

Rules Concerning Enforcement of the Articles of Incorporation

(Purpose)

Article 1.

Pursuant to the provision of Article 10 of the Articles of Incorporation, these Rules prescribe matters that are necessary for the enforcement of the Articles of Incorporation.

(Qualification Requirements for Member Representative and Member Representative's Deputy)

Article 2.

Member Representative and Member Representative's deputy provided for in Paragraphs 1 and 2 of Article 14 of the Articles of Incorporation must be the persons who satisfy the requirements set forth in the following Items:

- (1) Member Representative must be an officer who holds registered representative authority; provided, however, that as for the Regular Members (excluding Registered Financial Institutions) and Electronic Public Offering Members that are foreign corporations, Member Representative must be the domestic representative provided for in Article 29-4, Paragraph 1, Item 4 (c) of the Financial Instruments and Exchange Act (hereinafter referred to as "FIEA") (this shall also include the Acting Representative Person provided for in Article 65, Paragraph 1 of FIEA; the same shall apply hereinafter), and as for the Regular Members (limited to Registered Financial Institutions) that are foreign corporations, Member Representative must be the representative person of the branch provided for in Article 47, Paragraph 1 of the Banking Act or of its agency, or the representative person in Japan as provided for in Article 187, Paragraph 1, Item 2 of the Insurance Business Act.
- (2) Member Representative's deputy must be a registered officer or a person holding the authority equivalent to that of such officer; provided, however, that as for the Regular Members that are foreign corporations, Member Representative's deputy must be a person who holds the authority equivalent to that of the representative person provided for in the preceding Item.
- (3) They must be persons who do not come under any of the provisions of Article 29-4, Paragraph 1, Item 2 (a) through (i) of FIEA.

Article 3.

(Deleted.)

(Matters for Notification)

Article 4.

The notification by Regular Member or Electronic Public Offering Member, which is provided for in Article 15 of the Articles of Incorporation, shall be made when the relevant member makes a notification pertaining to the events set forth in the following Items, or a notification of the public notice pertaining thereto, to the Commissioner of Financial Services Agency pursuant to the provisions of FIEA:

- (1) Abolishment of Financial Instruments Business or the business pertaining to the registration made pursuant to Article 33-2 of FIEA;
- (2) Merger (limited to the merger as a result of which the relevant Regular Member or Electronic Public Offering Member disappears) or dissolution;
- (3) Split (limited to the split in which all or a part of the business (limited to the business set forth in Item (1); the same shall apply in the following Item and Item (11) of the following Article) have been made to be succeeded to by other entity); and
- (4) Transfer of all or a part of the business.

(Reporting Matters)

Article 5.

The report by Regular Member or Electronic Public Offering Member, which is provided for in Article 15 of the Articles of Incorporation, shall be made when any of the situations set forth below has occurred:

- (1) When its trade name or name was changed;
- (2) When there was change to the amount of the stated capital, the total amount of contribution, or the amount of the brought-in capital;
- (3) When the officer (referring to director, accounting advisor, company auditor, executive officer or their equivalent; the domestic representative is included in the case of a foreign corporation) in charge of Self-Offering and Other Transactions, etc. was changed;
- (4) When the location or the name of the head office (in the case of a foreign corporation, referring to the head office as well as the principal business office or office in Japan) was changed, or when there was change to the indication of residential address;
- (5) (Deleted);
- (6) When the registration of change provided for in Article 31, Paragraph 4 of FIEA was made;
- (7) When it joined or withdrew from the Authorized Association or the Certified Association prescribed in FIEA;
- (8) When there was change to the documents provided for in Article 29-2, Paragraph 2, Item 2 of FIEA (in the case of Registered Financial Institutions, Article 33-3, Paragraph 2, Item 2 of FIEA) (as for the part pertaining to the categories of

- businesses, it shall be limited to the businesses pertaining to Self-Offering and Other Transactions, etc.);
- (9) When it suspended or resumed the businesses pertaining to Self-Offering and Other Transactions, etc.;
 - (10) When it merged with other corporation (excluding the merger as a result of which the relevant Regular Member or Electronic Public Offering Member disappeared);
 - (11) When it succeeded to all or a part of the business of other corporation as a result of company split, or when it received transfer of all or a part of the business of other corporation;
 - (12) When it acquired, came to hold, or ceased to hold, the majority of voting rights held by all the shareholders, etc. of a financial institution, corporation engaged in the same kind of business as such institution in a foreign state, Financial Instruments Business Operator, or foreign corporation, etc. engaged in Financial Instruments Business, or when such corporation was merged with other corporation, dissolved, or abolished all of its business;
 - (13) When there was change to its Major Shareholder (referring to the occurrence that its Major Shareholder (referring to the “Major Shareholder” provided for in Article 29-4, Paragraph 2 of FIEA) ceased to be a Major Shareholder, a person other than a Major Shareholder became a Major Shareholder, a Major Shareholder other than the Specified Major Shareholder (referring to the “Specified Major Shareholder” provided for in Article 32, Paragraph 4 of FIEA) became the Specified Major Shareholder, or the Specified Major Shareholder became a Major Shareholder other than the Specified Major Shareholder);
 - (14) When it prepared the report provided for in Article 173, Item 1 or in Article 188, Item 1 of the Cabinet Office Order on Financial Instruments Business (hereinafter referred to as “Office Order on Financial Instruments Business”) concerning its Associated Company;
 - (15) When it filed a petition for commencement of bankruptcy proceedings, rehabilitation proceedings or reorganization proceedings (if it is a foreign corporation, filing of a petition of the same kind in the state where its head office is located pursuant to the laws and regulations of such state shall be included), or when it became aware of the fact that a petition for commencement of bankruptcy proceedings, rehabilitation proceedings or reorganization proceedings was filed against it (if it is a foreign corporation, its becoming aware of the fact that a petition of the same kind was filed against it in the state where its head office is located pursuant to the laws and regulations of such state shall be included);
 - (16) When its articles of incorporation were amended (limited to the amendment of the part pertaining to Self-Offering and Other Transactions, etc. or other important amendment);
 - (17) (Deleted);

- (18) When, pursuant to the provisions of FIEA, its registration was rescinded, all or a part of its businesses were suspended, it was ordered to change its business method or to take other necessary measures for improving its business operation, or it was ordered to dismiss officer;
- (19) When, pursuant to the provisions of FIEA, it was punished by fine;
- (20) When, pursuant to the provisions of FIEA, it prepared a business report;
- (21) When it prepared the explanatory documents provided for in Article 46-4 and Article 47-3 of FIEA;
- (22) (Deleted);
- (23) When the amount of the stated capital or the total amount of contribution became less than the amount provided for in Article 15-7, Paragraph 1, Item 5 or Item 8 of the Order for Enforcement of the Financial Instruments and Exchange Act;
- (24) When it became aware of the fact that its officer or important employee had come under Article 199, Item 2 (a) or (b) of Office Order on Financial Instruments Business;
- (25) When the inspection pursuant to the provisions of FIEA commenced and when such inspection ended (if any comment is described in the inspection completion notice in connection with the relevant inspection, the substance of such comment shall be included);
- (26) When it became a party to a lawsuit or mediation (if it is regarding a business other than the businesses pertaining to Self-Offering and Other Transactions, etc., it shall be limited to the case where there is a risk that it may have a material effect on the operation of the business or the condition of the assets of the relevant Regular Member or Electronic Public Offering Member), or when such lawsuit or mediation ended;
- (27) When it became aware of the fact that an act in violation of the laws, regulations or the like, which it must comply with as a Regular Member or Electronic Public Offering Member, had been committed in relation to Self-Offering and Other Transactions, etc.;
- (28) When there was change to the matters set forth in Article 7, Items 4 through 6, and Items 8 and 9 of Office Order on Financial Instruments Business;
- (29) When it was subjected to a disposition of expulsion or revocation of the transaction qualification by Authorized Association, Certified Association or Financial Instruments Exchange provided for in FIEA;
- (30) When it became aware of the fact that its Major Shareholder had come under any of Article 199, Items 11(c)(1) through (4) of Office Order on Financial Instruments Business (if it is a foreign corporation, when it became aware of the fact that a person who is equivalent to a Major Shareholder had become to constitute person in respect of whom no confirmation referred to in Article 29-4, Paragraph 1, Item 5(f) of FIEA has been made);

- (31) When it became aware of occurrence of system failure, etc. (limited to those related to Self-Offering and Other Transactions, etc.); and
- (32) In addition to the situations described in the above Items, when the Association deems it to be necessary.

(Documents to be Attached to Admission Application Form)

Article 6.

The documents which need to be attached to the written application for admission pursuant to the provision of Paragraph 2 of Article 19 of the Articles of Incorporation are as follows:

- (1) Copy of the written application for registration provided for in Article 29-2 or Article 33-3 of FIEA and of the documents attached to such application;
- (2) Copy of a document evidencing the registration referred to in Item (1);
- (3) A document describing whether Item (1) of Article 20 of the Articles of Incorporation is applicable, and describing the details if it is applicable; and
- (4) Any other information material which the Association deems as necessary.

(Notice of Approval of Admission)

Article 7.

When the Association has approved admission of Admission Applicant pursuant to the provisions of Article 19 of the Articles of Incorporation, the Association shall notify the relevant Admission Applicant as well as all Regular Members and Electronic Public Offering Members to such effect.

(Notification and Publication of Disciplinary Action, Extinguishment of Member's Rights, etc. of Regular Member and Electronic Public Offering Member)

Article 8.

1. If any of the following Items has become applicable to any Regular Member or Electronic Public Offering Member, the Association shall notify the relevant member to such effect:
 - (1) When the Association approved withdrawal from the Association pursuant to the provisions of Article 22 of the Articles of Incorporation;
 - (2) When the Association is to take a disciplinary action pursuant to the provisions of Paragraph 1 of Article 23 of the Articles of Incorporation; or
 - (3) When the Association is to issue admonition pursuant to the provision of Article 24 of the Articles of Incorporation.
2. If any of the following Items has become applicable to any Regular Member or Electronic Public Offering Member, the Association shall notify all Regular Members and Electronic Public Offering Members to such effect:

- (1) When the Member's Rights were extinguished pursuant to the provisions of Paragraph 2 of Article 12 of the Articles of Incorporation; or
 - (2) When the Association took a disciplinary action pursuant to the provisions of Paragraph 1 of Article 23 of the Articles of Incorporation.
3. If the notification under the preceding Paragraph was made, the Association shall publish such fact.

(Notification and Publication of Withdrawal of Supporting Member)

Article 9.

1. If it has been decided that a certain Supporting Member is to withdraw from the Association pursuant to the provision of Article 22-2 of the Articles of Incorporation, the Association shall notify the relevant Supporting Member to such effect.
2. The Association shall notify all Regular Members and Electronic Public Offering Members to the effect that the relevant Supporting Member has come under the provision of the preceding Paragraph, and publish such fact.

(Breach of Fair and Equitable Principles of Transactions)

Article 10.

The act in breach of the fair and equitable principles of transactions which is referred to in Item (1) of Article 20 and Item (4) of Paragraph 1 of Article 23 of the Articles of Incorporation shall mean the acts set forth below and any other acts which cause the reputation of the Association, Regular Member or Electronic Public Offering Member to be lost, or which breach the principle of good faith owed to the Association or to other Regular Member or Electronic Public Offering Member:

- (1) Act which interferes with or obstructs the business of the Association or the business of other Regular Member or Electronic Public Offering Member; and
- (2) Fraudulent, perfidious or inappropriate act, or grossly careless or negligent processing of business, in relation to Self-Offering and Other Transactions, etc.

Supplementary Provisions (November 1, 2010)

These Rules shall become effective from November 1, 2010.

Supplementary Provisions (April 15, 2011)

This amendment shall become effective from April 15, 2011.

(Note) Amended provision is as follows:

Amended Item (2) of Article 3.

Supplementary Provisions (May 20, 2011)

This amendment 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).

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

Amended Items (3), (5), (8), (9), (16), (26) and (27) of Article 6.

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 3;
- (2) Amended Articles 4, 5, 6 and 8;
- (3) Amended the headword and the main text of Article 9;
- (4) Newly added Article 10; and
- (5) Amended former Article 10 and moved it down by one article so that it has become Article 11,

Supplementary Provisions (February 25, 2016)

This amendment shall become effective from April 1, 2016.

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

- (1) Deleted former Article 2, and moved up former Articles 3 through 11 by one article so that they have become Articles 2 through 10, respectively; and
- (2) Amended Paragraphs 1 and 2 of former Article 10.

Supplementary Provisions (February 26, 2019)

This amendment shall become effective from April 1, 2019.

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

- (1) Deleted Article 3 and Items (5), (17) and (22) of Article 5;
- (2) Amended Items (1) and (3) of Article 4 and Items (3), (4), (13), (14), (16) and (26) of Article 5;
- (3) Newly added Items (28) through (31) of Article 5; and
- (4) Amended former Item (28) of Article 5, and moved it down by four items so that it has become Item (32).

Supplementary Provisions (January 27, 2020)

This amendment shall become effective from January 29, 2020.

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

Amended Items (14), (24), (25) and (30) of Article 5.

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.