

**Detailed Regulations  
Concerning  
“Rules Concerning Electronic-based Application Type Electronic  
Public Offering Service, etc.”**

**(Purpose)**

**Article 1.**

These Detailed Regulations prescribe matters that are necessary for the enforcement of Rules Concerning Electronic-based Application Type Electronic Public Offering Service, etc. (hereinafter referred to as the “Rules”).

**(Matters to be Examined)**

**Article 2.**

Details of the matters to be examined that are provided for in Article 29 of the Rules are as set forth in each of the following Items.

- (1) Rights, etc. that are based on partnership agreement, silent partnership agreement, limited partnership agreement for investment or limited liability partnership agreement, and fall under the requirements set forth in Article 2, Paragraph 2, Item 5 of FIEA (including the rights that are based on foreign laws and regulations and are similar to the rights aforementioned), as well as the rights, etc. that are membership rights in respect of general partnership company or limited partnership company, or membership rights in respect of limited liability company, and fall under the requirements set forth in Article 2, Paragraph 2, Item 3 of FIEA (including the membership rights in respect of foreign corporations that have the characteristics of the rights aforementioned).
  - (a) Eligibility as a person procuring funds:
    - Lawfulness and sociality of the business;
    - Business Operator’s management principle;
    - Awareness held by the executives regarding legal compliance, risk management, etc.; and
    - Whether the person falls under antisocial forces or has any relationship with antisocial forces, and the person’s mechanism for excluding relationship with antisocial forces and the status of the operation of such mechanism.
  - (b) Financial conditions and business performance:
    - Status of financial conditions and financing; and
    - Analyses of the reasons for changes in financial conditions and business performance.
  - (c) Plan and prospects of the business:

- Appropriateness of the grounds on which the business plan was prepared;
  - Business climate surrounding the business; and
  - Profit planning and its progress.
- (d) Examination concerning the risks associated with the business:
- Analyses and assessments of the risks associated with the business.
- (e) Amount of fund to be procured, and its use:
- Appropriateness of the amount of fund to be procured and its use (their conformity to the business plan);
- (f) Status of existence of any interest in the relationship between Business Operator and Regular Member or Electronic Public Offering Member:
- Status of such relationship as capital ties, secondment of officers, transactions, etc.
- (g) Situation of accounting (including the situation of separate management):
- Appropriateness of accounts processing;
  - Condition of management of books, slips, etc., and condition of retention of source documents such as receipts; and
  - Whether any comment was made by an accountant (certified public accountant, person who passed the certified public accountant examination, licensed tax accountant, audit corporation, tax accountant corporation, etc.), and if there was any, status of dealing with such comment.
- (h) If fund was procured by issuing deemed securities within the past one year, the subsequent state of affairs:
- Amount of the fund procured and the situation of its use; and
  - Its conformity to the business plan.
- (i) System for proper provision of information:
- Adaptability to provision of information;
  - Appropriateness of provision of information regarding the risks associated with the business; and
  - Status of development of internal control and its operation (limited to the case where external audit is to be conducted).
- (j) Any other matters that are deemed necessary.
- (2) Beneficial interests in trust (including the rights against foreign person that have the characteristics of the interests aforementioned).
- (a) Eligibility for fund procurement:
- Lawfulness and sociality of the business of the asset management company and its parent company, etc.;

- Awareness held by the executives of the asset management company and its parent company, etc. regarding legal compliance, risk management, etc.; and
  - Whether it falls under antisocial forces or has any relationship with antisocial forces, and its mechanism for excluding relationship with antisocial forces and the status of the operation of such mechanism.
- (b) Examination of the risks associated with the business:
- Analyses and assessments of the risks associated with the business.
- (c) Amount of fund to be procured, and its use:
- Appropriateness of the amount of fund to be procured and its use (their conformity to the business plan).
- (d) Status of existence of any interest in the relationship between Business Operator and Regular Member or Electronic Public Offering Member:
- Status of such relationship as capital ties, secondment of officers, transactions, etc.
- (e) Situation of accounting (including the situation of separate management):
- Appropriateness of accounts processing;
  - Condition of management of books, slips, etc., and condition of retention of source documents such as receipts; and
  - Whether any comment was made by an accountant (certified public accountant, person who passed the certified public accountant examination, licensed tax accountant, audit corporation, tax accountant corporation, etc.), and if there was any, status of dealing with such comment.
- (f) If fund was procured by issuing deemed securities within the past one year, the subsequent state of affairs:
- Amount of the fund procured and the situation of its use; and
  - Its conformity to the business plan.
- (g) Status of conformity between the assets that are scheduled to be included and the investment policy:
- Investment policy;
  - Details of the assets to be included; and
  - Acquisition price and the process of acquisition.
- (h) Prospect of the revenue from the assets that are scheduled to be included:
- Financial condition and business performance;
  - Appropriateness of the grounds on which the profit planning was prepared; and
  - Growth potential and stability.
- (i) System for proper provision of information:

- Adaptability to provision of information; and
  - Appropriateness of provision of information regarding objects, investment risks, etc.
- (j) Any other matters that are deemed necessary.

**(Special Measures Regarding Qualification Requirements of Electronic Public Offering Business Internal Control Supervisory Manager)**

**Article 3.**

The person prescribed in the relevant detailed regulations being referred to in Article 39 of the Rules shall be either of the following:

- (1) Person who is in charge of the internal control section and able to check the details of the proceedings of the board of directors or any other council for management decision-making and business execution (this shall be limited to the case where there is no registered officer who is in charge of internal control pertaining to Electronic-based Application Type Electronic Public Offering Service, etc.); or
- (2) Person who is in charge of the internal control operation pertaining to Electronic-based Application Type Electronic Public Offering Service, etc. and able to check the details of the proceedings of the board of directors or any other council for management decision-making and business execution (this shall be limited to the case where there is no registered officer who is in charge of internal control pertaining to Electronic-based Application Type Electronic Public Offering Service, etc.).

**(Special Measures Regarding Attendance at Training for Electronic Public Offering Business Internal Control Supervisory Manager)**

**Article 4.**

The person who is prescribed in the relevant detailed regulations being referred to in Paragraph 1 of Article 43 of the Rules shall be either of the following:

- (1) Person who attended Type II Business Internal Control Supervisory Manager Training, which is provided for in Paragraph 1 of Article 7 of “Rules Concerning Type II Business Internal Control Supervisory Manager, etc.,” within the business year in respect of which exemption from attending the designated training which is provided by the Association is being sought, and submitted to the Association a written notification in the form which is prescribed separately; or
- (2) Person who attended either “training course for Internal Administration Supervisors” provided for in Article 8, Paragraph 1 of “Rules Concerning Internal Administrators, etc. of Association Members” of Japan Securities Dealers Association or “training course for Internal Administration Assistant Supervisors” provided for in Paragraph 2 of the said Article within the business year in respect of which exemption from attending the designated training which is provided by the Association is being sought, and submitted to the Association a written notification in the form which is prescribed separately.

**(Report and Publication)**

**Article 5.**

1. Each Regular Member and Electronic Public Offering Member must, when it performed Electronic-based Application Type Electronic Public Offering Service, etc., put together the relevant facts on a quarterly basis in the designated form and report such facts to the Association. The same shall apply to the Regular Member which performed handling of Public Offering or Private Placement pursuant to the entrustment agreement provided for in Article 18 of the Rules.
2. The Association shall put together the contents of the reports received from Regular Members and Electronic Public Offering Members pursuant to the provision of the preceding Paragraph and regularly publish such summary.

**Supplementary Provisions (May 26, 2015)**

These Detailed Regulations shall become effective from the date (May 29, 2015) provided for in the main text of Article 1 of the Supplementary Provisions of the Act for Amendment of the Financial Instruments and Exchange Act (2014, Act No. 44).

<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>
--