

Rules Concerning Representation of Advertisement, etc. and Offer of Premiums

(Purpose)

Article 1.

The purpose of these Rules is to achieve appropriateness in Representation of Advertisement, etc. and offer of Premiums pertaining to Self-Offering and Other Transactions, etc. (referring to the Self-Offering and Other Transactions, etc. set forth in Item (9) of Article 3 of the Articles of Incorporation; the same shall apply hereinafter) conducted by Regular Members and Electronic Public Offering Members, by providing for, among others, its representation, methods and matters to be complied with, and thereby contribute to protection of investors.

(Definitions)

Article 2.

In these Rules, each term set forth in each of the following Items shall have the meaning ascribed to it in the relevant Item:

- (1) Representation of Advertisement, etc.
This shall mean the representation which pertains to the content of Self-Offering and Other Transactions, etc. and is made by advertisement or by the acts prescribed as similar thereto in Article 72 of Cabinet Office Order on Financial Instruments Business (hereinafter referred to as “Advertisement, etc.”) as provided for in Article 37, Paragraph 1 of the Financial Instruments and Exchange Act (hereinafter referred to as “FIEA”); and
- (2) Premiums
This shall mean any economic benefits prescribed in Paragraph 1 of “Matter Concerning Designation of Premiums and Representations Pursuant to the Provision of Article 2 of the Act Against Unjustifiable Premiums and Misleading Representations (The Fair Trade Commission Public Notice No. 3 of 1962)”.

(General Rules)

Article 3.

1. When making Representation of Advertisement, etc., Regular Members and Electronic Public Offering Members must always assign primary importance to securing investors’ trust, comply with FIEA, other laws and regulations, the Articles of Incorporation and other rules (including detailed regulations, guidelines, resolutions, etc. thereunder; hereinafter referred to as “Laws and Regulations, etc.”) as well as with the fair and equitable principles of transactions, and strive to provide appropriate information and clear and accurate representation.
2. When offering Premiums, Regular Members and Electronic Public Offering Members must comply with Laws and Regulations, etc. as well as with the fair and equitable principles of transactions, maintain dignity, and strive to offer Premiums in an appropriate manner.

(General Prohibited Acts)

Article 4.

1. No Regular Member or Electronic Public Offering Member shall make Representation of Advertisement, etc. which falls, or could fall, under any of the following Items:
 - (1) One which runs counter to the fair and equitable principles of transactions;
 - (2) One which obstructs fair competition among Regular Members and Electronic Public Offering Members;
 - (3) One which impairs its dignity as a Regular Member or Electronic Public Offering Member;
 - (4) One which contains a representation suggesting evasion of law;
 - (5) One which contains a representation which misleads investors in making investment decision;
 - (6) One which contains a representation which unreasonably incites investor's desire to invest;
 - (7) One which contains a representation which is arbitrary or excessively subjective;
 - (8) One which includes a judgment, assessment, etc. without clear indication of its basis; and
 - (9) One which contains a representation which violates FIEA, the Act Against Unjustifiable Premiums and Misleading Representations (hereinafter referred to as "Premiums and Representations Act"), prefectural ordinance pursuant to the Outdoor Advertisement Act, or other Laws and Regulations, etc.
2. Regular Members and Electronic Public Offering Members must not engage in any act of offering Premiums to investors which violates, or could violate, Premiums and Representations Act or other Laws and Regulations, etc.

(Prohibition of Misleading Representation)

Article 5.

1. When making Representation of Advertisement, etc., no Regular Member or Electronic Public Offering Member shall make a representation, which differs from a fact or is likely to mislead a person, regarding any matter that is necessary for an investor for selecting Financial Instruments Business Operators or Registered Financial Institutions.
2. When making Representation of Advertisement, etc., no Regular Member or Electronic Public Offering Member shall, based on the fact that it has been registered for Type II Financial Instruments Business, make a representation as if the competent authority or other public agency were recommending the relevant Regular Member or Electronic Public Offering Member, or a representation which could cause misunderstanding as if the competent authority or other public agency were guaranteeing the contents of the Advertisement, etc.

3. When making Representation of Advertisement, etc., no Regular Member or Electronic Public Offering Member shall, based on the fact that it is a Regular Member or Electronic Public Offering Member, make a representation as if the Association were recommending the relevant Regular Member or Electronic Public Offering Member, or a representation which could cause misunderstanding as if the Association were guaranteeing the contents of the Advertisement, etc.

(Prohibition of Profit Guarantee and Loss Compensation)

Article 6.

When making Representation of Advertisement, etc., no Regular Member or Electronic Public Offering Member shall make a representation to the effect it is guaranteeing returns or will bear all or part of losses, or a representation which is likely to cause misunderstanding as if it were guaranteeing returns or would bear losses.

(Prohibition of Conclusive or Inciting Representation)

Article 7.

When making Representation of Advertisement, etc., no Regular Member or Electronic Public Offering Member shall make a representation which is conclusive concerning an economic outlook, or the price, numerical value or amount of consideration regarding securities or the like, a representation which is likely to unreasonably incite desire to invest, or a representation which is likely to cause misunderstanding as if profits would be made without fail.

(Representation of Superiority)

Article 8.

When making Representation of Advertisement, etc., no Regular Member or Electronic Public Offering Member shall make a representation to the effect the performance, substance, method or the like of the Self-Offering and Other Transactions, etc. it conducts is significantly superior to that of other Financial Instruments Business Operators or Registered Financial Institutions, without indicating the concrete basis for such representation.

(Indication as Regular Member or Electronic Public Offering Member)

Article 9.

1. When making Representation of Advertisement, etc., the relevant Regular Member or Electronic Public Offering Member must display the trade name, name or individual's name it has registered in the register of Financial Instruments Business Operators or in the register of Financial Institutions, as well as its registration number and the name of the Association.
2. Each Electronic Public Offering Member must, by utilizing such means as the website it operates, display the matters detailed in the preceding Paragraph clearly and accurately at an easily visible place, and also indicate that it is a Type II Small-Amount Electronic Public Offering Service Provider.

(Internal Examination, etc., by Regular Member and Electronic Public Offering Member)

Article 10.

1. When making Representation of Advertisement, etc., the employee of the relevant Regular Member or Electronic Public Offering Member who is in charge of examining Advertisement, etc. (hereinafter referred to as “Advertisement Examining Officer”) must examine whether the relevant representation is or could be in violation of Laws and Regulations, etc.; provided, however, that the foregoing shall not apply to the Representation of Advertisement, etc. which is to be made to the Professional Investors (referring to the Professional Investors provided for in Article 2, Paragraph 31 of FIEA (including those who shall be deemed to be Professional Investors pursuant to the provision of Article 34-3, Paragraph 4 of FIEA (including the case where it is applied mutatis mutandis pursuant to Article 34-4, Paragraph 6 of FIEA) except for those who shall be deemed to be customers other than Professional Investors pursuant to Article 34-2, Paragraph 5 of FIEA)).
2. Each Regular Member and Electronic Public Offering Member must appoint a person who has sufficient knowledge and experience concerning the regulation of Advertisement, etc. provided for in Laws and Regulations, etc. as its Advertisement Examining Officer.

(Development of Internal Control System)

Article 11.

In order to achieve appropriateness in Representation of Advertisement, etc. and offer of Premiums, each Regular Member and Electronic Public Offering Member shall establish internal rules regarding the examination system, examination standard and retention system concerning Representation of Advertisement, etc. and offer of Premiums, and cause its officers and employees to comply with such rules.

(Investigation of Violation)

Article 12.

1. In the event the Association has determined that Representation of Advertisement, etc. or offer of Premiums made by any Regular Member or Electronic Public Offering Member is or could be in violation of any provision of these Rules, the Association may request the relevant Regular Member or Electronic Public Offering Member to submit materials, and may interview such member.
2. Regular Members and Electronic Public Offering Members must accede to the request for submission of materials and for interview provided for in the preceding Paragraph.

(Guidelines Concerning Advertisement, etc.)

Article 13.

In addition to the matters prescribed in these Rules, other matters that are necessary in respect of Representation of Advertisement, etc. and offer of Premiums to be made by Regular Members and Electronic Public Offering Members shall be prescribed in “Guidelines Concerning Advertisement, etc.”

Supplementary Provisions (May 20, 2011)

These Rules shall become effective from the date on which the Association is certified by the Prime Minister as Financial Instruments Firms Association provided for in Article 78, Paragraph 1 of FIEA (June 30, 2011).

Supplementary Provisions (May 26, 2015)

This amendment shall become effective from the date (May 29, 2015) provided for in the main text of Article 1 of the Supplementary Provisions of the Act for Amendment of the Financial Instruments and Exchange Act (2014, Act No. 44).

(Note) Amended provisions are as follows:

- (1) Amended Article 1, Item (1) of Article 2, Paragraphs 1 and 2 of Article 3, Items (2) and (3) of Paragraph 1 of Article 4, Paragraph 2 of Article 4, Paragraphs 1 through 3 of Article 5, Articles 6 through 8, the headword and Paragraph 1 of Article 9, the headword of Article 10, Paragraphs 1 and 2 of Article 10, Article 11, Paragraphs 1 and 2 of Article 12, and Article 13.
- (2) Newly added Paragraph 2 of Article 9.

<p>This translation is solely for the convenience of those interested therein, and accordingly all questions that may arise with regard to the meaning of the words or expressions herein shall be dealt with in accordance with the original Japanese text.</p>
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