

(Translations are not official, but for reference purposes only.)

Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act (Ordinance of the Ministry of Finance No. 14 of 1993) related to Regulation on Credit Rating Agencies

Article 1 (Definitions)

- (1) As used in this Cabinet Office Ordinance, the term “Securities,” “Public Offering of Securities,” “Private Placement of Securities,” “Secondary Distribution of Securities,” “Issuer,” “Financial Instruments Business,” “Financial Instruments Business Operator,” “Financial Instruments Market,” “Financial Instruments Exchange,” “Derivative Transaction,” “Market Transaction of Derivatives,” “Over-the-Counter Transaction of Derivatives,” “Foreign Market Derivatives Transaction,” “Financial Instruments,” “Financial Indicator,” “Brokerage for Clearing of Securities, etc.,” “Professional Investor,” “Specified Listed Securities,” or “Credit Rating” shall respectively mean Securities, Public Offering of Securities, Private Placement of Securities, Secondary Distribution of Securities, Issuer, Financial Instruments Business, Financial Instruments Business Operator, Financial Instruments Market, Financial Instruments Exchange, Derivative Transaction, Market Transaction of Derivatives, Over-the-Counter Transaction of Derivatives, Foreign Market Derivatives Transaction, Financial Instruments, Financial Indicator, Brokerage for Clearing of Securities, etc., Professional Investor, Specified Listed Securities or Credit Rating as defined in Article 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “Act”).
- (2) – (3) (omitted)

Article 24 (Scope of Credit Ratings)

- (1) Those similar to a juridical person as specified by Cabinet Office Ordinance, as referred to in Article 2, paragraph (34) of the Act, shall be as follows:
- (i) an organization without juridical personality;
 - (ii) an individual who carries out business;
 - (iii) a group of juridical persons or individuals; and
 - (iv) trust property.
- (2) Those similar to symbols or figures as specified by Cabinet Office Ordinance, as referred to in Article 2, paragraph (34) of the Act shall be a simple text or character showing sequential orders.
- (3) The grades to be specified by Cabinet Office Ordinance determined mainly by factors other than Creditworthiness, as referred to in Article 2, paragraph (34) of the Act, shall be as follows:
- (i) grades indicating the results of an assessment related to the fluctuation of the interest

rate, value of currency, liquidity and quotations in the Financial Instruments Market, and any other indicators;

- (ii) grades indicating the results of an assessment of the capability of the issuer of Securities in performing the management of assets or any other business similar thereto;
- (iii) grades indicating the results of an assessment of the capability in performing businesses related to the management and collection of claims;
- (iv) grades indicating the results of an assessment of the adequacy of the operation of a trust business, such as capability for management of trust properties; and
- (v) in addition to what is listed in the preceding items, grades indicating the results of an assessment mainly determined by matters other than the credit status.

Article 25 (Acts Excluded from Definition of Credit Rating Business)

The acts as specified by Cabinet Office Ordinance, referred to in Article 2, paragraph (35) of the Act shall be as follows:

- (i) an act to determine a Credit Rating in response to a request from a rating stakeholder (meaning a rating stakeholder as defined in Article 66-33, paragraph (2) of the Act) and any other person, and to provide the Credit Rating only to such rating stakeholder or such other person (limited to the case where there is no potential risk of such rating stakeholder or such other person providing such Credit Rating for any third party or making them available to the public); and
- (ii) an act to provide or making available to the public a grade by using symbols or figures (including texts or characters as set forth in paragraph (2) of the preceding Article), the results of an assessment of the credit status of a juridical person (including a juridical person as set forth in item (i) or (ii), paragraph (1) of the preceding Article; and limited to a juridical person which falls under the category of a Small and Medium-sized Enterprise Operator as listed in the items of paragraph (1) of Article 2 of the Small and Medium-sized Enterprise Basic Act (Act No. 154 of 1963) and which are persons not required to obtain an audit certification pursuant to the provision of Article 193-2, paragraph (1) or (2) of the Act or any other persons which also falls under the scope specified and disclosed in advance as persons similar thereto) derived primarily based on objective indicators of the credit status of said juridical person and in accordance with a computation given in advance.