

# Usage of Information in the Trust Banks

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The trust banks that are engaged in trust businesses and banking businesses are expected to establish information barriers such as Chinese Walls, or Information Barriers. It is said that the restrictions imposed by those barriers are stricter than those required by laws and regulations.

Under such circumstances, the question was raised as to when it would be allowed to send and receive information beyond the barriers and to use the information. If the trust banks use the information for purposes other than trust administration without any justifiable reason, it may be in breach of the duty of loyalty under the Trust Act. This report examines mainly the relationship between the usage of information and the duty of loyalty.

This report proposes to use a framework to judge based on the “Five Elements of Japanese Bankers Association” (the “Five Elements of JBA”), which is released by the Study Group on Loan Market. The Five Elements of JBA is a framework to draw a conclusion by a comprehensive assessment. Therefore, this same framework may be used for judging whether the duty of loyalty is breached.

It concludes that the restriction on sending information and the information management system are effective in the cases examined, and suggests that this method may be applied in general to a certain extent.

