



# TOKYO PRO-BOND Market

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## **TOKYO AIM Announces Draft Rules for the TOKYO PRO-BOND Market** ***Launch of second phase of public consultation***

TOKYO AIM, Inc. ("TOKYO AIM") today published the draft rules and regulations for its new bond market for professional investors, the TOKYO PRO-BOND Market. The rules and regulations as well as a Q&A document were developed based on the comments made during the initial public consultation period on the outline framework published on November 10, 2010.

TOKYO AIM is looking to gather further comments and feedback from market participants on the proposed rules and regulations and has opened a second phase of public consultation.

### **1. Subject for Public Consultation**

Please see attached the proposed rules and regulations for the TOKYO PRO-BOND Market as well as the corresponding Q&A document.

### **2. Period of Public Consultation**

The public consultation will be open from March 2 to March 23, 2011.

### **3. Future Plan**

TOKYO AIM will apply to the Financial Services Agency for approval of the TOKYO PRO-BOND Market rules and regulations once consultation responses have been received and the rules and regulations have been finalised. Upon receipt of approval from the Financial Services Agency, TOKYO AIM will publish the final rules and regulations for the TOKYO PRO-BOND Market together with a revised Q&A document.

- Ends -

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### **About TOKYO AIM, Inc.:**

TOKYO AIM, Inc. was established in 2009 by the Tokyo Stock Exchange Group, Inc. (51%) and the London Stock Exchange plc (49%). TOKYO AIM, the equity market for professional investors which it operates, is modeled on the London Stock Exchange's AIM system, employing a new structural framework and providing companies in Japan and Asia with a new venue for capital raising. The TOKYO PRO-BOND Market will be established alongside the TOKYO AIM stock market under TOKYO AIM, Inc.

Website: <http://www.tokyo-aim.com>



TOKYO PRO-BOND Market Listing Regulations	TOKYO PRO-BOND Market Listing Enforcement Rules
<p>split-off,” “exchange of stock,” or “transfer of stock” and are subsequently newly established or become surviving companies and seek a listing coinciding with the founding date or effective date of the new or surviving entity, the issuer of these <b>Listed Bonds</b> shall apply before the said founding date or effective date.</p> <p>Regulation 5 - <b>Program Listing</b></p> <ol style="list-style-type: none"> <li>Parties seeking to apply for <b>Bonds</b> listing may submit to the Exchange the <b>Program Information</b> provided for in the Enforcement Rules if the <b>Bonds</b> satisfy the necessary conditions enumerated in Regulation 9 (“The <b>Bonds</b> or the <b>Program Information</b> concerning the <b>Bonds</b>” in Item 1 shall be replaced with “the <b>Program Information</b> concerning the <b>Bonds</b>” and “the lead managing underwriter” in Item 2 shall be replaced with “the entities which are written down in the <b>Program Information</b> as the main financial instruments firms that are expected to conclude a wholesale underwriting contract”). The content and format of <b>Program Information</b> are stipulated in the Enforcement Rules. In such a case, <b>Program Listing</b> Issuers shall submit to the Exchange the <b>Program Listing</b> Confirmation Statement provided for in the Enforcement Rules.</li> <li>If <b>Bonds</b> related to <b>Program Listing</b> are <b>Specified Securities</b>, the <b>Listing Applicant</b>, and the <b>Management Company</b> and the <b>Trustee</b> (limited to the parties considered necessary by the Exchange in the light of the properties of the <b>Bonds</b>) shall submit a jointly signed <b>Program Listing</b> Confirmation Statement stipulated in previous Paragraph.</li> <li>If two or more parties together seek a <b>Program Listing</b>, they are free to make a joint submission of the <b>Program Information</b> provided for in the Paragraph 1. Nonetheless, in such a case each party shall make an individual submission to the Exchange of the <b>Program</b></li> </ol>	<p>E 3 - <b>Program Listing</b></p> <ol style="list-style-type: none"> <li><b>Program Information</b> stipulated in Regulation 5, Paragraph 1, of the Regulations consists of information concerning the matters listed in Attachment Form No. 2. Parties seeking to file listing applications for <b>Bonds</b> must for the preparation of <b>Program Information</b> use Attachment Form No. 2 or other formats considered appropriate by the Exchange.</li> <li>The <b>Program Listing</b> Confirmation Statement stipulated in Regulation 5, Paragraph 1, of the Regulations is represented in Attachment Form No. 3.</li> <li>The methods stipulated in Regulation 5, Paragraphs 4 and 5, of the Regulations consist of the ongoing posting of all of the following. <ol style="list-style-type: none"> <li>Posting on the website of the Exchange</li> <li>Posting on the website for information on <b>Program Listing</b> Issuers</li> </ol> </li> </ol>

TOKYO PRO-BOND Market Listing Regulations	TOKYO PRO-BOND Market Listing Enforcement Rules
<p><b>Listing</b> Confirmation Statement stipulated in Paragraph 1.</p> <p>4. The Exchange and the <b>Program Listing</b> Issuers shall publish the <b>Program Information</b> and the <b>Program Listing</b> Confirmation Statement stipulated in Paragraph 1 in accordance with the method provided for in the Enforcement Rules.</p> <p>5. <b>Program Listing</b> Issuers shall in accordance with the method provided for in the Enforcement Rules immediately publish any change or correction in the <b>Program Information</b> published pursuant to the previous Paragraph.</p> <p>Regulation 6 - Document submissions for listing applications</p> <p>1. <b>Listing Applicants</b> shall at the time of the listing application submit to the Exchange the documents enumerated below.</p> <p>(1) <b>Specified Securities Information</b> (excluding instances of public offerings of securities enumerated in the stipulations of Article 3 of the <b>Act</b>.)</p> <p>(2) The terms and conditions of issuance of the <b>Bonds</b> under the listing application (limited to instances of public offerings of securities enumerated in the stipulations of Article 3 of the <b>Act</b>.)</p> <p>(3) The Listing Application Affidavit provided for in the Enforcement Rules (limited to instances where no <b>Program Listing</b> Confirmation Statement has been submitted concerning the <b>Bonds</b> under the listing application.)</p> <p>(4) Other documents judged necessary by the Exchange</p> <p>2. The content and format of <b>Specified Securities Information</b> are stipulated in the Enforcement Rules.</p> <p>3. Financial statements listed in the <b>Specified Securities Information</b> must have attached to them the <b>Audit Reports</b> provided for in the Enforcement Rules.</p>	<p>E 4 - Document submissions for new listing applications</p> <p>1. The Listing Application Affidavit stipulated in Regulation 6, Paragraph 1, Item 3, of the Regulations is represented in Attachment Form No. 4.</p> <p>2. <b>Specified Securities Information</b> stipulated in Regulation 6, Paragraph 2, of the Regulations comprises the following</p> <p>(1) In the majority of cases: Information concerning the matters listed in Article 2, Paragraph 2, Item 1 (a) through (d) of the Cabinet Office Ordinance on Securities Information and associated regulations</p> <p>(2) In cases where listing applicants whose submission of an Annual Securities Report is stipulated in Article 9-3, Paragraph 2, of the Cabinet Office Ordinance on Disclosure of Corporate Information ( or if the relevant securities consist of foreign bonds stipulated in Article 1, Item 1, of the Cabinet Office Ordinance on Disclosure of Information on Issuers of Foreign Government Bonds, an Annual Securities Report stipulated in Article 6-2, Paragraph 2, of the said Ordinance): A statement to this effect and the matters listed in Item 1 (a) and (b) of the said Paragraph.</p>

TOKYO PRO-BOND Market Listing Regulations	TOKYO PRO-BOND Market Listing Enforcement Rules
<p>However, if judged appropriate by the Exchange, <b>Audit Reports</b> need not be attached in the case of <b>Listing Applicants</b> that are issuers of <b>Specified Securities</b> and have submitted <b>Specified Securities Information</b> within the first consolidated accounting year or fiscal year after the entity was established.</p> <p>4. Financial statements listed in the <b>Specified Securities Information</b> must be prepared in accordance with any of <b>J-GAAP, US-GAAP</b>, or IFRS, or alternative accounting principles provided for in the Enforcement Rules.</p>	<p>(3) In cases where the bonds are “Asset backed securities (i.e. correspond to Specified Securities):</p> <p>The matters listed in Item 2, (a) through (d), of the said Paragraph.</p> <p><b>Listing Applicants</b> must for the preparation of <b>Specified Securities Information</b> use Attachment Form No. 5 or other formats considered appropriate by the Exchange.</p> <p>3. <b>Audit Reports</b> stipulated in Regulation 6, Paragraph 3, of the Regulations are <b>Audit Reports</b> that state an “unqualified opinion” or a corresponding opinion, and that satisfy the criteria enumerated below.</p> <p>(1) <b>Audit Reports</b>’ stated results must be based on audits performed in accordance with generally accepted audit principles in Japan or principles equivalent to the aforementioned.</p> <p>(2) <b>Audit Reports</b>’ stated certification must correspond to an audit certification stipulated in Article 193-2 of the <b>Act</b> or equivalent certification.</p> <p>(3) <b>Audit Reports</b> must have been prepared by an audit firm.</p> <p>(4) <b>Audit Reports</b> must relate to the consolidated or non-consolidated accounts for the most recent business year.</p> <p>4. The accounting standards provided for in the Enforcement Rules stipulated in Regulation 6, Paragraph 4, of the Regulations are standards that in the judgment of the Exchange are equivalent to any of the three of <b>J-GAAP, US-GAAP</b>, or IFRS. If applicable, audits by audit firms must include and disclose the discrepancies between one and the other among the three standards (i.e., adjusted disclosure).</p>
<p>Regulation 7 - Method of publication of listing applications</p> <p>1. The Exchange and <b>Listing Applicants</b> shall publish the submitted documentation provided for in Regulation 6, Paragraph 1, above on the day of the listing application in accordance with the method provided for in the</p>	<p>E 5 - Method of publication of listing applications</p> <p>The methods stipulated in Regulation 7, Paragraphs 1 and 2, of the Regulations, and the method of publication provided for in the Financial Instruments Exchange Market for Professional Investors Regulations stipulated in Article 3,</p>

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<p>Enforcement Rules.</p> <p>2. <b>Listing Applicants</b> shall in accordance with the method provided for in the Enforcement Rules immediately publish any amendment or correction to the <b>Specified Securities Information</b> published pursuant to the previous Paragraph that arises within one year after the publication of the <b>Specified Securities Information</b>.</p> <p>Regulation 8 - Other document submissions</p> <p>The Exchange has discretion to request <b>Listing Applicants</b> to submit reports or materials as found appropriate by the Exchange.</p> <p>Regulation 9 - Necessary conditions for listing eligibility</p> <p><b>Bonds</b> under listing applications must satisfy the necessary conditions for listing eligibility enumerated below.</p> <p>(1) The <b>Bonds</b> or the <b>Program Information</b> concerning the <b>Bonds</b> must have a rating of a credit rating agency (meaning domestic credit rating agencies pursuant to the stipulations of Article 2, Paragraph 36, of the <b>Act</b> and rating agencies established under foreign laws that are subject to frameworks of regulations and supervision judged equivalent to those of credit rating agencies) or the <b>Bonds</b> must satisfy the necessary conditions provided for in the Enforcement Rules.</p> <p>(2) The lead managing underwriter (meaning a party that is engaged in the business corresponding to that of a lead underwriter provided for in Article 147, Item 3, of the Financial Instruments and Exchange Act Cabinet Office Ordinance.) of the <b>Bonds</b> or the issuer of the <b>Bonds</b> must be registered on the “Lead Managing Underwriter List” prepared by the Exchange or the <b>Bonds</b> must satisfy the necessary conditions provided for in the Enforcement Rules.</p>	<p>Item 1; Article 5, Paragraph 2, Item 1; and Article 8, Paragraph 2, Item 1, of the Cabinet Office Ordinance on Securities Information consist of the continuous posting of all of the following.</p> <p>(1) Posting on the website of the Exchange</p> <p>(2) Posting on the website for information of <b>Listing Applicants</b></p> <p>E 6 - Necessary conditions for listing eligibility</p> <p>1. The necessary conditions for listing eligibility provided for in the Enforcement Rules stipulated in Regulation 9, Paragraph 1, of the Regulations require that the <b>Bonds</b> are securities listed in Regulation 26, Item 1 (vii), (viii), or (xiii); and that the <b>Bonds</b> are guaranteed by a national government or domestic or foreign local government, or by the Japan Finance Corporation / Japan Bank for International Cooperation, or by another financial institution judged appropriate by the Exchange.</p> <p>2. Parties wishing to register in the Lead Managing Underwriter List stipulated in Regulation 9, Item 2, of the Regulations are, following application filed with the Exchange, admitted for registration by the Exchange, taking into consideration the applicant’s <b>Bond</b> underwriting track record to date.</p> <p>3. The Exchange has discretion to remove a registered party from the Lead Managing Underwriter List if such removal is judged appropriate by the Exchange for protecting the public interest or for protecting investors.</p> <p>4. The necessary conditions for listing eligibility provided for in the Enforcement Rules stipulated in Regulation 9, Paragraph 2, of the Regulations require that a financial institution judged appropriate by the Exchange purchases full amount of the <b>Bonds</b> issued.</p>

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<p>Regulation 10 - Listing approval</p> <p>When the Exchange finds that the <b>Bonds</b> under a listing application satisfy the necessary conditions for listing eligibility enumerated in the previous Regulation, the Exchange shall approve the listing of the <b>Bonds</b> under the said application.</p> <p>Regulation 11 - Publication of listing approval</p> <p>When the Exchange approves a listing application, the Exchange shall make a public announcement to that effect.</p> <p>Regulation 12 - Listing agreement</p> <ol style="list-style-type: none"> <li>1. When the Exchange lists <b>Bonds</b> under listing applications, the <b>Listing Applicant</b> shall submit to the Exchange the Listing Agreement provided for in the Enforcement Rules. However, the above provision is not applicable if a <b>Program Listing Confirmation Statement</b> stipulated in Regulation 5 has been submitted in relation to the listing application.</li> <li>2. If <b>Bonds</b> under a listing application are <b>Specified Securities</b> the <b>Listing Applicant</b> of these <b>Bonds</b> and the <b>Management Company</b> and the <b>Trustee</b> (limited to the parties considered necessary by the Exchange in the light of the properties of these <b>Bonds</b>) shall submit a jointly signed Listing Agreement in accordance with the previous Paragraph.</li> <li>3. For the purposes of the application of these Regulations, <b>Management Companies</b> and <b>Trustees</b> in the previous Paragraph shall be treated equally with issuers of <b>Listed Bonds, Listing Applicants, and Program Listing Issuers</b>. However, if judged appropriate by the Exchange, the above provision is not applicable.</li> <li>4. Issuers of <b>Listed Bonds, Listing Applicants, Program Listing Issuers, Management Companies, and Trustees</b> shall mutually liaise and cooperate as necessary in the performance of the duties provided for in these Regulations and other rules.</li> </ol>	<p>E 7 - Listing agreement</p> <p>The Listing Agreement stipulated in Regulation 12, Paragraph 1, of the Regulations is represented in Attachment Form 6.</p>

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<p>5. The Exchange shall on the day of the listing of <b>Bonds</b> under listing applications register the issue in the registry of listed securities.</p> <p>Chapter 3 - Duties after listing</p> <p>Section 1 - Duty of disclosure of information regarding issuers</p> <p>Regulation 13 - Disclosure</p> <p>1. Issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers shall perform operations in good faith, in full awareness that timely and appropriate disclosure of information regarding issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers to investors is precondition to sound financial markets, and shall always from the perspective of investors proactively engage in timely, accurate, and fair disclosure of information regarding issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers.</p> <p>2. Issuers of <b>Listed Bonds</b> shall disseminate disclosures of information regarding issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers by posting information with the Exchange and on the websites of the issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers.</p> <p>Regulation 14 - Material information disclosure</p> <p>Issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers shall in accordance with the provisions of the Enforcement Rules immediately disclose information that is able to materially influence the investment decision of investors. However, the above provision is not applicable to issuers of stocks (stocks stipulated in Regulation 43, Item 1 Tokyo AIM Listing Regulations), listed on a domestic or foreign financial exchange or fully-owned subsidiaries of such issuers, or issuers of securities enumerated in Regulation 26, Item 1, (vii) through (xiii), of the <b>Act</b>.</p>	<p>E 8 - Disclosure of material information of issuers</p> <p>1. Matters to be disclosed pursuant to Regulation 14 of the Regulations include the matters for disclosure according to the standards listed in Attachment 1 as appropriate timely disclosure standards for the securities markets of Japan.</p> <p>2. Information to be disclosed pursuant to the stipulations of Regulation 14 of the Regulations is comprised of information enumerated below that is able to materially influence the investment decision of investors.</p> <p>(1) Reason for the issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers for determining a disclosure or background to the occurrence of the disclosure</p> <p>(2) Summary of the disclosure</p>

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<p>Regulation 15 - Disclosures of redemption of <b>Listed Bonds</b> and other information</p> <p>Issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers shall in accordance with the provisions of the Enforcement Rules immediately make a disclosure of the particulars if an event occurs that corresponds to redemption of <b>Listed Bonds</b> and other cases provided for in the Enforcement Rules.</p>	<p>(3) Outlook concerning the disclosure</p> <p>(4) Other matters judged material for the investment decision</p> <p>E 9 - Other disclosures required by the Exchange</p> <p>1. The cases provided for in the Enforcement Rules stipulated in Regulation 15 of the Regulations are with respect to the issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers the following reasons or occurrences.</p> <p>(1) Redemption of <b>Listed Bonds</b></p> <p>(2) Material change in the information stated in the documentation published at the time of submission of the listing application</p> <p>(3) Change in the credit rating of the <b>Program Information</b> and the <b>Listed Bonds</b></p> <p>2. Issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers must with regard to the disclosures required in the previous Paragraph publish the information stipulated in Paragraph 2 of the previous Regulation by filing the information with the Exchange and by publication on the website where information about the issuer of the <b>Listed Bonds</b> is posted.</p>
<p>Regulation 16 - <b>Issuer Filing Information</b> disclosure</p> <p>1. Issuers of <b>Listed Bonds</b> (excluding issuers of <b>Listed Bonds</b> obligated to submit Annual Securities Reports, and issuers whose issued <b>Listed Bonds</b> constitute securities enumerated in the stipulations of Article 3 of the <b>Act</b> and are the subject of a public offering by the issuer of <b>Listed Bonds</b>.) shall within three months after the end of the business year (if the said issuer's issued securities are <b>Specified Securities</b> the Specified Period concerning the said securities, and if the said issuer does not constitute a company, the business year or the period corresponding to the business year.) prepare and publish <b>Issuer Filing Information</b>. The content, format, and method of publication of <b>Issuer Filing Information</b> are stated in the Enforcement Rules.</p>	<p>E 10 - Issuer information</p> <p>1. Issuer information stipulated in Regulation 16 of the Regulations means information concerning the matters enumerated in Article 7, Paragraph 3, Item 1 (a) through (c), of the Cabinet Office Ordinance on Securities Information (if the <b>Bonds</b> correspond to <b>Specified Securities</b>, the information enumerated in Item 2, (a) through (c), of the said Paragraph). Issuers of <b>Listed Bonds</b> must for the preparation of Issuer Information use Attachment Form 7 or other formats considered appropriate by the Exchange.</p> <p>2. Accounting standards of financial statements listed in the documents referred to in the previous Paragraph must conform to Regulation 6, Paragraph 4, of the Regulations.</p>

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<p>2. Issuers of <b>Listed Bonds</b> shall in accordance with the method provided for in the Enforcement Rules immediately publish any change or correction, if any, in the <b>Issuer Filing Information</b> stipulated in the previous Paragraph.</p> <p>3. Financial statements listed in the <b>Issuer Filing Information</b> stipulated in Paragraph 1 must have attached to them the <b>Audit Reports</b> provided for in the Enforcement Rules.</p>	<p>3. The method of publication provided for in the Enforcement Rules stipulated in Regulation 16, Paragraphs 1 and 2, of the Regulations and the method of publication provided for in the Specified Exchange Regulations stipulated in Article 7, Paragraph 1, Item 1; Article 9, Item 1; and Article 11, Item 1, of the Cabinet Office Ordinance on Securities Information, means continuous publication of all information enumerated in the Items of Regulation 5.</p> <p>4. The <b>Audit Reports</b> provided for in the Enforcement Rules stipulated in Regulation 16, Paragraph 3, of the Regulations must satisfy the standards enumerated in Regulation 4, Paragraph 3.</p>
<p>Regulation 17 - Reporting and disclosure of inquiries concerning information about issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers.</p> <p>When the Exchange makes inquiries concerning information regarding issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers (including inquiries provided for in the Enforcement Rules), the issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers shall immediately report the inquired matters to the Exchange. In such a case, if found necessary by the Exchange, the issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers shall immediately make a disclosure of the details of the inquiry.</p>	<p>E 11 - Inquiries concerning information regarding issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers</p> <p>Inquiries provided for in the Enforcement Rules stipulated in Regulation 17 of the Regulations means inquiries judged necessary by the Exchange for managing the trading in <b>Listed Bonds</b> (including inquiries covering the interval from the inception of information regarding issuers of <b>Listed Bonds</b> until the publication thereof if the Exchange finds that this is necessary for an examination conducted to ensure the fairness of trading in securities in the markets of the Exchange.)</p>
<p>Regulation 18 - Issuer websites</p> <p>1. Issuers of <b>Listed Bonds</b> shall on and after the listing application date post on their websites the matters provided for in the Enforcement Rules and make this information accessible free of charge for viewing by investors.</p> <p>2. Issuers of <b>Listed Bonds</b> shall make reasonable efforts to keep the posted information current and to make it easily accessible for investors</p>	<p>E 12 - Disclosures on the issuer website</p> <p>Matters provided for in the Enforcement Rules stipulated in Regulation 18, Paragraph 1, of the Regulations means in accordance with the categories of issuers of <b>Listed Bonds</b>. Enumerated below are the matters provided for in the respective Items.</p> <p>(1) Issuers of <b>Listed Bonds</b> related to securities enumerated in Article 3 of the <b>Act</b>.</p> <p>a. Terms and conditions of issuance of <b>Listed Bonds</b></p> <p>b. Other matters judged necessary by the Exchange</p>

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<p>Chapter 2 - Other duties</p> <p>Regulation 19 - Limitations on the transfer of <b>Bonds</b></p> <p>Issuers of <b>Listed Bonds</b> are not permitted to institute limitations on the transfer of <b>Listed Bonds</b> except under the stipulations of Article 2, Paragraph 3, Item 2 (b) (2) of the <b>Act</b> or other special statutory stipulations.</p> <p>Regulation 20 - Listing fees and charges</p> <p><b>Program Listing</b> Issuers, <b>Listing Applicants</b>, and issuers of <b>Listed Bonds</b> shall pay the <b>Program Listing</b> charges, listing charges, and other listing related charges provided for in the Enforcement Rules</p> <p>Chapter 4 - Maintenance of market order</p> <p>Section 1 - Efficiency maintenance measures</p> <p>Regulation 21 – Measures to Assure Effectiveness of Listing Regulations</p> <p>1. In order to ensure compliance with these Regulations and other Rules, the Exchange has discretion to require issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers to provide information and submit documents considered necessary by the Exchange for market operations.</p> <p>2. If the Exchange finds that issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers are in breach of these Regulations or other Rules, the Exchange has discretion to institute against such issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers the measures enumerated below (“Measures”) as provided in the Enforcement Rules.</p>	<p>(2) Issuers of <b>Listed Bonds</b> related to securities other than referred to in the previous Item</p> <p>a. <b>Specified Securities Information</b></p> <p>b. Outline of the business</p> <p>c. Biography of the <b>Officers</b></p> <p>d. Article of incorporation</p> <p>e. Other matters judged necessary by the Exchange</p> <p>E 13 - Listing fees and charges</p> <p>Amounts and payment deadlines for fees associated with <b>Program Listings</b> and new listings as well as other listing related fees are stated in Attachment 2.</p> <p>E 14 - Procedures for Measures to Assure Effectiveness of Listing Regulations</p> <p>1. If the Exchange plans to implement Measures stipulated in Regulation 21, Paragraph 2 of the Regulations, the Exchange must in advance provide issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers who are the subject of such Measures with the opportunity to submit opinions and evidence. However, if the Exchange plans to implement Measures provided in Regulation 21, Paragraph 2, Items 1 or 2, of the Regulations, the Exchange is free to implement such Measures without granting an opportunity to submit opinions and evidence.</p> <p>2. If the Exchange grants the opportunity to present opinions and evidence in accordance with the stipulations</p>

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<p>(1) Reprimand</p> <p>(2) Penalty imposition</p> <p>(3) Delisting of <b>Listed Bonds</b></p> <p>(4) Termination of listings under <b>Program Information</b></p> <p>3. If the Exchange institutes either of the Measures enumerated in Items 1 and 2 of the previous Paragraph, the Exchange has discretion to make the fact public if it finds necessary.</p> <p>4. If the Exchange institutes the Measure listed in Paragraph 2, Item 3, of the previous Paragraph, the Exchange shall designate the <b>Listed Bonds</b> affected by the Measure slated for delisting and make the fact public.</p>	<p>of the previous Paragraph, the Exchange must within an appropriate period give written notice of the matters listed below to the issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers who are the prospective subject of the Measures.</p> <p>(1) The content of the planned Measures</p> <p>(2) The facts acknowledged by the Exchange and relevant laws, rules, and regulations applicable to such facts</p> <p>(3) Notice that opinions and evidence are able to be submitted to the Exchange with respect to the matters listed in the above two Items together with a deadline for such submissions</p> <p>3. Measures take effect by the serving of written notice of the content of the relevant Measures to issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers.</p>
<p>Regulation 22 - Filing of objection</p> <p>1. Issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers who disagree with a Measure pursuant to Regulation 21, Paragraph 2, are able to file an objection with the Exchange in accordance with the provisions of the Enforcement Rules.</p> <p>2. The Exchange has discretion to amend or void a Measure in accordance with the provisions of the Enforcement Rules.</p>	<p>E 15 - Objection filing procedures</p> <p>1. Issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers who wish to file an objection pursuant to Regulation 22, Paragraph 1, of the Regulations, must within ten business days of the serving of written notice pursuant Paragraph 3 of the previous Regulation submit in writing the substance of the Measure objected to and the reason of objection.</p> <p>2. If an objection has been filed pursuant to the previous Paragraph, the Exchange is able upon examination of the substance of the objection to amend or rescind the Measure that is the subject of the objection.</p> <p>3. When an examination as stipulated in the previous Paragraph has been carried out, the Exchange shall give notice of the result to the issuers of <b>Listed Bonds</b> and <b>Program Listing</b> Issuers who have filed the objection.</p>
<p>Regulation 23 - Trading suspension and cancellation of suspension</p> <p>If the Exchange suspends trading or cancel the suspension of trading in <b>Listed Bonds</b> the Exchange shall promptly</p>	

TOKYO PRO-BOND Market Listing Regulations	TOKYO PRO-BOND Market Listing Enforcement Rules
<p>inform the issuer.</p> <p>Section 2 - Delisting</p> <p>Regulation 24 - Delisting</p> <p>1. If any of the following applies to <b>Listed Bonds</b> the Exchange shall immediately designate the affected <b>Listed Bonds</b> as <b>Listed Bonds</b> to be delisted and make the fact public. The handling of the cases under each item is provided for in the Enforcement Rules.</p> <ol style="list-style-type: none"> <li>(1) Arrival of the final redemption date</li> <li>(2) Acceleration of the final redemption date of <b>Bonds</b> and redemption in the full amount</li> <li>(3) Absorption-type corporate split or new incorporation with succession by a new entity to obligations related to a listed <b>Bond</b> issue</li> <li>(4) Material misstatement by an issuer of <b>Listed Bonds</b> concerning the <b>Specified Securities Information, Issuer Filing Information</b>, or the Annual Securities Report</li> <li>(5) Call for immediate redemption of <b>Listed Bonds</b> due to a default event</li> <li>(6) Further to the above, determination by the Exchange that delisting is appropriate for the protection of the public interest or for the protection of investors.</li> </ol> <p>2. When <b>Listed Bonds</b> have been designated as <b>Bonds</b> to be delisted as stipulated in the above Items, the Exchange shall in accordance with the categories enumerated in the Items below delist the issue on the day provided for in the respective Item.</p> <ol style="list-style-type: none"> <li>(1) Issues designated as <b>Bonds</b> to be delisted pursuant to the stipulations of Regulation 21, Paragraph 4; and Items 4-6 of the previous Paragraph: On the date provide for by the Exchange as the case may be</li> <li>(2) Issues designated as <b>Bonds</b> to be delisted pursuant to the stipulations of Item 1 of the previous Paragraph:</li> </ol>	<p>E 16 - Delisting</p> <ol style="list-style-type: none"> <li>1. Issuers of <b>Listed Bonds</b> who have reason to believe that any of the instances enumerated in Regulation 24, Paragraph 1, of the Regulations is applicable, must immediately report to that effect to the Exchange.</li> <li>2. The case stipulated in Regulation 24, Paragraph 1, Item 2, of the Regulations, is treated as corresponding to the said Item 2 when a written report of the decision to carry out the said redemption has been received from the issuer of the security.</li> </ol>

TOKYO PRO-BOND Market Listing Regulations	TOKYO PRO-BOND Market Listing Enforcement Rules
<p>On the day that marks five days before the final redemption date (excluding bank holidays; the same applies in the following to the computation of numbers of days.)</p> <p>(3) Issues designated as <b>Bonds</b> to be delisted pursuant to the stipulations of Item 2 of the previous Paragraph:</p> <p>On the day that marks five days before the accelerated redemption date (if the accelerated redemption date is a bank holiday or a foreign bank holiday provided for in the terms and conditions of issuance of the <b>Bond</b>: the actual accelerated redemption date).</p> <p>(4) Issues designated as <b>Bonds</b> to be delisted pursuant to the stipulations of Item 3 of the previous Paragraph:</p> <p>On the day that marks four days before the effective date of the absorption-type split or new incorporation</p> <p>3. The Exchange has discretion to delist affected <b>Listed Bonds</b> before the date provided for in the above Items if judged necessary by the Exchange.</p> <p>Regulation 25 - Erasure from the registry</p> <p>When the Exchange delists <b>Listed Bonds</b> the Exchange shall on the date of the delisting erase the entry of the issue from the registry of listed securities.</p> <p>Chapter 5 - Definitions</p> <p>Regulation 26 - Definitions</p> <p>The following words and expressions used in these Regulations have the meanings defined below.</p> <p>(1) <b>Bonds</b> means the securities enumerated in Items (i) through (xiii) below.</p> <p>(i) Bonds issued by domestic juridical persons (meaning securities enumerated in Article 2, Paragraph 1, Item 5, of the <b>Act</b>; the same applies in the following.)</p> <p>(ii) Corporate bonds issued by foreign juridical persons (meaning, among the marketable</p>	

TOKYO PRO-BOND Market Listing Regulations	TOKYO PRO-BOND Market Listing Enforcement Rules
<p>securities enumerated in Article 2, Paragraph 1, Item 17, of the <b>Act</b>, instances that have the qualities of the securities enumerated in Item (i) above; the same applies in the following.)</p> <p>(iii) Securities issued by domestic juridical persons under special statutes (meaning the securities enumerated in Article 2, Paragraph 1, Item 3, of the <b>Act</b>; the same applies in the following.)</p> <p>(iv) Securities issued by foreign juridical persons under special statutes (meaning among the securities enumerated in Article 2, Paragraph 1, Item 17, of the <b>Act</b>, instances that have the qualities of the securities enumerated in Item (iii) above; the same applies in the following.)</p> <p>(v) Bonds of investment corporations (meaning the bonds of investment corporations listed in Article 2, Paragraph 1, Item 11, of the <b>Act</b>; the same applies in the following.)</p> <p>(vi) Among foreign investment securities in investment corporations (meaning the foreign investment securities in investment corporations enumerated in Article 2, Paragraph 1, Item 11, of the <b>Act</b>.), securities similar to bonds of investment corporations</p> <p>(vii) Municipal bonds of domestic issuers (meaning the securities enumerated in Article 2, Paragraph 1, Item 2, of the <b>Act</b>; the same applies in the following.)</p> <p>(viii) Municipal bonds of foreign issuers (meaning among the securities enumerated in Article 2, Paragraph 1, Item 17, of the <b>Act</b>, instances that have the qualities of the securities enumerated in Item (vii) above; the same applies in the following.)</p>	

TOKYO PRO-BOND Market Listing Regulations	TOKYO PRO-BOND Market Listing Enforcement Rules
<p>(ix) Specified Corporate Bonds issued by domestic juridical persons (meaning the securities enumerated in Article 2, Paragraph 1, Item 4, of the <b>Act</b>; the same applies in the following.)</p> <p>(x) Specified Corporate Bonds issued by foreign juridical persons (meaning among the securities enumerated in Article 2, Paragraph 1, Item 17, of the <b>Act</b>, instances that have the qualities of the securities enumerated in Item (ix) above; the same applies in the following.)</p> <p>(xi) Among beneficiary certificates of Special Purpose trusts (securities enumerated in Article 2, Paragraph 1, Item 13, of the <b>Act</b>), instances of the type that with regard to cash distributions during the trust period receive distributions in predetermined amounts</p> <p>(xii) Beneficiary certificates of Special Purpose trusts issued by foreign entities (meaning among the securities enumerated in Article 2, Paragraph 1, Item 17, of the <b>Act</b>, instances that have the qualities of the securities enumerated in Item (xi) above; the same applies in the following.)</p> <p>(xiii) Government bonds issued by foreign sovereigns (meaning among the securities listed in Article 2, Paragraph 1, Item 17, of the <b>Act</b>, instances that have the qualities of the securities listed in Item 1 of the said Paragraph.)</p> <p>(2) <b>Audit Reports</b> mean audit reports or reports corresponding to audit reports.</p> <p>(3) <b>Listed Bonds</b> mean <b>Bonds</b> listed on the Exchange.</p> <p>(4) <b>Listing Applicants</b> means issuers of <b>Bonds</b> who file an application for their <b>Bonds</b> to be newly</p>	

TOKYO PRO-BOND Market Listing Regulations	TOKYO PRO-BOND Market Listing Enforcement Rules
<p>listed.</p> <p>(5) <b>Specified Securities Information</b> means the <b>Specified Securities Information</b> stipulated in Article 27-31, Paragraph 1, of the <b>Act</b>, referring to the information stated in Regulation 6, Paragraph 2, as information provided for in the Specific Exchange Rules stipulated in Article 2, Paragraph 1, Item 1, of the Cabinet Office Ordinance Concerning the Provision and Publication of Securities Information (hereinafter, "Cabinet Office Ordinance on Securities Information").</p> <p>(6) <b>Issuer Filing Information</b> means the <b>Issuer Filing Information</b> stipulated in Article 27-32, Paragraph 1, of the <b>Act</b>, referring to the stipulations of Regulation 16, Paragraph 2, provided for as information in the Specified Exchange Rules stipulated in Article 7, Paragraph 2, Item 1, of the Cabinet Office Ordinance on Securities Information.</p> <p>(7) <b>J-GAAP</b> means the business accounting principles stipulated in the Regulations for Terminology, Forms, and Preparation of Consolidate Financial Statements ("Consolidated Financial Statements Regulations"), Regulations for Terminology, Forms, and Preparation of Financial Statements ("Financial Statements Regulations"), Regulations for Terminology, Forms, and Preparation of Consolidated Quarterly Financial Statements("Quarterly Consolidated Financial Statements Regulations"), Regulations for Terminology, Forms, and Preparation of Quarterly Financial Statements ("Quarterly Financial Statements Regulations"), Regulations for Terminology, Forms, and Preparation of Consolidated Interim Financial Statements ("Interim Consolidated Financial Statements Regulations") and the Regulations for</p>	

TOKYO PRO-BOND Market Listing Regulations	TOKYO PRO-BOND Market Listing Enforcement Rules
<p>Terminology, Forms, and Preparation of Interim Financial Statements ("Interim Financial Statements Regulations").</p> <p>(8) <b>US-GAAP</b> means the generally accepted accounting principles of the United States.</p> <p>(9) <b>Act</b> means the Financial Instruments and Exchange Act (Law No. 25 of 1948)</p> <p>(10) <b>International Financial Reporting Standards</b> means the <b>International Financial Reporting Standards</b> (IFRS).</p> <p>(11) <b>Officers</b> means directors, accounting advisors, corporate auditors or executive directors, and chairpersons or inspectors (including <b>Fund Managers</b> if <b>Listed Bonds</b> constitute <b>Specified Securities</b>) or persons corresponding to the aforementioned (including the employees charged with the relevant duties if such a corresponding person is a juridical person)</p> <p>(12) <b>Specified Securities</b> mean <b>Bonds</b> corresponding to <b>Specified Securities</b> stipulated in Article 5, Paragraph 1, of the <b>Act</b>.</p> <p>(13) <b>Management Company</b> means a business engaged with respect to <b>Specified Securities</b> in the managing (including the issuance of instructions and directives) of cash and other assets (including businesses that are commissioned or sub-commissioned by a management company to exercise all or part of the authorities related to asset management or to the issuance of instructions and directives concerning asset management) and businesses corresponding to the aforementioned.</p> <p>(14) <b>Trustee</b> means with respect to cases where <b>Specified Securities</b> are organized under a trust agreement, a trustee under such trust agreement and corresponding businesses.</p> <p>(15) <b>Fund Manager</b> means the persons enumerated</p>	

TOKYO PRO-BOND Market Listing Regulations	TOKYO PRO-BOND Market Listing Enforcement Rules
<p data-bbox="256 226 799 304">in Article 15, Item 2, of the Financial Instruments and Exchange Act Enforcement Order.</p> <p data-bbox="156 378 724 443">Supplementary provisions These Regulations take effect on [month] [day], 2011.</p>	<p data-bbox="831 378 1399 443">Supplementary provisions These Regulations take effect on [month] [day], 2011.</p>

## Standards for Timely Disclosure

In accordance with the provisions of Article 8, Paragraph 1 of Rules for Enforcement of the TOKYO PRO-BOND Market Listing Regulations, the Standards in relation to timely disclosure on the Japanese securities market shall be as follows.

### S.1 Disclosure of Information on Issuer of Listed Bonds

Where an Issuer of Listed Bonds falls under any of the following items, such Issuer of Listed Bonds must disclose details immediately:

- (1) Where a body which has responsibility for business execution of an Issuer of Listed Bonds makes a decision to do, or not to do, any of the matters set out in the following a. through d.:
  - a Dissolution (excluding dissolution by means of a merger);
  - b Petition for commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, or commencement of reorganization proceedings;
  - c Change in trade name or corporate name; or
  - d In addition to the matters referred to in a. through the preceding c., significant matters related to the operation, business or assets of such Issuer of Listed Bonds or significant matters related to such Listed Bonds that have a material effect on investors' investment decisions
- (2) Where any of the matters referred to in the following a. through e. occurs:
  - a Petition by a creditor or any person other than such Issuer of Listed Bonds for commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, or commencement of reorganization proceedings, or notification by such creditor or other person for execution of an enterprise mortgage (hereinafter referred to as a "Petition for Commencement of Bankruptcy Proceedings");
  - b Dishonoring of a bill or a check (limited to cases where the reason is a shortage of funds to make the payment to be paid) or suspension of trading by a clearing house;
  - c Petition for Commencement of Bankruptcy Proceedings pertaining to a parent company;
  - d Acceleration of obligations pertaining to bonds; or
  - e In addition to the matters referred to in a. through the preceding d., significant matters relating to the operation, business or assets of such Issuer of Listed Bonds or significant matters related to such Listed Bonds which have a material effect on investors' investment decisions.
- (3) Where a body which has responsibility for business execution of a guarantor of Listed Bonds makes a decision to do, or not to do, any of the matters set out in a. through d. of Item 1:
- (4) Where any of the matters set out in a. through e. of Item 2 occurs in respect of a guarantor of Listed Bonds:

### S.2 Change in or Correction of Disclosure Information

1. In circumstances where a change or correction should be made to the information disclosed pursuant to the provisions of S.1 or Article 15 of the Regulations, an Issuer of Listed Bonds shall disclose details of such change or correction immediately.
2. The provisions of the preceding paragraph shall apply mutatis mutandis to cases where a difference occurs between the information pertaining to said disclosure in an annual securities report, a quarterly report, a securities registration statement, an extraordinary report (including a correction report or correction registration statement of these), or Issuer Filing Information or Specified Securities Information (including any correction information) and the information disclosed pursuant to the provisions of S.1 or Article 15 of the Regulations.

## Issuer Fees

Fee	Amount (Note 1)	Payment Due Date
<b>Program fee</b>	xxx yen	Last day of the month following the month in which program information is submitted
<b>Initial listing fee</b> (In the case where the Applicant has submitted program information and the relevant listing takes place during the expected issuance period specified in the program information)	The smaller of xxx yen and issue amount $\times$ xxx/10000	Last day of the month following the month of listing
<b>Initial listing fee</b> (In all cases other than the above)	xxx yen	Same as above

## Notes

Note 1: Notwithstanding what is indicated in the above table, the Exchange may from time to time change issuer fees pursuant to the rules of the Exchange if such change is determined by the Exchange to be necessary for the development of the market. In this case, the Exchange shall notify to that effect in advance on the website of the Exchange.

Note 2:

- a) Any amount less than 100 yen resulting from the calculation indicated in the above table shall be rounded down (excluding the amount of consumption tax and local consumption tax to be added in accordance with the provisions of b) below).
- b) The Applicant/Issuer of Listed Bonds shall pay the amounts indicated in the above table by adding the amount of related consumption tax and local consumption tax (excluding the cases where the Applicant or the Issuer of Listed Bonds is a foreign entity).
- c) The fees shall be paid in yen.
- d) In the case where the Issuer under the Program, the Applicant, or the Issuer of Listed Bonds fails to pay the fees indicated in the above table by the due date, the Exchange may charge said Issuer under the Program, Applicant, or Issuer of Listed Bonds 0.04 yen per 100 on a daily basis for delinquency damages, tallied from the day following the due date until the date of completion of the payment.

Note 3: The Issuer of Listed Bonds shall pay the fees that are not yet due as of the delisting date by the delisting date or any other date separately determined by the Exchange.

(Note) Specific fee levels are to be decided later

Note 4: With regard to the initial listing pursuant to the provisions of the proviso to Article 4 of the Regulations, no initial listing fee shall be charged.

Note 5: With regard to the program fee in the case where two or more parties jointly submit program information pursuant to the provisions of Article 5, Paragraph 3 of the Regulations, said parties are jointly and severally liable for the payment of the amounts indicated in the above table by the due date indicated in the above table for each program information to be published.

## Initial Listing Application for Securities

**1. Trade name of an applicant for initial listing:**

--

**2. Address of head office or principal place of business:**

		Postcode:
Tel:	Fax:	Country:
Email address:		

**3. Name and position of contact at the applicant:**

Name:
Position:
Tel:
E-mail:

**4. Type and total primary issue price or total secondary distribution price of bonds for initial listing:**

Type:	Total primary issue price or total secondary distribution price:
Date of submission of program information:	

**5. The expected date of listing admission:**

--

**6. We confirm the following:**

**(a) Expected credit rating**

--

**(b) Name of the lead underwriter**

--

Signed by a duly authorised officer (e.g. Director) for and on behalf of:

Full legal name of the Issuer:

--

Signed:		Print name:	
Job title:		Date:	

**PROGRAM INFORMATION**

[Cover]

Type of Information: Program Information

Date of Filing (DD/MM/YY):

Company Name:

Name and Title of Representative:

Address of Registered Office:

Telephone:

Liaison Contact:

Type of Securities:

Expected Issuance Period: (2)

Expected Issuance Amount or Maximum  
Outstanding Issuance Amount: (3)

Stabilization:

Address of Publication Website:

Submission Status of Annual Securities Reports:

Submission Status of Issuer Filing Information: (4)

Notes to Investors:

1. TOKYO PRO-BOND Market is a market for professional investors, etc. and bonds and other instruments listed in the market (“Listed Bonds”) may involve a higher investment risk. Investors should act with responsibility and be aware of the listing qualification and timely disclosure requirements that apply to issuers of Listed Bonds in the TOKYO PRO-BOND Market and associated risks such as the fluctuation of market prices. Prospective Investors should make an investment judgment only after having carefully considered the contents of this Program Information.
2. The regulatory framework for TOKYO PRO-BOND Market is different in certain fundamental respects from the regulatory framework applicable to existing exchange markets in Japan. Investors should be aware of the Rules and Regulations of the TOKYO AIM Exchange, which are available on its website.
3. The TOKYO AIM Exchange does not represent or warrant any part of the Program Information (including, but not limited to, whether the Program Information contains (a) a false statement on important matters or (b) lacks a statement on: (i) important matters that should be stated or (ii) a material fact that is necessary for avoiding misunderstanding) and will not be liable to any damages for any other liabilities.
4. This Program Information shall constitute an integral part of Specified Securities Information when it is

published pursuant to the provisions of Article 7, Paragraph 1 of the Regulations.

## **PART I SECURITIES INFORMATION (5)**

### **I. TERMS AND CONDITIONS OF PRIMARY OFFERING FOR SUBSCRIPTION TO SPECIFIED INVESTORS**

Information other than that listed below will be included in Specified Securities Information each time a primary offering for subscription is made to specified investors:

#### **I-1 Bonds to Be Newly Issued**

#### **I-2 Underwriting of Bonds and Entrustment of Bond Administration**

#### **I-3 Use of Proceeds from New Issuance**

##### **(1) Amount of Proceeds from New Issuance**

##### **(2) Use of Proceeds**

### **II. TERMS AND CONDITIONS OF SECONDARY DISTRIBUTION TO SPECIFIED INVESTORS**

Information other than that listed below will be included in Specified Securities Information each time secondary distribution is offered to specified investors:

#### **II-1 Bonds for Secondary Distribution**

#### **II-2 Terms and Conditions for Secondary Distributions**

### **III. OTHER MATTERS**

## **PART II CORPORATE INFORMATION**

### **I. OUTLINE OF COMPANY**

#### **I-1 Trends of Principal Operating Data**

#### **I-2 Brief History**

#### **I-3 Business Description**

#### **I-4 Affiliate Companies**

### **II. FINANCIAL CONDITIONS**

#### **Consolidated Financial Statements, etc.**

##### **(1) Consolidated Financial Statements**

###### **(i) Consolidated Balance Sheet**

###### **(ii) Consolidated Statement of Profit or Loss Statement**

###### **(iii) Consolidated Statement of Changes in Shareholders' Equity**

###### **(iv) Consolidated Statement of Cash Flow**

###### **(v) Consolidated Supplemental Schedule**

**(2) Description of Major Assets and Liabilities**

**(3) Other Matters**

**PART III INFORMATION ON GUARANTOR OF THE COMPANY**

**PART IV SPECIAL INFORMATION**

**I. FORMAT OF SECURITIES**

**II. ASSURANCE OF EXTERNAL EXPERT**

## Instructions

### (1) General

Required information as outlined above and the instructions in this section are intended to indicate general requirements. In the case where there are unavoidable circumstances that make it difficult to submit Program Information in accordance with them, to the extent that will not cause misunderstanding by investors, Program Information may be prepared in a similar format in consideration, as necessary, of the laws and regulations, accounting standards (limited to those approved by Article 6, Paragraph 4 of the Regulations), commercial practice, etc. of the home country. Matters for which there are no instructions in this Form shall be prepared in accordance with the instructions to Form 5. In the case where Program Information is prepared in English, it shall be prepared in a manner consistent with the required information as outlined above and the instructions in this section.

### (2) Expected issuance period

- a. The duration of the expected issuance period shall be one year.
- b. The first day of the expected issuance period shall be the day on which eight days have passed since the date of submission of Program Information.

### (3) Expected issue amount or maximum outstanding issuance amount

With regard to the total primary issue price or total secondary distribution price of the securities for which a primary offering for subscription to specified investors or secondary distribution to specified investors by way of the submission of Program Information is scheduled, the choice between “Expected Issuance Amount” and “Maximum Outstanding Issuance Amount” as well as the applicable amount shall be indicated.

### (4) Submission status of Issuer Filing Information

An issuer who has published Issuer Filing Information continuously for a period of one year or more shall state to that effect. In this case, the issuer may omit information required in Part II of this Form.

### (5) Securities information

Except for the name of a financial instruments firm who is the lead underwriter expected to underwrite the relevant securities, the whole or part of the required information may be omitted. If the lead underwriter has not been appointed from financial instruments firms that conclude a wholesale underwriting contract, the name of the main financial instruments firms that are expected to conclude a wholesale underwriting contract shall be indicated.

### (6) Special provisions in the case of multiple-issuer submission

In the case where two or more parties jointly submit Program Information pursuant to the provisions of Article 5, Paragraph 3 of the Regulations, information with regard to the items from Company Name to Liaison Contact shall be indicated for each of said multiple parties. The amount under the item Expected Issuance Amount or Maximum Outstanding Issuance Amount shall be indicated as the total of the relevant amounts attributable to said multiple parties for the expected issuance period. In addition, the financial statements, etc. of said multiple parties shall be included at the end of PART II CORPORATE INFORMATION — II. FINANCIAL CONDITIONS.

## Written Assurance regarding Initial Listing Application

Date:

To: TOKYO AIM Exchange

Address of principal place of business:

Name of the applicant:

Name and title of

the representative: \_\_\_\_\_

(Name, Title)

\_\_\_\_\_ (the "Applicant"), upon submitting program information to TOKYO AIM (the "Exchange"), hereby assures the following:

1. Documents submitted by the Applicant to the Exchange in the course of submission of program information, initial listing application based on said program information, and examination/confirmation of listing qualification contain all necessary information without omission and the contents of such documents are wholly true and correct.
2. The Applicant will comply with any and all of the operating rules, the TOKYO PRO-BOND Market Listing Regulations, and any other rules including bylaws in relation to such rules established by, and to be established or revised by, the Exchange (collectively, the "Rules") as may be applicable to the Applicant as well as the bonds thereof to be listed based on said program information (collectively, the "Listed Bonds").
3. The Applicant will comply with any and all of the orders, procedures and measures including delisting of the Listed Bonds, and suspension of sales and purchase of the Listed Bonds made, conducted or taken by the Exchange in accordance with the Rules.
4. If any suit arise from this written assurance or arise between the Applicant and the Exchange in connection with the Listed Bonds, Tokyo District Court shall have an exclusive jurisdiction over such a suit as the court of first instance.

### Written Oath regarding the Initial Listing Application

Date of submission (MM/DD/YY):

To: TOKYO AIM Exchange

Address of principal place of business:

\_\_\_\_\_  
\_\_\_\_\_

Name of the issuer:

\_\_\_\_\_

Name and Title of the representative:

\_\_\_\_\_

Signature of the representative:

\_\_\_\_\_  
\_\_\_\_\_

In connection with our initial listing application to TOKYO AIM. (the "Exchange"), we, (name of the issuer), hereby affirm the following:

1. With respect to the documents to be filed with the Exchange for the initial listing application and the listing examination, we have provided all required information, and all such information is complete and correct.
  
2. If any breach has been discovered with respect to the above paragraph, or to any and all of the operating rules, the TOKYO PRO-BOND Market Listing Regulations, and or any other rules including bylaws in relation to such rules established by, and to be established or revised by, the Exchange (collectively the "Rules"), we will raise no objection (unless allowed under the Rules) to any measures taken by the Exchange in response thereto.

## SPECIFIED SECURITIES INFORMATION

[Cover]

Type of Information: Specified Securities Information

Date of Filing (DD/MM/YY):

Company Name:

Name and Title of Representative:

Address of Registered Office:

Telephone:

Liaison Contact:

Type of Securities:

Total Primary Issue Price or Total Secondary  
Distribution Price:

Financial Instruments Exchange Market:

Stabilization:

Address of Publication Website:

Submission Status of Annual Securities Reports

Notes to Investors:

1. TOKYO PRO-BOND Market is a market for professional investors, etc. and bonds and other instruments listed in the market (“Listed Bonds”) may involve a higher investment risk. Investors should act with responsibility and be aware of the listing qualification and timely disclosure requirements that apply to issuers of Listed Bonds in the TOKYO PRO-BOND Market and associated risks such as the fluctuation of market prices. Prospective investors should make an investment judgment only after having carefully considered the contents of this Specified Securities Information.
2. Where this Specified Securities Information contains (a) any false statement on important matters, or (b) lacks a statement on: (i) important matters that should be stated or (ii) a material fact that is necessary for avoiding misunderstanding, a person who at the time of publication of this Specified Securities Information, is an officer (meaning a director (*torishimari-yaku*), accounting advisor (*kaikei-sanyo*), company auditor (*kansa-yaku*) or executive officer (*shikkou-yaku*), or a person who can be regarded as equivalent thereto) of the Company shall be liable to compensate persons who acquire the Securities for the damage arising from the fake statement or lacks of the required statement (Article 27-33, Article 21, Paragraph 1, Item 1, Article 27-34 and Article 22 of the Financial Instruments and Exchange Law of Japan (the “Act”). This shall not apply to cases where the person who acquired the Securities knew of the existence of the false statement or the lack of the required statement at the time of acquiring the Securities. Additionally, the officer shall not be required to assume the liability prescribed above, where he/she

proves that he /she did not know of, or was not able to know of even with reasonable care, the existence of the false statement or the lack of the required statement.

3. The regulatory framework for TOKYO PRO-BOND Market is different in certain fundamental respects from the regulatory framework applicable to existing exchange markets in Japan. Investors should be aware of the Rules and Regulations of the TOKYO AIM Exchange, which are available on its website.
4. The TOKYO AIM Exchange does not represent or warrant any part of the Specified Securities Information (including, but not limited to, whether the Specified Securities Information contains (a) a false statement on important matters or (b) lacks a statement on: (i) important matters that should be stated or (ii) a material fact that is necessary for avoiding misunderstanding) and will not be liable to any damages including liability as described in the above item 2.

## **PART I SECURITIES INFORMATION**

### **I. TERMS AND CONDITIONS OF PRIMARY OFFERING FOR SUBSCRIPTION TO SPECIFIED INVESTORS**

#### **I-1 Corporate Bonds to Be Newly Issued (3)**

Series	
Register / Bearer	
Total Face Value or Total Value of Book-entry Bonds (Yen)	
Value per Bond (Yen)	
Total Issue Price (Yen)	
Issue Price (Yen)	
Coupon Rate (%)	
Coupon Payment Date	
Method for Coupon Payment	
Maturity	
Redemption Method	
Method for Primary Offering for Subscription to Specified Investors	
Subscription Deposit (Yen)	
Subscription Period	
Place for Handling Subscription	
Subscription Payment Due Date	
Institution for Book-entry Transfer	
Type of Security Interest	
Security Collateral	
Seniority of Security Interest	
Amount of Claims with a Senior Security Interest	
Rights That Can Be Asserted Against Secured Creditors with Regard to the Security Collateral	
Trustee Company under the Secured Bonds Trust Act	
Guarantee of Collateral	
Financial Covenants (Negative Pledge Clause)	
Financial Covenants (Other Clauses)	
Credit Rating	

#### **I-2 Underwriting of Corporate Bonds and Entrustment of Bond Administration (4)**

##### **(1) Underwriting of Corporate Bonds**

Name of Underwriter	Address	Amount Underwritten (Yen)	Underwriting Terms and Conditions

Total	—		

**(2) Entrustment of Bond Administration**

Name of Bond Administrator	Address	Terms and Conditions of Entrustment

**I-3 Use of Proceeds from New Issuance**

**(1) Amount of Proceeds from New Issuance**

Total Amount of Proceeds (Yen)	Estimated Amount of Issuance Cost (Yen)	Estimated Amount of Net Proceeds (Yen)

**(2) Use of Proceeds**

**II. TERMS AND CONDITIONS OF SECONDARY DISTRIBUTION TO SPECIFIED INVESTORS**

**II-1 Corporate Bonds for Secondary Distribution**

Series	Total Face Value or Total Value of Book-entry Bonds (Yen)	Total Distribution Price (Yen)	Address and Name of the Holder of Bonds Pertaining to Secondary Distribution

**II-2 Terms and Conditions for Secondary Distributions (5)**

Distribution Price (Yen)	Subscription Period	Subscription Unit	Subscription Deposit (Yen)	Place for Accepting Subscription	Address and Name of the Person Entrusted with Secondary Distribution	Terms and Conditions of the Contact for Entrustment of Secondary Distribution

**III. OTHER MATTERS**

**PART II CORPORATE INFORMATION (6)**

**I. OUTLINE OF COMPANY**

**I-1 Trends of Principal Operating Data**

**I-2 Brief History**

**I-3 Business Description**

**I-4 Affiliate Companies**

**II. FINANCIAL CONDITIONS**

**Consolidated Financial Statements, etc.**

**(1) Consolidated Financial Statements**

- (i) Consolidated Balance Sheet**
- (ii) Consolidated Statement of Profit or Loss Statement**
- (iii) Consolidated Statement of Changes in Shareholders' Equity**
- (iv) Consolidated Statement of Cash Flow**
- (v) Consolidated Supplemental Schedule**

**(2) Description of Major Assets and Liabilities**

**(3) Other Matters**

**PART III INFORMATION ON GUARANTOR OF THE COMPANY**

**I. CORPORATE BONDS COVERED BY GUARANTEE (7)**

**II. MATTERS CONCERNING THE GUARANTOR WHO IS A COMPANY SUBJECT TO ONGOING DISCLOSURE (8)**

**III. MATTERS CONCERNING THE GUARANTOR WHO IS NOT A COMPANY SUBJECT TO ONGOING DISCLOSURE (9)**

**III-1 Company Name, Name and Title of Representative, and Address of Registered Office**

**III-2 Outline of Company**

**III-3 Financial Conditions**

**PART IV SPECIAL INFORMATION**

**I. FORMAT OF SECURITIES**

**II. ASSURANCE OF EXTERNAL EXPERT**

## Instructions

### (1) General

- a. Required information as outlined above and the instructions in this section are intended to indicate general requirements. In the case where there are unavoidable circumstances that make it difficult to submit Specified Securities Information in accordance with them, to the extent that will not cause misunderstanding by investors, Specified Securities Information may be prepared in a similar format (including presentation; the same shall apply hereinafter) in consideration, as necessary, of the laws and regulations, accounting standards (limited to those approved by Article 6, Paragraph 4 of the Regulations), commercial practice, etc. of the home country. Matters for which there are no instructions in this Form shall be prepared in accordance with the instructions (1) b,c,d,g,h,i,j, (2),(3),(6),(7),(8), (9),(10),(11), (18),(19)b,c,(20)b,c,(21)b,c,e,f,(26),(27),(28),(29),(60),(61),(62),(63),(64),(65),(66),(67),(68),(71) and (72) of Form 3 of the TOKYO AIM Listing Regulations. In the case where Specified Securities Information is prepared in English, it shall be prepared in a manner consistent with the required information as outlined above and the instructions in this section.
- b. The required information as outlined above and the instructions in this section apply specifically to domestic corporate bonds. Specified Securities Information for bonds other than domestic corporate bonds shall be prepared in accordance with them with any necessary adjustments, such as replacing the term “corporate bonds” with “bonds” as applicable.
- c. In the case where it is necessary to make an offer before the issue price is determined, the Applicant may choose not to publish the following matters among the matters listed in Part I Securities Information. In this case, the Applicant shall, in accordance with Article 7, Paragraph 2 of the Regulations, publish Amended Specified Securities Information containing the matters that were not published in Specified Securities Information when the contents of these matters are finalized:
  - (a) Value per bond;
  - (b) Issue price (or distribution price);
  - (c) Coupon rate (limited to the case of primary offering of subscription);
  - (d) Subscription deposit;
  - (e) Subscription period;
  - (f) Place for handling subscription (or place for accepting subscription);
  - (g) Subscription payment due date;
  - (h) Place for paying coupon interest (limited to the case of primary offering of subscription);
  - (i) Name and address of the underwriter (or the person entrusted with secondary distribution) (excluding the lead underwriter appointed from the financial instruments firms that conclude a wholesale underwriting contract);
  - (j) Amount underwritten and underwriting terms and conditions (or terms and conditions of the contract for entrustment of secondary distribution);
  - (k) Name and address of the bond administrator (limited to the case of primary offering of subscription); and
  - (l) Terms and conditions of the entrustment of bond administration to bond administrator (limited to the case of primary offering of subscription).

### (2) Special provisions regarding the cover page of this Form

In the case where an Issuer who has submitted Program Information publishes Specified Securities Information for bonds to be issued during the expected issuance period specified in the Program Information, the following matters shall be indicated between Total Primary Issue Price or Total Secondary Distribution Price and Financial Instruments Exchange Market in the cover page of this Form. In this case, the Issuer shall indicate, in the following Matters Indicated in Program Information column, the respective items indicated in Program Information:

Matters Indicated in Program Information

Date of Filing (DD/MM/YY):	
Expected Issuance Period	
Expected Issuance Amount or Maximum Outstanding Issuance Amount	

(3) Corporate bonds to be newly issued

- a. The Series column shall indicate, by way of example, “XXth Series Unsecured Corporate Bonds (with Negative Pledge Clause),” “XXth Series Unsecured Corporate Bonds (with Limited Negative Pledge Clause),” “XXth Series Unsecured Corporate Bonds (with Limited Inter-bond Pari Passu Clause),” etc.
- b. If the corporate bonds to be newly issued are book-entry bonds, description in the Register/Bearer column may be omitted.
- c. The Issue Price column shall indicate the issue price per 100 yen face value.
- d. The Institution for Book-entry Transfer column shall indicate the name and address of the Institution for Book-entry Transfer (meaning the Institution for Book-entry Transfer prescribed in Article 2, Paragraph 2 of the Act on Transfer of Bonds, Shares, etc.; the same shall apply hereinafter in this item d.), if one has been appointed.
- e. The Method for Primary Offering for Subscription to Specified Investors column shall indicate the outline of the method for primary offering for subscription to specified investors such as “public offering with certain preemptive rights granted to existing shareholders,” “undersubscribed issue (meaning the issuance of corporate bonds in the case where the written application for subscription provides that corporate bonds may be issued even if the total subscription amount falls short of the total issue price),” etc.
- f. The Method for Coupon Payment column shall indicate the interest calculation period, the place for paying coupon interest, etc. In the case where the Issuer submits Specified Securities Information without specifying the place for paying coupon interest, the timing and specific method for determining it shall be indicated in the notes.
- g. The Redemption Method column shall indicate the redemption amount and the redemption method (buy-back redemption, optional redemption, sinking fund, etc.).
- h. The Guarantee of Collateral column shall indicate the terms and conditions of guarantee, if any.
- i. In the case where the Issuer submits Specified Securities Information without specifying Issue Price, Coupon Rate, or Place for Handling Subscription, the timing and specific method for determining these matters shall be indicated in the notes.
- j. In the case where the Issuer submits Specified Securities Information without specifying Issue Price, the Total Issue Price column shall indicate the expected amount estimated as of the date of submission of Specified Securities Information and a statement to that effect shall be included in the notes.
- k. The Financial Covenants column shall indicate the terms and conditions of the financial covenants (limited to those that are established for the protection of the holders of bonds to be newly issued and have the effect of forfeiting the benefit of time or modify said effect under certain conditions) by categorizing them into negative pledge clause and other clauses (net asset maintenance, earnings maintenance, additional security interest, etc.).  
If there are any financial covenants that apply to the guarantor of the bonds to be newly issued, the terms and conditions of such financial covenants shall also be included.
- l. The Credit Rating column shall indicate the credit rating granted to the bonds to be newly issued in response to the request by the Issuer, the name of the rating agency who granted the rating, the date on which said rating was granted, and the conditions for granting the rating, if any. If two or more

credit ratings have been granted, all of these ratings shall be disclosed.

(4) Underwriting of corporate bonds and entrustment of bond administration

- a. In the case where the bond administrator has not been determined, the name of the bond administrator with whom the Issuer is expected to conclude a contract for entrustment of bond administration shall be indicated.
- b. The Underwriting Terms and Conditions column shall indicate full/partial underwriting, underwriting fees paid to the underwriter, etc.
- c. The Terms and Conditions of Entrustment column shall indicate the bond administration fees paid to the bond administrator, etc.
- d. In the case where the Issuer publishes Specified Securities Information without specifying Name and Address of Underwriter, Amount Underwritten and Underwriting Terms and Conditions, Name and Address of Bond Administrator, or Terms and Conditions of Entrustment, the timing for determining these matters shall be indicated in the notes.

(5) Terms and conditions of secondary distribution to specified investors

The Distribution Price column shall indicate the distribution price per 100 yen face value or per 100 yen of book-entry bonds.

(6) Special provisions regarding Part II of this Form

- a. Company subject to ongoing disclosure  
An Issuer who has published annual securities reports continuously for a period of one year or more shall state to that effect on the cover. In this case, the Issuer may omit information required in Part II of this Form.
- b. Reference method for Issuer Filing Information  
An Issuer who has published Issuer Filing Information continuously for a period of one year or more may omit information required in Part II of this Form in accordance with the provisions of Article 27-31, Paragraph 3 of the Act by stating that the latest Issuer Filing Information and amended Issuer Filing Information (hereinafter collectively referred to as "Reference Information") pertaining to said Issuer is available by way of reference. In this case, the method to be determined by the Specified Exchange Regulations as set forth in Article 4, Paragraph 2, Item 1 of the Cabinet Office Ordinance on Provision or Publication of Securities Information shall be the method in which a statement to the effect that information on the matters listed in Article 2, Paragraph 2, Item 1(c) and (d) of the Cabinet Office Ordinance on Provision or Publication of Securities Information (or Item 2(c) and (d) of said paragraph if the securities to be issued are specified securities) is available by way of reference as well as the name of the reference information, date of publication, and the URL of the website on which the reference information is published are indicated in the Reference Information column, which shall be created in Part II of this Form.
- c. In the case where Program Information has been published  
In the case where an Issuer who has neither published annual securities reports nor Issuer Filing Information, but has published Program Information publishes Specified Securities Information pertaining to the bonds to be issued during the expected issuance period indicated in said Program Information, the Issuer may omit information required in Part II of this Form by stating that the relevant information is available by way of reference to Part II of said Program Information.

(7) Corporate bonds covered by guarantee

In the case where this publication pertains to secondary distribution, with regard to the corporate bonds covered by guarantee, the name of the corporate bonds, issue date, total face value or total value of book-entry

bonds, redemption amount, outstanding balance as of the last day of the latest fiscal year of the Issuer, and the name of the Financial Instrument Exchange in which the bonds are listed or the name of the Authorized Financial Instruments Firms Association with which the Issuer is registered shall be indicated.

(8) Matters concerning the guarantor who is a company subject to ongoing disclosure

If the corporate bonds pertaining to this publication are covered by guarantee and the guarantor is a company subject to ongoing disclosure, a statement to that effect shall be included.

(9) Matters concerning the guarantor who is not a company subject to ongoing disclosure

a. This information shall be included if the corporate bonds pertaining to this publication are covered by guarantee and the guarantor is not a company subject to ongoing disclosure..

b. Matters in III-2 Outline of Company and III-3 Financial Conditions shall be indicated in a manner consistent with those indicated in Part II Corporate Information – I Outline of Company and II Financial Conditions of this Form.

Consolidated and nonconsolidated statements of cash flow of the guarantor may be omitted.

## Listing Agreement

Date:

To: TOKYO AIM Exchange

Address of principal place of business:

Name of the issuer:

Name and title of

the representative: \_\_\_\_\_

(Name, Title)

\_\_\_\_\_ (the "Issuer"), upon listing the bonds including other products of the Issuer, hereby agrees on the following items indicated by TOKYO AIM (the "Exchange").

1. The Issuer shall comply with any and all of the operating rules, the TOKYO PRO-BOND Market Listing Regulations, and any other rules including bylaws in relation to such rules established by, and to be established or revised by, the Exchange (collectively, the "Rules") as may be applicable to the Issuer as well as the bonds thereof to be listed (collectively, the "Listed Bonds").
2. The Issuer shall comply with any and all of the orders, procedures and measures including delisting of the Listed Bonds, and suspension of sales and purchase of the Listed Bonds made, conducted or taken by the Exchange in accordance with the Rules.
3. If any suit arise from this agreement or arise between the Issuer and the Exchange in connection with the Listed Bonds, Tokyo District Court shall have an exclusive jurisdiction over such a suit as the court of first instance.

## ISSUER FILING INFORMATION

[Cover]

Type of Information:

Issuer Filing Information

Date of Filing (DD/MM/YY):

Company Name:

Name and Title of Representative:

Address of Registered Office:

Telephone:

Liaison Contact:

Financial Instruments Exchange Market:

Address of Publication Website:

Notes to Investors:

1. TOKYO PRO-BOND Market is a market for professional investors, etc. and bonds and other instruments listed in the market (“Listed Bonds”) may involve a higher investment risk. Investors should act with responsibility and be aware of the listing qualification and timely disclosure requirements that apply to issuers of Listed Bonds in the TOKYO PRO-BOND Market and associated risks such as the fluctuation of market prices. Prospective Investors should make an investment judgment only after having carefully considered the contents of this Issuer Filing Information.
2. Where this Issuer Filing Information contains (a) any false statement on important matters, or (b) lacks a statement on: (i) important matters that should be stated or (ii) a material fact that is necessary for avoiding misunderstanding, a person who at the time of publication of this Issuer Filing Information, is an officer (meaning a director (*torishimari-yaku*), accounting advisor (*kaikei-sanyo*), company auditor (*kansa-yaku*) or executive officer (*shikkou-yaku*), or a person who can be regarded as equivalent thereto) of the Company shall be liable to compensate persons who acquire the Securities for the damage arising from the false statement or lacks of the required statement (Article 27-34 and Article 22 of the Financial Instruments and Exchange Law of Japan). This shall not apply to cases where the person who acquired the Securities knew of the existence of the false statement or the lack of the required statement at the time of acquiring the Securities. Additionally, the officer shall not be required to assume the liability prescribed above, where he/she proves that he /she did not know of, or was not able to know of even with reasonable care, the existence of the false statement or the lack of the required statement.
3. The regulatory framework for TOKYO PRO-BOND Market is different in certain fundamental respects from the regulatory framework applicable to existing exchange markets in Japan. Investors should be aware of the Rules and Regulations of the TOKYO AIM Exchange, which are available on its website.
4. TOKYO AIM Exchange does not represent or warrant any part of the Issuer Filing Information (including, but not limited to, whether the Issuer Filing Information contains (a) a false statement on important matters or (b)

lacks a statement on: (i) important matters that should be stated or (ii) a material fact that is necessary for avoiding misunderstanding) and will not be liable to any damages including liability as described in the above item 2.

## **PART I CORPORATE INFORMATION**

### **I. OUTLINE OF COMPANY**

#### **I-1 Trends of Principal Operating Data**

#### **I-2 Brief History**

#### **I-3 Business Description**

#### **I-4 Affiliate Companies**

### **II. FINANCIAL CONDITIONS**

#### **Consolidated Financial Statements, etc.**

##### **(1) Consolidated Financial Statements**

- (i) Consolidated Balance Sheet**
- (ii) Consolidated Statement of Profit or Loss Statement**
- (iii) Consolidated Statement of Changes in Shareholders' Equity**
- (iv) Consolidated Statement of Cash Flow**
- (v) Consolidated Supplemental Schedule**

##### **(2) Description of Major Assets and Liabilities**

##### **(3) Other Matters**

## **PART II SPECIAL INFORMATION**

### **I. EXPERTS CONSENT**

## **Instructions**

This Form shall be prepared in accordance with the instructions to Form 5 (including presentation; the same shall apply hereinafter) with any necessary replacement of terms.

Required information as outlined above and the instructions in this section are intended to indicate general requirements. In the case where there are unavoidable circumstances that make it difficult to submit Issuer Filing Information in accordance with them, to the extent that will not cause misunderstanding by investors, Issuer Filing Information may be prepared in a similar format in consideration, as necessary, of the laws and regulations, accounting standards (limited to those approved by Article 6, Paragraph 4 of the Regulations), commercial practice, etc. of the home country. In the case where Issuer Filing Information is prepared in English, it shall be prepared in a manner consistent with the required information as outlined above and the instructions in this section.

## **Q&A about the TOKYO PRO-BOND Market**

### **Objectives for the establishment of the TOKYO PRO-BOND Market**

Q1: What are your objectives for establishing the TOKYO PRO-BOND Market?

A1: The TOKYO PRO-BOND Market is to serve as a new bond market for professional investors under a 2008 revision to the Financial Instruments and Exchange Act that provides a legal framework for the establishment of markets intended solely for financial professionals.

The large majority of bonds — particularly bonds which are not required to have bond administration companies and whose face value is 100 million Yen or more— issued within the Japanese bond market are intended for professional investors; yet, despite that characteristic, the disclosure framework of the FIEA and business practice are quite prescriptive as they also cover individual investors. On a similar note, many foreign issuers are interested in issuing bonds in Japan; yet, because of obstacles presented by a requirement that disclosure be in Japanese, the value of new issuances has not necessarily been on an uptrend.

The TOKYO PRO-BOND Market seeks to make full use of the legal framework for markets for professionals while providing additional flexibility and efficiency with regards to bond issuances comparable to what is provided by the euro market. It seeks to improve the attractiveness of the market for bond issuers, investors, securities companies, and other related parties both within Japan and internationally, thereby contributing to the development of the Japanese bond market as a core Asian exchange.

Q2: What merits will the TOKYO PRO-BOND Market provide to bond issuers and investors?

A2: The TOKYO PRO-BOND Market will provide issuers with a high degree of flexibility and nimbleness.

By simplifying the process for listing bonds, most notably by simplifying disclosure requirements while maintaining the quality of information to be provided to investors, we hope to make it easier for issuers to issue bonds in a flexible and timely manner. We also intend to make it easy for investors to access essential information on the Exchange website. As with overseas MTN (medium-term note) programs, an issuer, once it has registered the amount it intends to raise within the year together with basic financial and other information (Program Listing), would be able to issue bonds when and as desired up to the limit of the registered amount.

Foreign issuing entities (corporations, organisations) likewise stand to benefit from the added convenience. Whereas conventional samurai bond issues require Japanese-language disclosure, the TOKYO PRO-BOND Market allows English-language disclosure or a combination of the two. Similarly, financial statements may be based on Japanese accounting standards (J-GAAP), international accounting standards (IFRS), or US accounting standards (US-GAAP), and the bonds may be denominated in a variety of currencies including Yen but not limited to Yen.

Domestic and overseas investors will benefit from the increased variety of securities in the

Japanese market because more domestic and overseas issuers will be able to issue in Japan utilizing the TOKYO PRO-BOND Market. Overseas investors will find it easier to invest in the Japanese market thanks to increased disclosure in English. European and other overseas investors who are restricted from investing in non-listed securities will also be able to invest in bonds issued in Japan and their investment opportunities will be broader. Finally, the information for investors will be concentrated in the TOKYO AIM website and will be easily accessible for them.

\* MTN is an abbreviation for “medium term note,” and refers to bonds issued in accordance with an MTN program, which is the most common way of issuing corporate bonds in the Euromarket. Under an MTN program, issuers conclude a basic agreement with several dealers prior to the issue of a series of bonds so that they can issue bonds flexibly according to their financing needs. MTN programs are typically listed on the London Stock Exchange, Luxembourg Stock Exchange and other exchanges.

### **Overview, definitions (Market Listing Regulations 1–3, Regulation 26)**

Q3: What kind of marketable securities can be listed?

A3: The following may be listed on the exchange: corporate bonds issued by domestic or foreign legal entities; securities issued by domestic or foreign legal entities under special statute; bonds of investment corporations; among foreign investment securities in investment corporations, those securities similar to bonds of investment corporations; municipal bonds of domestic or foreign issuers; specified corporate bonds issued by domestic legal entities; among beneficiary certificates of special purpose trusts, those of the type that with regard to cash distributions during the trust period receive distributions in predetermined amounts; beneficiary certificates of special purpose trusts issued by foreign entities; and government bonds issued by foreign sovereigns. There are no particular restrictions on the place of issuance.

With regards to corporate bonds, one may list not only straight bonds but also, as long as they fall under the definition of a corporate bond, structured bonds. Note, however, that this does not apply to convertible corporate bonds or exchangeable corporate bonds. Islamic bonds may be listed if in the form of beneficiary certificates of special purpose trusts.

Q4: May one later change the language of disclosure? What are the points to keep in mind here?

A4: The language of disclosure may be changed. For example, a foreign issuing entity may decide to present disclosure materials in Japanese and English at the time of the issuance and later follow with English-language disclosure. However, it would be necessary to take measures to ensure that investors are clear about the disclosure language being adopted by, for example, letting them know at the time of issuance that subsequent disclosure will be conducted only in English.

Q5: Regulation 3 of the Market Listing Regulations states that “the legal systems and

actual practices that prevail in the home countries of issuers.” Specifically, what does this mean?

A5: It means that we will broadly recognize the legal systems and practices that exist in the country where the bonds are issued, rather than the legal systems and practices of the country in which the issuing entity is legally established. The Exchange operates on a principles-based approach (Regulations 1 and 2 of the Market Listing Regulations); and, based on that, we intend to apply these regulations in a flexible and appropriate manner with due consideration of bond market practices.

### **Market Listing Regulations (Regulations 4–8)**

Q6: Would you explain the relationship between bond issuance and listing?

A6: If an issuer wants to issue bonds utilizing disclosure frameworks of the TOKYO PRO-BOND Market, the bonds have to be listed on the TOKYO PRO-BOND Market. If not listed on the TOKYO PRO-BOND Market, an issuer would have to use some other system (i.e., some method of subscription recognized by the Financial Instruments and Exchange Act, perhaps by filing a marketable securities application, soliciting qualified institutional investors, or arranging a small private placement) and thus would be unable to receive the benefits provided by the TOKYO PRO-BOND Market (flexibility combined with an ability to sell to essentially the same general range of investors (excluding individual investors) that one would sell to now).

Q7: Where and when can a Securities Listing Application Statement be filed?

A7: Applications are accepted at the offices of the Exchange. The reception desk is open while the Exchange is in session (from 8:45 to 16:45), although we will take into consideration time differences and other such factors so as to make the process more convenient for overseas issuing entities. The same hours apply to electronic submission.

Q8: May we appoint a representative to file an application in our place? Furthermore, can we file the application and receive advice in English?

A8: A representative may file an application for you. Also, applications, advice, and confirmations can all be conducted in English.

Q9: What is meant by “Program Information”? What is to be gained by presenting it? What obligations are incurred upon doing so?

A9: Program Information is equivalent to the shelf registration documents defined in the Financial Instruments and Exchange Act and indicates a maximum limit for the value of bonds that can be issued by the issuing party within a set period. Program Information is to be rated, and a candidate for lead managing underwriter is to be listed. Once this is done, one can flexibly issue and list the bonds at the time of issuance. Note that the bond issuing

entity (the party that submitted the Program Information) does bear a responsibility to observe Exchange rules, including requirements for timely disclosure.

Q10: What is the difference between Program Information and shelf registration documents?

A10: Shelf registration documents are disclosures issued under the stipulations of the Financial Instruments and Exchange Act, whereas Program Information is based on Exchange regulations. Program Information is to be presented on Form No. 2 (a format prepared by the Exchange) or on some other form deemed appropriate by the Exchange. Note that Form 2 is essentially a simplified version of the shelf registration documents.

Q11: You mean that it is possible to use some form other than Form No. 2 to submit Program Information?

A11: Yes, we accept formats considered appropriate based on the Rule 3, Paragraph 1 of the TOKYO PRO-BOND Market Listing Enforcement Rules. The program format utilised for the euro MTN program, for example, could be used as is.

Q12: What is the relationship between Program Information and Specified Securities Information?

A12: When, after submitting Program Information, the party wants to issue and list bonds of a value within the maximum limit, it must file a Specified Securities Information report. Note the report may simply refer to the Program Information contents.

Q13: Must we submit Program Information?

The submission of Program Information is voluntary. As with shelf registration statements, a party that issues bonds frequently (several times a year) would benefit considerably from submitting Program Information, as it would speed up and simplify processing for each issuance. However, for a party that issues bonds only once a year or so, there might not be a material benefit from submitting Program Information. Such a party would normally issue and list bonds by simply presenting Specific Securities Information alone.

Q14: Are there any necessary conditions for utilizing Program Information?

A14: Program Information must accord with the listing eligibility requirements of Regulation 5 and 9 of the Market Listing Regulations. In principle, the Program Information must have a rating from a credit rating agency and the lead managing underwriter must be registered on the Lead Managing Underwriter List prepared by the Exchange.

Q15: Do bonds issued using Program Information have to be listed?

A15: No, not necessarily, the issuing party is free to determine whether or not to list the bond. However, if the issuing party chooses not to list, it must necessarily conduct the issuance under another system, for example by soliciting qualified institutional investors or arranging a small private placement.

Q16: How is Program Information publicly disclosed?

A16: Program Information is to be continually posted on the Exchange website and on the website normally utilized by the issuing party to disclose information.

Q17: What is Specified Securities Information?

A17: Specified Securities Information refers to documents that are to be submitted (and publicly disclosed) upon the issuance/listing of bonds under the TOKYO PRO-BOND Market system. It is equivalent to a Securities Registration Statement in the case of a public offering. The contents and format of a Specified Securities Information report are determined by the Exchange. Note that the Exchange is doing much to minimize the costs entailed by preparing additional documentation for the TOKYO PRO-BOND Market. For example, companies that continually file Annual Securities Reports with the FSA do not need to state corporate information including financial statements in the report. Secondly, overseas issuers may submit the reporting documents they provide to their home country financial authorities or exchanges.

Q18: May we use a form other than Form No. 5 to submit Specified Securities Information?

A18: Yes, we accept formats considered appropriate based on Rule 4, Paragraph 2, of the TOKYO PRO-BOND Market Listing Enforcement Rules. For example, the disclosure formats utilized in the euro market may be used here as well.

Q19: When the bonds have been guaranteed, is it necessary to also disclose information on the guarantor?

A19: Yes, Form No. 5 asks for guarantor information.

Q20: Could you tell us about special exemptions concerning Specified Securities Information?

A20: A company that has continually filing Annual Securities Reports with the FSA over an entire year is required to indicate that it files Annual Securities Reports and they can leave the corporate information section of the Specified Securities Information form (Form No. 5, Section2) blank. Also, there would be no need to present/disclose Issuer Filing Information. Issuers are required to disclose the terms and conditions of issuance of the bonds in place of

Specified Securities Information when conducting solicitations for securities covered by Article 3 of the Financial Instruments and Exchange Act (municipal bonds, etc.).

Q21: How would Specified Securities Information be presented in a case in which Program Information has already been disclosed?

A21: If, after presenting Program Information, the party wants to pursue and list bonds within the maximum limit, it must file a Specified Securities Information report. Note the Specified Securities Information may simply refer to the Program Information contents. That is, the contents are quite simple, equivalent to a supplemental shelf registration document. Note too that while a supplemental shelf registration document requires continuous disclosure (appendage of or referral to annual and quarterly reports), a Specified Securities Information report merely needs to indicate that an Annual Securities Report has been issued.

Q22: What accounting standards will you recognize?

We will recognize the following standards — J-GAAP, US-GAAP, or IFRS — or an alternative accounting standard deemed acceptable by the Exchange. If applicable, audits by audit firms must include and disclose the discrepancies between one and the other among the three standards (i.e., adjusted disclosure).

Q23: Could you tell us how Specified Securities Information is to be disclosed?

A23: Program Information is to be continually posted on the Exchange website and on the website normally utilized by the issuing party to disclose information.

### **Listing eligibility (Market Listing Regulations 9–12)**

Q24: Is the Exchange to conduct listing examinations?

A24: The Exchange will confirm that the bonds satisfy the necessary conditions for listing eligibility under Regulation 9. When listing equities, the examination can be quite rigorous. However, we will simply confirm that some formal requirements have been met and thus expect our examinations to be limited and conducted on a timely basis.

Q25: How broadly are you using the term “credit rating agency” within the regulations?

A25: Within the Market Listing Regulations we stipulate credit rating agencies to be “domestic credit rating agencies pursuant to the stipulations of Article 2, Paragraph 36, of the Financial Instruments and Exchange Act and rating agencies established under foreign laws that are subject to frameworks of regulations and supervision judged equivalent to

those of credit rating agencies." Currently, domestic and overseas credit rating firms corresponding to this would include: Standard & Poor's (not necessarily the Japanese entity); Moody's (not necessarily the Japanese entity); Fitch (not necessarily the Japanese entity); Rating and Investment Information, Inc.; and Japan Credit Rating Agency. It is possible that we would also recognize other credit rating agencies, so please consult with the Exchange regarding specific cases.

Q26: Would a rating downgrade infringe on delisting standards?

A26: No, a rating downgrade would not infringe on the standards.

Q27: Are we correct in our understanding that the level of the rating itself is not an issue; for example, you do not require the rating to be, say, BBB or above?

A27: You are correct in your understanding — the rating itself needs to be disclosed but is not an eligibility criteria.

Q28: Are there any exemptions from the credit rating requirement?

A28: The bond does not have to be rated if it is a domestic or foreign municipal bond or foreign government bond, or is a bond guaranteed by a national government, a local government organisation (either domestic or foreign), the Japan Finance Corporation / Japan Bank for International Cooperation, or another financial institution deemed acceptable by the Exchange.

Q29: What is a Lead Managing Underwriter List? Is a lead managing underwriter different to a J-Nomad?

A29: The Lead Managing Underwriter List is simply a list of securities companies that could potentially serve as a lead managing underwriter when listing a bond on the TOKYO PRO-BOND Market or when disclosing Program Information. The list is prepared by the Exchange. It is unrelated to the TOKYO AIM J-Nomad system; that is, the TOKYO PRO-BOND Market does not utilize the J-Nomad system.

Q30: Is a Lead Managing Underwriter List to be prepared for each issuing party, or will there just be one list for use with all issues?

The list is intended for all issues taken together rather than for individual issues. It is to be prepared (and disclosed) by the Exchange.

Q31: What are the criteria for registration on the list, and what does it take to get removed from it?

A31: A party wishing to register on the list is to file an application with the Exchange. The Exchange will then examine the application while considering such factors as, that party's appropriate domestic and overseas experience as a lead managing underwriter. Conversely, if the Exchange deems the continued listing of a party to be inappropriate (as would be the case, for instance, if that party decides to withdraw from the bond underwriting business), the Exchange, at its discretion, may remove that party from the list.

Q32: Would a company have to pay some registration fee to get listed on the Lead Managing Underwriter List?

A32: No, it would not. There will be no fee.

Q33: Will there be any exceptions to the lead managing underwriter requirement?

A33: There would be no need for underwriting by a securities company if, say, a financial institution deemed suitable by the Exchange were to purchase the whole amount of the bond issue. Here, the financial institution would presumably confirm the quality of the bonds itself. We would thus make an exception in such a case — that is, a lead managing underwriter would not be required.

Q34: What is the standard schedule for a listing based on Program Information?

A34: The basic schedule is as follows. First, listing approval is usually granted the day after the listing application is filed. The listing date is the day after the payment date, and in the cases of book-entry bonds, various terms required for paying agent related procedures must be determined until four days before the payment date. Thus, the listing should go smoothly if an application is filed at the time when such terms are determined. Also note that an issuer that does not have an issuer code must apply for one beforehand. Similarly, parties that have never utilised the Japan Securities Depository Center must apply ahead of time in order to participate in that system. Each of the last two matters generally takes about one or two weeks, so it is recommended that these two points are taken care of by the time of Program Listing.

(Standard schedule)

D - 4: Determination of terms, filing of listing application

D - 3: Listing approval

D - 2: Payment date

D + 1: Listing

Q35: What is the standard schedule for a listing not based on Program Information?

A35: The time that it takes to obtain listing approval could be somewhat different when the

listing is based on Program Information and when it is not. When the listing is based on Program Information, a determination of listing eligibility can be almost instantaneous if the program already has a credit rating and because the Program Information already lists a candidate for the underwriting securities company. On the other hand, when the listing is not based on Program Information, it is necessary to confirm such matters upon receipt of a listing application. This said, however, the items to be confirmed are very straightforward, whether the bond has a rating, and whether there is an underwriting securities company and so we expect that the Exchange will process the application on a timely basis. Also note that the above-mentioned necessity of acquiring an issuer code and applying to participate in the Japan Securities Depository Center also applies whether or not the listing is based on Program Information.

### **Duty of disclosure of issuer information, other duties (Market Listing Regulations 13–20)**

Q36: Could you please tell us a bit more about the "timely and appropriate" disclosure regulations?

A36: There are two timely and appropriate disclosure regulations, specifically Regulation 14, which pertains to business-related disclosures, and Regulation 15, which pertains to bond-related disclosures. Items for disclosure and their related standards under Regulation 14 are listed in Annex 1 of Regulations for Companies. They include such items as dissolutions, bankruptcies, and dishonored notes. Items for disclosure under Regulation 15 include redemptions of listed bonds and changes in credit ratings.

Q37: Could you tell us about the method for timely and appropriate disclosure.

Relevant information is to be continually posted on the Exchange website and on the website normally utilised by the issuing party to disclose information.

Q38: In what cases would one be exempt from the timely and appropriate disclosure requirements of Regulation 14?

The following are exempt from the requirements: (1) bonds that require no disclosure of the activities of the party that issued them (as would be the case for municipal bonds, specified corporate bonds, beneficiary certificates and special purpose trusts, and government bonds issued by foreign sovereign issuers); (2) issuers of equities, etc., that are listed on a domestic or foreign financial exchange; and (3) the fully owned subsidiaries of such issuers. (That said, we do require that the issuer makes it possible to access information pertaining to the listing of equities from the Exchange website.)

No bonds or issuers are exempt from the requirements of Regulation 15.

Q39: Can a format other than that of Form No. 7 be used for Issuer Filing Information?

A39: Yes, we accept formats considered appropriate based on the Rule 10, Paragraph 1 of the TOKYO PRO-BOND Market Listing Enforcement Rules. For example, the disclosure formats utilised in the euro market may be used here as well.

Q40: In what situations is it not necessary to disclose Issuer Filing Information?

A40: Issuers required to file Annual Securities Reports with the FSA do not need to disclose Issuer Filing Information (this said, we do require that the party allow access to Annual Securities Reports and other such disclosure information from the Exchange website). Also, it is not necessary to disclose Issuer Filing Information when conducting solicitations for securities covered by Article 3 of the Financial Instruments and Exchange Act (municipal bonds, etc.).

Q41: What accounting standards will you recognize?

A41: Same as Q22 We will recognize the following standards — J-GAAP, US-GAAP, or IFRS — or an alternative accounting standard deemed acceptable by the Exchange. If applicable, audits by audit firms must include and disclose the discrepancies between one and the other among the three standards (i.e., adjusted disclosure).

Q42: To what degree is the issuer expected to maintain a web presence (website)?

A42: Issuer information is to be disclosed on the Exchange website and the issuer's own website. We require that the issuer's website be easy to use (from the point of view of the investor), with the information within it easy to find and easy to understand. We also require that issuers link their websites to the Exchange website.

Q43: In what cases would listing fees be incurred. How much would they be?

A43: Listing fees would be incurred upon the disclosure of Program Information and upon the issuance/listing of bonds. No fees would be incurred to maintain the listing. The fee schedule will be published following consultation.

Maintenance of market order, delisting (Market Listing Regulations 21–25)

Q44: In what sort of instances would a bond be delisted?

A44: As described in Paragraph 1 of Regulation 24, a bond is subject to delisting in any of the following cases — (1) arrival of the final redemption date; (2) acceleration of the final redemption date of bonds and redemption in the full amount; (3) an absorption-type corporate split or new incorporation with succession by a new entity to obligations related to a listed bond issue; (4) a material misstatement by an issuer of listed bonds concerning

the Specified Securities Information, Issuer Filing Information, or Annual Securities Report; (5) a call for immediate redemption of listed bonds due to a default event; and (6), further to the above, a determination by the Exchange that delisting is appropriate for the protection of the public interest or for the protection of investors. There may also be cases in which delisting may be taken as a measure against a listed bond issuer for some infraction of rules and regulations (see Regulation 21, Paragraph 2).

Q45: Could one apply for a delisting in a case other than one of the above?

A45: We do not plan to accept applications for delisting in circumstances other than those set out in A44 above.

#### **Trading system (Business Regulations, etc.)**

Q46: Would it be permissible to trade listed bonds off market?

A46: Yes. One may trade listed bonds off market just like any other bond.

Q47: What would be the minimum trading unit?

A47: For a yen-denominated bond, the minimum trading unit would be ¥100mn face value. For a bond denominated in a foreign currency, it would be the face value of that series.

Q48: What range of investors do you have in mind?

A48: Only (1) specified investors and (2) nonresidents would be allowed to place orders on the TOKYO PRO-BOND Market. Specified investors are considered to include life insurance companies and other accredited institutional investors, listed companies, joint-stock corporations with at least ¥500mn in capital, and, in addition to the above, other approved corporations, together with approved individuals with net financial assets of at least ¥300mn and at least one year of trading experience\* (here, "approved" means that the entity must first seek and obtain approval from a securities company).

Q49: Are nonresidents eligible for the Japanese Bond Income Tax Exemption Scheme introduced by the tax system revision in fiscal year 2010?

A49: Yes, they are.

Q50: Is the Exchange to operate on a presumption that the bond is taxable or that the bond is tax-exempt?

A50: The interest portion of a bond payment may be taxable (for a taxable bond) or tax-

exempt (tax-exempt bond). Here, the Exchange will operate on a presumption that all bonds are taxable. If we were to take the other approach and assume that all bonds are tax-exempt, an inability to determine the ownership history of a bond (who held it and when) would mean that when bonds come up for delivery upon a trade, the delivery might include a taxable bond having a history of being acquired off market by a party subject to tax (an individual or a juridical person having a capitalization of ¥100mn or less). In other words, we would be unable to tell if the delivery has any taxable bonds mixed in within it. And, because of that inability, we have no choice but to assume that all bonds are taxable. Given that, we require the amount to be delivered to be (1) the proceeds from the transaction plus (2) the past interest net of tax.

Q51: Are there any limitations on currency with regards to bonds denominated in foreign currencies?

A51: No, there are no special limitations.

#### **Clearance and settlement system (the TOKYO PRO-BOND Market: Trading System and Settlement and Clearance System, etc.)**

Q52: How are clearance and settlement to be handled for transactions on the Exchange?

A52: With regards to the buying and selling of domestically issued bonds on the Exchange, clearance and settlement are to be conducted through the Japan Securities Clearing Corporation (JSCC). With regards to the buying and selling of foreign issued bonds on the Exchange, clearance and settlement cannot be conducted through the JSCC, and so those functions are instead to be handled on a one-on-one basis by the securities companies on the buying and selling sides. When a transaction is effected, the Exchange will inform the securities companies that are to act as parties to the clearance, etc.

Q53: How are clearance and settlement to be handled for transactions off the Exchange?

A53: For transactions off the exchange, whether in dealing domestic or foreign-issued bonds, clearance and other such matters are to be handled in a manner determined by the relevant securities companies themselves.

#### **Legal, etc.**

Q54: When conducting solicitations for listed bonds, how would the transfer limitation contracts required under the Financial Instruments and Exchange Act be handled?

A54: When soliciting purchases by specified investors of a bond issue to be listed on the TOKYO PRO-BOND Market, we would seek transfer limitation contracts (1) between the issuing entity and the investor and (2) between the securities company and the investor. Furthermore, with regards to OTC (off-Exchange) trading of bond issues listed on the TOKYO PRO-BOND Market, we will require that solicitations, etc., for sales to specified investors be accompanied by a transfer limitation contract between the soliciting party and the investor.

Reference documents:

With regards to solicitations to buy from specified investors: see Article 2, Paragraph 3, Item 2-b (2) of the Financial Instruments and Exchange Act; Article 1-5-2, Paragraph 2, Item 3 of the Enforcement Order of the Financial Instruments and Exchange Act; and Article 12, Item 1-b, and Article 11, Paragraph 2, Item 1 of the Cabinet Order on Regulation of Trading of Marketable Securities.

With regards to solicitations to sell to specified investors: see Article 2, Paragraph 4, Item 2-b (2) of the Financial Instruments and Exchange Act; Article 1-8-2, Item 3 of the Enforcement Order of the Financial Instruments and Exchange Act; and Article 13-6, Item 1-b, and Article 13-5, Paragraph 1, of the Cabinet Order on Regulation of Trading of Marketable Securities.

Q55: What are the duties of notification regarding a bond listing?

A55: When soliciting to buy a bond issue to be listed on the TOKYO PRO-BOND Market from a specified investor, the party conducting the solicitation must notify the party receiving the solicitation. The notification does not necessarily have to be in writing.

Furthermore, with regards to OTC (off-Exchange) trading of bond issues listed on the TOKYO PRO-BOND Market, we will require that the party conducting the solicitation notify the party receiving the solicitation.

Reference documents: see Article 23-13, Paragraph 3, Item 1 of the Financial Instruments and Exchange Act; and Article 14-14-2, Item 3, of the Cabinet Office Ordinance on Disclosure of Corporate Information

Q56: Could you please tell us something about the contents of and system for underwriting examinations and due diligence examinations by securities companies? What duties or restrictions are imposed by the TOKYO PRO-BOND Market regulations?

A56: We do not plan to include within the TOKYO PRO-BOND Market regulations any specific duties with regards to the systems for contents of underwriting and due diligence examinations by securities companies. We intend for securities companies to decide on a case-by-case basis the extent of their examinations in reference to practices on the euro

market and other markets.

Relating to this, the TOKYO PRO-BOND Market has the following features.

1. In a case in which the issuing company is a continuous disclosure company (for example, a company that lists on a Japanese exchange), the legal risks based on Articles 17 and 21 of the Financial Instruments and Exchange Act to be borne by the underwriting securities company will be considerably lightened, considering that (1) continual disclosure documents (annual and quarterly financial reports) are not referred within the Specified Securities Information report (equivalent to a Securities Registration Statement or supplemental shelf registration document), but rather the Specified Securities Information report may simply indicate that an Annual Securities Report has been issued, and (2) continual disclosure documents are exempt from the civil liability burden additionally imposed on securities companies by Articles 17 and 21 of the Financial Instruments and Exchange Act (also applies to Specified Securities Information) (in other words, the securities company is not to bear the additional responsibility for the continuous disclosure documents of the issuing company).

2. Regulations imposed by the JSDA on underwriting examinations do not apply.

3. The market is for professionals, not individual investors (other than high-net-worth individuals who are included in the definition of Specified Investors), and thus the TOKYO PRO-BOND Market does not anticipate that securities companies will conduct underwriting and due diligence examinations without considerations of the protection of individual investors. Securities companies do this with an eye to standby underwriting risk (the risk of having to take on the portion of the bonds that remain after an offering) and reputational risk (for example, the risk of price fluctuation by a substantial revision in the contents of disclosures or a material announcement by the issuing company immediately after the issuance).

We are also closely watching the activities of the Global COE Asian Capital Market Legislation Research Group (within the Faculty of Law, Waseda University), the Capital Markets Association for Asia (CMAA), and other researchers as they work toward the establishment of standard administrative practices for bond due diligence. The Exchange plans to actively participate in such activities.

Reference documents:

With regards to civil liabilities: see Article 27-33 and Article 21, Paragraph 1, Item 4 of the Financial Instruments and Exchange Act.

With regards to the items to be listed within the Specified Securities Information reports to be disclosed by continuous disclosure companies: see Article 27-31 of the Financial Instruments and Exchange Act and Article 2, Paragraph 2, Item 1 of the Cabinet Office Ordinance on Disclosure of Corporate Information.

With regards to cases in which Issuer Filing Information is not required to be disclosed: see Article 27-32, Paragraph 1 of the Financial Instruments and Exchange Act and Article 8, Paragraph 1, Item 1 of the Cabinet Office Ordinance on Disclosure of Corporate Information.

With regards to the duties of underwriters: see Article 40, Item 2 of the Financial Instruments and Exchange Act and Article 123, Paragraph 1, Item 4 of the Enforcement Order of the Financial Instruments and Exchange Act.

Q57: Is the TOKYO PRO-BOND Market data to be included within statistical compilations of bond trading data?

A57: Bonds issued with the TOKYO PRO-BOND Market system are currently not included within any trading data statistical compilations. We continue to discuss the matter, however, with related parties.