

RULES CONCERNING SALE AND PURCHASE, ETC. OF THE LISTED SHARE CERTIFICATES, ETC. CONDUCTED OUTSIDE OF A FINANCIAL INSTRUMENTS EXCHANGE MARKET

(November. 18, 1998)

CHAPTER I GENERAL PROVISIONS

(Purpose)

Article 1 The purpose of the Rules Concerning Sale and Purchase, Etc. of the Listed Share Certificates, Etc. Conducted Outside of a Financial Instruments Exchange Market (hereinafter referred to as the “Rules”) is to ensure fair and smooth sale and purchase, and its intermediation, etc. of the Listed Share Certificates, etc. conducted outside of Financial Instruments Exchange Markets by Association Members (for Special Members, limited to those who conduct the Financial Instruments Intermediary Service (the business pertaining to the Financial Instruments Intermediary Service prescribed in the provision of Article 3, Item 9 of the Articles of Association; the same shall apply hereinafter); the same shall apply hereinafter) and sale and purchase of the Listed Share Certificates, etc. for which the intermediation, etc. is conducted by Association Members outside of Financial Instruments Exchange Market, and thereby to contribute to the protection of investors.

(Definitions)

Article 2 In these Rules, the definition of the terms set forth in each of the following Items shall be prescribed therein:

(1) Listed Share Certificates, etc.:

Share certificates, investment securities (including preferred equity investment certificates), convertible-type bonds with share option (among bonds with share options, those bonds wherein the objective of the investment when exercising the share options is the bonds that are connected with such bonds with share options; the same shall apply hereinafter), exchangeable bonds, bonds with share option, etc. (bonds with share options [excluding convertible-type bonds with share option], and simultaneously offered and simultaneously allotted bonds and share option certificates listed to be traded as a single unit; the same shall apply hereinafter), share option certificates, investment trust beneficiary certificates (beneficiary certificates for investment trusts), foreign investment trust beneficiary certificates (beneficiary certificates for foreign investment trusts), investment securities, new investment unit subscription warrant securities, foreign investment securities, and foreign share depositary receipts (among securities prescribed in the provision of Article 2, Paragraph 1, Item 20 of the Financial Instruments Exchange Act (hereinafter referred to as “FIEA”), those depositary receipts indicating the rights pertaining to the share certificates which have been issued by a foreign juridical person among securities prescribed in Article 2, Paragraph 1, Item 20 of the FIEA) which are listed on Financial Instruments Exchange Markets in Japan.

(2) Off-Exchange Sale and Purchase:

Sale and purchase of the Listed Share Certificates, etc. conducted outside of a Financial Instruments Exchange Market (excluding the sale and purchase in a Foreign Financial Instruments Market prescribed in Article 2, Paragraph 8, Item 3 (b) of the FIEA).

(3) Intermediary, etc.:

Intermediary, brokerage or agent

- (4) Report and Publication System:
A system for reporting the off-exchange sale and purchase and publicizing the price information, etc. related to the off-exchange sale and purchase that is controlled and managed by the Association.
- (5) Approved Members:
Regular Members who obtain approval of proprietary trading system operation business for the Listed Share Certificates, etc. (the proprietary trading operation business prescribed in Article 1, Paragraph 4, Item 9 of the Cabinet Office Ordinance concerning the Financial Instruments Business, Etc.; the same shall apply hereinafter).
- (6) Approved Business:
The proprietary trading system operation business conducted by a Regular Member who obtains approval of proprietary trading system operation business.
- (7) Short Sale:
Short sale prescribed in Article 26-2-2, Paragraph 1 of the Enforcement Order of the Financial Instruments and Exchange Act (hereinafter referred to as "FIEA Enforcement Order").
- (8) Margin Transaction:
The margin transactions prescribed in Article 1, Paragraph 1 of the Cabinet Office Ordinance on Transactions under Article 161-2 of the Financial Instruments and Exchange Act and Deposits Related Thereto.

(Compliance with Laws, Etc.)

Article 3 When an Association Member conducts an Off-Exchange Sale and Purchase or an Intermediary, etc. thereof, the Association Member must comply with the FIEA and other related laws and regulations as well as the Rules.

(Exemption)

Article 4 The Rules shall not apply to, among the Off-Exchange Sale and Purchase conducted by Regular Members and the Off-Exchange Sale and Purchase for which the Intermediary, etc. is conducted by Association Members, the sale and purchase with a volume of less than one sale-and-purchase unit prescribed by the Financial Instruments Exchange.

2. The Rules shall not apply to the purchase of the Listed Share Certificates, etc. through Tender Offer made by an Association Member which purchases the Listed Share Certificates, etc. through Tender Offer on behalf of the Tender Offeror or the purchase of the Listed Share Certificates, etc. through Tender Offer made by an Association Member which becomes the Tender Offeror, or the purchase of own share certificates through Tender Offer made by an Association Member which is a company that issues the Listed Share Certificates, etc.
3. The Rules shall not apply to, among the Off-Exchange Sale and Purchase conducted by Regular Members, or the Off-Exchange Sale and Purchase for which the Intermediary, etc. is conducted by the Association Members, the case that is concluded in the Over-the-Counter Transactions of Derivatives prescribed in the provision of Article 2, Paragraph 22 of the FIEA.

CHAPTER II PRICES, ETC. OF OFF-EXCHANGE SALE AND PURCHASE

(Confirmation of Sale and Purchase Price, Etc. and Record Keeping)

Article 5 When an Association Member conducts an Off-Exchange Sale and Purchase, it must confirm that the price or the amount of money of the sale and purchase is appropriate and must keep the records of such confirmation.

CHAPTER III SUPERVISION OF SALE AND PURCHASE

(Suspension of Sale and Purchase, Etc.)

Article 6 In the cases prescribed in each of the following Items, the Association may suspend the Off-Exchange Sale and Purchase to be conducted by Regular Members and the Off-Exchange Sale and Purchase for which the Intermediary, etc. is conducted by Association Members:

- (1) In the event that, with respect to the Listed Share Certificates, etc., Financial Instruments Exchange suspends the sale and purchase thereof and takes other measures;
 - (2) In the event that the information concerning the Listed Share Certificates, etc. or the issuers thereof, which is deemed to be likely to materially affect the investors' investment judgment, is disclosed, if the content of such information is unclear or if the Association deems it necessary to disseminate the content of such information;
 - (3) In the event that the Association deems that something is, or is likely to be, wrong with the status of the sale and purchase, etc. or that it is not proper, for the purpose of the administration of the sale and purchase, to have the sale and purchase, etc. conducted on a continuous basis;
 - (4) In the event that the Association otherwise deems necessary.
2. The period of the suspension of the sale and purchase in the cases prescribed in each Item of the preceding Paragraph shall be the period deemed necessary by the Association on each such occasion.
3. During the period the Association suspends the Off-Exchange Sale and Purchase pursuant to the provision of Paragraph 1, a Regular Member must not conclude the Off-Exchange Sale and Purchase conducted by the Regular Member, and an Association Member must not conclude the Off-Exchange Sale and Purchase for which the Intermediary, etc. is conducted by the Association Member.

(Establishment, Etc. of Administration System for Short Sale in the Proprietary Trading System)

Article 6-2 When an Approved Member conducts Short Sale (excluding a Margin Transaction; the same shall apply hereinafter) in the proprietary trading system (the proprietary trading system prescribed in Article 26-2-2, Paragraph 7 of the FIEA Enforcement Ordinance, the same shall apply hereinafter), it must fully establish a method and system to eliminate Sale and Purchase, etc. that may harm the fairness of Short Sale, and describe such method and system in the business operation procedure document (a document prescribed in Article 30-3, Paragraph 2 of the FIEA that describes the details and method of business operation).

2. When an Approved Member conducts Short Sale in the proprietary trading system and receives an order for Short Sale from its customer (excluding a Participation Member (a Regular Member who can intermediate an order from a customer that is to be executed under the Approved Business conducted by an Approved Member; the same shall apply hereinafter); the same shall apply hereinafter), it must comply with rules prescribed in the Detailed Rules.

3. An Approved Member must not conduct a Margin Transaction through the Approved Business. A Participation Member must not intermediate an order from a customer that is a Margin Transaction.

CHAPTER IV REPORT AND PUBLICATION, ETC.

Section 1 Report and Publication, Etc. of Off-Exchange Sale and Purchase other than Off-Exchange Sale and Purchase through the Approved Business

(Report on Sale and Purchase)

Article 7 In the case where a Regular Member makes, outside of a Financial Instruments Exchange Market, an application for Sale or Purchase of the Listed Share Certificates, etc. (hereinafter referred to as “Application”) to a large number of persons simultaneously (excluding the cases where such Application is made through the Approved Business), it must report to the Association the matters set forth in each Item below through the Report and Publication System:

- (1) Name of issues;
 - (2) Distinction between sale and purchase pertaining to the Application;
 - (3) Price pertaining to the Application (which is the price pertaining to the application prescribed in the Detailed Rules, and the highest price of said issues in case of application of purchase, or the lowest price of said issues in case of application of sale; the same shall apply hereinafter);
 - (4) Volume pertaining to the Application; and
 - (5) Other matters the Association deems necessary.
2. In cases where an Off-Exchange Sale and Purchase has been concluded (excluding the cases where such Off-Exchange Sale and Purchase is concluded through the Approved Business), a Regular Member must report the matters prescribed in each Item below to the Association through the Report and Publication System:
- (1) Name of issues;
 - (2) Sale and purchase price (i.e., the sale and purchase price prescribed in the Detailed Rules; the same shall apply hereinafter);
 - (3) Sale and purchase volume;
 - (4) Date and time when the sale and purchase is concluded;
 - (5) Sale or Purchase;
 - (6) Dealing or broking (i.e., the sale and purchase conducted by the Regular Member on its own account or the sale and purchase in which the Regular Member conducts intermediary, brokerage or agent.);
 - (7) Name of the Financial Instruments Exchange where a standard price pertaining to Off-exchange Sale or Purchase is published and that price;

- (8) The counterparty to the sale and purchase (if such counterparty is a Regular Member, state the name of such Regular Member, and if such counterparty is a customer, state to that effect); and
 - (9) Other matters deemed necessary by the Association.
3. The report prescribed in the preceding two Paragraphs must be made according to the following categories; provided, however, that if the report is delayed due to a reasonable cause, a Regular Member shall report it to the Association without delay:
- (1) Sale and purchase which are applied and concluded from 8:10 a.m. to 4:59 p.m. on the business day: Within five minutes from the time when the application is made or the sale and purchase is concluded;
 - (2) Report on Off-Exchange Sale and Purchase concluded from 5:00 p.m. to 11:59 p.m. on the business day, and the Off-exchange Sale and Purchase concluded on non-business day: From 8:10 a.m. to 8:29 a.m. of the next business day; and
 - (3) Report on Off-Exchange Sale and Purchase concluded from 0:00 a.m. to 8:09 a.m. on the business day: From 8:30 a.m. to 9:00 a.m. on the business day.

(Corrections or Cancellations of Report on Sale and Purchase, Etc.)

Article 8 In cases where a Regular Member intends to correct or cancel the report on the application and that of sale and purchase conducted under the provisions of the preceding Article, it must immediately report such corrections and cancellations through the Report and Publication System.

2. In cases where a Regular Member corrects or cancels the report of sale and purchase described in the preceding Article, Paragraph 2 and intends to make correction or cancellation in a situation prescribed in each of the following Items, it must report such correction or cancellation in a designated method instead of the Report and Publication System:
- (1) Reporting after 5:05 p.m. on the same day the correction or the cancellation of sale and purchase that is concluded from 8:10 a.m. to 4:59 p.m. on the business day;
 - (2) Reporting after 8:30 a.m. of the next business day the correction or the cancellation of sale and purchase that is concluded from 5:00 p.m. to 11:59 p.m. on the business day or on a holiday; and
 - (3) Reporting after 9:01 a.m. on the same day sale and purchase that is concluded from 0:00 a.m. to 8:09 a.m. on the business day.

(Publication, Etc. of Sale and Purchase Price, Etc.)

Article 9 In cases where the Association receives the report set forth in Article 7, Paragraphs 1 or the report that is set forth in the preceding Article, Paragraph 1 and relates to applications from a Regular Member, it shall immediately notify the matters prescribed in each Item below to the Regular Members and publicize such matters:

- (1) Name of issues;
- (2) Distinction between sale and purchase pertaining to the Application;
- (3) Price pertaining to the Application;

- (4) Volume pertaining to the Application;
 - (5) Time of the Application; and
 - (6) Other matters the Association deems necessary.
2. In cases where the Association receives the report set forth in Article 7, Paragraph 2, the report set forth in the preceding Article, Paragraph 1 and relates to sale and purchase, or the report prescribed in the preceding Article, Paragraph 2 from a Regular Member, it shall immediately notify the matters prescribed in each Item below to the Regular Members and publicize such matters; provided, however, that if the order relates to the Off-Exchange Sale and Purchase of single issue with a trading value of 5 billion yen or higher (excluding the orders which the Regular Member arranges so that the sales orders are internally countered by other purchase orders), the Association shall notify the Regular Members to that effect at the time and on the date prescribed in the Detailed Rules, and shall also publicize it:
- (1) Name of issues;
 - (2) Sale and purchase price;
 - (3) Sale and purchase volume;
 - (4) Date and time when the sale and purchase is concluded; and
 - (5) Other matters the Association deems necessary.
3. With respect to the matters related to the Application in, in the report that is set forth in Article 7, Paragraph 1 and in the preceding Article, The Association shall sum up on a daily basis and publicize the prices and volume related to the Application of each issue of the Listed Share Certificates, etc. and other matters the Association deems necessary.
4. With respect the matters related to sale and purchase in the report set forth in Article 7, Paragraph 2 and the preceding Article, The Association shall sum up on a daily basis and publicize the sales and purchase volumes of each class of the Listed Share Certificates, etc., the sale and purchase prices and volumes of each issue, and other matters the Association deems necessary.

Section 2 Report and Publication, Etc. of Off-Exchange Sale and Purchase through the Approved Business

(Report of Application)

Article 10 When an Approved Member makes the Application through the Approved Business, it must report matters set forth in each Item below to the Association through the Report and Publication System.

- (1) Name of issues;
- (2) Distinction between sale and purchase pertaining to the Application;
- (3) Prices pertaining to the Application that are any of the following:
 - (a) In the case of the Application for purchase, the highest price of the issue on the day when the Application is made;
 - (b) In the case of the Application for sale, the lowest price of the issue on the day when the Application is made.
- (4) Volumes pertaining to the Application in preceding Item (a) or (b); and

- (5) Other matters the Association deems necessary.
2. The report set forth in the preceding Paragraph must be made by 8:30 a.m. on the next business day following the day when the Application is made.
3. In cases where a report prescribed in Paragraph 1 cannot be made due to the operation halt or failure of the Report and Publication System or any other reasons the Association deems inevitable, the report must be made by a designated method.

(Report on Sale and Purchase)

Article 11 An Approved Member must report matters set forth in each Item of Article 7, Paragraph 2 on sale and purchase that is concluded in the Approved Business to the Association through the Report and Publication System.

2. The report mentioned in the preceding Paragraph must be made by 8:30 a.m. on the next business day following the day when the sale and purchase is concluded.
3. The provision of the Paragraph 3 of the preceding Article shall apply *mutatis mutandis* to the report on sales and purchases that are conducted pursuant to the preceding two Paragraphs.
4. An Approved Member must aggregate the sale and purchase volume in each issue and other matters the Association deems necessary for the Off-Exchange Sale and Purchase that is concluded in the Approved Business on a monthly basis and report it to the Association by 10th of the following month.

(Correction or Cancellation of Report of Sale and Purchase, Etc.)

Article 12 When intending to make correction or cancellation of a report on the Application under the provision of Article 10, Paragraph 1 or a report on sales and purchases under the provision of the preceding Article, Paragraph 1, an Approved Member must report immediately through the Report and Publication System.

2. In cases where an Approved Member intends to make correction or cancellation of a report on the Application under the provision of Article 10, Paragraph 1 or a report on sales and purchases under the provision of the preceding Article, Paragraph 1, and such correction or cancellation is made after 8:30 a.m. on the next business day following the day the Application or the sale and purchase are made, it shall not use the Report and Publication System but must submit such correction or cancellation by a designated method.
3. When intending to make correction or cancellation of a report that is made under the provision of Article 10, Paragraph 3 (including the cases where it is applied *mutatis mutandis* pursuant to the preceding Article, Paragraph 3), an Approved Member must report it immediately by a designated method.
4. If unable to make a report under the provision of Paragraph 1 due to operation halt or failure of the Report and Publication System or other reasons the Association deems inevitable, an Approved Member must report it immediately by a designated method.

(Handling of Report Made by Non-Approved Member)

Article 13 When a Regular Member who is not an Approved Member makes an application or conducts the Off-Exchange Sale and Purchase through the Approved Business operated by an Approved Member, it shall not make a report prescribed in the provision of Article 7, Paragraphs 1 and 2.

(Publication of Sale and Purchase Price, ETC.)

Article 14 When the Association receives from an Approved Member the matters related to the Application in a report that is prescribed in Article 10, Paragraph 1 or a report that is prescribed in Article 12, Paragraph 1, it shall notify the matters set forth in each Item below to the Approved Member without delay:

- (1) Name of issues;
- (2) Distinction between sale and purchase pertaining to the Application;
- (3) Price pertaining to the Application that is prescribed in Article 10, Paragraph 1, Item 3 (a) or (b) ;
- (4) Volume pertaining to the Application that is prescribed in Article 10, Paragraph 1, Item 4; and
- (5) Other matters the Association deems necessary.

2. When the Association receives from an Approved Member the matters related to sale and purchase in a report that is prescribed in Article 11, Paragraph 1 or a report that is prescribed in Article 12, Paragraph 1, it shall notify the matters set forth in each Item below to the Approved Member without delay:

- (1) Name of issues;
- (2) Sale and purchase price;
- (3) Sale and purchase volume;
- (4) Date and time when the sale and purchase is concluded; and
- (5) Other matters deemed necessary by the Association

3. With respect to the matters related to the Application in a report that is set forth in Article 10, Paragraph 1 and a report set forth in Article 12, The Association shall sum up on a daily basis and publicize the prices and volume related to the Application of each issue of the Listed Share Certificates, etc. and other matters the Association deems necessary

4. With respect to the matters related to the Application in a report that is set forth in Article 11, Paragraph 1 and a report prescribed in Article 12, The Association shall sum up on a daily basis and publicize the sale and purchase volumes of each class of the Listed Share Certificates, etc., the sale and purchase prices and volumes of each issue, and other matters the Association deems necessary.

(Application for Use of the Report and Publication System)

Article 15 When an Approved Member intends to start reporting an Application made or sale and purchase concluded in the Approved Business through the Report and Publication System, it must notify the Application and the sale and purchase to the Association in advance in a designated form.

2. When an Approved Member who made a notification set forth in the preceding Paragraph intends to change the matters described in the Application form, it must notify such change to the Association in advance in a designated form.

3. When an Approved Member terminates reporting an Application made or sale and purchase concluded in the Approved Business through the Report and Publication System, it must notify such termination to the Association in advance in a designated form.

Article 16 (DELETED)

(Suspension of Use of the Report and Publication System)

Article 17 In cases where the Association recognizes that it would constitute a hindrance to the protection of investors or operation and management of the Report and Publication System, it may suspend the use of the Report and Publication System by Approved Members.

Section 3. Availability of Off-Exchange Sale and Purchase Price, Etc. in the Approved Business

(Availability of Price, Etc. Pertaining to the Application through the Approved Business)

Article 17-2 When the Approved Member makes the Application through the Approved Business, it shall make available the matters set forth in each Item below within five minutes from the time when the Application is made by a method prescribed in the Detailed Rules:

- (1) Name of issues;
 - (2) Distinction between sale and purchase pertaining to the Application;
 - (3) Price pertaining to the Application;
 - (4) Volume pertaining to the Application;
 - (5) Time when the Application was made; and
 - (6) Other matters the Association deems necessary.
2. The Approved Member shall, after making available the matters set forth in each Item of the preceding Paragraph that are related to the Application, always keep them accurate and up-to-date.
 3. The Approved Member shall ensure the availability of the matters set forth in each Item of Paragraph 1 that are related to the Application as prescribed in the preceding two Paragraphs, in a form comparable with other Approved Members.
 4. If the Approved Members cannot ensure the availability of the matters set forth in each Item of Paragraph 1 that are related to the Application as prescribed in the preceding three Paragraphs due to a reason that is prescribed in the Detailed rules as a reason the Association deems inevitable, it must ensure the availability immediately after such reason does not exist.
 5. In addition to those prescribed in each Paragraph above, the Association shall separately prescribe matters the Approved Members must comply with in connection with ensuring the availability pursuant to this Article.

(Availability of Sale and Purchase Price, Etc. through the Approved Business)

Article 17-3 When the Approved Member concludes sale and purchase in the Approved Business, it shall make available the matters set forth in each Item below within five minutes from the time when the sale and purchase is concluded in a method prescribed in the Detailed Rules:

- (1) Name of issues;
 - (2) Sale and purchase price;
 - (3) Sale and purchase volume;
 - (4) Date and time when the sale and purchase is concluded; and
 - (5) Other matters the Association deems necessary.
2. The provision in the preceding Article (excluding Paragraph 1) shall apply *mutatis mutandis* to the case where the Approved Member concludes sale and purchase in the Approved Business as prescribed in the preceding Paragraph.

CHAPTER V MISCELLANEOUS PROVISIONS

(Explanation to Customers)

Article 18 In cases where an Association Member receives an order concerning the Off-Exchange Sale and Purchase from a customer, it must explain in advance to the customer the matters prescribed in each of the following Item, depending on the category set forth in each of the following Items:

- (1) In cases where the Association Member receives a Short Sale order that is to be conducted in the proprietary trading system:
 - (a) Conditions of delivery and settlement;
 - (b) Handling of Short Sale transactions (only limited to matters prescribed in the Detailed Rules); and
 - (c) Other matters a Regular Member deems necessary.
- (2) In cases other than those set forth in the preceding Items:
 - (a) Conditions of delivery and settlement; and
 - (b) Other matters a Regular Member deems necessary.

(Notification of Person in Charge of Off-Exchange Sale and Purchase)

Article 19 An Association Member shall appoint one or more managers in charge of the Off-Exchange Sale and Purchase, and must notify the Association in the designated form of their appointment. The same shall apply to the replacement of the managers in charge.

SUPPLEMENTARY PROVISIONS [Omitted]

(Note) These Rules are based on the version in effect as of January 1, 2017.

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.