

Appendix 1

Group of Thirty Compliance

The Group of Thirty recommendations were originally conceived as the group's standards on securities settlement systems in 1989, detailing in a first-of-its-kind report nine recommendations for efficient and effective securities markets covering legal, structural, and settlement process areas. The recommendations were subsequently reviewed and updated in 2001 under the leadership of the Bank for International Settlements and through the efforts of a joint task force of the Committee on Payment and Settlement Systems and the technical committee of the International Organisation of Securities Commissions. Compliance with the Group of Thirty recommendations in individual markets is often an integral part in securities industry participants' and intermediaries' due diligence process.

Table A1: Group of Thirty Compliance for Japan

Recommendation	Implemented
1 Eliminate paper and automate communication, data capture, and enrichment	Yes
2 Harmonize messaging standards and communication protocols	Yes
3 Develop and implement reference data standards	Yes
4 Synchronize timing between different clearing and settlement systems and associated payment and foreign exchange systems	Yes
5 Automate and standardize institutional trade matching	(Yes)
6 Expand the use of central counterparties	(Yes)
7 Permit securities lending and borrowing to expedite settlement	Yes
8 Automate and standardize asset servicing processes, including corporate actions, tax relief arrangements, and restrictions on foreign ownership	Yes
9 Ensure the financial integrity of providers of clearing and settlement services	Yes
10 Reinforce the risk management practices of users of clearing and settlement service providers	Yes
11 Ensure final, simultaneous transfer and availability of assets	Yes
12 Ensure effective business continuity and disaster recovery planning	Yes
13 Address the possibility of failure of a systematically important institution	Yes
14 Strengthen assessment of the enforceability of contracts	Yes
15 Advance legal certainty over rights to securities, cash, or collateral	Yes
16 Recognize and support improved valuation methodologies and closeout netting arrangements	Yes
17 Ensure appointment of appropriately experienced and senior board members (of the boards of securities clearing and settlement infrastructure providers)	Yes
18 Promote fair access to securities clearing and settlement networks	Yes
19 Ensure equitable and effective attention to stakeholder interests	Yes
20 Encourage consistent regulation and oversight of securities clearing and settlement service providers	Yes

Source: Group of Thirty (G-30), 2003. Global Clearing and Settlement – A Plan of Action. <http://newsite.group30.org/publications/detail/123>

Appendix 2

Group of Experts Report— Market Barriers Assessment

The Group of Experts (GoE) Report refers to the published results in 2010 of the GoE formed under Task Force 4 of the Asian Bond Markets Initiative. In the report, published under the leadership of the Asian Development Bank, a group of securities market experts from the private and public sectors in ASEAN+3 economies, as well as international experts, assessed the region's securities markets for potential market barriers, the costs of cross-border bond transactions, and the feasibility of establishing a Regional Settlement Intermediary.¹ The findings in the GoE Report led to the creation of the ASEAN+3 Bond Market Forum.

Table A2: Summary of the Group of Experts Market Barriers Assessment

Japan			
Potential Barrier	Status as of 2010	Market Assessment Questionnaire Scores	Overall Barrier Assessment
Quotas	There are no market entrance requirements for foreign investors.	OK	OK
Investor registration	There are no registration requirements for foreign investors.	OK	OK
FX controls—conversion	The Japanese yen is freely convertible. There are no foreign exchange restrictions. Both third-party foreign exchange (FX) and offshore FX transactions are possible.	OK	OK
FX controls — repatriation of funds	As above. Sale proceeds or income from investments can be freely repatriated.	OK	OK
Cash controls—credit balances	Foreign investors can freely open cash accounts in Japanese yen. Credit balances are allowed.	OK	OK
Cash controls—overdrafts	There are no restrictions on overdrafts for nonresidents.	OK	OK
Taxes	Taxation generally works well. However, extensive documentation may be required for exemptions. In particular, gaining exemption for municipal bond issues is onerous. As a result, International Central Securities Depositories (ICSDs) do not currently provide a service for these bonds. The calculation of tax requires historical information in some exceptional cases.	LOW	LOW

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¹ ASEAN+3 refers to the 10 members of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China, Japan, and the Republic of Korea.

Table A2 continued

Japan			
Potential Barrier	Status as of 2010	Market Assessment Questionnaire Scores	Overall Barrier Assessment
Omnibus accounts	Omnibus accounts are permitted.	OK	OK
Settlement cycle	The settlement cycle is T+3.	OK	OK
Message formats	The Japan Securities Depository Center (JASDEC) (the central securities depository [CSD] for corporate bonds), and most local market participants, use SWIFT message formats. However, BOJ-NET (the CSD for government bonds) does not use SWIFT formats.	OK	OK
Securities numbering	ISIN codes are available for all local bond issues, and are available at the time of issue. JASDEC and most local market participants use ISIN. However, BOJ-NET does not use ISIN.	OK	OK
Matching	There are trade matching and pre-settlement matching systems for bonds.	OK	OK
Dematerialization	Most corporate bonds and municipal bonds are held in JASDEC in dematerialized form. (Some physical certificates still exist.)	LOW	LOW
Regulatory framework	The regulatory regime is regarded as stable and consistent and no adverse comments were received in this area.	-	OK

BOJ-NET = Bank of Japan Financial Network System, ISIN = International Securities Identification Number, SWIFT = Society for Worldwide Interbank Financial Telecommunication.

Source: Asian Development Bank. 2010. ABMI Group of Experts Final Report Part III: Barriers to Cross-Border Investment and Settlement in the ASEAN+3 Bond Markets. Manila. [https://wpqr1.adb.org/LotusQuickr/asean3goe/Main.nsf/h_58E34A1388F9070B48257729000C0A4E/90F408746827C16248257729000C1334/\\$file/Part3.pdf](https://wpqr1.adb.org/LotusQuickr/asean3goe/Main.nsf/h_58E34A1388F9070B48257729000C0A4E/90F408746827C16248257729000C1334/$file/Part3.pdf)

Appendix 3

List of Bond Market-Related Legislation and Rules

Table A3.1: Examples of Bond Market-Related Legislation in Each Legislative Tier

Constitution	Principles, Rights, and Obligations
Statutes and Acts (Key legislation for the market and market participants)	<ul style="list-style-type: none"> • Companies Act (会社法) http://law.e-gov.go.jp/htmldata/H17/H17HO086.html (in Japanese: Latest amendment date: September 2015) (Latest version is available only in Japanese) Companies Act (Part I, Part II, Part III and Part IV) (会社法第一編第二編第三編第四編) http://www.japaneselawtranslation.go.jp/law/detail/?id=2035&vm=04&re=02 (English Translation date: 1 April 2009) Companies Act (Part V, Part VI, Part VII and Part VIII) (会社法 第五編第六編第七編第八編) http://www.japaneselawtranslation.go.jp/law/detail/?id=2052&vm=04&re=02 (English Translation date: 1 April 2009) • Banking Act (銀行法) http://law.e-gov.go.jp/htmldata/S56/S56HO059.html (in Japanese: Latest amendment date: 27 June 2014) (Latest version is available only in Japanese) http://www.japaneselawtranslation.go.jp/law/detail/?id=1870&vm=04&re=02 (English Translation date: 16 June 2009) • Financial Instruments and Exchange Act (FIEA: 金融商品取引法) http://law.e-gov.go.jp/htmldata/S23/S23HO025.html (in Japanese: Latest amendment date: 4 September 2015) (Latest version is available only in Japanese) http://www.japaneselawtranslation.go.jp/law/detail/?id=1911&vm=04&re=02 (English Translation date: 16 June 2009. Note: There is no reflection of the recent changes related to the Professional Investors Private Placement scheme in English) • Act on Book-Entry of Company Bonds, Shares, etc. (社債、株式等の振替に関する法律) http://www.japaneselawtranslation.go.jp/law/detail/?id=2451&vm=&re (Tentative English Translation date: 31 May 2013) • Act on the Securitization of Assets (資産の流動化に関する法律) http://law.e-gov.go.jp/htmldata/H10/H10HO105.html (in Japanese: Latest amendment date: 27 June 2014) (Latest version is available only in Japanese) http://www.japaneselawtranslation.go.jp/law/detail/?id=1971&vm=04&re=02 (English Translation date: 11 November 2009) • Act on Special Measures Concerning Taxation (Limited to the provisions related to nonresidents and foreign corporations) (租税特別措置法) http://law.e-gov.go.jp/htmldata/S32/S32HO026.html (in Japanese: Latest amendment date: 28 September 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=1847&vm=04&re=02 (English Translation date: 1 April 2009) (Latest version is available only in Japanese)

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Table A3.1 continued

Constitution	Principles, Rights, and Obligations
Subordinate Legislation (Cabinet Order or Ministerial Ordinance)	<p>E.g.</p> <ul style="list-style-type: none"> • Order for Enforcement of the Companies Act (会社法施行令) http://law.e-gov.go.jp/htmldata/H17/H17SE364.html (in Japanese: Latest amendment date: 31 March 2008) http://www.japaneselawtranslation.go.jp/law/detail/?id=1932&vm=04&re=02 (English Translation date: 24 March 2010) • Ordinance for Enforcement of the Companies Act (会社法施行規則) http://law.e-gov.go.jp/htmldata/H18/H18F12001000012.html (in Japanese: Latest amendment date: 8 January 2016) (Latest version is available only in Japanese) • Ordinance for Enforcement of the Banking Act (銀行法施行規則) http://law.e-gov.go.jp/htmldata/S57/S57F03401000010.html (in Japanese: Latest amendment date: 26 November 2015) http://www.japaneselawtranslation.go.jp/law/detail/?ft=1&re=01&dn=1&x=31&y=17&co=01&ia=03&ky=%E9%8A%80%E8%A1%8C%E6%B3%95%E6%96%BD%E8%A1%8C%E8%A6%8F%E5%89%87&page=1 (English Translation date: 1 October 2010) (Latest version is available only in Japanese) • Order for Enforcement of the Financial Instruments and Exchange Act (金融商品取引法施行令) http://www.japaneselawtranslation.go.jp/law/detail/?re=02&dn=1&x=37&y=24&co=1&ia=03&yo=&gn=&sy=&ht=&no=&bu=&ta=&ty[]=B&ky=order+for+enforcement+of+the+financial+instruments+and+exchange+act&page=5 (Tentative English Translation date: 27 March 2015) • Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act (金融商品取引法第二条に規定する定義に関する内閣府令) http://law.e-gov.go.jp/cgi-bin/idxselect.cgi?IDX_OPT=5&H_NAME=&H_NAME_YOMI=%82%A0&H_NO_GENGO=H&H_NO_YEAR=&H_NO_TYPE=2&H_NO_NO=&H_FILE_NAME=H05F03401000014&H_RYAKU=1&H_CTG=1&H_YOMI_GUN=1&H_CTG_GUN=1 (in Japanese: Latest amendment date: 25 September 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=1966&vm=04&re=02 (English Translation date: 25 June 2010) (Latest version is available only in Japanese) • Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc. (企業内容等の開示に関する内閣府令) http://law.e-gov.go.jp/htmldata/S48/S48F03401000005.html (in Japanese: Latest amendment date: 25 September 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=2341&vm=04&re=02 (in English. Translation date: 3 February 2010) (Latest version is available only in Japanese) • Cabinet Office Ordinance on Disclosure of Information, etc. on Regulated Securities (特定有価証券(外国投資信託証券/資産流動化証券)の内容等の開示に関する内閣府令) http://law.e-gov.go.jp/htmldata/H05/H05F03401000022.html (in Japanese: Latest amendment date: 25 September 2015) (Latest version is available only in Japanese) • Cabinet Office Ordinance on the Provision and Publication of Information on Securities (証券情報等(特定証券情報等)の提供又は公表に関する内閣府令) http://law.e-gov.go.jp/htmldata/H20/H20F10001000078.html (in Japanese: Latest amendment date: 15 May 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=2063&vm=04&re=02 (in English. Translation date: 2 June 2010) (Latest version is available only in Japanese)

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Constitution	Principles, Rights, and Obligations
Subordinate Legislation (Cabinet Order or Ministerial Ordinance)	<ul style="list-style-type: none"> <li data-bbox="613 369 1427 680"> <p>• Cabinet Office Ordinance on Disclosure of Information, etc. on Issuers of Foreign Government Bonds, etc. (外国債等の発行者の内容等の開示に関する内閣府令) http://law.e-gov.go.jp/cgi-bin/idxselect.cgi?IDX_OPT=2&H_NAME=&H_NAME_YOMI=%82%a0&H_NO_GENGO=H&H_NO_YEAR=&H_NO_TYPE=2&H_NO_NO=&H_FILE_NAME=S47F03401000026&H_RYAKU=1&H_CTG=1&H_YOMI_GUN=1&H_CTG_GUN=1 (in Japanese: Latest amendment date: 25 September 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=2598&vm=04&re=02 (English Translation date: 5 February 2010) (Latest version is available only in Japanese)</p> <li data-bbox="613 680 1427 877"> <p>• Cabinet Office Ordinance on Financial Instruments Business, etc. (金融商品取引業等に関する内閣府令) http://law.e-gov.go.jp/htmldata/H19/H19F10001000052.html (in Japanese: Latest amendment date: 4 September 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=2540&vm=04&re=02 (Tentative English Translation date: 24 March 2015) (Latest version is available only in Japanese)</p> <li data-bbox="613 877 1427 1226"> <p>• Ref. materials: Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. June 2014 (金融商品取引業者等向けの総合的な監督指針) http://www.fsa.go.jp/en/refer/guide/instruments.pdf (in English. June 2014) http://www.fsa.go.jp/en/refer/guide/instruments_b.pdf (Attached List of Formats II-1) http://www.fsa.go.jp/common/law/guide/kinyushohin/index.html (in Japanese. March 2016) http://www.fsa.go.jp/common/law/guide/kinyushohin.pdf (in Japanese. March 2016) http://www.fsa.go.jp/common/law/guide/kinyushohin_b.pdf (別紙様式II-1) (Latest version is available only in Japanese)</p> <li data-bbox="613 1226 1427 1423"> <p>• Cabinet Office Ordinance on Financial Instruments Exchanges, etc. (金融商品取引所等に関する内閣府令) http://law.e-gov.go.jp/htmldata/H19/H19F10001000054.html (in Japanese: Latest amendment date: 15 May 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=2378&vm=04&re=02 (Tentative English Translation date : 22 May 2010) (Latest version is available only in Japanese)</p> <li data-bbox="613 1423 1427 1621"> <p>• Cabinet Office Ordinance on Financial Instruments Firms Associations, etc. (金融商品取引業協会等に関する内閣府令) http://law.e-gov.go.jp/htmldata/H19/H19F10001000053.html (in Japanese: Latest amendment date: 15 May 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=2539&vm=04&re=01&new=1 (English Translation date: 15 December 2010) (Latest version is available only in Japanese)</p> <li data-bbox="613 1621 1427 1818"> <p>• Cabinet Office Ordinance on Restrictions on Securities Transactions, etc. (有価証券の取引等の規制に関する内閣府令) http://law.e-gov.go.jp/htmldata/H19/H19F10001000059.html (in Japanese: Latest amendment date: 2 September 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=2507&vm=04&re=02 (English Translation date: 3 February 2010) (Latest version is available only in Japanese)</p>

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Table A3.1 continued

Constitution	Principles, Rights, and Obligations
Subordinate Legislation (Cabinet Order or Ministerial Ordinance)	<ul style="list-style-type: none"> <li data-bbox="391 369 1192 594"> <p>• Cabinet Office Ordinance on Special Provisions, etc. for Procedures by Use of Electronic Data Processing System for Disclosure (開示用電子情報処理組織による手続の特例等に関する内閣府令) http://law.e-gov.go.jp/htmldata/H14/H14F10001000045.html (in Japanese: Latest amendment date: 15 February 2012) http://www.japaneselawtranslation.go.jp/law/detail/?id=2552&vm=04&re=02 (English Translation date: 15 December 2010) (Latest version is available only in Japanese)</p> <li data-bbox="391 600 1192 909"> <p>• Order on Book-Entry of Company Bonds, Shares, etc. (社債、株式等の振替に関する命令) http://law.e-gov.go.jp/htmldata/H14/H14F10002002005.html (in Japanese: Latest amendment date: 28 April 2015) http://www.japaneselawtranslation.go.jp/law/detail/?ft=1&re=01&dn=1&x=31&y=13&co=01&ia=03&ky=%E7%A4%BE%E5%82%B5%E3%80%81%E6%A0%AA%E5%BC%8F%E7%AD%89%E3%81%AE%E6%8C%AF%E6%9B%BF+%E3%81%AB%E9%96%A2%E3%81%99%E3%82%8B%E5%91%BD%E4%BB%A4&page=5 (English Translation date: 20 March 2015) (Latest version is available only in Japanese)</p> <li data-bbox="391 915 1192 1108"> <p>• Order for Enforcement of the Act on Book-Entry of Company Bonds, Shares, etc. (社債、株式等の振替に関する法律施行令) http://law.e-gov.go.jp/htmldata/H14/H14SE362.html (in Japanese: Latest amendment date: 28 January 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=2062&vm=04&re=02 (English Translation date: 26 November 2010) (Latest version is available only in Japanese)</p> <li data-bbox="391 1115 1192 1308"> <p>• Cabinet Office Ordinance on Financial Instruments Clearing Organizations, etc. (金融商品取引清算機関等に関する内閣府令) http://law.e-gov.go.jp/htmldata/H14/H14F10001000076.html (in Japanese: Latest amendment date: 28 April 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=2486&vm=04&re=02 (Tentative English Translation date: 30 April 2014) (Latest version is available only in Japanese)</p> <li data-bbox="391 1314 1192 1507"> <p>• Cabinet Office Ordinance on Financial Instruments Business, etc. (金融商品取引業等に関する内閣府令) http://law.e-gov.go.jp/htmldata/H19/H19F10001000052.html (in Japanese: Latest amendment date: 4 September 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=2540&vm=04&re=02 (Tentative English Translation date: 24 March 2015) (Latest version is available only in Japanese)</p> <li data-bbox="391 1514 1192 1793"> <p>• Order for Enforcement of the Act on Securitization of Assets (資産の流動化に関する法律施行令) http://law.e-gov.go.jp/cgi-bin/idxselect.cgi?IDX_OPT=5&H_NAME=&H_NAME_YOMI=%82%A0&H_NO_GENGO=H&H_NO_YEAR=&H_NO_TYPE=2&H_NO_NO=&H_FILE_NAME=H12SE479&H_RYAKU=1&H_CTG=1&H_YOMI_GUN=1&H_CTG_GUN=1 (in Japanese: Latest amendment date: 15 May 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=2363&vm=04&re=02 (English Translation date: 14 June 2010) (Latest version is available only in Japanese)</p>

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Table A3.1 continued

Constitution	Principles, Rights, and Obligations
Subordinate Legislation (Cabinet Order or Ministerial Ordinance)	<ul style="list-style-type: none"> <li data-bbox="613 369 1409 646"> <p>• Ordinance for Enforcement of the Act on Securitization of Assets (資産の流動化に関する法律施行規則) http://law.e-gov.go.jp/cgi-bin/idxselect.cgi?IDX_OPT=5&H_NAME=&H_NAME_YOMI=%82%A0&H_NO_GENGO=H&H_NO_YEAR=&H_NO_TYPE=2&H_NO_NO=&H_FILE_NAME=H12F03101000128&H_RYAKU=1&H_CTG=1&H_YOMI_GUN=1&H_CTG_GUN=1 (in Japanese: Latest amendment date: 28 April 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=2517&vm=04&re=02 (English Translation date: 14 June 2010) (Latest version is available only in Japanese)</p> <li data-bbox="613 657 1409 877"> <p>• Order for Enforcement of the Act on Special Measures Concerning Taxation (Limited to the provisions related to nonresidents and foreign corporations) (租税特別措置法施行令 非居住者, 外国法人関連部分) http://law.e-gov.go.jp/htmldata/S32/S32SE043.html (Whole text in Japanese: Latest amendment date: 29 January 2016) http://www.japaneselawtranslation.go.jp/law/detail/?id=1886&vm=04&re=02 (English Translation date: 18 August 2009) (Latest version is available only in Japanese)</p> <li data-bbox="613 888 1409 1108"> <p>• Ordinance for Enforcement of the Act on Special Measures Concerning Taxation (Limited to the provisions related to nonresidents and foreign corporations) (租税特別措置法施行規則 非居住者, 外国法人関連部分) http://law.e-gov.go.jp/htmldata/S32/S32F03401000015.html (Whole text in Japanese: Latest amendment date: 2 October 2015) http://www.japaneselawtranslation.go.jp/law/detail/?id=2189&vm=04&re=02 (Tentative English Translation date: 26 October 2009) (Latest version is available only in Japanese)</p>

Source: Compiled by ABMF SF1 based on public domain information as of 21 March 2016.

Table A3.2: Japan Securities Dealers Association Self-Regulatory Rules, Etc. for Bond Transactions

<p>Rules Concerning Underwriting, Etc. of Securities (Note: These rules are based on the version in effect as of 1 January 2015) 有価証券の引受け等に関する規則</p>	<p>1992-2015/01E 2015/05J</p>	<p>CHAPTER I. GENERAL PROVISIONS CHAPTER II. APPROPRIATE UNDERWRITING SECTION 1 Conduct of Appropriate Underwriting SECTION 2 Development of Underwriting System SECTION 3 Elimination of Antisocial Forces SECTION 4 Underwriting of Parent Corporation, Etc. or Subsidiary Corporation, Etc. SECTION 5 Implementation of Proper Underwriting Examination SECTION 6 Underwriting Examination Items, Etc. CHAPTER III. CONFIRMATION WITH ISSUER AND REQUEST FOR DISCLOSURE CHAPTER IV. DETERMINATION OF FAIR TERMS AND CONDITIONS CHAPTER V. STANDBY RIGHTS OFFERING CHAPTER VI. MISCELLANEOUS http://www.jsda.or.jp/en/rules-guidelines/E41.pdf http://www.jsda.or.jp/shiryō/web-handbook/105_kabushiki/files/150519_hikiuke.pdf</p>
<p>Detailed Rules Relating to the Rules Concerning Underwriting, Etc. of Securities (Note: These rules are based on the version in effect as of 1 January 2015.) 「有価証券の引受け等に関する規則」に関する細則</p>	<p>1996-2015/01E 2015/05J</p>	<p>http://www.jsda.or.jp/en/rules-guidelines/E42.pdf http://www.jsda.or.jp/shiryō/web-handbook/105_kabushiki/files/150519_hikiuke_saisoku.pdf</p>
<p>Rules Concerning Publication of Over-the-Counter Trading Reference Prices, Etc. and Trading Prices of Bonds 公社債の店頭売買の参考値等の発表及び売買値段に関する規則 (2013/12と2014/03改正規則の施行は2015/11予定)</p>	<p>1976-2014/01E 2015/11J</p>	<p>http://www.jsda.or.jp/en/rules-guidelines/content/140101E45.pdf http://www.jsda.or.jp/shiryō/web-handbook/106_saiken/files/20151102_3goukisoku.pdf.pdf</p>
<p>Detailed Rules Relating to the Rules Concerning Publication of Over-the-Counter Trading Reference Prices, Etc. and Trading Prices of Bonds (Note: This rule is based on the 1 January 2013 edition of the original Japanese text.) 「公社債の店頭売買の参考値等の発表及び売買値段に関する規則」に関する細則</p>	<p>1991-2013/01E 2015/11J</p>	<p>http://www.jsda.or.jp/en/rules-guidelines/files/46_131025.pdf http://www.jsda.or.jp/katsudou/kisoku/files/3gousaisoku.pdf</p>

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Table A3.2 continued

Rules Concerning Publication, Etc. of Over-the-Counter Quotation of Corporate Bonds, Etc. For Retail Customers 個人向け社債等の店頭気配情報の発表等に関する規則	2003-2009/12E 2009/12J	http://www.jsda.or.jp/en/rules-guidelines/files/47_131025.pdf http://www.jsda.or.jp/katsudou/kisoku/files/c016.pdf
Rules Concerning Solicitation, Etc. of Sale and Purchase, Etc. of Domestic CPS Etc. and Private Placement Corporate Bonds 国内C P等及び私募社債の売買取引等に係る勧誘等に関する規則	1998-2012/07E 2015/03J	http://www.jsda.or.jp/en/rules-guidelines/files/48_131025.pdf http://www.jsda.or.jp/shiryoweb-handbook/106_saiken/files/cpkisoku.pdf
Rules Concerning Handling of Sale and Purchase of Bonds with Options (Note: These rules are based on the version in effect as of 1 January 2015.) 選択権付債券売買取引の取扱いに関する規則	1992-2015/01E 2014/12J	http://www.jsda.or.jp/en/rules-guidelines/E49.pdf http://www.jsda.or.jp/katsudou/kisoku/files/201412_teikankisoku2sentakukentuki.pdf
Rules Concerning Handling of Conditional Sale and Purchase of Bonds, Etc. (Note: This rule is based on the December 2011 edition of the original Japanese text.) 債券等の条件付売買取引の取扱いに関する規則	1992-2011/12E 2010/07J	http://www.jsda.or.jp/en/rules-guidelines/files/50_131025.pdf http://www.jsda.or.jp/katsudou/kisoku/files/201504_teikankisoku1joukentukizenbun.pdf
Rules Concerning Handling of Sale and Purchase of Bonds, Etc. with Delayed Settlement (Note: This rule is based on the 1 April 2010 edition of the original Japanese text.) 債券等の着地取引の取扱いに関する規則	1992-2010/04E 2010/04J	http://www.jsda.or.jp/en/rules-guidelines/files/51_131025.pdf http://www.jsda.or.jp/katsudou/kisoku/files/201302_teikankisoku4chakutitorihiki.pdf
Rules Concerning Handling of Short Selling, and Borrowing and Lending Transactions of Bonds (Note: These rules are based on the version in effect as of 1 January 2015) 債券の空売り及び貸借取引の取扱いに関する規則	1992-2015/01E 2014/12J	http://www.jsda.or.jp/en/rules-guidelines/E52.pdf http://www.jsda.or.jp/katsudou/kisoku/files/201412_teikankisoku3taisyakurepo.pdf
Rules Concerning Distributions, Etc. of Securitized Products Standardized Information Reporting Package: SIRP (2015/06E) 証券化商品の販売等に関する規則+証券化商品標準情報レポート・パッケージ (SIRP) (2015/06J) ガイドブック (2015/09J) (Only in Japanese)	2009-2015/06E 2015/06J	http://www.jsda.or.jp/en/rules-guidelines/files/56_131025.pdf http://www.jsda.or.jp/shiryoweb-handbook/108_syoudenka/files/20151001_sirp_en.pdf http://www.jsda.or.jp/katsudou/kisoku/files/20150616_shoukennka.pdf http://www.jsda.or.jp/shiryoweb-handbook/108_syoudenka/files/20150617_SIRP.pdf http://www.jsda.or.jp/shiryoweb-handbook/108_syoudenka/files/20150907_sirp_guidebook.pdf

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Table A3.2 continued

Rules Concerning Foreign Securities Transactions (Note: These Rules are based on the version in effect as of 1 January 2015.) 外国証券の取引に関する規則	1973- 2015/01E 2014/12J	http://www.jsda.or.jp/en/rules-guidelines/E53.pdf http://www.jsda.or.jp/shiryō/web-handbook/107_foreign/files/gaikokukisoku.pdf
Rules Concerning Solution of Fail in Bond Settlement, etc. (Only Japanese version is available) 債券等のフェイルの解消に関する規則	2000- 2016/03J	http://www.jsda.or.jp/shiryō/web-handbook/201_kansyuu/files/b004.pdf

Source: Japan Securities Dealers Association. <http://www.jsda.or.jp/en/rules-guidelines/index.html>; <http://www.jsda.or.jp/shiryō/web-handbook/index.html>

Table A3.3: Japan Securities Dealers Association Recent Guidelines Related to the Bond Market

JSDA Guideline for Ensuring Fairness in OTC Bond Transaction (Only Japanese version is available) 公社債店頭取引における公正性確保のためのガイドラインについて	1998- 2007/09J	http://www.jsda.or.jp/shiryō/web-handbook/106_saiken/files/106_saiken_kisoku-07.pdf
JSDA Guidelines for Ensuring Fairness in Domestic OTC Transactions of Foreign Stocks, Etc. and Foreign Bonds (Only Japanese version is available) 外国株券等及び外国債券の国内店頭取引における公正性確保のためのガイドラインについて	1998/11J	http://www.jsda.or.jp/shiryō/web-handbook/107_foreign/files/107_a024-04.pdf
Japanese Government Securities Guidelines for Real-Time Gross Settlement 国債の即時グロス決済に関するガイドライン (Related Q&A) Questions & Answers about Settlements under Japanese Government Securities Guidelines for Real-Time Gross Settlement and Practical Guidelines for Handling of Fails Charges (2010/11) 「国債の即時グロス決済に関するガイドライン」、「フェイルチャージの実務に関する取扱指針」及び「相對ネットィング照合等の実務に関する取扱指針」に基づく決済についてのQ&A (2013/05)	2015/10E 2016/03J 2013/12E 2013/12J	Current Version http://market.jsda.or.jp/shiraberu/saiken/kessai/rtgs/rtgs/files/151013rtgsguideline_e.pdf New BOJ-NET Version http://market.jsda.or.jp/shiraberu/saiken/kessai/rtgs/rtgs/files/160315_rtgs_gline.pdf (Related Q&A) http://market.jsda.or.jp/shiraberu/saiken/kessai/rtgs/files/shishin_qa_e.pdf http://market.jsda.or.jp/shiraberu/saiken/kessai/rtgs/files/20130515_rtgsfailaitaiqa.pdf
Practical Guidelines for Handling of Fails Charges フェイルチャージの実務に関する取扱指針	2013/05E 2013/05J	http://market.jsda.or.jp/shiraberu/saiken/kessai/rtgs/rtgs/files/20130529_shishin_e.pdf http://market.jsda.or.jp/shiraberu/saiken/kessai/rtgs/files/20130515_failshishin.pdf
JSDA Guideline for When-Issued Transactions of Japanese Government Bonds 国債の発行日前取引に関するガイドライン	2003/10E 2007/09J	http://market.jsda.or.jp/shiraberu/saiken/wi/files/wi_guideline0310.pdf http://market.jsda.or.jp/shiraberu/saiken/wi/files/gline070928.pdf

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Table A3.3 continued

Book-Entry Transfer Guideline for Corporate Bonds 一般債の振替決済に関するガイドライン	2013/12E 2013/12J	New BOJ-NET Version http://market.jsda.or.jp/shiraberu/saiken/kessai/furikae/files/151013ippansai_guideline_e.pdf http://market.jsda.or.jp/shiraberu/saiken/kessai/furikae/files/151013ippansai_guideline.pdf
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BOJ-NET = Bank of Japan Financial Network System. OTC = over-the counter.
Source: Japan Securities Dealers Association.

Table A3.4: List of the Tokyo Stock Exchange Rules and Regulations Related to the TOKYO PRO-BOND Market

Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities (as of 11 September 2015) 特定上場有価証券に関する有価証券上場規程の特例	2012- 2015/09E 2015/05J	Part 3 Bonds Chapter 1 General Provisions Chapter 2 Program Listing Chapter 3 Initial Listing Chapter 4 Obligations After Listing Section 1 Obligation to Disclose Information on Issuer, etc. Section 2 Other Obligations Chapter 5 Maintaining Order in the Market Section 1 Measures for Ensuring Effectiveness Section 2 Delisting, etc. http://www.jpx.co.jp/english/rules-participants/rules/regulations/tvdivq0000001vyt-att/specified_listed_securities_special_regulations_20150911.pdf (Part 3 Bonds, P.37-) http://jpx-gr.info/rule/tosho_regu_201305070010001.html
Enforcement Rules for Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities (as of 11 September 2015) 特定上場有価証券に関する有価証券上場規程の特例の施行規則	2012- 2015/09E 2015/05J	Chapter 3 Bonds Rule 201. Disclosure Information on Websites of Issuers, etc. Rule 202. Program Listing Rule 203. Listing Agreement Rule 204. Documents to be Submitted, etc. pertaining to Initial Listing Application Rule 205. Method of Announcement at Time of Initial Listing Application Rule 206. Listing Eligibility Requirements Rule 207. Disclosure of Important Issuer, etc. Information Rule 208. Issuer Filing Information Rule 209. Fees Related to Listing Rule 210. Improvement Report Rule 211. Violation Penalty Rule 212. Period of Designation as Securities under Supervision in Measures for Ensuring Effectiveness

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Table A3.4 continued

		<p>Rule 213. Handling of Delisting Rule 215. Handling of Delisting Day http://www.jpx.co.jp/english/rules-participants/rules/regulations/tvdivq0000001vyt-att/specified_listed_securities_special_reg_enforcement_rules_20150911.pdf (Chapter 3 Bonds, P.49-59) http://jpx-gr.info/rule/tosho_regu_201305070047001.html</p>
<p>Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Specified Financial Instruments Exchange Markets (as of 30 April 2015) 特定取引所金融商品市場に関する業務規程及び受託契約準則の特例</p>	<p>2014-2015/04E 2015/04J</p>	<p>http://www.jpx.co.jp/english/rules-participants/rules/regulations/tvdivq0000001vyt-att/specified_financial_instruments_exchange_market_special_regulations_20150430.pdf http://jpx-gr.info/rule/tosho_regu_201305070011001.html</p>
<p>Enforcement Rules for Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Specified Financial Instruments Exchange Markets (as of 12 March 2015) 特定取引所金融商品市場に関する業務規程及び受託契約準則の特例の施行規則</p>	<p>2012-2015/03E 2015/03J</p>	<p>http://www.jpx.co.jp/english/rules-participants/rules/regulations/tvdivq0000001vyt-att/specified_exchange_market_special_reg_enforcement_rules_20150312.pdf http://jpx-gr.info/rule/tosho_regu_201305070048001.html</p>

Source: Japan Exchange Group. <http://www.jpx.co.jp/english/>.

Appendix 4

Practical References

For easy access to further information about the market features described in the Japan Bond Market Guide—including the policy bodies, regulatory authorities, and securities market institutions—interested parties are encouraged to utilize the following links (all websites available in English).

AMBIF Implementation Guideline for Japan (Appendix 5: pp. 92-108)
<http://www.adb.org/publications/implementation-ambif-asean3-bond-market-forum-sf1-p3>

AMBIF—Single Submission Form (as accepted by Tokyo Stock Exchange, Listing Authority of TOKYO PRO-BOND Market [TPBM]) (Appendix 1: pp. 37-55)
<http://www.adb.org/publications/implementation-ambif-asean3-bond-market-forum-sf1-p3>

AsianBondsOnline, Asian Development Bank (ADB)
<http://asianbondsonline.adb.org/index.php>
<http://asianbondsonline.adb.org/japan/structure/overview.php>

Financial Services Agency (FSA), Government of Japan
<http://www.fsa.go.jp/en/index.html>

Japan Credit Rating Agency
<http://www.jcr.co.jp/english/>

Japan Exchange Group-Tokyo Stock Exchange (JPX-TSE)
<http://www.jpx.co.jp/english/>

TOKYO PRO-BOND Market (TPBM)
<http://www.jpx.co.jp/english/equities/products/tpbm/index.html>

Japan Securities Dealers Association (JSDA)
<http://www.jsda.or.jp/en/index.html>

Japan Securities Depository Center (JASDEC)
<http://www.jasdec.com/en/>

Japan Securities Research Institute (JSRI)
Securities Market in Japan 2014
http://www.jsri.or.jp/publish/english/english_07.html

Ministry of Finance Japan (MOF)
Debt Management Report
http://www.mof.go.jp/english/jgbs/publication/debt_management_report/ (English)

National Institute for Research Advancement of Japan
Grand Design for an Asian Inter-Regional Professional Securities Market (AIR-PSM),
March 2008
<http://www.nira.or.jp/pdf/airpsm.pdf>

Rating and Investment Information
<https://www.r-i.co.jp/eng/index.html>

Appendix 5

Recommended Expression of Related Translations

AE = alternative expression, RE = recommended expression.

(1) Laws and Ordinances

- (a) (RE) Act on *Special Measures Concerning Taxation* (Japanese law translation by Ministry of Justice) = 租税特別措置法 (*sozei tokubetsu sochihou*)
(AE) *Special Taxation Measures Law*
- (b) (RE) *Companies Act* (Japanese law translation by Ministry of Justice) = 会社法 (*kaishahou*) (AE) *Company Law*, (AE) *Corporations Act*, (AE) *Corporations Law*
- (c) (RE) *Financial Instruments and Exchange Act* 【Abbreviation: FIEA】 (Japanese law translation by Ministry of Justice) = 金融商品取引法 (*kinyuu shouhin torihikihou*) (AE) *Financial Instruments and Exchange Law* 【Abbreviation: FIEL】
- (d) (RE) *Order for Enforcement* = 施行令 (*sekourei*), Reference: Cabinet Order = 政令 (*seirei*), Cabinet Office Ordinances = 内閣府令 (*naikakufurei*)
The Order for Enforcement of the Financial Instruments and Exchange Act = 金融商品取引法施行令 (*kinyuu shouhin torihikihou sekourei*)

(2) Disclosure Documents

- (a) (RE) Specified securities information = 特定証券情報 (*tokutei shouken jouhou*)
- (b) (RE) Issuer filing information = 発行者情報 (*hakkoushajouhou*)
- (c) Securities registration statement (SRS) = 有価証券届出書 (*yuukashouken todokedesho*)
- (d) (RE) Annual securities report = 有価証券報告書 (*yuukashouken houkokusho*) (AE) securities report
- (e) (RE) Semiannual securities report = 半期報告書 (*hanki houkokusho*) (AE) Semiannual report
- (f) (RE) Quarterly securities report = 四半期報告書 (*shihanki houkokusho*) (AE) Quarterly report
- (g) (RE) Extraordinary report = 臨時報告書 (*rinji houkokusho*) (AE) Current report
- (h) (RE) Shelf registration statement = 発行登録書 (*hakkoutourokusho*)
- (i) (RE) Supplement to shelf registration statement (Practical term) = 発行登録追補書類 (*hakkoutouroku tsuihoshorui*) (AE) Shelf registration supplement (Japanese law translation by the Ministry of Justice and the Financial Service Agency's [FSA] official translation)
- (j) (RE) Securities notice = 有価証券通知書 (*yuukashouken tsuuchisho*)

(3) Offering and Distribution

- (a) (RE) Public offering 【Abbreviation: PO】 = 募集 (*boshuu*)
(Japanese law translation by Ministry of Justice and FSA's official translation) Under the FIEA, an offering which is subject to requirements to disclose the solicitation documents stipulated in the FIEA is called "public offering," and an offering which is not subject to such requirements is generally called "private placement." However, the expression does not always reflect the economic nature of the offering. For example, offering to Professional Investors is in a strict legal sense "private placement," but is similar to "public offering" by its true nature. Issuers are required to submit Specified Securities Information (SSI) to the TSE in place of Securities Registration Statement (SRS).
- (b) (RE) Public offering of newly issued securities = 新発債公募 (*shinpatsusai koubo*) Especially in the context that needs to distinguish between a public offering and a secondary distribution, this term is used.
- (c) (RE) Secondary distribution = 売出し (*uridashi*)
(Japanese law translation by Ministry of Justice and FSA's Official translation) Especially in the context that does not need to distinguish between a public offering and a secondary distribution, "public offering" is sufficient for general translation.
- (d) (RE) Professional Investor = 特定投資家 (*tokutei toushika*)
This is the most frequently used expression in the practice of business in Japan. (Japanese law translation by Ministry of Justice and FSA's official translation) Alternative expression (AE) 1 = Specific investor (This word was used in relatively old public relations [PR] materials in the FSA.)
Alternative expression (AE) 2 = Specified investor¹ (This expression had been used in the FSA's early stage PR materials.)
- (e) (RE) Private Placement for Professional Investors 【Abbreviation: PP for PI】 = 特定投資家私募 (*tokutei toushika shibo*) This word is legally correct because this is part of private placement in Japanese law (FIEA).
(RE) Offer to Professional Investors 【Abbreviation: Offer to PI】 = 特定投資家公募 (*tokutei toushika koubo*)
This word is a practical translation focusing on the reality that many investors can be subject to public offering.
(RE) Offer of newly issued securities to Professional Investors = 特定投資家(新発)公募 (*tokutei toushika shinpatsu koubo*)
If the primary market offering of the new issue is distinguished from the private placement of already-issued securities, the above expression may be used.
(AE) Primary offering to Professional Investors
- (f) (RE) Private Secondary Distribution to Professional Investors = 特定投資家私売出し (*tokutei toushika shiuridashi*) 【Abbreviation: PSD to PI】
(AE) Private placement for Professional Investors
(RE) Offer of already-issued securities to Professional Investors = 特定投資家(既発)公募 (*tokutei toushika kihatsu koubo*)
(AE) Secondary offering to specified investors
Especially in the context that needs to distinguish between a private

¹ See <http://www.fsa.go.jp/sesc/english/aboutsesc/all.pdf>; <http://www.fsa.go.jp/en/newsletter/2009/01b.html>

placement of newly issued securities and an offer of already-issued securities, this term may be used.

- (g) (RE) Securities for Professional Investors = 特定投資家向け有価証券 (*tokutei tousehika muke yuukashouken*)
This expression is used in the SESC's PR materials while the expression "(AE) Securities intended for specified investors" is used in the FSA's PR materials.²
 - (h) (RE) Private Placement for Qualified Institutional Investors (QIIs)
【Abbreviation: QII-PP】 = 適格機関投資家私募 (*tekikaku kikan tousehika shibo*)
 - (i) (RE) Private Placement of newly issued securities for QIIs
(AE) primary private placement for QIIs
 - (j) (RE) Private Secondary Distribution for QIIs 【Abbreviation: QII-PSD】 = 適格機関投資家私売出し (*tekikaku kikan tousehika shiuridashi*)
 - (k) (RE) Private Placement of already-issued securities for QIIs
(AE) secondary private placement for QIIs
 - (l) (RE) Private Placement for small number of people 【Abbreviation: SN-PP】 = 少人数私募 (*shouninzuu shibo*)
 - (m) (RE) Private Placement of newly issued securities for small number of people
(AE) Primary Private Placement for small number of people
 - (n) (RE) Private Secondary Distribution for small number of people 【Abbreviation: SN-PSD】 = 少人数私売出し (*shouninzuu shiuridashi*)
 - (o) (RE) Private Placement of already-issued securities for small number of people
(AE) secondary private placement for small number of people
- (4) Others
- (a) (RE) commissioned company or person for bondholders (practical and understandable term) = 社債管理者 (*shasaikanrisha*)
(AE) bond manager (Japanese law translation by Ministry of Justice)
(AE) Corporate Bonds Manager (used in official documentation by JSDA)
 - (b) (RE) financial instruments business operator = 金融商品取引業者 (*kin-yuushouhin torihiki gyousha*)
 - (c) (RE) registered financial institution = 登録金融機関 (*touroku kin-yuukikan*)
 - (d) (RE) financial instruments business operator, etc. = 金融商品取引業者等 (*kin-yuushouhin torihiki gyousha tou*)
 - (e) (RE) Director-General of the Kanto Local Finance Bureau = 関東財務局長 (*kantouzaimukyokuchou*)
 - (f) (AE) Director of the Kanto Local Finance Bureau (old expression)

² See <http://www.fsa.go.jp/sesc/english/aboutsesc/all.pdf>; <http://www.fsa.go.jp/en/newsletter/2009/01b.html>

Appendix 6

Glossary of Technical Terms

Listing	Typically, action of submitting a bond, note, or <i>sukuk</i> to an exchange for the purpose of price finding, disclosure, or profiling
Registration	Action of registering a bond issue, as may be applicable
<i>sukuk</i>	Islamic finance securities
<i>sukuk Ijarah</i>	specific form of <i>sukuk</i> prevalent in Japan's Islamic financial market