

Rules Concerning Handling of Private Placement, etc. of Business-Type Fund (Appended Tables)

(Appended Table 1)

Business-Type Fund excluded from application of the Rules under the provision of Article 3

- 1 . The following Business-Type Funds:
 - ① Commodity fund (where the Invested Business is conducted based on the “Commodity Investment Contract” prescribed in Article 2, Paragraph 5 of Act on Regulation of Commodity Investment);
 - ② Real estate fund (where the Invested Business is conducted based on the “Specified Joint Real Estate Venture Contract” prescribed in Article 2, Paragraph 3 of Act on Specified Joint Real Estate Ventures);
 - ③ In the case where the Invested Business which is identical to ① or ② is conducted in a foreign country, the fund which has obtained similar kind of authorization (including registration and other administrative disposition the nature of which is similar to such authorization) in the relevant foreign country under the provisions of the laws and regulations of the foreign country; and
 - ④ Racehorse fund (referring to a fund the purpose of the Invested Business of which is to acquire racehorse (limited to the racehorse which has been or is intended to be registered under Article 14 of Horse Racing Act (including the case where it is applied mutatis mutandis under Article 22 of the said Act), contribute such racehorse to the counterparty to a silent partnership agreement (limited to one specific person) pursuant to such agreement, and enter such racehorse in race (limited to the race in “central horse racing” and “local horse racing” provided for in Article 1, Paragraph 5 of the said Act).
- 2 . The Business-Type Fund the customers in respect of which are limited to only those described below (limited to the case where transfer to a person other than Excluded Customers is prohibited):
 - ① Qualified Institutional Investor;
 - ② The State;
 - ③ Bank of Japan;
 - ④ Local government;
 - ⑤ Financial instruments business operator (excluding those which fall under ①) ;

- ⑥ Fund asset management, etc. business operator, etc. (referring to the person provided for in Article 17-12, Paragraph 1, Item 5 of Order for Enforcement of the Financial Instruments and Exchange Act (hereinafter referred to as “Order for Enforcement”));
- ⑦ Company which is issuer of share certificates listed on a financial instruments exchange;
- ⑧ Juridical person the stated capital of which is 50 million yen or more;
- ⑨ Juridical person the amount of net assets (referring to the amount obtained by subtracting the amount of liabilities from the amount of assets on balance sheet) of which is 50 million yen or more;
- ⑩ Specific public corporation or incorporated administrative agency;
- ⑪ Specified Purpose Company (*tokutei mokuteki kaisha*) (referring to the association prescribed in Article 2, Paragraph 3 of Act on the Securitization of Assets);
- ⑫ Corporate pension fund, which has investment-type financial assets (limited to those set forth in Article 62, Items 2 (a) through (g) of Cabinet Office Order on Financial Instruments Business (hereinafter referred to as “Office Order on Financial Instruments Business”); the same shall apply hereinafter) the total amount of which is 10 billion yen or more, or which is the “surviving employee’s pension fund” provided for in Article 233-2, Paragraph 4, Item 2 of the said Office Order, or which is foreign pension fund provided for in Item 3 of the said Paragraph;
- ⑬ Foreign juridical person;
- ⑭ Individual who is expected to have investment-type financial assets in the amount of 100 million yen or more and has more than one-year experience in transacting on securities or derivative transactions;
- ⑮ Juridical person that has investment-type financial assets in the amount of 100 million yen or more, or juridical person or individual that has, as Operating Partner, etc. (referring to the “Operating Partner, etc.” prescribed in Article 233-2, Paragraph 3, Item 2 of Office Order on Financial Instruments Business), investment-type financial assets in the amount of 100 million yen or more;
- ⑯ Public Interest Incorporated Association regarding which one-fourth or more of the total number of voting rights at its general meeting of members are owned by the State or local government, or Public Interest Incorporated Foundation regarding which one-fourth or more of the amount of money contributed to it has been contributed by the State or local government, which has, as its business for public interest purposes (referring to the “business for public interest purposes” provided for in Article 2, Item 4 of Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations), business related to promotion of regions or industries;
- ⑰ Issuer of the “Equity in Foreign Invested Business” provided for in Article 88, Paragraph 1 of Office Order on Financial Instruments Business (limited to the

case where the person holding the relevant right is Qualified Institutional Investor, issuer of equity in Invested Business, person set forth in Article 17-12, Paragraph 1, Items 1 through 14 of Order for Enforcement, or person set forth in Article 233-2, Paragraph 4, Items 1 through 6 and Item 8 of Office Order on Financial Instruments Business);

- ⑱ Company whose ratio of the total amount of investment income from the Specified Assets (referring to the “Specified Assets” provided for in Article 233-2, Paragraph 4, Item 6 (b) of Office Order on Financial Instruments Business; the same shall apply in ⑲) bearing to the amount of its gross revenue in one day can be expected to be 70% or higher in reasonable judgment based on the situation of transactions and other circumstances, and who is holding or managing its assets for the persons prescribed in ⑭);
- ⑲ Company whose ratio of the total amount of investment income from the Specified Assets bearing to the amount of its gross revenue in one business year can be expected to be 75% or higher in reasonable judgment based on the situation of the transactions and other circumstances, and who is holding or managing its assets for the persons prescribed in ⑫ and ⑮ through ⑱);
- ⑳ Parent Company, etc. (referring to the “Parent Company, etc.” prescribed in Article 16-5-2, Item 1 of Office Order on Financial Instruments Business; the same shall apply hereinafter) or Subsidiary Company, etc. (referring to the “Subsidiary Company, etc.” prescribed in the said Item; the same shall apply hereinafter) of ①, ⑦ or ⑬ above, or Subsidiary Company, etc. of such Parent Company, etc.;
- ㉑ Business Operator or Manager;
- ㉒ Officer or employee of Business Operator or Manager;
- ㉓ Parent Company, etc. or Subsidiary Company, etc. of Business Operator or Manager, or Subsidiary Company, etc. of such Parent Company, etc.;
- ㉔ Entity entrusted with operation by Business Operator or Manager (limited to the entity to which operation pertaining to the Invested Business is entrusted).

(Appended Table 2)

Matters to be described in Fund Report provided for in Item (2) of Paragraph 2 of Article 4

- 1 . General condition of the Invested Business during the accounting period (including the course of development of condition of operation and use of the invested money).
- 2 . The following matters concerning distribution and redemption (including redemption before maturity; the same shall apply hereinafter) made in respect of the relevant accounting period:
 - ① Whether any distribution or redemption was made in respect of the relevant accounting period;
 - ② Amount of distribution and redemption made in respect of the relevant accounting period; and
 - ③ Amount of distribution and redemption per unit made in respect of the relevant accounting period.
- 3 . Financial conditions (referring to the matters which should be stated in balance sheet and profit and loss statement; the same shall apply in this Appended Table and in Section 2 of Appended Table 4) of Business-Type Fund at the end of the accounting period, or its financial information stated in balance sheet, profit and loss statement, and the like (important management/financial indicators, etc. such as the total assets, total liabilities, net assets, sales, operating profit or loss, recurring profit or loss, and current-term net profit or loss).
- 4 . The following financial conditions or financial information in respect of the latest accounting period of Business Operator and Manager (excluding the financial conditions or financial information of the Business Operator which only conducts Invested Business of one Business-Type Fund):
 - (1) Business-Type Fund acquired as a result of Regular Member's handling of Private Placement, handling of Public Offering, or selling --
Financial conditions, or the financial information stated in balance sheet, profit and loss statement, tax return, and the like (important management/financial indicators, etc. such as the stated capital, total assets, total liabilities, net assets, sales, operating profit or loss, recurring profit or loss, and current-term net profit or loss; the same shall apply in the following (2)②and in Section 2 of Appended Table 4), of Business Operator and Manager;
 - (2) Business-Type Fund acquired as a result of Private Placement or Public Offering conducted by Regular Member --
 - ① Relevant Regular Member's balance sheet, and profit and loss statement, and
 - ② Manager's financial conditions or financial information.
- 5 . Status of separate management of the invested money and the assets under the management.

The amount of segregated money and the methods of separate management (referring to the methods set forth in Article 125, Item 2 of Office Order on Financial Instruments Business) as of the last day of the accounting period.

- 6 . If Business-Type Fund has been audited as provided for in Paragraph 2 of Article 7, the individual name or name of the person who has performed the audit, as well as a summary of the subjects and the result of the audit.
- 7 . If any event—such as major revision of business plan, change of Manager, and significant deterioration of financial conditions of Business Operator or Manager—which materially affects Invested Business has occurred, such fact and its primary cause.

(Appended Table 3)

Subject matters of the examination provided for in Paragraph 1 of Article 5

1 . Matters common to Business Operator and Manager

(1) Existence of the business

- ① Verify existence of Invested Business on the basis of, for example, checking the certificate of registered information of Business Operator and Manager, visiting the location, identity verification of the representative, etc., checking the status of conclusion of agreements necessary for Invested Business and the substance of all kinds of agreements, and interviewing the executive, etc.
- ② Examine business execution ability of Business Operator and Manager on the basis of, for example, checking materials evidencing past performance of business similar to Invested Business and materials evidencing organization of Business Operator and Manager, interviewing the executive, etc., and the financial conditions provided for in (2) below.

(2) Financial conditions

Check the financial conditions as well as the status of financing of Business Operator and Manager on the basis of, for example, balance sheet, profit and loss statement, and cash flow statement of Business Operator and Manager, and materials making it possible to find out their status of borrowing from financial institutions, etc. and status of repayment thereof.

(3) Appropriateness of business plan

Determine appropriateness of the business plan—on the basis of, for example, the business plan and materials substantiating such plan—by paying attention to such matters as the following matters:

- ① Whether the business plan has been prepared based on reasonable grounds;
- ② Whether examination concerning business risks has been properly executed; and
- ③ Whether the assumptions concerning the business climate (novelty, presence or absence of competitors, etc.) in relation to the business is appropriate.

(4) Status of legal compliance / sociality

Check the status of legal compliance and sociality of Business Operator and Manager on the basis of, for example, the materials and interviewing concerning the following matters:

- ① Whether the executive, etc. have sufficient awareness of the importance of legal compliance, risk management, etc.;
- ② If the business is such that it is required to complete formalities regarding approvals, licenses, etc., whether the required formalities have been completed;
- ③ Whether the measures to secure the separate management prescribed in Article 125 of Office Order on Financial Instruments Business have been implemented;

- ④ Whether it falls under antisocial forces, whether it has any relationship with antisocial forces, and whether any problem can be perceived in the mechanism of excluding relationship with antisocial forces (such as adoption of the article regarding exclusion of organized crime group) or in its operational status.
- (5) Purposes for the funds and its appropriateness

Determine appropriateness of the purposes for the funds and the target amount of funds to be raised—on the basis of, for example, the business plan referred to in (3) above and the materials for checking financial conditions referred to in (2) above—by paying attention to such matters as the following matters:

 - ① Whether the target amount of funds to be raised is reasonable in the light of the business plan and the financial conditions of Business Operator; and
 - ② Whether the target amount of funds to be raised and its purposes are consistent with the business plan.
- (6) Any other matters that are deemed necessary by Regular Member.

2 . Business Operator

- (1) In the case where Business Operator raised funds based on the rights set forth in Article 2, Paragraph 2, Item 5 or Item 6 of FIEA within the past one year, the subsequent state of affairs.

Check whether funds raised in the past have been properly managed—on the basis of, for example, materials (e.g., written agreements, bills, order forms, receipts, invoices, certified copy of register, written requests for remittance, copy of bankbook, monthly trial balance, and subsidiary ledger) pertaining to the business for which funds were raised based on the rights set forth in Article 2, Paragraph 2, Item 5 or Item 6 of FIEA within the past one year—by paying attention to such matters as the following matters:

 - ① Whether the invested money has been used for the purposes originally planned;
 - ② Whether separate management of the assets under management has been properly executed; and
 - ③ Whether the business has been progressing in accordance with the business plan.
- (2) System for proper provision of information
 - ① Confirm that Business Operator is obligated under Investment Agreement to prepare Fund Report and deliver it to customers (excluding Excluded Customers).
 - ② Check—on the basis of, for example, organization chart and job descriptions—whether the responsible employee/section and job description/role for periodically providing information to customers and Regular Member have been prescribed.
- (3) Any other matters that are deemed necessary by Regular Member.

(Appended Table 4)

Provision of information provided for in Article 6

- 1 . Situation concerning any interest between Regular Member and Business Operator or Manager
For example, if Regular Member owns more than 50% of voting rights in Business Operator or Manager, or Business Operator or Manager owns more than 50% of voting rights in Regular Member, or if the same individual is serving Regular Member and Business Operator or Manager simultaneously as their officer (limited to the officer who can affect the relevant company's decision concerning its plan for financial affairs and operation or business), or if such officer is seconded between Regular Member and Business Operator or Manager, such facts.
- 2 . Financial conditions or financial information regarding Business Operator and Manager (excluding financial conditions or financial information regarding the Business Operator which only conducts Invested Business of one Business-Type Fund).
- 3 . Summary of the purposes for the funds and the business plan.
- 4 . Methods of separate management (referring to the matters set forth in Article 92-2, Paragraph 1, Item 1 of Office Order on Financial Instruments Business).
- 5 . Specific risks, points to note, etc. which have become clear as a result of the examination set forth in Appended Table 3.
For example, the relevant risk if Invested Business is being leveraged, or the relevant matters if resale or redemption before maturity is not permitted.
- 6 . Method of delivering Fund Report by Business Operator, or if Regular Member is to deliver Fund Report based on entrustment from Business Operator, such fact and its method.

(Appended Table 5)

Subjects of monitoring provided for in Paragraph 1 of Article 7

1 . Condition of separate management

Check—on the basis of, for example, copy of bankbook of the separate management account for the funds and transaction records of Internet banking—whether, among others, the invested money and the assets under the management (limited to money) have not been commingled with Business Operator’s proprietary assets, have not been remitted to a person unrelated to the Invested Business, and have not been embezzled or misappropriated for Business Operator’s own expenses, etc.

2 . Financial conditions of Business Operator and Manager (excluding the financial conditions of the Business Operator which only conducts Invested Business of one Business-Type Fund)

Check—on the basis of, for example, Fund Report, balance sheet and profit and loss statement—whether there is any matter, in respect of the financial conditions or financing of Business Operator or Manager, which is likely to make continuation of business difficult (such as insolvency or inability to pay debts).

3 . Any other matters that are deemed necessary by Regular Member.

(Note) With regard to the accounting period pertaining to liquidation affairs, check such matters as the general condition of liquidation affairs and “1. Condition of separate management.”