

Inspection Rules

(Purpose)

Article 1.

The purpose of these Rules is to prescribe matters that are necessary in relation to the inspection of Regular Members and Electronic Public Offering Members set forth in Paragraph 1 of Article 17 of the Articles of Incorporation.

(Inspector)

Article 2.

The inspection shall be executed by the inspectors who are appointed from among the employees of the Association by Chairman.

(Scope of Inspection)

Article 3.

The scope of the inspection shall be the situation of compliance, by Regular Members and Electronic Public Offering Members, with laws and regulations, orders under laws and regulations, dispositions thereunder, the Articles of Incorporation and other rules, and the fair and equitable principles of transactions, as well as the condition of the business or assets of Regular Members and Electronic Public Offering Members, their books and records, and other objects.

(Inspection Execution Method)

Article 4.

1. The inspection shall consist of the documentary inspection which is performed based on the documents submitted to the Association by the relevant Regular Member or Electronic Public Offering Member, and the on-site inspection which is performed at such places as the head office, branch office or business office of the relevant Regular Member or Electronic Public Offering Member.
2. On-site inspection shall be conducted through the methods set forth below:
 - (1) By entering the premises;
 - (2) By conducting interview; and
 - (3) In addition to the methods set forth in the preceding two Items, by any other methods that are deemed appropriate by the Association.

3. The method set forth in Item (2) of the preceding Paragraph may be conducted by inviting the officers and employees of the relevant Regular Member or Electronic Public Offering Member to the Association.

(Advance Notice)

Article 5.

When on-site inspection is to be conducted, the Association shall give advance notice to the relevant Regular Member or Electronic Public Offering Member regarding the date and time of the on-site inspection, its method and the names of the inspectors; provided, however, that when it is deemed necessary by Chairman to do so, the Association may withhold giving such notice.

(Authorities of Inspector)

Article 6.

Inspector may request Regular Member or Electronic Public Offering Member to present books, documents and any other items that are related to the subject matter of inspection, to allow the inspector to inspect such items, to submit information materials, and to provide explanation regarding facts.

(Obligations of Inspector)

Article 7.

Inspector must observe the matters set forth in the following Items:

- (1) Strive to always keep moderate and calm attitude, and maintain respectability and integrity in performing the inspection;
- (2) Strive to perform the inspection fairly, efficiently and only on the basis of facts;
- (3) In performing inspection of an actual article such as a valuable object or any other important object, request the presence of a person responsible for its safekeeping, perform the inspection particularly aptly and quickly, and be mindful of preventing occurrence of an accident such as the loss of the object;
- (4) Strive to always be fair when performing fact finding, making decision on disposition and expressing opinion; and
- (5) Not to leak any matter, which the inspector has come to know in relation to his/her duty, to other person without a justifiable reason.

(Presentation of Inspector Identification Card)

Article 8.

When commencing the inspection, inspector must present to the relevant Regular Member or Electronic Public Offering Member the inspector identification card which is in the form prescribed separately.

(Reporting Inspection Result)

Article 9.

1. Inspector must report the result of the inspection prescribed in Article 4 to Chairman in writing.
2. If Chairman has deemed that any part of the result of the inspection referred to in the preceding Paragraph constitutes or could constitute the event set forth in any Item of Paragraph 1 of Article 23 of the Articles of Incorporation or the condition provided for in Article 24 of the Articles of Incorporation, Chairman may report the matter to Discipline Committee in accordance with the provisions of Rules Concerning Disciplinary Actions, etc., by attaching such result of inspection thereto.

(Notification of Inspection Result)

Article 10.

As a general rule, the Association shall notify the result of the inspection to the inspected Regular Member or Electronic Public Offering Member in writing.

(Joint Inspection)

Article 11.

With regard to the inspection which is to be performed jointly with Authorized Association or other Certified Association, such inspection shall be performed not only in accordance with the provisions of these Rules but also in accordance with what Chairman prescribes as necessary.

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:

Amended Article 1; Article 3; Paragraphs 1 and 3 of Article 4; Article 5; Article 6; Article 8; Paragraph 2 of Article 9; and Article 10.

Supplementary Provisions (January 25, 2016)

This amendment shall become effective from January 25, 2016.

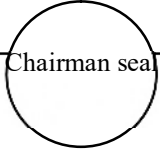
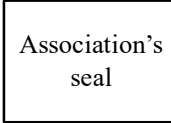
(Note) Amended provisions, etc. are as follows:

Newly added (Form of Inspector Identification Card).

(Form of Inspector Identification Card)

(Face side)

Inspector Identification Card

 (Picture)	<p style="text-align: right;">No. _____</p> <p>Inspector</p> <p>The Association certifies that the person named above is the Association's inspector.</p> <p>[mm] [dd] [yyyy]</p>	
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Type II Financial Instruments Firms Association

※ Standardized size is 5.5cm (Height) × 9.1cm (Width)

※ Picture size is 3.0cm (Height) × 2.4cm (Width)

(Back side)

Inspection Rules (excerpts)

(Obligations of Inspector)

Article 7.

Inspector must observe the matters set forth in the following Items:

- (1) Strive to always keep moderate and calm attitude, and maintain respectability and integrity in performing the inspection;
- (2) Strive to perform the inspection fairly, efficiently and only on the basis of facts;
- (3) When performing inspection of an actual article such as a valuable object or any other important object, request the presence of a person responsible for its safekeeping, perform the inspection particularly aptly and quickly, and be mindful of preventing occurrence of an accident such as the loss of the object;

- (4) Strive to always be fair when performing fact finding, making decision on disposition and expressing opinion; and
- (5) Not to leak any matter, which the inspector has come to know in relation to his/her duty, to other person without a justifiable reason.

(Presentation of Inspector Identification Card)

Article 8.

When commencing the inspection, inspector must present to the relevant Regular Member or Electronic Public Offering Member the inspector identification card which is in the form prescribed separately.

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.