



AMBIF Bond and Note Issuance Process in Japan

Overview of Regulatory Processes in Japan

To issue AMBIF bonds and notes in Japan, no statutory regulatory processes needs to be observed, except for submitting a listing application (the SSF and other forms) to TSE.

In order to make the issuance processes by issuer type more comparable across ASEAN+3 markets, Table 3 features common issuer type distinctions that are evident in regional markets. Not all markets will distinguish all such issuer types. Sovereign issuers may be subject to different regulatory processes.

Table 3: Regulatory Processes by Corporate Issuer Type

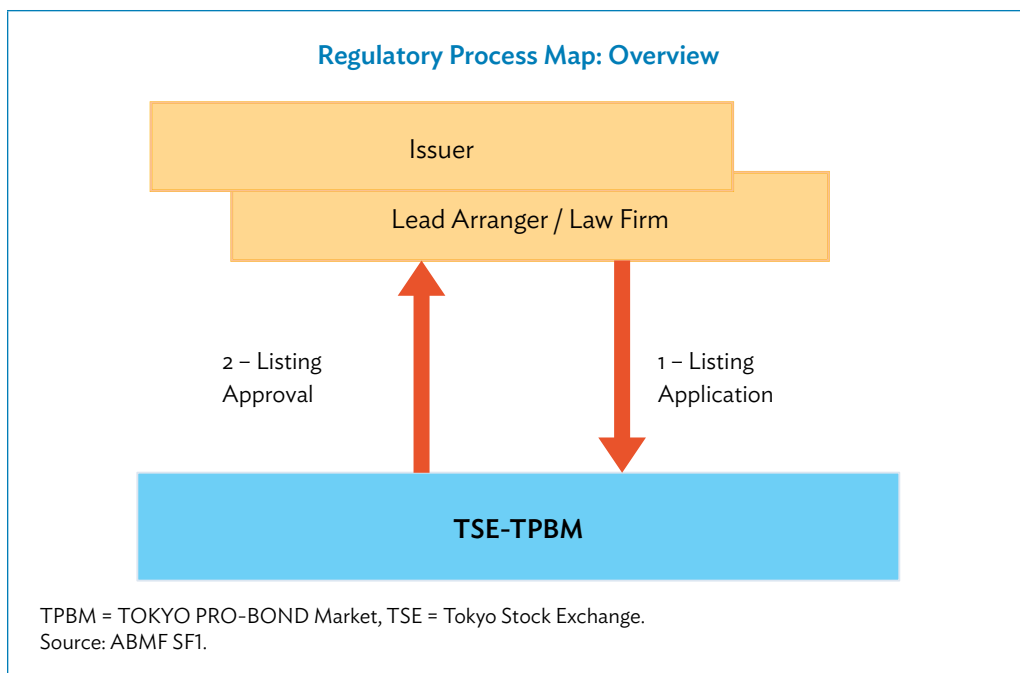
Type of Corporate Issuer	TSE -TPBM
Resident issuer	Submitting the listing application (SSF and other forms) to TSE as the listing authority
Resident nonfinancial institution issuer	
Resident financial institution	
Resident issuer issuing FCY-denominated bonds and notes	
Nonresident issuer	
Nonresident nonfinancial institution issuer	
Nonresident financial institution issuer	
Nonresident issuer issuing FCY-denominated bonds and notes	

FCY = foreign currency, SSF = Single Submission Form, TPBM = TOKYO PRO-BOND Market, TSE = Tokyo Stock Exchange.

Source: TSE, ABMF SF1.

Regulatory Process Map: Overview

In Japan, the regulatory process map is very simple, as illustrated in the figure overleaf; the necessary process is only the listing on TSE's TPBM.



Market Issuance Procedure in Local Currency or Foreign Currency

There is no distinction between the issuance and listing process for local currency and foreign currencies.

There are two methods for issuing bonds and notes on TPBM: (i) a Note Issuance Program listing and drawdown issuance from the Note Issuance Program, and (ii) an individual bond or note listing with stand-alone issuance. Method (i) will be explained in this section.

Listing for Profiling on TSE's TPBM

Typically, the issuer is represented by a lead arranger, underwriter, or law firm that will file or submit the necessary application for listing and required documentation to TSE as the listing authority.

The following steps will need to be undertaken by the issuer of bonds or notes (or agent of the issuer) in the domestic bond market in Japan.

Step 1: Submit Application for Listing to TSE's TPBM

Any issuer (or its agent) intending to list on TSE's TPBM will need to submit a Listing Application, accompanied by the required documentation and disclosure items for the type of listing selected.

In the case of a planned listing for profiling targeted at Professional Investors, the issuer (or agent) needs to select TSE's TPBM when applying. As a result, the specific documentation and disclosure requirements for TPBM, which differ significantly from the requirements for public offerings on the TSE main board, need to be observed when submitting the application.

Listing eligibility criteria—how the note issuance program or bonds or notes qualify for a listing on TSE's TPBM—include the following:

1. A Note Issuance Program for a corporate issuer must have a rating from a rating agency.
2. In cases of a stand-alone issuance, corporate bonds or notes to be listed must have a rating from a rating agency.
3. The securities companies acting as principal underwriters for the issuance must be registered on the TPBM's Lead Managing Underwriter List.

The listing criteria for the general investors (retail) market differ significantly.

As for the key documentation and disclosure items, TSE offers standard forms for program information, SSI, and issuer information, but TSE's TPBM typically accepts an information memorandum or offering circular prepared for the relevant bonds and notes, together with additional documents as may be necessary. (The SSF for AMBIF will be treated as a new TSE-approved form.)

In principle, TSE requires an issuer to disclose basic information as follows:

1. securities information (Terms and Conditions of the Notes to be listed),
2. corporate information (outline of company and financial statements),
3. matters related to other securities (if any), and
4. information on guarantor of the company (if any).

The SSF will cover all of the necessary information listed above.

Step 2: TSE Checks Application for Listing and Issues a Listing Approval

TSE will check the application for listing, following the submission of the relevant information in documentation and disclosure items. TSE will confirm that the bonds or notes satisfy the necessary conditions for listing eligibility in accordance with TSE rules. TSE will simply confirm that certain formal requirements have been met and, therefore, TSE's examinations will not require much time.

In principle, under the standard schedule, the administrative review for the acceptance of program information (Type-P of the SSF) submitted to the TSE may be completed by the acceptance date. TSE may, at its discretion, request from the issuer supplementary information.

When individual bonds or notes are to be issued and listed based on the program information, if the listing application (Type-D of the SSF) is submitted simultaneously with the determination of the Terms and Conditions of the Notes as in the model case, TSE may approve the listing—normally within the same day but no later than the following business day—after promptly confirming that the listing eligibility requirements are satisfied.

When an issuer intends to issue and list bonds or notes under note issuance program information (Type-P of the SSF) after its submission, the issuer is required to submit a supplemental SSI (Type-D of the SSF) to TSE. A supplemental SSI contains disclosure information describing the final terms and conditions of the bonds or notes to be issued, and referencing the program information for other disclosure items.

Step 3: Actual (Effective) Note Issuance Program Listing or Notes Listing

Under the standard schedule, the submission date of the program information (or SSF) will be the disclosure date of the Program Information, which will also be the Note Issuance Program listing date.

The listing date of book-entry transfer bonds or notes is usually 1 business day after the settlement date. In the case of book-entry transfer bonds or notes, the Terms and Conditions of the Notes are generally determined within 4 business days before the settlement date in order for the paying agent to complete the necessary procedure.

Issuance Procedures and Subjects Specific to Japan

Additional Procedures Related to Settlement

An issuer using the services of JASDEC must submit an application for participation in the JASDEC system.

An issuer that does not have an Issuer Identification Code—a five digit code that constitutes part of the International Securities Identification Number (ISIN)—must obtain one from the Securities Identification Code Committee in advance. The Issuer Identification Code is not a requirement for program listing, but it is encouraged to expedite the application process. In order to obtain an ISIN, an issuing entity must provide the Securities Identification Code Committee with the necessary information by the settlement date, after the determination of the Terms and Conditions of the Notes.

Disclosure-Related Matters

Issuers are required to update their issuer information once a year. Companies that continually file Annual Securities Reports with the FSA (or issuer information) do not need to state corporate information such as financial statements in the respective forms. Overseas issuers may simply refer to the reporting documents, including the SSF, they provide to their domestic financial authorities or foreign listing places. Referring existing disclosure information by noting the URL of the relevant website may also be allowed. (For this purpose, the SSF can be utilized.)

Listing Fees

Listing fees to be paid by the issuer of bonds or notes to be listed on TSE are charged at the time of registration of the program information and the listing of the bonds or notes. In the TSE Enforcement Rules, listing fees are divided into two categories: (i) the fee for program listing (program fee) and (ii) the fee for listing bonds and notes (bond etc. listing fee).⁴

The program fee is JPY1 million. Any drawdown issuance of notes under the program will not incur an additional listing fee. The bond etc. listing fee (in the case where program information is not used) is JPY1 million for any new listing.

⁴ Tokyo Stock Exchange. Enforcement Rules for Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities, Rule 220. http://www.jpx.co.jp/english/rules-participants/rules/regulations/tvdivq0000001vyt-att/specified_securities_special_regulations_20141201.pdf

No fees would normally be incurred at the annual renewal of the program, but an additional procedural fee of JPY1 million would be incurred if the issuer intends to raise the maximum outstanding amount under the program (program amount).

The fees are subject to applicable consumption taxes.

Minimum Trading Unit

For a JPY-denominated bond, the minimum trading unit would be JPY100 million (face value). For a bond denominated in a foreign currency, it would be the face value of that series.

OTC Trading of Bonds and Notes

In Japan, it is assumed that the main secondary trading market will be the OTC market; investors typically choose to trade on the OTC market.

TSE's trading regulations do not apply to bonds and notes traded OTC or off the TSE markets. At the same time, JSDA's self-regulatory rules apply to secondary market transactions across market segments.