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(Translation)

Bank of Japan Regulations Concerning the JGB Book-Entry System

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Chapter I General Provisions

Article 1 (Purpose)

These Regulations provide for necessary matters to implement the business relating to transfer of Japanese government securities (JGSs) conducted by the Bank of Japan with designation of Article 47, Paragraph 1 of the Act on Transfer of Bonds, Shares, etc. (Act No. 75 of 2001; hereinafter referred to as the "Act") (excluding the case provided for in Article 44, Paragraph 2 of the Act; hereinafter referred to as the "BOJ's Book-Entry Business").

Article 2 (Definitions)

For the purpose of these Regulations, the following terms shall have the meanings provided for in the following Items:

- (1) "JGB Book-Entry System" shall mean the structure of transfer of JGSs relating to the BOJ's Book-Entry Business;
- (2) "Book-Entry JGSs" shall mean any JGSs dealt with under the JGB Book-Entry System;
- (3) "Direct Participant's Account" shall mean an account which the Bank of Japan shall establish for any of the following persons to transfer the Book-Entry JGSs:
 - a. any person provided for in Article 44, Paragraph 1, Items 1 through 12 of the Act or the book-entry transfer institutions provided for in Article 2, Paragraph 2 of the Act (excluding the Bank of Japan deemed to be the book-entry transfer institution pursuant to the provision of Article 48 of the Act; hereinafter referred to as the "Other Transfer Institutions");
 - b. any person separately specified by the Bank of Japan pursuant to the provision of Article 7, Paragraph 2; and
 - c. the Bank of Japan;

- (4) "Customer's Account" shall mean any account used for transfer of Book-Entry JGSs other than the Direct Participant's Account;
- (5) "Direct Participant" shall mean any person for whom the Bank of Japan established the Direct Participant's Account;
- (6) "Indirect Participant" shall mean any person for whom the Direct Participant (excluding the Bank of Japan) established the Customer's Account and who is approved by the Bank of Japan as the person who may establish Customers' Accounts (limited to accounts used for transfer of such Book-Entry JGSs of others as are managed within Japan) for others;
- (7) "Foreign Indirect Participant" shall mean any person for whom the Participant (excluding the Bank of Japan) established the Customer's Account and who is approved by the Bank of Japan as the person who may establish Customers' Accounts (limited to accounts for transfer of such Book-Entry JGSs of others as are managed outside Japan) for others;
- (8) "Participant" shall mean the Direct Participant, the Indirect Participant, or the Foreign Indirect Participant;
- (9) "Customer" shall mean any person for whom the Participant established the Customer's Account;
- (10) "Designated Direct Participant" shall mean any Direct Participant who established the Customer's Account for the Indirect Participant and who is designated by the Bank of Japan;
- (11) "Designated Participant" shall mean any Participant who established the Customer's Account for the Foreign Indirect Participant and who is designated by the Bank of Japan;
- (12) "Lower-Positioned Institution" shall mean any of the following:
 - a. with respect to a Direct Participant, Indirect Participant whose Designated Direct Participant is that Direct Participant;

- b. with respect to a Participant, Foreign Indirect Participant whose Designated Participant is that Participant; and
 - c. with respect to an Indirect Participant of a. or a Foreign Indirect Participant of b. or c., Foreign Indirect Participant whose Designated Participant is that Indirect Participant or that Foreign Indirect Participant;
- (13) "Classifications" shall mean divisions in a Direct Participant's Account or a Customer's Account to distinguish the Book-Entry JGSs which belong to the trust property of the trust of which the Direct Participant or the Customer is trustee and such other Book-Entry JGSs as are separately specified by the Bank of Japan from other Book-Entry JGSs;
- (14) "Issue" shall mean name and number of JGSs; provided that in the case of the Separated Principal Component, it shall mean the matters which indicate that it is the Separated Principal Component and those sufficient to specify the name and number of JGSs before the Separation, and in the case of the Separated Coupon Component, it shall mean the matters which indicate that it is the Separated Coupon Component and those sufficient to specify the date of interest payment;
- (15) "Separation" shall mean the detachment of principal and interest provided for in Article 90, Paragraph 1 of the Act;
- (16) "Consolidation" shall mean to consolidate the Separated Principal Component and each Separated Coupon Component which has the same date of interest payment and amount as each coupon of the Book-Entry JGS Eligible for STRIPS which has the same name, number, and amount as such Separated Principal Component;
- (17) "Book-Entry JGSs Eligible for STRIPS" shall mean, among Book-Entry JGSs, the qualified detachable book-entry transfer JGSs provided for in Article 90, Paragraph 1 of the Act;
- (18) "Separated Principal Component" shall mean, among Book-Entry JGSs, the

principal-only book-entry transfer JGSs provided for in Article 90, Paragraph 2 of the Act;

- (19) "Separated Coupon Component" shall mean, among Book-Entry JGSs, the coupon-only book-entry transfer JGSs provided for in Article 90, Paragraph 3 of the Act; and
- (20) "Book-Entry JGSs Eligible for STRIPS, etc.," shall mean the Book-Entry JGSs Eligible for STRIPS, the Separated Principal Component, or the Separated Coupon Component.

Article 3 (Business Hours of the BOJ's Book-Entry Business)

- 1. Business hours of the BOJ's Book-Entry Business shall be from 9 a.m. through 4:30 p.m. excluding those separately specified by the Bank of Japan.
- 2. The Bank of Japan may, if it considers it necessary, temporarily change its business hours set out in the preceding Paragraph. In such case, it shall without delay notify the Direct Participants (excluding the Bank of Japan; the same shall apply hereinafter in this Chapter) of the same or take any measures so that the Direct Participants are able to receive such information by electromagnetic method.
- 3. The electromagnetic method provided for in the preceding Paragraph shall use the means to provide the Direct Participants with the contents of information recorded in the files stored in computers used by the Bank of Japan through telecommunications lines for inspecting and recording such information in the files in the Direct Participants' computers, which use an automatic public transmission server (the automatic public transmission server as provided for in Article 2, Paragraph 1, Item 9-5 (a) of the Copyright Act (Act No. 48 of 1970) connected to the Internet.

Article 4 (Holidays, etc.)

- 1. Holidays for the BOJ's Book-Entry Business shall be holidays of the Bank of Japan as specified in the written statement of manners of conducting business provided for in Article 45, Paragraph 1 of the Bank of Japan Act (Act No. 89 of

1997).

2. The Bank of Japan may, if it considers it necessary, temporarily close the BOJ's Book-Entry Business on a day other than holidays set out in the preceding Paragraph or temporarily open the BOJ's Book-Entry Business on such holidays. In such case, it shall without delay notify the Direct Participants of the same.

Article 5 (Scope of Book-Entry JGSs)

Book-Entry JGSs shall be JGSs provided for in Article 88 of the Act (limited to internal bonds) and designated by the Minister of Finance save for book-entry JGSs in respect of which the Bank of Japan has not obtained the approval of the Japanese government provided for in Article 13, Paragraph 1 of the Act and other book-entry JGSs separately specified by the Bank of Japan.

Article 6 (Approval of Issuer)

Matters necessary for the approval of the Japanese government provided for in Article 13, Paragraph 1 of the Act shall be separately provided by the Bank of Japan.

Chapter II Participants and Accounts

Section 1 Direct Participant and Direct Participant's Account

Article 7 (Establishment of Direct Participant's Account)

1. The Bank of Japan shall, when it receives an application for establishment of a Direct Participant's Account and considers the applicant to meet the following requirements, establish the Direct Participant's Account for that applicant. Details of requirements provided for in Item 2 shall be separately provided by the Bank of Japan:
 - (1) the applicant shall be any person provided for in Article 44, Paragraph 1, Items 1 through 12 of the Act or Other Transfer Institutions; and
 - (2) it shall not threaten to prejudice the credibility of the JGB Book-Entry

System or prevent its smooth operation if the applicant becomes a Direct Participant who may establish Customers' Accounts for others.

2. Notwithstanding the provision of the preceding Paragraph, the Bank of Japan shall, when it receives an application for establishment of a Direct Participant's Account (limited to an account provided for in Article 8, Paragraph 1, Item 1) and determines that it will not threaten to prejudice the credibility of the JGB Book-Entry System or prevent its smooth operation if the applicant becomes a Direct Participant, and that it meets such other requirements as are separately provided by the Bank of Japan, establish the Direct Participant's Account for that applicant.
3. Any person who desires to have the Direct Participant's Account established (excluding the Bank of Japan) shall submit to the Bank of Japan the Commercial Register and other documents separately specified by the Bank of Japan. In such case, the Bank of Japan shall identify the applicant by the method provided for in the Act on Prevention of Transfer of Criminal Proceeds (Act No. 22 of 2007).
4. The Bank of Japan shall, when it establishes a Direct Participant's Account, notify the person for whom such Direct Participant's Account is established (excluding the Bank of Japan) of the date of establishment thereof.
5. The Bank of Japan shall, when it establishes a Direct Participant's Account, notify the Direct Participants (excluding the Bank of Japan) of the name of such person for whom such Direct Participant's Account is established and the date of establishment thereof.
6. The Bank of Japan may establish a Direct Participant's Account for itself.

Article 8 (Divisions of Direct Participant's Account)

1. The Direct Participant's Account shall be divided into the following; provided that the Direct Participant's Account established under the provision of Article 7, Paragraph 2 hereof shall be limited to the account set out in Item 1:
 - (1) the account in which description or record of the Book-Entry JGSs to which the relevant Direct Participant holds the rights shall be made (hereinafter

referred to as the "Direct Participant's Account (Proprietary ledger)"); and

(2) the account in which description or record of the Book-Entry JGSs to which the Customers of the relevant Direct Participant or its Lower-Positioned Institutions hold the rights shall be made (hereinafter referred to as the "Direct Participant's Account (Customer ledger)").

2. The Direct Participant's Account (Proprietary ledger) and the Direct Participant's Account (Customer ledger) shall have subdivisions for each Classification as separately provided by the Bank of Japan. In such case, the Direct Participant's Account (Proprietary ledger) shall have a subdivision in which the Book-Entry JGSs which are subject to a pledge are described or recorded and the other subdivision in which other Book-Entry JGSs are described or recorded.

Article 9 (Notification, etc., of Change in Name, etc., of Direct Participant)

1. The Direct Participant (excluding the Bank of Japan) shall, if any change in its name, address, or other matters separately provided by the Bank of Japan has been made, immediately notify the Bank of Japan of the same.
2. The Bank of Japan shall, if it knows of any change in the name of a Direct Participant, notify the other Direct Participants (excluding the Bank of Japan) of the same.
3. The Direct Participant for whom the Direct Participant's Account is established under the provision of Article 7, Paragraph 1 hereof shall, if it has ceased to be any person provided for in Article 44, Paragraph 1, Items 1 through 12 of the Act or Other Transfer Institution, immediately notify the Bank of Japan of the same.

Article 10 (Abolition of Direct Participant's Account)

1. The Direct Participant (excluding the Bank of Japan; the same shall apply in Paragraphs 2 and 3) may apply to the Bank of Japan for abolition of its own Direct Participant's Account. Such application shall be made by the day one (1) month prior to the day on which the Direct Participant desires to abolish such account.
2. The Bank of Japan shall, if any Direct Participant falls under any of the following

Items, abolish the Direct Participant's Account of such Direct Participant:

- (1) when it made an application under the preceding Paragraph; or
 - (2) when it has ceased to be any person provided for in Article 44, Paragraph 1, Items 1 through 12 of the Act or Other Transfer Institution (limited to the Direct Participant for whom the Direct Participant's Account is established under the provision of Article 7, Paragraph 1 hereof).
3. The Bank of Japan may, if any Direct Participant falls under any of the following Items, abolish the Direct Participant's Account of such Direct Participant. In such case, an opportunity to explain shall be given to such Direct Participant in advance:
 - (1) when it has breached laws and regulations, administrative dispositions thereunder, these Regulations, or other matters determined by the Bank of Japan pursuant to the provision of Article 98 hereof; or
 - (2) other than the above, when the Bank of Japan considers that it does, or threatens to, prejudice the credibility of the JGB Book-Entry System or prevent its smooth operation.
4. Abolition of the Direct Participant's Account under the provision of the preceding Paragraph shall not prevent the Bank of Japan from claiming for the damages.
5. The Direct Participant shall, if its own Direct Participant's Account is abolished pursuant to the provisions of Paragraph 2 or 3 hereof, before such abolition, complete the procedures to transfer the Book-Entry JGSs which are described or recorded in its own Direct Participant's Account (Proprietary ledger) to the Customer's Account which is established for such Direct Participant by another Participant, and complete the procedures to transfer the Book-Entry JGSs which are described or recorded in the Customers' Accounts established by such Direct Participant to other Customers' Accounts.
6. The Bank of Japan shall not be liable for any damages arising from the abolition of the Direct Participant's Account under the provisions of Paragraph 2 or 3 hereof.

7. The Bank of Japan shall, if it abolishes the Direct Participant's Account under the provisions of Paragraph 2 or 3 hereof, notify the Direct Participant of the date of such abolition.
8. The Bank of Japan shall, if it abolishes the Direct Participant's Account under the provisions of Paragraph 2, 3, or 9 hereof, notify the other Direct Participants (excluding the Bank of Japan) of the name of such Direct Participant and the date of such abolition.
9. The Bank of Japan may abolish its own Direct Participant's Account. In such case, it shall, before such abolition, complete the procedures to transfer the Book-Entry JGSs which are described or recorded in its own Direct Participant's Account (Proprietary ledger) to the Customer's Account which is established for the Bank of Japan by another Participant, and complete the procedures to transfer the Book-Entry JGSs which are described or recorded in the Customers' Accounts established by the Bank of Japan to other Customers' Accounts.

Section 2 Indirect Participant and Indirect Participant's Account

Article 11 (Approval for Indirect Participant)

1. The Bank of Japan shall, when it receives an application for approval of Article 2, Item 6 hereof (hereinafter referred to as the "Approval for Indirect Participant") and considers the applicant to meet the following requirements, approve the same on the condition that the Customer's Account is established by the Direct Participant designated by the Bank of Japan. Details of requirements provided for in Item 2 shall be separately provided by the Bank of Japan:
 - (1) the applicant shall be any person provided for in Article 44, Paragraph 1, Items 1 through 12 of the Act or Other Transfer Institutions; and
 - (2) it shall not threaten to prejudice the credibility of the JGB Book-Entry System or prevent its smooth operation if the applicant becomes the Indirect Participant.
2. Any person who desires to obtain Approval for Indirect Participant shall submit to the Bank of Japan the Commercial Register and other documents separately

specified by the Bank of Japan.

3. The Bank of Japan shall, when it grants Approval for Indirect Participant, notify the person to be approved of the date of such approval and the name of the Direct Participant designated by the Bank of Japan pursuant to Paragraph 1 above.
4. The Bank of Japan shall, when it grants Approval for Indirect Participant, notify the Direct Participants (excluding the Bank of Japan) of the name of the person to be approved, the date of such approval, and the name of the Direct Participant designated by the Bank of Japan pursuant to Paragraph 1 above.

Article 12 (Divisions of Indirect Participant's Account)

1. The Customer's Account which is established for an Indirect Participant by the Designated Direct Participant (hereinafter referred to as the "Indirect Participant's Account") shall be divided into the following:
 - (1) the account in which a description or record of the Book-Entry JGSs to which the relevant Indirect Participant holds the rights shall be made (hereinafter referred to as the "Indirect Participant's Account (Proprietary ledger)"); and
 - (2) the account in which a description or record of the Book-Entry JGSs to which the Customers of the relevant Indirect Participant or its Lower-Positioned Institutions hold the rights shall be made (hereinafter referred to as the "Indirect Participant's Account (Customer ledger)").
2. The Indirect Participant's Account (Proprietary ledger) and the Indirect Participant's Account (Customer ledger) shall have subdivisions for each Classification as separately provided by the Bank of Japan. In such case, the Indirect Participant's Account (Proprietary ledger) shall have a subdivision in which the Book-Entry JGSs which are subject to a pledge are described or recorded and the other subdivision in which other Book-Entry JGSs are described or recorded.

Article 13 (Notification, etc., of Change in Name, etc., of Indirect Participant)

1. The Indirect Participant shall, if any change in its name or address has been made, immediately notify the Bank of Japan of the same.
2. The Bank of Japan shall, if it has known any change in the name of an Indirect Participant, notify the Direct Participants (excluding the Bank of Japan) of the same.
3. The Indirect Participant shall, if it has ceased to be any person provided for in Article 44, Paragraph 1, Items 1 through 12 of the Act or Other Transfer Institution, immediately notify the Bank of Japan of the same.

Article 14 (Cancellation of Approval for Indirect Participant)

1. The Indirect Participant may apply to the Bank of Japan for cancellation of the Approval for Indirect Participant. Such application shall be made by the day one (1) month prior to the day on which the Indirect Participant desires to cancel such approval.
2. The Bank of Japan shall, if any Indirect Participant falls under any of the following Items, cancel the Approval for Indirect Participant:
 - (1) when it made an application under the preceding Paragraph; or
 - (2) when it has ceased to be any person provided for in Article 44, Paragraph 1, Items 1 through 12 of the Act or Other Transfer Institution.
3. The Bank of Japan may, if any Indirect Participant falls under any of the following Items, cancel the Approval for Indirect Participant. In such case, an opportunity to explain shall be given to such Indirect Participant in advance:
 - (1) when it has breached laws and regulations, administrative dispositions thereunder, these Regulations, or other matters determined by the Bank of Japan pursuant to the provision of Article 98 hereof; or
 - (2) other than the above, when the Bank of Japan considers that it does, or threatens to, prejudice the credibility of the JGB Book-Entry System or prevent its smooth operation.

4. Cancellation of the Approval for Indirect Participant under the provision of the preceding Paragraph shall not prevent the Bank of Japan from claiming damages.
5. The Indirect Participant shall, if its Approval for Indirect Participant is canceled, before such cancellation, complete the procedures to transfer the Book-Entry JGSs which are described or recorded in the Customers' Accounts established by such Indirect Participant to other Customers' Accounts.
6. The Bank of Japan shall not be liable for any damages arising from the cancellation of Approval for Indirect Participant.
7. The Bank of Japan shall, if it cancels the Approval for Indirect Participant, notify such Indirect Participant of the date of such cancellation.
8. The Bank of Japan shall, if it cancels the Approval for Indirect Participant, notify the Direct Participants (excluding the Bank of Japan) of the name of such Indirect Participant and the date of such cancellation.

Section 3 Foreign Indirect Participant and Foreign Indirect Participant's Account

Article 15 (Approval for Foreign Indirect Participant)

1. The Bank of Japan shall, when it receives an application for approval of Article 2, Item 7 hereof (hereinafter referred to as the "Approval for Foreign Indirect Participant") and considers the applicant to meet the following requirements, approve the same on the condition that the Customer's Account is established with the Participant designated by the Bank of Japan. Details of requirements provided for in Item 2 shall be separately provided by the Bank of Japan:
 - (1) the applicant shall be any person provided for in Article 44, Paragraph 1, Item 13 of the Act; and
 - (2) it shall not threaten to prejudice the credibility of the JGB Book-Entry System or prevent its smooth operation if the applicant becomes the Foreign Indirect Participant.

2. Any person who desires to obtain Approval for Foreign Indirect Participant shall submit to the Bank of Japan the Commercial Register and other documents separately specified by the Bank of Japan.
3. The Bank of Japan shall, when it grants Approval for Foreign Indirect Participant, notify the person to be approved of the date of such approval and the name of the Participant designated by the Bank of Japan pursuant to Paragraph 1 above.
4. The Bank of Japan shall, when it grants Approval for Foreign Indirect Participant, notify the Direct Participants (excluding the Bank of Japan) of the name of such person to be approved, the date of such approval, and the name of the Participant designated by the Bank of Japan pursuant to Paragraph 1 above. In such case, if the Participant designated by the Bank of Japan is Indirect Participant or Foreign Indirect Participant, it shall also notify such Indirect Participant or Foreign Indirect Participant of the same.

Article 16 (Divisions of Foreign Indirect Participant's Account)

1. The Customer's Account which is established for a Foreign Indirect Participant by the Designated Participant (hereinafter referred to as the "Foreign Indirect Participant's Account") shall be divided into the following:
 - (1) the account in which a description or record of the Book-Entry JGSs to which the relevant Foreign Indirect Participant holds the rights shall be made (hereinafter referred to as the "Foreign Indirect Participant's Account (Proprietary ledger)"); and
 - (2) the account in which a description or record of the Book-Entry JGSs to which the Customers of the relevant Foreign Indirect Participant or its Lower-Positioned Institutions hold the rights shall be made (hereinafter referred to as the "Foreign Indirect Participant's Account (Customer ledger)").
2. The Foreign Indirect Participant's Account (Proprietary ledger) and the Foreign Indirect Participant's Account (Customer ledger) shall have subdivisions for each Classification as separately provided by the Bank of Japan. In such case, the

Foreign Indirect Participant's Account (Proprietary ledger) shall have a subdivision in which the Book-Entry JGSs which are subject to a pledge are described or recorded and the other subdivision in which other Book-Entry JGSs are described or recorded.

Article 17 (Notification, etc., of Change in Name, etc., of Foreign Indirect Participant)

1. The Foreign Indirect Participant shall, if any change in its name, address, or any other matters separately specified by the Bank of Japan has been made, immediately notify the Bank of Japan of the same.
2. The Bank of Japan shall, if it knows of any change in the name of a Foreign Indirect Participant, notify the Direct Participants (excluding the Bank of Japan) of the same.
3. The Foreign Indirect Participant shall, if it has ceased to be any person provided for in Article 44, Paragraph 1, Item 13 of the Act, immediately notify the Bank of Japan of the same.

Article 18 (Cancellation of Approval for Foreign Indirect Participant)

1. The Foreign Indirect Participant may apply to the Bank of Japan for cancellation of the Approval for Foreign Indirect Participant. Such application shall be made by the day one (1) month prior to the day on which the Foreign Indirect Participant desires to cancel such approval.
2. The Bank of Japan shall, if any Foreign Indirect Participant falls under any of the following Items, cancel the Approval for Foreign Indirect Participant:
 - (1) when it made an application under the preceding Paragraph; or
 - (2) when it has ceased to be any person provided for in Article 44, Paragraph 1, Item 13 of the Act.
3. The Bank of Japan may, if any Foreign Indirect Participant falls under any of the following Items, cancel the Approval for Foreign Indirect Participant. In such

case, an opportunity to explain shall be given to such Foreign Indirect Participant in advance:

- (1) when it has breached laws and regulations, administrative dispositions thereunder, these Regulations, or other matters determined by the Bank of Japan pursuant to the provision of Article 98 hereof; or
 - (2) other than the above, when the Bank of Japan considers that it does, or threatens to, prejudice the credibility of the JGB Book-Entry System or prevent its smooth operation.
4. Cancellation of the Approval for Foreign Indirect Participant under the provision of the preceding Paragraph shall not prevent the Bank of Japan from claiming damages.
5. The Foreign Indirect Participant shall, if its Approval for Foreign Indirect Participant is canceled, before such cancellation, complete the procedures to transfer the Book-Entry JGSs which are described or recorded in the Customers' Accounts established by such Foreign Indirect Participant to other Customers' Accounts.
6. The Bank of Japan shall not be liable for any damages arising from the cancellation of Approval for Foreign Indirect Participant.
7. The Bank of Japan shall, if it cancels the Approval for Foreign Indirect Participant, notify such Foreign Indirect Participant of the date of such cancellation.
8. The Bank of Japan shall, if it cancels the Approval for Foreign Indirect Participant, notify the Direct Participants (excluding the Bank of Japan) of the name of such Foreign Indirect Participant and the date of such cancellation. In such case, if the Designated Participant of such Foreign Indirect Participant is Indirect Participant or Foreign Indirect Participant, it shall also notify such Indirect Participant or Foreign Indirect Participant of the same.

Section 4 Customer's Account

Article 19 (Establishment of Customer's Account)

1. Only Participants (excluding the Direct Participants for whom the Direct Participants' Accounts are established pursuant to the provision of Article 7, Paragraph 2 hereof; the same shall apply hereinafter in this Section) may establish Customers' Accounts.
2. The Direct Participant or Indirect Participant shall identify the person for whom a Customer's Account is established by the method provided for in the Act on Prevention of Transfer of Criminal Proceeds.
3. The Foreign Indirect Participant shall identify the person for whom a Customer's Account is established by the method provided for in the preceding Paragraph or pursuant to the laws and regulations or customs of the country where such Foreign Indirect Participant establishes such Customer's Account.
4. The Bank of Japan shall, when it receives an application for establishment of a Customer's Account and determines that if the applicant becomes the Customer of the Bank of Japan, it will not threaten to prejudice the credibility of the JGB Book-Entry System or prevent its smooth operation, and that it meets such other requirements as are separately provided by the Bank of Japan, establish the Customer's Account for that applicant.

Article 20 (Agreement with Customer)

1. The Participants shall, upon establishing a Customer's Account, enter into an agreement with the Customer which shall include the following matters, except for establishment of the Customer's Account of the person separately specified by the Bank of Japan:
 - (1) the Customer's Account shall be established under the JGB Book-Entry System and treatment thereof shall be subject to such agreement, the Act and other laws and regulations, and these Regulations and other matters determined by the Bank of Japan in respect of the JGB Book-Entry System;
 - (2) only the Book-Entry JGSs to which the Customer has rights shall be described or recorded in the Customer's Account (excluding the Indirect

Participant's Account (Customer ledger) and the Foreign Indirect Participant's Account (Customer ledger); the same shall apply to Items 3 through 6);

- (3) the Customer may apply to the Participants for transfer (excluding that made in connection with assignment or pledge prohibited by the provisions of laws and regulations or any transfer otherwise specified by the Bank of Japan) of the Book-Entry JGSs which have been described or recorded in the Customer's Account (excluding the Book-Entry JGSs of which, such as those being attached, transfer or application thereof is prohibited by the provisions of laws and regulations);
- (4) if the Customer falls under the requirements specified by the Minister of Finance, provided for in Article 93, Paragraph 3 of the Act, the Customer may apply to the Participants for Separation of the Book-Entry JGSs Eligible for STRIPS which have been described or recorded in the subdivisions of the Customer's Account determined by the Bank of Japan (excluding the Book-Entry JGSs Eligible for STRIPS of which, such as those being attached, Separation or application thereof is prohibited by the provisions of laws and regulations);
- (5) if the Customer falls under the requirements specified by the Minister of Finance, provided for in Article 93, Paragraph 3 of the Act, the Customer may apply to the Participants for Consolidation of the Separated Principal Components and Separated Coupon Components which have been described or recorded in the subdivisions of the Customer's Account determined by the Bank of Japan (excluding the Separated Principal Components and Separated Coupon Components of which, such as those being attached, Consolidation or application thereof is prohibited by the provisions of laws and regulations);
- (6) if redemption (in the case of the Separated Coupon Components, payment of interest) is made in respect of the Book-Entry JGSs which have been described or recorded in the Customer's Account, the Customer shall be deemed to have applied to the Participants for obliteration of the description or record of the Book-Entry JGSs;

- (7) principal and interest of the Book-Entry JGSs which have been described or recorded in the Customer's Account (excluding the Book-Entry JGSs of which, such as those being attached, obliteration or application thereof is prohibited by the provisions of laws and regulations) shall be received by the Participants on behalf of the Customer, and distributed to the Customer;
- (8) if the Participants are Direct Participants (excluding the Bank of Japan), such Direct Participants, who are authorized to receive such principal and interest as provided for in the preceding Item and pursuant to the same Item, shall further authorize the Bank of Japan to receive the same;
- (9) if the Participants are Indirect Participants, such Indirect Participants, who are authorized to receive such principal and interest as provided for in Item 7 and pursuant to the same Item, shall further authorize their Designated Direct Participants, and such Designated Direct Participants in turn shall authorize the Bank of Japan to receive the same;
- (10) if the Participants are Foreign Indirect Participants, authorization to receive such principal and interest as provided for in Item 7 hereof shall be granted as follows:
 - a. the Foreign Indirect Participants authorized under the provision of Item 7 hereof or the Foreign Indirect Participants who are the Designated Participants authorized under this Item shall authorize their Designated Participants;
 - b. the Indirect Participants who are the Designated Participants authorized under the provision of a. above shall authorize their Designated Direct Participants; and
 - c. the Direct Participants who are the Designated Participants authorized under the provision of a. above or the Designated Direct Participants authorized under the provision of b. above shall authorize the Bank of Japan;
- (11) if there is any change in name or address of the Customer, the Customer shall immediately notify the Participants thereof;

- (12) if the Participants are Direct Participants (excluding the Bank of Japan), and the Customer is the Investor provided for in Article 11, Paragraph 2 of the Act, the Direct Participants shall guarantee jointly and severally that the Bank of Japan performs all obligations owed to the Customer, provided for in Article 105, Paragraph 2 or Article 109, Paragraph 3 of the Act; and
 - (13) if the Participants are Indirect Participants and the Customer is the Investor provided for in Article 11, Paragraph 2 of the Act, the Indirect Participants shall guarantee jointly and severally that the Bank of Japan or the Designated Direct Participants perform all obligations owed to the Customer, provided for in Article 105, Paragraph 2, Article 106, Paragraph 2, Article 109, Paragraph 3, or Article 110, Paragraph 3 of the Act.
2. Notwithstanding the provision of Paragraph 1, Item 7 above, the Participants may agree with the Customer, upon request by the Customer, to distribute all or any part of interest on the Book-Entry JGSs which have been described or recorded in the Customer's Account of the Customer (excluding the Book-Entry JGSs of which, such as those being attached, obliteration or application thereof is prohibited by the provisions of laws and regulations) to any person other than the Customer.

Article 21 (Divisions of Customer's Account)

1. Only the Book-Entry JGSs to which a Customer holds the rights shall be described or recorded in the Customer's Account (excluding the Indirect Participant's Account and the Foreign Indirect Participant's Account; the same shall apply in the following Paragraph).
2. The Customer's Account shall have subdivisions for each Classification as separately provided by the Bank of Japan. In such case, the Customer's Account shall have a subdivision in which the Book-Entry JGSs which are subject to a pledge are described or recorded and the other subdivision in which other Book-Entry JGSs are described or recorded.

Chapter III Transfer, etc.

Section 1 Transfer Account Book

Article 22 (Location of Transfer Account Book)

1. The Bank of Japan and the Participants (excluding the Participant for whom the Direct Participant's Account is established under the provision of Article 7, Paragraph 2 hereof) shall keep the transfer account book at their offices or places of business (in the case of the Bank of Japan, the Direct Participants, and the Indirect Participants, limited to the offices or places of business in Japan).
2. The transfer account book may be prepared by electromagnetic record provided for in Article 91, Paragraph 6 of the Act.

Article 23 (Matters to Be Described or Recorded in Transfer Account Book)

1. The transfer account book kept by the Bank of Japan (excluding the transfer account book kept by the Bank of Japan as a Direct Participant) shall be divided by each Direct Participant's Account and the transfer account book kept by the Participants shall be divided by each Customer's Account.
2. The following matters shall be described or recorded in each Direct Participant's Account in the transfer account book kept by the Bank of Japan:
 - (1) name and address of the Direct Participant;
 - (2) Issue;
 - (3) increase or decrease and balance of each Classification and subdivision of the Direct Participant's Account (Proprietary ledger) by each Issue;
 - (4) increase or decrease and balance of each Classification and subdivision of the Direct Participant's Account (Customer ledger) by each Issue; and
 - (5) matters relating to limitation of disposition.
3. The following matters shall be described or recorded in each Customer's Account (excluding the Indirect Participant's Account and Foreign Indirect Participant's

Account) in the transfer account book kept by the Participants:

- (1) name and address of the Customer;
- (2) Issue;
- (3) increase or decrease and balance of each Classification and subdivision by each Issue; and
- (4) matters relating to limitation of disposition.

4. The following matters shall be described or recorded in each Indirect Participant's Account in the transfer account book kept by the Designated Direct Participant:

- (1) name and address of the Indirect Participant;
- (2) Issue;
- (3) increase or decrease and balance of each Classification and subdivision of the Indirect Participant's Account (Proprietary ledger) by each Issue;
- (4) increase or decrease and balance of each Classification and subdivision of the Indirect Participant's Account (Customer ledger) by each Issue; and
- (5) matters relating to limitation of disposition.

5. The following matters shall be described or recorded in each Foreign Indirect Participant's Account in the transfer account book kept by the Designated Participant:

- (1) name and address of the Foreign Indirect Participant;
- (2) Issue;
- (3) increase or decrease and balance of each Classification and subdivision of the Foreign Indirect Participant's Account (Proprietary ledger) by each Issue;

- (4) increase or decrease and balance of each Classification and subdivision of the Foreign Indirect Participant's Account (Customer ledger) by each Issue;and
- (5) matters relating to limitation of disposition.

Article 24 (Unit of Amount of Book-Entry JGSs to Be Described or Recorded in Transfer Account Book)

The amount of Book-Entry JGSs to be described or recorded in the transfer account book shall be an integral multiple of the minimum amount of face value (hereinafter referred to as the "Minimum Face Value") of the Book-Entry JGSs.

Article 25 (Maintenance of Transfer Account Book)

The Bank of Japan and the Participants shall maintain the transfer account book for ten (10) years after preparation thereof. In such case, the transfer account book shall be maintained in due care not to be defaced, mutilated, lost, or destroyed.

Article 26 (Change or Correction of Description or Record of Transfer Account Book)

1. The Bank of Japan and the Participants shall, when they know of any change in matters described or recorded in the transfer account book kept by themselves, immediately describe or record such change in the transfer account book.
2. The Bank of Japan and the Participants shall, when they find any error described or recorded in the transfer account book kept by themselves, immediately correct such description or record.

Article 27 (Notice of Increase or Decrease and Balance of Direct Participant's Account)

The Bank of Japan shall, when it has described or recorded an increase or decrease in a Direct Participant's Account (excluding the Direct Participant's Account of the

Bank of Japan) in the transfer account book kept by itself (excluding the description or record relating to obliteration resulting from redemption (in the case of the Separated Coupon Component, payment of interest)), notify the Direct Participant for whom the Direct Participant's Account is established of the amount of increase or decrease and the balance thereof.

Section 2 New Description or Record

Article 28 (Provision of Accounts, etc., to Paying Person)

1. When the Book-Entry JGSs are issued, any person who desires to obtain such Book-Entry JGSs initially (including any person who desires to obtain description or record of the increase in its own Direct Participant's Account (Proprietary ledger) or Customer's Account (excluding the Indirect Participant's Account (Customer ledger) and the Foreign Indirect Participant's Account (Customer ledger)) on behalf of the person who makes an application provided for in Article 112 of the Act, and excluding any person who makes payment of the amount to be paid relating to such Book-Entry JGSs to the Bank of Japan (hereinafter referred to as the "Paying Person")) shall, before the issuance, provide the Paying Person with the following matters:
 - (1) its own Direct Participant's Account or Customer's Account; and
 - (2) the Classifications and subdivisions in which the increase shall be described or recorded in the Direct Participant's Account or the Customer's Account provided for in the preceding Item, and the amount of the Book-Entry JGSs for each Classification and subdivision.
2. Subdivisions for description or record of the Book-Entry JGSs which are subject to a pledge shall not be used as subdivisions provided for in Paragraph 1, Item 2 hereof.
3. The amount of Paragraph 1, Item 2 hereof shall be an integral multiple of the Minimum Face Value of the Book-Entry JGSs.

Article 29 (Notice to the Bank of Japan from Paying Person)

1. When the Book-Entry JGSs are issued, the Paying Person shall, before the issuance, notify the Bank of Japan of the following matters pursuant to the provisions separately provided by the Bank of Japan:
 - (1) Issue of the Book-Entry JGSs;
 - (2) the Direct Participant's Account in which the increase shall be described or recorded;
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the Direct Participant's Account provided for in the preceding Item, and the amount of the Book-Entry JGSs for each Classification and subdivision;
 - (4) if Customers initially obtain the Book-Entry JGSs, the following matters:
 - a. name and the Customer's Account of each Customer; and
 - b. Classifications and subdivisions in which the increase shall be described or recorded in the Customer's Account of each Customer, and the amount of the Book-Entry JGSs for each Classification and subdivision; and
 - (5) any other matters separately provided by the Bank of Japan.
2. Subdivisions for description or record of the Book-Entry JGSs which are subject to a pledge shall not be used as subdivisions provided for in the preceding Paragraph, Item 3 (limited to the subdivisions of the Direct Participant's Account (Proprietary ledger)) and subdivisions provided for in the preceding Paragraph, Item 4, b.
3. The amount of Paragraph 1, Item 3 and Item 4, b. hereof shall be an integral multiple of the Minimum Face Value of the Book-Entry JGSs.

Article 30 (New Description or Record and Notice by the Bank of Japan)

1. The Bank of Japan shall, when it has received payment relating to the Book-Entry

JGSs from the Paying Person, describe or record the increase based on the notice provided for in Article 29, Paragraph 1 hereof in the Direct Participant's Account in the transfer account book kept by itself.

2. In the case of the preceding Paragraph, the Bank of Japan shall, when it describes or records the increase in the Direct Participant's Account (Customer ledger) (excluding the Direct Participant's Account (Customer ledger) of the Bank of Japan), notify the Direct Participant for whom such Direct Participant's Account (Customer ledger) is established of the following matters among those of which it has been notified:

- (1) Issue of the Book-Entry JGSs;
- (2) name and the Customer's Account of each Customer of the Direct Participant or its Lower-Positioned Institutions; and
- (3) Classifications and subdivisions in which the increase shall be described or recorded in the Customer's Account of each Customer provided for in the preceding Item, and the amount of the Book-Entry JGSs for each Classification and subdivision.

3. In the case of Paragraph 1 hereof, the Bank of Japan shall, when it describes or records the increase in its own Direct Participant's Account (Customer ledger), describe or record the increase based on the notice in the Customer's Account in the transfer account book kept by itself.

Article 31 (New Description or Record and Notice by Direct Participant)

1. The Direct Participant shall, when it has received the notice provided for in Article 30, Paragraph 2, describe or record the increase based on the notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Direct Participant shall, when it describes or records the increase in the Indirect Participant's Account (Customer ledger) or the Foreign Indirect Participant's Account (Customer ledger), notify the Indirect Participant or the Foreign Indirect Participant for whom such Indirect Participant's Account (Customer ledger) or Foreign Indirect Participant's Account

(Customer ledger) is established of the following matters among those of which it has been notified:

- (1) Issue of the Book-Entry JGSs;
- (2) name and the Customer's Account of each Customer of the Indirect Participant, Foreign Indirect Participant, or their Lower-Positioned Institutions; and
- (3) Classifications and subdivisions in which the increase shall be described or recorded in the Customer's Account of each Customer provided for in the preceding Item, and the amount of the Book-Entry JGSs for each Classification and subdivision.

Article 32 (New Description or Record and Notice by Indirect Participant)

1. The Indirect Participant shall, when it has received the notice provided for in Article 31, Paragraph 2, describe or record the increase based on the notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Indirect Participant shall, when it describes or records the increase in the Foreign Indirect Participant's Account (Customer ledger), notify the Foreign Indirect Participant for whom such Foreign Indirect Participant's Account (Customer ledger) is established of the following matters among those of which it has been notified:

- (1) Issue of the Book-Entry JGSs;
- (2) name and Customer's Account of each Customer of the Foreign Indirect Participant or its Lower-Positioned Institutions; and
- (3) Classifications and subdivisions in which the increase shall be described or recorded in the Customer's Account of each Customer provided for in the preceding Item, and the amount of the Book-Entry JGSs for each Classification and subdivision.

Article 33 (New Description or Record and Notice by Foreign Indirect

Participant)

1. The Foreign Indirect Participant shall, when it has received the notice provided for in Article 31, Paragraph 2, Article 32, Paragraph 2, or the following Paragraph hereof, describe or record the increase based on the notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Foreign Indirect Participant shall, when it describes or records the increase in the Foreign Indirect Participant's Account (Customer ledger), notify the Foreign Indirect Participant for whom such Foreign Indirect Participant's Account (Customer ledger) is established of the following matters among those of which it has been notified:
 - (1) Issue of the Book-Entry JGSs;
 - (2) name and the Customer's Account of each Customer of the Foreign Indirect Participant or its Lower-Positioned Institutions; and
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the Customer's Account of each Customer provided for in the preceding Item, and the amount of the Book-Entry JGSs for each Classification and subdivision.

Section 3 Transfer

Part 1 Transfer to Other Accounts

Article 34 (Application for Transfer by Direct Participant)

1. The Direct Participant (excluding the Bank of Japan) may, pursuant to the provisions separately provided by the Bank of Japan, apply to the Bank of Japan for transfer (excluding that made in connection with assignment or pledge prohibited by provisions of the Act on National Government Bonds (Act No. 34 of 1906) and any other laws and regulations or any transfer otherwise specified by the Bank of Japan; the same shall apply hereinafter) of the Book-Entry JGSs which have been described or recorded in its own Direct Participant's Account (Proprietary ledger) (excluding the Book-Entry JGSs of which, such as those being

attached, transfer or application thereof is prohibited by the provisions of laws and regulations) to other Direct Participants' Accounts (Proprietary ledger) or Customers' Accounts (excluding the Indirect Participants' Accounts (Customer ledger) and the Foreign Indirect Participants' Accounts (Customer ledger)). Upon such application, the Direct Participant shall specify the following matters:

- (1) Issue of the Book-Entry JGSs in respect of which the decrease and increase shall be described or recorded and the amount thereof;
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Direct Participant's Account (Proprietary ledger) of the Direct Participant;
 - (3) the Direct Participant's Account in which the increase shall be described or recorded;
 - (4) Classifications and subdivisions in which the increase shall be described or recorded in the Direct Participant's Account provided for in the preceding Item;
 - (5) if the account to which the transfer is made (which means, in the case of transfer to a Direct Participant's Account (Proprietary ledger), such Direct Participant's Account and in the case of transfer to a Customer's Account, such Customer's Account; the same shall apply hereinafter) is a Customer's Account (excluding the cases separately provided by the Bank of Japan set out in the following Paragraph), the following matters:
 - a. the account to which the transfer is made; and
 - b. Classifications and subdivisions in which the increase shall be described or recorded in the account to which the transfer is made; and
 - (6) other matters separately provided by the Bank of Japan.
2. The Direct Participant who makes the application provided for in the preceding Paragraph shall, in the case separately provided by the Bank of Japan (limited to

the case that the account to which the transfer is made is a Customer's Account), notify the Direct Participant for whom the Direct Participant's Account provided for in Paragraph 1, Item 3 hereof is established of the following matters:

- (1) Issue of the Book-Entry JGSs in respect of which the increase shall be described or recorded and the amount thereof;
 - (2) the account to which the transfer is made; and
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the account to which the transfer is made.
3. The amount of Paragraph 1, Item 1 hereof shall be an integral multiple of the Minimum Face Value of the Book-Entry JGSs.

Article 35 (Application for Transfer by Customer)

1. The Customer may apply to the Participant who established the Customer's Account for transfer of the Book-Entry JGSs which have been described or recorded in its own Customer's Account (excluding the Indirect Participant's Account (Customer ledger) and the Foreign Indirect Participant's Account (Customer ledger); the same shall apply hereinafter in this Article) (excluding the Book-Entry JGSs of which, such as those being attached, transfer or application thereof is prohibited by the provisions of laws and regulations) to Direct Participant's Accounts (Proprietary ledger) or other Customers' Accounts. Upon such application, the Customer shall specify the following matters:
 - (1) Issue of the Book-Entry JGSs in respect of which the decrease and increase shall be described or recorded and the amount thereof;
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Customer's Account of the Customer;
 - (3) the account to which the transfer is made; and
 - (4) Classifications and subdivisions in which the increase shall be described or recorded in the account to which the transfer is made.

2. The amount of Paragraph 1, Item 1 hereof shall be an integral multiple of the Minimum Face Value of the Book-Entry JGSs.

Article 36 (Application for Transfer by Person Other than Direct Participant and Customer)

1. The provision of Article 34 (excluding Paragraph 2) hereof shall apply *mutatis mutandis* to the case where any person other than the Direct Participant for whom the Direct Participant's Account (Proprietary ledger) is established applies, based on the provision of laws and regulations, for transfer of the Book-Entry JGSs which have been described or recorded in that Participant's Account (Proprietary ledger).
2. The provision of Article 35 shall apply *mutatis mutandis* to the case where any person other than the Customer for whom the Customer's Account (excluding the Indirect Participant's Account (Customer ledger) and the Foreign Indirect Participant's Account (Customer ledger)) is established applies, based on the provision of laws and regulations, for transfer of the Book-Entry JGSs which have been described or recorded in that Customer's Account.

Article 37 (Description or Record and Notice Relating to Transfer by the Bank of Japan)

1. The Bank of Japan shall, when it has received the application provided for in Article 34, Paragraph 1 or Article 36, Paragraph 1 or the notice provided for in Article 38, Paragraph 3 hereof, describe or record the decrease and increase based on the application or notice in the Direct Participants' Accounts in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Bank of Japan shall, if the account to which the transfer is made is the Customer's Account established by the Bank of Japan, describe or record the increase based on the application or notice in the Customer's Account in the transfer account book kept by itself.
3. The Bank of Japan shall, when it has received the application provided for in Article 35, Paragraph 1 or Article 36, Paragraph 2 hereof, describe or record the

decrease based on the application in the Customer's Account in the transfer account book kept by itself.

4. In the case of the preceding Paragraph, the Bank of Japan shall, if the account to which the transfer is made is the Customer's Account established by the Bank of Japan, describe or record the increase based on the application in the Customer's Account in the transfer account book kept by itself.
5. In the case of Paragraph 3 hereof, the Bank of Japan shall, if the account to which the transfer is made is not the Customer's Account established by the Bank of Japan, describe or record the decrease and increase based on the application in the Direct Participants' Accounts in the transfer account book kept by itself.
6. The Bank of Japan shall, when it has decided to make transfer of the Book-Entry JGSs which have been described or recorded in its own Direct Participant's Account (Proprietary ledger) to other Direct Participants' Accounts (Proprietary ledger) or Customers' Accounts (excluding the Indirect Participants' Accounts (Customer ledger) and the Foreign Indirect Participants' Accounts (Customer ledger)), describe or record the decrease and increase relating to such transfer in the Direct Participants' Accounts in the transfer account book kept by itself.
7. In the case of the preceding Paragraph, the Bank of Japan shall, if the account to which the transfer is made is the Customer's Account established by the Bank of Japan, describe or record the increase relating to the transfer in the Customer's Account in the transfer account book kept by itself.
8. In the case of Paragraph 1 (excluding the case separately provided by the Bank of Japan set out in Article 34, Paragraph 2 and the case separately provided by the Bank of Japan set out in Article 38, Paragraph 4), 5, or 6 hereof, the Bank of Japan shall, when it describes or records the increase in the Direct Participant's Account (Customer ledger) (excluding the Direct Participant's Account (Customer ledger) of the Bank of Japan), notify the Direct Participant for whom the Direct Participant's Account (Customer ledger) is established of the following matters:
 - (1) Issue of the Book-Entry JGSs in respect of which the increase shall be described or recorded and the amount thereof;

- (2) the account to which the transfer is made; and
- (3) Classifications and subdivisions in which the increase shall be described or recorded in the account to which the transfer is made.

Article 38 (Description or Record and Notice Relating to Transfer by Direct Participant)

1. The Direct Participant (excluding the Bank of Japan; the same shall apply hereinafter in this Article) shall, when it has received the application provided for in Article 35, Paragraph 1 or Article 36, Paragraph 2, or the notice provided for in Article 39, Paragraph 3 or Article 40, Paragraph 3 hereof, describe or record the decrease based on the application or notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Direct Participant shall, if the account to which the transfer is made is the Customer's Account established by the Direct Participant or its Lower-Positioned Institutions, describe or record the increase based on the application or notice in the transfer account book kept by itself.
3. In the case of Paragraph 1 hereof, the Direct Participant shall, if the account to which the transfer is made is not the Customer's Account established by the Direct Participant or its Lower-Positioned Institutions, notify the Bank of Japan of the following matters pursuant to the provisions separately provided by the Bank of Japan:
 - (1) Issue of the Book-Entry JGSs in respect of which the decrease and increase shall be described or recorded and the amount thereof;
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Direct Participant's Account (Customer ledger) of the Direct Participant;
 - (3) the Direct Participant's Account in which the increase shall be described or recorded;
 - (4) Classifications and subdivisions in which the increase shall be described or

recorded in the Direct Participant's Account provided for in the preceding Item;

(5) in the case that the account to which the transfer is made is a Customer's Account (excluding the cases separately provided by the Bank of Japan set out in the following Paragraph), the following matters:

- a. the account to which the transfer is made; and
- b. Classifications and subdivisions in which the increase shall be described or recorded in the account to which the transfer is made; and

(6) other matters separately provided by the Bank of Japan.

4. The Direct Participant who makes notice provided for in the preceding Paragraph shall, in the case separately provided by the Bank of Japan (limited to the case when the account to which the transfer is made is a Customer's Account), notify the Direct Participant for whom the Direct Participant's Account provided for in the same Paragraph, Item 3 is established of the following matters. In such case, the Direct Participant may cause the Customer who applied for such transfer, or the Indirect Participant or the Foreign Indirect Participant who made the notice of Article 39, Paragraph 3 or Article 40, Paragraph 3 in respect of the transfer, to make such notice on its behalf:

- (1) Issue of the Book-Entry JGSs in respect of which the increase shall be described or recorded and the amount thereof;
- (2) the account to which the transfer is made; and
- (3) Classifications and subdivisions in which the increase shall be described or recorded in the account to which the transfer is made.

5. The Direct Participant shall, when it has received the notice provided for in Article 34, Paragraph 2, Article 37, Paragraph 8, or the preceding Paragraph, describe or record the increase based on the notice in the transfer account book kept by itself.

6. In the case of Paragraph 2 or 5 hereof, the Direct Participant shall, when it describes or records the increase in the Indirect Participant's Account (Customer ledger) or the Foreign Indirect Participant's Account (Customer ledger), notify the Indirect Participant or the Foreign Indirect Participant for whom the Indirect Participant's Account (Customer ledger) or the Foreign Indirect Participant's Account (Customer ledger) is established of the following matters:

- (1) Issue of the Book-Entry JGSs in respect of which the increase shall be described or recorded and the amount thereof;
- (2) the account to which the transfer is made; and
- (3) Classifications and subdivisions in which the increase shall be described or recorded in the account to which the transfer is made.

Article 39 (Description or Record and Notice Relating to Transfer by Indirect Participant)

1. The Indirect Participant shall, when it has received the application provided for in Article 35, Paragraph 1 or Article 36, Paragraph 2, or the notice provided for in Article 40, Paragraph 3 hereof, describe or record the decrease based on the application or notice in the transfer account book kept by itself.

2. In the case of the preceding Paragraph, the Indirect Participant shall, if the account to which the transfer is made is the Customer's Account established by the Indirect Participant or its Lower-Positioned Institutions, describe or record the increase based on the application or notice in the transfer account book kept by itself.

3. In the case of Paragraph 1 hereof, the Indirect Participant shall, if the account to which the transfer is made is not the Customer's Account established by the Indirect Participant or its Lower-Positioned Institutions, notify its Designated Direct Participant of the following matters:

- (1) Issue of the Book-Entry JGSs in respect of which the decrease and increase shall be described or recorded and the amount thereof;
- (2) Classifications and subdivisions in which the decrease shall be described or

recorded in the Indirect Participant's Account (Customer ledger) of the Indirect Participant;

- (3) the account to which the transfer is made; and
 - (4) Classifications and subdivisions in which the increase shall be described or recorded in the account to which the transfer is made.
4. The Indirect Participant shall, when it has received the notice provided for in Article 38, Paragraph 6 hereof, describe or record the increase based on the notice in the transfer account book kept by itself.
 5. In the case of Paragraph 2 or 4 hereof, the Indirect Participant shall, when it describes or records the increase in the Foreign Indirect Participant's Account (Customer ledger), notify the Foreign Indirect Participant for whom the Foreign Indirect Participant's Account (Customer ledger) is established of the following matters:
 - (1) Issue of the Book-Entry JGSs in respect of which the increase shall be described or recorded and the amount thereof;
 - (2) the account to which the transfer is made; and
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the account to which the transfer is made.

Article 40 (Description or Record and Notice Relating to Transfer by Foreign Indirect Participant)

1. The Foreign Indirect Participant shall, when it has received the application provided for in Article 35, Paragraph 1 or Article 36, Paragraph 2, or the notice provided for in Paragraph 3 hereof, describe or record the decrease based on the application or notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Foreign Indirect Participant shall, if the account to which the transfer is made is the Customer's Account established by the Foreign Indirect Participant or its Lower-Positioned Institutions, describe or record

the increase based on the application or notice in the transfer account book kept by itself.

3. In the case of Paragraph 1 hereof, the Foreign Indirect Participant shall, if the account to which the transfer is made is not the Customer's Account established by the Foreign Indirect Participant or its Lower-Positioned Institutions, notify its Designated Participant of the following matters:
 - (1) Issue of the Book-Entry JGSs in respect of which the decrease and increase shall be described or recorded and the amount thereof;
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Foreign Indirect Participant's Account (Customer ledger) of the Foreign Indirect Participant;
 - (3) the account to which the transfer is made; and
 - (4) Classifications and subdivisions in which the increase shall be described or recorded in the account to which the transfer is made.
4. The Foreign Indirect Participant shall, when it has received the notice provided for in Article 38, Paragraph 6, Article 39, Paragraph 5, or the following Paragraph hereof, describe or record the increase based on the notice in the transfer account book kept by itself.
5. In the case of Paragraph 2 or 4 hereof, the Foreign Indirect Participant shall, when it describes or records the increase in the Foreign Indirect Participant's Account (Customer ledger), notify the Foreign Indirect Participant for whom the Foreign Indirect Participant's Account (Customer ledger) is established of the following matters:
 - (1) Issue of the Book-Entry JGSs in respect of which the increase shall be described or recorded and the amount thereof;
 - (2) the account to which the transfer is made; and
 - (3) Classifications and subdivisions in which the increase shall be described or

recorded in the account to which the transfer is made.

Part 2 Transfer among Subdivisions

Article 41 (Application for Transfer among Subdivisions by Direct Participant)

1. The Direct Participant (excluding the Bank of Japan) may, in respect of the Book-Entry JGSs which have been described or recorded in its own Direct Participant's Account (Proprietary ledger), pursuant to the provisions separately provided by the Bank of Japan, apply to the Bank of Japan for transfer among the subdivisions in the Direct Participant's Account (Proprietary ledger) (which means transfer to other subdivisions (including the subdivisions of other Classifications) in the same account; the same shall apply hereinafter). Upon such application, the Direct Participant shall specify the following matters:
 - (1) Issue of the Book-Entry JGSs in respect of which the decrease and increase shall be described or recorded and the amount thereof;
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Direct Participant's Account (Proprietary ledger);
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the Direct Participant's Account (Proprietary ledger); and
 - (4) other matters separately provided by the Bank of Japan.
2. The amount of Paragraph 1, Item 1 hereof shall be an integral multiple of the Minimum Face Value of such Book-Entry JGSs.

Article 42 (Application for Transfer among Subdivisions by Customer)

1. The Customer may, in respect of the Book-Entry JGSs which have been described or recorded in its own Customer's Account (excluding the Indirect Participant's Account (Customer ledger) and the Foreign Indirect Participant's Account (Customer ledger)), apply to the Participant who established the Customer's Account for transfer among the subdivisions in the Customer's Account. Upon such application, the Customer shall specify the following matters:

- (1) Issue of the Book-Entry JGSs in respect of which the decrease and increase shall be described or recorded and the amount thereof;
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Customer's Account; and
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the Customer's Account.
2. The amount of Paragraph 1, Item 1 hereof shall be an integral multiple of the Minimum Face Value of such Book-Entry JGSs.

Article 43 (Description or Record Relating to Transfer among Subdivisions by the Bank of Japan)

1. The Bank of Japan shall, when it has received the application provided for in Article 41, Paragraph 1 or the notice provided for in Article 44, Paragraph 3 hereof, describe or record the decrease and increase based on the application or notice in the Direct Participant's Account in the transfer account book kept by itself.
2. The Bank of Japan shall, when it has received the application provided for in Article 42, Paragraph 1 hereof, describe or record the decrease and increase based on the application in the Customer's Account in the transfer account book kept by itself.
3. The Bank of Japan shall, other than the case provided for in the preceding Paragraph, in respect of the Book-Entry JGSs which have been described or recorded in the Customer's Account established by the Bank of Japan, if it knows that the transfer among the subdivisions in the Customer's Account has become necessary, describe or record the decrease and increase relating to the transfer among such subdivisions in the Customer's Account in the transfer account book kept by itself.
4. In the case of Article 37, Paragraph 4 or the preceding two (2) Paragraphs hereof, the Bank of Japan shall, if the transfer among the subdivisions in its own Direct Participant's Account (Customer ledger) has become necessary, describe or record

the decrease and increase relating to the transfer among the subdivisions in the Direct Participant's Account in the transfer account book kept by itself.

5. The Bank of Japan shall, in respect of the Book-Entry JGSs which have been described or recorded in its own Direct Participant's Account (Proprietary ledger), when it has decided to make transfer among the subdivisions in the Direct Participant's Account (Proprietary ledger), describe or record the decrease and increase relating to the transfer among the subdivisions in the Direct Participant's Account in the transfer account book kept by itself.
6. The Bank of Japan shall, other than the case provided for in Paragraph 1, 4, or 5 hereof, in respect of the Book-Entry JGSs which have been described or recorded in the Direct Participant's Account, if it has known that the transfer among the subdivisions in the Direct Participant's Account has become necessary, describe or record the decrease and increase relating to the transfer among the subdivisions in the Direct Participant's Account in the transfer account book kept by itself.

Article 44 (Description or Record and Notice Relating to Transfer among Subdivisions by Direct Participant)

1. The Direct Participant (excluding the Bank of Japan; the same shall apply hereinafter in this Article) shall, when it has received the application provided for in Article 42, Paragraph 1, or the notice provided for in Article 45, Paragraph 3 or Article 46, Paragraph 3 hereof, describe or record the decrease and increase based on the application or notice in the transfer account book kept by itself.
2. The Direct Participant shall, other than the case provided for in the preceding Paragraph, in respect of the Book-Entry JGSs which have been described or recorded in the Customer's Account established by the Direct Participant, if it knows that the transfer among the subdivisions in the Customer's Account has become necessary, describe or record the decrease and increase relating to the transfer among the subdivisions in the transfer account book kept by itself.
3. In the case of Article 38, Paragraph 2 or the preceding two (2) Paragraphs hereof, the Direct Participant shall, if the transfer among the subdivisions in its own Direct Participant's Account (Customer ledger) has become necessary, notify the Bank of Japan of the following matters pursuant to the provisions separately provided by

the Bank of Japan:

- (1) Issue of the Book-Entry JGSs in respect of which the decrease and increase shall be described or recorded and the amount thereof;
- (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Direct Participant's Account (Customer ledger);
- (3) Classifications and subdivisions in which the increase shall be described or recorded in the Direct Participant's Account (Customer ledger); and
- (4) other matters separately provided by the Bank of Japan.

Article 45 (Description or Record and Notice Relating to Transfer among Subdivisions by Indirect Participant)

1. The Indirect Participant shall, when it has received the application provided for in Article 42, Paragraph 1 or the notice provided for in Article 46, Paragraph 3 hereof, describe or record the decrease and increase based on the application or notice in the transfer account book kept by itself.
2. The Indirect Participant shall, other than the case provided for in the preceding Paragraph, in respect of the Book-Entry JGSs which have been described or recorded in the Customer's Account established by the Indirect Participant, if it knows that the transfer among the subdivisions in the Customer's Account has become necessary, describe or record the decrease and increase relating to the transfer among the subdivisions in the transfer account book kept by itself.
3. In the case of Article 39, Paragraph 2 or the preceding two (2) Paragraphs hereof, the Indirect Participant shall, if the transfer among the subdivisions in its own Indirect Participant's Account (Customer ledger) has become necessary, notify its Designated Direct Participant of the following matters:
 - (1) Issue of the Book-Entry JGSs in respect of which the decrease and increase shall be described or recorded and the amount thereof;
 - (2) Classifications and subdivisions in which the decrease shall be described or

recorded in the Indirect Participant's Account (Customer ledger); and

- (3) Classifications and subdivisions in which the increase shall be described or recorded in the Indirect Participant's Account (Customer ledger).

Article 46 (Description or Record and Notice Relating to Transfer among Subdivisions by Foreign Indirect Participant)

1. The Foreign Indirect Participant shall, when it has received the application provided for in Article 42, Paragraph 1 or the notice provided for in Paragraph 3 hereof, describe or record the decrease and increase based on the application or notice in the transfer account book kept by itself.
2. The Foreign Indirect Participant shall, other than the case provided for in the preceding Paragraph, in respect of the Book-Entry JGSs which have been described or recorded in the Customer's Account established by the Foreign Indirect Participant, if it knows that the transfer among the subdivisions in the Customer's Account has become necessary, describe or record the decrease and increase relating to the transfer among the subdivisions in the transfer account book kept by itself.
3. In the case of Article 40, Paragraph 2 or the preceding two (2) Paragraphs hereof, the Foreign Indirect Participant shall, if the transfer among the subdivisions in its own Foreign Indirect Participant's Account (Customer ledger) has become necessary, notify its Designated Participant of the following matters:
 - (1) Issue of the Book-Entry JGSs in respect of which the decrease and increase shall be described or recorded and the amount thereof;
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Foreign Indirect Participant's Account (Customer ledger); and
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the Foreign Indirect Participant's Account (Customer ledger).

Section 4 Separation

Article 47 (Application for Separation by Direct Participant)

1. The Direct Participant (limited to the person who falls under the criteria specified by the Minister of Finance as provided for in Article 93, Paragraph 3 of the Act) may, in respect of the Book-Entry JGSs Eligible for STRIPS which have been described or recorded in the subdivision provided for in Article 53, Paragraph 1 hereof in its own Direct Participant's Account (Proprietary ledger) (excluding the Book-Entry JGSs Eligible for STRIPS of which, such as those being attached, transfer or application thereof is prohibited by the provisions of laws and regulations), apply to the Bank of Japan for the Separation pursuant to the provisions separately provided by the Bank of Japan. Upon such application, the Direct Participant shall specify the following matters:
 - (1) Issue of the Book-Entry JGSs Eligible for STRIPS in respect of which the decrease shall be described or recorded and the amount thereof;
 - (2) Classifications in which the decrease and increase shall be described or recorded in the Direct Participant's Account (Proprietary ledger); and
 - (3) other matters separately provided by the Bank of Japan.
2. The amount of Paragraph 1, Item 1 hereof shall be an integral multiple of the Minimum Face Value of the Book-Entry JGSs Eligible for STRIPS, and the amount of each coupon of the Book-Entry JGSs Eligible for STRIPS shall also be an integral multiple thereof.

Article 48 (Application for Separation by Customer)

1. The Customer (limited to the person who falls under the criteria specified by the Minister of Finance provided for in Article 93, Paragraph 3 of the Act) may, in respect of the Book-Entry JGSs Eligible for STRIPS which have been described or recorded in the subdivision provided for in Article 53, Paragraph 1 hereof in its own Customer's Account (excluding the Indirect Participant's Account (Customer ledger) and the Foreign Indirect Participant's Account (Customer ledger)) (excluding the Book-Entry JGSs Eligible for STRIPS of which, such as those

being attached, transfer or application thereof is prohibited by the provisions of laws and regulations), apply to the Participant who established the Customer's Account for the Separation. Upon such application, the Customer shall specify the following matters:

- (1) Issue of the Book-Entry JGSs Eligible for STRIPS in respect of which the decrease shall be described or recorded and the amount thereof; and
 - (2) Classifications in which the decrease and increase shall be described or recorded in the Customer's Account.
2. The amount of Paragraph 1, Item 1 hereof shall be an integral multiple of the Minimum Face Value of the Book-Entry JGSs Eligible for STRIPS, and the amount of each coupon of the Book-Entry JGSs Eligible for STRIPS shall also be an integral multiple thereof.

Article 49 (Description or Record Relating to Separation by the Bank of Japan)

1. The Bank of Japan shall, when it has received the application provided for in Article 47, Paragraph 1 or the notice provided for in Article 50, Paragraph 2 hereof, describe or record the decrease and increase based on the application or notice in the Direct Participant's Account in the transfer account book kept by itself.
2. The Bank of Japan shall, when it has received the application provided for in Article 48, Paragraph 1 hereof, describe or record the decrease and increase based on the application in the Customer's Account and the Direct Participant's Account in the transfer account book kept by itself.
3. The Bank of Japan shall, when it has decided to make Separation in respect of the Book-Entry JGSs Eligible for STRIPS which have been described or recorded in the subdivisions provided for in Article 53, Paragraph 1 hereof in its own Direct Participant's Account (Proprietary ledger), describe or record the decrease and increase relating to the Separation in the Direct Participant's Account in the transfer account book kept by itself.

Article 50 (Description or Record and Notice Relating to Separation by Direct Participant)

1. The Direct Participant (excluding the Bank of Japan) shall, when it has received the application provided for in Article 48, Paragraph 1, or the notice provided for in Article 51, Paragraph 2 or Article 52, Paragraph 2 hereof, describe or record the decrease and increase based on the application or notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Direct Participant shall notify the Bank of Japan of the following matters pursuant to the provisions separately provided by the Bank of Japan:
 - (1) Issue of the Book-Entry JGSs Eligible for STRIPS in respect of which the decrease shall be described or recorded and the amount thereof;
 - (2) Classifications in which the decrease and increase shall be described or recorded in the Direct Participant's Account (Customer ledger) of the Direct Participant; and
 - (3) other matters separately provided by the Bank of Japan.

Article 51 (Description or Record and Notice Relating to Separation by Indirect Participant)

1. The Indirect Participant shall, when it has received the application provided for in Article 48, Paragraph 1 or the notice provided for in Article 52, Paragraph 2 hereof, describe or record the decrease and increase based on the application or notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Indirect Participant shall notify its Designated Direct Participant of the following matters:
 - (1) Issue of the Book-Entry JGSs Eligible for STRIPS in respect of which the decrease shall be described or recorded and the amount thereof; and
 - (2) Classifications in which the decrease and increase shall be described or

recorded in the Indirect Participant's Account (Customer ledger) of the Indirect Participant.

Article 52 (Description or Record and Notice Relating to Separation by Foreign Indirect Participant)

1. The Foreign Indirect Participant shall, when it has received the application provided for in Article 48, Paragraph 1 or the notice provided for in the following Paragraph hereof, describe or record the decrease and increase based on the application or notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Foreign Indirect Participant shall notify its Designated Participant of the following matters:
 - (1) Issue of the Book-Entry JGSs Eligible for STRIPS in respect of which the decrease shall be described or recorded and the amount thereof; and
 - (2) Classifications in which the decrease and increase shall be described or recorded in the Foreign Indirect Participant's Account (Customer ledger) of the Foreign Indirect Participant.

Article 53 (Subdivisions, etc., in which Description or Record Relating to Separation Is Made)

1. Subdivisions in which the description or record of the decrease and increase is made pursuant to Articles 49 through 52 shall be separately provided by the Bank of Japan.
2. Subdivisions separately provided by the Bank of Japan pursuant to the preceding Paragraph shall be, in respect of the Direct Participant's Account (Proprietary ledger) and the Customer's Account (excluding the Indirect Participant's Account (Customer ledger) and the Foreign Indirect Participant's Account (Customer ledger)), limited to subdivisions other than those in which the Book-Entry JGSs which are subject to a pledge are described or recorded.
3. Description or record of the increase provided for in Articles 49 through 52 shall be made in respect of the amount provided for in the following Items relating to

the Book-Entry JGSs provided for in the relevant Items:

- (1) the Book-Entry JGSs which compose principal of the Book-Entry JGSs Eligible for STRIPS in respect of which the decrease shall be described or recorded: the amount equal to the amount of such Book-Entry JGSs Eligible for STRIPS; and
- (2) the Book-Entry JGSs which compose a coupon of the Book-Entry JGSs Eligible for STRIPS in respect of which the decrease shall be described or recorded: the amount equal to the amount of each coupon of such Book-Entry JGSs Eligible for STRIPS.

Section 5 Consolidation

Article 54 (Application for Consolidation by Direct Participant)

1. The Direct Participant (limited to the person who falls under the criteria specified by the Minister of Finance provided for in Article 93, Paragraph 3 of the Act) may, in respect of the Separated Principal Components and Separated Coupon Components which have been described or recorded in the subdivision provided for in Article 60, Paragraph 1 hereof in its own Direct Participant's Account (Proprietary ledger) (excluding the Separated Principal Components and Separated Coupon Components of which, such as those being attached, transfer or application thereof is prohibited by the provisions of laws and regulations), apply to the Bank of Japan for Consolidation pursuant to the provisions separately provided by the Bank of Japan. Upon such application, the Direct Participant shall specify the following matters:
 - (1) Issue of the Book-Entry JGSs Eligible for STRIPS in respect of which the increase shall be described or recorded and the amount thereof;
 - (2) Classifications in which the decrease and increase shall be described or recorded in the Direct Participant's Account (Proprietary ledger); and
 - (3) other matters separately provided by the Bank of Japan.
2. The amount of Paragraph 1, Item 1 hereof shall be an integral multiple of the

Minimum Face Value of the Book-Entry JGSs Eligible for STRIPS, and the amount of each coupon of the Book-Entry JGSs Eligible for STRIPS shall also be an integral multiple thereof.

Article 55 (Application for Consolidation by Customer)

1. The Customer (limited to the person who falls under the criteria specified by the Minister of Finance provided for in Article 93, Paragraph 3 of the Act) may, in respect of the Separated Principal Components and the Separated Coupon Components which have been described or recorded in the subdivision provided for in Article 60, Paragraph 1 hereof in its own Customer's Account (excluding the Indirect Participant's Account (Customer ledger) and the Foreign Indirect Participant's Account (Customer ledger)) (excluding the Separated Principal Components and Separated Coupon Components of which, such as those being attached, transfer or application thereof is prohibited by the provisions of laws and regulations), apply to the Participant who established the Customer's Account for Consolidation. Upon such application, the Customer shall specify the following matters:
 - (1) Issue of the Book-Entry JGSs Eligible for STRIPS in respect of which the increase shall be described or recorded and the amount thereof; and
 - (2) Classifications in which the decrease and increase shall be described or recorded in the Customer's Account.
2. The amount of Paragraph 1, Item 1 hereof shall be an integral multiple of the Minimum Face Value of the Book-Entry JGSs Eligible for STRIPS, and the amount of each coupon of the Book-Entry JGSs Eligible for STRIPS shall also be an integral multiple thereof.

Article 56 (Description or Record Relating to Consolidation by the Bank of Japan)

1. The Bank of Japan shall, when it has received the application provided for in Article 54, Paragraph 1 or the notice provided for in Article 57, Paragraph 2 hereof, describe or record the decrease and increase based on the application or notice in the Direct Participant's Account in the transfer account book kept by itself.

2. The Bank of Japan shall, when it has received the application provided for in Article 55, Paragraph 1 hereof, describe or record the decrease and increase based on the application in the Customer's Account and the Direct Participant's Account in the transfer account book kept by itself.
3. The Bank of Japan shall, when it has decided to make Consolidation in respect of the Separated Principal Components and Separated Coupon Components which have been described or recorded in the subdivisions provided for in Article 60, Paragraph 1 in its own Direct Participant's Account (Proprietary ledger), describe or record the decrease and increase relating to such Consolidation in the Direct Participant's Account in the transfer account book kept by itself.

Article 57 (Description or Record and Notice Relating to Consolidation by Direct Participant)

1. The Direct Participant (excluding the Bank of Japan) shall, when it has received the application provided for in Article 55, Paragraph 1, or the notice provided for in Article 58, Paragraph 2 or Article 59, Paragraph 2 hereof, describe or record the decrease and increase based on the application or notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Direct Participant shall notify the Bank of Japan of the following matters pursuant to the provisions separately provided by the Bank of Japan:
 - (1) Issue of the Book-Entry JGSs Eligible for STRIPS in respect of which the increase shall be described or recorded and the amount thereof;
 - (2) Classifications in which the decrease and increase shall be described or recorded in the Direct Participant's Account (Customer ledger) of the Direct Participant; and
 - (3) other matters separately provided by the Bank of Japan.

Article 58 (Description or Record and Notice Relating to Consolidation by Indirect Participant)

1. The Indirect Participant shall, when it has received the application provided for in Article 55, Paragraph 1 or the notice provided for in Article 59, Paragraph 2 hereof, describe or record the decrease and increase based on the application or notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Indirect Participant shall notify its Designated Direct Participant of the following matters:
 - (1) Issue of the Book-Entry JGSs Eligible for STRIPS in respect of which the increase shall be described or recorded and the amount thereof; and
 - (2) Classifications in which the decrease and increase shall be described or recorded in the Indirect Participant's Account (Customer ledger) of the Indirect Participant.

Article 59 (Description or Record and Notice Relating to Consolidation by Foreign Indirect Participant)

1. The Foreign Indirect Participant shall, when it has received the application provided for in Article 55, Paragraph 1 or the notice provided for in the following Paragraph hereof, describe or record the decrease and increase based on the application or notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Foreign Indirect Participant shall notify its Designated Participant of the following matters:
 - (1) Issue of the Book-Entry JGSs Eligible for STRIPS in respect of which the increase shall be described or recorded and the amount thereof; and
 - (2) Classifications in which the decrease and increase shall be described or recorded in the Foreign Indirect Participant's Account (Customer ledger) of the Foreign Indirect Participant.

Article 60 (Subdivisions, etc., in which Description or Record Relating to

Consolidation Is Made)

1. Subdivisions in which the description or record of the decrease and increase is made pursuant to Articles 56 through 59 shall be separately provided by the Bank of Japan.
2. Subdivisions separately provided by the Bank of Japan pursuant to the preceding Paragraph shall be, in respect of the Direct Participant's Account (Proprietary ledger) and the Customer's Account (excluding the Indirect Participant's Account (Customer ledger) and the Foreign Indirect Participant's Account (Customer ledger)), limited to subdivisions other than those in which the Book-Entry JGSs which are subject to a pledge are described or recorded.
3. Description or record of the decrease provided for in Articles 56 through 59 shall be made in respect of the amount provided for in the following Items relating to the Book-Entry JGSs provided for in the relevant Items:
 - (1) the Separated Principal Component which has the same name and number as the Book-Entry JGSs Eligible for STRIPS in respect of which the increase shall be described or recorded: the amount equal to the amount of such Book-Entry JGSs Eligible for STRIPS; and
 - (2) each Separated Coupon Component which has the same date of interest payment as each coupon of the Book-Entry JGSs Eligible for STRIPS in respect of which the increase shall be described or recorded: the amount equal to the amount of each coupon of such Book-Entry JGS Eligible for STRIPS.

Section 6 Obliteration

Article 61 (Application for Obliteration by Direct Participant)

1. The Direct Participant (excluding the Bank of Japan) shall, if the obliteration in respect of the Book-Entry JGSs which have been described or recorded in its own Direct Participant's Account (Proprietary ledger) (excluding the Book-Entry JGSs of which, such as those being attached, transfer or application thereof is prohibited by the provisions of laws and regulations) has become necessary, apply to the

Bank of Japan for obliteration pursuant to the provisions separately provided by the Bank of Japan. Upon such application, the Direct Participant shall specify the following matters:

- (1) Issue of the Book-Entry JGSs in respect of which the decrease shall be described or recorded and the amount thereof;
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Direct Participant's Account (Proprietary ledger); and
 - (3) other matters separately provided by the Bank of Japan.
2. The amount of Paragraph 1, Item 1 hereof shall be an integral multiple of the Minimum Face Value of the Book-Entry JGSs.

Article 62 (Application for Obliteration by Customer)

1. The Customer shall, if the obliteration in respect of the Book-Entry JGSs which have been described or recorded in its own Customer's Account (excluding the Indirect Participant's Account (Customer ledger) and the Foreign Indirect Participant's Account (Customer ledger)) (excluding the Book-Entry JGSs of which, such as those being attached, transfer or application thereof is prohibited by the provisions of laws and regulations) has become necessary, apply for obliteration to the Participant who established the Customer's Account. Upon such application, the Customer shall specify the following matters:
 - (1) Issue of the Book-Entry JGSs in respect of which the decrease shall be described or recorded and the amount thereof; and
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Customer's Account.
2. The amount of Paragraph 1, Item 1 hereof shall be an integral multiple of the Minimum Face Value of the Book-Entry JGSs.

Article 63 (Application for Obliteration by Person Other than Direct Participant and Customer)

1. The provision of Article 61 hereof shall apply *mutatis mutandis* to the case where any person other than the Direct Participant for whom the Direct Participant's Account (Proprietary ledger) is established applies, based on the provision of laws and regulations, for obliteration in respect of the Book-Entry JGSs which have been described or recorded in that Direct Participant's Account (Proprietary ledger).
2. The provision of the preceding Paragraph shall apply *mutatis mutandis* to the case where any person other than the Customer for whom the Customer's Account (excluding the Indirect Participant's Account (Customer ledger) and the Foreign Indirect Participant's Account (Customer ledger)) is established applies, based on the provision of laws and regulations, for obliteration in respect of the Book-Entry JGSs which have been described or recorded in that Customer's Account.

Article 64 (Description or Record Relating to Obliteration by the Bank of Japan)

1. The Bank of Japan shall, when it has received the application provided for in Article 61, Paragraph 1 or Article 63, Paragraph 1, or the notice provided for in Article 65, Paragraph 2 hereof, describe or record the decrease based on the application or notice in the Direct Participant's Account in the transfer account book kept by itself.
2. The Bank of Japan shall, when it has received the application provided for in Article 62, Paragraph 1 or Article 63, Paragraph 2 hereof, describe or record the decrease based on the application in the Customer's Account and the Direct Participant's Account in the transfer account book kept by itself.
3. The Bank of Japan shall, when the obliteration in respect of the Book-Entry JGSs which have been described or recorded in its own Direct Participant's Account (Proprietary ledger) has become necessary, describe or record the decrease relating to such obliteration in the Direct Participant's Account in the transfer account book kept by itself.

Article 65 (Description or Record and Notice Relating to Obliteration by Direct

Participant)

1. The Direct Participant (excluding the Bank of Japan) shall, when it has received the application provided for in Article 62, Paragraph 1 or Article 63, Paragraph 2, or the notice provided for in Article 66, Paragraph 2 or Article 67, Paragraph 2 hereof, describe or record the decrease based on the application or notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Direct Participant shall notify the Bank of Japan of the following matters pursuant to the provisions separately provided by the Bank of Japan:
 - (1) Issue of the Book-Entry JGSs in respect of which the decrease shall be described or recorded and the amount thereof;
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Direct Participant's Account (Customer ledger) of the Direct Participant; and
 - (3) other matters separately provided by the Bank of Japan.

Article 66 (Description or Record and Notice Relating to Obliteration by Indirect Participant)

1. The Indirect Participant shall, when it has received the application provided for in Article 62, Paragraph 1 or Article 63, Paragraph 2, or the notice provided for in Article 67, Paragraph 2 hereof, describe or record the decrease based on the application or notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Indirect Participant shall notify its Designated Direct Participant of the following matters:
 - (1) Issue of the Book-Entry JGSs in respect of which the decrease shall be described or recorded and the amount thereof; and
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Indirect Participant's Account (Customer ledger) of the

Indirect Participant.

Article 67 (Description or Record and Notice Relating to Obliteration by Foreign Indirect Participant)

1. The Foreign Indirect Participant shall, when it has received the application provided for in Article 62, Paragraph 1 or Article 63, Paragraph 2, or the notice provided for in the following Paragraph hereof, describe or record the decrease based on the application or notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Foreign Indirect Participant shall notify its Designated Participant of the following matters:
 - (1) Issue of the Book-Entry JGSs in respect of which the decrease shall be described or recorded and the amount thereof; and
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Foreign Indirect Participant's Account (Customer ledger) of the Foreign Indirect Participant.

Article 68 (Description or Record Relating to Obliteration Accompanied by Redemption)

1. If redemption (in the case of the Separated Coupon Components, payment of interest) is made in respect of the Book-Entry JGSs (excluding the Book-Entry JGSs which have been described or recorded in the Direct Participant's Account (Proprietary ledger) of the Bank of Japan), the application or application and notice (as the case may be) provided for in each Item shall be deemed to be made in respect of the Book-Entry JGSs provided for in the relevant Item, and the Bank of Japan and the Participant which are deemed to have received the application or notice shall describe or record the decrease in the transfer account book kept by themselves individually pursuant to the provisions of Article 64, Paragraph 1 or 2, Article 65, Paragraph 1, Article 66, Paragraph 1, or Article 67, Paragraph 1 hereof:
 - (1) the Book-Entry JGSs which have been described or recorded in Direct Participants' Accounts (Proprietary ledger): the application of Article 61, Paragraph 1;

- (2) the Book-Entry JGSs which have been described or recorded in Customers' Accounts (excluding Indirect Participants' Accounts (Customer ledger) and Foreign Indirect Participants' Accounts (Customer ledger)) established by Direct Participants (excluding the Bank of Japan): the application of Article 62, Paragraph 1 and the notice of Article 65, Paragraph 2;
 - (3) the Book-Entry JGSs which have been described or recorded in Customers' Accounts (excluding Foreign Indirect Participants' Accounts (Customer ledger)) established by Indirect Participants: the application of Article 62, Paragraph 1, the notice of Article 66, Paragraph 2 and the notice of Article 65, Paragraph 2;
 - (4) the Book-Entry JGSs which have been described or recorded in Customers' Accounts (excluding Foreign Indirect Participants' Accounts (Customer ledger)) established by Foreign Indirect Participants: the application of Article 62, Paragraph 1, the notice of Article 67, Paragraph 2, the notice of Article 66, Paragraph 2 (limited to the case where the Foreign Indirect Participant is the Lower-Positioned Institution of an Indirect Participant), and the notice of Article 65, Paragraph 2; or
 - (5) the Book-Entry JGSs which have been described or recorded in Customers' Accounts established by the Bank of Japan: the application of Article 62, Paragraph 1.
2. If redemption (in the case of the Separated Coupon Components, payment of interest) is made in respect of Book-Entry JGSs which have been described or recorded in the Direct Participant's Account (Proprietary ledger) of the Bank of Japan, the Bank of Japan shall describe or record the decrease in the Direct Participant's Account in the transfer account book kept by itself pursuant to the provision of Article 64, Paragraph 3 hereof.

Section 7 Description or Record of Trust

Article 69 (Description or Record of Trust)

1. In the case of each Item that follows, the person provided for therein shall apply

for the transfer to describe or record the increase in the Trust Account in the Direct Participant's Account or the Customer's Account of the trustee of a trust (hereinafter referred to as the "Trustee" in this Section) ("Trust Account" means the Classification in which the Book-Entry JGSs which are trust property of a trust whose Trustee is the relevant Direct Participant or Customer are described or recorded; the same shall apply hereinafter) pursuant to Article 34, Paragraph 1, Article 35, Paragraph 1, Article 41, Paragraph 1, or Article 42, Paragraph 1:

- (1) when the Book-Entry JGSs become trust property as a result of assignment or pledge of the Book-Entry JGSs by the trustor of a trust (hereinafter referred to as the "Trustor") to the Trustee: the Trustor; or
 - (2) when the Book-Entry JGSs become trust property due to any reasons other than that provided for in the preceding Item: the Trustee (including any person who is the Direct Participant or the Customer assigning to the Trustee the rights to the relevant Book-Entry JGSs and who is granted the power of attorney to the relevant application from the Trustee).
2. In the case of Paragraph 1, Item 2 hereof, the beneficiary of the trust or the Trustor may make the application provided for in the preceding Paragraph as subrogee for the Trustee. In such case, the beneficiary of the trust or the Trustor shall, upon such application, provide the Bank of Japan or the Participant receiving such application with the name and address of the Trustee and the cause of subrogation, and submit materials which certify the cause of subrogation and certify that the Book-Entry JGSs relating to the application are trust property.
3. If the Book-Entry JGSs are trust property at the time of issuance thereof, the Trustee may, instead of the application of Paragraph 1 hereof, pursuant to the provision of Article 28, Paragraph 1 or Article 29, Paragraph 1 hereof, specify or notify of the Trust Account as the Classification in which the increase shall be described or recorded in the Direct Participant's Account or the Customer's Account of the Trustee.

Article 70 (Obliteration of Description or Record of Trust)

1. In the following cases, the Trustee shall apply for transfer to describe or record the decrease in the Trust Account of the Direct Participant's Account or the Customer's

Account of the Trustee pursuant to Article 34, Paragraph 1, Article 35, Paragraph 1, Article 41, Paragraph 1, or Article 42, Paragraph 1 hereof:

- (1) when the Book-Entry JGSs are no longer trust property as a result of assignment of the rights to the Book-Entry JGSs; and
 - (2) when the Book-Entry JGSs are no longer trust property as they become the Trustee's own property.
2. In the case of Paragraph 1, Item 2 hereof, the beneficiary of the trust shall, jointly with the Trustee, make the application provided for in the preceding Paragraph. In such case, the beneficiary of the trust shall, in making such application, provide the Bank of Japan or the Participant receiving such application with the materials which certify that he/she is the beneficiary.

Article 71 (Description or Record of Trust, etc., upon Change of Trustee)

1. When the Trustee is changed, the former Trustee provided for in Article 59, Paragraph 1 of the Trust Act (Act No. 108 of 2006) (hereinafter referred to as the "Former Trustee") shall, pursuant to Article 34, Paragraph 1 or Article 35, Paragraph 1 hereof, apply for transfer to describe or record the decrease in the Trust Account in the Direct Participant's Account or the Customer's Account of the Former Trustee and to describe or record the increase in the Trust Account in the Direct Participant's Account or the Customer's Account of the new Trustee provided for in Article 62, Paragraph 1 thereof (hereinafter referred to as the "New Trustee"); provided that in the case of termination of duties of the Trustee and change of the Trustee pursuant to the provision of Article 56, Paragraph 1, Items 1 through 4 or Item 6 thereof, or Article 8 of the Act on Charitable Trust (Act No. 62 of 1922), the New Trustee may also make such application pursuant to the provision of Article 34, Paragraph 1 applied *mutatis mutandis* by Article 36, Paragraph 1 or Article 35, Paragraph 1 applied *mutatis mutandis* by Article 36, Paragraph 2 hereof.
2. The Former Trustee or the New Trustee who makes the application of the preceding Paragraph shall, upon such application, submit materials which certify the change to the Bank of Japan or the Participant receiving such application.

Article 72 Deleted.

Chapter IV Distribution of Principal and Interest

Article 73 (Distribution of Principal and Interest)

1. The Bank of Japan shall, on the date of redemption or the date of interest payment of the Book-Entry JGSs (excluding the Book-Entry JGSs of which, such as those being attached, obliteration or application thereof is prohibited by the provisions of laws and regulations; the same shall apply hereinafter in this Article), receive the principal and interest from the Japanese government in sum, and distribute the same to the Direct Participants pursuant to the provisions separately provided by the Bank of Japan.
2. The Direct Participant shall, when it has received the distribution of the principal or interest of the Book-Entry JGSs which have been described or recorded in the Customers' Accounts established by the Direct Participant pursuant to the provision of the preceding Paragraph, distribute the same to the Customers.
3. The Indirect Participant shall, when it has received the distribution of the principal or interest of the Book-Entry JGSs which have been described or recorded in the Customers' Accounts established by the Indirect Participant pursuant to the provision of the preceding Paragraph, distribute the same to the Customers.
4. The Foreign Indirect Participant shall, when it has received the distribution of the principal or interest of the Book-Entry JGSs which have been described or recorded in the Customers' Accounts established by the Foreign Indirect Participant pursuant to the provision of the preceding two (2) Paragraphs or this Paragraph, distribute the same to the Customers.
5. Notwithstanding the preceding three (3) Paragraphs hereof, upon application from a Customer, the Participants may distribute all or a part of the interest of the Book-Entry JGSs which have been described or recorded in the Customer's Account of the Customer to any persons other than such Customer.

Chapter V Fees

Article 74 (Fees)

The Bank of Japan may collect fees from the Direct Participants and the Customers of the Bank of Japan as separately specified by the Bank of Japan.

Chapter VI Performance of Duty Relating to Excess Description or Record

Article 75 (Treatment of Performance of Duty Relating to Excess Description or Record by the Bank of Japan)

1. The Bank of Japan shall, if the amount of Item 1 exceeds the amount of Item 2 in the case provided for in Article 103, Paragraph 1 of the Act, express to the Japanese government its intention to discharge all duties in respect of the Book-Entry JGSs of the Issue provided for therein of the amount equal to such excess:
 - (1) the total amount of the Book-Entry JGSs of the Issue which have been described or recorded in the Direct Participants' Accounts in the transfer account book kept by the Bank of Japan; and
 - (2) the total amount of issue of the Book-Entry JGSs of the Issue (excluding the amount in respect of which the redemption or the retirement by purchase has been made).
2. The amount referred to in Paragraph 1, Item 1 hereof shall, if there is no accrual, assignment, or extinguishment of rights corresponding to the description or record of the increase or decrease in the Direct Participants' Accounts referred to therein and it is certified that no person has obtained the Book-Entry JGSs of the amount of such description or record pursuant to the provision of Article 102 of the Act, be the amount as if there were no such description or record.
3. In the case of Paragraph 1 hereof, the Bank of Japan shall, if there is no description or record of the Book-Entry JGSs of the Issue of the amount equal to such excess in its own Direct Participant's Account (Proprietary ledger) (excluding the subdivisions in which the Book-Entry JGSs which are subject to a pledge are described or recorded; the same shall apply hereinafter in this Article), obtain the Book-Entry JGSs of the Issue up to such excess amount before it expresses its

intention of discharge pursuant to the provision thereof.

4. The Bank of Japan shall, when it has expressed its intention of discharge pursuant to the provision of Paragraph 1 hereof, immediately describe or record the decrease pursuant to the provision of Article 64, Paragraph 3 hereof in the Direct Participant's Account of the transfer account book kept by itself in respect of the Book-Entry JGSs subject to such intention of discharge which have been described or recorded in its own Direct Participant's Account (Proprietary ledger).

Article 76 (Treatment of Performance of Duty Relating to Excess Description or Record by Direct Participant)

1. The Direct Participant shall, if the amount of Item 1 exceeds the amount of Item 2 in the case provided for in Article 103, Paragraph 1 of the Act, express to the Japanese government its intention to discharge all duties in respect of the Book-Entry JGSs of the Issue provided for therein of the amount equal to such excess:
 - (1) the total amount of the Book-Entry JGSs of the Issue which have been described or recorded in the Customers' Accounts in the transfer account book kept by the Direct Participant; and
 - (2) the amount of the Book-Entry JGSs of the Issue which have been described or recorded in the Direct Participant's Account (Customer ledger) of the Direct Participant in the transfer account book kept by the Bank of Japan.
2. The amount referred to in each Item of Paragraph 1 hereof shall, if there is no accrual, assignment, or extinguishment of rights corresponding to the description or record of the increase or decrease in the Customers' Accounts referred to in Item 1 or the Direct Participant's Account (Customer ledger) referred to in Item 2 and it is certified that no person has obtained the Book-Entry JGSs of the amount of such description or record pursuant to the provision of Article 102 of the Act, be the amount as if there were no such description or record.
3. In the case of Paragraph 1 hereof, the Direct Participant shall, if there is no description or record of the Book-Entry JGSs of the Issue of the amount equal to such excess in its own Direct Participant's Account (Proprietary ledger) (excluding

the subdivisions in which the Book-Entry JGSs which are subject to a pledge are described or recorded; the same shall apply hereinafter in this Article), obtain the Book-Entry JGSs of the Issue up to such excess amount before it expresses its intention of discharge pursuant to the provision thereof.

4. The Direct Participant (excluding the Bank of Japan) shall, when it has expressed its intention of discharge pursuant to the provision of Paragraph 1 hereof, immediately apply to the Bank of Japan, pursuant to the provisions separately provided by the Bank of Japan, for transfer of the Book-Entry JGSs subject to such intention of discharge which have been described or recorded in its own Direct Participant's Account (Proprietary ledger) to its own Direct Participant's Account (Customer ledger). Upon such application, the Direct Participant shall specify the following matters:
 - (1) Issue of the Book-Entry JGSs in respect of which the decrease and increase shall be described or recorded and the amount thereof;
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Direct Participant's Account (Proprietary ledger);
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the Direct Participant's Account (Customer ledger); and
 - (4) other matters separately provided by the Bank of Japan.
5. The Bank of Japan shall, when it has received the application provided for in the preceding Paragraph hereof, immediately describe or record the decrease and increase based on the application in the Direct Participant's Account in the transfer account book kept by itself.
6. The Bank of Japan shall, if it has expressed its intention of discharge pursuant to the provision of Paragraph 1 hereof, immediately describe or record the decrease and increase relating to the transfer to its own Direct Participant's Account (Customer ledger) in the Direct Participant's Account in the transfer account book kept by itself in respect of the Book-Entry JGSs subject to the intention of discharge which have been described or recorded in its own Direct Participant's Account (Proprietary ledger).

Article 77 (Treatment of Performance of Duty Relating to Excess Description or Record by Indirect Participant)

The provisions of Paragraphs 1 through 4 (excluding Item 4) of Article 76 shall apply *mutatis mutandis* to the Indirect Participant and the provision of Article 76, Paragraph 5 shall apply *mutatis mutandis* to the Designated Direct Participant. In such case, the "Direct Participant" in Article 76, Paragraphs 1 and 3 and the "Direct Participant (excluding the Bank of Japan)" in Article 76, Paragraph 4 shall be read as the "Indirect Participant" and the "Bank of Japan" in Article 76, Paragraphs 1 and 5 shall be read as the "Designated Direct Participant" and the "Direct Participant's Account (Customer ledger)" in Article 76, Paragraphs 1, 2, and 4 shall be read as the "Indirect Participant's Account (Customer ledger)" and the "Direct Participant's Account (Proprietary ledger)" in Article 76, Paragraphs 3 and 4 shall be read as the "Indirect Participant's Account (Proprietary ledger)" and "to the Bank of Japan, pursuant to the provisions separately provided by the Bank of Japan," in Article 76, Paragraph 4 shall be read as "to its Designated Direct Participant" and the "Direct Participant's Account" in Article 76, Paragraph 5 shall be read as the "Indirect Participant's Account."

Article 78 (Treatment of Performance of Duty Relating to Excess Description or Record by Foreign Indirect Participant)

The provisions of Paragraphs 1 through 4 (excluding Item 4) of Article 76 shall apply *mutatis mutandis* to the Foreign Indirect Participant and the provision of Article 76, Paragraph 5 shall apply *mutatis mutandis* to the Designated Participant. In such case, the "Direct Participant" in Article 76, Paragraphs 1 and 3 and the "Direct Participant (excluding the Bank of Japan)" in Article 76, Paragraph 4 shall be read as the "Foreign Indirect Participant" and the "Bank of Japan" in Article 76, Paragraphs 1 and 5 shall be read as the "Designated Participant" and the "Direct Participant's Account (Customer ledger)" in Article 76, Paragraphs 1, 2, and 4 shall be read as the "Foreign Indirect Participant's Account (Customer ledger)" and the "Direct Participant's Account (Proprietary ledger)" in Article 76, Paragraphs 3 and 4 shall be read as the "Foreign Indirect Participant's Account (Proprietary ledger)" and "to the Bank of Japan, pursuant to the provisions separately provided by the Bank of Japan" in Article 76, Paragraph 4 shall be read as "to its Designated Participant" and the "Direct Participant's Account" in Article 76, Paragraph 5 shall

be read as the "Foreign Indirect Participant's Account."

Article 79 (Treatment of Performance of Duty Relating to Excess Description or Record of Book-Entry JGSs Eligible for STRIPS, etc., by the Bank of Japan)

1. The Bank of Japan shall, if there is any Separated Principal Component or the Separated Interest Component of the Issue in respect of which the amount of Item 1 exceeds the amount of Item 2 in the case provided for in Article 107, Paragraph 1 of the Act, express to the Japanese government its intention to discharge all duties in respect of the Separated Principal Components or the Separated Interest Components of the relevant Issue of the amount equal to such excess:
 - (1) the total amount of the Separated Principal Components and the Separated Interest Components of each Issue to be described or recorded in the Direct Participants' Accounts in the transfer account book kept by the Bank of Japan when calculated as if the procedures for Separation were followed in respect of all Book-Entry JGSs Eligible for STRIPS which have been described or recorded in the Direct Participants' Accounts in the transfer account book kept by the Bank of Japan; and
 - (2) the total amount of the Separated Principal Components and the Separated Interest Components of each Issue when calculated as if the procedures for Separation were followed in respect of the total amount of issue of all Book-Entry JGSs Eligible for STRIPS (excluding the amount in respect of which the redemption or the retirement by purchase has been made).
2. The amount referred to in Paragraph 1, Item 1 hereof shall, if there is no accrual, assignment, or extinguishment of rights corresponding to the description or record of the increase or decrease in the Direct Participants' Accounts referred to therein and it is certified that no person has obtained the Book-Entry JGSs Eligible for STRIPS, etc., of the amount of such description or record pursuant to the provision of Article 102 of the Act, be the amount as if there were no such description or record.
3. In the case of Paragraph 1 hereof, the Bank of Japan shall, if there is no description or record of the Separated Principal Components or the Separated Interest Components of the Issue of the amount equal to such excess in its own

Direct Participant's Account (Proprietary ledger) (excluding the subdivisions in which the Book-Entry JGSs which are subject to a pledge are described or recorded; the same shall apply hereinafter in this Article), obtain the Separated Principal Components or the Separated Interest Components of the Issue up to such excess amount before it expresses its intention of discharge pursuant to the provision thereof.

4. In the case of Paragraphs 1 and 3 hereof, if the amount of Paragraph 1, Item 1 exceeds the amount of Paragraph 1, Item 2 in respect of the Separated Principal Component and each Separated Coupon Component which has the same date of interest payment as each coupon of the Book-Entry JGSs Eligible for STRIPS whose name and number is the same as that Separated Principal Component, the Book-Entry JGSs Eligible for STRIPS whose name and number are the same as the Separated Principal Component shall be substituted for the Separated Principal Component of the amount equal to the amount of such Book-Entry JGSs Eligible for STRIPS and each Separated Interest Component of the amount equal to the amount of each interest of such Book-Entry JGSs Eligible for STRIPS.
5. The Bank of Japan shall, if it has expressed its intention of discharge pursuant to the provision of Paragraph 1 hereof, immediately describe or record the decrease in the Direct Participant's Account in the transfer account book kept by itself pursuant to the provision of Article 64, Paragraph 3 hereof in respect of the Separated Principal Components or the Separated Interest Components subject to the intention of discharge (in the case where the intention of discharge is expressed in respect of the Book-Entry JGSs Eligible for STRIPS in the preceding Paragraph, such Book-Entry JGSs Eligible for STRIPS) which have been described or recorded in its own Direct Participant's Account (Proprietary ledger).

Article 80 (Treatment of Performance of Duty Relating to Excess Description or Record of Book-Entry JGSs Eligible for STRIPS, etc., by Direct Participant)

1. The Direct Participant shall, if there are any Book-Entry JGSs Eligible for STRIPS, etc., of the Issue in respect of which the amount of Item 1 exceeds the amount of Item 2 in the case provided for in Article 107, Paragraph 1 of the Act, express to the Japanese government its intention to discharge all duties in respect of the Book-Entry JGSs Eligible for STRIPS, etc., of the Issue of the amount equal to such excess:

- (1) the total amount of the Book-Entry JGSs Eligible for STRIPS, etc., of each Issue which have been described or recorded in the Customers' Accounts in the transfer account book kept by the Direct Participant; and
 - (2) the amount of the Book-Entry JGSs Eligible for STRIPS, etc., of each Issue which have been described or recorded in the Direct Participant's Account (Customer ledger) of the Direct Participant in the transfer account book kept by the Bank of Japan.
2. The amount referred to in each Item of Paragraph 1 hereof shall, if there is no accrual, assignment, or extinguishment of rights corresponding to the description or record of the increase or decrease in the Customers' Accounts referred to in Item 1 or the Direct Participant's Account (Customer ledger) referred to in Item 2 and it is certified that no person has obtained the Book-Entry JGSs Eligible for STRIPS, etc., of the amount of such description or record pursuant to the provision of Article 102 of the Act, be the amount as if there were no such description or record.
3. In the case of Paragraph 1 hereof, the Direct Participant shall, if there is no description or record of the Book-Entry JGSs Eligible for STRIPS, etc., of the Issue of the amount equal to such excess in its own Direct Participant's Account (Proprietary ledger) (excluding the subdivisions in which the Book-Entry JGSs which are subject to a pledge are described or recorded; the same shall apply hereinafter in this Article), obtain the Book-Entry JGSs Eligible for STRIPS, etc., of the Issue up to such excess amount before it expresses its intention of discharge pursuant to the provision thereof.
4. The Direct Participant (excluding the Bank of Japan) shall, when it has expressed its intention of discharge pursuant to the provision of Paragraph 1 hereof, immediately apply to the Bank of Japan, pursuant to the provisions separately provided by the Bank of Japan, for transfer of the Book-Entry JGSs Eligible for STRIPS, etc., subject to such intention of discharge which have been described or recorded in its own Direct Participant's Account (Proprietary ledger) to its own Direct Participant's Account (Customer ledger). Upon such application, the Direct Participant shall specify the following matters:

- (1) Issue of the Book-Entry JGSs Eligible for STRIPS, etc., in respect of which the decrease and increase shall be described or recorded and the amount thereof;
 - (2) Classifications and subdivisions in which the decrease shall be described or recorded in the Direct Participant's Account (Proprietary ledger);
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the Direct Participant's Account (Customer ledger); and
 - (4) other matters separately provided by the Bank of Japan.
5. The Bank of Japan shall, when it has received the application provided for in the preceding Paragraph, immediately describe or record the decrease and increase based on the application in the Direct Participant's Account in the transfer account book kept by itself.
6. The Bank of Japan shall, if it has expressed its intention of discharge pursuant to the provision of Paragraph 1 hereof, immediately describe or record the decrease and increase relating to the transfer to its own Direct Participant's Account (Customer ledger) in the Direct Participant's Account in the transfer account book kept by itself in respect of the Book-Entry JGSs Eligible for STRIPS, etc., subject to the intention of discharge which have been described or recorded in its own Direct Participant's Account (Proprietary ledger).

Article 81 (Treatment of Performance of Duty Relating to Excess Description or Record of Book-Entry JGSs Eligible for STRIPS, etc., by Indirect Participant)

The provisions of Paragraphs 1 through 4 (excluding Item 4) of Article 80 shall apply *mutatis mutandis* to the Indirect Participant and the provision of Article 80, Paragraph 5 shall apply *mutatis mutandis* to the Designated Direct Participant. In such case, the "Direct Participant" in Article 80, Paragraphs 1 and 3 and the "Direct Participant (excluding the Bank of Japan)" in Article 80, Paragraph 4 shall be read as the "Indirect Participant" and the "Bank of Japan" in Article 80, Paragraphs 1 and 5 shall be read as the "Designated Direct Participant" and the "Direct Participant's Account (Customer ledger)" in Article 80, Paragraphs 1, 2,

and 4 shall be read as the "Indirect Participant's Account (Customer ledger)" and the "Direct Participant's Account (Proprietary ledger)" in Article 80, Paragraphs 3 and 4 shall be read as the "Indirect Participant's Account (Proprietary ledger)" and "to the Bank of Japan, pursuant to the provisions separately provided by the Bank of Japan," in Article 80, Paragraph 4 shall be read as "to its Designated Direct Participant" and the "Direct Participant's Account" in Article 80, Paragraph 5 shall be read as the "Indirect Participant's Account."

Article 82 (Treatment of Performance of Duty Relating to Excess Description or Record of Book-Entry JGSs Eligible for STRIPS, etc., by Foreign Indirect Participant)

The provisions of Paragraphs 1 through 4 (excluding Item 4) of Article 80 shall apply *mutatis mutandis* to the Foreign Indirect Participant and the provision of Article 80, Paragraph 5 shall apply *mutatis mutandis* to the Designated Participant. In such case, the "Direct Participant" in Article 80, Paragraphs 1 and 3 and the "Direct Participant (excluding the Bank of Japan)" in Article 80, Paragraph 4 shall be read as the "Foreign Indirect Participant" and the "Bank of Japan" in Article 80, Paragraphs 1 and 5 shall be read as the "Designated Participant" and the "Direct Participant's Account (Customer ledger)" in Article 80, Paragraphs 1, 2, and 4 shall be read as the "Foreign Indirect Participant's Account (Customer ledger)" and the "Direct Participant's Account (Proprietary ledger)" in Article 80, Paragraphs 3 and 4 shall be read as the "Foreign Indirect Participant's Account (Proprietary ledger)" and "to the Bank of Japan, pursuant to the provisions separately provided by the Bank of Japan," in Article 80, Paragraph 4 shall be read as "to its Designated Participant" and the "Direct Participant's Account" in Article 80, Paragraph 5 shall be read as the "Foreign Indirect Participant's Account."

Chapter VII Investors' Meeting

Article 83 (Investors' Meeting)

1. The Bank of Japan shall, if it transfers its business as provided for in Article 31, Paragraph 1 of the Act, obtain approval from the Investors (as defined below) by way of resolution of a meeting (hereinafter referred to as the "Investors' Meeting") of the Direct Participants (excluding the Bank of Japan) and the Customers of the Bank of Japan (collectively, referred to as the "Investors" hereinafter in this

Chapter).

2. Convocation, resolution, and other related matters of the Investors' Meeting shall be subject to the provisions of this Chapter and the provisions of Article 34 and Articles 36 through 39 of the Act, and Articles 24 (excluding Items 2 through 4) through 32 of the Ordinance to Supervise Special Book-Entry Transfer Institutions (Ministerial Ordinance of Cabinet Office, Ministry of Justice, and Ministry of Finance No. 1 of 2002).

Article 84 (Chairman of Investors' Meeting)

The chairman of the Investors' Meeting shall be determined by the Governor of the Bank of Japan from officers and employees of the Bank of Japan at each convocation.

Article 85 (Voting Right of Investor)

The voting right of each Investor shall be equal; provided that the Japanese government and the governmental institutions among the Investors shall not have voting rights.

Article 86 (Exercise of Voting Right by Electromagnetic Method)

The Bank of Japan shall separately provide for the matters necessary for exercise of voting rights by electromagnetic method.

Article 87 (Deemed Approval)

If any Investor (excluding the Japanese government and the governmental institutions) does not attend an Investors' Meeting and does not exercise its voting right, such Investor shall be deemed to have approved the bill submitted at such Investors' Meeting.

Chapter VIII Investor Protection Trust

Article 88 (Definitions)

For the purpose of this Chapter, the following terms shall have the meanings provided for in the following Items:

- (1) "Investor Protection Trust" shall mean the participant protection trust provided for in Article 2, Paragraph 11 of the Act;
- (2) "Investor Protection Trust Order" shall mean the Ordinance Concerning Participant Protection Trust (Ministerial Ordinance of Cabinet Office, Ministry of Justice, and Ministry of Finance No. 4 of 2002);
- (3) "Contribution" shall mean the dues provided for in Article 62, Paragraph 1 of the Act;
- (4) "Participant" shall mean any Direct Participant (excluding the Direct Participants for whom the Direct Participants' Accounts are established pursuant to the provision of Article 7, Paragraph 2; the same shall apply in this Chapter) or Indirect Participant; and
- (5) "Trustee" shall mean the trustee of the Investor Protection Trust.

Article 89 (Notice and Report of Determination of Commencement of Bankruptcy Procedure, etc.)

Any Participant who becomes a bankrupt nearest upper-positioned institution, etc., provided for in Article 58 of the Act shall immediately notify the Trustee that the commencement of bankruptcy procedure, etc., provided for in the same Article has been decided and such other matters specified by the Investor Protection Trust Order and report the same to the Commissioner of the Financial Services Agency, the Minister of Justice, the Minister of Finance, and the Bank of Japan.

Article 90 (Entrustment to Trustee)

The Bank of Japan shall, based on the Investor Protection Trust Order and the participant protection trust contract and pursuant to this Chapter, entrust to the Trustee the determination of payment method, notice, collection, and other related

matters in respect of the Contributions.

Article 91 (Payment Obligation of Contribution)

Any person for whom the Direct Participant's Account is established or Approval for Indirect Participant is granted (excluding the persons for whom the Direct Participant's Account is established pursuant to the provisions of Article 7, Paragraph 2 and the persons specified in the following Items (1) to (3)) shall have an obligation to pay the amount of Contribution provided for in the following Article at the time of establishment and approval:

- (1) any person who succeeds to the business relating to transfer of JGSs from any Participant due to a merger or corporate split of such Participant;
- (2) any person to whom the business relating to transfer of JGSs is transferred from any Participant ; and
- (3) any person who changes its status from a Direct Participant to an Indirect Participant or vice versa.

Article 92 (Amount of Contribution)

The amount of Contribution shall be 750,000 yen.

Article 93 (Payment Method of Contribution)

1. The Bank of Japan shall, if it is to establish the Direct Participant's Account or grant Approval for Indirect Participant based on an application provided for in Article 7, Paragraph 1 or Article 11, Paragraph 1, give notice designating the payment date which is within two (2) weeks to the person who made such application (excluding the persons provided for in each Item of Article 91; hereinafter in this Article referred to as the "Applicant") that it shall pay the Contribution provided for in the preceding Article to the Trustee, and also notify the Trustee of the fact that it has given such notice.
2. The Trustee shall, if it has received the notice provided for in the preceding Paragraph from the Bank of Japan, notify the Applicant of the amount and

payment date of the Contribution provided for in the preceding Paragraph and payment method specified by the Trustee.

3. The Applicant shall pay the Contribution to the Trustee pursuant to the notices provided for in the preceding two (2) Paragraphs.
4. The Trustee shall, if it has received the payment of Contribution provided for in the preceding Paragraph from the Applicant, promptly notify the Bank of Japan of the same.
5. The Bank of Japan shall not take any steps to establish the Direct Participant's Account as provided for in Article 7, Paragraphs 4 and 5 or to grant Approval for Indirect Participant as provided for in Article 11, Paragraphs 3 and 4 unless it receives the notice provided for in the preceding Paragraph.

Article 94 (Report to the Bank of Japan)

The Trustee shall submit the documents listed in each Item of Article 15 of the Investor Protection Trust Order, to the Bank of Japan not later than the day after the expiration of three (3) months after the end of each trust business year of the Investor Protection Trust.

Chapter IX Miscellaneous Provisions

Article 95 (Certification, etc., of Description or Record in Transfer Account Book)

1. The Direct Participant (excluding the Bank of Japan) and the Customer of the Bank of Japan may request the Bank of Japan, pursuant to the provisions separately provided by the Bank of Japan, to issue a written certification of the matters which have been described or recorded in its own account (which means a Direct Participant's Account or a Customer's Account; the same shall apply in this Paragraph) or to provide information relating thereto by electromagnetic method (as provided for in Article 25, Paragraph 1, Item 1 of the Ordinance to Supervise Special Book-Entry Transfer Institutions and as designated by the Bank of Japan). The same shall apply, with justifiable grounds, to any interested party relating to such account (which means any person who has a right to administer and dispose

of the properties of the person for whom such account is established and heirs and any other general successors to the person for whom such account is established; the same shall apply hereinafter).

2. The Customer (excluding the Customer of the Bank of Japan) may, pursuant to the provision of Article 8, Paragraph 1 of the Ordinance Relating to Account-keeping Institutions (Ministerial Ordinance of Cabinet Office, Ministry of Justice, and Ministry of Finance No. 2 of 2002), request the Participant who established its own Customer's Account to issue a written certification of the matters which have been described or recorded in its own Customer's Account or to provide information relating thereto by electromagnetic method (as provided for in Article 9, Paragraph 1 of the Ordinance and as designated by such Participant). The same shall apply, with justifiable grounds, to any interested party relating to such Customer's Account.
3. Interested parties shall, if they request as provided for in the preceding two (2) Paragraphs hereof, submit the materials which clarify their interests upon such request unless such materials have been submitted in other transactions.

Article 96 (Report and Inspection of Transfer Account Book)

1. The Participant (excluding the Bank of Japan; the same shall apply hereinafter in this Article) shall, in the case of Article 76, Paragraph 1 hereof (including the case where the same Paragraph is applied *mutatis mutandis* by Article 77 and Article 78) or Article 80, Paragraph 1 hereof (including the case where the same Paragraph is applied *mutatis mutandis* by Article 81 and Article 82), or otherwise in the case of an accident provided for in Article 19 of the Act known to them, immediately report the following matters to the Bank of Japan:
 - (1) name of the office where the accident occurred;
 - (2) name and title of the director, accounting counselor (if the accounting counselor is a corporation, including those of the employee performing such duties), auditor, executive officer, or employee who caused the accident; and
 - (3) summary of the accident.

2. The Participant shall, when the details of the accident reported pursuant to the provision of the preceding Paragraph come out, without delay, report the following matters to the Bank of Japan:
 - (1) details of the accident; and
 - (2) remedial measures.
3. The Participant shall, upon request from the Bank of Japan, report or submit the materials to the Bank of Japan in respect of the balance of the Customers' Accounts or other matters relating to the JGB Book-Entry System.
4. The Bank of Japan may, in the case provided for in Paragraph 1 or otherwise if it considers it necessary for smooth operation of the JGB Book-Entry System, inspect the transfer account books kept by the Participants.

Article 97 (Disclaimer)

1. The Bank of Japan shall not be liable for any damage caused by the matters dealt with using due care in accordance with the applications, notices, etc., from the Direct Participants based on these Regulations and the matters provided by the Bank of Japan in accordance with the following Article.
2. The Bank of Japan shall not be liable for any damage caused by any reason not attributable to the Bank of Japan other than that provided for in these Regulations.

Article 98 (Determination of Necessary Matters, etc.)

The Bank of Japan may determine any necessary matters or take any necessary measures for smooth operation of the JGB Book-Entry System other than those provided for in these Regulations.

Article 99 (Abolition of System)

1. The Bank of Japan may, if it considers it unnecessary to continue the JGB Book-Entry System, abolish the same by providing a six (6)-month announcement

period except for the case where the designation provided for in Article 47, Paragraph 1 of the Act is canceled pursuant to the provision of Article 22, Paragraph 1 of the Act applied *mutatis mutandis* in Article 48 of the Act.

2. The Bank of Japan shall separately provide for the necessary matters relating to the abolition of the JGB Book-Entry System pursuant to the provision of the preceding Paragraph.

Article 100 (Amendment of Regulations)

The Bank of Japan may, if it considers it necessary for smooth operation of the JGB Book-Entry System, amend these Regulations upon permission of the Commissioner of the Financial Services Agency, the Minister of Justice, and the Minister of Finance of Japan.

Article 101 (Waiver of Sovereign Immunity)

The Participants shall, even if they have the right to be exempted from any legal proceedings, enforcement proceedings, attachment proceedings or any other exercise of Japanese judicial power relating to the Participants themselves or any of their current and future properties, waive such rights to the fullest extent permissible in respect of rights and obligations between themselves and the Bank of Japan relating to the JGB Book-Entry System.

Article 102 (Governing Law and Agreed Jurisdiction)

1. The governing law in respect of rights and obligations between the Bank of Japan and the Participants relating to the JGB Book-Entry System shall be the laws of Japan.
2. Any controversy in the case of any dispute in respect of the rights and obligations between the Bank of Japan and the Participants relating to the JGB Book-Entry System shall be subject to the exclusive jurisdiction of the Tokyo District Court; provided that the Bank of Japan shall not be prevented from filing suit against the Participants in any competent court outside Japan.

Supplementary Provisions

Article 1 (Date of Enforcement)

These Regulations shall take effect as of January 27, 2003; provided that the provision of Article 3 of the Supplementary Provisions shall take effect as of the date on which the Bank of Japan is designated as provided for in Article 47, Paragraph 1 of the Act.

Article 2 (Special Exception of Book-Entry JGSs)

Special JGSs (which means special rule JGSs provided for in Article 19 of the Supplementary Provisions of the Act; the same shall apply hereinafter) which are internal bonds in respect of which the Bank of Japan obtained approval of the Japanese government as provided for in Article 13, Paragraph 1 of the Act and which are described or recorded in the transfer acceptance book shall be deemed as the Book-Entry JGSs and the provisions of these Regulations (excluding the provisions of Chapter III, Sections 2, 4, and 5 and Articles 79 through 82) shall be applied thereto. In such case, regarding a provision in the first column of the following table, the phrase in the second column thereof shall be replaced with the phrase in the third column thereof.

First Column	Second Column	Third Column
Article 69, Paragraph 3	at the issuance thereof	at the time when description or record is made in the transfer acceptance book
	pursuant to the provision of Article 28, Paragraph 1 or Article 29, Paragraph 1 hereof, specify or notify of the Trust Account as the Classification in which the increase shall be described or recorded in the Direct Participant's Account or the Customer's Account of the Trustee	pursuant to the provision of Article 5, Paragraph 1 of the Supplementary Provisions hereof, specify the Trust Account as the Classification in which the increase shall be described or recorded in the Direct Participant's Account or the Customer's Account of the Trustee

First Column	Second Column	Third Column
Article 75, Paragraph 1, Item 2	the total amount of issue of the Book-Entry JGSs of the Issue (excluding the amount in respect of which the redemption or the retirement by purchase has been made)	the total amount described or recorded in the transfer acceptance book in respect of the Book-Entry JGSs of the Issue (excluding the amount relating to such description or record in the case where such description or record is not effective and the amount in respect of which the redemption or the retirement by purchase has been made)
Article 75, Paragraph 2	accrual, assignment, or extinguishment	accrual (including accrual of effect of description or record in the transfer acceptance book), assignment, or extinguishment (including extinguishment of effect of description or record in the transfer acceptance book)
	of such description or record	of such description or record in the Direct Participants' Accounts
Article 76, Paragraph 2	accrual, assignment, or extinguishment	accrual (including accrual of effect of description or record in the transfer acceptance book), assignment, or extinguishment (including extinguishment of effect of description or record in the transfer acceptance book)
	of such description or record	of such description or record in the Customers' Accounts or the Direct Participant's Account (Customer ledger)

Article 3 (Public Notice Concerning Approval of Issuer Relating to Special JGSs)

The Bank of Japan shall, if it obtains approval of the Japanese government as provided for in Article 13, Paragraph 1 of the Act in respect of special JGSs, notify the public of the same in an official gazette without delay.

Article 4 (Location of Transfer Acceptance Book)

The Bank of Japan shall keep the transfer acceptance book.

Article 5 (Application for Description or Record in Transfer Acceptance Book Relating to Special JGSs)

1. Any creditor (excluding the Bank of Japan; hereinafter referred to as the "Creditor") of the special JGSs (limited to internal bonds in respect of which the Bank of Japan obtained approval of the Japanese government as provided for in Article 13, Paragraph 1 of the Act; the same shall apply hereinafter) may apply to the Bank of Japan for description or record in the transfer acceptance book in respect of the special JGSs held by itself pursuant to the provisions separately provided by the Bank of Japan. Upon such application, the Creditor shall specify the following matters:
 - (1) Issue of the special JGSs and the amount thereof;
 - (2) the Direct Participant's Account in which the increase shall be described or recorded;
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the Direct Participant's Account of the preceding Item;
 - (4) in the case that the Creditor is a Customer, the following matters:
 - a. name and the Customer's Account of the Creditor; and
 - b. Classifications and subdivisions in which the increase shall be described or recorded in the Customer's Account of a. above; and
 - (5) other matters separately provided by the Bank of Japan.
2. The application of the preceding Paragraph shall be made by the Direct Participant for whom the Direct Participant's Account provided for in Paragraph 1, Item 2 hereof is established and who has been authorized by the Creditors to make the application, on behalf of the Creditors if the Creditors are Customers.
3. If the special JGSs relating to the application of Paragraph 1 hereof are JGS certificates, the Creditors or the Direct Participant provided for in the preceding Paragraph shall, upon such application, submit such JGS certificates (limited to

JGS certificates which include all coupons not yet due) to the Bank of Japan.

4. If the special JGSs relating to the application in Paragraph 1 hereof are the registered JGSs provided for in the proviso of Article 22, Paragraph 2 of the Supplementary Provisions of the Act, the Creditors shall concurrently with the application request the Bank of Japan to eliminate the registration and to make certification provided for in Article 22, Paragraph 3 of the Supplementary Provisions of the Act in respect of the special JGSs.
5. The amount of Paragraph 1, Item 1 hereof shall be an integral multiple of the Minimum Face Value of the Book-Entry JGSs relating to the special JGSs.
6. Subdivisions for description or record of the Book-Entry JGSs which are subject to a pledge shall not be used as subdivisions of Paragraph 1, Item 3 (in the case that the Creditors are Customers, the subdivisions of Paragraph 1, Item 4, b.) hereof.

Article 6 (Description or Record in Transfer Acceptance Book and Transfer Account Book and Notice Relating to Special JGSs by the Bank of Japan)

1. The Bank of Japan shall, when it has received the application provided for in Article 5, Paragraph 1 of the Supplementary Provisions, describe or record the matters referred to in each Item of Article 20, Paragraph 1 of the Supplementary Provisions of the Act in the transfer acceptance book, and describe or record the increase based on the application in the Direct Participant's Account in the transfer account book kept by itself in respect of the special JGSs relating to the application.
2. In the case of the preceding Paragraph, the Bank of Japan shall, when it describes or records the increase in the Direct Participant's Account (Customer ledger) (excluding the Direct Participant's Account (Customer ledger) of the Bank of Japan), notify the Direct Participant for whom the Direct Participant's Account (Customer ledger) is established of the following matters:
 - (1) Issue of the special JGSs and the amount thereof;
 - (2) name and the Customer's Account of the Creditor; and

- (3) Classifications and subdivisions in which the increase shall be described or recorded in the Customer's Account of the preceding Item.
3. In the case of Paragraph 1 hereof, the Bank of Japan shall, when it describes or records the increase in its own Direct Participant's Account (Customer ledger), describe or record the increase based on the application in the Customer's Account in the transfer account book kept by itself.
 4. If the Bank of Japan has decided to describe or record in the transfer acceptance book in respect of the Special JGSs held by itself, it shall describe or record the matters referred to in each Item of Article 20, Paragraph 1 of the Supplementary Provisions of the Act in the transfer acceptance book and describe or record the increase in the Direct Participant's Account in the transfer account book kept by itself in respect of the special JGSs.
 5. When the Bank of Japan describes or records in the transfer acceptance book pursuant to Paragraph 1 or 4 hereof, the notice provided for in Article 22, Paragraph 5, Item 1 of the Supplementary Provisions of the Act, or Article 22, Paragraph 9, Item 1 thereof applied *mutatis mutandis* by Article 48 of the Act shall be deemed to be made at the time of such description or record.

Article 7 (Description or Record in Transfer Account Book and Notice Relating to Special JGSs by Direct Participant)

1. The Direct Participant shall, when it has received the notice provided for in Article 6, Paragraph 2 of the Supplementary Provisions, describe or record the increase based on the notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Direct Participant shall, when it describes or records the increase in the Indirect Participant's Account (Customer ledger) or the Foreign Indirect Participant's Account (Customer ledger), notify the Indirect Participant or the Foreign Indirect Participant for whom the Indirect Participant's Account (Customer ledger) or the Foreign Indirect Participant's Account (Customer ledger) is established of the notified matters.

Article 8 (Description or Record in Transfer Account Book and Notice Relating to Special JGSs by Indirect Participant)

1. The Indirect Participant shall, when it has received the notice provided for in Article 7, Paragraph 2 of the Supplementary Provisions, describe or record the increase based on the notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Indirect Participant shall, when it describes or records the increase in the Foreign Indirect Participant's Account (Customer ledger), notify the Foreign Indirect Participant for whom the Foreign Indirect Participant's Account (Customer ledger) is established of the notified matters.

Article 9 (Description or Record in Transfer Account Book and Notice Relating to Special JGSs by Foreign Indirect Participant)

1. The Foreign Indirect Participant shall, when it has received the notice provided for in Article 7, Paragraph 2, Article 8, Paragraph 2, or the following Paragraph of the Supplementary Provisions, describe or record the increase based on the notice in the transfer account book kept by itself.
2. In the case of the preceding Paragraph, the Foreign Indirect Participant shall, when it describes or records the increase in the Foreign Indirect Participant's Account (Customer ledger), notify the Foreign Indirect Participant for whom the Foreign Indirect Participant's Account (Customer ledger) is established of the notified matters.

Article 10 (Suspension Period for Description or Record in Transfer Acceptance Book Relating to Special JGSs)

The Bank of Japan may separately specify a certain period within the scope from eight (8) business days prior to the date of redemption or date of interest payment of the special JGSs through the immediately preceding business day thereof as the period during which description or record shall not be made in the transfer acceptance book relating to the special JGSs.

Article 11 (Obliteration of Description or Record in Transfer Acceptance Book Relating to Special JGSs)

1. The Creditor may, if the description or record was made in the transfer acceptance book upon application by any person who is not entitled to make the application provided for in Article 5, Paragraph 1 of the Supplementary Provisions in respect of the Special JGSs held by itself and when the application for obliteration provided for in Article 61, Paragraph 1, Article 62, Paragraph 1, or Article 63, Paragraph 1 or 2 hereof has been made in respect of the special JGSs, apply to the Bank of Japan for obliteration of description or record in the transfer acceptance book relating to the special JGSs pursuant to the provisions separately provided by the Bank of Japan.
2. The Bank of Japan shall, when it has received the application for obliteration of description or record in the transfer acceptance book as provided for in the preceding Paragraph, obliterate the description or record in the transfer acceptance book in respect of the special JGSs relating to the application.
3. When the Bank of Japan obliterates the description or record in the transfer acceptance book pursuant to the preceding Paragraph, the notice provided for in the provision of Article 24, Paragraph 3 of the Supplementary Provisions of the Act shall be deemed to be made at the time of obliteration of such description or record.

Article 12 (Description or Record in Transfer Account Book and Notice Relating to Successor Bonds by the Bank of Japan)

1. The Bank of Japan shall, when the Japanese government succeeds to any obligations relating to corporate bonds provided for in Article 2, Paragraph 1 of the Act (limited to those to which the provisions of the Act apply) and when the Bank of Japan has received a notice from the Minister of Finance pursuant to the applicable provisions of laws and regulations in respect of the corporate bonds (hereinafter referred to as the "Successor Bonds") of the name and number on and after the Succession Date (which means the day on which the Japanese government succeeds to such obligations; the same shall apply hereinafter), the Direct Participant's Account in which the increase shall be described or recorded

and other matters necessary for description or record in the transfer account book, describe or record the increase based on the notice not later than the Succession Date in the Direct Participant's Account in the transfer account book kept by itself.

2. In the case of the preceding Paragraph, the Bank of Japan shall, when it describes or records the increase in the Direct Participant's Account (Proprietary ledger) (excluding the Direct Participant's Account (Proprietary ledger) of the Bank of Japan), notify the Direct Participant for whom such Direct Participant's Account (Proprietary ledger) is established of any matters relating to such Direct Participant's Account (Proprietary ledger) and matters relating to such description or record not later than the Succession Date.
3. In the case of Paragraph 1 hereof, the Bank of Japan shall, when it describes or records the increase in the Direct Participant's Account (Customer ledger) (excluding the Direct Participant's Account (Customer ledger) of the Bank of Japan), notify the Direct Participant for whom such Direct Participant's Account (Customer ledger) is established of the following matters among those of which it has been notified not later than the Succession Date:
 - (1) name and number of the Successor Bonds on and after the relevant Succession Date;
 - (2) name of Customer and the Customer's Account of such Direct Participant or its Lower-Positioned Institutions; and
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the Customer's Account of each Customer provided for in the preceding Item, and the amount of the Successor Bonds for each Classification and subdivision.
4. In the case of Paragraph 1 hereof, the Bank of Japan, when it describes or records the increase in its own Direct Participant's Account (Customer ledger), shall, not later than the Succession Date, describe or record the increase based on the notice in the Customer's Account in the transfer account book kept by itself and notify the Customer for whom such Customer's Account is established of any matters relating to such Customer's Account and matters relating to such description or record.

5. On and after the Succession Date, Successor Bonds, the description or record provided for in Paragraph 1 hereof and the description or record provided for in the preceding Paragraph shall be deemed to be Book-Entry JGSs, the description or record provided for in Article 30, Paragraph 1 hereof and the description or record provided for in Article 30, Paragraph 3 hereof, respectively.

Article 13 (Description or Record in Transfer Account Book and Notice Relating to Successor Bonds by Direct Participant)

1. The Direct Participant shall, when it has received the notice provided for in Article 12, Paragraph 3 of the Supplementary Provisions, describe or record the increase based on the notice in the transfer account book kept by itself not later than the Succession Date.
2. In the case of the preceding Paragraph, the Direct Participant shall, when it describes or records the increase in the Indirect Participant's Account (Customer ledger) or the Foreign Indirect Participant's Account (Customer ledger), notify the Indirect Participant or the Foreign Indirect Participant for whom the Indirect Participant's Account (Customer ledger) or the Foreign Indirect Participant's Account (Customer ledger) is established of the following matters among those of which it has been notified not later than the Succession Date:
 - (1) name and number of the Successor Bonds on and after the relevant Succession Date;
 - (2) name of Customer and the Customer's Account of such Indirect Participant or Foreign Indirect Participant or their Lower-Positioned Institutions; and
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the Customer's Account of each Customer provided for in the preceding Item, and the amount of the Successor Bonds for each Classification and subdivision.
3. In the case of Paragraph 1 hereof, the Direct Participant shall, when it describes or records the increase in the Customer's Account (excluding the Indirect Participant's Account (Customer ledger) and the Foreign Indirect Participant's Account (Customer ledger)), notify the Customer for whom such Customer's Account is

established of any matters relating to such Customer's Account and matters relating to such description or record not later than the Succession Date.

4. On and after the Succession Date, the description or record provided for in Paragraph 1 hereof shall be deemed to be the description or record provided for in Article 31, Paragraph 1.

Article 14 (Description or Record in Transfer Account Book and Notice Relating to Successor Bonds by Indirect Participant)

1. The Indirect Participant shall, when it has received the notice provided for in Article 13, Paragraph 2 of the Supplementary Provisions, describe or record the increase based on the notice in the transfer account book kept by itself not later than the Succession Date.
2. In the case of the preceding Paragraph, the Indirect Participant shall, when it describes or records the increase in the Foreign Indirect Participant's Account (Customer ledger), notify the Foreign Indirect Participant for whom the Foreign Indirect Participant's Account (Customer ledger) is established of the following matters among those of which it has been notified not later than the Succession Date:
 - (1) name and number of the Successor Bonds on and after the relevant Succession Date;
 - (2) name of Customer and the Customer's Account of such Foreign Indirect Participant or their Lower-Positioned Institutions; and
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the Customer's Account of each Customer provided for in the preceding Item, and the amount of the Successor Bonds for each Classification and subdivision.
3. In the case of Paragraph 1 hereof, the Indirect Participant shall, when it describes or records the increase in the Customer's Account (excluding the Foreign Indirect Participant's Account (Customer ledger)), notify the Customer for whom such Customer's Account is established of any matters relating to such Customer's

Account and matters relating to such description or record not later than the Succession Date.

4. On and after the Succession Date, the description or record provided for in Paragraph 1 hereof shall be deemed to be the description or record provided for in Article 32, Paragraph 1.

Article 15 (Description or Record in Transfer Account Book and Notice Relating to Successor Bonds by Foreign Indirect Participant)

1. The Foreign Indirect Participant shall, when it has received the notice provided for in Article 13, Paragraph 2, Article 14, Paragraph 2, or the following Paragraph of the Supplementary Provisions, describe or record the increase based on the notice in the transfer account book kept by itself not later than the Succession Date.
2. In the case of the preceding Paragraph, the Foreign Indirect Participant shall, when it describes or records the increase in the Foreign Indirect Participant's Account (Customer ledger), notify the Foreign Indirect Participant for whom the Foreign Indirect Participant's Account (Customer ledger) is established of the following matters among those of which it has been notified not later than the Succession Date:
 - (1) name and number of the Successor Bonds on and after the relevant Succession Date;
 - (2) name of Customer and the Customer's Account of such Foreign Indirect Participant or their Lower-Positioned Institutions; and
 - (3) Classifications and subdivisions in which the increase shall be described or recorded in the Customer's Account of each Customer provided for in the preceding Item, and the amount of the Successor Bonds for each Classification and subdivision.
3. In the case of Paragraph 1 hereof, the Foreign Indirect Participant shall, when it describes or records the increase in the Customer's Account (excluding the Foreign Indirect Participant's Account (Customer ledger)), notify the Customer for whom such Customer's Account is established of any matters relating to such Customer's

Account and matters relating to such description or record not later than the Succession Date.

4. On and after the Succession Date, the description or record provided for in Paragraph 1 hereof shall be deemed to be the description or record provided for in Article 33, Paragraph 1.