

## Development of Listing Rules in connection with Establishment of Infrastructure Fund Market

February 24, 2015

Tokyo Stock Exchange, Inc.

### I. Purpose

Tokyo Stock Exchange (hereinafter referred to as "TSE") has considered practical issues for the establishment of an infrastructure fund market over the course of discussions of the "Study Group on the Listed Infrastructure Market" comprised of academics and professionals in light of increasing demand for investing in infrastructure and the social significance of infrastructure development. With the recent development of the relevant laws and regulations, TSE will establish an infrastructure fund market in April this year for listing investment corporations, etc. that substantially invest in infrastructure and related facilities.

### II. Outline

Item	Content	Remarks
<b>1. Establishment of Infrastructure Fund Market</b>	<ul style="list-style-type: none"><li>- TSE will establish an infrastructure fund market for listing investment securities, etc. that invest in infrastructure (hereinafter referred to as the "infrastructure market").</li><li>- Rules for the infrastructure market shall be developed based on the framework provided for by the listing rules for the REIT market. In addition, considering that products listed on the infrastructure market substantially invest in infrastructure, TSE shall stipulate provisions that focus on the characteristics of infrastructure assets.</li></ul>	
<b>2. Products Listed</b>	<ul style="list-style-type: none"><li>- Products to be listed on the infrastructure market shall be (i) domestic infrastructure funds, (ii)</li></ul>	

Item	Content	Remarks
<p><b>on Infrastructure Market</b></p> <p>(1) Domestic infrastructure funds</p> <p>(2) Foreign infrastructure funds</p> <p>(3) Foreign infrastructure fund trust beneficiary certificates</p>	<p>foreign infrastructure funds, and (iii) foreign infrastructure fund trust beneficiary certificates.</p> <p>- Out of the securities referred to in the following a. or b., those that invest primarily in "infrastructure assets, etc." or "infrastructure-related securities."</p> <p>a. Beneficiary certificates of investment trusts referred to in Article 2, Paragraph 1, Item 10 of the Financial Instruments and Exchange Act (hereinafter referred to as "the Act")</p> <p>b. Investment securities referred to in Article 2, Paragraph 1, Item 11 of the Act</p> <p>- Out of the securities referred to in the following a. or b., those that invest primarily in "infrastructure assets, etc." or "infrastructure-related securities."</p> <p>a. Beneficiary certificates of foreign investment trusts referred to in Article 2, Paragraph 1, Item 10 of the Act</p> <p>b. Foreign investment securities referred to in Article 2, Paragraph 1, Item 11 of the Act</p> <p>- Out of the securities trust beneficiary certificates prescribed in Article 2-3, Item 3 of the Order for Enforcement of the Financial Instruments and Exchange Act, those for which entrusted securities are foreign infrastructure funds.</p>	
<b>3. Infrastructure Assets, etc. and Infrastructure-</b>		

Item	Content	Remarks
<b>related Securities</b> (1) Infrastructure assets, etc.	<p>- "Infrastructure assets, etc." shall be defined as infrastructure assets and infrastructure securities.</p> <p>a. Infrastructure assets</p> <p>- Infrastructure assets shall be defined as assets referred to in the following (a) through (i).</p> <p>(a) Renewable power generation facility</p> <p>(b) Concession (limited to rights to manage public facilities, etc. pertaining to assets referred to in (a) or (c))</p> <p>(c) Other assets designated by TSE</p> <p>(d) Land and buildings as well as leasehold rights, superficies, and servitude of land and buildings in connection with the assets in the above (a) through (c)</p> <p>(e) Tangible and intangible fixed assets, investment, and other assets that are necessary to operate the assets referred to in the above (a) through (c) (excluding assets falling under (d))</p> <p>(f) Assets prescribed in Article 16-3, Paragraphs 1 and 2 of the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc., for which leased properties are the assets referred to in the above (a) and (c) through (e)</p> <p>(g) Leasehold rights pertaining to the above (a), (c), and (e) (limited to those pertaining to tangible fixed assets in the case of (e))</p> <p>(h) Trust beneficiary rights where the assets referred to in the above (a) through (g) are entrusted, and</p> <p>(i) Assets in foreign countries equivalent to the assets in the above (a) through (h).</p>	<p>- Assets under (c) include roads, airports, and railways.</p>

Item	Content	Remarks
	<p>b. Infrastructure securities</p> <p>- Infrastructure securities shall be defined as securities, etc. referred to in the following (a) through (g).</p> <p>(a) Stocks (limited to cases where assets of companies issuing such stocks are restricted to infrastructure assets and current assets, etc.)</p> <p>(b) Equity interest under an agreement where (i) one party contributes equity in order for the other party to manage the entire amount of contributed assets by investing in infrastructure assets and current assets, etc., (ii) the other party manages contributed assets by investing only in such assets, and (iii) such other party distributes profits arising from such management.</p> <p>(c) Preferred equity contribution securities prescribed in the Act on Securitization of Assets (limited to those of specific purpose companies for which the assets acquired in the course of business relating to asset securitization are restricted to infrastructure assets and current assets, etc.)</p> <p>(d) Beneficiary certificates (limited to those of investment trusts for which investment trust assets are restricted to infrastructure assets and current assets, etc.),</p> <p>(e) Investment securities (limited to those of investment corporations for which assets held are restricted to infrastructure assets and current assets, etc.)</p> <p>(f) Beneficiary certificates of specific purpose trusts prescribed in the Act on Securitization of Assets (limited to those of specific purpose trusts for which trust assets are restricted to infrastructure assets and current assets, etc.), and</p> <p>(g) Assets in foreign countries equivalent to the assets in the above (a) through (f).</p>	

Item	Content	Remarks
(2) Infrastructure-related securities	<p>- "Infrastructure-related securities" shall be defined as securities, etc. referred to in the following a. through g.</p> <p>a. Stocks (limited to cases where more than 50% of assets of the issuing company are infrastructure assets, etc.)</p> <p>b. Equity interest under an agreement where (i) one party contributes equity in order for the other party to manage more than 50% of contributed assets by investing in infrastructure assets, etc., (ii) the other party manages more than 50% of contributed assets by investing in infrastructure assets, etc., and (iii) such other party distributes profits arising from such management.</p> <p>c. Preferred equity contribution securities prescribed in the Act on Securitization of Assets (limited to those of specific purpose companies for which more than 50% of the assets acquired in the course of business relating to asset securitization are restricted to infrastructure assets, etc.),</p> <p>d. Beneficiary certificates (limited to those investment trusts for which more than 50% of investment trust assets is managed by investing in infrastructure assets, etc.)</p> <p>e. Investment securities (limited to those of investment corporations for which more than 50% of assets held is managed by investing in infrastructure assets, etc.)</p> <p>f. Beneficiary certificates of specific purpose trusts prescribed in the Act on Securitization of Assets (limited to those of specific purpose trusts for which more than 50% of trust assets is managed by investing in infrastructure assets, etc.), and</p> <p>g. Assets in foreign countries equivalent to the assets in the above a. through f.</p>	
<b>4. Operator</b>	<p>- "Operators" shall be defined as entities that lead decisions on matters relating to the management of infrastructure assets.</p>	

Item	Content	Remarks
<b>5. Initial Listing</b>		
(1) Initial listing application	<ul style="list-style-type: none"> <li>- An initial listing application shall be made by an entity set forth in the following a. and b. in accordance with the classification in such a. and .b.</li> <li>a. Domestic infrastructure funds</li> <li>- Investment securities: Investment corporation and management company</li> <li>- Beneficiary certificates of investment trusts: Management company and entrustee</li> <li>b. Foreign infrastructure funds and foreign infrastructure fund trust beneficiary certificates</li> <li>- Foreign investment securities (including trust beneficiary certificates for which entrusted securities are such investment securities): Foreign investment corporation and management company</li> <li>- Beneficiary certificates of foreign investment trusts (including trust beneficiary certificates for which entrusted securities are such beneficiary certificates): Management company and entrustee</li> </ul>	
(2) Formal requirements in listing examination	<ul style="list-style-type: none"> <li>- Formal requirements in listing examination shall be equivalent to those for REIT.</li> <li>- Out of the formal requirements, the criteria in the following a. and b. shall be different from those for REIT.</li> <li>a. The ratio of the value of infrastructure assets, etc. or infrastructure-related securities to the assets of the investment trust or investment corporation (hereinafter referred to as "assets under management, etc.") shall satisfy the following (a) and (b).</li> <li>(a) The ratio of the total amount of infrastructure assets, etc. to the total amount of assets under management, etc. is expected to reach at least 70%.</li> <li>(b) The ratio of the total amount of infrastructure assets, etc., infrastructure-related securities, and</li> </ul>	

Item	Content	Remarks
	<p>current assets, etc. to the total amount of assets under management, etc. is expected to reach at least 95%.</p> <p>b. The basic policy on selecting operators is stated in the certificate of incorporation of the investment corporation or the terms and conditions of the investment trust (hereinafter referred to as "certificate of incorporation, etc.")</p>	
(3) Listing examination (substantial examination criteria)	<p>- Listing examination criteria shall be equivalent to those for REIT.</p> <p>a. Able to conduct appropriate disclosure of information</p> <p>b. Able to conduct sound management of assets, etc.</p> <p>c. Expected to continue distribution of money or profits after listing, and</p> <p>d. Not inappropriate for listing from the viewpoint of the public interest or investor protection.</p>	
<p><b>6. Disclosure of Information, etc.</b></p> <p>(1) Disclosure of information</p>	<p>- An issuer, etc. of an infrastructure fund shall disclose information on such issuer, etc., operator, and the assets under management, etc.</p> <p>- Matters for timely disclosure shall, as a general rule, be equivalent to those for REITs.</p> <p>- Out of the matters for timely disclosure, the matters in the following a. through d. shall be different from those for REITs.</p> <p>a. Decision by the operator</p>	

Item	Content	Remarks
	<p>- Where the operator has made a decision on any of the following (a) through (h):</p> <ul style="list-style-type: none"> <li>(a) Merger,</li> <li>(b) Petition for commencement of bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings,</li> <li>(c) Dissolution (excluding dissolution due to merger),</li> <li>(d) Abolishment of operations pertaining to management of infrastructure assets (including a decision of ceasing to be an operator),</li> <li>(e) Company split,</li> <li>(f) Transfer or acceptance of transfer of whole or part of business,</li> <li>(g) Application for or notification on authorization or approval concerning management of infrastructure assets, etc. to administrative agencies pursuant to laws and regulations, or</li> <li>(h) Other than matters referred to in the above (a) through (g), important matters concerning management, operations, or properties of the infrastructure fund or the operator that have a significant impact on investment decisions.</li> </ul> <p>b. Events occurred in relation to the operator</p> <p>- Where any of the following (a) through (d) has occurred in relation to the operator:</p> <ul style="list-style-type: none"> <li>(a) Disposition imposed by the administrative agency pursuant to laws and regulations such as a business improvement order, cancellation of registration, and others equivalent thereto, or charge by the administrative agency of a violation of laws and regulations,</li> <li>(b) Ceasing to be an operator,</li> <li>(c) Petition for commencement of bankruptcy proceedings, etc. by a person other than the operator, and</li> <li>(d) Other than the events in the above (a) through (c), important events concerning management,</li> </ul>	



Item	Content	Remarks
(2) Submission of documents	<p>operations, or properties of the infrastructure fund or the operator that have a significant impact on investment decisions.</p> <p>c. Decisions related to assets under management, etc.</p> <p>- Where the management company has made a decision on matters referred to in the following (a) through (e) with regard to assets under management, etc.</p> <p>(a) Transfer or acquisition of assets under management, etc. (limited to cases where the amount of transferred or acquired assets is JPY 50 million or more)</p> <p>(b) Conclusion or termination of an important agreement pertaining to the management of infrastructure assets</p> <p>(c) Change in criteria for selecting the operator</p> <p>(d) Change, etc. of operator</p> <p>(e) Change in the risk management policy</p> <p>d. Events occurred in relation to assets under management, etc.</p> <p>- Where any of the following (a) through (d) has occurred in relation to assets under management, etc.</p> <p>(a) Suspension of operations of infrastructure assets</p> <p>(b) Alteration or termination of an important agreement related to management of infrastructure assets</p> <p>(c) Important authorization, approval, or disposition by the administrative agency in relation to infrastructure assets</p> <p>(d) Change, etc. of operator</p> <p>- The issuer of an infrastructure fund shall submit prescribed documents to TSE. The matters for submission shall be equivalent to that for REITs.</p>	

Item	Content	Remarks
<b>7. Delisting, etc.</b> (1) Delisting criteria	<ul style="list-style-type: none"> <li>- Delisting criteria shall be equivalent to those for REITs.</li> <li>- Out of the delisting criteria, the criteria in the following a. through c. shall be different from those for REITs.</li> <li>a. Where the ratio of infrastructure assets, etc. or infrastructure-related securities to the total amount of assets under management, etc. falls under the following (a) or (b).</li> <li>(a) Where the ratio of the total amount of infrastructure assets, etc. to the total amount of assets under management, etc. is less than 70% at the end of the accounting period, and does not reach at least 70% within one (1) year</li> <li>(b) Where the ratio of the total amount of infrastructure assets, etc., infrastructure-related securities, and current assets, etc. to the total amount of assets under management, etc. is less than 95% at the end of the accounting period, and does not reach at least 95% within one (1) year</li> <li>b. Where the basic policy for selecting the operator will no longer be included in the certificate of incorporation, etc., or</li> <li>c. Where the operator does not satisfy the criteria for selecting the operator, and such state is not resolved within one (1) year.</li> </ul>	
(2) Designation as security under supervision / security to be delisted	<ul style="list-style-type: none"> <li>- If an infrastructure fund is likely to be delisted, TSE may designate it as a security under supervision. If a decision is made to delist an infrastructure fund, TSE may designate it as a security to be delisted.</li> </ul>	

Item	Content	Remarks
<p><b>8. Special Infrastructure Fund</b></p> <p>(1) Requirements for special infrastructure fund</p> <p>(2) Delisting criteria</p>	<ul style="list-style-type: none"> <li>- Out of investment corporations that invest in and manage renewable power generation facilities with the aim of receiving application of the provisions of Article 39-32-3 of the Order for Enforcement of the Act on Special Measures Concerning Taxation (hereinafter referred to as "the conduit requirements"), with respect to a domestic infrastructure fund that satisfies the prescribed requirements, part of the delisting criteria shall not apply.</li> <li>- "Special infrastructure funds" shall be defined as domestic infrastructure funds that satisfy the requirements in the following a. and b. <ul style="list-style-type: none"> <li>a. Disclosure of information <ul style="list-style-type: none"> <li>- The issuer, etc. of the infrastructure fund shall develop an asset management plan to satisfy the conduit requirements and conduct timely disclosure on its details after the end of the business period.</li> </ul> </li> <li>b. Acquisition of assets <ul style="list-style-type: none"> <li>- As a general rule, the management company shall not acquire infrastructure assets other than renewable power generation facilities, etc. or infrastructure-related securities.</li> <li>- Where the management company is to acquire assets, etc. other than those specified by TSE for unavoidable reasons, it shall obtain prior approval from the board of executives of the investment corporation.</li> </ul> </li> </ul> </li> <li>- The delisting criteria in the following a. through c. shall not apply to special infrastructure funds. <ul style="list-style-type: none"> <li>a. Delisting criteria related to the total amount of net assets,</li> <li>b. Delisting criteria related to the total amount of assets, and</li> <li>c. Delisting criteria related to the ratio of infrastructure assets, etc. or infrastructure-related</li> </ul> </li> </ul>	

Item	Content	Remarks								
	securities to the total amount of assets under management, etc.									
9. Other										
(1) Code of conduct	- An issuer, etc. of an infrastructure fund shall make efforts, considering the statutory provisions as indicated by TSE, to include matters corresponding to such provisions as information on infrastructure assets, etc. or infrastructure-related securities in statutory disclosure documents, timely disclosure documents, or documents submitted to TSE (limited to those made available for public inspection).									
(2) Listing fees	<div>a. Listing fees for domestic infrastructure funds</div> <div>- The fee structure shall be equivalent to that for REITs.</div> <div>b. Listing fees for foreign infrastructure funds</div> <div>- The following table shall apply.</div> <table><tr><th>Item</th><th>Fee Structure</th></tr><tr><td>Listing examination fee</td><td>- JPY 2 million</td></tr><tr><td>Preliminary examination fee</td><td>- JPY 2 million</td></tr><tr><td>Initial listing fee</td><td><div>- 9/10,000 of the total amount of net assets pertaining to the number of deposited units (hereinafter referred to as "the total amount deposited")</div><div>* If the calculated amount is less than JPY 100,000, the fee shall be JPY 100,000. If the calculated amount is over JPY 3 million, the fee shall be JPY 3 million.</div></td></tr></table>	Item	Fee Structure	Listing examination fee	- JPY 2 million	Preliminary examination fee	- JPY 2 million	Initial listing fee	<div>- 9/10,000 of the total amount of net assets pertaining to the number of deposited units (hereinafter referred to as "the total amount deposited")</div> <div>* If the calculated amount is less than JPY 100,000, the fee shall be JPY 100,000. If the calculated amount is over JPY 3 million, the fee shall be JPY 3 million.</div>	<div>- "The number of deposited units" refers to the number of securities relating to foreign infrastructure funds deposited with Japan Securities Depository Center, Inc.</div>
Item	Fee Structure									
Listing examination fee	- JPY 2 million									
Preliminary examination fee	- JPY 2 million									
Initial listing fee	<div>- 9/10,000 of the total amount of net assets pertaining to the number of deposited units (hereinafter referred to as "the total amount deposited")</div> <div>* If the calculated amount is less than JPY 100,000, the fee shall be JPY 100,000. If the calculated amount is over JPY 3 million, the fee shall be JPY 3 million.</div>									

Item	Content		Remarks
(3) Other	Additional listing fee	- 9/10,000 of the total amount of net assets pertaining to the additional number of deposited units * If the calculated amount is less than JPY 100,000, the fee shall be JPY 100,000. If the calculated amount is over JPY 3 million, the fee shall be JPY 3 million.	
	Annual listing fee	- The first JPY 500 million of the total deposited amount: JPY 500,000 - The portion in excess of the first JPY 500 million, up to JPY 5 billion: JPY 70,000 per increment of JPY 250 million - The portion in excess of the first JPY 5 billion: JPY 70,000 per increment of JPY 2.5 billion * Annual listing fee shall be capped at JPY 3 million.	
	c. Foreign infrastructure fund trust beneficiary certificate - The fee structure shall be equivalent to that for foreign infrastructure funds. - Other necessary revisions shall be made.		

### III. Implementation Date (Scheduled)

- These rules will be implemented in April 2015.