

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

**(December 18, 1998)**

**(Purpose)**

**Article 1** The purpose of Detailed Rules Relating to 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 “Detailed Rules”) is to prescribe the matters deemed necessary with respect to the enforcement of the Rules Concerning Sale and Purchase of the Listed Share Certificates, Etc. Conducted Outside of a Financial Instruments Exchange Market (hereinafter referred to as the “Rules”).

**(Confirmation, Etc. of Supporting Information When an Approved Member Conducts Short Sale)**

**Article 2** In cases where an Approved Member conducts Short Sale (excluding Margin Transaction; the same shall apply hereinafter) in the proprietary trading system (the proprietary trading system prescribed in Article 6-2, Paragraph 1 of the Rules; the same shall apply hereinafter) pursuant to the provision of Article 6-2, Paragraph 2 and Article 18, Item 1(b), when the Approved Member receives an order of Short Sale from its customer (excluding a Participation Member (the Participation Member prescribed in Article 6-2, Paragraph 2 of the Rules); the same shall apply hereinafter), it must confirm that, in connection with the securities that are subject to such Short Sale, a settlement measures (settlement measures prescribed in Article 26-2-2 of the Enforcement Ordinance of the Financial Instruments and Exchange Act) have already been taken.

2. When the information pursuant to the preceding Paragraph is confirmed, the Approved Member must prepare a document that includes each of the following matters and retain it for seven years:
  - (1) Name or appellation of customer;
  - (2) Confirmation date;
  - (3) From whom the securities concerning the settlement measures are procured; and
  - (4) Details of settlement measures confirmed pursuant to the preceding Paragraph.
3. The provisions in the preceding two Paragraphs shall not apply to transactions that are prescribed in the provision of Article 9-3, Paragraph 3 of the Cabinet Office Ordinance Concerning Regulation of Transactions, Etc. in Securities (hereinafter referred to as the “Securities Transaction Ordinance”).
4. In case where an Approved Member receives a Short Sale order from its customer in the proprietary trading system, and finds that such Short Sale is conducted as a transaction prescribed in the provisions from Article 9-3, Paragraph 3, Items 6 through 9 of the Securities Transaction Ordinance, it must prepare a document containing the following matters and retain it for seven years:
  - (1) Name or appellation of customer ;
  - (2) Confirmation date; and

- (3) Concrete details of transaction.

**(Clear Statement and Confirmation When an Approved Member Conducts Short Sale)**

**Article 3** In cases where an Approved Member conducts Short Sale in the proprietary trading system pursuant to the provision of Article 6-2, Paragraph 2 and Article 18, Item 1(b) of the Rules, if the Approved Member receives from its customer a sell order of securities that is to be conducted in the proprietary trading system, it must confirm whether or not such sale order is Short Sale.

2. An Approved Member must record whether or not the order is Short Sale in a transaction record relating to a private transaction system management business that can evidence fulfillment of its obligation prescribed in the preceding Paragraph.
3. The provisions in the preceding two Paragraphs must not apply to transactions that are set forth in the provisions in Article 9-3, Paragraph 3, Items 1 through 4 pursuant to the provision of Article 11, Paragraph 3 of the Securities Transaction Ordinance.

**(Sale and Purchase Price, Etc.)**

**Article 4** The price pertaining to the Application set forth in Article 7, Paragraph 1, Item 3 of the Rules, and the sale and purchase price set forth in the same Article, Paragraph 2, Item 2 of the Rules shall be the price pertaining to the Application and the sale and purchase price of one share in the case of share certificates, and one lot in the case of investment securities (including preferred equity investment certificates), and ¥100 par value in the case of 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), 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) or exchangeable bonds, and one unit of share option in the case of share option certificates, and one lot in the case of investment trust beneficiary certificates (beneficiary certificates for investment trusts), foreign investment trust beneficiary certificates (beneficiary certificates for foreign investment trusts), investment securities, one New Investment Unit Subscription Warrant in the case of New Investment Unit Subscription Warrant Securities, and one unit in the case of foreign investment securities (one certificate par value is one unit in the case of foreign investment securities that are similar to investment corporation bonds), and one security in the case of foreign share depositary receipts (depositary receipts indicating rights pertaining to share certificates which have been issued by a foreign juridical person among securities prescribed in Article 2, Paragraph 1, Item 20 of the FIEA).

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

**Article 5** When notifying the matters set forth in each Item of Paragraphs 1 and 2 of Article 9, and each Item of Paragraphs 1 and 2 of Article 14 of the Rules to Regular Members, the Association shall notify them by means of external connections of the Report and Publication System or by another corresponding method.

2. With respect to the information on the daily price, volume and others pertaining to the Application, which is collected on a daily basis and publicized under the provisions of Article 9, Paragraph 3 and Article 14, Paragraph 3 of the Rules, the Association shall publicize the information reported through the Report and Publication System by 8:30 a.m. on the next business day following the Application day, by using the Report and Publication System or another corresponding method, by 11:00 a.m. on

such next business day.

3. With respect to the information on the daily price, volume and others of sale and purchase, which are collected on a daily basis and publicized under the provisions of Article 9, Paragraph 4 and Article 14, Paragraph 4 of the Rules, the Association shall publicize the information reported through the Report and Publication System by 8:30 a.m. on the next business day following the sale and purchase conclusion day, by using the Report and Publication System or another corresponding method, by 11:00 a.m. on such next business day.

**(Special Cases Concerning Publication, Etc. of Sale and Purchase Price, Etc.)**

**Article 6** The time and date prescribed in the Detailed Rules, as prescribed in proviso of Article 9, Paragraph 2 of the Rules, shall be 4:00 p.m. on the business day following the day on which the report prescribed in Article 7, Paragraph 2 thereof is received from a Regular Member.

**(Availability of Prices, etc. Pertaining to the Application through the Approved Business)**

**Article 7** The method to be prescribed in the Detailed Rules pursuant to Article 17-2, Paragraph 1, and Article 17-3, Paragraph 1 of the Rules shall be the method using the website on the Report and Publication System.

2. The reasons to be prescribed in the Detailed Rules pursuant to Article 17-2, Paragraph 4 of the Rules (including the cases that apply *mutatis mutandis* in Article 17-3, Paragraph 2 of the Rules) shall be the operation halt or failure of the Report and Publication System or other reasons the Association deems inevitable.
3. With respect to the means prescribed in Articles 17-2 and 17-3 of the Rules, when the Approved Member uses the website on the Report and Publication System prescribed in Paragraph 1, it must pay a user charge to the Association.

**SUPPLEMENTARY PROVISIONS [Omitted]**

(Note)

1. These Rules are based on the version in effect as of January 1, 2017.
2. The charge as prescribed in Article 7, Paragraph 3 shall not be collected for the time being.

<p>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.</p>
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