

Explanation Regarding Unregistered Credit Ratings

To ensure market fairness and transparency, credit rating agencies are registered with the Financial Services Agency of Japan (“FSA”) under Financial Instruments and Exchange Act (“FIEA”). Accordingly, when performing solicitation using credit ratings assigned by unregistered credit agencies, financial instruments firms are required by the FIEA to inform customers that such ratings are unregistered and other information such as the significance of registration.

○Significance of the Registration

Registered credit rating agencies are regulated by FSA on (1) duty of good faith, (2) duty to set the internal control on prevention of conflict of interests and to ensure fairness in the rating process, (3) prohibition to issue ratings of the issuer of securities which the agency holds, (4) duty to publish rating policy and publicly disclose information of release/explanation documents. These agencies are subject to supervision of FSA on reporting requirements, on-site inspections, and administrative sanction while unregistered agencies are not.

○Name of rating agency groups	Moody’s Ratings (“Moody’s”)	S&P Global Ratings (“S&P”)	Fitch Ratings (“Fitch”)
○Name and registration no. of the agency	Moody’s Japan K.K. (Financial Services Agency Commissioner (Rating) No. 2)	S&P Global Rating Japan K.K. (Financial Services Agency Commissioner (Rating) No. 5)	Fitch Ratings Japan Ltd. (Financial Services Agency Commissioner (Rating) No. 7)
○How to obtain information on overview of policy and methods on issuing credit ratings	Posted in homepage of Moody’s Japan K.K. (https://www.ratings.moodys.com/japan/ratings-news) > “規制関連” (Regulations) > “開示” (Disclosure) > “無登録格付説明関連” (Unregistered Rating Information)	Posted in homepage of S&P Global Rating Japan K.K. (http://www.standardandpoors.co.jp) > “ライブラリ・規制関連” (Libraries & Regulations) > “無登録格付け情報” (Unregistered Rating Information) (http://www.standardandpoors.co.jp/unregistered)	Posted in homepage of Fitch Ratings Japan Ltd (https://fitchratings.com/site/japan) > “格付方針等の概要” (Outline of the Rating Policy) in the “規制関連” section
○Premises, Significance, and Limitations of Credit Ratings	Credit ratings are Moody’s Rating’s (“Moody’s”) current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. Moody’s defines credit risk as the risk that an entity may not meet its contractual, financial obligations as they come due and any estimated financial loss in the event of default. Credit ratings do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility. Credit ratings do not constitute investment or financial advice, and credit ratings are not recommendations to purchase, sell, or hold particular securities. No warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such rating or other opinion or information is given or made by Moody’s in any form or manner whatsoever. Based on the information received from issuers or from public sources, the credit risks of the issuers or obligations are assessed. Moody’s adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody’s considers to be reliable. However, Moody’s is not an auditor and cannot in every instance independently verify or validate information received in the rating process.	Credit ratings of S&P are opinions of the future credit quality of specific issuers or obligations as of the date they are expressed and are not indications of the probability of the occurrence of a default by an issuer or a particular obligation and are not guarantees of creditworthiness. Credit ratings are not a recommendation to purchase, sell or hold any securities, or a statement of market liquidity or prices in the secondary market of any obligations. Credit ratings may change depending on various factors, including issuers’ performance of underlying assets, creditworthiness of counterparties and others. S&P conducts rating analysis based on information provided by sources it believes to be reliable, and it will issue credit ratings only in cases where the quality and quantity of the available information is sufficient to allow it to form a credit opinion. However, S&P does not perform an audit, due diligence or independent verification of any information it receives from the issuer or a third party, nor does it guarantee its accuracy, completeness or timeliness or the results to be obtained from the use of such information. Moreover, depending on the rating, there may be potential risks arising from the limitations on the historical data that are available for use.	Ratings assigned by Fitch are opinions based on established criteria and methodologies. Ratings are not facts, and therefore cannot be described as being “accurate” or “inaccurate”. Credit ratings do not directly address any risk other than credit risk. Credit ratings do not comment on the adequacy of market price or market liquidity for rated instruments. Ratings are relative measures of risk; as a result, the assignment of ratings in the same category to entities and obligations may not fully reflect small differences in the degrees of risk. Credit ratings, as opinions on relative ranking of vulnerability to default, do not imply or convey a specific statistical probability of default. In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its rating methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The assignment of a rating to any issuer or any security should not be viewed as a guarantee of the accuracy, completeness, or timeliness of the information relied on in connection with the rating or the results obtained from the use of such information. If any such information should turn out to contain misrepresentations or to be otherwise misleading, the rating associated with that information may not be appropriate. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed. For more details, read “格付及びその他の形態の意見に関する定義” on Fitch’s Japanese homepage.