

Guideline for the English-language Disclosure System

(Points to be Considered regarding

Disclosure by way of Foreign Company Reports, etc.)

June 2008

Planning and Coordination Bureau, Financial Services Agency

[Terminology and Abbreviations]

The abbreviated terms within this Guideline refer to the following Act, Order, or Ordinance respectively;

- ✓ The “Act”: Financial Instruments and Exchange Act (Act No.25 of 1948)
- ✓ The “Order”: Cabinet Order for the Enforcement of the Financial Instruments and Exchange Act (Order No.321 of 1965)
- ✓ The “Corporate Disclosure Ordinance”: Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Ordinance of the Ministry of Finance No.5 of 1973)
- ✓ The “Specific Securities Disclosure Ordinance”: Cabinet Office Ordinance on Disclosure of Information, etc. on Specific Securities (Ordinance of the Ministry of Finance No.22 of 1993)
- ✓ The “Foreign Bonds Disclosure Ordinance”: Cabinet Office Ordinance on Disclosure of Information, etc. on Issuers of Foreign Government Bonds, etc. (Ordinance of the Ministry of Finance No.26 of 1972)
- ✓ The “Internal Control Ordinance”: Cabinet Office Ordinance on the Internal System for Ensuring Adequacy of the Documents of Financial Calculation and Other Information (Cabinet Office Ordinance No.62 of 2007)

A. General Provisions

1. Unless otherwise specified in the Act, Order or Ordinances (hereafter referred to as “Act, etc.”), the relevant documents shall be written in the Japanese language.
2. This Guideline provides guidance in application of the Act, etc. thereto (the standards for interpretation and application of the Act, etc. which are considered to be the best at the point of its promulgation and publication), and does not exclude any other way of application to any specific case, if it is within due compliance of the Act, etc., depending upon the individual situation of such case.

B. Items related to the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

3. Items related to the Foreign Company Reports

3-1 When preparing the Japanese translation of the summary of “specific items of the Foreign Company Report which are designated by the relevant Cabinet Office Ordinance as necessary and appropriate for the public interest or investor protection” pursuant to paragraph (9), Article 24 of the

Act and paragraph (2), Article 17-3 of the Corporate Disclosure Ordinance, the following matters shall be taken into consideration;

- 1) In the Japanese translation of the summary of items in the Foreign Company Report which correspond to those to be stated in the “Business-related risks, etc.” in the Annual Securities Report, a list of titles of all risk items included in the relevant Foreign Company Report, as well as an overview of such risk items that are considered especially important, depending on the nature and attributes of the business in question, shall be reported.
- 2) In the Japanese translation of the summary of items in the Foreign Company Report which correspond to those to be stated in the “Financial Documents” in the Annual Securities Report, a complete translation of the “Financial Documents (excluding the explanatory notes)” and a summary of such explanatory notes, shall be reported. Such a summary of explanatory notes shall in a concise manner describe important accounting policies, segment information, significant events after the balance sheet date and any other items of special significance for the analysis of the Financial Documents.
- 3) As for any items other than those specified above, a concise summary in the Japanese language of the items that correspond to those to be stated in the Annual Securities Report shall be reported.

3-2 “The Comparison Table of the items to be stated in the Annual Securities Report and the corresponding items stated in the Foreign Company Report” as specified in paragraph (9), Article 24 of the Act and item (ii), paragraph (4), Article 17-3 of the Corporate Disclosure Ordinance shall be prepared in such a format that the relevant items to be stated in the Annual Securities Report shall be listed on the left-side column in the Japanese language, while their corresponding items in the Foreign Company Report of the relevant company shall be listed on the right-side column in the English language.

3-3 When preparing the “Items of amendment and details of such amendment” in the Japanese language as specified in paragraph (9), Article 24 of the Act, which shall be applied *mutatis mutandis* pursuant to paragraph (4), Article 24-2 of the Act and item (iii), paragraph (2), Article 17-9 of the Corporate Disclosure Ordinance, it shall be taken into consideration that one only needs to describe titles, items, etc. in the Japanese language, and can prepare the specific sites and details of the amendment either in the English or Japanese language just as the Foreign Company Report and its supplemental documents themselves which are the subject of amendment.

4. Items related to the Foreign Company Confirmations by Management
(*gaikokugaisha-kakuninsho*)

4-1 Provision 3-2 above shall be applied *mutatis mutandis* to the preparation of “The Comparison Table of the items to be stated in the Confirmation by Management on Form No.9.2 and their corresponding items stated in the Foreign Company Confirmation by Management” as specified in paragraph (9), Article 24 of the Act, which shall be applied *mutatis mutandis* pursuant to paragraph (6), Article 24-4-2 of the Act and item (i), paragraph (3), Article 17-12 of the Corporate Disclosure Ordinance.

4-2 Provision 3-3 above shall be applied *mutatis mutandis* to the preparation of the “Items of amendment and details of such amendment” in the Japanese language as specified in paragraph (9), Article 24 of the Act, which shall be applied *mutatis mutandis* pursuant to paragraph (3), Article 24-4-3 of the Act and item (iii), paragraph (2), Article 17-14 of the Corporate Disclosure Ordinance.

5. Items related to the Quarterly Foreign Company Reports

5-1 When preparing the Japanese translation of the summary of “specific items from the Quarterly Foreign Company Report designated by the relevant Cabinet Office Ordinance as necessary and appropriate for the public interest or investor protection” pursuant to paragraph (7), Article 24-4-7 and paragraph (2), Article 17-17 of the Corporate Disclosure Ordinance, the following matters shall be taken into consideration;

- 1) Provision 2) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of the items in the Quarterly Foreign Company Report that correspond to those to be stated in the “Quarterly Financial Document” in the Quarterly Securities Report on Form No.9.3.
- 2) Provision 3) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of any other items in the Quarterly Foreign Company Report.

5-2 Provision 3-2 above shall be applied *mutatis mutandis* to the preparation of “The Comparison Table of the items to be stated in the Quarterly Securities Report on Form No.9.3 and the corresponding items stated in the Quarterly Foreign Company Report” as specified in paragraph (7), Article 24-4-7 of the Act and item (ii), paragraph (4), Article 17-17 of the Corporate Disclosure Ordinance.

5-3 Provision 3-3 above shall be applied *mutatis mutandis* to the preparation of the “Items of amendment and details of such amendment” in the Japanese language as specified in paragraph (7), Article 24-4-7 of the Act, which shall be applied *mutatis mutandis* pursuant to paragraph (11) of said

Article of the Act and item (iii), paragraph (2), Article 17-19 of the Corporate Disclosure Ordinance.

6. Items related to the Semi-Annual Foreign Company Reports

6-1 When preparing the Japanese translation of the summary of “specific items from the Semi-Annual Foreign Company Report designated by the relevant Cabinet Office Ordinance as necessary and appropriate for the public interest or investor protection” pursuant to paragraph (8), Article 24-5 of the Act and paragraph (2), Article 18-3 of the Corporate Disclosure Ordinance, the following matters shall be taken into consideration;

- 1) Provision 2) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of the items in the Semi-Annual Foreign Company Reports that correspond to those to be stated in the “Semi-Annual Financial Document” in the Semi-Annual Securities Report on Form No.10.
- 2) Provision 3) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of any other items in the Semi-Annual Foreign Company Report.

6-2 Provision 3-2 above shall be applied *mutatis mutandis* to the preparation of “The Comparison Table of the items to be stated in the Semi-Annual Securities Report on Form No.10 and the corresponding items stated in the Semi-Annual Foreign Company Report” as specified in paragraph (8), Article 24-5 of the Act and item (ii), paragraph (4), Article 18-3 of the Corporate Disclosure Ordinance.

6-3 Provision 3-3 above shall be applied *mutatis mutandis* to the preparation of the “Items of amendment and details of such amendment” in the Japanese language as specified in paragraph (8), Article 24-5 of the Act, which shall be applied *mutatis mutandis* pursuant to paragraph (12) of said Article of the Act and item (iii), paragraph (2), Article 18-5 of the Corporate Disclosure Ordinance.

7. Items related to the Reports of Conditions of Foreign Parent Companies (*gaikokuoyagaishatou-joukyouhoukokusho*)

7-1 Provision 2) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of the items in the Report of Conditions of Foreign Parent Company which correspond to those to be stated in the “Financial Statements, etc.” in the Report of Conditions of Parent Company on Form No.10.3 as part of the Japanese translation of the summary of “specific items from the Report of Conditions of Foreign Parent Company which are designated by the

relevant Cabinet Office Ordinance as necessary and appropriate for the public interest or investor protection,” pursuant to paragraph (9), Article 24 of the Act, which shall be applied *mutatis mutandis* pursuant to paragraph (5), Article 24-7 and paragraph (2), Article 19-8 of the Corporate Disclosure Ordinance.

7-2 Provision 3-2 above shall be applied *mutatis mutandis* to the preparation of “The Comparison Table of the items to be stated in the Report of Conditions of Parent Company on Form No.10.3 and the corresponding items stated in the Report of Conditions of Foreign Parent Company” as specified in paragraph (9), Article 24 of the Act, which shall be applied *mutatis mutandis* pursuant to paragraph (5), Article 24-7 and item (ii), paragraph (3), Article 19-8 of the Corporate Disclosure Ordinance.

C. Items related to the Cabinet Office Ordinance on Disclosure of Information, etc. on Specific Securities

8. Items related to the Foreign Company Reports

8-1 When preparing the Japanese translation of the summary of “specific items from the Foreign Company Report which are designated by the relevant Cabinet Office Ordinance as necessary and appropriate for the public interest or investor protection as specified in paragraph (9), Article 24 of the Act and paragraph (3), Article 27-3 of the Specific Securities Disclosure Ordinance, the following matters shall be taken into consideration;

- 1) Provision 1) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of the items in the Foreign Company Report that correspond to those to be stated in the “Investment Risks” in the Annual Securities Report on Form No.7.2, Form No.8, Form No. 8.3, Form No. 8.5, Form No.9.2, and Form No.9.6 or in the “Risk Information” in the Annual Securities Report on Form No.9.4.
- 2) Provision 2) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of the items in the Foreign Company Report that correspond to those to be stated in the following items in the Annual Securities Report;
 - ✓ Form No.7.2 , Part II, No.4.1, “(1) Balance Sheet” and “(2) Income Statement / Statement of Loss”
 - ✓ Form No.8, Part II, No.5.1, “(1) Balance Sheet”, “(2) Income Statement / Statement of Loss”, “(3) Statement of Cash Receipts and Distributions” and “(4) Cash Flow Statement”
 - ✓ Form No.8.3, No.2, “1. Contents of Principal Assets”, “2. List of Principal Profits and

Losses” and “3. Accounting Treatment for Revenue and/or Loss”

- ✓ Form No.8.5, No.1.6, “(1) Balance Sheet”, “(2) Income Statement / Statement of Loss” and “(3) Statement of Appropriation or Disposition of Retained Earnings”
- ✓ Form No.9.2, No.1, “6. Financial Condition of Trust Asset”
- ✓ Form No.9.4, Part II, “No.1 Financial Condition of the Issuer” and “No.2 Financial Condition of Borrowers”
- ✓ Form No.9.6, No.3.1, “(1) Balance Sheet” and “(2) Income Statement / Statement of Loss”

- 3) Provision 3) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of any other items in the Foreign Company Report.

8-2 Provision 3-2 above shall be applied *mutatis mutandis* in preparation for “The Comparison Table of the items to be stated in the Annual Securities Report in the format prescribed in the respective items of paragraph (3), Article 27-3 of the Specific Securities Disclosure Ordinance and their corresponding items stated in the Foreign Company Report,” as specified in paragraph (9), Article 24 of the Act and item (ii), paragraph (5), Article 27-3 of the Specific Securities Disclosure Ordinance.

8-3 Provision 3-3 above shall be applied *mutatis mutandis* to the preparation of the “Items of amendment and details of such amendment” in the Japanese language as specified in paragraph (9), Article 24 of the Act, which shall be applied *mutatis mutandis* pursuant to paragraph (4), Article 24-2 of the Act and item (iii), paragraph (2), Article 27-9 of the Specific Securities Disclosure Ordinance.

9. Items related to the Semi-Annual Foreign Company Reports

9-1 When preparing the Japanese translation of the summary of “specific items from the “Semi-Annual Foreign Company Report” which are designated by the relevant Cabinet Office Ordinance as necessary and appropriate for the public interest or investor protection” pursuant to paragraph (8), Article 24-5 of the Act and paragraph (3), Article 28-3 of the Specific Securities Disclosure Ordinance, the following matters shall be taken into consideration;

- 1) Provision 1) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of the items in the Semi-Annual Foreign Company Report that correspond to those to be stated in the “Investment Risks” in the Semi-Annual Securities Report on Form No.12.2.
- 2) Provision 2) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of the items in the Semi-Annual Foreign Company Report that correspond to those to be stated in the following items in the Semi-Annual

Securities Report.

- ✓ Form No.10.2, 2., “(1) Positions of Assets and Liabilities”
 - ✓ Form No.11, 4., “(2) Positions of Assets and Liabilities”
 - ✓ Form No.11.3, “2. Financial Information of Collateralized Assets”
 - ✓ Form No.11.5, “2. Financial Conditions of Specific Trust Assets”
 - ✓ Form No.12.2, “3. Condition of Trust Assets”
 - ✓ Form No.12.4, “No.3 Financial Conditions of the Issuer” and “No.4 Overview of the Financial Conditions of the Debtor in relation to the Loan”
 - ✓ Form No.12.6, 4., “(1) Positions of Assets and Liabilities”
- 3) Provision 3) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of any other items in the Semi-Annual Foreign Company Report.

9-2 Provision 3-2 above shall be applied *mutatis mutandis* to the preparation of “The Comparison Table of the items to be stated in the Semi-Annual Securities Report in the format prescribed in the respective items of paragraph (3), Article 28-3 of the Specific Securities Disclosure Ordinance and their corresponding items stated in the Semi-Annual Foreign Company Report” as specified in paragraph (8), Article 24-5 of the Act and item (ii), paragraph (5), Article 28-3 of the Specific Securities Disclosure Ordinance.

9-3 Provision 3-3 above shall be applied *mutatis mutandis* to the preparation of the “Items of amendment and details of such amendment” in the Japanese language as specified in paragraph (8), Article 24-5 of the Act, which shall be applied *mutatis mutandis* pursuant to paragraph (12) of said Article of the Act and item (iii), paragraph (2), Article 28-5 of the Specific Securities Disclosure Ordinance.

D. Items related to the Cabinet Office Ordinance on Disclosure of Information, etc. on Issuers of Foreign Government Bonds, etc.

10. Items related to the Foreign Entity Reports

10-1 When preparing the Japanese translation of the summary of “specific items from the Foreign Entity Report which are designated by the relevant Cabinet Office Ordinance as necessary and appropriate for the public interest or investor protection” pursuant to paragraph (9), Article 24 of the Act, which shall be applied *mutatis mutandis* pursuant to Article 27 of the Act and paragraph (2),

Article 14-3 of the Foreign Bonds Disclosure Ordinance, the following matters shall be taken into consideration;

- 1) Provision 2) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of the items in the Foreign Entity Report that correspond to those to be stated in “(5) Final Conditions” in No.3.3 of Form No.3 and “(5) Final Conditions” in No.4.3 of Form No.4 in the Annual Securities Report.
- 2) Provision 3) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of any other items in the Foreign Entity Report.

10-2 Provision 3-2 above shall be applied *mutatis mutandis* in preparation of “The Comparison Table of the items to be stated in the Annual Securities Report in the format prescribed in the items of paragraph (2), Article 14-3 of the Foreign Bonds Disclosure Ordinance and their corresponding items stated in the Foreign Entity Report” as specified in paragraph (9), Article 24 of the Act, which shall be applied *mutatis mutandis* pursuant to Article 27 of the Act and item (ii), paragraph (4), Article 14-3 of the Foreign Bonds Disclosure Ordinance.

10-3 Provision 3-3 above shall be applied *mutatis mutandis* to the preparation of the “Items of amendment and details of such amendment” in the Japanese language as specified in paragraph (9), Article 24 of the Act, which shall be applied *mutatis mutandis* pursuant to paragraph (4), Article 24-2 of the Act, which shall be applied *mutatis mutandis* pursuant to Article 27 of the Act and item (iii), paragraph (2), Article 14-6 of the Foreign Bonds Disclosure Ordinance.

11. Items related to the Semi-Annual Foreign Entity Reports

11-1 When preparing the Japanese translation of the summary of “specific items from the Semi-Annual Foreign Entity Report which are designated by the relevant Cabinet Office Ordinance as necessary and appropriate for the public interest or investor protection” as specified in paragraph (8), Article 24-5 of the Act, which shall be applied *mutatis mutandis* pursuant to Article 27 of the Act and paragraph (2), Article 15-3 of the Foreign Bonds Disclosure Ordinance, the following matters shall be taken into consideration;

- 1) Provision 2) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of the items in the Semi-Annual Foreign Entity Report which correspond to those to be stated in “4 Final Conditions” in No.2 of Form No.5 in the Semi-Annual Securities Report.
- 2) Provision 3) of 3-1 above shall be applied *mutatis mutandis* to the preparation of the Japanese translation of the summary of any other items in the Semi-Annual Foreign Entity

Report.

11-2 Provision 3-2 above shall be applied *mutatis mutandis* to the preparation of “The Comparison Table of the items to be stated in the Semi-Annual Securities Report on Form No.5 and their corresponding items stated in the Semi-Annual Foreign Entity Report,” as specified in paragraph (8), Article 24-5 of the Act, which shall be applied *mutatis mutandis* pursuant to Article 27 of the Act and item (ii), paragraph (4), Article 15-3 of the Foreign Bonds Disclosure Ordinance.

11-3 Provision 3-3 above shall be applied *mutatis mutandis* to the preparation of “Items of amendment and details of such amendment” in the Japanese language as specified in paragraph (8), Article 24-5 of the Act, which shall be applied *mutatis mutandis* pursuant to paragraph (12) of said Article of the Act, which shall be applied *mutatis mutandis* pursuant to Article 27 of the Act and item (iii), paragraph (2), Article 15-5 of the Foreign Bonds Disclosure Ordinance.

E. Items related to Cabinet Office Ordinances on the Internal System for Ensuring Adequacy of the Documents of Financial Calculation and Other Information

12. Items related to the Foreign Company Internal Control Reports

12-1 Provision 3-2 above shall be applied *mutatis mutandis* to the preparation of “The Comparison Table of the items to be stated in the Internal Control Report on Form No.2 and their corresponding items stated in the Foreign Company Internal Control Report,” as specified in paragraph (9), Article 24 of the Act, which shall be applied *mutatis mutandis* pursuant to paragraph (6), Article 24-4-4 of the Act and item (ii), paragraph (3), Article 15 of the Internal Control Ordinance.

12-2 “Items which the Commissioner of the Financial Services Agency regards and designates as required for disclosure from the viewpoint of protecting the public interest or ensuring investor protection” as specified in item (iii), paragraph (3), Article 15 of the Internal Control Ordinance shall be contents equivalent to the evaluation results of the relevant foreign company’s internal control on financial reports, if and when such information is not described in the Foreign Company Internal Control Report.

12-3 Provision 3-3 above shall be applied *mutatis mutandis* to the preparation of “Items of amendment and details of such amendment” in the Japanese language as specified in paragraph (9), Article 24 of the Act, which shall be applied *mutatis mutandis* pursuant to paragraph (3), Article

24-4-5 of the Act and item (iii), paragraph (2), Article 17 of the Internal Control Ordinance.

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