

REGULATIONS CONCERNING DISCIPLINARY ACTIONS, ETC.

(Purpose)

Article 1 The purpose of the Regulations Concerning Disciplinary Actions, etc. (hereinafter referred to as the “Regulations”) is to prescribe matters necessary for a disciplinary action and other measures taken for Regular Members and Members Operating Online that are prescribed in Articles 23 and 24 of the Articles of Association.

(Investigation, etc.)

Article 2 In the case where the Association receives submission or reports from a Regular Member or Member Operating Online pursuant to the provisions of Article 15 or Paragraph 1 of Article 16 of the Articles of Association, the Association shall conduct an investigation on the matters submitted or reported as necessary such as compliance with the Laws and Regulations, orders or disciplinary action based thereon, the Articles of Association, various rules, and the good faith principles of business transactions by the Member, as well as the business and financial condition of the Member pursuant to its Business Regulations.

(Reference to Disciplinary Committee)

Article 3 In the case where, as a result of the investigation prescribed in the preceding Paragraph, the Association determines it appropriate to take a disciplinary action prescribed in Article 23, Paragraph 2 of the Articles of Association (hereinafter referred to as the “Disciplinary Actions”), or to make a recommendation pursuant to Article 24 of the Articles of Association to the Regular Member or Member Operating Online concerned, it shall refer the issue that is likely to necessitate a disciplinary action or a recommendation attached with the result of the investigation prescribed in the preceding Paragraph to the Disciplinary Committee and ask the opinion of the Committee.

2. Any matters that are necessary for the structure and operation of the Disciplinary Committee shall be prescribed in the Regulations on Disciplinary Committee.

(Review by Disciplinary Committee)

Article 4 The Disciplinary Committee shall review the matters referred pursuant to the preceding Article or reported pursuant to Article 9, Paragraph 2 of the Audit Regulations, and other matters the Disciplinary Committee determines necessary to be reviewed, and discuss a disciplinary action or recommendation (type and degree of disciplinary action if the disciplinary action is deemed appropriate, or details of recommendation if the recommendation is deemed appropriate; the same shall apply hereinafter) for a Regular Member or Member Operating Online.

2. The Disciplinary Committee may request the Secretariat to conduct an investigation and submit a result of the investigation that is necessary for the review prescribed in the preceding Paragraph.

3. The Disciplinary Committee may request the Regular Member or Member Operating Online concerned in the case to attend a review meeting for interview, or to submit materials, if it deems such action necessary for the review.

4. In the case where, as a result of the review pursuant to the provision of Paragraph 1, the Disciplinary Committee determines that the disciplinary action or the recommendation is appropriate for the Regular Member or Member Operating Online, it shall bring before the Board of Governors the reason for the disciplinary action, the matter(s) subject to such disciplinary action, and type and degree of the disciplinary action in the case of disciplinary action, or the reason for recommendation and the matter(s) subject to such recommendation in the case of recommendation.

(Warning)

Article 5 In addition to disciplinary action and a recommendation, the Association may give a warning, orally or in writing (hereinafter referred to as the “Warning”) depending on the subject matter.

(Collection of Business Corrective Plan)

Article 6 In the case where the Association takes a disciplinary action or makes a recommendation to a Regular Member or Member Operating Online, it may request the Member to prepare a business corrective plan and report to the Association the progress of measures taken based on such plan, and other necessary matters.

(Explanation Procedure)

Article 7 When the Association brings a disciplinary action or a recommendation before the Board of Governors, the Association shall give an opportunity to the Regular Member or Member Operating Online concerned to give an explanation in advance.

2. When the Association gives an opportunity for the explanation prescribed in the preceding Paragraph, it shall notify the Regular Member or Member Operating Online concerned of the fact(s) subject to the disciplinary action or the recommendation, date, time, and venue of the explanation at least two weeks prior to such explanation opportunity.

3. If the Association cannot confirm that the notice prescribed in the preceding Paragraph has reached the Regular Member or Member Operating Online concerned even after 14 days have passed, such notice shall be deemed to have been received by the Member concerned after such 14 days have passed.

4. In the case where the Regular Member or Member Operating Online concerned gives an explanation, it may submit an explanation document to the Association by the deadline designated by the Association, and show the fact(s) or its opinion orally, and/or submit a supporting document and other evidence.

5. In the case where the Regular Member or Member Operating Online concerned gives an explanation, it may accompany a supportive person after obtaining an approval of the chairman.

6. If the Regular Member or Member Operating Online concerned does not participate in the explanation opportunity without a justifiable reason, the Association may finalize the disciplinary action or the recommendation without giving the regular member concerned a subsequent opportunity for explanation.

(Chair of Opportunity for Explanation)

Article 8 The explanation procedure shall be chaired by an officer or an employee of the Association who is designated by the Association; provided, however, if the Association has found that such person has a special interest with the Regular Member or Member Operating Online who is to give an explanation, such person cannot chair the explanation procedure.

(Discussion at the Board of Governors)

Article 9 The Board of Governors shall discuss the result of review brought before the Disciplinary Committee pursuant to Article 4, Paragraph 4.

2. When the Board of Governors makes a resolution, it shall respect the result of the review by the Disciplinary Committee.

(Reference to the General Assembly)

Article 10 In the case where, as a result of the resolution prescribed in the preceding Article, the Board of Governors determines that the expulsion of the Regular Member or Member Operating Online concerned is appropriate, the Board of Governors shall bring such expulsion before the General Assembly of Members.

2. The Provisions in Article 7 (excluding Paragraph 4) shall apply mutatis mutandis to the reference of expulsion of the Regular Member or Member Operating Online prescribed in the preceding Paragraph to the General Assembly of Members. In such case, the term “in advance” in Paragraph 1 of the same Article shall be read as “at the General Assembly of Members,” “two weeks” shall be read as “one week” in Paragraph 2 of the same Article, “14 days” shall be read as “seven days” in Paragraph 3 of the same Article, and “finalize” shall be read as “resolve” in Paragraph 6 of the same Article.

(Notice of Disciplinary Action)

Article 11 In the case where the Association resolves a disciplinary action (other than expulsion) or a recommendation for a Regular Member or Member Operating Online, it shall notify the Regular Member or Member Operating Online concerned of the reason for disciplinary action, the fact(s) subject to such disciplinary action, and type and degree of the disciplinary action in the case of disciplinary action, or the reason for recommendation and fact(s) subject to the recommendation in the case of recommendation, and other necessary matters in writing.

2. In the case where the General Assembly of Members resolves the expulsion of a Regular Member or Member Operating Online, the Association shall notify the Regular Member or Member Operating Online concerned of the subject fact(s), a reason for expulsion, and other matters that deems necessary for the Association in writing.

(Announcement of Disciplinary Action)

Article 12 In the case where the Association takes a disciplinary action for a Regular Member or Member Operating Online, it shall notify all the Regular Members and Members Operating Online to this effect.

2. The Association shall publicly announce the notice prescribed in the preceding Paragraph.

SUPPLEMENTARY PROVISION 【Omitted】

(Note 1) This rule is based on the May 29, 2015 edition of the original Japanese text.

(Note 2) 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.