



## Scope of products handled by each intermediary business

### 1. Permitted Deposit, etc. Intermediary Business Operations

- Intermediary for the conclusion of contracts for the acceptance of deposits, etc. (excluding specified deposits and negotiable certificates of deposit)
- Intermediary for the conclusion of contracts for the lending of funds or the discounting of bills (excluding revolving credit loans or discounted bills for individuals)
- Intermediary for the conclusion of contracts involving foreign exchange transactions.

### 2. Permitted Loan Intermediary Services Operations

- Intermediary for the conclusion of contracts for the lending of funds or the discounted bills (excluding revolving credit loan or discounted bills for individuals)

### 3. Permitted Securities, etc. Intermediary Business Operations

(1) In the context of intermediation for the purchase and sale of securities:

- National government bonds, Municipal bonds, Special bonds, Corporate bonds (excluding bond certificates with stock acquisition rights)
- Investment securities for special corporations, Preferred securities for Cooperative Structured Financial Institutions, Shares (excluding share option certificates)
- Beneficiary Securities of Investment Trusts and Foreign Investment Trusts (excluding Securities that are not traded or securities whose trust assets are rights related to derivative transactions)
- Investment Securities, Foreign Investment Securities (excluding Securities that are not traded or securities whose trust assets are rights related to Derivative Transactions)
- Investment Corporation Bonds, Foreign Investment Corporation Bonds
- Beneficiary Certificates of Trusts Issuing Beneficiary Certificates (excluding Securities that are not traded or rights related to derivative transactions as trust assets)
- Foreign securities and certificates
- Depositary receipts and certificates
- Rights to Be Indicated on Securities (excluding deemed securities)

(2) Other

- Intermediary for brokerage of Securities trading, Market Derivatives Transactions and Foreign Market Derivatives Transactions on Exchange-Traded Financial Instruments Markets or foreign financial instruments markets (excluding Market Derivative Transactions and Foreign Market Derivative Transactions)
- Handling of Offering of Securities or Secondary Offering of Securities, or handling of Private Placement of Securities or solicitation of sales for specific investors, etc.  
Intermediary for Investment Advisory Contracts and Discretionary Investment Contracts

### 4. Permitted Insurance Intermediary Business Operations

- Specific Insurance Contracts
- Fire insurance (including home contents insurance)
- Reinsurance contracts
- Corporate contracts
- Group insurance (excluding Insurance Contract underwritten in conjunction with the implementation of events for the insured)
- Conversion agreement (i.e. third-sector insurance with the right to change the basic rate)
- An Insurance Contract which provides for the payment of insurance benefits in excess of the following amounts (policies with an annual premium of less than 5000 yen are excluded):
  - Life insurance: 10 million yen
  - Non-life insurance: 20 million yen

- Third sector insurance: 6 million yen
- Contract which the term of insurance is whole life

## 5. Electronic Financial Service Intermediary

Electronic Financial Service Intermediary means Financial Service Intermediary Business conducted using Electronic Data Processing Systems or other information and communications technology such as:

- Web applications and cloud applications
- Software developed by third parties and made available to Financial Services Intermediaries
- Software that is shared between the Financial Service Intermediary and other operators
- Transmission of customer order information in accordance with APIs or other methods of software-to-software communication prescribed by the other financial institution.

## Restrictions on concurrent business activities

In addition to the general grounds for refusal of registration, these restrictions on concurrent business activity are set out as grounds for refusal of registration for each type of business

### 1. Prohibition on concurrent business when conducting a Deposit etc. Intermediary Business Operations

- Where an Insurance Company intends to provide Deposit Intermediary Business Operations
- Where a general business operator other than a person whose main business is lending, etc., a credit company, a guarantee company, etc., intends to engage in Deposit Intermediary Business Operations, as its main concurrent business
- Where a person whose main business is lending, etc., a credit company, a guarantee company, etc., intends to provide Deposit etc. Intermediary Business Operations

### 2. Prohibition on concurrent business when carrying out Insurance Intermediary Business Operations

- Insurance companies, foreign insurance companies, etc. or small-amount short-term insurance business operators, or their officers or employees
- An insurance solicitor or an officer or employee of an insurance company, foreign insurance company, etc. or small-amount and short-term insurance business operator

### 3. Prohibition on concurrent business when conducting Securities etc. Intermediary Business Operations

- Financial institutions that deal with deposit, etc. such as banks, etc.
- Officers and employees of Type I Financial Instruments Business Operators and registered financial institutions
- Insurance companies and foreign insurance companies, etc.

### 4. Prohibition on relationship between the Financial Service Intermediary and persons previously acting as agents, intermediaries, solicitors, etc.

- Deposit etc. Intermediary Business Operations: bank agents, agents for deposit-taking for financial institutions which deal with deposit-taking other than banks
- Insurance Intermediary Business Operations: insurance solicitors or insurance brokers, or their officers or employees
- Securities Intermediary Business Operations: Financial Instruments Business Operators engaged in Type 1 Financial Instruments Business or Financial Instruments Intermediaries
- Loan Intermediary Business Operations: money lenders

## Security Deposit

Financial Service Intermediaries are required to hold sufficient security to ensure that they have the resources to compensate users for damages. The basic amount of the security deposit is as follows:

- For the period from the date of commencement of business until the expiration of three months after the end of the first Business Year, 10 million yen.
- For the period from the day of commencement of the business for the second year or later to the day on which three months have elapsed from the end of the relevant Business Year, the amount is 10 million yen + (annual fees received for all business years) x 5/100 (rounded down to the nearest 100,000 yen)

Annual received commissions are the sum of commissions, remuneration and other consideration received in respect of Financial Service Intermediary Business in one financial year, at a rate significantly lower than that of insurance brokers, but with no upper limit.

## Duty to act fairly and in good faith

Financial Service Intermediaries and their officers and employees shall conduct their business in good faith and fairly towards their customers, regardless of having a commission relationship, capital relationship or personal relationship with the financial institution that is a party to the Financial Services Contract.

## Duty to provide information

### 1. Matters relating to the limitation of powers

A Financial Service Intermediary is obliged to make clear to customers that the following acts may not be performed on behalf of the Counterparty Financial Institution.

- Receiving requests to change the contents of a Financial Services Contract or to cancel it
- Issuing a certificate or other equivalent document for a Financial Services Contract
- Where Insurance Intermediary Business Operations is conducted, to receive notices or notifications from customers concerning Insurance Contracts
- Where Insurance Intermediary Business Operations is conducted, to determine whether the insurance company is liable to cover any loss caused by an insurance accident or to determine the amount to be covered

Please note that acting as a communication interface for the mere transmission of information from the Counterparty Financial Institution, such as the transmission of a request for change or cancellation of the contents of a Financial Services Contract, may be performed unless it falls under the acts listed above.

### 2. In addition, the following matters must also be disclosed:

- For commission paid by a customer to a Financial Service Intermediary in respect of a Financial Services Contract which the customer intends to enter into, the maximum amount thereof, or a summary of the method of calculating the same
- If the Commission, etc. to be paid by a customer to a Counterparty Financial Institution for a customer's Financial Services Contract differs depending on a Counterparty Financial Institution
- Amount of the Commission, etc. to be received when conducting acts of financial services intermediation for customers of the investment advisory business
- Capital and personal relationships between the Counterparty Financial Institution pertaining to the Financial Services Contract and whether or not there is a consignment contract pertaining to the act of financial services intermediation
- Matters concerning the division of roles between the Financial Service Intermediary and the Counterparty Financial Institution pertaining to the Financial Services Contract which the customers contract with respect to the Financial Service Intermediary, including the provision of information, explanation and delivery of documents to the customer

### 3. Response to requests from customers

The amount of commission, remuneration or other consideration received by the Financial Service Intermediary in relation to the Financial Service Intermediary Business and the following matters must be disclosed:

- For each type of business, the trade name, name or title of the main Counterparty Financial Institution with which the Financial Service Intermediary has a business relationship and ratio of the total amount of commission, remuneration, or other types of consideration received from the Counterparty Financial Institution (the "Commission, etc.") to the total amount of the Commission, etc. received from the Counterparty Financial Institution pertaining to the financial service contract with the customer
- The amount of guarantee money deposited by the Financial Service Intermediary, the amount to be deposited under the guarantee entrustment contract with the Financial Service Intermediary, or the amount of insurance under the liability insurance contract for the Financial Service Intermediary.
- System usage fees, information provision fees, advertising fees, etc. would also fall under the category of the Commissions, etc. if they were received from the Counterparty Financial Institution in relation to Financial Service Intermediary.

#### Prohibition on depositing money etc.

From a user protection perspective, a Financial Service Intermediary shall not, for any reason, receive deposits of money or other properties from customers or have those who have a close relationship with said Financial Service Intermediary deposit money or other properties of customers with regard to its Financial Service Intermediary Business.

“Close relationship” means, for a Financial Service Intermediary, which is an individual, relatives, and, for a Financial Service Intermediary which is a corporation, officers or employees, parent corporations, etc. or subsidiary corporations, etc., and individuals who hold more than 50% of the shareholder voting rights.

However, that does not apply in cases where risk of a lack of customer protection is low, such as where a bank, bank agency or fund transfer agency is acting in the course of its usual business.

#### Personnel Structure

##### 1. Deposit Intermediary Business Operations

Corporations are required to have a person responsible for operations to ensure compliance with laws and regulations assigned to each office, and a supervisor assigned to each office.

In addition, in the event of conducting a special deposit, etc. intermediary activity, there must be further suitable personnel with experience in the required area of current account operation or the lending of funds as appropriate.

##### 2. Loan Intermediary Services Operations

One of the managing officers must have been engaged in the lending business for at least three years, and at least one person who has been engaged in the lending business for at least one year must be employed as a full-time officer or employee at each office engaged in the Loan Intermediary Business Operations.

##### 3. Securities Intermediary Business Operations

Registration is required for sales representatives who act as intermediaries in the sale and purchase of securities, etc. on behalf of Financial Service Intermediaries.

#### 4. Insurance Intermediary Business Operations

Notification is required when a company intends to have its officers or employees act as intermediaries for the conclusion of Insurance Contracts.

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