Business Operation Standards on Wrap Business

March 23, 2011
Resolution of the Board of Directors
(Partially amended June 15, 2012
Partially amended on February 27, 2013
Partially amended on March 26, 2014
Partially amended on March 24, 2021)

The standards detailed below (hereinafter referred to as the "Standards") apply, instead of the Standards to Be Taken into Account in Performance of Business Operations (Resolution of the Board of Directors on February 27, 1991), when a member engaged in securities business concludes a contract with a customer to collect fees pertaining to investment advisory services (which refer to any business pertaining to discretionary investment contracts or the investment advisory business) and commissions including transaction execution and account management fees all at once according to the balance of assets under management in order to manage the business that is based on the contract (hereinafter "wrap business").

In the Standards, "securities business" refers to the business specified in Article 28, paragraphs (1) and (2) of the Financial Instruments and Exchange Act (hereinafter referred to as 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.

1. Duty of Loyalty

Members must base their business operations on performing services for customers (which refer to customers pertaining to discretionary investment contracts or investment advisory contracts that members have concluded; the same applies hereinafter) 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 so that their relationships of trust with customers are not impaired.

2. Transactions at a fair price

When a member provides advice regarding an investment decision on securities, etc. (which refer to securities or rights pertaining to derivative transactions; the same applies hereinafter) to a customer or makes an investment for a customer, or when it conducts a transaction in securities, etc. on its own account, the advice, 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).

This applies in the same manner if a member temporarily or provisionally provides advice or makes an investment for a customer in relation to the customer's decision to invest in a financial instrument other than securities, etc. 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 and conditions for an order pertaining to a transaction in securities, etc., the member shall strive to place the order with a other party and conditions that are judged to best contribute to the relevant customer's interests after comprehensively considering situations at the time, such as the other party's abilities to execute transactions and provide information, as well as its abilities to perform administrative affairs such as reporting execution results and managing money or securities, in addition to the price and commissions for the transaction.

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]

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

Members shall pay attention to the provisions of Article 38-2, item (ii), Article 41-2, item (v), 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, whether directly or indirectly, even after the fact.

(a) Members shall include in each discretionary investment contract a clause of the same purport as that of Article 11 of the sample discretionary pension investment contract (approved by the Board of Directors on March 28, 1990). 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]

(b) Members shall take measures for investment advisory contracts in the same manner as in (a) by including a clause of the same purport as that of Article 6, paragraph (2) of the sample investment advisory contract (for investment advisory business) (approved by the Board of Directors on May 30, 1990).

4. Transactions in Securities, etc.

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

When a member conducts a transaction in securities, etc. on its own account, the member shall comply with the provisions set forth below so as not to impair customers' interests or confidence. Transactions in securities, etc. pertaining to trust assets conducted by a member engaged in trust business are not included in "transactions in securities, etc. that a member conducts on its own account."

(a) When a member conducts a transaction in securities, etc. on its own account, it shall conform to the purport of the provisions of Article 41-2, items (ii) and (iv), Article 41-3, and 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 a customer.

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 principal transactions and the manager of the department from investment information pertaining to customers, along with a checking process pertaining to blocking such information, thereby putting in place a system to prevent any conflict of interest with customers.

A. If a customer has made a decision on a transaction in securities, etc., a member may not conduct any transaction in the same issue of securities, etc. on its own account until the transaction ends (this applies only if the member has specific information about the customer's trading patterns or the like on securities, etc.).

B. If a member conducts a transaction on its own account in an issue of securities, etc. after a transaction of a customer in the same issue of securities, etc. ends, the member shall pay due consideration to the timing of executing the transaction so as not to allow the transaction to be suspected of an act in conflict of interest (this applies only if the member has specific information about the customer's trading patterns or the like on securities, etc.).

(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.

Note, however, that this does not apply to transactions in which the act specified in Article 2, paragraph (8), item (i) of the FIEA is conducted in the course of trade.

[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.

(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.

(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.

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

[See Detailed Regulations 4, 5, 6, 7, 8, 9]

(3) Transactions in securities, etc. with a customer to which a member, its officer, employee, Related Juridical Person, etc., or major shareholder acts as the other party on its own account

(a) A member must not conduct any transaction in securities, etc. on its own account when a customer is the other party.

Note, however, that transactions that fall under 4 (4) below (transactions in securities, etc. with a customer to which a member is the other party) are excluded.

(b) When a member conducts the acts specified in Article 2, paragraph (8), items (i) to (iv) for a customer, the member shall not conduct any transaction in securities, etc. with a customer to which 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 refers to the "Major Shareholder" specified in Article 29-4, paragraph (2) of the FIEA) is the other party on his/her/its own account.

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.

[See Detailed Regulation 10]

(4) Transactions in securities, etc. with a customer to which a member is the other party

(a) A member may conduct a transaction in securities, etc. with a customer to which it is the other party in relation to services pertaining to a discretionary investment contract only if it satisfies all the following requirements:

[See Detailed Regulation 11]

A. When a member concludes a discretionary investment contract with a customer (including making changes to the contract; the same applies hereinafter), the member shall disclose the items, established separately, to the customer 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 relevant discretionary investment contract and may be automatically renewed unless an intention otherwise is expressed (the same applies hereinafter to the validity period pertaining to Comprehensive Prior Disclosure and Consent).

[See Detailed Regulation 12]

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).

The disclosure of the items specified in Appended Table (1) (b) may be changed to After-the-Fact Prompt Disclosure by issuing the document specified in Article 37-4 of the FIEA.

[See Detailed Regulations 13, 14, 15]

(b) When a member performs services set forth in Article 2, paragraph (8), item (xvi) or (xvii) of the FIEA, or Article 35, paragraph (1), items (i) to (iii) of the same Act as the other party for a customer in relation to services pertaining to a discretionary investment contract, the member must appropriately perform these services in accordance with the provisions of the FIEA or other relevant laws and regulations so that it cannot impair the customer's interests or confidence.

(5) Transactions in securities, etc. with a customer to which is Related Juridical Person, etc. engaged in securities business acts as the other party

(a) When a member conducts a transaction in securities, etc. for a customer to which its Related Juridical Person, etc. engaged in securities business acts as the other party, the member shall comply with the following:

[See Detailed Regulation 11]

A. A member may conduct the transaction only if it satisfies both of the following

requirements:

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

b. After-the-Fact Prompt Disclosure regarding the items specified in Appended Table (2) (b) upon execution of the transaction

[See Detailed Regulations 12, 13, 14, 15]

B. The following cases do not prevent members from omitting After-the-Fact Prompt Disclosure:

a. The transaction is judged to satisfy conditions that are favorable and appropriate for a customer based on grounds that multiple parties have made offers or other grounds, and a record pertaining to the judgment is retained.

b. It is judged that documents or other materials can explain that the transaction with the Related Juridical Person, etc. would contribute to the customer's interests in light of optimum execution.

[See Detailed Regulations 16, 17, 18, 19]

5. Incorporating Securities, etc. into Customer Assets

(1) Incorporating securities issued, etc. by a member into Customer Assets

(a) Incorporating securities issued by a member into Customer Assets

A member may not incorporate securities issued by itself into Customer Assets.

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.

Incorporation of securities with index investment made at a customer's written instructionA.Incorporation of securities with index investment made at a customer's written instruction

[See Detailed Regulations 12, 20, 21]

B. Incorporation that satisfies both a. and b. below:

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

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

ii. 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.)

iii. After-the-Fact Prompt Disclosure regarding the matters specified in Appended Table (3) (c) upon execution of a sale

(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 12, 13, 14, 15]

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 assets under management pertaining to the member's discretionary investment contracts 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.)

(b) Incorporating securities that are underwritten by members into Customer Assets

A member may incorporate securities that it underwrites, etc. (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 Customer Assets only when it satisfies all the requirements stated below (this provision does not apply to securities that do not fall under "the amount scheduled" specified in Article 147, item (iv) of the FIB Cabinet Office Ordinance).

Note, however, that the provisions of B. below do not apply if the customer has given prior written consent to the incorporation of specified securities. In such incorporation, due consideration shall be paid to ensure that it does not impair the customer's interests or confidence.

[See Detailed Regulations 12, 22, 23]

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 matters specified in Appended Table (5) (a)

b. After-the-Fact Prompt Disclosure regarding the matters specified in Appended Table (5) (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 12, 13, 14, 15]

B. Incorporating the securities within the scope that the ratio of the total amount of the securities to be incorporated in assets under management pertaining to the member's discretionary investment contracts as a whole to the total amount of securities underwritten 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 fixed in advance.)

(c) Mutatis mutandis application in the case of advice

The provisions of (a) and (b) above apply mutatis mutandis when a member provides advice on investments in securities that fall under these provisions (limited to advice based on the amount of each customer's assets).

Note, however, that the Agreement as in the Comprehensive Prior Disclosure and Agreement specified in (a) B. and (b) A. does not apply, and the Disclosure follows the process of Comprehensive Prior Disclosure.

[See Detailed Regulation 24]

Matters subject to Comprehensive Prior Disclosure:

(a) B.: Appended Table (3) (a) a. and d.

(b) A.: Appended Table (5) (a) a. and d.

(2) Incorporating securities issued, etc. by a Related Juridical Person, etc. into Customer Assets

(a) Incorporating securities issued by a Related Juridical Person, etc. into Customer Assets

A member may not incorporate securities issued by its Related Juridical Person, etc. into Customer Assets.

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. Incorporation of securities with index investment made at a customer's written instruction

[See Detailed Regulations 12, 20, 21]

B. Incorporating interests in collective investment schemes (meaning the rights specified in Article 2, paragraph (2), item (v) or (vi) of the FIEA) at a customer's written instruction

[See Detailed Regulations 12 and 20]

C. Incorporation that satisfies both a. and b. below:

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

i Comprehensive Prior Disclosure and Agreement regarding the items specified in Appended Table (3) (a)

ii After-the-Fact Prompt Disclosure regarding the items 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.)

iii After-the-Fact Prompt Disclosure regarding the items specified in Appended Table (3) (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 12, 13, 14, 15]

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 assets under management pertaining to the member's discretionary investment contracts 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.)

(b) Incorporating an investment trust established by a Related Juridical Person, etc. engaged in investment trust management business into Customer Assets

If a member's Related Juridical Person, etc. is engaged in investment trust management business and the member incorporates beneficiary certificates of an investment trust established by the Related Juridical Person, etc. (hereinafter referred to as an "Investment Trust Established by a Related Juridical Person, etc.") into Customer Assets, the member shall comply with the following. In such incorporation, due consideration shall be paid to ensure that it does not impair the customer's interests or confidence.

The provisions of (b) apply mutatis mutandis to cases in which a member incorporates into Customer Assets beneficiary certificates of an investment trust established by a non-Related Juridical Person, etc. on which the member provides advice or over which the member is entrusted with investment authority, beneficiary certificates of an investment trust established by a non-Related Juridical Person, etc. on which the member's Related Juridical Person, etc. provides advice or over which the Related Juridical Person, etc. is entrusted with investment authority, and beneficiary certificates of an investment trust established in a foreign country by the member's Related Juridical Person, etc.

[See Detailed Regulations 25, 26, 27]

A. A members may incorporate Investment Trusts Established by a Related Juridical Person, etc. only if it satisfies all the following requirements:

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

i. Comprehensive Prior Disclosure and Agreement regarding the items specified in Appended Table (4) (a)

ii. After-the-Fact Prompt Disclosure regarding the items specified in Appended Table (4) (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.)

iii. After-the-Fact Prompt Disclosure regarding the items specified in Appended Table (4) (c) when cancellation, demands for purchase, or sale, among others, 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.)

iv. The items specified in Appended Table (4) (d) during the accounting period for an incorporated investment trust

[See Detailed Regulations 12, 13, 14, 15, 28]

b. The amount of the Investment Trusts Established by a Related Juridical Person, etc. to be incorporated (including investment trusts established by a non-Related Juridical Person, etc. that fall under the explanatory note in (b) above) shall not exceed half of each customer's assets under management.

Note, however, that this does not apply if the incorporation falls under any of the following cases:

i. The customer is a professional investor (which refers to an investor specified in Article 2, paragraph (31) of the FIEA and Article 23 or the Cabinet Office Order on Definitions under Article 2 of the Financial Instruments and Exchange Act (hereinafter referred to as "Cabinet Office Ordinance Regarding Definitions"; the same applies hereinafter).

ii. The customer provides written consent in advance regarding the specified investment trusts to be incorporated.

iii. The member has selection criteria for Investment Trusts Established by a Related Juridical Person, etc. to be incorporated into Customer Assets and the member incorporates an Investment Trust Established by a Related Juridical Person, etc. that conform to the criteria.

(Note, however, that this applies only when the member is prepared to promptly provide an answer regarding the criteria and reason for incorporating such investment trust in light of the criteria at each customer's request.)

iv. The amount to be incorporated temporarily exceeds half of an asset, or when there are special circumstances and each customer provides written consent.

[See Detailed Regulations 12, 23, 29, 30, 31, 32]

B. When a member offers a customer a scheme to substantially invest in an Investment Trust Established by a Related Juridical Person, etc. through a fund of funds or other strategies, the member shall strive to protect the customer's interests by establishing selection criteria for Investment Trusts Established by a Related Juridical Person, etc. to substantially invest in, and by preparing itself to explain to the customer the selection criteria and reason for incorporation, among others, at the customer's request.

[See Detailed Regulations 33 and 34]

(c) Incorporating securities that are underwritten, by a Related Juridical Person, etc. engaged in securities business into Customer Assets

A member may incorporate securities that are underwritten by a Related Juridical Person, etc. engaged in securities business into Customer Assets only if it satisfies all the requirements stated below (this provision does not apply to securities that do not fall under "the amount scheduled" specified in Article 153, paragraph (1), item (xiii) and Article 154,

item (vii) of the FIB Cabinet Office Ordinance).

Note, however, that the provisions of B. below do not apply if the customer has given prior written consent to the incorporation of specified securities. In such incorporation, due consideration shall be paid to ensure that it does not impair the customer's interests or confidence.

[See Detailed Regulations 12, 23, 35]

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 matters specified in Appended Table (5) (a)

b. After-the-Fact Prompt Disclosure regarding the matters specified in Appended Table (5) (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 12, 13, 14, 15]

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 discretionary investment contracts as a whole 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.)

(d) Mutatis mutandis application in the case of advice

The provisions of (a), (b), and (c) above apply mutatis mutandis to cases in which a member provides advice on investment of securities that fall under the respective provisions (limited to advice based on the amount of each Customer Assets).

Note, however, that, of the provisions on the Comprehensive Prior Disclosure and Consent in (a) C., (b) A., and (c) A., provisions on the consent do not apply, whereas disclosures are to be made in accordance with the methods of the Comprehensive Prior Disclosure.

[See Detailed Regulation 36]

Matters subject to Comprehensive Prior Disclosure:

(a) C.: Appended Table (3) (a) a., b., and d.

(b) A.: Appended Table (4) (a) a., b., and e.

(c) A.: Appended Table (5) (a) a., b., and d.

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

Members shall pay attention to the purport of Article 42-2, item (ii) of the FIEA and Article 108 of the Civil Code with respect to transactions in securities, etc. between customers' assets under management pertaining to discretionary investment contracts, and in principle shall not conduct those transactions.

If a member conducts such a transaction according to Article 129 of the FIB Cabinet Office Ordinance, the member must observe the provisions in "VI-2-2-1 (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 Business Pertaining to Discretionary Investment Contracts

If a member entrusts the whole or part of the discretion to make investment decisions and of the authority necessary to make investments that are entrusted by a customer pursuant to the provisions of Article 42-3 of the FIEA, the member shall pay attention the following:

(a) The entrustment must conform to the main purport of each discretionary investment contract that has been entrusted 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

(a) Members shall neither conduct any acts that conflict with Articles 41-5 and 42-6 of the FIEA nor engage in customer development backed by a loan from their loan department or Related Juridical Person, etc.

(b) Hence, members shall strive to identify the nature of each customer's funds for investment when they conclude an investment advisory contract or discretionary investment 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 37, 38, 39, 40, 41, 42]

(c) In relation to an investment advisory contract or discretionary investment contract, (a) and (b) shall not apply to customers who are professional investors in accordance with Article 45, item (iii) or (iv) of the FIEA. In this case, attention shall be paid to the purport of Article 41, paragraph (2) and Article 42, paragraph (2) of the FIEA.

9. Establishment of an Appropriate System for Business Operations

Each member must establish an internal system for ensuring appropriate business operations, such as by making the status of compliance with these Standards in conducting business subject to management by the compliance officer referred to in 1. (2) of the Self-Regulation Standards on Systems for Business Execution (Resolution of the Board of Directors on June 16, 2000.)

Supplementary Provisions

The Standards come into effect as of April 1, 2011.

Supplementary Provisions (June 15, 2012)

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

Note:

Amended provisions are as follows:

Detailed Regulations 1, 22, and 38 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 of Old 4 (6) and Old 5 (3) pertaining to a Related Foreign Juridical Person, etc. before the amendments may be applied until June 30, 2013.

Note:

Amended provisions are as follows:

4 (3), 4 (3) (b), 4 (5), 4 (5) (a), 4 (5) (a) B., 5 (2), 5 (2) A., 5 (2) (b), 5 (2) (b) A., 5 (2) (b) B., 5 (2) (c), 5 (2) (c) B., 8 (a), 8 (b), and 8 (c) are amended.

4 (6) and 5 (3) are deleted.

Appended Table (2), (2) (a), (2) (b), (3), (3) (a), (3) (b), (3) (c), (4), (4) (a), (4) (b), (4) (c), (5), (5) (a), and (5) (b) are amended.

Detailed Regulations 10, 11, 27, 29, Old 38, Old 42, Old 43, Old 44, Old 46, Old 48, and Old 49 are amended.
Detailed Regulations 30, 31, and 32 are deleted.
Detailed Regulations 33 to 49 each are moved up by three Detailed Regulations.

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, 8, 22, 27, and 35 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 38 and 40 are amended.

Appended Table: Disclosure Items

(1) Disclosure items when a member conducts a transaction in securities, etc. with a customer to which the member is the other party (4 (4))

[See Detailed Regulation 43]

(a) At the time of contract

a. To the effect that the member may place an order with its securities department to act as the other party to a transaction if the member judges that it would contribute to the customer's interests

b. To the effect that the matters specified in c. will be promptly disclosed if the transaction is executed

c. Matters subject to After-the-Fact Prompt Disclosure after the transaction

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 securities department

f. Principal transaction or entrusted transaction

g. Reason why placing the order with the member has been judged to contribute to the customer's interests

h. Date of transaction

i. Type and issue of the securities, sale or purchase, volume and price

(2) Disclosure items when conducting a transaction in securities, etc. with a customer to which a Related Juridical Person, etc. engaged in securities business is the other party (4 (5))

[See Detailed Regulation 43]

(a) At the time of contract

a. To the effect that the member may place an order with its Related Juridical Person, etc. to act as the other party to a transaction if the member judges that it would contribute to the customer's interests

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. The transaction is judged to satisfy conditions that are favorable and appropriate for a customer based on grounds that multiple parties have made offers or other grounds, and a record pertaining to the judgment is retained.

ii. It is judged that documents or other materials can explain that the transaction with the Related Juridical Person, etc. would contribute to the customer's interests 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 customer's interests

g. Date of transaction

h. Type and issue of the securities, sale or purchase, volume and price

(3) Disclosure items when incorporating securities issued by a member or Related Juridical Person, etc. into Customer Assets (5 (1) (a) and 5 (2) (a))

[See Detailed Regulation 43]

(a) At the time of contract

a. To the effect that securities issued by the member or its Related Juridical Person, etc. may be incorporated if the member judges that it would contribute to the customer's interests

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. Reason why the incorporation has been judged to contribute to the customer's interests

(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. Reason why the sale has been judged to contribute to the customer's interests

(4) Disclosure items when incorporating an Investment Trust Established by a Related Juridical Person, etc. into Customer Assets (5 (2) (b))

[See Detailed Regulations 43, 44, 45, 46]

(a) At the time of contract

a. The fact that an Investment Trust Established by a Related Juridical Person, etc. (including

an investment trust established by a non-Related Juridical Person, etc., on which the member provides advice or for which the member is entrusted with the authority over investment, an investment trust established by a non-Related Juridical Person, etc., on which the member's Related Juridical Person, etc. provides advice or for which Related Juridical Person, etc. is entrusted with the authority over investment, and an investment trust which the member's Related Juridical Person, etc. establishes in a foreign country; the same applies hereinafter) may be incorporated when such incorporation is judged to contribute to the customer's interests, and the investment target of the Investment Trust

b. Name of the subject Related Juridical Person, etc. (the name of the settlor company of the investment trust in the cases referred to in the brackets of (i) above)

c. Matters subject to After-the-Fact Prompt Disclosure after the incorporation or other relevant events (these may be omitted if the customer's intention of not requiring the After-the-Fact Prompt Disclosure can be confirmed in writing)

d. The methods of adjusting between the fees the member receives pertaining to the Investment Trust in the case of providing advice to the Investment Trust's settlor company or being entrusted with the investment authority, and the member's investment advisory fees

e. Maximum amount or percentage of the securities incorporated

f. Whether the details of consent for Comprehensive Prior Disclosure can be changed as needed at the customer's request

(b) After incorporation

g. To the effect that an Investment Trust Established by a Related Juridical Person, etc. has been incorporated, and the date of incorporation (contract date)

h. Name and amount of the Investment Trust incorporated

i. Of the costs of the incorporation, the amount borne by the customer

j. Reason why the incorporation has been judged to contribute to the customer's interests

k. Prospectus and investment reports of the Investment Trust

l. Fees the member receives pertaining to the investment trust in the case of providing advice to the investment trust's settlor company or being entrusted with the investment authority

(c) After cancellation, demand for purchase, or sale

m. To the effect that an Investment Trust Established by the Related Juridical Person, etc. has been cancelled, demanded for purchase, or sold; the date thereof (contract date); and the name of the Related Juridical Person

n. Name and amount of the Investment Trust

o. Of the costs of cancellation, demand for purchase, or sale, the amount borne by the customer

p. Reason why the cancellation, demand for purchase, or sale has been judged to contribute to the customer's interests

(d) Accounting period of the Investment Trust

q. Investment reports and schedules of securities held

(5) Disclosure items when incorporating securities that are underwritten by the member or a Related Juridical Person, etc. engaged in securities business into Customer Assets (5 (1) (b) and 5 (2) (c))

[See Detailed Regulations 43 and 44]

(a) At the time of contract

a. To the effect that securities underwritten by the member or its Related Juridical Person, etc. may be incorporated if the member judges that it would contribute to the customer's interests, and the investment targets of the securities

b. In the case of securities underwritten by 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 underwritten by the member or its Related Juridical Person, etc. have been incorporated

g. Name and amount of the securities incorporated

h. Reason why the incorporation has been judged to contribute to the customer's interests

Detailed Regulations

Detailed Regulation 1 [2]	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. Also, attention shall be paid to local laws and regulations with respect to foreign securities markets. When a member conducts a transaction with its securities department, the transaction shall be done on conditions that are judged to be best for the customer.
Detailed Regulation 2 [3 (a)]	Members are not prevented from taking the same measures before renewal or novation of contracts at their own judgment.
Detailed Regulation 3 [3 (a)]	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)]	"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. 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."
Detailed Regulation 5 [the main clause of 4 (2)]	When a "member" is a member categorized as an investment advisor, note that this applies only when the member has individual and specific information about trends in sale and purchase of each customer's shares, etc. and investment securities, etc.

Detailed Regulation 6 [the main clause of 4 (2) and (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 7 [4 (2) (b)]	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. *At the time of joining [including at the time of contract change] - Date of contract conclusion - Name of the securities company - Name of the transaction account - Issue - Amount to be paid in (amount for each month specified in advance for the issue) 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. *At the time of sale - The date of sale - Name of the securities company - Name of the transaction account - Issue - Volume
Detailed Regulation 8 [the main clause of 4 (2), (b), (c)	"Transactions" includes acquisition through offerings or secondary offerings of shares, etc. and investment securities, etc.
Detailed Regulation 9 [4 (2) (d)]	Notification to the Association of the person responsible for the management is not required.
Detailed Regulation 10 [4 (3) (b)]	This applies mutatis mutandis to cases in which a member provides advice on a transaction with a customer who has a discretionary investment contract with the member, and the member's officer, employee, Related Juridical Person, etc., or major shareholder acts as the other party to the transaction on its own account.

Detailed Regulation 11 [4 (4) (a) and 4 (5) (a)]	4 (3) (a) (excluding the proviso) is applied to transactions in securities, etc. as investment securities. The term "investment securities" means securities that a member or 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 referred to in Article 172 of the FIB Cabinet Office Ordinance).
Detailed Regulation 12 [4 (4) (a) A., 4 (5) (a) A. a., 5 (1) (a) A., (a) B. a. i., the proviso to ii., the proviso to iii., the proviso to the main clause of (b), (b) A. a., the proviso to b., 5 (2) (a) A., (a) B., (a) C. a. i., the proviso to ii., the proviso to iii., (b) A. (i) i., the proviso to ii., the proviso to iii., (b) A. (i) iii., the proviso to the main clause of (c), (c) A. a., the proviso to b.]	Documents pertaining to Comprehensive Prior Disclosure and Consent, documents on instructions by customers, documents that show the intention of not requiring After-the-Fact Prompt Disclosure, and documents on consent of customers to incorporating specified securities are to be sorted by customer and retained, or retained together separately, for five years from the expiration date of relevant contracts.
Detailed Regulation 13 [4 (4) (a) B., 4 (5) (a) A. b., 5 (1) (a) B. a. ii. and iii., (b) A. a., 5 (2) (a) C. a. ii. and iii., (b) A. a. ii. and iii., (c) 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. If the customer gives consent to not requiring disclosure prior to each transaction, that consent continues to be deemed valid.
Detailed Regulation 14 [4 (4) (a) B., 4 (5) (a) A. b., 5 (1) (a) B. a. ii. and iii., (b) A. a., 5 (2) (a) C. a. ii. and iii., (b) A. a. ii. and iii., (c) A. b.]	In principle, After-the-Fact Prompt Disclosure must be made within three business days after contract execution for a transaction.

Detailed Regulation 15 [4 (4) (a) B., 4 (5) (a) A. b., 5 (1) (a) B. a. ii. and iii., (b) A. a., 5 (2) (a) C. a. ii. and iii., (b) A. a. ii. and iii., (c) 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 16 [4 (5) (a) B. (i)]	The phrase "or for any other reasons" in "multiple parties offer conditions or for any other reasons" indicates, for example, a case in which the other party proposes no conditions despite a request made for a transaction, or a case in which certain grounds for judgment may be found other than a proposal of conditions in a region where no appropriate party for a transaction is found.
Detailed Regulation 17 [4 (5) (a) B. (i)]	The term "appropriate conditions" means conditions that are not only beneficial to the relevant customer but also unlikely to constitute provision of special benefits.
Detailed Regulation 18 [4 (5) (a) B. (i)]	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 19 [4 (5) (a) B. b.]	The term "optimum execution" means execution that is judged to best contribute to the relevant customer's interests after comprehensively considering situations such as the other party's abilities to execute transactions and provide information, as well as its abilities to perform administrative affairs such as reporting execution results and managing money or securities, in addition to the price and commissions for the transaction.
Detailed Regulation 20 [5 (1) (a) A., 5 (2) (a) A., (a) B.]	The term "customer's written instruction" means that the incorporation is clearly stated as the customer's investment policy in a contract, memorandum, or other documents.
Detailed Regulation 21 [5 (1) (a) A. and 5 (2) (a) A.]	The term "index investment" means investment made so that a portfolio's net assets replicate changes in a specific market index.
Detailed Regulation 22 [the main clause of 5 (1) (b)]	In light of preventing circumvention and distribution of underwritten securities, note that 5 (1) (b) also applies to cases in which the member acquires from a Related Juridical Person etc. securities that have been underwritten by its securities department to incorporate them into Customer Assets. In addition, cases in which share options in Customer Assets are exercised to acquire shares, or investment equity subscription rights in Customer Assets are exercised to acquire investment securities, in relation to what is called commitment-type rights offerings are deemed to be "incorporating securities that are underwritten by a member engaged in securities business into Customer Assets" and subject to application of these provisions.

Detailed Regulation 23 [the proviso to the main clause of 5 (1) (b), 5 (2) (b) A. b. ii., the proviso to the main clause of (c)]	The term "specified" means that individual issues are specified.
Detailed Regulation 24 [the proviso to 5 (1) (c)]	Members are not prevented from making disclosure prior to each transaction in lieu of Comprehensive Prior Disclosure. In that case, disclosure items shall conform to the following: - (a) B.: Appended Table (3) (b) f. through h., (c) i. through k. - (b) A.: Appended Table (5) (b) f. through h..
Detailed Regulation 25 [the main clause of 5 (2) (b)]	The phrase "does not impair the customer's interests or confidence" as used in this paragraph means not conducting any acts similar to what is called channel stuffing to secure the target or planned subscription amount that is set when an investment trust is established.
Detailed Regulation 26 [the explanatory note in 5 (2) (b)]	Members shall adjust the investment advisory fees when they incorporate those "on which the member provides advice or for which the member is entrusted with the authority over investment."
Detailed Regulation 27 [the explanatory note in 5 (2) (b)]	When a member incorporates an investment corporation's investment securities that the member or a Related Juridical Person, etc. manages, the incorporation shall conform to the explanatory note in 5 (2) (b).
Detailed Regulation 28 [5 (2) (b) A. (i) iv.]	Investment reports and schedules of securities held are to be sorted by customer and retained, or retained together separately, for ten years from the date of preparation of each report or schedule.
Detailed Regulation 29 [5 (2) (b) A. b.]	The scope of incorporation into each customer's assets under management shall be calculated as follows: $\frac{\left\{\text{Total market value of the Investment Trust, etc. established by a Related Juridical Person, etc. that has already been incorporated on the day before the incorporation}\right\} + \left\{\text{Volume of the Investment Trust, etc. established by a Related Juridical Person, etc. that pertains to the incorporation}\right\} \times \left\{\text{Expected unit price of the Investment Trust, etc. established by a Related Juridical Person, etc. that pertains to the incorporation}\right\}}{\text{Total market value of the contract assets on the day before the incorporation}}$

	Note, however, that, if the amount of the contract assets (principal) increases or decreases on the date of incorporation, the increase or decrease must be added or subtracted from the total market value of the contract assets. In cases in which the "total market value of the contract assets on the day before the incorporation" is not clear, a member may choose to use the amount calculated by adding/subtracting the increase/decrease in the contract assets (principal) over the period between the end of the previous month and the day before the incorporation to/from the total market value of the contract assets at the end of the previous month only if the member continues to apply this.
Detailed Regulation 30 [5 (2) (b) A. b. iii.]	The term "selection criteria" refers to qualitative and quantitative criteria, and criteria that are established for the process of using these criteria together to make a judgment regarding incorporation. With regard to qualitative criteria, the standpoints used to evaluate an investment system shall be made clear, and the evaluation criteria for each of the standpoints shall be established. As for quantitative criteria, numerical criteria concerning performance and risks shall be clearly shown. When a judgment regarding incorporation is made by using the qualitative and quantitative criteria together, how these criteria are used shall be specified.
Detailed Regulation 31 [5 (2) (b) A. b. iv.]	The term "temporarily" means, for example, cases in which the cash ratio temporarily (i.e., not ordinarily) goes high during the process of building or rebalancing a portfolio.
Detailed Regulation 32 [5 (2) (b) A. b. iv.]	The term "special circumstances" means, for example, reasonable circumstances, such as a case in which the cash ratio remains high not temporarily as a result of time-diversified investment or any other investment method itself, or a case in which investment restrictions are imposed on customers by laws and regulations.
Detailed Regulation 33 [5 (2) (b) B.]	Members shall ensure the protection of customers' interests by establishing the details of selection criteria that conform to the "selection criteria" specified in Detailed Regulation 30.
Detailed Regulation 34 [5 (2) (b) B.]	This provision does not apply if the member is unable to be involved in the Investment Trust to substantially invest in.

Detailed Regulation 35 [the main clause of 5 (2) (c)]	In light of preventing circumvention and distribution of underwritten securities, note that 5 (2) (c) 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 Customer Assets. In addition, cases in which share options in Customer Assets are exercised to acquire shares, or investment equity subscription rights in Customer Assets are exercised to acquire investment securities, in relation to what is called commitment-type rights offerings are deemed to be "incorporating securities that are underwritten by a member engaged in securities business into Customer Assets" and subject to application of these provisions.
Detailed Regulation 36 [the proviso to 5 (2) (d)]	Members are not prevented from making disclosure prior to each transaction in lieu of Comprehensive Prior Disclosure. In that case, disclosure items shall conform to the following: - (a) C.: Appended Table (3) (b) f. through h., (c) i. through k. - (b) A.: Appended Table (4) (b) g. through j., (c) m. through p. - (c) A.: Appended Table (5) (b) f. through h.
Detailed Regulation 37 [8 (b)]	This does not apply to contracts that have no affinity with "identifying the nature of funds for investment," including investment advisory contracts with no agreed value of assets under management, and investment advisory contracts or discretionary investment contracts pertaining to investing pension funds.
Detailed Regulation 38 [8 (b)]	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.)

Detailed Regulation 39 [8 (b)]	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.
Detailed Regulation 40 [8 (b)]	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 like to them for retention.
Detailed Regulation 41 [8 (b)]	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 42 [8 (b)]	A member shall identify the nature of funds or confirm each customer's intention when the member concludes a new investment advisory contract or a discretionary investment contract (including the case of increasing the amount of the principal).
Detailed Regulation 43 [related to "At the time of contract" in A. under (1) to (5) 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 the documents stated in 4 (4) (a) (including changes to the 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 44 [related to the "investment target" in a. under (4) and (5) each in Appended Table]	The term "investment target" means a basic policy to follow when securities, etc. are incorporated according to the type of securities, etc. each specified in Appended Table, such as the types of securities, etc. that are subject to investment, and the types of securities, etc., that must not be acquired).

Detailed Regulation 45 [related to Appended Table (4) k. "Prospectus for the Investment Trust and investment report"]	- If no changes are made to the distributed prospectus and investment report, they do not need to be distributed from the next time of incorporation. - Investment reports may be excluded from the disclosure items if the solicitation of an offer to acquire the Investment Trust has been done by means of the private placement for "Qualified Institutional Investors" specified in the FIEA, the basic terms and conditions for an investment trust provide to the effect that no investment report is issued, and the customer's consent is obtained. - The prospectus is not subject to disclosure if the solicitation of an offer to acquire the Investment Trust has been done by means of the private placement for "Qualified Institutional Investors" specified in the FIEA, and no prospectus exists. - The details specified above in this Detailed Regulation apply mutatis mutandis to investment trusts that are established in any foreign countries.
Detailed Regulation 46 [related to Appended Table (4) q. "Investment reports and schedules of securities held"]	- The delivery of investment reports is not required for any investment trust that does not require the delivery of investment provided in Article 25, item (ii) of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations. - The investment trust specified in Article 59, paragraph (1), item (ii) of the Regulation on Accounting for Investment Trust Property is deemed to satisfy the requirement by making disclosure during the period specified in the same item. - In case of an investment trust that does not disclose schedules of securities held, schedules of securities held are excluded from the disclosure items. - Investment reports may be excluded from the disclosure items if the solicitation of an offer to acquire the Investment Trust has been done by means of the private placement for "Qualified Institutional Investors" specified in the FIEA, the basic terms and conditions for an investment trust provide to the effect that no investment report is issued, and the customer's consent is obtained. - The details specified above in this Detailed Regulation apply mutatis mutandis to investment trusts that are established in any foreign countries.