

Operational Rules

Chapter I. General Provisions

(Purpose)

Article 1.

The purpose of these Operational Rules is to prescribe, pursuant to the provisions of Article 79-3, Paragraph 1 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as “FIEA”) and Paragraph 1 of Article 9 of the Articles of Incorporation, the matters set forth in each Item of Article 79-3, Paragraph 1 of FIEA and the methods of the businesses provided for in each Item of Paragraph 1 of Article 8 of the Articles of Incorporation.

Chapter II. The Association’s Businesses

(Business pertaining to Compliance with Laws, Regulations, etc. by Regular Members and Electronic Public Offering Members)

Article 2.

1. The Association shall provide guidance and admonition, and conduct other businesses in order to cause Regular Members and Electronic Public Offering Members to comply with the provisions of FIEA, other laws and regulations, the Articles of Incorporation and other rules (including the detailed regulations, guidelines, resolutions, etc. thereunder; hereinafter referred to as “Laws, Regulations, etc.”) when they conduct Self-Offering and Other Transactions, etc. (referring to the Self-Offering and Other Transactions set forth in Item (9) of Article 3 of the Articles of Incorporation; the same shall apply hereinafter).
2. The Association shall strive to grasp the situation of compliance with Laws and Regulations, etc. by Regular Members and Electronic Public Offering Members by performing inspection of Regular Members and Electronic Public Offering Members.
3. If, as a result of performing the inspection pursuant to the provision of the preceding Paragraph, it is determined that the situation of compliance with Laws and Regulations, etc. by any Regular Member or Electronic Public Offering Member is inappropriate, the Association shall provide necessary guidance and admonition to the relevant Regular Member or Electronic Public Offering Member as prescribed by “Rules Concerning Disciplinary Actions, etc.” (hereinafter referred to as “Disciplinary Actions Rules”).

4. The Association shall perform the inspection of Regular Members and Electronic Public Offering Members in accordance with the provisions of “Inspection Rules.”

(The Association’s Business to Assure Appropriateness of Businesses of Regular Members and Electronic Public Offering Members)

Article 3.

1. The Association shall perform investigation, provide guidance and admonition, or conduct other businesses, in relation to Self-Offering and Other Transactions, etc. conducted by Regular Members and Electronic Public Offering Members, that are necessary to achieve appropriateness of the contents of the contracts, to achieve appropriateness of the management of the assets, or otherwise to protect investors.
2. The Association shall strive to grasp the condition of business operation of Regular Members and Electric Public Offering Members by performing investigation of the relevant Regular Members and Electric Public Offering Members.
3. The provision of Paragraph 3 of the preceding Article shall apply mutatis mutandis to the investigation of the condition of business operation of Regular Members and Electronic Public Offering Members which is provided for in the preceding Paragraph.
4. In the case where the Association performs the investigation of Regular Members and Electronic Public Offering Members as provided for in Paragraph 2, the provision of Paragraph 4 of the preceding Article shall become applicable by deeming the relevant investigation as the inspection prescribed in Paragraph 2 of the preceding Article.

(Investigation, Disciplinary Action, etc. against Regular Members and Electronic Public Offering Members)

Article 4.

1. The Association shall investigate the situation of compliance with laws and regulations, orders pursuant to laws and regulations, dispositions pursuant to the foregoing, the Articles of Incorporation and other rules, or the fair and equitable principles of transactions by Regular Members and Electronic Public Offering Members, as well as the condition of their business and assets.
2. In the event the Association has grasped a fact, as a result of conducting the investigation in respect of any Regular Member or Electronic Public Offering Member pursuant to the provision of the preceding Paragraph, that the relevant Regular Member or Electronic Public Offering Member violated Laws and Regulations, etc., the Association shall take disciplinary actions or implement other necessary measures against the relevant Regular Member or Electronic Public Offering Member as prescribed by the Articles of Incorporation and Disciplinary Actions Rules.

3. In the case where the Association performs the investigation of Regular Members and Electronic Public Offering Members as provided for in Paragraph 1, the provision of Paragraph 4 of Article 2 shall become applicable by deeming the relevant investigation as the inspection prescribed in Paragraph 2 of Article 2.

(Solving Complaints, Mediating Disputes)

Article 5.

1. The Association shall conduct business pertaining to solving complaints brought by investors against, or pertaining to mediation if dispute exists in relation to, Self-Offering and Other Transactions, etc. conducted by any Regular Member or Electronic Public Offering Member.
2. The Association shall strive to resolve the issues handled under the business of the preceding Paragraph from a fair and neutral ground.
3. The business pertaining to solving complaints and mediating disputes which is provided for in Paragraph 1 shall be performed as prescribed in “Complaints Processing Rules.”
4. Pursuant to the provision of Article 78-8, Paragraph 1 of FIEA, the Association shall entrust the business of solving complaints and mediating disputes to a person who has sufficient financial basis and personnel structure required for performing such business properly.
5. In making the entrustment which is provided for in the preceding Paragraph, the Association shall conclude any written agreement necessary for the relevant entrustment of business.

(Establishment, Amendment or Abolishment of Rules)

Article 6.

1. The Association shall establish, amend or abolish self-regulatory rules which are to contribute to achieving appropriateness of solicitation of transactions pertaining to Self-Offering and Other Transactions, etc. conducted by Regular Members and Electronic Public Offering Members, the Association’s management rules for performing the Association’s businesses, as well as other rules.
2. The establishment, amendment and abolishment of the rules provided for in the preceding Paragraph shall be made by resolution adopted by the Council.

(Publicity Activities, Enlightenment Activities and Dissemination of Knowledge Targeting at Investors, etc.)

Article 7.

In order to enhance the understanding of investors, etc. regarding Self-Offering and Other Transactions, etc. conducted by Regular Members and Electronic Public Offering Members, the Association shall strive to make it widely known and disseminate the relevant knowledge to investors, etc. and enlighten them about it, by engaging in publicity activities through such means as preparing and publishing advertisements for newspapers and magazines, a homepage, various types of publications and various types of statistical materials.

(Other Businesses)

Article 8.

In addition to the businesses provided for in each of the preceding Articles (except for Article 1), the Association shall conduct the businesses set forth below in order to contribute to the sound development of Self-Offering and Other Transactions, etc. conducted by Regular Members and Electronic Public Offering Members, and also to contribute to protection of investors:

- (1) Conducting researches and studies regarding Self-Offering and Other Transactions, etc.;
- (2) Providing examinations, training, etc. for the officers and employees of Regular Members and Electronic Public Offering Members;
- (3) Providing support for the efforts to eliminate anti-social forces;
- (4) Promoting exchange and cooperation with related organizations, etc., and exchange of opinions and communications among Regular Members and Electronic Public Offering Members;
- (5) Making proposals, requests and communications to the relevant government agencies and other relevant organizations; and
- (6) Conducting other businesses that are necessary to accomplish the purpose of the Association.

(Partial Entrustment of Business)

Article 9.

1. The Association may entrust part of the businesses provided for in Articles 2 through 4 to Authorized Association or other Certified Association pursuant to the provision of Article 23, Paragraph 1 of Cabinet Office Order on Financial Instruments Firms Associations (Cabinet Office Order No.53, 2007).
2. In making the entrustment which is provided for in the preceding Paragraph, the Association shall conclude any written agreement necessary for the relevant entrustment of business.

Chapter III. Others

(Establishment of System for Protecting Personal Information)

Article 10.

The Association shall establish appropriate management system by establishing the rules concerning management of security, etc. of personal information in order to prevent leakage or loss of, or damage to, information pertaining to the individuals which the Association handles in performing its businesses. Furthermore, the Association shall not use such information as the race, creed, lineage or original domicile, or any other special non-public information (referring to the non-public information which the Association has come to know in relation to its business) regarding the individuals which the Association handles in performing its businesses, for any other purpose than the purpose for securing appropriate operation of the Association's businesses and other purposes that are recognized to be necessary.

Supplementary Provisions (May 20, 2011)

These Operational 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 (December 19, 2014)

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, etc. are as follows:

- (1) Amended the headword and the main text of Article 2;
- (2) Amended the headword and the main text of Article 3;
- (3) Amended the headword and the main text of Article 4; and
- (4) Amended Articles 5, 6, 7 and 8.

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.