

Protection System for Collective Trust (Shudan-Shintaku) Beneficiaries

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A "Collective Trust" can be defined as "the pooling of property belonging to a trust and then dividing profits in proportion to the amount of investment." The pool is composed of the general public, being divided into "beneficiary" and "settlor."

Collective trusts have developed not only to encourage the general public to use trusts, but also as a peculiar form of Japanese financing and loan operation.

Collective trusts can be divided into three types; loan trusts, joint commingled employment money trusts, and investment trusts. The total holdings of the so-called collective trusts, as of the end of March, 1982, amounted to about 34 trillion yen, 40 trillion yen, if pension trusts are included.

These collective trusts hold 91% of all property given in trust to trust banks.

The number of households involved is estimated in excess of 5 million, which illustrates the importance of collective trusts to trust banks.

The following report can be divided into two parts:

1. An examination of beneficiary rights in collective trusts, particularly weakening supervisory function to operation of collective trusts property.
2. Protection and assuring that each beneficiary in collective trusts is granted a profit equal to his/her investment.