

# **Guidelines for Unfair Trade Practices Associated with Relaxation of Controls over Classification of Business Categories and Expansion of Scope of Business for Financial Institutions**

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Fair Trade Commission

## Chapter 1: Guideline Necessity and Structure

### 1. Necessity of Guideline

- (1) Under the so-called Financial System Reform Act that came into effect in April 1993, financial institutions and securities companies engaged in banking, trust and securities businesses, may enter into another of the three business categories through the so-called subsidiary-by-business-category-method. At the same time, the Fair Trade Commission published the Guidelines for Unfair Trade Practices Associated with Mutual Entry by and between Banks and Securities Companies, and made clear the activities that may cause problems under the Antimonopoly Act associated with entry into another of the three business categories through the subsidiary-by-business-category method.
- (2) Subsequently, the establishment of a holding company, which was not allowed under the Antimonopoly Act in 1993, was deregulated in principle with the amendment of the Act in June 1997. Following this amendment of the Antimonopoly Act, the Banking Law, the Insurance Business Law and the Securities and Exchange Law were amended, and banks, insurance companies and securities companies are allowed to establish a holding company in March 1998. Therefore, banks, insurance companies and securities companies may enter into another of the three business categories through the holding company method in addition to the subsidiary-by-business-category method, and controls over the classification of business categories were further relaxed.  
These system revisions allowed banks, insurance companies and securities companies to enter into another of the three business categories by establishing

a holding company or a subsidiary. As a result , insurance companies and securities companies showed little signs of entering into another business category, and the majority of the companies that advanced into another of the three business categories were banks.

When group companies centering on a bank were thus formed throughout each segments of the financial sector, competition among group companies not only within past business categories but also beyond business categories is expected to be encouraged. However, if banks unjustly seek profits for companies under the umbrella of banks by exercising their influence through a loan business, there is a strong possibility that fair and free competition in the financial market will be distorted.

- (3) In addition, the scope of business which a bank itself may handle has expanded in stages.

Banks were permitted to sell investment trusts over the counter in December 1998. Banks were also allowed to handle housing loan-related credit life insurance, long-term fire insurance, debt repayment support insurance, and overseas traveler's personal accident insurance. In October 2002, banks were authorized to handle personal pension insurance, etc. With the amendment of the Securities and Exchange Law in 2003, the securities agency system was established to make it easier for investors to carry out securities transactions. Banks are permitted to engage in this securities agency business from December 2004, and stocks, etc. now may be sold over the counter of banks.

The sale of stocks, etc. by banks on investment trust and insurance products is expected to improve convenience for investors and foster competition in the markets for these products. However, if banks sell financial products by using in an unjust way their influence through their loan business, the other parties to the transactions are likely to lose the ability to make free and independent decisions, and competing enterprises will be placed at a competitive disadvantage with respect to the sale of stocks, investment trusts and insurance products, potentially preventing fair and free competition in the markets for these products.

- (4) Because of the foregoing, in revising the Guidelines Concerning Unfair Trade Practices Associated with Mutual Entry by and between Banks and Securities Companies (April 1993), the revision was focused on banks that have the potential to exercise influence over general companies through their loan business, that have taken steps to enter another of the business categories

through the holding company method or the subsidiary-by-business-category method, and that had expanded the scope of business.

In addition, given that trust banks and insurance companies are engaged in the business of extending loans to general companies and are restricted in holding voting rights by financial institutions under the Antimonopoly Act, it has been decided that this Guideline shall also apply to them. Controls over entry into the securities business was relaxed from the license system to the registration system in 1998, and it is considered that the potential for securities companies to exercise influence over general companies through underwriting, etc. has diminished. Therefore, this Guideline will omit to securities companies.

In revising this Guideline, the Fair Trade Commission decided to make it centered on activities related to systemic revisions. Consequently, activities coercing a customer to contribute equity to a subsidiary or unjust restraint on the procurement and investment of funds of companies, which were set out in the guideline issued in 1993, are excluded from the scope of application of this Guideline because it was judged not to require any special provision on above-mentioned activities. It should naturally be understood that the Antimonopoly Act will generally apply to such activities.

This Guideline focuses on matters concerning systemic revisions, and does not make any special statement concerning Deceptive Customer Inducement for the sale of financial products that present special problem in connection with consumers. However, it is necessary to bear in mind that the Antimonopoly Act and the Premiums and Representations Act will apply to such activities.

## 2. Structure of Guideline

- (1) The purpose of this Guideline is to prevent activities that are in violation of the Antimonopoly Act and encourage free and fair competition in the financial markets, etc. by identifying activities that may cause problems under the Antimonopoly Act in association with the relaxation of controls on business categories and the expansion of the scope of business of financial institutions such as banks, trust banks and insurance companies as a result of availability of the holding company method or the subsidiary-by-business-category method to financial institutions.
- (2) This Guideline consists of two parts: namely,
  - I. Unfair trade practices associated with the relaxation of controls on the business categories of financial institutions, and

## II. Unfair trade practices associated with the expansion of the scope of business of financial institutions.

In part I, activities that may cause problems with financial institutions are classified

into three types: namely, (i) coercion concerning transactions, etc. (ii) restraint on

transactions with competitors, and (iii) unjust inducement of customers.

Part II sets out activities that may cause problems associated with the expansion of the scope of business handled by financial institutions, and enumerates (i) activities that may cause problems with respect to the securities agency business by financial institutions, (ii) activities that may cause problems with respect to the insurance solicitation business by banks, etc., and (iii) activities that may cause problems with respect to the sale of investment trusts, etc. by financial institutions.

In this Guideline, financial institutions denote (i) banks, etc. and (ii) insurance companies in view of the connection to the scope of application of the Guideline. (i) Banks, etc. denote banks, trust banks and foreign banks including enterprises engaged in business similar to the banking business (denoting enterprises engaged in both the receipt of deposits and time deposits and the lending of funds).

- (3) Activities addressed here are limited to major activities considered to have the potential to cause problems under the Antimonopoly Act associated with the above systemic revision at this stage. Of course, activities that may cause problems under the Antimonopoly Act are not limited to these activities. If there is any other problem activity, then that activity will naturally be dealt with appropriately.

## Chapter 2: Guideline Concerning Unfair Trade Practices Associated with the Relaxation of Controls on the Classification of Business Categories and the Expansion of the Scope of Business for Financial Institutions

### I. Unfair Trade Practices Associated with the Relaxation of Controls on the Classification of Business Categories for Financial Institutions

The forms of entry by financial institutions into another business category are the subsidiary-by-business-category method and the holding company method. The subsidiary-by-business-category method is a form of entry in which a financial

institution establishes a subsidiary directly under its umbrella and enters into another business category through that subsidiary. Meanwhile, the holding company method is a form of entry in which a financial institution establishes a holding company and enters into another business category through a subsidiary established under the umbrella of the holding company.

There is, however, no difference between the subsidiary-by-business category method and the holding company method in that financial institutions enter into another business-category by establishing a subsidiary, etc.. There is a concern that financial institutions may carry out activities by using unjust influence through loans with respect to entry into another business category through the subsidiary-by-business-category method or the holding company method.

Specifically, with respect to transactions between a borrower company and a subsidiary in the subsidiary-by-business-category method and transactions between a borrower company and a subsidiary established under the umbrella of a holding company in the holding company method, there is concern that a financial institution may coerce the borrower into entering into a transaction with the subsidiary or make restrict transactions with competitors of the subsidiary.

Therefore, activities that may cause problems under the Antimonopoly Act for the subsidiary-by-business-category method and the holding company method are set out below with respect to (i) coercion concerning transactions, (ii) restraint on transactions with competitors, and (iii) unjust inducement of customers.

#### 1. Coercion concerning transactions, etc.

##### (1) Parent company's coercion concerning transactions with a subsidiary, etc.

When, in the event a financial institution enters a new business category through the subsidiary-by-business-category method, the financial institution effectively compels a borrower company to enter into a transaction with its subsidiary given the influence it has through the loan, there is a possibility that that borrower company will be precluded from entering into transactions based on free and independent decisions, and competitors of the subsidiary will be put at a competitive disadvantage.

For example, the following activities may cause problems under the Antimonopoly Act.

- (i) A financial institution request a borrower company to enter into the following transactions and effectively compels the company to do it, implying that the

financial institution may suspend loan or otherwise treat the loan in a disadvantageous way, etc. (coercion concerning transactions, and abuse of dominant bargaining position).

(When a subsidiary is a securities company)

- a. Requesting a customer to enter into a securities underwriting transaction with the securities subsidiary
- b. Requesting a customer to appoint the securities subsidiary as managing underwriter or to allow the securities subsidiary to secure an underwriting share of more than a certain percentage when underwriting securities.
- c. Requesting a customer to purchase securities handled by the securities subsidiary

(Where a subsidiary is a trust bank)

- d. Requesting a customer to entrust the subsidiary with a corporate pension trust or investment trust, etc.

(NOTE) Whether an activity constitutes the abuse of a dominant bargaining position should be determined for each specific transaction by taking into account whether there is superiority or inferiority concerning the bargaining position between the parties to the transaction, or whether a enterprise with a dominant bargaining position causes unjust disadvantage in light of normal business practices by taking advantage of its position.

(ii) A financial institution requests a company to purchase securities handled by its securities subsidiary and effectively compels the company to comply with the request when extending a loan to the company (tie-in sales, etc.)

(2) Coercion to enter into a transaction with a subsidiary under the umbrella of a holding company, etc

When a financial institution under the umbrella of a holding company effectively compels a borrower company to enter into a transaction with another subsidiary under the umbrella of the same holding company given its influence through a loan, there is the possibility that the company will be precluded from entering into transactions based on free and independent decisions, and competitors of the subsidiary will be placed at a competitive disadvantage.

In this event, the same activities as those mentioned in (1) above may cause

problems under the Antimonopoly Act for the financial institution. When a financial institution acts in a way that causes problems under the Antimonopoly Act and it is recognized that the financial institution acted jointly with its holding company, the Antimonopoly Act will apply also to the holding company.

## 2. Restraint on transactions with competitors

### (1) Activities to unjustly restrain a transaction with competitors of a subsidiary

When, in the event a financial institution enters another business category through the subsidiary-by-business category method, the financial institution requests that a borrower company not enter into transactions with competitors of its subsidiary, and effectively compels the company to comply with the request, there is the possibility that the company will be restricted in its freedom of choice and that competitors of the subsidiary will lose business opportunities.

For example, the following activities may cause problems under the Antimonopoly Act:

- (i) A financial institution interferes with transactions with competitors of its subsidiary by making the following requests, implying to a borrower company that the financial institution may suspend the loan or otherwise treat the loan in a disadvantageous way (interference with a transaction, dealing on exclusive terms and dealing on restrictive terms)

(When a subsidiary is a securities company)

- a. Requesting that a customer not enter into a securities underwriting transaction with a competitor of the subsidiary
- b. Requesting that a customer limit the volume underwritten by a competitor of the subsidiary with respect to the underwriting of securities.

(When a subsidiary is a trust bank)

- d. Requesting that a customer not entrust a competitor of the subsidiary with a corporate pension trust or investment trust, etc.

- (ii) A financial institution requests a company not to enter into a securities underwriting transaction with a competitor of its subsidiary or effectively coerces the company into complying with the request when extending a loan to the company (interference with a transaction, dealing on exclusive terms and dealing

on restrictive terms)

- (2) Activities to unjustly restrain transactions with competitors of a subsidiary under the umbrella of a holding company

When a financial institution under the umbrella of a holding company requests that a borrower company not enter into a transaction with competitors of another subsidiary under the same holding company and effectively compels the company to comply with the request, there is the possibility that the company will be restricted in its freedom of choice and that competitors of the subsidiary will lose business opportunities.

In this event, the same activities as those described in (1) above may cause problems under the Antimonopoly Act for the financial institution. When a financial institution acts in a way that causes problems under the Antimonopoly Act and it is recognized that the financial institution acted jointly with its holding company, the Antimonopoly Act will apply also to the holding company.

### 3. Unjust inducement of customers

- (1) Activities to unjustly induce a customer to enter into a transaction with a subsidiary

In the event a financial institution enters another business category through the subsidiary-by-business-category method, activities to induce a customer to enter into a transaction with its subsidiary by providing the customer with economic benefits that are unjust in light of normal business practices have the potential to distort the customer's ability to make an appropriate and free selection of transactions and prevent fair and free competition in the financial markets.

For example, if a financial institution induces a customer to enter into the following transactions with its subsidiary by providing the customer with a loan that is not ordinarily extended or a loan with extremely favorable conditions given normal business practices, it will cause problems under the Antimonopoly Act (customer inducement by unjust benefits).

(When a subsidiary is a securities company)

- a. Inducing a customer to enter into a securities underwriting transaction with the subsidiary
- b. Inducing a customer to appoint the subsidiary as managing underwriter or have



the subsidiary secure an underwriting share of more than a certain percentage when underwriting securities.

c. Inducing a customer to purchase securities handled by the securities subsidiary

(When a subsidiary is a trust bank)

d. Inducing a customer to entrust the subsidiary with corporate pension trusts or investment trusts, etc.

If a subsidiary of a financial institution induces a customer to enter into the following transactions with itself by making its parent company offer unjust benefit in light of normal business practices, it may cause problems under the Antimonopoly Act

(2) Activities to unjustly induce customers to enter into transactions with subsidiaries under the umbrella of a holding company

Activities in which a financial institution under the umbrella of a holding company induces customers to enter into transactions with another subsidiary under the umbrella of the same holding company by providing customers with economic benefits that are unjust in light of normal business practices have the potential to distort the free and proper selection of transactions by the customer and prevent fair and free competition in the financial markets.

In this event, the same activities as those described in (1) above may cause problems under the Antimonopoly Act for the financial institution. When a financial institution acts in a way that causes problems under the Antimonopoly Act and it is recognized that the financial institution acted jointly with its holding company, the Antimonopoly Act will apply also to the holding company.

## II. Unfair Trade Practices Associated with the Expansion of the Scope of Business of Financial Institutions

1. Unfair trade practices associated with the securities agency business of financial institutions

The securities agency business denotes brokerage for the sale and purchase of securities and the handling of public offerings and the sale of securities on behalf of a securities company, etc. As mentioned in I. 1. (3) above, financial institutions were allowed to engage in the securities agency business in December 2004.

With respect to the securities agency business of a financial institution, if the

financial institution carries out unjust activities such as coercion with respect to transactions, etc. for customers or unjust activities such as coercion with respect to commissioning for a commissioning securities company given its influence in the loan business, it will cause a problem under the Antimonopoly Act.

(1) Unjust activities with respect to customers

a. Coercion in a transaction with a financial institution, etc

If a financial institution that operates a securities agency business effectively compels a borrower to enter into a transaction for the securities agency business with that financial institution given its influence in loans, there is the possibility that the company will be precluded from entering into transactions based on free and independent decision, and competitors of the financial institution for the securities agency business may be placed at a competitive disadvantage.

For example, the following activities may cause problems under the Antimonopoly Act:

- (i) A financial institution effectively compels a borrower company to enter into a transaction for the brokerage of the sale and purchase of securities with the financial institution by implying that, if the borrower does not enter into the transaction, the financial institution may suspend the loan or otherwise treat the loan in a disadvantageous way, etc. (coercion concerning transactions, and abuse of dominant bargaining position).
- (ii) A financial institution requests a company to enter into a transaction for the brokerage of the sale and purchase of securities with the financial institution and effectively compels the company to comply with the request when extending a loan to the company (tie-in sales, etc.)

b. Restraint on transactions with competitors

If a financial institution that engages in the securities agency business compels a borrower company not to carry out a transaction related to the securities agency business with a competitor of the financial institution given the influence it has through the loan, there is the possibility that the borrower company will be restricted in its freedom of choice, and competitors of the financial institution in the securities agency business will lose business opportunities.

For example, the following activities may cause problems under the Antimonopoly Act:

- (i) A financial institution interferes with transactions such as the brokerage of the sale and purchase of securities, etc. with competitors of the financial institution by implying to a borrower company that, if the company enters into a transaction with a competitor of the financial institution, the financial institution may suspend the loan or otherwise treat the loan in a disadvantageous way (interference with a transaction, dealing on exclusive terms and dealing on restrictive terms).
- (ii) A financial institution requests a company not to enter into a transaction such as the brokerage of the sale and purchase of securities, etc. with a competitor of the financial institution and effectively compels the company to comply with the request when extending a loan to the company (interference with a transaction, dealing on exclusive terms and dealing on restrictive terms)

c. Unjust inducement of customer

If a financial institution that is engaged in the securities agency business carries out activities to induce a customer by providing the customer with economic benefits that are unjust in light of normal business practices, or activities to induce a customer by misleading the customer, it has the potential to distort the free and appropriate choice of transactions by the customer and prevent fair and free competition in the securities market.

For example, the following activities may cause problems under the Antimonopoly Act:

- (i) A financial institution induces a customer to enter into a transaction such as the brokerage of the sale and purchase of securities, etc. with the financial institution by providing the customer with a loan that would not ordinarily be extended in light of normal business practices or a loan with extremely favorable conditions (customer inducement by unjust benefits).
- (ii) Despite circumstances in which there is a so-called conflict of interest because a financial institution makes a profit at the expense of the profit of the customer, the financial institution acts as an agent for securities for the securities agency business by giving a false explanation to the customer.

For example, when there are circumstances in which a company issues bonds to raise funds for the repayment of a debt from a financial institution, the financial institution sells the said bonds to a customer by explaining that funds will be

appropriated for expenditures for capital investment, etc. (deceptive customer inducement).

Although there is a strong possibility that a customer will suffer a disadvantage because of the conflict of interest, if a financial institution induces the customer without explaining this, it is also considered deceptive customer inducement.

## (2) Unjust activities against an entrusting securities company

### a. Coercion concerning the entrustment of securities brokering activities, etc.

If a financial institution compels a securities borrower company to entrust the financial institution with securities brokering activities given its influence through a loan, there is the possibility that the company will be unable to enter into transactions based on free and independent decision-making, and competitors of the financial institution for the securities agency business will be placed at a competitive disadvantage.

For example, the following activities may cause problems under the Antimonopoly Act:

- (i) A financial institution effectively compels a securities borrower company to entrust the financial institution with securities brokering activities by implying to the securities company that if the securities company does not enter into a transaction with the financial institution, the financial institution may suspend the loan or otherwise treat the loan in a disadvantageous way (coercion concerning transaction, and abuse of dominant bargaining position)
- (ii) A financial institution requests a securities company to entrust the financial institution with securities brokering activities and effectively coerces the securities company into complying with the request when extending a loan to the securities company (tie-in sales, etc.)

### b. Restraint upon entrustment to other enterprises

If a financial institution compels an entrusting securities borrower company not to entrust securities brokering activities to a competitor of the financial institution against the background of influence through the loan, there is the possibility that the said securities borrower company will be restricted in its freedom of customer selection, and the competitor of the financial institution for the securities agency business will lose business opportunities.

For example, the following activities may cause problems under the Antimonopoly Act:

- (i) A financial institution interferes with the entrustment of securities brokering activities to a competitor of the financial institution by implying to a securities borrower company that, if the securities company enters into a transaction with the competitor of the financial institution, the financial institution may suspend the loan or otherwise treat the loan in a disadvantageous way (interference with a transaction, dealing on exclusive terms and dealing on restrictive terms).
- (ii) A financial institution requests a securities company not to entrust securities brokering activities to a competitor of the financial institution and effectively compels the securities company into complying with the request when extending a loan to the securities company (interference with a transaction, dealing on exclusive terms and dealing on restrictive terms)

c. Unjust interference with the issue of securities

If a financial institution requests an entrusting securities company to which it has extended a loan to increase its underwriting risk with respect to the conditions for the issue of securities and effectively coerces the securities company into complying with the request, there is the possibility that the securities company will be unable to enter into transactions based on free and independent decisions, and will be placed at a competitive disadvantageous position.

For example, if a financial institution requests a securities company to increase its underwriting risk, for example with a substantial additional increase in the issuing amount of securities with respect to the conditions for the issue of securities in a bid to obtain profit for the financial institution, such as a substantial increase in commission income by implying to the securities company that the financial institution may suspend the loan or otherwise treat the loan in a disadvantageous way, and effectively compels the securities company to comply with the request, the act of the financial institution may cause a problem under the Antimonopoly Act (coercion concerning transaction, and abuse of dominant bargaining position).

2. Unfair trade practices associated with insurance solicitation by banks, etc.

With respect to insurance solicitation by banks, etc., banks, etc. are currently permitted to handle certain insurance products, as described in Chapter 1 1. (3) above. However, if a bank, etc. unjustly sells an insurance policy to a customer who is also a borrower or a bank, etc. with a dominant bargaining position unjustly interferes with the entrusting insurance company, it may cause a problem under

the Antimonopoly Act.

Cases in which a bank, etc. has a dominant bargaining position with respect to an entrusting insurance company denote cases in which, even if the bank, etc. makes a request that is extremely disadvantageous to the insurance company, the insurance company has no choice but to comply because its sales channels are limited and, if the entrusting insurance company is unable to continue entrusting insurance solicitation to the bank, etc., it will seriously disrupt the business of the insurance company.

(1) Coercion to apply for an insurance policy, etc

a. Compelling a borrower company or its representative to apply for an insurance policy, etc

If a bank, etc. engaged in the insurance solicitation business effectively compels a borrower company or its representative to apply for an insurance policy through the bank, etc. there is the possibility that the borrower company will be unable to enter into transactions based on free and independent decision-making, and competitors of the bank, etc. for insurance solicitation business will be placed at a competitive disadvantage.

For example, the following activities may cause problems under the Antimonopoly Act:

(i) A bank, etc. engaged in insurance solicitation business effectively compels a borrower company or its representative (including a person similar to representative) to apply for an insurance policy through the bank, etc. by implying to the company that the bank, etc. may suspend the loan or otherwise treat the loan in a disadvantageous way (coercion concerning transaction, and abuse of dominant bargaining position)

(ii) A bank, etc. engaged in the insurance solicitation business, when extending a loan to a company, requests the company or its representative to apply for the purchase of an insurance policy through the bank, etc., and effectively compels the company or its representative to comply with the request (tie-in sales, etc.)

(iii) In the course of making the request set out in (i) and (ii) above, a bank, etc. restricts a borrower company or its representative in taking out other insurance or coerces the company or its representative into canceling existing insurance (interference with a transaction, dealing on exclusive terms and dealing on

restrictive terms)

(iv) A bank, etc. engaged in the insurance solicitation business effectively coerces a customer who desires to use a housing loan into applying for fire insurance over the counter of the bank, etc. when applying for the loan (tie-in sales, etc.)

b. Coercing an officer or employee of a borrower company to apply for an insurance policy, etc

Even if a bank, etc. engaged in insurance solicitation business induces a borrower company to have the officers and employees of the company apply for insurance policies through the bank, etc., it will not immediately cause a problem under the Antimonopoly Act as long as it is only solicitation.

However, for example, if a bank, etc. with a dominant bargaining position sets up a target for insurance policies to be purchased by the officers and employees of a borrower company, requests the company to achieve the target, and effectively coerces the company into taking measures to achieve the target, it may cause a problem under the Antimonopoly Act (coercion concerning transaction, and abuse of dominant bargaining position).

(2) Unjust inducement of customers

If a bank, etc. engaged in the insurance solicitation business carries out activities to induce a customer by providing the customer with economic benefits that are unjust in light of normal business practices, it has the potential to distort the appropriate and free selection of goods by the customer and prevent fair and free competition in the insurance market.

For example, if a bank, etc. induces a customer to apply to buy an insurance policy by providing the customer with a loan that is not ordinarily extended in light of normal business practices or a loan with extremely favorable conditions, it may cause a problem under the Antimonopoly Act (customer inducement by unjust benefits).

(3) Unjust interference with an entrusting insurance company

If a bank, etc., which is acknowledged as having a bargaining position dominant over that of an entrusting insurance company which has to rely on the bank, etc. as a sales channel, causes an unjust disadvantage to the entrusting insurance company in light of normal business practices, it may cause a problem under the Antimonopoly Act.

(i) A bank, etc. effectively compels an entrusting insurance company to excessively underwrite insurance, for example by coercing the entrusting insurance company into underwriting substantially in excess of the initially planned sales volume, in a bid to obtain profit for the bank, etc. such as a substantial increase in commission income by taking advantage of its dominant bargaining position. (coercion concerning transaction, and abuse of dominant bargaining position)

(ii) A bank, etc. effectively compels an entrusting insurance company to loosen general screening standards thereby significantly increasing its insurance underwriting risk or to loosen screening standards for individual application to buy insurance for the bank, etc. to secure an insurance sales volume by taking advantage of its dominant bargaining position. (coercion concerning transaction, and abuse of dominant bargaining position)

### 3. Unfair trading practices associated with the sale of investment trust, etc. by financial institutions

If a financial institution carries out unjust activities such as coercion concerning transactions, etc. for the sale of investment trusts, etc. given its influence over a customer through its loan business, it may cause a problem under the Antimonopoly Act.

#### (1) Coercion concerning transactions with financial institutions, etc

(i) A financial institution effectively compels a borrower company to sell or buy, etc. an investment trust, etc. through the financial institution by implying to the company that, if the company does not enter into a transaction with the financial institution, the financial institution may suspend the loan or otherwise treat the loan in a disadvantageous way (coercion concerning transaction, and abuse of dominant bargaining position)

(ii) A financial institution requests a company to sell or buy, etc. an investment trust, etc. through the financial institution, and effectively compels the company to comply with the request, when extending a loan to the company (tie-in sales, etc.)

#### (2) Restraint upon transactions with competitors

(i) A financial institution interferes with the sale and purchase, etc. of investment trusts, etc. to/from competitors of the financial institution by implying to a



borrower company that, if the company enters into a transaction with a competitor of the financial institution, the financial institution may suspend the loan or otherwise treat the loan in a disadvantageous way (interference with trade, dealing on exclusive terms and dealing on restrictive terms).

(ii) A financial institution requests a company not to sell or buy, etc. investment trust, etc. to/from another financial institution and effectively compels the company to comply with the request when extending a loan to the company (interference with a transaction, dealing on exclusive terms and dealing on restrictive terms)

### (3) Unjust inducement of customers

A financial institution induces a customer to sell or buy, etc. investment trusts, etc. to/from the financial institution by providing the customer with a loan that would not ordinarily be extended in light of normal business practices or a loan with extremely favorable conditions (customer inducement by unjust benefits).