

Regarding the “Expiration date” for the professional investors system, under the Financial Instruments and Exchange Law

Under article 34, chapter 2, section 3, part 2 of the Financial Instruments and Exchange Law, and article 34, chapter 3, section 2, part 2 of the Financial Instruments and Exchange Law, we have set the “expiration date” as follows:

Expiration date: August 31 of every year

- The Financial Instruments and Exchange Law, which took effect on September 30, 2007, separates investors into two general categories – “professional investors” and “non-professional investors” (hereafter referred to as “general investors”), thereby introducing a designated “professional investors” system.
- Under this system, if a client is a “professional investor”, they are exempt from the rules that govern certain procedures such as the responsibility that a financial instruments trading company has to provide the customer with a page-by-page explanation of all details of a contract before it can be signed. This system was established to ensure that there is no disparity in the amount of information that is available to investors and that available to the financial instruments trading company. On the other hand, a designated “professional investor” is not excluded from the regulations covering the actions of a financial instruments trading company which were established to ensure fairness and prevent actions such as compensation for losses.
- Depending on the type of contract involved, a “professional investor” (those falling into section (2) of the table below) may ask the financial instruments trading company (hereafter, “the Company”) to treat them as a “general investor”. If they do so, then after completing the necessary paperwork the Company is obliged to carry out the full process in the same way that they would for a “general investor”.
- Depending on the type of contract involved, general investors (those falling into section (3) of the table below) may, if they so request, ask to have the document processing conducted in the same way as for a “professional investor”, although only if the Company checks their background and determines that this would not cause problems from the standpoint of protecting the investor.
- Investors who have asked to be treated as “general investors”, or have asked to be treated as “professional investors” for the purpose of a specific contract will be accorded that status temporarily. Each year, on the “Expiration date” specified above, they will revert to their original status.
- Following the “Expiration date”, if the investor wishes to continue to enjoy the altered investor categorization that he/she previously requested, they must once again go through the process of requesting a different categorization.

Classification of investor categories

(1) Professional investors (may not change status to “general investor”)	Sovereign governments, Bank of Japan, qualified institutional investors
(2) Professional investors (may change status to “general investor”)	Corporations with an expectation of at least ¥500 million in capital, listed companies, regional public organizations, etc.
(3) General investors (may change status to “professional investor”)	Corporations that do not qualify for categories (1) or (2), and individuals who meet certain qualification standards
(4) General investors (may not change status to “professional investor”)	Individuals who do not qualify for category (3)