

# Financials ISAC Japan Management Regulations

The Board of Directors pursuant to Article 31.2 of Financials ISAC Japan Articles of Incorporation has set forth these general management regulations.

## Chapter 1 General Provisions

### Article 1 (Purpose)

- 1 Financials ISAC Japan (hereinafter "ISAC") has been established for the purpose of ensure continuing faith in our financial institutions through information security activities for Japanese citizens, and sharing and analysis of information concerning information and physical security in order to further improve the reliability of Japanese financial institutions.
- 2 In order to achieve the purpose stated in the preceding paragraph, all the members of ISAC participate in cooperation on sharing and analysis of relevant information, which in turn leads to enhanced information security thus ensuring security improvement in the financial market as a whole.

### Article 2 (Definitions)

Within these regulations the terms stated below shall have the following meanings.

- (1) Member: legal entities or individuals that are presently participants of ISAC.
- (2) Member Activities: Activities conducted by members through the membership activities' foundation offered by ISAC.
- (3) Information Sharing: When in the performance of member activities, a member provides information with ISAC and its members, which may be shared or individually used by a recipient member. Such information includes information produced through member activities.
- (4) Sender: Provider of relevant information for ISAC and its members.
- (5) Recipient: Recipient of information provided through ISAC activities.

## Chapter 2 Members

### Article 3 (Membership Categories)

- 1 Members shall be those legal entities or individuals that agree with the above stated purpose of ISAC and are willing to support and contribute to ISAC activities.
- 2 ISAC shall establish the categories of full members, associate members, affiliate members and supporting members. For details of membership categories, refer to the appendix.

### Article 4 (Application Method)

- 1 Any party that desires to become a member of ISAC, after submission of a completed application form and upon review and approval by the Board of Directors, may become a member.
- 2 Where the Board of Directors deems that a party's application does not meet the standards required for membership or where other legitimate reasons apply, the Board of Directors may deny membership to ISAC.

### Article 5 (Change to Membership Category)

Full members and associate members may, after becoming members and upon submission of the required application form to the Board of Directors and

the Board of Directors approval, change their membership category.

### Article 6 (Scope of Membership)

Legal entities eligible to be a member of ISAC shall be limited to those entities recognized under law.

### Article 7 (Succession of Standing)

- 1 Where due to merger, etc. a member's standing has been assigned or transferred, that member shall provide proof in writing verifying the succession of its standing, and promptly submit the application form designated by ISAC.
- 2 Where upon succession of standing the Board of Directors deems that a party's application does not meet the standards required for membership or where other legitimate reasons apply, the Board may deny the succession of member's standing.

### Article 8 (Prohibition against Transfer of Rights)

A member may not transfer membership rights to any third party.

## Chapter 3 Annual Membership Fees

### Article 9 (Annual Membership Fees)

- 1 A member shall pay to ISAC for each financial year of ISAC the annual membership fees set forth in the attachment in accordance with the payment method stipulated by ISAC in the application form, etc.
- 2 Even where a party becomes a member during the financial year of ISAC, no discount shall be made to the annual membership fees.
- 3 Where a member upgrades its category, that member shall pay to ISAC the difference in annual membership fees resulting from that upgrade. In the event of a downgrade in membership category, ISAC shall not reimburse that member for any difference in membership fees already paid.
- 4 Under no circumstances shall ISAC reimburse to any member any membership fees already paid.

## Chapter 4 Withdrawal from Membership

### Article 10 (Voluntary Withdrawal)

A member, upon submission of a request to ISAC on ISAC's designated withdrawal request form as designated by the Board of Directors, may at any time withdraw from membership of ISAC.

### Article 11 (Membership Expulsion or Suspension of Participation in Member Activities)

- 1 Where any one(1) of the following items applies to a member, upon resolution at a general meeting of members that member shall be expelled.
  - (1) Where a member is in breach of the Articles of Incorporation, regulations or any resolution passed at a general meeting of members.
  - (2) Where a member has engaged in any act that damages the reputation of ISAC or that is contrary to the purpose for which ISAC was established.
  - (3) Where any other legitimate reasons exist under which ISAC may expel the member.
- 2 Where the Board of Directors has deemed that any one(1) of the above items applies to a member, ISAC may immediately suspend that member's participation in member activities.

### Article 12 (Forfeiture of Membership Rights)

In addition to those stipulations stated in the preceding two Articles, where any one(1) of the following items applies to a member, that member shall forfeit its membership rights.

- (1) Where a member has failed to make payment for one(1) year or more of its membership fees.
- (2) Where forfeiture has been decided based upon a resolution at a general meeting of members.
- (3) Where a member is a person and that person has died, or has been officially notified as missing, or the member with corporate status has been dissolved.
- (4) Where a member is a person and that person has been deemed to be a ward of the state or person under curatorship.
- (5) Where it is deemed by ISAC that member's status should be revoked.

## Chapter 5 ISAC Management

### Article 13 (Board of Directors)

- 1 The Board of Directors of ISAC shall as required perform its duties as stipulated under Article 31 of ISAC's Articles of Incorporation.
- 2 Details concerning the management of the Board of Directors shall be as separately set forth in the Board of Directors Management Regulations.

### Article 14 (Steering Committee)

- 1 The Steering Committee of ISAC shall, upon receiving an inquiry from the Board of Directors in respect of ISAC's administration or ISAC's member activities, consult and offer advice to the Board of Directors.
- 2 The Steering Committee shall be comprised of members selected by the Board members or Board of Directors from among the full members.
- 3 Details of the management of the Steering Committee shall be as separately set forth in the Steering Committee Management Regulations as approved by the Board of Directors.

### Article 15 (Secretariat Office)

- 1 Within ISAC a Secretariat Office shall be established to perform management of member activities and related administrative duties.
- 2 ISAC may outsource all or any part of the Secretariat Office's duties to a third party.
- 3 ISAC, limited to where it has commissioned Secretariat Office duties to a third party, may without processing provide information shared by any member to that third party. However in that event the prior consent of the Board of Directors or a member of the board shall be obtained, and the Board ensure appropriate oversight of that third party.
- 4 Details concerning the management of the Secretariat Office shall be as separately set forth in the Secretariat Office Management Regulations.

## Chapter 6 Information Sharing and Use

### Article 16 (General Rules concerning Information Sharing and Use)

- 1 ISAC and its members in accordance with the purpose for which ISAC has been established shall promote information sharing.
- 2 Where sharing information, ISAC and its members shall strictly comply with the following rules.
  - (1) They shall act in compliance with the Copyright Act and all other applicable laws, regulations and ordinances, and not hinder or interfere with the rights of ISAC or any member.
  - (2) ISAC and its members shall promote information sharing.

(3) The sender permits the use by ISAC or its members of the information provided it is solely for achieving the purpose of ISAC.

(4) Any recipient assumes full responsibility for use of any information provided by the sender and shall in no way hold the sender liable for any damages arising from that sent information.

(5) The user of the sent information shall strictly comply with the provisions of the next Article and any other use conditions set forth by the sender at the time of provision.

3 Details concerning the sharing of information shall be as separately set forth in the Information Sharing Rules.

### Article 17 (Confidentiality: Traffic Light Protocol)

- 1 Members that engage in information sharing, in order to indicate the information's categorization and the scope of disclosure permission, shall act in accordance with the Traffic Light Protocol (hereinafter referred to as "TLP").
- 2 The member that is a sender, in accordance with TLP, shall agree to ISAC or its other members using that information.
- 3 ISAC or its members when using the shared information shall strictly comply with the published TLP.
- 4 Directors, the Secretariat Office and the Steering Committee, regardless of classification under TLP may access information provided by the sender.

### Article 18 (Disclosure of Information as Required under Law)

ISAC or its members, where disclosure is required under law, upon receipt of a demand requiring disclosure by a competent public authority, may within the scope of that demand disclose the shared information.

### Article 19 (Obligation to Notify)

- 1 Except where the preceding Article applies, ISAC or its members, limited to where the prior approval of the sender has been obtained, may disclose the shared information outside the scope designated in TLP.
- 2 The member that has sent that information may prohibit its disclosure where that disclosure is in breach of the preceding paragraph.

### Article 20 (Provision of Information to Commissioned or other Third Parties)

ISAC or its members, in the use of the shared information and in order to maintain its security when providing it to any commissioned party or any other third party, shall only provide it upon appropriate processing so that the sender is not able to be directly or indirectly identified by the commissioned or other third party.

## Chapter 7 Compensation for Damages

### Article 21 (Liability Exclusion)

- 1 ISAC or its members offer no guarantees or warranties concerning the accuracy of any shared information.
- 2 ISAC or its members shall assume no legal liability arising as a result from any loss or damage incurred as a result of the shared information. However the preceding sentence shall not apply in respect of gross negligence or intentional acts.

### Article 22 (Gross Negligence or Intentional Acts)

- 1 Where due to the gross negligence or intentional act of a member there is a breach concerning information sharing or its use, or where other damages are suffered as a result of that gross negligence or intentional act, based upon mediation by a Board member(s) the

providing member and the using member shall settle that dispute.

- 2 Where due to the gross negligence or intentional act of ISAC there is a breach concerning information sharing or its use, or where other damages are suffered, limited to the amount of annual membership fees, ISAC shall pay compensation for damages to any concerned member.

#### Chapter 8 Supplementary

##### Article 23 (Representations and Warranties)

ISAC and its members do hereby affirm and warrant that they are not a criminal organization and has no affiliation with any organization engaged in anti-social activities, that it in no way cooperates with or contributes to the management or operation of those organizations and further does not receive any funding or support from those organizations.

##### Article 24 (Governing Law and Consent to Jurisdiction)

ISAC and its members do hereby agree that where any dispute arises concerning membership creation, enforcement or validity, the performance or interpretation of these Management Regulations that said dispute shall be governed by the laws of Japan and that in the event that any claim is made in respect of a use agreement that the Tokyo District Court shall be the court of primary and exclusive jurisdiction.

##### Article 25 (Force and Effect)

- 1 These Management Regulations represent the complete agreement between ISAC and its members concerning membership qualification and member activities, and shall take precedence over all other representations, negotiations, communications or other notifications made prior to membership.
- 2 Where for whatever reason a member has been expelled or withdrawn from membership, in respect of that member, Articles 16, 17, 18, 19, 20, 21 and 22 shall remain in force and effect.

Enacted: August 29, 2014

General Incorporated Association Financials ISAC Japan

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<<Revision History>>

March 15, 2016

Added affiliate member category.

July 1, 2018

Changed TLP operation.

End

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(Attachment) Membership Category

		Membership Category					
		Full members	Associate members	Supporting members	Affiliate members		
					Gold	Silver	Bronze
1	Qualification for Membership (*1)	A financial institution trading within Japan	A financial institution trading within Japan	A company or person that supports the activities of ISAC	A legal entity except for a financial institution (Companies, etc. involved in IT security)	A legal entity except for a financial institution (Companies, etc. involved in IT security)	A legal entity except for a financial institution (Companies, etc. involved in IT security)
2	Application Method	Application from member	Application from member	Upon invitation by ISAC	Application from member	Application from member	Application from member
3	Annual Membership Fees (*2)	800,000 yen (Non-taxable)	180,000 yen (Non-taxable)	—	3,000,000 yen (Non-taxable)	2,000,000 yen (Non-taxable)	1,000,000 yen (Non-taxable)
4	Appointment as a Board Member	Possible	Not Possible	Possible	Not Possible	Not Possible	Not Possible
5	Appointment as a Member of the Steering Committee	Possible	Not Possible	Possible	Not Possible	Not Possible	Not Possible

\*1 For details, refer to the membership standards as separately set forth.

\*2 Annual membership fees may change based upon a resolution at a general meeting of members.

(Attachment) Traffic Light Protocol

Members where sharing information as a part of member activities shall act in accordance with the Traffic Light Protocol (hereinafter referred to as “TLP”) stated below, and may request that the recipient (member or ISAC) handle that information in an appropriate manner. Upon information sharing where the category is not clearly stated within the TLP that information shall be categorized as “Amber”.

TLP Category	Regulation	Explanation
Red	<p><u>Information to be kept within the specific group (meeting attendees, etc.) to whom that information was shared,</u> disclosure outside that specified group not permitted.</p>	<ul style="list-style-type: none"> <li>• <b>Information sharing to other parties not permitted. (Includes intra-departmental sharing)</b></li> <li>• As this is a category that makes effective information utilization difficult, the following efforts should be made.                             <ul style="list-style-type: none"> <li>✓ Indicators, etc. should be separately shared under a different category such as Amber, etc.</li> <li>✓ Where provided that the sender’s name is deleted this is able to be shared to the minimum scope possible, this should be stated.</li> <li>✓ Where due to the passage of time sharing is now possible, this should be announced.</li> </ul> </li> </ul>
Amber	<p><u>Information sharing to required recipients within the scope that confidentiality can be maintained is permitted.</u></p>	<p><b>*In order to protect members’ systems and services,</b> sharing of only necessary information to required recipients is permitted. (Use for any other purposes than stated above is not permitted.)</p> <ul style="list-style-type: none"> <li>• Even where the ISAC Secretariat Office is to share information with other affiliated organizations, that should be limited to sharing of only necessary information to required recipients.</li> <li>• Where information is to be otherwise shared, after deleting the name of the sender, etc. it should be limited to <b><u>sharing of only necessary information</u></b> to required recipients. Unprocessed information should not be forwarded.</li> </ul>
Green	Information sharing to	<ul style="list-style-type: none"> <li>• Where information is to be otherwise shared, after deleting the name of the sender, etc. it should</li> </ul>

	required recipients is permitted.	be limited to <b><u>sharing of only necessary information</u></b> to required recipients. Unprocessed information should not be forwarded.
White	Handling as public information. *In compliance with the Copyright Act and all other applicable laws, regulations and ordinances.	A member company may share this information within a reasonable scope.

\* This includes a consolidated group subsidiary in which a member holds more than 51% of its equity. However, where a group subsidiary that is deemed to be of a designated scale to which the separately stated standards apply desires to become a member, it must make an application separate from its parent company. Further a member group subsidiary as a general rule may not directly participate in member activities.

Information must only be used to protect the systems and services of each member. In respect of information sharing with organizations not affiliated to ISAC, or the secondary application of products or services based upon shared information, where the permission of the original information sender has not been obtained, as a general rule this shall not be permitted.

Where information is to be provided to an outsourced party, Article 20 of these Regulations shall apply.

Financials ISAC Japan Management Regulations (Supplementary Regulations)

Article 26 (As a footnote to the “(Attachment) Traffic Light Protocol” within these Management Regulations, the criteria for a subsidiary which must make an application separate from its parent company)

1 For organizations to which the items stated in the table below apply, even where a parent company is a member, information sharing from the parent company shall not be included in the applicable scope, and in order to participate in the information sharing activities of ISAC, the subsidiary itself is required to be a member.

	Total Assets	Total Sales	Reference (As defined by US FS- ISAC)
Financial institutions holding customers financial assets	2 trillion yen or more		Financial Institutions, Insurance Companies and Securities/Brokerage Firms
Excluded from the above		100 billion yen or more	Processors and Utilities

Article 27 (Scope of Information Sharing with Holding Companies(\*1))

1 Where a member is a holding company, that member may designate a major financial subsidiary in terms of security management and for free be admitted as a member of ISAC. In this case the membership category of the subsidiary shall be that of the holding company.

2 Where a member has a holding company as its parent company, that holding company may for free be admitted as a member of ISAC. In this case the membership category of the holding company shall be that of the subsidiary.

3 Paragraphs 1 and 2 of this Article shall not be simultaneously applied.

Enacted: September 19, 2014

General Incorporated Association Financials ISAC Japan

(\*1) “Holding Company” is defined as a holding company that has been granted a license from the Financial Services Agency, a designated parent company, or a company where either 90% or more of sales or assets are accounted for by financial activities.

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<<Revision History>>

March 28, 2018

To footnote \*1 added “a company where either 90% or more of sales or assets are accounted for by financial activities”.

End

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