

Rules Concerning Blocking of Relationship with Antisocial Forces

(Purpose)

Article 1.

The purpose of these Rules is to contribute to sound development of Financial Instruments Business and protection of investors through prescribing matters that are necessary for blocking relationship with Antisocial Forces and thereby securing sound performance of business by Regular Members and Electronic Public Offering Members and realizing exclusion of Antisocial Forces from financial instruments transactions and financial instruments markets.

(Definitions)

Article 2.

In these Rules, the term “Antisocial Forces” shall refer to those set forth below:

- (1) Organized Crime Group (referring to the Organized Crime Group provided for in Article 2, Item 2 of the Act on Prevention of Unjust Acts by Organized Crime Group Members (hereinafter referred to as the “Act on Prevention of Unjust Acts by Organized Crime Group Members”));
- (2) Organized Crime Group Members (referring to the Organized Crime Group Members provided for in Article 2, Item 6 of the Act on Prevention of Unjust Acts by Organized Crime Group Members);
- (3) Quasi-member of Organized Crime Group (referring to a person, other than organized crime group member, who is under certain control of organized crime group or organized crime group member and is likely to commit Violent Illegal Act, etc. (referring to the Violent Illegal Act, etc. provided for in Article 2, Item 1 of the Act on Prevention of Unjust Acts by Organized Crime Group Members; the same shall apply hereafter in this Article) with the backing of the intimidation of Organized Crime Group, or who cooperates with or is involved in the maintenance or operation of Organized Crime Group through such acts as providing funds, weapons, etc. to Organized Crime Group or Organized Crime Group Member);

- (4) Company Related to Organized Crime Group (referring to a company—in which Organized Crime Group Member is practically involved for its management or which is practically managed by Quasi-member of Organized Crime Group or former Organized Crime Group Member—which actively cooperates with or is involved in the maintenance or operation of Organized Crime Group through such acts as providing funds, or a company which actively utilizes Organized Crime Group in performing its business, etc. and cooperates in the maintenance or operation of Organized Crime Group);
- (5) Corporate Extortionist, etc. (referring to a person, such as a corporate extortionist and racketeer, who is likely to commit Violent Illegal Act, etc. in attempt to obtain unjust profit from a corporation, etc. and thereby presenting a threat to the safety of citizens);
- (6) Racketeer Pretending as a Social Advocate, etc. (referring to a person who is likely to commit Violent Illegal Act, etc. in attempt to obtain unjust profit by posing or pretending to be a social or political advocate, and thereby presenting a threat to the safety of citizens);
- (7) Violent group with special intelligence, etc. (referring to a group or a person, other than those described under the preceding Items, that functions as the core of a structural malfeasance based on its relationship with Organized Crime Group, by utilizing intimidation of Organized Crime Group or by having a financial relationship with Organized Crime Group); and
- (8) Any other person that is equivalent to any of those described in the preceding Items.

(General Rules)

Article 3.

1. As a general rule, Regular Member and Electronic Public Offering Member must not engage in Self-Offering and Other Transactions, etc. (referring to the Self-Offering and Other Transactions, etc. provided for in Item (9) of Article 3 of the Articles of Incorporation; the same shall apply hereinafter) with a counterparty knowing that such counterparty is an Antisocial Force.
2. Regular Member and Electronic Public Offering Member must not provide funds or give any other benefit to a counterparty knowing that such counterparty is an Antisocial Force.

(Preparation and Publication of Fundamental Policy)

Article 4.

1. Each Regular Member and Electronic Public Offering Member must prepare its fundamental policy of blocking of relationship with Antisocial Forces (hereinafter referred to as the “Fundamental Policy”).
2. Each Regular Member and Electronic Public Offering Member must make the Fundamental Policy widely known internally and also publish the Fundamental Policy or its summary.

(Assurance of Not Being Antisocial Force)

Article 5.

Each Regular Member and Electronic Public Offering Member must, when it is about to engage in Self-Offering and Other Transactions, etc. with any customer for the first time, obtain from the relevant customer an assurance to the effect that it is not an Antisocial Force; provided, however, that the foregoing does not apply if it has already obtained from the relevant customer an assurance to the effect that it is not an Antisocial Force.

(Conclusion of Agreement for Excluding Antisocial Forces)

Article 6.

Each Regular Member and Electronic Public Offering Member must, when it is to engage in Self-Offering and Other Transactions, etc. with any customer, stipulate the matters set forth in the following Items in the relevant written contract, terms and conditions of the transaction and the like:

- (1) The relevant contract shall be terminated upon the request of the relevant Regular Member or Electronic Public Offering Member if the assurance provided for in the preceding Article is deemed to be false;
- (2) The relevant contract shall be terminated upon the request of the relevant Regular Member or Electronic Public Offering Member if the customer is deemed to fall under Antisocial Forces; and
- (3) The relevant contract shall be terminated upon the request of the relevant Regular Member or Electronic Public Offering Member if the Regular Member or Electronic Public Offering Member deemed it to be difficult to continue the contract as a result of the customer’s making a demand in a violent manner or making an unjust demand in excess of legal liability, or committing any similar act.

(Execution of Examination)

Article 7.

1. Each Regular Member and Electronic Public Offering Member must strive to examine in advance whether the customer, for which it is about to engage in Self-Offering and Other Transactions, etc. for the first time, falls under Antisocial Forces.
2. Each Regular Member and Electronic Public Offering Member must strive to periodically examine whether there is any customer of Self-Offering and Other Transactions, etc. which falls under Antisocial Forces.
3. In addition to the provisions of the preceding two Paragraphs, each Regular Member and Electronic Public Offering Member must examine whether a certain customer falls under Antisocial Forces if a suspicion has arisen that such customer might fall under Antisocial Forces.

(Prohibition of Concluding Agreement / Termination of Relationship)

Article 8.

1. If, as a result of the examination provided for in Paragraph 1 of the preceding Article, the customer was found to fall under Antisocial Forces, the relevant Regular Member or Electronic Public Offering Member must not engage in the transaction; provided, however, that the foregoing does not apply to the case where the transaction is conducted in order to exclude Antisocial Forces from financial instrument transactions and financial instruments markets.
2. If, as a result of the examination provided for in Paragraph 2 or Paragraph 3 of the preceding Article, a certain customer was found to fall under Antisocial Forces, the relevant Regular Member or Electronic Public Offering Member must strive to terminate the relationship as promptly as possible.

(Ascertaining Operating Partner, etc.)

Article 9.

Each Regular Member and Electronic Public Offering Member must strive to ascertain, before it engages in Self-Offering and Other Transactions, etc., that the managing partner, business operator, managing member, etc. related to the securities that are the subject of the relevant transaction does not fall under Antisocial Forces.

(Collection of Information)

Article 10.

Regular Member and Electronic Public Offering Member must strive to collect information regarding Antisocial Forces.

(Implementation of Training, etc.)

Article 11.

Each Regular Member and Electronic Public Offering Member must strive to educate its officers and employees on such matters as the points for dealing with Antisocial Forces and management of the information regarding Antisocial Forces by, for example, implementing internal training.

(Preparation and Enhancement of Internal Control Environment)

Article 12.

1. Each Regular Member and Electronic Public Offering Member must establish internal regulations to achieve its Fundamental Policy and make its officers and employees observe such regulations.
2. Based on the internal regulations provided for in the preceding Paragraph, each Regular Member and Electronic Public Offering Member must strive to prepare the control environment for blocking of relationship with Antisocial Forces.
3. Each Regular Member and Electronic Public Offering Member must regularly audit the control environment for blocking of relationship with Antisocial Forces.

(Aligning and Cooperating with the Association, Police, etc.)

Article 13.

1. Regular Member and Electronic Public Offering Member must strive to align and cooperate with the Association, police and other authorities concerned with regard to blocking of relationship with Antisocial Forces.
2. If any dispute with Antisocial Forces has arisen, the relevant Regular Member or Electronic Public Offering Member must strive to prevent occurrence of damage resulting from any act of Antisocial Forces by, for example, promptly contacting or consulting lawyers, the Association, police or other authorities concerned.

Supplementary Provisions (May 20, 2011)

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).

Article 2.

Notwithstanding the provision of the preceding Article, the provisions of Article 5 and Item (1) of Article 6 shall become effective from January 1, 2012.

Supplementary Provisions (November 12, 2012)

This amendment shall become effective from January 1, 2013.

(Note) Amended provisions are as follows:

Amended Items (3), (4) and (7) of Article 2.

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; Paragraphs 1 and 2 of Article 3; Paragraphs 1 and 2 of Article 4; Article 5; Article 6 and Items (1) through (3) of Article 6; Paragraphs 1 through 3 of Article 7; Paragraphs 1 and 2 of Article 8; Articles 9 through 11; Paragraphs 1 through 3 of Article 12; and Paragraphs 1 and 2 of Article 13.

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.