issued by Lead Managing Regular Member Underwriting (excluding those underwritten by the Lead Managing Regular Member primarily for the purpose of having an individual acquire the securities):
  - (a) Municipal bonds (securities set forth in Article 2, Paragraph 1, Item 2 of the Financial Instruments and Exchange Act (hereinafter referred to as the “FIEA”));
  - (b) Bonds issued by a juridical person under a special act (securities set forth in Article 2, Paragraph 1, Item 3 of the FIEA);
  - (c) Specified company bonds under Act on Securitization of Assets (securities set forth in Article 2, Paragraph 1, Item 4 of the FIEA);
  - (d) Corporate bond certificates (securities set forth in Article 2, Paragraph 1, Item 5 of the FIEA, excluding bonds with share options set forth in Article 10-2, Paragraph 1, Item 4 of the Cabinet Office Ordinance on Definitions under Article 2 of the FIEA);
  - (e) Investment corporation bonds (investment corporation bonds set forth in the provision of Article 2, Paragraph 1, Item 11 of the FIEA);
  - (f) Bonds or certificates issued by a foreign state or foreign person within Japan and having the same nature as the securities set forth in Item (a), (b), (c), (d), or (e) above, or national government bonds (securities set forth in Article 2, Paragraph 1, Item 1 of the FIEA).
- 2 Lead Managing Regular Member Underwriting:  
System where the Regular Member Underwriter assigned by the issuer as the Lead Managing Regular Member Underwriter has a primary involvement in the determination of the conditions of issuance when conducting a public offering of securities.
- 3 Regular Member Underwriter:  
Regular Members who are underwriters pursuant to Article 2, Paragraph 6 of the FIEA.
- 4 Lead Managing Regular Member Underwriter:  
Among the Regular Member Underwriters, such Regular Member as appointed by the issuer to negotiate on the Underwriting agreement with the issuer of the Applicable Corporate Bond Certificates, etc., related to the Underwriting agreement at the time of concluding the Underwriting agreement of the securities.
- 5 Representing Lead Managing Regular Member Underwriter:  
If there is only one Lead Managing Regular Member Underwriter, this term shall mean this one Lead Managing Regular Member Underwriter. If there is more than one Lead Managing

Regular Member Underwriter, the one representing the Lead Managing Regular Member Underwriters shall be the Representing Lead Managing Regular Member Underwriter.

6 Co-acting Lead Managing Regular Member Underwriter:

When there is more than one Lead Managing Regular Member Underwriter, the Lead Managing Regular Member Underwriters other than the Representing Lead Managing Regular Member Underwriter.

7 Other Regular Member Underwriters:

Regular Member Underwriters who are other than the Lead Managing Regular Member Underwriter.

8 Demand Information:

Name of customer of each condition of issuance of Applicable Corporate Bond Certificates, etc., or the number of customers by business type, and the demand amount (excluding that related to individuals).

9 Purchaser Information:

Name of customer who is the purchaser of Applicable Corporate Bond Certificates, etc., or the number of customers by business type, and the sale amount (excluding that related to individuals).

10 Pre-Marketing:

Hearing of opinions from investors regarding the standard of the conditions of issuance conducted by the Regular Member Underwriters upon their underwriting of Applicable Corporate Bond Certificates, etc. Provided, however, if the Applicable Corporate Bond Certificates, etc., do not fall under the securities set forth in any of the items under Article 3 of the FIEA, Pre-Marketing should only be conducted after the submission of a securities registration statement or shelf registration statement.

**(Provision of Demand Information to Issuers, etc.)**

**Article 3**

- 1 The Representing Lead Managing Regular Member Underwriter must provide the issuer with the Demand Information it obtained through Pre-Marketing for every business day or by the closest business day before the date of determination of the conditions of issuance (if this is not possible for a reason beyond the Representing Lead Managing Regular Member Underwriter's control, by the determination of the conditions on the date of determination of the conditions of issuance).
- 2 When there are Co-acting Lead Managing Regular Member Underwriter(s) or Other Regular Member Underwriter(s) (limited to Other Regular Member Underwriter(s) in cases where the estimated total underwriting amount of all the Other Regular Member Underwriters exceed 10% of the estimated issue amount; the same shall apply hereinafter), the Representing Lead Managing Regular Member Underwriter must collect Demand Information that the Co-acting Lead Managing Regular Member Underwriter(s) and the Other Regular Member Underwriter(s) obtained through Pre-Marketing and include it in the Demand Information to be provided to the issuer pursuant to the provision of the preceding Paragraph.
- 3 The Co-acting Lead Managing Regular Member Underwriter(s) and Other Regular Member Underwriter(s) shall provide Demand Information to the Representing Lead Managing Regular Member Underwriter by the deadline agreed upon with the Representing Lead Managing Regular Member Underwriter.
- 4 Notwithstanding the provisions of the preceding two Paragraphs, the Representing Lead Managing Regular Member Underwriter may have the Co-acting Lead Managing Regular Member Underwriter(s) and Other Regular Member Underwriter(s) provide Demand Information directly to the issuer with the consent of the issuer.
- 5 Lead Managing Regular Member Underwriters shall share among themselves Demand Information to the extent agreed upon with the issuer beforehand.

**(Provision of Purchaser Information to Issuers, etc.)**

**Article 4**

- 1 The Representing Lead Managing Regular Member Underwriter must provide Purchaser Information to the issuer without delay.
- 2 If there are Co-acting Lead Managing Regular Member Underwriter(s) or Other Regular Member Underwriter(s), the Representing Lead Managing Regular Member Underwriter must collect Purchaser Information from the Co-acting Lead Managing Regular Member Underwriter(s) and Other Regular Member Underwriter(s) and include it in the Purchaser Information to be provided to the issuer pursuant to the provision of the preceding Paragraph.
- 3 The Co-acting Lead Managing Regular Member Underwriter(s) and Other Regular Member Underwriter(s) shall provide Purchaser Information to the Representing Lead Managing Regular Member Underwriter without delay after sale.
- 4 Notwithstanding the provisions of the preceding two Paragraphs, the Representing Lead Managing Regular Member Underwriter may have the Co-acting Lead Managing Regular Member Underwriter(s) and Other Regular Member Underwriter(s) provide Purchaser Information directly to the issuer with the consent of the issuer.
- 5 Lead Managing Regular Member Underwriters shall share among themselves Purchaser Information to the extent agreed upon with the issuer beforehand.

**(Customers for Which Information Must Be Provided with True Name)**

**Article 5**

- 1 Notwithstanding the provisions of Items 8 and 9 of Article 2, if a customer (excluding individuals) falls under any of the following Items, “Demand Information” in Article 3 shall be replaced with “Demand Information (meaning the customer’s name and their demand amount for each condition of issuance)” and “Purchaser Information” in the preceding Article shall be replaced with “Purchaser Information (meaning the purchasing customer’s name and their purchase amount).”
  - 1 Entity that is able to accept deposits or savings as business (including foreign corporations having a branch in Japan);
  - 2 Financial instruments business operator (including foreign corporations having a branch in Japan);
  - 3 Investment corporation (as defined in Article 2, Paragraph 12 of the Act on Investment Trusts and Investment Corporations);
  - 4 Insurance company (including foreign corporations having a branch in Japan);
  - 5 National Mutual Insurance Federation of Agricultural Cooperatives;
  - 6 National Mutual Insurance Federation of Fishery Cooperatives;
  - 7 National Federation of Workers and Consumers Insurance Cooperatives;
  - 8 Federation of National Public Service Personnel Mutual Aid Associations;
  - 9 National Public Officers Mutual Aid Associations (as defined in Article 3, Paragraph 1 of the National Public Officers Mutual Aid Association Act);
  - 10 Pension Fund Association for Local Government Officials;
  - 11 National Federation of Mutual Aid Associations for Municipal Personnel;
  - 12 Promotion and Mutual Aid Corporation for Private Schools of Japan;
  - 13 Japan Housing Finance Agency;
  - 14 Organization for Small & Medium Enterprises and Regional Innovation;
  - 15 Government Pension Investment Fund;
  - 16 Japan Expressway Holding and Debt Repayment Agency;
  - 17 Welfare and Medical Service Agency;

- 18 Urban Renaissance Agency;
  - 19 Japan Railway Construction, Transport and Technology Agency;
  - 20 Environmental Restoration and Conservation Agency;
  - 21 Organization for Workers' Retirement Allowance Mutual Aid;
  - 22 Pension Fund Association;
  - 23 Japan Finance Organization for Municipalities;
  - 24 The Okinawa Development Finance Corporation;
  - 25 Japan Bank for International Cooperation;
  - 26 Nippon Export and Investment Insurance; or
  - 27 Entity that is none of the above and has a demand amount or sale amount of 1 billion yen or more (including foreign corporations).
- 2 Regular Member Underwriters shall inform beforehand the customers listed in the Items in the preceding Paragraph, unless any such customers have refused to provide their names, that Demand Information and Purchaser Information (both of which meaning what is after the terms have been replaced pursuant to the provision of the preceding Paragraph) will be provided to the issuer and Lead Managing Regular Member Underwriter(s).
  - 3 When a Regular Member Underwriter receives an indication of rejection set forth in the preceding Paragraph from a customer, the Regular Member shall keep the name of the customer anonymous when providing information to the issuer and Lead Managing Regular Member Underwriter(s).
  - 4 When there is a demand for its own securities, a Regular Member Underwriter must clearly state its own name and demand amount for each condition of issuance in Demand Information, and if there is a purchase, must clearly state its own name and purchase amount in Purchaser Information.

**(Appropriate Management of Provided Information by Issuer)**

**Article 6** If the issuer is to receive Demand Information provided pursuant to the provision of Article 3 and Purchaser Information provided pursuant to the provision of Article 4, Regular Member Underwriters shall receive a firm commitment from the issuer that it will properly manage the Information above so as to ensure no leakage thereof.

**(Establishment of Internal Rules)**

**Article 7**

- 1 Before underwriting Applicable Corporate Bond Certificates, etc., Regular Member Underwriters must establish internal rules (hereinafter referred to as "Internal Rules") on the provision of Demand Information and Purchaser Information pertaining to Applicable Corporate Bond Certificates, etc. and must comply with the Internal Rules.
- 2 Internal Rules shall set forth the matters listed in the Items below:
  - 1 Methods of acquisition and provision of Demand Information;
  - 2 Methods of acquisition and provision of Purchaser Information;
  - 3 Methods of storage and preservation of evidence materials used for the preparation of Demand Information and Purchaser Information;
  - 4 Fair provision of information to news organizations;
  - 5 Internal inspection procedure; and
  - 6 Other matters deemed as necessary by Regular Members.

**(Improvement of Internal Management System)**

**Article 8** Regular Member Underwriters must conduct periodic inspections regarding whether or

not the issuance procedures, etc., of Applicable Corporate Bond Certificates, etc., have been conducted properly, by means of comparison, etc., of Demand Information and Purchaser Information pertaining to the Applicable Corporate Bond Certificates, etc.

**(Preparation and Preservation of Records)**

**Article 9** Regular Member Underwriters must create records listed in the Items below pertaining to Applicable Corporate Bond Certificates, etc. to ensure that external audits and inspections, etc. are conducted properly and retain such records for five years starting from the date of issue of the Applicable Corporate Bond Certificates, etc.

- 1 Records of Demand Information;
- 2 Records of Purchaser Information;
- 3 In relation to the preceding two Items, records of names of customers and their refusal to provide their names in the case of keeping such customers' names anonymous pursuant to the provision of Article 5, Paragraph 3, if applicable;
- 4 Records on the results of inspections set forth in the preceding Article; and
- 5 Other records deemed as necessary by Regular Members.

**(Reporting to the Association)**

**Article 10**

- 1 The Association may, when deemed necessary, request Regular Member Underwriters to report on or submit documents regarding the Rules.
- 2 Regular Member Underwriters must comply with the request to give a report or submit documents set forth in the preceding Paragraph.

**SUPPLEMENTARY PROVISIONS**

1 The Rules shall be enforced as of January 1, 2021 and shall apply to public offerings of Applicable Corporate Bond Certificates, etc., for which a principal underwriting agreement has been concluded on or after the date of enforcement. Notwithstanding the above, for municipal bonds, the Rules shall only apply to public offerings of those for which a principal underwriting agreement has been concluded on or after April 1, 2021.

2 If the amount of the Applicable Corporate Bond Certificates, etc., that a Regular Member Underwriter is underwriting for public offering is 10 billion yen or less, the Rules shall not apply to such cases until June 30, 2021.

(Note) These Rules are based on the version in effect as of January 1, 2021

<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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