

## Organizational Rules for the International Bankers Association of Japan

These Organizational Rules have been established by the Executive Committee to supplement the Articles of Association of the International Bankers Association of Japan (the "Association") and to set out organizational standards and procedures required for the operation of the Association.

### 1. Member Duties and Values

#### 1.1. General Duties of Members

In order to achieve the objectives and purposes of the Association stipulated in Article 3 of the Articles of Association, its Members (defined in Article 5 of the Articles of Association) shall make reasonable endeavors to contribute to the activities of the Association, so that it will:

- (a) act as a clearinghouse for the exchange of ideas and information, and thereby to promote greater cooperation among foreign financial firms in Japan;
- (b) represent the common interests and issues of Members in relation to all aspects of their business in Japan;
- (c) provide a vehicle for placing before the Government of Japan and other organizations that seek to influence the financial services industry the views of Members regarding issues affecting their business; and
- (d) make available the collective knowledge and experience of Members by way of representations to such organizations, and, for this purpose, to gain representation for the Association on committees, governmental or otherwise, which shall attempt to influence the Industry.

#### 1.2. Member Values

Members understand that effective advocacy must balance their self-interest with responsibility for the public interest. Thus, Members recognize their central role in the growth and development of the banking, capital markets and investment management businesses in Japan, as well as their responsibility to clients, issuers, investors and asset owners. The values of Members include:

- (a) adherence to the highest ethical, professional and regulatory standards;
- (b) commitment to represent the best interests of the client; and
- (c) unquestioned integrity in all business and industry dealings.

Members uphold these values through responsible management; superior products and services; professional education for employees; and clear, consistent and complete information for clients about products, services, and the risks and rewards associated with the banking, capital markets, and investment management businesses in Japan.

## 2. Membership

### 2.1. Members:

The Executive Committee is the group of Directors defined in Article 19 of the Articles of Association. The Executive Committee may admit corporations applying for Membership as stipulated in Article 5 of said Articles of Association, provided that such corporations meet the following criteria:

- (a) a financial group engaging in Japan in two or three of the businesses stipulated in subsections (b), (c) and (d) below, whose global headquarters for the same type of businesses and the majority of whose ownership are outside Japan (each such Member, a “Financial Group Member”);
- (b) a commercial bank, duly licensed in Japan, whose global headquarters for the same type of business and the majority of whose ownership are outside Japan (each such Member, a “Commercial Bank Member”);
- (c) a type-I financial instruments company which mainly provides securities services as defined in Article 28.8 of the Financial Instruments and Exchange Law of Japan (the “FIEL”), duly registered in Japan, whose global headquarters for the same type of business and the majority of whose ownership are outside Japan (each such Member, a “Securities Firm Member”);
- (d) an investment management company which mainly conducts investment management business as defined in Article 28.4 of the FIEL, or business relevant thereto, duly registered in Japan, whose global headquarters for the same type of business and the majority of whose ownership are outside Japan (each such Member, an “Investment Management Member”); and
- (e) a representative office of a commercial bank, securities company or investment management company which is not engaged in any transactional activity in Japan and the majority of whose ownership is outside Japan (each such Member, a “Representative Office Member”).

Each Member shall designate a senior executive officer to serve as the representative of the Member to the Association, including representation at the Annual General Meeting of Members.

### 2.2. Associate Members:

The Executive Committee may admit applicant corporations or organizations as Associate Members stipulated in Article 11 of the Articles of Association pursuant to the following subsections. Associate Members shall consist of General Associate Members and Special Associate Members.

#### 2.2.1. General Associate Members

General Associate Members are admitted to the Association where the Executive Committee determines that the admission will help promote the objectives stipulated in Article 3 of the Articles of Association.

General Associate Members shall be entitled to receive the Association's members-only services, including attendance at information forums and other members-only events, and joining a syndicate of Members (in this subsection the term "Members" includes General Associate Members) to share costs of translation, training and other information services. General Associate Members shall also have the possibilities of giving presentations to Members on areas of their expertise and of participating in the Association's working groups where so requested.

Each General Associate Member shall be required to observe a strict prohibition against self-promotion. Rather than self-promotion, each General Associate Member is expected to contribute its knowledge, expertise and experience for the positive development of the banking, capital markets, and investment management businesses in Japan.

General Associate Members may attend the Annual General Meeting of Members and any Special General Meetings of Members but they may not vote on any matter. In addition, General Associate Members will not have the right to call a general meeting, to propose any agenda items or to make any statements.

#### 2.2.2. Special Associate Members (JFMC Members)

Special Associate Members (which may also be referred to as "JFMC Members") are Japanese financial institutions which participate in the Japan Financial Markets Council ("JFMC"). Conduct of the JFMC and Special Associate Members shall be governed solely by the Memorandum of Understanding executed between the Special Associate Members and the Association, provided that the amount of membership fee charged to Special Associate Members shall be agreed by the Special Associate Members and approved by the General Meeting of Members.

Special Associate Members shall not be entitled to receive the Association's members-only services stipulated in Subsection 2.2.1. above.

Special Associate Members may not attend the Annual General Meeting of Members or any Special General Meetings of Members.

Associate Members are not permitted to become members of any committee, including the Banking Sector Committee, the Securities Sector Committee and the Investment Management Sector Committee.

### 3. Admission, Withdrawal and Suspension/Expulsion

#### 3.1. Admission

Any corporation or organization seeking to join any of the Association's categories of membership shall apply to the Secretary General, who will screen and forward the

application to the Executive Committee for final review and approval. The applicant shall become a Member upon such approval and after the Association's receipt of all relevant membership fees.

### 3.2. Withdrawal

Members of any of the Association's categories of membership may withdraw at any time by giving written notice to that effect to the Secretary General.

### 3.3 Suspension/Expulsion

Members of any of the Association's categories of membership may be suspended if the Member commits any act detrimental to the interests of the Association. An affirmative vote of three-quarters (3/4) of the Directors shall be required to effect suspension of the member, upon which the Executive Committee shall submit a proposal to expel the Member to the General Meeting of Members for a resolution pursuant to Article 9 of the Articles of Association.

No suspension or expulsion of a member may take place unless another member files a formal complaint, in writing and containing specific allegations, with the Vice Chair, Member Affairs. Upon receipt of such filing, the Vice Chair shall investigate the facts as she or he deems appropriate and prepare and distribute a report to the Executive Committee.

At least fifteen (15) days prior to the date on which such suspension or expulsion is to be considered by the Executive Committee, the member shall be furnished with a written statement of the allegations and shall be provided an opportunity for a hearing thereon.

A suspension or expulsion shall become effective immediately following the affirmative vote or resolution described above.

Any member whose membership has been suspended shall cease to benefit from any of the rights and privileges of membership during the suspension period. Likewise, any member being expelled from the Association shall forfeit all rights and privileges of membership immediately upon notification of expulsion.

### 3.4. No Refund for Withdrawing Members

A member who terminates their membership or is expelled from the membership in accordance with Subsection 3.2. or 3.3. above shall not be eligible for a refund of the membership fee and shall have no subsequent claim on the assets of the Association.

### 3.5. Members' Duty to Notify Material Changes

Members making material changes in their organizations or those affecting their membership status as listed below are required to notify the Association of said changes:

- (a) change in the corporate name;
- (b) change in the principal address in Japan;
- (c) change in the member representative;
- (d) obtainment, withdrawal or revocation of applicable banking license, registration as a type-I financial instruments company or investment management company (defined in Section 2.1(d) hereof); or
- (e) corporate restructuring including merger, acquisition and transfer of all or significant part of business, filing for bankruptcy, corporate reorganization, civil rehabilitation or any other insolvency proceeding, or any other event which will affect their membership status or result in any of the changes listed in (a) through (d) above.

#### **4. Membership Fees**

##### **4.1. Membership Fees**

Pursuant to Article 6 of the Articles of Association, all members shall be required to pay an annual membership fee as determined by the General Meeting of Members, to meet expenses of the Association. The membership fee will cover one calendar year from 1st October to 30th September (the "Membership Year"). The membership fee will be applied as a fixed or a proportional amount, or combination of both, using a methodology approved by the General Meeting of Members.

##### **4.2. Additional Fees**

Notwithstanding the foregoing, each Member may be required to pay, on demand, such additional amounts as may be determined by the Executive Committee to meet unanticipated expenses of the Association. Any additional funding request exceeding 25% per annum of an annual membership fee shall require approval of the General Meeting of Members.

##### **4.3. Adjustments for New Members and Members Changing Classification**

New members admitted to membership during a Membership Year and Members changing their classification (e.g., as a result of merger or acquisition) shall pay a pro-rata share of the membership fee, calculated using an actual/12 month year, and payable within thirty (30) days from the date of their admission to membership.

##### **4.4. Member Service Charges**

Certain member services such as translation, seminars and events, may be offered on an 'at-cost' basis, pursuant to terms adopted by the General Meeting of Members and approved by the relevant tax authority.

## 5. Directors, Officers and Organizations

### 5.1. Directors

When Directors are to be elected or re-elected pursuant to Article 19 of the Articles of Association, the Secretary General shall solicit nominations for election and/or re-election and report the nominations to the Executive Committee after the application deadline. After the slate is reviewed by the Executive Committee, it shall be proposed to the General Meeting of Members.

Directorship is held on an individual basis as required by the law.

The Executive Committee shall be guided in its selection by a need to balance the various interests and the composition of Members and as a matter of principle the number of representatives of each sector (Banking, Securities, Investment Management) should not exceed one-third of the total number of Directors selected at the General Meeting.

In order to satisfy that balance, the combined number of stand-alone Commercial Bank Members, Securities Firm Members and Investment Management Members, i.e. those who are not Financial Group Members, shall not exceed one-half of the total number of such Directors.

Any deviation from the “one-half” threshold set out in the preceding paragraph over the course of the business year, for example due to the resignation of one or more Directors, shall in principle be addressed at the next General Meeting when a vote for replacement candidate(s) will take place.

For the avoidance of doubt, any category of membership, including Financial Group Members, shall not be entitled to more than one (1) representative at the Executive Committee.

Terms of Directors (two years unless determined otherwise at the General Meeting of Members, in accordance with Article 20 of the Articles of Association) shall be staggered, to the extent possible, so that approximately half of the Directors will be elected each year.

If a Director resigns during their term of office, she or he may propose a tentative successor to attend Executive Committee meetings, subject to the consent of the other Executive Committee members. If approved, the successor may only attend said meetings as an observer without voting rights, up until the end of the original Director’s term. Should the person wish to obtain a role on the Executive Committee beyond the end of the original term, she or he may apply to the call for nominations of Directors for the next term of office, in accordance with the standard election process.

Decisions by the Directors shall be made at Executive Committee meetings and be duly minuted. A decision may also be made in writing or electronically if an Executive Committee meeting cannot be held in a timely manner and if all the Directors agree to the proposed decision.

The day-to-day procedures for the conduct of the activities of the Association may be set forth in rules of the Association established from time to time by an affirmative resolution of the Executive Committee.

Unless otherwise stipulated in the law, the Articles of Association or these Organizational Rules, any decisions or actions “by the Executive Committee” shall mean those agreed by a majority of all Directors who hold such offices as at the time of the decisions or actions, and any notification “to the Executive Committee” shall be deemed to have been made effectively if such notification has been either sent to each Director by mail or e-mail, or presented at an Executive Committee meeting which has been duly convened.

## 5.2. Office of the Chair

Prior to every Annual General Meeting of Members, the Executive Committee shall nominate from amongst its ranks a Representative Director as Chair (*kaicho*) and two Vice-Chairs (*fuku kaicho*) to form the “Office of the Chair.”

Members shall be asked to approve these nominations at the Annual General Meeting of Members.

In the event that the Chair shall resign from office, or cease to be a Director, the Executive Committee shall appoint one of the Vice Chairs, or if neither of the Vice Chairs is willing to accept such appointment, then any other Director, to hold office as Chair until the next Annual General Meeting of Members, pursuant to the second sentence of Article 21 Paragraph 1 of the Articles of Association.

In the event that a Vice Chair shall resign from office, or cease to be a Director, the Executive Committee may appoint any other Director to hold such office until the next Annual General Meeting.

### 5.2.1. The Chair

The Chair shall preside at all meetings of the Executive Committee and shall generally supervise the management of the affairs of the Association, subject to the law, the Articles of Association, these Organizational Rules and any other rules of the Association which the Executive Committee may from time to time adopt, and such directions as the General Meeting of Members or the Executive Committee may give, and shall discharge such other functions as the General Meeting of Members or the Executive Committee may from time to time entrust to him/her.

### 5.2.2. Vice Chair, Member Affairs

One of the Vice Chairs elected shall be nominated by the Executive Committee to oversee the Association's relations with Members including admissions, withdrawals and disciplinary issues concerning Members, and to act as deputy to the Chair.

#### 5.2.3. Vice Chair, Finance and Administration

One of the Vice Chairs elected shall be nominated by the Executive Committee to oversee the Association's finances and administration, and to act as deputy to the Chair in the absence of the Vice Chair, Member Affairs.

### 5.3. *Senior Executive Officer*

The Chair may delegate their authority to a person pursuant to the Article 21-2 of the Articles of the Association. The delegated person shall have such functions and may be paid such remuneration as approved by both Vice Chairs and a simple majority of the Directors.

#### 5.3.1. Title

The name of the delegated person's title in relation to their activities pursuant to the Articles of Association and these Organizational Rules is *Senior Executive Officer*.

#### 5.3.2. Qualifications of the *Senior Executive Officer*

The qualifications of *Senior Executive Officer* shall be as follows:

- (i) having had long-term experience of working in financial institutions including, banks, securities companies or investment management companies in Japan,
- (ii) having a diverse network of senior officials in the Japanese authorities, self-regulatory organizations, private sector firms and
- (iii) having the capability to perform such actions as to be from time to time requested by the Chair in relation to the actions to be taken pursuant to the provisions of the Articles of Association and these Organizational Rules.

#### 5.3.3. Scope of the Responsibilities of *Senior Executive Officer*

The scope of the actions to be performed by *Senior Executive Officer* shall include the following, to the extent permitted under the Articles of Association:

- acting as agent for IBAJ at policy dialogues with the authorities (Japanese and non-Japanese),
- participation in forums hosted by third parties (e.g., FinCity Tokyo), and meetings, and greeting visitors from overseas,



- reaching out to non-members (including potential new members),
- signing off response letters as agent for IBAJ to public consultations by authorities (Japanese and non-Japanese), and
- reaching out to current members for issues related to membership and the activities delegated to *Senior Executive Officer* by IBAJ.

If *Senior Executive Officer* is not available for whatever reasons, Chair shall serve on their behalf. In addition, *Senior Executive Officer* may attend the Executive Committee meeting subject to Article 8.2 below.

Chair will prepare the document which includes provisions on the delegation authorized by Chair and the details of *Senior Executive Officer's* duties.

#### 5.4. Secretary General and the Office of the Secretariat

The Association shall maintain the Office of the Secretariat at the Association's principal office.

The Executive Committee will appoint a Secretary General who will head the Office of the Secretariat and manage the day-to-day affairs of the Association under the oversight of the Office of the Chair and the Executive Committee. The Secretary General shall report directly to the Office of the Chair who will decide, and may review from time to time, the Secretary General's functions and terms and conditions of employment.

The Secretary General shall be required to attend all General Meetings of Members and the Executive Committee meetings, and shall be responsible for the taking, writing and distribution of the minutes of such meetings.

The Association may from time to time employ other secretariat staff who shall have such functions and be employed on such other terms and conditions as the Executive Committee may from time to time decide, and who shall report to the Secretary General, unless otherwise agreed by the Executive Committee, on all matters pertaining to their functions.

#### 5.5. Sector Committees and Ad Hoc Committees

##### 5.5.1. Sector Committees:

There shall be a Banking Sector Committee composed of eligible senior executives from eligible Commercial Bank Members and Financial Group Members (collectively, "Banking Sector Members").

There shall be a Securities Sector Committee composed of eligible senior executives from eligible Securities Firm Members and Financial Group Members (collectively, "Securities Sector Members").

There shall be an Investment Management Sector Committee composed of eligible senior executives from eligible Investment Management Members and Financial Group Members (collectively, "Investment Management Sector Members").

Each Sector Committee shall have up to eighteen (18) members. The members of each Sector Committee shall be elected by the members of the relevant sector at the Annual General Meeting of Members.

Members elected to any Sector Committee shall hold office for a term of two years, and may be re-elected to the same office in subsequent years including that immediately succeeding their term. Membership on the Sector Committee shall be held on an institutional basis.

Sector Committee members will be expected to attend meetings on a regular basis, and anyone who is unable to comply with such a requirement may, if frequently absent, be urged by the Secretary General and/or the other Sector Committee members to vacate their seat.

Members of a Sector Committee may nominate a Chair of the Sector Committee from among themselves. In the absence of such nomination, the Secretary General shall appoint a staff member of the Office of Secretariat to act as the Chair.

Each Sector Committee shall prepare an annual strategic plan (the "Committee Plan") for presentation to the Executive Committee. Upon the approval of the Executive Committee, the Committee Plan shall be communicated to the general membership at the Annual General Meeting of Members.

Any Member which wishes to attend any Sector Committee meetings for the sector to which it belongs as an observer shall send a request to the Secretary General for approval. Such an approval shall not be unreasonably withheld but may be subject to the capacity of the meeting room and/or other administrative restrictions.

#### 5.5.1.1. Delegated Authorities:

- (a) Each Sector Committee shall have the authority to adopt rules of order that may govern its deliberations, provided, however that the following fundamental procedures shall apply: (i) decisions shall be made on a one-firm-one-vote basis, (ii) there is no inconsistency with the Articles of Association, these Organizational Rules or any other rules of the Association, and (iii) the Executive Committee has an opportunity prior to the effectiveness of the Sector Committee rules to satisfy themselves that the foregoing conditions have been met.
- (b) The Sector Committee shall have authority to direct, together with the Secretary General, the expenditure of such amounts as have been

delegated to the Sector Committee, for purposes consistent with the Committee Plan and subject to any relevant decisions of the Executive Committee.

- (c) The Sector Committee shall have delegated authority to carry out the Committee Plan, subject to any relevant decisions of the Executive Committee, and where appropriate in cooperation with the other Sector Committee(s) or other industry bodies.
- (d) To insure transparency, the Sector Committee shall report regularly to the Executive Committee on all activities of the Sector Committee, as directed by the Executive Committee. The Executive Committee may object to any action of the Sector Committee outside the scope of its Committee Plan, or action it deems inconsistent with the Articles of Association, these Organizational Rules or any other rules of the Association.
- (e) The Sector Committee shall not make its own press statements, press releases or other public statements, unless such statements have been expressly approved by the Executive Committee.

#### 5.5.2. Ad Hoc Committees:

The Executive Committee may from time to time appoint additional committees or sub-committees, to be taken from the general membership.

## 6. Financial Auditors

Two individuals or an auditing firm shall be elected by the Members of the Association, at each Annual General Meeting of Members to act as financial auditors, and shall be responsible for the auditing of the accounts of the Association.

## 7. Administration

### 7.1. Contract and Payment Authorities

Contractual arrangements in the name of and on behalf the Association shall be authorized by the Executive Committee or (where required by the law) by the General Meeting of Members, or otherwise in accordance with rules established by the Executive Committee. Contracts thus authorized shall be entered into by the Chair in their capacity as the Representative Director, or in her or his absence by the Vice Chair, Member Affairs, or in their absence by the Vice Chair, Finance and Administration. The Chair may delegate such authority to the Secretary General by a written instruction. The corporate seal (the registered seal of the Representative Director) shall be kept by the Secretary General and be affixed by him/her strictly in accordance with such instruction.

All funds of the Association shall be deposited from time to time to the credit of the Association with such financial institutions as the Vice-Chair, Finance and Administration may select.

All checks, drafts, or other orders for the payment of money, notes, acceptances, or other evidences of indebtedness issued in the name of the Association, shall be signed by the Chair, Vice-Chair, Finance and Administration, or the Secretary General, or by such Member, officer, agent, or employee of the Association as shall be determined by the Executive Committee.

Endorsements for deposit to the credit of the Association in any of its duly authorized depositories may be made without counter-signature, by the Chair, Vice-Chairs, Secretary General or by any other Member, agent or employee of the Association to whom the Executive Committee shall have delegated such power.

## 7.2. Budgets and Financial Reports

Annual budgets and annual financial reports including a list of assets and obligations and an income/expense statement, approved by the Vice Chair, Finance and Administration, shall be submitted by the Executive Committee to the general membership for approval at the Annual General Meeting of Members, or at such other time as the Executive Committee may decide.

## 7.3 Documents Circulated to Members

All reports, documents, studies or recommendations prepared by any Committee, subcommittee, employee or subcontractor shall be submitted to the Executive Committee, prior to being circulated by the Secretary General to the general membership. Such documents shall be the sole property of the Association.

## 7.4 Business Language

The official language for the conduct of the business of the Association shall be English, except that certain statutory documents, including the Articles of Association, public notices, tax-related documents, and certain resolutions of the Directors and of General Meetings of Members which are to be submitted to the Legal Office, shall be prepared in Japanese, in which case English translations shall also be prepared where necessary.

# 8. Meetings

## 8.1. General Meetings of Members

General Meetings of Members shall be called by the Secretary General on behalf of the Chair pursuant to a decision by the Executive Committee. Notwithstanding that notice of a General Meeting of Members shall be sent to all Members not later than one week prior to the date of the General Meeting of Members in accordance with Article 13, Paragraph 2 of the Articles of Association, where the Executive Committee decides that Members may vote in writing or electronically, the notice must be sent not later than two weeks prior to the date of the General Meeting of

Members in accordance with the proviso, Article 39 Paragraph 1 of the Law Concerning General Incorporated Associations and General Incorporated Foundations.

In the absence of the Chair at any meeting, the Vice-Chair, Member Affairs, or in their absence the Vice Chair, Finance and Administration shall act as chair of the meeting. In the absence of all three, the meeting shall elect a person so to act, and such person shall be a Director.

Voting shall be by a show of hands, unless otherwise agreed to by the Chair. Voting by Members which are not physically present at the meeting may be made in writing (subject to the first paragraph of this subsection) or by proxy.

Proceedings of meetings shall be minuted by the Secretary General or in their absence by a person nominated to act in their stead and shall be signed as appropriate after approval.

## 8.2. Executive Committee

The governance of the Association shall be discussed at the Executive Committee, which consists of all Directors. Chairs of the Sector Committees (or the relevant staff of the Office of the Secretariat in their absence) shall attend Executive Committee meetings and present Sector Committee reports.

Meetings of the Executive Committee shall be held regularly, but not less than once every second month, or as agreed from time to time by the Directors. Notice of such meetings shall be sent by the Secretary General to each Director and observer, not later than 14 days prior to the date of the meeting.

The Executive Committee may agree to allow the participation of an observer, at Executive Committee meetings, who is either (i) a person who is expected to become Director upon the approval at the General Meeting, or (ii) *Senior Executive Officer*. An observer is not a Director of the Association, nor do they have voting rights.

Directors will be expected to attend meetings on a regular basis, and anyone who is unable to comply with such a requirement, may, if frequently absent, be urged by the other Directors to vacate her or his seat.

In the absence of the Chair at any meeting the Vice Chair, Member Affairs, or in their absence the Vice Chair, Finance and Administration, shall act as chair of the meeting and in the absence of all three of them, the meeting shall elect a person so to act.

Minutes of the proceedings of meetings shall be maintained by the Secretary General or in their absence by a person nominated to act in their stead and shall be signed as appropriate after approval.



**INTERNATIONAL  
BANKERS  
ASSOCIATION  
OF JAPAN**

Established:	February 12, 2013
Amended:	November 27, 2013
Amended:	April 1, 2014
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