

## **Rules Concerning Type II Business Internal Control Supervisory Manager, etc.**

### **(Purpose)**

#### **Article 1.**

The purpose of these Rules is to contribute to proper execution of business activities relating 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 tightening Regular Members' and Electronic Public Offering Members' attitude toward internal control through prescribing rules regarding such matters as registration and duties of the officers, etc. engaging in the work of supervising the situation of compliance with the Financial Instruments and Exchange Act (hereinafter referred to as "FIEA"), other laws and regulations, as well as the Articles of Incorporation and other rules (including the detailed regulations, guidelines, resolutions, etc. thereunder; hereinafter referred to as the "Laws and Regulations, etc.").

### **(Registration of Type II Business Internal Control Supervisory Manager)**

#### **Article 2.**

1. Each Regular Member and Electronic Public Offering Member must designate one individual as Type II Business Internal Control Supervisory Manager pertaining to Self-Offering and Other Transactions, etc., and submit to the Association a written notification thereof in a prescribed form without delay.
2. If there was any change to the contents of the notification referred to in the preceding Paragraph, the relevant Regular Member or Electronic Public Offering Member must submit to the Association a written notification of change in a prescribed form without delay.
3. When Regular Member or Electronic Public Offering Member made the notification pursuant to the provisions of preceding two Paragraphs, the Association must register the Type II Business Internal Control Supervisory Manager in Type II Business Internal Control Supervisory Manager register.

### **(Qualification Requirements of Type II Business Internal Control Supervisory Manager)**

#### **Article 3.**

Regular Member's and Electronic Public Offering Member's Type II Business Internal Control Supervisory Manager must be a registered officer who is in charge of internal control pertaining to Self-Offering and Other Transactions, etc. (in the case of Regular Member or Electronic Public Offering Member that is a foreign corporation, a person

who has authority equivalent to that of such officer); provided, however, that the foregoing shall not apply if the person prescribed in the relevant detailed regulations is to be appointed as Type II Business Internal Control Supervisory Manager.

**(Responsibilities of Type II Business Internal Control Supervisory Manager)**

**Article 4.**

1. Type II Business Internal Control Supervisory Manager him/herself must comply with Laws and Regulations, etc., and strive to enhance the attitude toward internal control by making the officers and employees of the relevant Regular Member or Electronic Public Offering Member thoroughly maintain the business stance in compliance with Laws and Regulations, etc. so that business activities, such as solicitation of investment, and customer management shall be properly conducted.
2. In order to make sure that business activities, such as solicitation of investment, of Regular Member or Electronic Public Offering Member are properly conducted in compliance with Laws and Regulations, etc., if a situation has occurred in which an officer or employee of the relevant Regular Member or Electronic Public Offering Member violated Laws and Regulations, etc., Type II Business Internal Control Supervisory Manager must appropriately dispose of such situation in light of Laws and Regulations, etc.
3. Type II Business Internal Control Supervisory Manager must properly communicate and coordinate with the administrative authorities, the Association and other self-regulatory organizations regarding compliance with Laws and Regulations, etc. in the business activities, such as solicitation of investment, of the relevant Regular Member or Electronic Public Offering Member.
4. In the event a material issue has arisen in relation to the business activities, such as solicitation of investment, or customer management of the relevant Regular Member or Electronic Public Offering Member, Type II Business Internal Control Supervisory Manager must promptly report its details to its Member Representative (in the case of Regular Member, Member Representative or Member Representative's deputy; the same shall apply in the following Article).

**(Instruction to Type II Business Internal Control Supervisory Manager)**

**Article 5.**

1. Member Representative must take care so that Type II Business Internal Control Supervisory Manager can perform his/her duties appropriately.
2. When Member Representative received a report from Type II Business Internal Control Supervisory Manager pursuant to the provision of Paragraph 4 of the preceding Article, he/she must provide appropriate instruction.

**(Placement, etc. of Type II Business Business Manager and Type II Business Internal Control Manager)**

**Article 6.**

1. In order to appropriately conduct business activities, such as solicitation of investment, and customer management pertaining to Self-Offering and Other Transactions, etc., each Regular Member and Electronic Public Offering Member must place, as Type II Business Business Manager and Type II Business Internal Control Manager, at least one individual, who is its officer or employee with sufficient knowledge and experience regarding Laws and Regulations, etc., in each of such positions in accordance with the actual state of affairs of the business activities pertaining to the relevant Self-Offering and Other Transactions, etc.
2. Type II Business Business Manager must comply with Laws and Regulations, etc. him/herself, make the officers and employees who execute Self-Offering and Other Transactions, etc., for which he/she has been appointed as such manager, thoroughly maintain the business stance to comply with Laws and Regulations, etc., and guide and supervise them so that business activities, such as solicitation of investment, and customer management shall be properly conducted.
3. Type II Business Internal Control Manager must comply with Laws and Regulations, etc. him/herself, and exercise appropriate internal control by, for example, always inspecting whether the business activities pertaining to Self-Offering and Other Transactions, etc., for which he/she has been appointed as such manager, are complying with Laws and Regulations, etc. and properly executed.
4. Type II Business Business Manager and Type II Business Internal Control Manager must—in the event a material issue has arisen in relation to the business activities, such as solicitation of investment, or customer management, for which they have been appointed as such managers—promptly report its details to Type II Business Internal Control Supervisory Manager and receive his/her instructions.
5. Regular Member's and Electronic Public Offering Member's Type II Business Internal Control Supervisory Manager may concurrently serve as Type II Business Internal Control Manager if the Association has specifically permitted it in response to such conditions as the number of business office and the personnel placement of the relevant Regular Member or Electronic Public Offering Member.

**(Attendance at Training)**

**Article 7.**

1. Each Regular Member and Electronic Public Offering Member must make its Type II Business Internal Control Supervisory Manager attend the designated training which is provided by the Association in each Business Year of the Association (referring to the Business Year prescribed in Article 53 of the Articles of Incorporation); provided, however, that the Type II Business Internal Control Supervisory Manager who is

prescribed in the relevant detailed regulations shall be exempted from attending such training.

2. Each Regular Member and Electronic Public Offering Member must make its Type II Business Business Manager and Type II Business Internal Control Manager attend required internal training regularly; provided, however, that the person who has attended the designated training provided by the Association may be exempted from attending such internal training.

#### **(Making Placement Status Report to the Association)**

##### **Article 8.**

Each Regular Member and Electronic Public Offering Member must report the status of its placement of Type II Business Business Manager and Type II Business Internal Control Manager as of the end of July of each year to the Association without delay.

#### **(Detailed Regulations)**

##### **Article 9.**

Matters that are necessary in relation to Type II Business Internal Control Supervisory Manger, etc. shall be determined in accordance with the relevant detailed regulations.

### **Supplementary Provisions (May 20, 2011)**

#### **(Effective Date)**

##### **Article 1.**

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).

#### **(Transitional Measure)**

##### **Article 2.**

Notwithstanding the provision of the preceding Article, the provisions of Article 6, Article 7 and Article 8 shall become applicable from April 1, 2012.

### **Supplementary Provisions (February 3, 2012)**

This amendment shall become effective from April 1, 2012.

(Note) Amended provision is as follows:

Amended Paragraph 1 of Article 7.

### **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:

Amended Article 1, Paragraph 1 of Article 2, Article 3, and Paragraphs 1 through 3 of Article 6.

### **Supplementary Provisions (December 17, 2020)**

This amendment shall become effective from January 1, 2021.

(Note) Amended provisions are as follows:

Amended Article 1, Paragraphs 1 through 3 of Article 2, Article 3, Paragraphs 1 through 4 of Article 4, Paragraphs 1 and 2 of Article 5, Paragraphs 1 through 3 and Paragraph 5 of Article 6, Paragraphs 1 and 2 of Article 7, and Articles 8 and 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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