

Rules Concerning Electronic-based Application Type

Electronic Public Offering Service, etc.

Chapter 1. General Provisions

(Purpose)

Article 1.

The purpose of these Rules is to contribute to protection of investors by realizing appropriate operation of Electronic-based Application Type Electronic Public Offering Service, etc. conducted by Regular Members and Electronic Public Offering Members, by prescribing, among others, matters which should be complied with in relation to indications made on website, etc., transactions, development of business management system, development of internal system regarding handling of Public Offering or Private Placement, examination, information disclosure, internal control system and customer management system, in respect of such business.

(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) Electronic Public Offering Service

It is referring to the “Electronic Public Offering Service” provided for in Article 29-2, Paragraph 1, Item 6 of the Financial Instruments and Exchange Act (hereinafter referred to as “FIEA”), and it is limited to the business dealing in the securities set forth under any of the Items of Article 3 of FIEA or the securities that are not listed on any financial instruments exchange (limited to the rights set forth under any of the Items of Article 2, Paragraph 2 of FIEA that are deemed as securities under the provision of the said Paragraph, and excluding those provided for under any of the Items of Article 15-4-2 of Order for Enforcement of the Financial Instruments and Exchange Act (hereinafter referred to as the “Order for Enforcement”)).

(2) Electronic-based Application Type Electronic Public Offering Service

It is referring to the business which is Electronic Public Offering Service to make customers subscribe for securities by the methods set forth in Article 70-2, Paragraph 3, Items 1 and 2 of Cabinet Office Order on Financial Instruments Business, etc. (hereinafter referred to as “Office Order on Financial Instruments Business”).

(3) Type II Small-Amount Electronic Public Offering Service

It is referring to the “Type II Small-Amount Electronic Public Offering Service” provided for in Article 29-4-3, Paragraph 4 of FIEA.

(4) Electronic-based Application Type Electronic Public Offering Service, etc.

It is referring to Electronic-based Application Type Electronic Public Offering Service, the acts set forth in Article 2, Paragraph 8, Item 9 of FIEA pertaining to the securities handled under the said Business (excluding the acts which fall under Electronic-based Application Type Electronic Public Offering Service), and Type II Small-Amount Electronic Public Offering Service conducted by Electronic Public Offering Members.

(5) Handling of Public Offering or Private Placement

It is referring to the handling of Public Offering or Private Placement provided for in Article 2, Paragraph 8, Item 9 of FIEA.

(6) Business Operator

It is referring to the person who conducts Invested Business (excluding the Invested Business provided for in Article 15-4-2, Item 7 of the Order for Enforcement; the same shall apply hereinafter) which is operated by using money or other assets invested or contributed by the persons holding the rights set forth in any of the Items of Article 2, Paragraph 2 of FIEA that are deemed as securities pursuant to the provision of the said Paragraph.

(7) Agreement Pertaining to Equity in Invested Business

It is referring to the agreement (such as partnership agreement, silent partnership agreement, limited partnership agreement for investment, and limited liability partnership agreement) to be concluded between the customers, who are to invest in the rights set forth in any of the Items of Article 2, Paragraph 2 of FIEA that are deemed as securities pursuant to the provision of the said Paragraph, and Business Operator, regarding such matters as the equity interest represented by the relevant deemed securities.

(8) Agreement for Handling of Public Offering or Private Placement

It is referring to the agreement concerning Handling of Public Offering or Private Placement provided for in Item (1) of Paragraph 1 of Article 32.

(9) Agreement for Entrustment of Business, etc.

It is referring to the agreement, which is provided for in Item (2) of Paragraph 1 of Article 32, concerning entrustment of business, etc. pertaining to the Invested Business for the securities that are the subjects of Handling of Public Offering or Private Placement.

(10) Website

It is referring to the method of making the contents of information, which is recorded in the files equipped in the computers used by Financial Instruments Business Operator, etc., available for viewing by the counterparty through electric telecommunication line.

(11) E-mail, etc.

It is referring to the method of transmitting written message and other information through the electric telecommunication line connecting the computers used by Financial

Instruments Business Operator, etc. with the computers used by the counterparty, or through other method similar thereto, in conducting Handling of Public Offering or Private Placement by means of Website (excluding the case where it is accompanied by telephonic communication by transmitting and receiving sound).

- (12) Website, etc.
It is referring to Website and E-mail, etc.

Chapter 2. General Rules

(Appropriate Information Disclosure)

Article 3.

In conducting Electronic-based Application Type Electronic Public Offering Service, etc., each Regular Member and Electronic Public Offering Member must indicate information, which is deemed necessary for the investors to properly and smoothly execute the transaction, by using Website, etc. operated by the relevant Regular Member or Electronic Public Offering Member, and strive to make such information known thoroughly.

(Availability for Viewing During Handling of Public Offering or Private Placement)

Article 4.

In conducting Electronic-based Application Type Electronic Public Offering Service, etc., each Regular Member and Electronic Public Offering Member must keep, during the subscription period pertaining to Handling of Public Offering or Private Placement, details of the relevant Handling of Public Offering or Private Placement available for viewing by investors on Website operated by the relevant Regular Member or Electronic Public Offering Member.

(Provision of Information Regarding Electronic Public Offering Service)

Article 5.

1. Each Regular Member and Electronic Public Offering Member must comply with the provisions of Article 146-2 of Office Order on Financial Instruments Business when implementing the measures provided for in Article 43-5 of FIEA.
2. In conducting Electronic-based Application Type Electronic Public Offering Service, etc., each Regular Member and Electronic Public Offering Member must comply with the provisions of Article 146-2 of Office Order on Financial Instruments Business by deeming the matters set forth below as equivalent to the matters stipulated in Paragraph 3 of the said Article:
 - ① Fact that it is to be conducted as Electronic-based Application Type Electronic Public Offering Service, etc.;
 - ② If it is to perform any of the acts set forth in Article 2, Paragraph 8, Item 9 of FIEA by itself (excluding the acts falling under Electronic-based Application Type Electronic Public Offering Service) in respect of the securities that are handled under Electronic-based Application Type Electronic Public Offering Service, such fact;

- ③ If Handling of Public Offering or Private Placement in respect of the securities that are handled under Electronic-based Application Type Electronic Public Offering Service is to be entrusted to other Financial Instruments Business Operator or Registered Financial Institution pursuant to the provisions of Article 18, such fact;
- ④ Fact that there is no obligation under FIEA to make disclosure in respect of the securities that are handled under Electronic-based Application Type Electronic Public Offering Service, etc.;
- ⑤ If the documents set forth in Paragraphs 1 and 2 of Article 36, that are to be prepared by Business Operator, have not been externally audited by a certified public accountant or audit corporation, such fact;
- ⑥ If there may be a situation where all or a part of distribution constitute a partial return of principal, such fact;
- ⑦ If liquidity of the securities that are handled under Electronic-based Application Type Electronic Public Offering Service, etc. is extremely low, such fact;
- ⑧ If termination of Agreement Pertaining to Equity in Invested Business prior to the termination of the Invested Business is prohibited or restricted, such fact and the details of such restriction;
- ⑨ With regard to the securities that are handled under Electronic-based Application Type Electronic Public Offering Service, etc., if there is a possibility that even if the relevant securities are sold or purchased, such transfer of rights may not be recognized by Business Operator, such fact;
- ⑩ Existence of the risk that the value of the securities acquired by customer may decline so much that, for example, the value could even be lost;
- ⑪ Fact that Regular Member cannot, by means of telephone call or making a visit, respond to investor's inquiry regarding the securities that are handled under Electronic-based Application Type Electronic Public Offering Service, etc. or regarding their issuer;
- ⑫ Fact that Electronic Public Offering Member cannot respond to investor's inquiry regarding the securities that are handled under Type II Small-Amount Electronic Public Offering Service or regarding their issuer, by any other means than those provided for under any of the Items of Article 6-2 of Office Order on Financial Instruments Business;
- ⑬ Method of communication to be used when customer makes inquiry to Regular Member or Electronic Public Offering Member regarding Electronic-based Application Type Electronic Public Offering Service, etc.;
- ⑭ If Regular Member or Electronic Public Offering Member is to pay subscription money to Business Operator pursuant to the provision of Paragraph 2 of Article 33, such fact;
- ⑮ Fact that Regular Member or Electronic Public Offering Member will provide customers with the documents set forth in Paragraphs 1 and 2 of Article 36, that are to be prepared by Business Operator, on a screen dedicated to customers on Website, etc. operated by the relevant Regular Member or Electronic Public Offering Member;

- ⑯ If existence of any interest can be recognized in the relationship between Business Operator and Regular Member or Electronic Public Offering Member, its details;
 - ⑰ If Article 20 is applicable, such fact;
 - ⑱ Method of withdrawing application to conclude Agreement Pertaining to Equity in Invested Business or cancelling such Agreement pursuant to Article 35, and the method of making refund in such event;
 - ⑲ Risks associated with making investment in the securities handled under Electronic-based Application Type Electronic Public Offering Service, etc.; and
 - ⑳ Fact that, in conducting Type II Small-Amount Electronic Public Offering Service, Electronic Public Offering Member is subject to a restriction that the “individual payment amount” for the securities to be acquired by a customer is limited to the amount which meets the requirement set forth in Article 15-10-3, Item 2 of the Order for Enforcement.
3. With regard to the matters set forth in Items ④ through ⑩, Item ⑭ and Item ⑲ of the preceding Paragraph, each Regular Member and Electronic Public Offering Member must implement measures similar to the measure provided for in Article 146-2, Paragraph 2 of Office Order on Financial Instruments Business.

(Delivery of Document to be Delivered Prior to Conclusion of Contract)

Article 6.

1. When delivering the document which is required to be delivered prior to concluding the contract in conducting Electronic-based Application Type Electronic Public Offering Service, etc., each Regular Member and Electronic Public Offering Member must also state in such document the matters set forth in each Item of Paragraph 2 of the preceding Article (limited to all applicable matters; the same shall apply hereinafter).
2. In the case of the preceding Paragraph, measures similar to the measure provided for in Article 79, Paragraph 2 of Office Order on Financial Instruments Business must be implemented in respect of the matters provided for in Paragraph 3 of the preceding Article.

(Posting of Signs)

Article 7.

Each Regular Member and Electronic Public Offering Member must indicate, on Website operated by the relevant Regular Member or Electronic Public Offering Member, the matters which must be indicated on the signs set forth in Article 36-2, Paragraph 1 of FIEA pursuant to the provision of the said Paragraph.

(Observance of Rules Concerning Advertisement, etc.)

Article 8.

Each Regular Member and Electronic Public Offering Member must conduct Electronic-based Application Type Electronic Public Offering Service, etc. by observing the provisions of “Rules Concerning Representation of Advertisement, etc. and Offer of Premiums.”

Chapter 3. Provisions Regarding Prohibition, etc.

(Prohibition of Making a Visit and Telephone Call, etc.)

Article 9.

1. With regard to the securities handled under Electronic-based Application Type Electronic Public Offering Service, etc., Regular Member must not perform any of the acts set forth in Article 2, Paragraph 8, Item 9 of FIEA by making a visit or telephone call to any customer.
2. Electronic Public Offering Member must not conduct handling of Public Offering or handling of Private Placement by any other means than Type II Small-Amount Electronic Public Offering Service.

(Restriction on Acts Involving Parent Corporation, etc. or Subsidiary Corporation, etc. of Regular Member or Electronic Public Offering Member)

Article 10.

Each Regular Member and Electronic Public Offering Member must not perform Electronic-based Application Type Electronic Public Offering Service, etc. in respect of the securities issued by parent corporation, etc. or subsidiary corporation, etc. of the relevant Regular Member or Electronic Public Offering Member.

Chapter 4. Transaction

(Suitability of Customer)

Article 11.

1. In conducting Electronic-based Application Type Electronic Public Offering Service, each Regular Member and Electronic Public Offering Member must always assign primary importance to securing the trust of the customers and devote itself to taking customer-centered business stance by complying with 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.”).
2. Each Regular Member and Electronic Public Offering Member must perform Electronic-based Application Type Electronic Public Offering Service, etc. appropriately in the light of the knowledge, experience, situation of assets, objective of concluding contract for financial instruments transaction, and other similar matters concerning its customer.

(Standard for Commencing Transaction)

Article 12.

For conducting Electronic-based Application Type Electronic Public Offering Service, etc., each Regular Member and Electronic Public Offering Member must prescribe the standard concerning customers for commencing transaction, and conclude contract for financial instruments transaction with the customers who have met such standard.

(Indication for Imprinting the Principle of Self-Responsibility)

Article 13.

When conducting Electronic-based Application Type Electronic Public Offering Service, etc., each Regular Member and Electronic Public Offering Member must indicate to its customers, by using Website, etc. operated by the relevant Regular Member or Electronic Public Offering Member, that they should transact on financial instruments at their own judgment and responsibility.

(Upper Limit of Amount to be Raised, etc. under Type II Small-Amount Electronic Public Offering Service)

Article 14.

1. In conducting Type II Small-Amount Electronic Public Offering Service, each Electronic Public Offering Member must keep the “total amount of issue price” in respect of the deemed securities pertaining to Public Offering or Private Placement by one Business Operator, which is calculated based on the calculation method provided for in Article 16-3, Paragraph 1 of Office Order on Financial Instruments Business, below 100 million yen.
2. In conducting Type II Small-Amount Electronic Public Offering Service, each Electronic Public Offering Member must keep the “individual payment amount” per one customer against one Business Operator’s deemed securities pertaining to Handling of Public Offering or Private Placement, which is calculated based on the calculation method provided for in Article 16-3, Paragraph 2 of Office Order on Financial Instruments Business, at 500,000 yen or less.
3. In order to comply with the provisions of the preceding two Paragraphs, each Electronic Public Offering Member must develop its internal system for executing such necessary and appropriate measures as checking with such one Business Operator in advance.

(Indication of Prohibition or Restriction of Termination Before Agreed Term)

Article 15.

With regard to Electronic-based Application Type Electronic Public Offering Service, etc., if termination before the agreed term is prohibited or restricted until the termination of the business because of the nature of Invested Business or by Agreement Pertaining to Equity in Invested Business, each Regular Member and Electronic Member must indicate such fact by using Website, etc. operated by the relevant Regular Member or Electronic Public Offering Member.

(Prohibited Acts)

Article 16.

When soliciting investment in performing the acts set forth in Article 2, Paragraph 8, Item 9 of FIEA in respect of the securities handled under Electronic-based Application Type Electronic Public Offering Service, etc., Regular Member must not commit any of the acts listed below:

- (1) Act of providing a customer with false information concerning the conclusion of an agreement or solicitation thereof;
- (2) Act of making a promise to a customer to provide special benefit;
- (3) Act of making a promise to a customer to bear all or a part of the losses, or to add all or a part of the profits;
- (4) Act of providing a customer with conclusive evaluation on uncertain matters or with information that misleads the customer into believing the certainty of such matters;
- (5) Act of solicitation, which is deemed inappropriate in the light of the customer's knowledge, investment experience, investment objective/motive, financial condition and the like, and which has resulted in, or could result in, insufficient protection of the customer;
- (6) Act of using fraudulent means or committing assault or intimidation; and
- (7) Act of making misrepresentation, or misleading representation on important matters, concerning an agreement or solicitation thereof.

(Prohibition of Name Lending)

Article 17.

In Electronic-based Application Type Electronic Public Offering Service, etc. conducted by Regular Member or Electronic Public Offering Member, the relevant Regular Member or Electronic Public Offering Member must not have another person engage in Electronic-based Application Type Electronic Public Offering Service, etc. under the name of such Regular Member or Electronic Public Offering Member.

(Entrustment of Handling of Public Offering or Private Placement under Electronic-based Application Type Electronic Public Offering Service, etc. to Other Regular Member, etc.)

Article 18.

1. When Regular Member is to entrust Handling of Public Offering or Private Placement in respect of the securities handled under Electronic-based Application Type Electronic Public Offering Service, etc. to other Financial Instruments Business Operator or Registered Financial Institution, the relevant Regular Member must confirm that such other Financial Instruments Business Operator or Registered Financial Institution is a Regular Member of the Association or has set up a system to observe its internal rules the contents of which conform to the Articles of Incorporation and other rules of the Association.

2. When Regular Member is to execute the entrustment of Handling of Public Offering or Private Placement referred to in the preceding Paragraph, the relevant Regular Member must separately conclude agreement concerning Handling of Public Offering or Private Placement with Financial Instruments Business Operator or Registered Financial Institution which is the trustee.
3. The agreement provided for in the preceding Paragraph must stipulate that Financial Instruments Business Operator or Registered Financial Institution which is the trustee is obligated to explain to the customers that it is performing Handling of Public Offering or Private Placement based on entrustment from the relevant Regular Member.

(Terms of Purchase by Officers, Employees, etc. of Regular Member and Electronic Public Offering Member, and Their Disclosure)

Article 19.

1. Each Regular Member and Electronic Public Offering Member must make sure that the terms of purchase by its officer, employee, etc. of the securities that are subjects of Handling of Public Offering or Private Placement it performs under Electronic-based Application Type Electronic Public Offering Service, etc. are not more favorable than the terms for customers.
2. Each Regular Member and Electronic Public Offering Member must indicate the terms of purchase referred to in the preceding Paragraph by Website, etc.

(Indication of Fees, etc. by Website, etc. for Handling of Public Offering or Private Placement for Recommending Specific Deemed Securities)

Article 20.

In performing Electronic-based Application Type Electronic Public Offering Service, etc., if Regular Member or Electronic Public Offering Member has decided, pursuant to agreement with Business Operator, to make recommendation for purchasing specific deemed securities and make indication by Website, etc. for the objective of, among others, promoting subscription for such securities, until the termination of the subscription period in respect of the Handling of Public Offering or Private Placement (if the subscription period was extended, until the termination of such extended subscription period), and to collect additional fees, etc. from the relevant Business Operator for making such indication, it must indicate details thereof by Website, etc.

Chapter 5. Exclusion of Antisocial Forces

(Contractual Provisions for Exclusion of Antisocial Forces)

Article 21.

Each Regular Member and Electronic Public Offering Member must prescribe the matters set forth in the following Items in Agreement for Handling of Public Offering or Private Placement and in Agreement for Entrustment of Business, etc.:

- (1) Business Operator must firmly assure to the effect that it is not an Antisocial Force (referring to the “Antisocial Force” provided for in Article 2 of “Rules Concerning Blocking of Relationship with Antisocial Forces”; the same shall apply hereinafter);
- (2) In the event the firm assurance referred to in the preceding Item is deemed to be false, Agreement for Handling of Public Offering or Private Placement and Agreement for Entrustment of Business, etc. shall be terminated upon request made by the relevant Regular Member or Electronic Public Offering Member; and
- (3) In the event Business Operator is deemed to fall under the Antisocial Forces, Agreement for Handling of Public Offering or Private Placement and Agreement for Entrustment of Business, etc. shall be terminated upon request made by the relevant Regular Member or Electronic Public Offering Member.

(Exclusion of Antisocial Forces)

Article 22.

1. If Business Operator is deemed to fall under the Antisocial Forces or found to have any relationship with the Antisocial Forces, Regular Member and Electronic Public Offering Member must not conclude Agreement for Handling of Public Offering or Private Placement and Agreement for Entrustment of Business, etc.
2. In the event Business Operator is deemed to fall under the Antisocial Forces after Agreement for Handling of Public Offering or Private Placement or Agreement for Entrustment of Business, etc. was concluded, the relevant Regular Member or Electronic Public Offering Member must not perform any contractual act under Agreement for Handling of Public Offering or Private Placement or Agreement for Entrustment of Business, etc.

Chapter 6. Development of System for Handling of Public Offering or Private Placement

(Securing Independence of Examination Regarding Handling of Public Offering or Private Placement)

Article 23.

1. Each Regular Member and Electronic Public Offering Member must secure personnel structure which can properly execute Electronic-based Application Type Electronic Public Offering Service, etc., and must satisfy all of the requirements set forth below for performing the examination provided for in Article 28:
 - (1) Establish a section which is dedicated to performing the examination;
 - (2) Employee who executes the examination operation (hereinafter referred to as “Examiner”) must not engage in a work to promote Handling of Public Offering or Private Placement (sales operation); and

- (3) Person in charge of the examination section must not be in charge of a section promoting Handling of Public Offering or Private Placement (sales section).
2. Each Regular Member and Electronic Public Offering Member shall be deemed to satisfy the requirements provided for in the preceding Paragraph if it satisfies all of the requirements set forth below:
 - (1) Examiner does not engage in any work to promote Handling of Public Offering or Private Placement (sales operation) which is the subject of the relevant case of examination;
 - (2) With regard to all cases of examination, the decision of whether Handling of Public Offering or Private Placement should be performed is made by the council which consists of two or more managers, etc. including Electronic Public Offering Business Internal Control Supervisory Manager provided for in Article 38; and
 - (3) Electronic Public Offering Business Internal Control Supervisory Manager provided for in Article 38 analyzes and evaluates the importance of materials and information pertaining to the decision on Handling of Public Offering or Private Placement, and thereby checks the appropriateness of the process of making the decision on whether to perform Handling of Public Offering or Private Placement.

(Preparation of Internal Rules and Internal Manuals Concerning Examination)

Article 24.

1. For performing the examination concerning Handling of Public Offering or Private Placement, each Regular Member and Electronic Public Offering Member must set forth the Matters to be Examined (referring to the “Matters to be Examined” that are provided for in Article 29; the same shall apply hereinafter) as its internal rules.
2. Each Regular Member and Electronic Public Offering Member must prepare its internal manuals concerning the procedures for performing examination of the Matters to be Examined.
3. If the Association so requests, each Regular Member and Electronic Public Offering Member must submit to the Association its internal rules and internal manuals provided for in the preceding two Paragraphs.

(Improving Internal Rules, etc.)

Article 25.

Each Regular Member and Electronic Public Offering Member must properly review the contents of its internal rules and internal manuals referred to in the preceding Article and make improvements on them.

(Preparation and Retention of Internal Records)

Article 26.

1. Each Regular Member and Electronic Public Offering Member must, when it has performed Electronic-based Application Type Electronic Public Offering Service, etc., prepare and retain the records set forth in the following Items:
 - (1) Records of the materials and information collected during the examination concerning Handling of Public Offering or Private Placement (limited to those that are deemed to affect decision on the relevant Handling of Public Offering or Private Placement), and of the analyses and assessments of such materials and information; and
 - (2) Records of the materials and information which served as the basis of the decision to perform Handling of Public Offering or Private Placement, and of the process of forming such decision.
2. In the case of the preceding Paragraph, with regard to the records pertaining to Article 181 (Books and Documents Related to Business), Paragraph 1, Item 5 (a) of Office Order on Financial Instruments Business, each Regular Member and Electronic Public Offering Member must observe the duration of retention provided for in Paragraph 3 of the said Article.

(Check on Compliance with Internal Rules, etc.)

Article 27.

Each Regular Member and Electronic Public Offering Member must periodically inspect the status of compliance with its internal rules prescribed in Paragraph 1 of Article 24 and its internal manuals prescribed in Paragraph 2 of the said Article.

Chapter 7. Execution of Appropriate Examination Concerning Handling of Public Offering or Private Placement

(Appropriate Examination Concerning Handling of Public Offering or Private Placement)

Article 28.

1. For performing Electronic-based Application Type Electronic Public Offering Service, etc., Examiner of each Regular Member and Electronic Public Offering Member must appropriately execute examination of the Matters to be Examined concerning Handling of Public Offering or Private Placement.
2. In order to examine the Matters to be Examined, Examiner of each Regular Member and Electronic Public Offering Member must send Business Operator in writing the details which need to be checked and strive to receive such details in writing, and must interview the relevant Business Operator as necessary.

(Matters to be Examined)

Article 29.

1. For performing Handling of Public Offering or Private Placement under Electronic-based Application Type Electronic Public Offering Service, etc., each Regular Member and Electronic Public Offering Member must appropriately execute examination of each Matter to be

Examined, in accordance with the types of securities set forth in each of the following Items and the substance of the Invested Business pertaining to such securities.

- (1) Rights, etc. that are based on partnership agreement, silent partnership agreement, limited partnership agreement for investment or limited liability partnership agreement, and fall under the requirements set forth in Article 2, Paragraph 2, Item 5 of FIEA (including the rights that are based on foreign laws and regulations, and are similar to the rights aforementioned), as well as the rights, etc. that are membership rights in respect of general partnership company or limited partnership company, or membership rights in respect of limited liability company, and fall under the requirements set forth in Article 2, Paragraph 2, Item 3 of FIEA (including the membership rights in respect of foreign corporations that have the characteristics of the rights aforementioned):
 - Eligibility as a person procuring funds;
 - Financial conditions and business performance;
 - Plan and prospects of the business;
 - Examination concerning the risks associated with the business;
 - Amount of fund to be procured, and its use;
 - Status of existence of any interest in the relationship between Business Operator and Regular Member or Electronic Public Offering Member;
 - Situation of accounting (including the situation of separate management);
 - If fund was procured by issuing deemed securities within the past one year, the subsequent state of affairs;
 - System for proper provision of information; and
 - Any other matters that are deemed necessary.
- (2) Beneficial interests in trust (including the rights against foreign person that have the characteristics of the interests aforementioned):
 - Eligibility for fund procurement;
 - Examination of the risks associated with the business;
 - Amount of fund to be procured, and its use;
 - Status of existence of any interest in the relationship between Business Operator and Regular Member or Electronic Public Offering Member;
 - Situation of accounting (including the situation of separate management);
 - If fund was procured by issuing deemed securities within the past one year, the subsequent state of affairs;
 - Status of conformity between the assets that are scheduled to be included and the investment policy;
 - Prospect of the revenue from the assets that are scheduled to be included;
 - System for proper provision of information; and
 - Any other matters that are deemed necessary.

2. Details concerning the Matters to be Examined that are set forth under each Item of the preceding Paragraph must be prescribed in the relevant Detailed Regulations.

(Thorough Implementation of Separate Management)

Article 30.

In respect of the rights set forth in Article 2, Paragraph 2, Items 5 through 7 of FIEA, each Regular Member and Electronic Public Offering Member must confirm either that the money (including those designated as being similar to money in Article 1-3 of the Order for Enforcement and those that are deemed as money pursuant to the provision of Article 2-2 of FIEA; the same shall apply hereinafter except for in Article 33) invested or contributed by customers in relation to Electronic-based Application Type Electronic Public Offering Service, etc. is managed separately from the proprietary assets of the person who conducts the relevant business which is to be operated by using such money, and from the assets pertaining to any other business conducted by such person, or that there is no risk of such money not being managed in such manner.

(Prohibition of Electronic-based Application Type Electronic Public Offering Service, etc. When Money Is Being Misappropriated)

Article 31.

Regular Member and Electronic Public Offering Member must not perform Electronic-based Application Type Electronic Public Offering Service, etc. in respect of the rights set forth in Article 2, Paragraph 2, Items 5 through 7 of FIEA knowing that the money invested or contributed by customers in relation to Electronic-based Application Type Electronic Public Offering Service is not being allocated to the business which is to be operated by allocating such money to it.

Chapter 8. Conclusion of Agreements

(Conclusion of Agreements with Business Operator)

Article 32.

1. For Performing Electronic-based Application Type Electronic Public Offering Service, etc., each Regular Member and Electronic Public Offering Member must conclude the following agreements in advance with Business Operator:
 - (1) Agreement concerning Handling of Public Offering or Private Placement; and
 - (2) Agreement concerning entrustment of business, etc. pertaining to the Invested Business in respect of the securities that are the subjects of Handling of Public Offering or Private Placement.
2. For concluding the agreements set forth in each Item of the preceding Paragraph, each Regular Member and Electronic Public Offering Member must confirm that the provisions required under these Rules are included in those agreements.

Chapter 9. Subscription for Securities Pertaining to Public Offering or Private Placement

(Management of Subscription Money, etc.)

Article 33.

1. In respect of Electronic-based Application Type Electronic Public Offering Service, etc., each Regular Member and Electronic Public Offering Member (limited to the case where the amount of the stated capital or the total amount of investment of the relevant Regular Member or Electronic Public Offering Member is 50 million yen or more and it performs “Act of Management of Specified Securities, etc.”) must manage customers’ subscription money and other money pertaining to investment or contribution pursuant to the methods provided for in Article 16, Paragraph 1, Item 14-2 of Cabinet Office Order on Definitions under Article 2 of the Financial Instruments and Exchange Act, until the target amount of fund to be procured set by Business Operator is reached.
2. Even if the target amount of fund to be procured referred to in the preceding Paragraph has not been reached, if Business Operator’s Invested Business is to be commenced pursuant to Agreement Pertaining to Equity in Invested Business (in the case where Invested Business has already been commenced, including the case where the relevant Invested Business is to continue to be conducted by using the money to be invested or contributed to such Invested Business), the relevant Regular Member or Electronic Public Offering Member must pay the subscription money to the relevant Business Operator.
3. Each Regular Member and Electronic Public Offering Member must prescribe in Agreement for Handling of Public Offering or Private Placement how to handle the case, among others, where the target amount of fund to be procured was not reached or exceeded during the subscription period set by Business Operator, and take measures that are necessary in order not to cause misunderstanding of customers regarding such handling.
4. Each Regular Member and Electronic Public Offering Member must indicate details of the matters referred to in the preceding three Paragraphs by using Website, etc. operated by the relevant Regular Member or Electronic Public Offering Member.

(Handling of Subscription Money When Subscription Money Is Not Managed)

Article 34.

1. Each Regular Member and Electronic Public Offering Member (limited to the case where it does not perform “Act of Management of Specified Securities, etc.”) must prescribe in Agreement for Handling of Public Offering or Private Placement that customers should not remit subscription money or any other money pertaining to investment or contribution to Business Operator until the target amount of fund to be procured set by Business Operator is reached.
2. Each Regular Member and Electronic Public Offering Member must indicate details of the matter referred to in the preceding Paragraph by using Website, etc. operated by the relevant Regular Member or Electronic Public Offering Member.

(Withdrawal of Subscription Pertaining to Public Offering or Private Placement, and Cancellation of Agreement)

Article 35.

1. Each Regular Member and Electronic Public Offering Member must confirm in Agreement Pertaining to Equity in Invested Business which is to be concluded between customer and Business Operator that, until 8 days elapse from the day (inclusive) on which the customer subscribed in Public Offering or Private Placement in relation to Electronic-based Application Type Electronic Public Offering Service, etc., the customer is entitled to withdraw the relevant subscription in Public Offering or Private Placement, or cancel the agreement pertaining to such subscription.
2. Each Regular Member and Electronic Public Offering Member must confirm that Agreement Pertaining to Equity in Invested Business, which is to be concluded between customer and Business Operator, prescribes the refund method in the event the customer has already paid the subscription amount in the situation referred to in the preceding Paragraph.
3. Each Regular Member and Electronic Public Offering Member must indicate details of the matters referred to in the preceding two Paragraphs by using Website, etc. operated by the relevant Regular Member or Electronic Public Offering Member.

Chapter 10. Provision of Information to Customers

(Provision of Information by Issuer, Viewing)

Article 36.

1. Each Regular Member and Electronic Public Offering Member must confirm that Agreement for Entrustment of Business, etc. and Agreement Pertaining to Equity in Invested Business stipulate to the effect that Business Operator must properly provide the information set forth in each of the following Items to the customers who have made investment, each time when the accounting period of Invested Business ended (if the accounting period of the relevant Business exceeds one year, at least once a year, and including the time at which distribution is stipulated to be made in these Agreements); provided, however, that except for the provision of information at the time upon which distribution is stipulated to be made in these Agreements, and except for the provision of information at the end of the final accounting period, the foregoing does not apply if the fact that distribution will not be made for a period longer than one year is stipulated in Agreement for Entrustment of Business, etc. and Agreement Pertaining to Equity in Invested Business, and such fact is also indicated by using Website, etc. of the relevant Regular Member or Electronic Public Offering Member, and the progress of Invested Business is indicated periodically by using such Website, etc.
 - ① General condition of Invested Business, use of the invested money (including those designated as being similar to money in Article 1-3 of the Order for Enforcement and those that are deemed as money pursuant to the provision of Article 2-2 of FIEA; the same shall apply hereinafter), situation of sales, and other conditions regarding cash flow during the accounting period.
 - ② Following matters concerning distribution and redemption during the accounting period:
 - (a) whether there was any distribution or redemption made during the accounting period;
 - (b) amount of distribution and redemption during the accounting period; and

(c) amount of distribution and redemption per unit during the accounting period.

- ③ Fact that books and money received in relation to the sales pertaining to Invested Business are to be reviewed (limited to the review to be conducted by a certified public accountant, a person who has passed the certified public accountant examination, or licensed tax accountant).

2. In the event the situation falls under any of the cases described in the following Paragraph, each Regular Member and Electronic Public Offering Member must confirm that Agreement for Entrustment of Business, etc. and Agreement Pertaining to Equity in Invested Business stipulate to the effect that Business Operator must properly provide, each time when the accounting period of Invested Business ended (if the accounting period of the relevant Business exceeds one year, at least once a year), the information set forth in each of the following Items to the customers who have made investment:

- ① Information set forth in each Item of the preceding Paragraph;
- ② Amount of invested money, and amount of invested money per unit, as of the last day of the accounting period;
- ③ Balance sheet and profit and loss statement of Business Operator, or any other documents in lieu thereof;
- ④ If the documents provided for in the preceding Item have been audited by a certified public accountant or audit corporation, a copy of audit report pertaining to such audit; and
- ⑤ If the documents provided for in Item ③ have not been audited by a certified public account or audit corporation, such fact.

3. The cases mentioned in the main text of the preceding Paragraph refer to the cases set forth in the following Items:

- ① When the total amount of issue price of the deemed securities pertaining to Public Offering or Private Placement of one Business Operator, which is calculated in accordance with the calculation method provided for in Article 16-3, Paragraph 1 of Office Order on Financial Instruments Business, becomes 100 million yen or more; or
- ② When the “individual payment amount” per customer for the deemed securities pertaining to Public Offering or Private Placement of one Business Operator, which is calculated in accordance with the calculation method provided for in Article 16-3, Paragraph 2 of Office Order on Financial Instruments Business, becomes 5 million yen or more.

4. Each Regular Member and Electronic Public Offering Member must confirm that, in the event the total amount of issue price referred to in Item① of the preceding Paragraph becomes 500 million yen or more, or the “individual payment amount” per customer referred to in Item ② of the preceding Paragraph becomes 5 million yen or more, Agreement for Entrustment of Business, etc. and Agreement Pertaining to Equity in Invested Business stipulate to the effect

that Business Operator must have the documents set forth in Item ③ of Paragraph 2 audited externally by a certified public accountant or audit corporation.

5. Each Regular Member and Electronic Public Offering Member must, pursuant to Agreement for Entrustment of Business, etc., demand Business Operator to provide the information referred to in the preceding four Paragraphs, and make such information available for customers' viewing, during the term of Agreement for Entrustment of Business, etc., on a screen dedicated to customers on Website operated by the relevant Regular Member or Electronic Public Offering Member.

(Prohibition of Reproduction of Information)

Article 37.

Each Regular Member and Electronic Public Offering Member must strive to make it thoroughly known, based on Agreement Pertaining to Equity in Invested Business, that customers must not, without Business Operator's permission, make reproduction, etc. of the information regarding Invested Business which is provided on a screen dedicated to customers.

Chapter 11. Internal Control

(Registration of Electronic Public Offering Business Internal Control Supervisory Manager)

Article 38.

1. In respect of Electronic-based Application Type Electronic Public Offering Service, etc., each Regular Member and Electronic Public Offering Member must designate one individual as Electronic Public Offering Business Internal Control Supervisory Manager, 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 Electronic Public Offering Business Internal Control Supervisory Manager in Electronic Public Offering Business Internal Control Supervisory Manager register.
4. Regular Member's Type II Business Internal Control Supervisory Manager may concurrently serve as Electronic Public Offering Business Internal Control Supervisory Manager. In such case, submission of the notification under Paragraph 1 and of the notification of change under Paragraph 2 shall be exempted, and the fact of holding the two positions concurrently must be stated in the written notification provided for in Paragraph 1 of Article 2 (Registration of Type II Business Internal Control Supervisory Manager) of "Rules Concerning Type II Business Internal Control Supervisory Manager, etc." and also in the written notification of change provided for in Paragraph 2 of the said Article, and such notifications must be submitted to the Association pursuant to the provisions of the said Article.

(Qualification Requirements of Electronic Public Offering Business Internal Control Supervisory Manager)

Article 39.

Electronic Public Offering Business Internal Control Supervisory Manager of Regular Member and Electronic Public Offering Member must be a registered officer who is in charge of internal control pertaining to Electronic-based Application Type Electronic Public Offering Service, etc.; provided, however, that the foregoing shall not apply if the person prescribed in the relevant detailed regulations is to be appointed as Electronic Public Offering Business Internal Control Supervisory Manager.

(Responsibilities of Electronic Public Offering Business Internal Control Supervisory Manager)

Article 40.

1. Electronic Public Offering 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 and 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., Electronic Public Offering Business Internal Control Supervisory Manager must appropriately dispose of such situation in light of Laws and Regulations, etc.
3. Electronic Public Offering 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, Electronic Public Offering Business Internal Control Supervisory Manager must promptly report its details to Member Representative or Member Representative's deputy.

(Instruction to Electronic Public Offering Business Internal Control Supervisory Manager)

Article 41.

1. Member Representative or Member Representative's deputy must take care so that Electronic Public Offering Business Internal Control Supervisory Manager can perform his/her duties appropriately.
2. When Member Representative or Member Representative's deputy received a report from Electronic Public Offering 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 Electronic Public Offering Business Business Manager and Electronic Public Offering Business Internal Control Manager)

Article 42.

1. In order to appropriately conduct business activities, such as solicitation of investment, and customer management pertaining to Electronic-based Application Type Electronic Public Offering Service, etc., each Regular Member and Electronic Public Offering Member must place, as Electronic Public Offering Business Business Manager and Electronic Public Offering 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 relevant business activities.
2. Electronic Public Offering Business Business Manager must comply with Laws and Regulations, etc. him/herself, make the officers and employees who execute Electronic-based Application Type Electronic Public Offering Service, 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. Electronic Public Offering 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 Electronic-based Application Type Electronic Public Offering Service, etc., for which he/she has been appointed as such manager, are complying with Laws and Regulations, etc. and properly executed.
4. Electronic Public Offering Business Business Manager and Electronic Public Offering 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 Electronic Public Offering Business Internal Control Supervisory Manager and receive his/her instructions.
5. Regular Member's Type II Business Business Manager may concurrently serve as Electronic Public Offering Business Business Manager, and Regular Member's Type II Business Internal Control Supervisory Manager or Type II Business Internal Control Manager may concurrently serve as Electronic Public Offering Business Internal Control Manager.

(Attendance at Training)

Article 43.

1. Each Regular Member and Electronic Public Offering Member must make its Electronic Public Offering 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 Electronic Public Offering 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 Electronic Public Offering Business Business Manager and Electronic Public Offering 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 44.

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

Chapter 12. Customer Management, etc.

(Customer Management Record, Identification Record, etc.)

Article 45.

1. With regard to Electronic-based Application Type Electronic Public Offering Service, etc., each Regular Member and Electronic Public Offering Member must prepare and retain customer management record describing the customer's trade name, name or individual name, location or address, birthdate (only if the customer is a natural person), occupation (only if the customer is a natural person), investment experience, investment objective/motive, financial condition, objective of concluding contract for financial instruments transaction, and other matters that are necessary for the purpose of managing customers.
2. Each Regular Member and Electronic Public Offering Member referred to in the preceding Paragraph must designate a person responsible for notifying the suspicious transaction pursuant to the provision of Article 8, Paragraph 1 of "Act on Prevention of Transfer of Criminal Proceeds," and strive to develop its internal control system in order to prevent transfer of criminal proceeds and to prevent financing terrorism.
3. Each Regular Member and Electronic Public Offering Member must properly manage the information collected in order to prepare customer management record, identification record and transaction record, and must not leak such information to other person without the relevant customer's consent.

Chapter 13. Reporting

(Report on Handling of Public Offering, etc.)

Article 46.

1. Each Regular Member and Electronic Public Offering Member must report to the Association when it performed Electronic-based Application Type Electronic Public Offering Service, etc.
2. The Association shall put together the contents of the report referred to in the preceding Paragraph and publish its summary.

3. Specific details of the matters set forth in the preceding two Paragraphs shall be prescribed in the relevant detailed regulations.

Chapter 14. System Development

(Management of Systems Including Website, etc.)

Article 47.

Each Regular Member and Electronic Public Offering Member must adequately manage Website, etc. operated by the relevant Regular Member or Electronic Public Offering Member and any other systems used for Electronic-based Application Type Electronic Public Offering Service, etc. in order to achieve smooth and appropriate operation of Electronic-based Application Type Electronic Public Offering Service, etc.

Chapter 15. Internal Rules, etc.

(Preparation of Internal Rules)

Article 48.

Each Regular Member and Electronic Public Offering Member must establish internal rules pertaining to internal control system and make its officers and employees comply with such rules in order to achieve appropriateness of Electronic-based Application Type Electronic Public Offering Service, etc. and thereby contribute to protection of investors.

(Detailed Regulations, etc.)

Article 49.

Matters that are necessary in relation to Electronic-based Application Type Electronic Public Offering Service, etc. shall be determined in accordance with these Rules, the relevant detailed regulations, and “Guideline Concerning Electronic-based Application Type Electronic Public Offering Service, etc.”

Supplementary Provisions (May 26, 2015)

1. These Rules 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).
2. These Rules shall be applied to the acts set forth in Article 2, Paragraph 8, Item 9 of FIEA performed under Electronic-based Application Type Electronic Public Offering Service, etc. which was newly conducted by Regular Member or Electronic Public Offering Member on or after the effective date (with regard to any Regular Member, only after it applied for the registration of change pertaining to Electronic Public Offering Service provided for in Article 31, Paragraph 4 of FIEA, and the relevant registration of change was effected).

Supplementary Provisions (August 4, 2020)

This amendment shall become effective from August 6, 2020.

(Note) Amended provisions are as follows:

- (1) Amended Items (1) and (6) of Article 2;
- (2) Amended ㉔ of Paragraph 2 of Article 5;
- (3) Amended Article 10;
- (4) Amended Article 30;
- (5) Amended Article 33; and
- (6) Amended ① of Paragraph 1 of Article 36.

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.