

# RULES CONCERNING FOREIGN SECURITIES TRANSACTIONS

(December 4, 1973)

## CHAPTER I. GENERAL PROVISIONS

### (Purpose)

**Article 1** The purpose of the Rules Concerning Foreign Securities Transactions (hereinafter referred to as the “Rules”) is to contribute to investor protection by prescribing matters to be observed with respect to transactions in foreign securities to be carried out between an Association Member and a customer or other Association Member (excluding the derivative transactions prescribed in Article 2, Paragraph 20 of the Financial Instruments and Exchange Act (hereinafter referred to as “FIEA”) and transactions on a Financial Instruments Exchange Market in Japan; the same shall apply hereinafter) and underwriting, etc. of public offering of foreign shares, etc. in Japan.

### (Definitions)

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

(1) Foreign Securities:

Among securities set forth in each Item of Article 2, Paragraph 1 of the FIEA or the rights deemed as securities prescribed in the same article, Paragraph 2 thereof (excluding those set forth in each Item of the same Paragraph), those that are safe kept outside Japan (including the management of the quantity described or recorded in an account in case that issuance of certificate is not required with respect to rights to be indicated on securities in accordance with the laws and regulations governing the issuance of such securities and the rights are ones to be indicated on the securities when a certificate is not issued; the same shall apply hereinafter).

(2) Foreign Bonds:

Foreign securities that are set forth below:

(a) Securities prescribed in Article 2, Paragraph 1, Item 1 through 5 of the FIEA, or securities or certificates issued by a foreign country or a foreign person prescribed in the same Paragraph, Item 17 thereof that have the nature of the securities;

(b) Investment corporation debentures prescribed in Article 2, Paragraph 1, Item 11 of the FIEA, or foreign investment corporation debentures prescribed in Article 11, Paragraph 1 of the Cabinet Office Ordinance on the Disclosure of Details on Specific Securities.

(3) Foreign Shares:

Among Foreign Securities, shares prescribed in Article 2, Paragraph 1, Item 9 of the FIEA, or securities or certificates issued by a foreign person prescribed in the same Paragraph, Item 17 thereof and that have the nature of share.

(4) Foreign Share Option Certificates:

Among Foreign Securities, Share Option Certificates prescribed in Article 2, Paragraph 1, Item 9 of the FIEA, or securities or certificates issued by a foreign person prescribed in the same Paragraph, Item 17 thereof and have the nature of share option certificates.

(5) Foreign Investment Trust Beneficiary Certificates:

Among Foreign Securities, beneficiary certificates of foreign investment trusts prescribed in

Article 2, Paragraph 1, Item 10 of the FIEA.

- (6) Foreign Real Estate Investment Trust Beneficiary Certificates:  
Among Foreign Investment Trust Beneficiary Certificates, beneficiary certificates with the purpose of which is to invest in real estate, real estate leases and land use rights, and beneficiary rights of trusts which entrusts real estate, land leases and land use rights as their main assets.
- (7) Foreign Investment Securities:  
Among Foreign Securities, foreign investment securities prescribed in Article 2, Paragraph 1, Item 11 of the FIEA that are categorized in investment securities.
- (8) Foreign Investment Equity Subscription Right Certificates:  
Among Foreign Securities, New Investment Unit Subscription Warrants Securities prescribed in Article 2, Paragraph 1, Item 11 of the FIEA or securities issued by a foreign investment corporation that are similar to Investment Equity Subscription Right Certificates prescribed in Article 220, Paragraph 1 of the Act on Investment Trust and Investment Corporations (hereinafter referred to as the "Investment Trust Act").
- (9) Foreign ETFs:  
Among Foreign Investment Trust Beneficiary Certificates and Foreign Investment Securities, those prescribed in Article 94 and Article 259 of Ordinance for Enforcement of Act on Securities Investment Trust and Securities Investment Corporations.
- (10) Foreign Loan Claims Trust Beneficiary Certificates:  
Among Foreign Securities, securities prescribed in Article 2, Paragraph 1, Item 18 of the FIEA.
- (11) Foreign CDs:  
Among Foreign Securities, securities prescribed in Article 1, Item 1 of Enforcement Order of the Financial Instruments and Exchange Act (hereinafter "FIEA Enforcement Order").
- (12) Foreign CPs:  
Among Foreign Securities, securities prescribed in Article 2, Paragraph 1, Item 15 of the FIEA or securities or certificates issued by a foreign person prescribed in the same Paragraph, Item 17 thereof and that have the nature of the securities.
- (13) Foreign Depositary Receipts:  
Among Foreign Securities, securities prescribed in Article 2, Paragraph 1, Item 20 of the FIEA.
- (14) Foreign Preferred Equity Investment Certificates:  
Among Foreign Securities, securities prescribed in Article 2, Paragraph 1, Item 8 of the FIEA, or securities or certificates issued by a foreign person prescribed in the same Paragraph, Item 17 thereof and that have the nature of the securities.
- (15) Foreign Government Bonds, etc.:  
Among Foreign Securities, those prescribed in Article 1, Item 1(a) of the Cabinet Office Ordinance on the Disclosure of Details on the Issuer of Foreign Bonds, etc.
- (16) Foreign Shares, etc.:  
Foreign shares, Foreign ETFs, closed-end Foreign Investment Trust Beneficiary Certificates, closed-end Foreign Investment Securities, Foreign Preferred Equity Investment Certificates, and Foreign Depositary Receipts (limited to those that indicate rights related to shares, and securities or certificates issued by a foreign person and that have the nature of the shares (including the rights to be indicated on the securities in case that issuance of certificate is not required with respect to the rights to be indicated on securities and the rights are ones to be indicated on the securities when a certificate is not issued)).
- (17) Foreign Investment Trust Securities:

Open-end Foreign Investment Trust Beneficiary Certificates (excluding Foreign ETFs) and open-end Foreign Investment Securities (excluding Foreign ETFs).

(18) Foreign Transaction(s):

An act of placing an order for the sale or purchase of Foreign Securities (excluding Foreign Investment Trust Securities) in a foreign Financial Instruments Market (including an Over-the-Counter market; the same shall apply hereinafter) by means of intermediary, brokerage or agency, and an act of brokering an order for the sale of Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds in response to a tender-offer.

(19) Domestic Over-the-Counter Transaction[s]:

Over-the-Counter transactions of Foreign Securities (excluding Foreign Investment Trust Securities) conducted in Japan.

(20) Underwriting, etc. of Domestic Public Offering:

Underwriting of Foreign Shares, etc. (limited to those made at the time of public offering), secondary distribution of Foreign Shares, etc. (excluding those prescribed in Article 4, Paragraph 1, Item 4 of the FIEA (hereinafter referred to as “Secondary Distribution of Foreign Securities”); the same shall apply hereinafter), or handling of public offering or secondary distribution of Foreign Shares, etc., solicitation for selling, etc. of Foreign Shares, etc. to Professional Investors, or handling of solicitation for selling, etc. to Professional Investors of Foreign Shares, etc., made by an Association Member.

(21) Qualified Institutional Investors:

Those who are prescribed in Article 2, Paragraph 3, Item 1 of the FIEA (excluding the Association Members).

(22) Professional Investors:

Professional investors prescribed in Article 2, Paragraph 31 of the FIEA (excluding the Association Members and investors who are regarded as customers other than the Professional Investors pursuant to Article 34-2, Paragraph 5 and including those regarded as the Professional Investors pursuant to Article 34-3, Paragraph 4 (including the cases that applies *mutatis mutandis* to Article 34-4, Paragraph 6 thereof).

2. The rights to be indicated on Foreign Securities set forth in the preceding Paragraph, Items 2 through 15 shall be deemed as Foreign Securities even if a certificate of such Foreign Securities is not issued.

**(Conclusion of Agreement)**

**Article 3** An Association Member must, when receiving an order from a customer or another Association Member for a transaction of Foreign Securities (including the cases of handling of public offering or secondary distribution, or handling of private placement), conclude an agreement concerning a transaction of Foreign Securities with such customers or such another Association Member.

2. When an Association Member intends to conclude an agreement concerning a transaction of Foreign Securities prescribed in the preceding Paragraph with a customer (excluding Professional Investors in case that the sale of the Foreign Securities are made by handling of private placement), the Association Member must deliver the agreement on foreign securities trading account (hereinafter referred to as the “Agreement”) to the customer, and must receive an application for the establishment of a trading account pursuant to the Agreement submitted by the customer.

3. An Association Member must have a system that enables it to confirm that the application prescribed in the preceding Paragraph is surely received by methods designated by the Association Member such as accepting from a customer an application form describing that the customer applies for the establishment of a trading account pursuant to the Agreement.

**4.** Notwithstanding the provision of Paragraph 2, in cases that an Association Member has already delivered the Agreement to a customer who intends to conclude a contract for foreign securities transaction, and such customer does not request the Association Member to deliver the Agreement again, the Association Member is not required to deliver the Agreement.

**5.** The Agreement prescribed in Paragraph 2 must define the matters set forth in the following Items, provided, however, that matters that are clearly not required to be included in the agreement with the customer may be excluded in light of the business, etc. of an Association Member (the scope of the Foreign Securities handled, attributes of the customer, type of transaction, methods of concluding the agreement with the customer; the same shall apply hereinafter):

- (1) Matters on account processing of Foreign Securities;
- (2) Matters on instructions for the execution place and execution method of the sell and purchase orders;
- (3) Matters on receipt, execution, and process of orders;
- (4) Matters on contract date and delivery date;
- (5) Matters on handling of safekeeping, holder name and return of the Foreign Securities;
- (6) Matters on processing of Foreign Investment Trust Securities entrusted for safekeeping by a customer in case such securities have failed to meet the selection criteria;
- (7) Matters on processing of rights related to the Foreign Securities;
- (8) Matters on various notifications;
- (9) Matters on handling of various notifications from an issuer;
- (10) Matters on fees and payment due date related to the execution of transactions;
- (11) Matters on receipt/payment of foreign currency;
- (12) Matters on receipt and payment of money;
- (13) Matters on delivery of the transaction balance statement;
- (14) Matters on items in notification to an Association Member and procedures for changing items in notification;
- (15) Matters on effectiveness of notifications;
- (16) Matters on account management fee;
- (17) Matters on cancellation of the contract;
- (18) Matters on exemption from liability;
- (19) Matters on agreed jurisdiction; and
- (20) Matters on procedures for changing the Agreement.

**6.** The Agreement prescribed in Paragraph 2 must define the contents set forth in the following Items, provided, however, that contents that are clearly not required to be included in the agreement with

the customer may be excluded in light of the business, etc. of an Association Member:

- (1) The contract date in foreign transactions of the Foreign Securities shall be the date when an Association Member confirms the execution of the order of the transaction at the execution place (in case that the day is a non-business day, such date shall be the business day immediately thereafter);
- (2) The delivery date in sale and purchase of the Foreign Securities shall be the fourth business day counting from the contract date except for cases where a different treatment is separately agreed on with the customers;
- (3) The safekeeping of the Foreign Securities entrusted by a customer to an Association Member shall be delegated to a depository institution designated by the Association Member under the applicable governing laws and practices;
- (4) The safekeeping prescribed in the preceding Item shall be made under the name of the Association Member;
- (5) Even if Foreign Investment Trust Securities entrusted for safekeeping by a customer have failed to meet the selection criteria prescribed in Article 16 or 17, an Association Member shall accept the customer's order for brokerage of repurchase or cancellation;
- (6) An Association Member shall receive on behalf of the customer fruits such as dividend, coupon, and distribution, and redeemed funds of the Foreign Securities entrusted for safekeeping by a customer, and then the Association Member shall pay such money to the customer;
- (7) In case share options or Investment Equity Subscription Rights are granted on Foreign Securities entrusted for safekeeping by a customer, an Association Member shall in principle sell such share options and pay the proceeds to the customer.
- (8) Regarding the exercise of voting rights or making an objection at a shareholders meeting (including creditor meeting, beneficial owners meeting, owners meeting, investors meeting, and investment corporation creditor meeting; the same shall apply hereinafter) of the Foreign Securities entrusted for safekeeping by the customer, an Association Member shall follow the instructions by the customer. Provided, however, that if the customer does not give any instructions, the Association Member shall neither exercise the voting rights nor make an objection;
- (9) An Association Member shall notify the followings to a customer of the Foreign Securities entrusted for safekeeping by the customer:
  - (a) Notice of facts that may significantly impact the position of a shareholder, beneficiary owner, owner, investor, or investment corporation creditor such as an issuance of shares by public offering, share split, or reverse share split;
  - (b) Notice of dividend, coupon, distribution, and redemption; and
  - (c) Notice of important agenda at the shareholders meeting such as a merger.
- (10) An Association Member or an issuer of the Foreign Investment Trust Securities shall send a financial statement (including investment reports prescribed in Article 14 of the Investment Trust Act that applies mutatis mutandis to the provision in Article 59 of the same Act, and a document that states important matters among the matters to be stated in the investment reports (hereinafter referred to as the "Investment Reports, etc.)) and other documents related to the Foreign Investment Trust Securities entrusted for safekeeping by a customer (hereinafter referred to as the "Financial Statements, etc.") (excluding those not required to be sent to the customers under relevant laws and regulations) to the customer;
- (11) An Association Member shall retain notices and materials issued by an issuer of the Foreign Securities entrusted for safekeeping by a customer in three years (or one year for Foreign CDs and

Foreign CPs) from the date when such notices and materials reach the Association Member, and make them available to the relevant customer;

(12) An Association Member shall deliver the notices and materials prescribed in the preceding Item to a customer when the customer requests delivery of such notices and materials;

(13) Any payment or receipt of money between an Association Member and a customer in respect to the transaction, etc. of Foreign Securities shall be made in yen or foreign currency (limited to the foreign currency designated by the applicant to the extent that the Association Member can handle it). In such cases, the conversion rate between the foreign currency and yen shall be the rate designated by the Association Member on the conversion date unless otherwise agreed or specified; and

(14) In case of transactions with a Regular Member, the conversion date prescribed in the preceding Item shall be the contract date in terms of payment for transactions, and the day when the Regular Member confirms the receipt of total amount in terms of payment prescribed in Items 6 and 7.

**7.** Notwithstanding the provisions prescribed in Item 10 or Item 12 of the preceding Paragraph, an Association Member may prescribe in the Agreement prescribed in Paragraph 2 that the Association Member shall provide information that should be included in the documents set forth in each of the said Items in a method using an electronic processing organization or other methods using the telecommunication technology under the provisions of relevant laws and regulations, instead of sending or delivering such documents physically.

**8.** When an Association Member approves an application in the event that a customer has applied for the establishment of an account prescribed in Paragraph 2, the Association Member must establish the account and notify the customer the effect.

**9.** In the event that an Association Member brokers the sale of Foreign Securities by a customer for a tender offer, the Association Member must receive the agreement on sale of Foreign Securities for tender offer submitted by the customer.

**(Dealing in Accordance with Agreement, Etc.)**

**Article 4** An Association Member must handle the execution of sale and purchase, etc. of Foreign Securities, settlement of trade price and safekeeping of the Foreign Securities, etc. which are to be conducted based upon a customer's order, under the provisions of Agreement or the agreement on sale of Foreign Securities for tender offer.

**(Matters to be Observed)**

**Article 5** An Association Member shall, in soliciting a customer for an investment in Foreign Securities, take due care so that the investment may be made in a manner suitable to the intention, investment experience, and financial resources, etc. of the customer.

**(Offering of Materials, Etc.)**

**Article 6** An Association Member must, with respect to the Foreign Securities entrusted by a customer for safekeeping, retain any notices and materials, etc. delivered from the issuer of the relevant Foreign Securities (excluding those obligatory to submit to customers and to be publicly disclosed under relevant laws and regulations) for three years (or one year for Foreign CDs and Foreign CP) from the date when such notices or materials reach the Association Member, and make them available to the relevant customer.

**2.** An Association Member must endeavor to make important materials which contribute to the relevant customer's investment decision that have been made public by the issuer of the Foreign Securities (excluding those prescribed in the preceding Paragraph and those obligatory to submit to customers and to

be publicly disclosed under relevant laws and regulations) available to the customer.

**3.** An Association Member must, when requested by a customer with respect to the Foreign Securities entrusted for safekeeping, deliver the notices and materials, etc. delivered from the issuer prescribed in preceding Paragraph.

**4.** An Association Member must, when receiving an order for a transaction of Foreign Securities (excluding those with respect to which disclosure is made under the provision of the FIEA), explain to the customer to the effect that the disclosure of corporate affairs and other related matters, etc. under the FIEA is not conducted on such Foreign Securities. Provided, however, this provision shall not apply if the description that corporate affairs and other related information, etc. on such Foreign Securities is not disclosed under the FIEA is included in the Agreement (including attached materials that are provided at the same time of providing the Agreement) or in a delivered pre-contractual document (with the meaning of delivered pre-contractual document prescribed in Article 37-3 of the FIEA).

## **CHAPTER II. SOLICITATION, ETC. OF ALREADY-ISSUED FOREIGN SECURITIES**

### **SECTION 1. GENERAL PROVISIONS**

#### **(Eligible Securities)**

**Article 7** Regarding Already-Issued Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds, an Association Member may solicit Foreign Transactions and Domestic Over-the-Counter Transactions to customers (excluding the Qualified Institutional Investors and the Business Corporations, etc. prescribed in Paragraph 5; the same shall apply hereinafter in this Article and the next Article) only for the securities set forth in each of the following Items. Provided, however, this shall not apply in the case of secondary offering or private placement of the Foreign Securities (those fall under Article 2, Paragraph 4, Item 2(b) or (c); the same shall apply hereinafter), or in the event that the relevant Foreign Securities are the ones for delivery in connection with the settlement of foreign securities futures transactions, etc.:

- (1) (i) Those Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds traded in a foreign Financial Instruments Exchange Market or Over-the-Counter Market which is deemed by the Association Member to satisfy the qualifications prescribed in Paragraph 4 and which has no problem in view of investor protection (hereinafter referred to as the “Eligible Foreign Financial Instruments Market”), (ii) those Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds which are scheduled to be traded on the Eligible Foreign Financial Instruments Market (limited only to the case where the fact that the transaction is scheduled on such Eligible Foreign Financial Instruments Market is publicly disclosed or approved by such Eligible Foreign Financial Instruments Market or a competent authority or a similar organization that supervises such Eligible Foreign Instruments Market; and the price in the public offering or the secondary offering of such securities has already been determined, or the price that is a basis for the transaction of such securities is publicly disclosed by such Eligible Foreign Financial Instruments Market), and (iii) those Foreign Bonds which were issued by an issuer who has issued its securities as stated in (i) (ii) above;
- (2) Those Foreign Government Bonds, etc. and those bonds which were issued by an international organization of which Japan is a member;
- (3) Those Foreign Bonds and Foreign Preferred Investment Securities (limited to those prescribed in FSA Notification No. 19 dated on March 27, 2006 and similar ones) of which disclosure is conducted pursuant to the FIEA;

(4) Those Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds traded at a Financial Instruments Exchange Market in Japan; and

(5) Those Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds which were issued by the issuer of securities listed on a Financial Instruments Exchange Market in Japan.

**2.** Already-Issued Foreign Shares, etc., Foreign Share Option Certificates, and Foreign Investment Equity Subscription Right Certificates with respect to which an Association Member may solicit private placement to customers shall be the securities set forth in the preceding Paragraph, Item 1.

**3.** Already-Issued Foreign Bonds with respect to which an Association Member may solicit private placement to customers shall be the securities set forth in Paragraph 1, Items 1, 2, and 5 and the securities issued under laws and regulations of a country or region that satisfies all the following requirements:

(1) All the necessary laws and regulations on the system relating to Foreign Bonds are established;

(2) All the necessary laws and regulations on the disclosure relating to Foreign Bonds are established;

(3) There is a competent authority or a similar organization that supervises issuers of Foreign Bonds; and

(4) The purchase price, sale proceeds, and fruits, etc. of Foreign Bonds can be transmitted or received.

**4.** The requirements for the Eligible Foreign Financial Instruments Market prescribed in Paragraph 1 shall be set forth in each of the following Items:

(1) Trading prices of securities traded at the relevant Financial Instruments Exchange Market or Over-the-Counter market in the foreign country (hereinafter referred to in this Paragraph as “Traded Securities”) are available;

(2) Investment information such as financial statements concerning the issuers of Traded Securities is available;

(3) There is an authority or similar organization that supervises the relevant Financial Instruments Exchange Market or Over-the-Counter market in the foreign country;

(4) Purchase price, sales price, fruits, etc. of or resulting from Traded Securities can be paid or received through remittance; and

(5) There is an organization that conducts the safekeeping of Traded Securities.

**5.** “Business Corporations, etc.” prescribed in Paragraph 1 shall be those set forth in each of the following Items (excluding those who are qualified as the Qualified Institutional Investors):

(1) Business corporation (limited to those fall under either of the following):

(a) A listed company or a similar company; or

(b) A foreign corporation that has characteristics mentioned in the above (a).

(2) An entity that falls under any of the following:

(a) National or municipal government;

(b) Bond issuing entity prescribed in Article 2, Paragraph 1, Item 3 of the FIEA;

(c) Mutual aid association of a government office; or

(d) Juridical person that is economically and socially trustworthy such as incorporated school or



religious corporation.

**(Handling in Case of Selling without Solicitation)**

**Article 8** An Association Member must, when selling (including the case of entrustment) or conducting an intermediary of a sell order (including intermediary of entrusted sell order) of Foreign Transactions or Domestic Over-the-Counter Transactions (excluding secondary offering of Foreign Securities) of Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds other than the Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds prescribed in Paragraphs 1 to 3 of the preceding Article without soliciting a customer, properly manage it by preparing a document stating that the order is based on the customer's intention, and keeping and maintaining the document except for the cases prescribed in each Item below:

- (1) Continued acquisition under an employee stock ownership plan;
- (2) Exchange of share certificates accompanied by a merger, etc.;
- (3) Acquisition of the shares of a new company which are allotted along with the break-up of a company;
- (4) Acquisition of shares by choosing share dividends in the event that the option of cash dividends and share dividends are given; and
- (5) A purchase order by a customer is through another Association Member or a Financial Instruments Intermediary Service Provider.

**(Internal Rules, Etc.)**

**Article 9** In order to ensure the transparency and fairness of foreign transactions and domestic OTC transactions of Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds, an Association Member must prescribe the matters concerning the brokerage commissions and proper contract management of Domestic OTC transaction in its internal rules, and must endeavor to establish an internal control system including internal inspection and audit as well as to manage such systems properly.

**SECTION 2. DOMESTIC OVER-THE-COUNTER TRANSACTIONS**

**(Settlement)**

**Article 10** The securities in Domestic Over-the-Counter Transactions shall be settled through an account transfer.

**(Ensuring Fairness of Transaction)**

**Article 11** An Association Member, in executing Domestic Over-the-Counter Transactions in Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds (excluding those listed on a domestic Financial Instruments Exchange Market; the same shall apply in the next Article and Article 14 hereof) with customers, must maintain the fairness of the transaction by acting at a proper price based on the Market Price computed in reasonable manners (hereinafter referred to as "Internal Market Price").

2. Internal Market Price, which is prescribed in the preceding Paragraph, shall be made in consideration of maintenance of method of acquisition and computation.
3. An Association Member shall compute Internal Market Price in proper and reasonable manners

as to the issue whose Internal Market Price is difficult to acquire or whose Internal Market Price has not been computed continuously.

4. An Association Member must explain the epitome of the manner of computing transaction prices, etc., either orally or in writing when requested to do so by customers.

**(Ensuring Fairness of Transaction with Small Investors)**

**Article 12** An Association Member shall give still more consideration to the fairness of the transactions by paying full attention to that prescribed in the preceding Article and the each of following Item when executing Domestic Over-the-Counter Transactions in Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds, of which contract prices converted into Japanese Yen are below ¥10,000,000 with a customer (except the Qualified Institutional Investors and the Business Corporations, etc. prescribed in Article 7, Paragraph 5 hereof; hereinafter referred to as “Small Investor”):

(1) Notification of Price Information:

An Association Member must, when requested by Small Investors to offer price information, immediately notify the offered transaction price at the counter of its own company. An Association Member must also provide the current closing price at a foreign Financial Instruments Exchange Market, the current quotations at a foreign Financial Instruments Market or other reference information, when requested by Small Investors to do so.

(2) Enlightenment of Domestic Over-the-Counter Transaction:

An Association Member shall endeavor to enlighten Small Investors with respect to Domestic Over-the-Counter Transactions in Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds, by keeping at a counter leaflets, etc. about knowledge of Domestic Over-the-Counter Transactions in Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds.

**(Extraordinary Transactions)**

**Article 13** With respect to Domestic Over-the-Counter Transaction in Foreign Bonds to be conducted by an Association Member with a customer or another Association Member, the Association Member must not effect the transactions set forth below and any other acts of providing financial returns to customers or the third parties with the aim of compensating for the customer’s loss or adding to the profit (hereinafter referred to as “Extraordinary Transactions”):

- (1) Domestic Over-the-Counter Transactions in same-foreign-bond issues in which sales and purchases are effected simultaneously at prices favorable to customers or the third parties, but unfavorable to the Association Members with the aim of compensating for the customer’s loss or adding to the profit; provided, however, that the price differential that corresponds to a proper interest based on a difference in the delivery date and the price differential which corresponds to the differential in delivery terms between the certificate bonds and registered bonds are excluded;
- (2) The transaction with prior promises that an Association Member will repurchase or sell at prices favorable to customers or cancel the transaction when it sells to or purchases from the customers Foreign Bonds; provided, however, that Gensaki Transactions are excluded; or
- (3) A transaction with prior promises in collusion with a third party that the customer will be sure to gain profits by selling to or purchasing from the third party Foreign Bonds when an Association Member sells to or purchases from the customers the Foreign Bonds.

2. An Association Member must, when a short-term transaction conducted with a customer has produced a substantial amount of profits for the customer, be mindful of the possibility that such a transaction may fall under an Extraordinary Transaction, and must endeavor to strengthen further internal

administration of matters concerning the contract with the customer, confirmation of such a contract, keeping of records, etc.

3. “Short-term” transactions prescribed in the preceding Paragraph shall mean the transactions in which the number of business day(s) between sale date and purchase date are not exceeding two (2) days on the contract and delivery basis respectively.

4. “A substantial amount of returns” in Paragraph 2 hereof, shall mean returns generated by the transactions to customer of an amount not less than one percent of the par face value.

**(Preparing and Keeping of Transaction Records and Keeping and Maintaining of Internal Market Price)**

**Article 14** When an Association Member has effected Domestic Over-the-Counter Transaction of Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, and Foreign Bonds, it must properly manage by immediately preparing an order slip and other related documents that state such matters as the contracting time, and shall keep and maintain those document in a proper manner.

2. An Association Member shall keep and maintain Internal Market Price on a daily basis; provided, however, that, if Internal Market Price is calculated in accordance with a certain rule, it is enough for them to keep and maintain the basis for such rule.

3. In the event that an Association Member conducts a transaction in an issue which falls under Article 11, Paragraph 3 hereof, such Association Member must retain (i) the quotations of Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, or Foreign Bonds related to such transaction which are acquired through a market information service, (ii) the price or quotations of such Foreign Shares, etc., Foreign Share Option Certificates, Foreign Investment Equity Subscription Right Certificates, or Foreign Bonds at their principal trading markets, and/or other information which was referred to conduct the transaction.

**CHAPTER III. SALE, ETC. OF FOREIGN INVESTMENT TRUST SECURITIES**

**(Eligible Securities)**

**Article 15** Foreign Investment Trust Securities for which an Association Member may solicit (excluding secondary offering of Foreign Securities) to customers (excluding Qualified Institutional Investors) must be the ones confirmed by the Association Member to meet all of the criteria set forth in each of the following Items and not to have any issue in view of investor protection:

- (1) Securities of a trust which was established pursuant to the laws and regulations of a country or region which satisfies the following qualifications:
  - (a) A country or region that has laws and regulations on a system concerning Foreign Investment Trust Securities;
  - (b) A country or region that has laws and regulations on disclosure concerning Foreign Investment Trust Securities;
  - (c) A country or region that has an authority or similar organization that supervises an issuer of Foreign Investment Trust Securities; and
  - (d) A country or region where the purchase price, sales price, fruits, etc. of or resulting from Foreign Investment Trust Securities can be transmitted or received through remittance.
- (2) In the case of handling of public offering or secondary distribution, Securities shall meet the

“selection criteria” prescribed in the next Articles or Article 17 hereof:

**(Selection Criteria of Foreign Investment Trust Beneficiary Certificates)**

**Article 16** The selection criteria of Foreign Investment Trust Beneficiary Certificates (limited to open-end types and excluding Foreign ETF; the same shall apply hereinafter in this Article) shall be set forth in each of the following Items:

(1) Amount of Minimum Net Asset Value:

(a) Net asset value of the Foreign Investment Trust shall be 100 million yen or more (Foreign currencies shall be converted into yen at the basic exchange rate announced by Bank of Japan or a rate similar thereto. The same shall apply in this Article and the following Article.); and

(b) Net asset value of the administration company (issuer of the beneficiary certificate) shall be 50 million yen or more.

(2) Designation of Safekeeping Place:

The businesses concerning the safekeeping of assets shall be consigned to a bank or trust company.

(3) Appointment of Agent in Japan:

An agent of the administration company (an individual or a corporation which is authorized by the administration company to conduct any judicial or extrajudicial act in Japan; the same shall apply hereafter) shall be established in Japan. In such cases, the post of the said agent is not precluded from being held concurrently by an Agent Association Member prescribed in Item 5 (an Association Member who is the designated company for Foreign Investment Trust Securities (limited to those confirmed by the Association Member that it meets the selection criteria) and who is responsible for conducting the business prescribed in Article 21 in Japan on behalf of an issuer of the Foreign Investment Trust Securities under the agreement with the issuer or a local underwriter of the Foreign Investment Trust Securities; the same shall apply hereinafter).

(4) Jurisdiction:

Any lawsuit related to transactions in Foreign Investment Trust Beneficiary Certificates acquired by a Japanese investor shall be clearly subject to the jurisdiction of Japan.

(5) Establishment of Agent Association Member:

The Agent Association Member shall be established in Japan.

(6) Limitation on Short Selling:

The total Market Price of the securities sold short shall not exceed the net asset value.

(7) Limitation on Borrowing:

(a) For Foreign Investment Trust Beneficiary Certificates other than Foreign Real Estate Investment Trust Beneficiary Certificates, the amount of borrowing shall not exceed 10% of the net asset value; provided, however, that this shall not apply if such amount temporarily exceeds 10% for a reason such as merger;

(b) Concerning Foreign Real Estate Investment Trust Beneficiary Certificates, when borrowing is necessary due to asset management, etc., care should be taken regarding the soundness of the investment trust assets.

(8) Limitation on Derivative Transactions, etc.:

Concerning Foreign Investment Trust Beneficiary Certificates (excluding Foreign Real Estate Investment Trust Beneficiary Certificates; the same shall apply in the following Item), if the

amount calculated in advance with a reasonable method by an administration company or a management company as the amount that is equivalent to risks that possibly arise as a result of changes of interest rate, exchange rate, quotation in the financial instruments markets, and other indicators or other reasons exceeds the amount of net assets, derivative transactions, etc. (derivative transactions prescribed in Article 2, Paragraph 20 of the FIEA (including transactions of Share Option Certificates, Foreign Share Option Certificates, Investment Equity Subscription Right Certificates, or Foreign Investment Equity Subscription Right Certificates, or securities or certificates that represent options prescribed in Article 2, Paragraph 1, Item 19 of the FIEA, sales or purchase of Bonds with Options Rights, and transaction of commodity investment, etc. (those prescribed in Article 3, Item 10 of the Enforcement Order of the Act on Investment Trust and Investment Corporations)); the same shall apply hereinafter) shall not be conducted.

(9) Managing Credit Risk:

Concerning Foreign Investment Trust Beneficiary Certificates, it is not allowed to conduct a transaction that is against a reasonable method pre-determined by an administration company or a management company for properly managing the credit risk (a risk possibly generated by a default by a counterparty or other reasons in respect of holding securities and other assets; the same shall apply hereinafter).

(10) Limitation on Acquisition of Shares of Same Issuing Company:

More than 50% of the total number of voting rights (with the meaning of voting rights prescribed in Article 9, Item 1 of the Investment Trust Act; the same shall apply hereinafter) of a single issuing company shall not be owned by a Foreign Investment Trust through Foreign Investment Trust Beneficiary Certificates managed by an administration company. In such cases, percentage may be calculated based upon either the price of such shares at the time of acquisition or the market value of such shares. (The same shall apply in this Article and the following Article.)

(11) Maintaining Price Transparency:

For privately offered share, non-listed share, and real estate, etc., with less liquidity, there shall be a system in place to maintain price transparency; provided, however, that it shall not apply to the funds that clearly stated policy of not investing more than 15% in less-liquid assets.

(12) Prohibition of Improper Transaction:

The administration company shall be forbidden to conduct transactions for the purpose of its own benefit or for the benefit of third parties other than beneficiaries of the Foreign Investment Trust Beneficiary Certificates and other transaction, etc. that compromise the protection of the beneficiary or hamper the appropriate management of the investment trust assets.

(13) Change in Managers:

A change in the officers of the administration company shall require the approval, etc. of the relevant authorities, investors or trustees.

(14) Clarified Purchase Method:

The method of purchasing the securities sold back by investors shall be clarified in the country where the Foreign Investment Trust Beneficiary Certificates are established.

(15) Disclosure to Investors:

Details of Foreign Investment Trust Beneficiary Certificates shall be disclosed to the investors and relevant authorities in the country where the Foreign Investment Trust Beneficiary Certificates are established; provided, however, that this shall not apply in the event that the disclosure is conducted pursuant to the FIEA.

(16) Audit Certificate:

Financial statements of Foreign Investment Trust Beneficiary Certificates shall be audited by an independent auditor.

2. Notwithstanding the provisions in the preceding Paragraph, selection criteria of Foreign

Investment Trust Beneficiary Certificates that are managed based on the framework of the Asia Region Funds Passport (hereinafter referred to as the “ARFP”) shall be set forth in each of the following Items:

- (1) Conformity to the ARFP Rules:  
The requirements prescribed in the framework of the ARFP (hereinafter referred to as the “ARFP Rules”) shall be met.
- (2) Appointment of Agent in Japan:  
An agent of the administration company shall be established in Japan. In such case, the post of the said agent is not precluded from being held concurrently by an Agent Association Member.
- (3) Jurisdiction:  
Any lawsuit related to transactions in Foreign Investment Trust Beneficiary Certificates acquired by a Japanese investor shall be clearly subject to the jurisdiction of Japan.
- (4) Establishment of Agent Association Member:  
The Agent Association Member shall be established in Japan.
- (5) Prohibition of Improper Transaction:  
The administration company shall be forbidden to conduct transactions for the purpose of its own benefit or for the benefit of third parties other than the beneficiary of the Foreign Investment Trust Beneficiary Certificates and other transaction, etc. that compromise the protection of the beneficiary or hamper the appropriate management of the investment trust assets.
- (6) Change in Managers:  
A change in the officers of the administration company shall require the approval, etc. of the relevant authorities, investors, or trustees.

**(Selection Criteria of Foreign Investment Securities)**

**Article 17** The selection criteria of Foreign Investment Securities (limited to open-end Foreign Investment Securities and excluding Foreign ETF; the same shall apply in this Article) shall be as set forth in each of the following Items:

- (1) Amount of Minimum Net Assets:
  - (a) Net asset value held by the foreign Investment Corporation shall be 100 million yen or more;
  - (b) Net asset value of the management company shall be 50 million yen or more.
- (2) Designation of Safekeeping Place:  
The businesses concerning the safekeeping of assets shall be entrusted to a bank or trust company.
- (3) Appointment of Agent in Japan:  
An agent of the Foreign Investment Corporation (an individual or a corporation which is authorized by the Foreign Investment Corporation to conduct any judicial or extrajudicial act in Japan; the same shall apply hereafter) shall be established in Japan. In such cases, the post of the said agent is not precluded from being held concurrently by the Agent Association Member.
- (4) Jurisdiction:  
Any lawsuit related to transactions in Foreign Investment Securities acquired by a Japanese investor shall be clearly subject to the jurisdiction of Japan.
- (5) Establishment of Agent Association Member:  
The Agent Association Member shall be established in Japan.

(6) Limitation on Derivative Transactions, etc.:

If the amount calculated in advance with a reasonable method by a foreign investment corporation, an administration company, or a management company as the amount that is equivalent to risks that possibly arise as a result of changes of interest rate, exchange rate, quotation in the financial instruments markets, and other indicators or other reasons exceeds the amount of net assets, derivative transactions, etc. shall not be conducted.

(7) Managing Credit Risk:

It is not allowed to conduct a transaction that is against a reasonable method pre-determined by a foreign investment corporation, an administration company, or a management company for properly managing the credit risk.

(8) Limitation on Acquisition of Shares of Same Issuing Company:

More than 50% of the total number of voting rights of a single issuing company shall not be owned by a foreign Investment Corporation.

(9) Prohibition of Acquisition of Own Securities:

The Foreign Investment Corporation shall not acquire the Foreign Investment Securities issued by itself.

(10) Prohibition of Improper Transactions:

The management company shall be forbidden to conduct transactions for the purpose of its own benefit or for the benefit of third parties and other transaction, etc. that compromise the protection of the investors or hamper the appropriate management of the assets of a Foreign Investment Corporation.

(11) Change in Managers:

A change in the officers of the Foreign Investment Corporation shall require the approval, etc. of the relevant authorities, investors or trustees.

(12) Clarified Purchase Method:

The method of purchasing the securities sold back by investors shall be clarified in the country where Foreign Investment Securities are established.

(13) Disclosure to Investors:

Details of Foreign Investment Securities shall be disclosed to the investors and relevant authorities in the country where Foreign Investment Securities are established; provided, however, that this shall not apply in the event that the disclosure is conducted pursuant to the FIEA.

(14) Audit Certificate:

Financial statements of Foreign Investment Securities shall be audited by an independent auditor.

2. Notwithstanding the provisions in the preceding Paragraph, selection criteria of Foreign Investment Securities that are managed based on the framework of the ARFP shall be set forth in each of the following Items:

(1) Conformity to the ARFP Rules:

The ARFP Rules shall be met.

(2) Appointment of Agent in Japan:

An agent of the Foreign Investment Corporation shall be established in Japan. In such case, the post of the said agent is not precluded from being held concurrently by an Agent Association Member.

(3) Jurisdiction:

Any lawsuit related to transactions in Foreign Investment Securities acquired by a Japanese investor shall be clearly subject to the jurisdiction of Japan.

(4) Establishment of Agent Association Member:

The Agent Association Member shall be established in Japan.

(5) Prohibition of Acquiring Own Securities:

The Foreign Investment Corporation shall not acquire the Foreign Investment Securities issued by itself.

(6) Prohibition of Improper Transaction:

The management company shall be forbidden to conduct transactions for the purpose of its own benefit or for the benefit of third parties and other transactions, etc. that compromise the protection of the investors or hamper the appropriate management of assets of the Foreign Investment Corporation.

(7) Change in Managers:

A change in the officers of the Foreign Investment Corporation shall require the approval, etc. of the relevant authorities, investors, or trustees.

**(Notification, Etc. of Commencement of Sale)**

**Article 18** An Agent Association Member must submit to the Association a “Statement of Notification of Dealing in Foreign Investment Trust Securities” prepared in the form provided by the Association, a “Confirmation Letter” that relates to the conformity to the selection criteria, a copy of the contract related to the Agent Association Member, and other documents deemed necessary by the Association.

2. When an Agent Association Member intends to abolish its agency business (with the meaning of the business prescribed in Article 21 that an Agent Association Member conducts domestically on behalf of an issuer of the Foreign Investment Trust Securities pursuant to an agreement with the issuer of the Foreign Investment Trust Securities or a local underwriting company; the same shall apply hereinafter), it must notify the Association of that effect.

**(Obligation to Repurchase)**

**Article 19** An Association Member must, even when the Foreign Investment Trust Securities have become unable to meet the selection criteria, accept an order from a customer for brokerage for the repurchase or cancellation of the securities.

**(Continuation of Agency Business)**

**Article 20** An Agent Association Member must, in the event that there are no other companies to act as Agent Association Member with respect to the Foreign Investment Trust Securities for which the Agent Association Member is conducting agency business, must continue the agency business concerned.

**(Forwarding, Etc. of Materials)**

**Article 21** An Agent Association Member must forward a prospectus of the Foreign Investment Trust Securities for which the Agent Association Member is conducting agency business to an Association Member who intends to sell the Foreign Investment Trust Securities to a customer or another Association Member (hereinafter referred to as “Customer” in this and the following Article).

2. An Agent Association Member must make public the base prices of the Foreign Investment Trust Securities for which it is acting as an agent.

3. An Agent Association Member must forward Financial Statements, etc. to the Association



Member who has sold the Foreign Investment Trust Securities to the Customer.

4. An Agent Association Member must, when the Foreign Investment Trust Securities for which it is acting as an agent have become unable to meet the selection criteria, immediately report the Association to that effect, and must notify the Association Members who have sold the Foreign Investment Trust Securities concerned to Customer.

**(Disclosure of Materials)**

**Article 22** An Association Member who has sold Foreign Investment Trust Securities to a Customer must forward to the Customer the Financial Statements, etc.; provided, however, that this shall not apply when the issuer of Foreign Investment Trust Securities sends the Financial Statements, etc. to the Customer or when the Financial Statements, etc. are provided to the Customer, by any of the methods prescribed in Article 32, Paragraph 1, either by the Agent Association Member for the Foreign Investment Trust Securities or by another Association Member who has sold the Foreign Investment Trust Securities to the Customer.

2. Notwithstanding the provisions of the preceding Paragraph, when an Agent Association Member has published a summarized version of the Financial Statement, etc. of Foreign Investment Securities in daily newspapers which deal mainly with current affairs, the Agent Association Member may dispense with delivering such a Financial Statement, etc. to Customer, unless the Customer has requested it.

3. An Association Member must, when the Foreign Investment Trust Securities sold by it to Customer have become unable to meet the selection criteria, notify the Customer concerned to that effect without delay.

**(Restriction Concerning Advertising, Etc.)**

**Article 23** When an issuer, etc. of Foreign Investment Trust Securities has conducted advertising or offered premiums in Japan in violation of the “Regulations Concerning Representation of Advertising, Etc. and Offer of Premiums” determined by the Association, an Association Member must not conduct the sale, etc. of such Foreign Investment Trust Securities.

**CHAPTER IV. UNDERWRITING, ETC. OF PUBLIC OFFERING OF FOREIGN SHARES, ETC. IN JAPAN**

**(Eligible Securities)**

**Article 24** Foreign Shares, etc. which an Association Member may conduct Underwriting, etc. of Public Offering in Japan (excluding the Foreign Preferred Subscription Securities prescribed in FSA Notification No. 19 dated on March 27, 2006 and similar ones; the same shall apply in this Chapter) shall be limited to the securities set forth below:

- (1) Securities traded or scheduled to be traded on the Eligible Foreign Financial Instruments Market;  
and
- (2) Securities traded or scheduled to be traded on a Financial Instruments Exchange Market in Japan.

**(Special Notes in Underwriting, Etc.)**

**Article 25** An Association Member shall conduct Underwriting, etc. of Public Offering in Japan of Foreign Shares, etc. by sufficiently paying attention to the earning performance of the issuer, trends in share prices or liquidity at Financial Instruments Markets in its own country, etc., or other matters deemed to be important in view of investor protection.

**(Smooth Conclusion, Etc. of Sale and purchase)**

**Article 26** An Association Member who conducts Underwriting, etc. of Public Offering in Japan of Foreign Shares, etc. which are not listed on a Financial Instruments Exchange Market in Japan shall endeavor to smoothly execute sell or purchase orders of customers through Foreign Transactions or Domestic Over-the-Counter Transactions.

**(Notification, Etc. of Underwriting, Etc. of Domestic Public Offering)**

**Article 27** In cases where an Association Member does Underwriting, etc. of Public Offering in Japan of Foreign Shares, etc. that are not listed in a domestic Financial Instruments Exchange Market, the Association Member must file in advance the “Statement of Notification of Underwriting, etc. of Public Offering in Japan of Foreign Shares, etc.” that is prepared in the form provided by the Association and other documents deemed necessary by the Association.

2. When any content included in the Statement of Notification of Underwriting, etc. of Public Offering in Japan of Foreign Shares, etc. submitted to the Association pursuant to Paragraph 1 is changed, an Association Member must immediately submit such change in writing to the Association.

3. Submission of documents to the Association and notification in writing prescribed in the preceding two Paragraphs may be done by the Representative Association Member (one representing Association Member if there are two or more Association Members who conduct Underwriting, etc. of Public Offering in Japan of Foreign Share Certificates, etc.). The same shall apply to the submission of documents prescribed in the following Article, Paragraph 2 and notification in writing prescribed in the same Article, Paragraph 3, Item 4 and the same Article, Paragraph 4.

**(Provision, Etc. of Materials, Etc.)**

**Article 28** An Association Member must immediately receive from the issuer (including the agent in Japan) materials that are published by the issuer and useful for the investment decision by an investor and other materials or information that is deemed especially necessary by the Association (referred to as “Materials, etc.” in this Article) and must provide them to a customer as well as make them available to the public in accordance with the provisions prescribed in Article 6, Paragraph 1 and 2. Provided, however, this provision does not apply if Materials, etc. published by the issuer can easily be acquired in Japan on a continuous basis by use of the Internet or other means.

2. If an Association Member receives or collects Materials, etc. from the issuer as prescribed in the preceding Paragraph, it must ensure the certainty of receipt of the Materials, etc. by executing a contract with the issuer, and also submit a copy of such contract and a document describing the business procedures of collecting information (hereinafter referred to as the “Operating Procedures of Collecting Information”) to the Association in advance.

3. The Operating Procedures of Collecting Information shall describe the following matters and an Association Member shall comply with it:

(1) How to collect information;

(2) How to make Materials, etc. available to the public;

(3) When a situation arises where it is difficult to receive or collect the Materials, etc. from the issuer immediately, an Association Member shall immediately collect the Materials, etc. on the issuer that are disclosed by such issuer through main Eligible Foreign Financial Instruments Market, a competent authority which supervises such main Eligible Foreign Financial Instruments Market, or a self-regulatory organization similar to the Association, provide customers with them, and make them available to the public; and

(4) When a situation arises where it is difficult to receive or collect the Materials, etc. from the issuer immediately, or when such situation is resolved, an Association Member shall immediately report

it to the Association in writing and make it available to the public.

4. When any content included in the copy of the contract, etc. or the Operating Procedures of Collecting Information submitted to the Association pursuant to Paragraph 2 is changed, an Association Member must immediately report it to the Association in writing.

**(Public Announcement of Issuer's Name, Etc. of Foreign Share Certificates, Etc.)**

**Article 29** The Association shall disclose the matters set forth below among matters that are submitted by the Association Member pursuant to Article 27, Paragraph 1, Article 27, Paragraph 2, Article 28, Paragraph 2, and Article 28, Paragraph 4:

- (1) Name of issuer;
- (2) Name of the main Eligible Foreign Financial Instruments Market; and
- (3) How to make the Materials, etc. available to the public when the Materials, etc. are received or collected from the issuer pursuant to the provision of Article 28, Paragraph 1.

**(Dealing in Case the Continuous Disclosure Obligation Does Not Apply)**

**Article 30** In cases where the submission obligation of continuous disclosure document (including the issuer information prescribed in Article 27-32, Paragraph 1 of the FIEA) under the FIEA does not apply to an issuer, or in case the Foreign Share, etc. prescribed in Article 27, Paragraph 1 is listed on a domestic Financial Instruments Exchange Market or meets either of the following conditions or other appropriate conditions that are deemed appropriate by the Association, the Association may cease to apply the treatment prescribed from Article 27 to the preceding Article:

- (1) The Foreign Shares, etc. is de-listed on an Eligible Foreign Financial Instruments Market in its home country;
- (2) The circumstance of the liquidity of Foreign Shares, etc. is considered to be getting extremely worse in an Eligible Foreign Financial Instruments Market in its home country;
- (3) The issuer determines to restrict the transfer of the Foreign Shares, etc.; or
- (4) The issuer changes organization structure such as company.

## **CHAPTER V. MISCELLANEOUS PROVISIONS**

**(Report on Status of Transaction, Etc.)**

**Article 31** An Association Member must make a report to the Association on the status of transactions of, safekeeping of, and, the status of Underwriting, etc. of Public Offering of Foreign Securities in Japan using the prescribed form.

2. When an Association Member conducts or has conducted the transaction prescribed in Article 1-7-3, Item 6 of the FIEA Enforcement Ordinance, the Association Member shall report to the Association the matters set forth in the above Item 6 and each Item of Article 13-3, Paragraph 1 of the Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act (hereinafter referred to as "Definitions Ordinance") in a pre-defined manner. The matters set forth in the same Paragraph, Item 4 shall be separately determined by the Association.

3. When an Association Member has conducted the transaction prescribed in Article 1-8-4, Item 4 of the FIEA Enforcement Ordinance, the Association Member shall report to the Association the matters set forth in the above Item 4 and Article 13-7, Paragraph 10 of the Definitions Ordinance in a pre-defined

manner. The matters set forth in the same Paragraph, Item 3 shall be separately determined by the Association.

4. The Association shall publicly disclose the result based on the report prescribed in the preceding Paragraph in a pre-defined manner.

5. When an Association Member makes or has made secondary distribution of Foreign Securities that meet the requirements prescribed in Article 2-12-3, Items 1, 2, and 3 of the FIEA Enforcement Ordinance (limited to the case where sale and purchase are made continuously), the Association Member shall report the matters that the Association considers necessary to the Association, in a pre-defined manner.

6. The Association shall publicly disclose the result in a pre-defined manner for the purpose of confirmation by an Association Member pursuant to Article 13, Item 3 of the Cabinet Office Ordinance on Provision or Publication of Information on Securities, Etc.

**(Delivery, Etc. of Documents using Electromagnetic Methods)**

**Article 32** In substitution for the delivery of the following documents, under the provision of the “Regulation Concerning the Treatment of Provision, etc. of Documents Using Electromagnetic Methods” (hereinafter referred to as “Regulation on Provision of Documents by Electromagnetic Methods”), Association Members may use methods employing electronic information processing systems or other information technologies to provide the matters to be recorded in the documents for the customers. In such a case, the Association Members shall be regarded as having submitted, etc., the following documents:

- (1) Agreement on foreign securities trading account prescribed in Article 3, Paragraph 2;
- (2) Notices and materials delivered from the issuer of Foreign Securities prescribed in Article 6, Paragraph 3;
- (3) Written explanation on the calculation method, etc. of the trading price prescribed in Article 11, Paragraph 4;
- (4) Prospectus of Foreign Investment Trust Securities for which a Member is acting as an agent prescribed in Article 21, Paragraph 1;
- (5) Financial Statements, etc. (excluding the Investment Reports, etc.) related to Foreign Investment Trust Securities for which an Association Member is acting as an agent prescribed in Article 21, Paragraph 3;
- (6) Financial Statements, etc. (excluding the Investment Reports, etc.) of Foreign Investment Trust Securities prescribed in Article 22, Paragraph 1;
- (7) Materials, etc. prescribed in Article 28;

2. In substitution for the collection of the following documents, under the provision of the Regulation on Provision of Documents by Electromagnetic Methods, Association Members may use methods employing electronic information processing systems or other information technologies to receive the matters to be recorded in the documents. In such a case, the Members shall be regarded as having collected, etc. the following documents:

- (1) The application for the trading account prescribed in Article 3, Paragraph 3;
- (2) The Agreement on Sale of Foreign Securities for Tender Offer prescribed in Article 3, Paragraph 9.

## **SUPPLEMENTARY PROVISIONS [Omitted]**

(Note) These Rules are based on the version in effect as of January 1, 2018

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

**(Reference Form of the Agreement Concerning Foreign Securities Transactions Account that is prescribed in Article 3, Paragraph 2 of the Rules: enforced on January 1, 2011)**

## **AGREEMENT CONCERNING FOREIGN SECURITIES TRANSACTIONS ACCOUNT**

### **CHAPTER I. GENERAL PROVISIONS**

#### **(Purpose of Agreement)**

**Article 1** The purpose of this Agreement shall be to clarify the rights and obligations concerning Foreign Securities (Foreign Securities under the provisions of the rules by Japan Securities Dealers Association or a Financial Instruments Exchange; the same shall apply hereinafter) transactions to be entered into by you (hereinafter referred to as the “Customer”) with our Company.

2. The Customer shall agree to the matters set forth in this Agreement with respect to the entrustment of (a) sale or purchase or other transactions of Foreign Securities in a Financial Instruments Exchange Market in Japan (hereinafter referred to as the “Domestic Entrustment Transactions”), (b) agency of sale or purchase order of Foreign Securities to a Financial Instruments Market outside Japan (including an OTC market; the same shall apply hereinafter) (hereinafter referred to as the “Foreign Transactions”), (c) OTC transactions in Japan of Foreign Securities (hereinafter referred to as the “Domestic OTC Transactions”), and (d) safekeeping of such Foreign Securities to our Company (including the management of the quantity described or recorded in an account of such Foreign Securities in case the rights that should be described in the Foreign Securities do not require the issuance of securities certificates in accordance with laws and regulations governing the issuance of such Foreign Securities and such quantity is included in the rights that should be described in the securities if a securities certificate is not issued (hereinafter referred to as “Deemed Foreign Securities”); the same shall apply hereinafter), and shall conduct such transactions at its own judgment and responsibility.

The above-mentioned Domestic Entrustment Transactions, Foreign Transactions, and Domestic OTC Transactions shall not include sale and purchase in connection with margin trading, purchase prices that are borrowed for margin trading, or transactions related to the repayment of securities for short selling.

#### **(Dealing Through Foreign Securities Transactions Account)**

**Article 2** In connection with any Foreign Securities transactions to be entered into by the Customer with our Company, the execution of a sale or purchase, settlement of the sale or purchase price, custody of securities, and all other matters, including the receipt or payment of money, etc. relating to such Foreign Securities transactions, shall be dealt with through the “Foreign Securities Transactions Account”

(hereinafter referred to as the “Account”).

**(Matters to be Observed)**

**Article 3** In connection with any Foreign Securities transactions to be entered into by the Customer with our Company, the Customer shall comply with the provisions of Japanese laws and regulations, and the provisions of the rules, decisions, and practices established by the Financial Instruments Exchange in Japan on which such sale or purchase of securities is executed (hereinafter referred to as the “Exchange”), Japan Securities Dealers Association and securities depositories (including Japan Securities Depository Center Inc. and other securities depositories designated by the Exchange; the same shall apply hereinafter), to the extent that such provisions relate to the sale and purchase in such Foreign Securities, and shall follow any guidance given by our Company with respect to the laws, regulations, and practices, etc. of the country or region (hereinafter referred to as “Countries, etc.”) of the issuer of such Foreign Securities (for depository receipts, a depository organization related to such depository receipts; the same shall apply hereinafter).

**CHAPTER II. DOMESTIC ENTRUSTMENT TRANSACTIONS OF FOREIGN SECURITIES**

**(Deposit of Foreign Securities for Commingled Custody, Etc.)**

**Article 4** The Foreign Securities to be deposited by the Customer with our Company (excluding Foreign Shares, etc. and Foreign Share options; hereinafter referred to as the “Deposited Securities”) shall be deposited under a contract of deposit for commingled custody. Foreign Shares, etc. and Foreign Share options of which the quantity is recorded or described in the account of the Customer in our Company (hereinafter referred to as the “Transferred Securities”) shall be properly managed in accordance with laws and regulations, provisions of the rules, decisions, and practices established by a securities depository, to the extent that such provisions relate to the sale and purchase in Foreign Securities based on the nature of rights held by the customer.

2. The Deposited Securities shall be deposited under the name of our Company with a securities depository for commingled custody. In the event that the Deposited Securities are in registered form, the securities depository shall transfer such securities to the name designated by the securities depository. For Transferred Securities, the quantity of the securities described or recorded in the account of our Company in a local custodian that is prescribed in the next Paragraph shall be transferred to the account of the securities depository designated by the local custodian and the quantity shall be described or recorded on such account.

3. The Deposited Securities to be deposited for commingled custody or the Transferred Securities to be transferred to the account of the securities depository under the preceding Paragraph (hereinafter

referred to as the “Deposited Securities, etc.”) shall be held in custody or managed by a custodian located in the Countries, etc. of the issuer of such the Deposited Securities, etc. or in the Countries, etc. deemed appropriate by the securities depository (hereinafter referred to as the “Local Custodian”) in accordance with the laws, regulations, and practices of the Countries, etc. where the Local Custodian is located and the rules, etc. of the Local Custodian.

4. With respect to deposit, record, or description under Paragraph 1 above, the Customer shall pay our Company the actual costs incurred by our Company for each instance, unless the Customer deposits Foreign Securities with our Company in the Countries, etc. in which the Local Custodian is located.

**(Joint Ownership Right of Deposited Securities)**

**Article 4-2** When the Customer deposits Foreign Securities with our Company, the Customer shall have the joint ownership right of the Foreign Securities he/she deposited, the Foreign Securities of the same issue that are deposited by other customers with our Company, and the Foreign Securities of the same issue that are deposited by our Company with a securities depository and held for commingled custody by the securities depository. The Customer of the Foreign Share, etc. that are described or recorded in the account of our Company in the Local Custodian shall obtain the rights under the governing law applicable to such Foreign Securities correspondent to the quantity described or recorded in the account in the securities depository of the said Local Custodian.

2. The joint ownership right of the Deposited Securities owned by the Customer shall be transferred when our Company records the transferred quantity in the account of the Customer. The right in connection with the Transferred Securities owned by the Customer shall be transferred when our Company describes or records the transferred quantity in the account of the Customer.

**(Sale or Delivery of Deposited Securities in a Financial Instruments Market Outside Japan)**

**Article 5** If the Customer intends to sell the Deposited Securities, etc. in a Financial Instruments Market outside Japan, or intends to receive the delivery of such Deposited Securities, etc., our Company shall move the Deposited Securities, etc. to the custody of our Company or a custodian designated by our Company (hereinafter referred to as the “Company’s Custodian”) from the Local Custodian, or transfer to the account designated by our Company, and sell or deliver them to the Customer.

2. With respect to the delivery under the preceding Paragraph, the Customer shall pay our Company the actual costs incurred by our Company for each instance.

**(Treatment in Case of Delisting)**

**Article 6** If the Deposited Securities, etc. are delisted from the Exchange, our Company shall transfer such Deposited Securities, etc. from the Local Custodian to the Company, the Company’s Custodian, or transfer to the account designated by our Company on or after the date of such delisting.



2. Notwithstanding the provision in the preceding Paragraph, if a securities depository confirms that the Deposited Securities, etc. to be delisted has no value as securities, our Company shall treat such Deposited Securities, etc., under the rules provided by the securities depository, as if the Customer agrees that a certificate of such the Deposited Securities, etc. is to be disposed unless the Customer requests the return of the certificate of such Deposited Securities, etc. by the date designated by the securities depository.

**(Treatment of Dividends, Etc.)**

**Article 7** Dividends on the Deposited Securities, etc. (including income distribution for Foreign Investment Trust Beneficiary Certificates, etc., profit distribution for Foreign Investment Trust Securities, etc., and distribution of benefit from trusted assets for beneficiary certificates, etc. of foreign beneficiary certificates issuing trust; the same shall apply hereinafter), redemption payments, and other cash that is delivered not based on an act by a substantial or formal owner of Deposited Securities, etc. (including cash that is delivered based on the deemed act by a substantial or formal owner of Deposited Securities, etc. pursuant to the Articles of Incorporation or internal rules of an issuer or determination by the board of directors or other organization of issuer, rules of securities depository, or an agreement, etc. of Foreign Securities Transaction Account; the same shall apply hereinafter) shall be treated as prescribed in each of the following Items:

- (1) If cash dividends are to be made, such dividends shall be received by a securities depository and shall be paid to the Customer through a paying agency bank for the dividends (or a paying agency bank for income distribution in case of Foreign Investment Trust Beneficiary Certificates, etc., Foreign Investment Trust Securities, etc., and beneficiary certificates, etc. of foreign beneficiary certificates issuing trust; the same shall apply hereinafter).
- (2) In the case of share dividends (including share splits, free distribution of shares, etc. on which withholding tax (including that imposed in the Countries, etc. where the issuer of such Deposited Securities, etc. is located, the same shall apply hereinafter), and also including ones that are related to Foreign Investment Trust Beneficiary Certificates, etc., Foreign Investment Securities, etc., Covered Warrants, Foreign Share Depository Receipts, and beneficiary certificates, etc. of foreign beneficiary certificates issuing trust, and of the same nature; the same shall apply hereinafter) is imposed, such dividends shall, in accordance with the classification prescribed in (a) or (b) below, be treated pursuant to the provisions of (a) or (b) below, as applicable:
  - (a) Cases except where the securities depository admits that the Exchange is the principal market of the Deposited Securities, etc.;;  
If the securities depository designates the transfer of share certificates related to the share dividends on the Deposited Securities, etc., and the Customer pays an amount equivalent to the withholding tax, the share certificates related to such share dividends shall be received by

the securities depository and shall be transferred to the Account through the Company, however, (A) if the share certificates of such securities are less than one share (or one unit in case of Foreign Investment Trust Beneficiary Certificates, etc., Foreign Investment Securities, etc., and beneficiary certificates, etc. of foreign beneficiary certificates issuing trust, (one certificate in case of Foreign Investment Trust Securities, etc. that are similar to an Investment Corporation Bond), and one Covered Warrant in case of Covered Warrant, and one certificate in case of Share Depository Receipts; the same shall apply hereinafter) or (B) if the securities depository does not designate such transfer or if the securities depository designates the transfer but the Customer does not pay an amount equivalent to the withholding tax imposed in Japan, the securities depository shall dispose share certificates related to share dividends through sale, and the proceeds thereof shall be paid to the Customer through the share handling agent (or beneficiary rights handling agent in the case of Foreign Investment Trust Beneficiary Certificates, etc. and beneficiary certificates of foreign beneficiary certificates issuing trust; investment unit handling agent or investment corporation bond administration handling agent in the case of Foreign Investment Securities, etc., and a covered warrant administration handling agent in the case of Covered Warrant; the same shall apply hereinafter); provided, however, that, if the Customer does not pay the amount equivalent to the withholding tax in the Countries, etc. where the issuer of the Deposited Securities, etc. is located within the prescribed time limit, the Customer, in principle, cannot receive the share certificates related to such share dividends or the sale proceeds of such share certificates.

- (b) Cases where the securities depository admits that the Exchange is the principal market of the Deposited Securities, etc.;

The Customer shall pay an amount equivalent to the withholding tax, and the share certificates related to such share dividends shall be received by the securities depository and shall be transferred to the Account through our Company; provided, however, that share certificates of such securities that are less than one share shall be sold by the securities depository and the sale proceeds shall be paid to the Customer through the share handling agent.

- (3) Distribution of money other than dividends shall be received by the securities depository and shall be paid to the Customer through the share handling agent.

- (4) Payment of the amount equivalent to the withholding tax imposed in the Countries, etc. of the issuer of the Deposited Securities, etc. set forth in Item 2 above shall be made in Yen, and the conversion between a foreign currency and Yen shall be made at the rate prescribed by the clearing company or our Company; provided, however, that such payment may be made in a foreign currency if our Company consents thereto.

2. With respect to the method of payment of the dividends prescribed in Item 1, the proceeds of sale prescribed in Item 2 (a) and (b), and the money prescribed in Item 3, respectively, of the preceding Paragraph (hereinafter referred to as the “Dividends, etc.”), the Customer shall give our Company written

instructions in the form prescribed by our Company.

3. All payments of the Dividends, etc. shall be made in Yen. (Any fraction less than one Yen occurring in such a case shall be discarded.)

4. The conversion between a foreign currency and yen in the payment prescribed in the preceding Paragraph shall be the TTB on the date when the dividend payment handling bank (or share handling agent in case of conversion of money other than the dividend prescribed in Paragraph 1, Item 1 hereof; the same shall apply hereinafter in this Paragraph) confirms the receipt of the dividend, etc. (or the TTB immediately after the confirmation of such receipt in case the dividend payment handling bank determines that it is difficult to use the TTB on the receipt date), provided, however, that such rate shall be the rate designated by the securities depository if the transfer of foreign currency to Japan is impossible or difficult due to the laws, regulations, or practices, etc. of the Countries, etc. where the issuer of the Deposited Securities, etc. is located).

5. If, during the process of the payment of the Dividends, etc. prescribed in each Item of Paragraph 1 above, any expense paid by the securities depository in accordance with the domestic laws, regulations or practices, etc. of the Countries, etc. of the issuer of the Deposited Securities, etc., such expense shall be borne by the Customer and collected from the Customer by a deduction from the dividends or otherwise.

6. Preparation, submission, etc. of a report on the dividends shall be made by the share handling agent, the securities depository, or the Company in accordance with the relevant laws and regulations.

7. Notwithstanding the provisions of Paragraphs 1 and 3 [of this Article], if a securities depository cannot pay the Dividends, etc. in Yen due to an abrupt change in the foreign exchange situation, closing of foreign exchange market, etc., the securities depository may reserve the payment of the Dividends, etc. until such cause ceases to exist or may make such payment in a foreign currency. In such case, the reserved Dividends, etc. shall not bear any interest or other compensation.

#### **(Treatment of Share Option, Etc. and Other Rights)**

**Article 8** The share option, etc. (rights to receive the new allotment of Foreign Share Certificates, etc.) and other rights related to the Deposited Securities, etc. shall be treated pursuant to the provisions of each of the following Items:

(1) For cases in which the share option, etc. are to be granted, such rights shall, according to the classification prescribed in (a) or (b) below, be treated pursuant to the provisions of (a) or (b) below, as applicable:

(a) Cases except where the securities depository admits that the Exchange is the principal market of the Deposited Securities, etc.:

- (i) If the Customer notifies our Company that it desires to subscribe for new shares (Foreign Share Certificates, etc. that are newly allotted; the same shall apply hereinafter) within a prescribed period of time and pays the price of such new shares to the securities depository through our Company, the securities depository shall subscribe for such new Shares on behalf of the Customer by exercising its share options, etc. and transfer such new shares to the Account through our Company, and (ii) if the Customer does not notify our Company that it desires to subscribe for new shares within the prescribed period of time or the securities depository confirms that it is impossible to exercise its share option, etc., such share option, etc. shall be disposed of through sale by the securities depository. However, in case the securities depository cannot sell a part or all of the share option, etc. due to the laws, regulations, or practices, etc. of the Countries, etc. where the issuer of such the Deposited Securities, etc. is located, the said part or all of such option shall be invalid.
- (b) Cases where the securities depository admits that the Exchange is the principal market of the Deposited Securities, etc.:

The securities depository receives the share options, etc. and transfers them to the Account through our Company. In such case, (i) if the Customer notifies our Company that it desires to subscribe for new shares within the prescribed period of time and pays the price of such new shares to the securities depository through our Company, the securities depository shall subscribe for such new shares on behalf of the Customer by exercising its share option, etc. and transfer such new shares to the Account through our Company, and (ii) if the Customer does not notify our Company that it desires to subscribe for new shares within the prescribed period of time, the Customer may not subscribe for new shares.

- (2) The new shares allocated upon share split, free distribution of shares, consolidation of shares through capital decrease or merger, etc. (excluding those on which withholding tax is imposed, and including those related to Foreign Investment Trust Beneficiary Certificates, etc., Foreign Investment Securities, etc., Covered Warrants, Foreign Share Depository Receipts, and beneficiary certificates of foreign beneficiary securities issuing trust and that are of the same nature as the above) shall be received by the securities depository and shall be transferred to the Account through our Company; provided, however, that, new shares that are less than one share shall be disposed of through sale by the securities depository.
- (3) If share certificates other than the share certificates issued by the issuer of the Deposited Securities, etc. are distributed, and if the securities depository designates the transfer of such distributed share certificates and the Customer pays an amount equivalent to the withholding tax, such distributed share certificates shall be received by the securities depository and shall be transferred to the Account through our Company, and (A) the share certificates of such shares that are less than one share and (B) such distributed share certificates (i) if the clearing company does not designate such transfer or (ii) if the securities depository designates the transfer but the Customer does not pay an amount equivalent to the withholding tax imposed in Japan, shall be

disposed of through sale by the securities depository and the sale proceeds thereof shall be paid to the Customer through the share handling agent; provided, however, that if the Customer does not pay the amount equivalent to the withholding tax imposed in the Countries, etc. where the issuer of the Deposited Securities, etc. is located within the prescribed time limit, the Customer, in principle, cannot receive such distributed share certificates or the sale proceeds of the share certificates.

- (4) In case any rights other than those set forth in the preceding three Items are granted, the matter shall be treated as prescribed by the securities depository.
- (5) The proceeds of the disposition through sale made prescribed in Items 1(a), 2 and 3 above shall be treated, *mutatis mutandis*, prescribed in Paragraph 1, Item 2(a) of the preceding Article and Paragraphs 2 through 5 and 7 of the preceding Article.
- (6) Payment of the price of the new shares set forth in Item 1 above and the amount equivalent to the withholding tax imposed in the Countries, etc. of the issuer of the Deposited Securities, etc. set forth in Item 3 above shall be made in Yen, and the conversion between a foreign currency and Yen shall be made at the rate determined by the securities depository or our Company; provided, however, that such payment may be made in a foreign currency if our Company consents thereto.

#### **(Treatment in Case of Non-Payment)**

**Article 9** If the Customer fails to pay to our Company, within the prescribed time limit, the amount related to the exercise of the share options, etc. to subscribe for new shares or any other price or the amount equivalent to the withholding tax that the Customer promised to pay to our Company in order to exercise the rights of any Foreign Securities or in order to receive share dividends, our Company may, at its own discretion, enter into a sales contract, etc. for the shares to be subscribed, for the account of the Customer in order to perform the Customer's debt.

#### **(Exercise of Voting Rights)**

**Article 10** The rights to vote on the Deposited Securities, etc. (excluding Foreign Share Depository Receipts; the same shall apply hereinafter in this Article) at a general meeting of shareholders (or a general beneficiary meeting for Foreign Investment Trust Beneficiary Certificates, etc. and beneficiary certificates of foreign beneficiary certificates issuing trust; investors meeting for Foreign Investment Securities, etc.; and investment corporation creditors' meeting; the same shall apply hereinafter) shall be exercised by the securities depository with the instructions of the Customer; provided, however, that the securities depository shall not exercise the voting rights in the absence of such instructions.

2. The instructions set forth in the preceding Paragraph shall be given to the share handling agent in the prescribed written form no later than the date designated by the securities depository.

3. Notwithstanding the provisions of Paragraph 1 above, if the securities depository cannot exercise the voting rights at a general shareholders meeting related to the Deposited Securities, etc. due to the laws and regulations of the Countries, etc. of the issuer of the Deposited Securities, etc., the Customer shall exercise the voting rights by having the securities depository send the prescribed document, submitted by the Customer to the share handling agent, to the issuer.

4. Notwithstanding the provisions set forth in Paragraph 1 and the preceding Paragraph, if the securities depository cannot exercise the voting rights other than the unified manner at a general shareholders meeting due to the laws and regulations of the Countries, etc. where the issuer of the Deposited Securities, etc. is located, or if the Customer is allowed to participate in such shareholders meetings related to the Deposited Securities, etc. and exercise its voting rights itself, the securities depository may separately prescribe the treatment of exercising voting rights.

**(Exercises of Voting Rights Related to Foreign Share Depository Receipts)**

**Article 10-2** Voting rights at a general shareholders meeting for Foreign Shares, etc. to which the rights described in Foreign Share Depository Receipts relates shall be exercised by the issuer of such Foreign Share Depository Receipts with the instructions of the Customer, provided, however, that the issuer shall not exercise the voting right in the absence of such instructions.

2. The provisions set forth in Paragraph 2 of the preceding Article shall apply *mutatis mutandis* to the instructions set forth in the preceding Paragraph.

3. Notwithstanding the provision set forth in Paragraph 1, if the issuer of the Foreign Share Depository Receipt cannot exercise the voting rights at a general shareholders meeting of Foreign Shares, etc. to which the rights described in Foreign Share Depository Receipts relates due to laws and regulations of the Countries, etc. where the issuer is located, the Customer shall exercise such voting rights by using the following method: the securities depository sends the prescribed documents which the Customer is normally required to submit to a Share handling agent to the issuer of the Foreign Share, etc. through the issuer of the Foreign Share Depository Certificates.

4. Notwithstanding the provision set forth in Paragraph 1 and the preceding Paragraph, if the issuer of the Foreign Share Depository Receipts cannot exercise the voting rights through the securities depository other than the unified manner at a general shareholders meeting of Foreign Shares, etc. to which the rights described in Foreign Share Depository Receipts relates due to the laws and regulations of the Countries, etc. where the issuer is located, or if the Customer is allowed to participate in the said shareholders meeting related to the Foreign Shares, etc. and exercise its voting rights itself, the securities depository may separately prescribe the treatment of exercising voting rights.

**(Dispatch, Etc. of Documents, Etc. Related to General Shareholders Meeting)**

**Article 11** Documents related to a general shareholders meeting of the Deposited Securities, etc. (excluding Foreign Share Depositary Receipts) or Foreign Shares, etc. to which the rights described in Foreign Share Depositary Receipts relates, business reports, and other notices relating to the rights or interests of shareholders (beneficiary for Foreign Investment Trust Beneficiary Certificates, etc. and beneficiary certificates of foreign beneficiary certificates issuing trust investors or investment corporation creditors for Foreign Investment Securities, etc., and owners for Foreign Share Depositary Receipts), including dividends, the granting of share options, etc., delivered by the issuer of the Deposited Securities, etc. shall be sent by the share affairs handling agent to the Customer at the address notified by the Customer.

2. If agreed by the Exchange, the dispatch of the notices set forth in the preceding Paragraph may be replaced by the insertion of public notices in a daily newspaper, which publishes the matters concerning current events, or by preserving such notices at the share handling agent's location.

### **CHAPTER III. FOREIGN TRANSACTIONS AND DOMESTIC OTC TRANSACTIONS OF FOREIGN SECURITIES AND DEALING OF PUBLIC OFFERING OR SECONDARY DISTRIBUTION, OR DEALING OF PRIVATE PLACEMENT**

#### **(Place of Execution of Sale or Purchase Orders and Instructions for Method of Execution)**

**Article 12** The type of sale or purchase transactions between the Customer and our Company and the place and method of execution of sale or purchase orders placed by the Customer with our Company shall be those instructed by the Customer in advance, to the extent acceptable to our Company.

#### **(Execution and Processing of Orders)**

**Article 13** Sale or purchase orders by the Customer to be placed with our Company and the Customer's application for the acquisition of Foreign Securities related to the Public Offering and Secondary Distribution or Private Placement shall be conducted pursuant to the provisions of each of the following Items:

- (1) With respect to Foreign Transactions or applications for the acquisition of Foreign Securities related to the Public Offering or Secondary Distribution, or Private Placement, there may be a lag in time between the date and hour of the placement of the orders and the date and hour that the contract is made, due to the time difference, etc., provided that our Company agrees to handle such matters without delay;
- (2) Orders to be placed with our Company shall be placed within the hours prescribed by our Company;
- (3) Domestic OTC Transactions shall be conducted when the Customer so requests and our

Company agrees to such a request;

- (4) The minimum purchase amount of Foreign Securities shall be as prescribed by our Company;  
and
- (5) Our Company shall send Delivery Document upon Conclusion of Contract, etc. to the Customer,  
without delay after confirming that the sale or purchase, etc. has been executed.

**(Delivery Date, Etc.)**

**Article 14** After the transaction has been concluded, the delivery, etc. shall be conducted pursuant to the provisions of each of the following Items:

- (1) In the case of a Foreign Transaction, the contract date shall be the date on which our Company confirms that the sale or purchase order is executed at the place of execution (or if such date falls on a holiday, the following business day); and
- (2) The delivery date shall be the fourth business day from the contract date, unless otherwise agreed between our Company and the Customer.

**(Custody of Foreign Securities, Rights and Name)**

**Article 15** The custody of Foreign Securities entrusted to our Company by the Customer, and the handling of rights and name of such Foreign Securities shall be prescribed in the provisions of each of the following Items:

- (1) Our Company shall entrust the Foreign Securities entrusted for safekeeping by the Customer to the Company's Custodian;
- (2) The safekeeping prescribed in the preceding Item shall be made under the name of our Company;
- (3) If the Foreign Securities (except for Deemed Foreign Securities) owned by the Customer are deposited in the Company's Custodian, the Customer shall obtain a right that corresponds to the quantity of such Foreign Securities that is described or recorded in an account of our Company related to such Foreign Securities in the Company's Custodian under the governing laws and practices, and such Foreign Securities shall be deposited based on the nature of the right related to the quantity obtained;
- (4) The provision in the preceding Item shall apply *mutatis mutandis* to Deemed Foreign Securities. In such cases, "Foreign Securities (except for Deemed Foreign Securities) owned by the Customer are deposited in the Company's Custodian" shall be read as "the quantity of such



Deemed Foreign Securities is described or recorded in an account of our Company related to such Foreign Securities in the Company's Custodian", and "obtain a right that corresponds to the quantity of such Foreign Securities" shall be read as "obtain a right that corresponds to the quantity of such Deemed Foreign Securities";

- (5) In the case described in Item (3), the Customer shall obtain the right on securities or certificates related to such Foreign Securities under applicable governing laws;
- (6) The right on the Foreign Securities owned by the Customer shall be transferred when our Company describes or records the transferred quantity on the Account corresponding to the transferred quantity;
- (7) If the Foreign Securities of which the right is owned by the Customer need the registration of the holder's name, the holder shall be a person designated by the Company's Custodian or a person designated by the custodian;.
- (8) If the Foreign Securities of which the right is owned by the Customer require sale, change of custodian, or return, such actions shall be processed in accordance with pre-defined procedures. However, the Customer shall not request the return of a certificate of Foreign Securities of which certificate cannot be returned under local laws and regulations, etc. in Japan;
- (9) The Customer shall pay the actual cost of such change of custodian or return set forth in the preceding Item incurred by our Company in each instance;
- (10) If the Foreign Securities of which right is owned by the Customer lose value as securities and the Company's Custodian deletes the outstanding amount under local laws and regulations, the outstanding amount subject to such deletion shall also be deleted in the Account, and a certificate of such Foreign Securities are treated as disposed unless the Customer specifically requests otherwise.

**(Treatment in Case of Non-Conformity with Selection Criteria)**

**Article 16** If any Foreign Investment Trust Securities no longer conform to the selection criteria determined by Japan Securities Dealers Association, our Company will discontinue the sale of such Foreign Investment Trust Securities. In such case, however, if the Customer so desires, our Company shall respond to brokerage for the sale of such Foreign Investment Trust Securities purchased by the Customer or for the cancellation thereof.

**(Treatment of Rights Relating to Foreign Securities)**

**Article 17** The rights to the Foreign Securities held in custody by our Company's Custodian shall be treated pursuant to the provisions of each of the following Items:

- (1) The fruits, such as dividends, interest, distribution of profits, etc. on the Foreign Securities held in custody by such custodian and the redemption money thereof shall be received by our Company on behalf of the Customer and paid over to the Customer. In such case, if, during the process of such payment, any expenses are incurred by our Company in accordance with the domestic laws, regulations, practices, etc. of the Countries etc. of the issuer of such Foreign Securities, such expenses shall be borne by the Customer and collected from the Customer by deduction from the such fruits or redemption money or otherwise;
- (2) If the share options, etc. is granted with respect to the Foreign Securities, such options shall, in principle, be disposed of through sale, and the proceeds of such sale shall be handled, *mutatis mutandis*, pursuant to the provisions of the preceding Item. However, in case our Company cannot sell part or all of the share options, etc. due to the laws, regulations, or practices, etc. of the Countries, etc. where the issuer of such Foreign Securities is located or due to the market condition, such part or whole of such subscription right shall be invalid;
- (3) The shares allocated upon share dividend, share split, free distribution of shares, capital decrease, merger or share swap, etc. shall be handled on the Account through our Company; provided, however, that all shares that are less than the trading unit in the Financial Instruments Market outside Japan shall, unless the Customer specifically requests otherwise, be disposed of through sale, and the proceeds of such sale shall be handled, *mutatis mutandis*, pursuant to the provisions of Item (1) above;
- (4) If the shares allotted in accordance with the provisions set forth in the preceding Item are subject to the withholding tax, notwithstanding such provisions, the shares shall, unless the Customer specifically requests otherwise, be disposed of through sale and the proceeds of such sale shall be handled, *mutatis mutandis*, pursuant to the provisions of Item 1 above;
- (5) If any rights other than those set forth in the preceding four Items are granted with respect to the Foreign Securities, all such rights shall, unless the Customer specifically requests otherwise, be disposed of through sale, and the proceeds of such sale shall be handled, *mutatis mutandis*, pursuant to the provisions of Item 1 above;
- (6) The exercise of voting rights or the objections at a general shareholders meeting, creditors' meeting, beneficiaries' meeting, owners' meeting, etc. shall be conducted in accordance with the Customer's instructions; provided, however, that, in the absence of the Customer's instructions, our Company shall not exercise the voting rights or raise any objections;
- (7) For the application of reduced tax rate or tax exemption, tax refund, or other procedures related to the withholding tax imposed on the investment fruits prescribed in Item 1 in a country outside Japan, our Company may handle and implement them on behalf of the Customer.

**(Notices)**

**Article 18** Our Company shall send the following notices to the Customer concerning the Foreign Securities that are entrusted for safekeeping to our Company:

- (1) Notice of any fact that materially affects the status of the shareholders or beneficiaries and owners, such as issuance of subscription shares, share split, or consolidation of shares, etc.;
- (2) Notice of dividends, interests, distribution of profits, redemption money, etc.; and
- (3) Notice concerning mergers or other important agenda to be submitted at a general shareholders meeting.

2. Our Company or the issuer of Foreign Investment Trust Securities shall send to the Customer, in addition to the notices set forth in the preceding Paragraph, any performance reports or other documents related to the Foreign Investment Trust Securities entrusted for safekeeping to our Company; provided, however, that unless the Customer requests that our Company do so, our Company shall not send the Customer any performance reports or other documents related to the Foreign Investment Securities if a notice on details thereof is published on a daily newspaper that reports the current topics.

**(Notices, Etc. from Issuer)**

**Article 19** Notices, materials, etc. delivered by the issuer shall be kept by our Company and make them available for three (3) years (for those notices related to overseas CDs and overseas CPs, for one (1) year) from the date of their arrival; provided, however, that if the Customer requests our Company to do so, our Company shall send them to the Customer.

2. The actual costs incurred in sending the notices, materials, etc. to the Customer in accordance with the proviso to the preceding Paragraph shall, except for the costs relating to the Foreign Investment Trust Securities, be paid by the Customer to our Company for each instance.

**(Fees, Etc.)**

**Article 20** Fees concerning the execution of transactions, the payment date thereof, etc. shall be treated pursuant to the provisions of each of the following Items:

- (1) For the Foreign Transaction of Foreign Securities, the Customer shall pay to our Company the sale and purchase commissions, tax, and public dues and any other assessments and charges in the Financial Instruments Market located outside Japan and the prescribed brokerage commissions no later than the delivery date prescribed in Article 14, Item 2 hereof; and
- (2) For the application for acquisition of Foreign Investment Trust Securities in the Public Offering

and Secondary Distribution or Private Placement, the Customer shall pay to our Company the fee prescribed by the fund and tax and public dues and any other assessment and charges prescribed at the place of brokerage no later than the date prescribed in the prospectus etc.

2. If our Company conducts any special treatment in accordance with the Customer's instructions, the Customer shall pay to our Company the actual costs incurred by our Company for each instance.

**(Receipt or Payment of Foreign Currency, Etc.)**

**Article 21** The receipt or payment of foreign currency related to any Foreign Securities transaction shall, in principle, be made by means of a transfer between a foreign currency deposit account opened by the Customer in its own name and a foreign currency deposit account in our Company's name designated by our Company.

**(Receipt and Payment of Money)**

**Article 22** The receipt and payment of money conducted between our Company and the Customer in connection with the Foreign Securities transaction, etc. prescribed in this Chapter shall be made in Yen or another currency (limited to those designated by the Customer and which is acceptable to our Company). In such case, the conversion between a foreign currency and Yen shall be made at the rate determined by our Company as of the conversion date, except as otherwise agreed upon or designated.

2. The conversion date set forth in the preceding Paragraph shall be the contract date with respect to a sales price and the date on which our Company confirms the receipt of the total amount of a sales price with respect to the settlement related to the treatment prescribed in Article 17, Items 1 through 4 hereof.

## **CHAPTER IV. MISCELLANEOUS PROVISIONS**

**(Delivery of Account Balance Statements)**

**Article 23** With respect to the Foreign Securities entrusted for safekeeping by the Customer to our Company, the Customer shall receive account balance statements issued by our Company on a regular basis; provided, however, that by the request of the Customer our Company may substitute this method for a method whereby the Customer receives an account balance statement immediately after any transfer or settlement activity in the account.

2. Notwithstanding the provisions of the previous Item, in the case that our Company is not legally obligated to deliver Delivery Document upon Conclusion of Contract, etc. to the Customer, with the exception of those cases provided for otherwise legally, the Customer shall receive an account balance

statement immediately after any transfer or settlement activity in the account.

3. Even when our Company is delivering an account balance statement to a Customer immediately after any transfer or settlement activity in the account, for the matters to be stipulated under the law, our Company may substitute the method of delivery of an account balance statement immediately after any transfer or settlement activity in the account with the method of issuing an account balance statement on a regular basis.

**(Notification of Identification Number)**

**Article 24** On the occasion of opening an account pursuant to the provisions of the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure (hereinafter referred to as “Number Use Act”) or other relevant laws and regulations, or upon receipt of a notice of an Identification Number (meaning an Individual Number prescribed in Article 2, Paragraph 5 of the Number Use Act or a Corporate Number prescribed in Paragraph 15 of the same Article; the same shall apply hereinafter), or in any other cases prescribed in the Number Use Act or other relevant laws and regulations, the Customer shall notify the Company of the Customer’s Identification Number. In this event, the Company shall verify the identity of the Customer pursuant to the provisions of the Number Use Act or other relevant laws and regulations.

**(Matters to be Notified)**

**Article 24-2** The Customer shall notify its address (or residence), name (or appellation), seal, Identification Number, etc. to our Company in the written form prescribed by our Company.

**(Notice of Change in Notified Matters)**

**Article 25** If any change occurs in the address (or residence), name (or appellation), Identification Number, etc. notified to our Company or if the Customer’s seal notified to our Company is lost, the Customer shall immediately give our Company a notice thereof in accordance with the procedures prescribed by our Company.

**(Exemption from Liability in Case of Failure to Notify, Etc.)**

**Article 26** Our Company shall be exempted from any liability for any damage caused to the Customer by the failure to make, or a delay in making, any notice under the preceding Articles.

**(Effect of Notice)**

**Article 27** If any notice concerning the Account given by our Company to the Customer is delayed or does not arrive due to the removal or absence of the Customer or any other cause attributable to the Customer, such notice may be treated as if it had arrived at the Customer at such time as it would normally have

arrived.

**(Account Administration Fee)**

**Article 28** The Customer shall pay to our Company the account administration fee prescribed by our Company as expenses for the various procedures provided for in this Agreement.

**(Termination of Agreement)**

**Article 29** This Agreement shall be terminated upon the occurrence of any of the following events:

- (1) If the Customer proposes the cancellation hereof to our Company;
- (2) If the Customer violates any of the provisions hereof and our Company gives the Customer a notice of termination;
- (3) If the Customer does not agree to an amendment to this Agreement as prescribed in Article 32 hereof;
- (4) If it is found that the Customer made a false statement on its commitment at the time of opening the account and the Company gives the Customer a notice of termination;
- (5) If the Customer is found to be an organized crime group member, a corporation associated with an organized crime group, or antisocial forces such as a corporate racketeer, and the Company gives the Customer a notice of termination;
- (6) If the Customer makes a violent request or unfair request that exceeds the legal responsibility, and the Company determines that it is impossible to continue the contractual relationship and gives the Customer a notice of termination; or
- (7) If, other than those events prescribed in the preceding Items, any event prescribed by our Company as an event where it is deemed appropriate to terminate this Agreement occurs, or if our Company proposes the termination hereof to the Customer for unavoidable reasons.

2. In the case of the termination of this Agreement pursuant to the preceding Paragraph, our Company shall return Deposited Foreign Securities and money to the Customer in a manner prescribed by the Company. If there are some Foreign Securities that cannot be returned in the original form, the Company shall return the sale proceeds, etc. to the Customer in a manner prescribed by the Company through the liquidation or closing transaction under the instruction of the Customer.

**(Matters Exempt from Liability)**

**Article 30** Our Company shall be exempted from liability for the damages set forth in below:

- (1) Damages arising from a delay in, or the impossibility of, execution of a sale or purchase, receipt or payment of money, safekeeping procedure, etc. due to any event deemed to be force majeure, such as an act of God, political change, strike, abrupt change in the foreign exchange situation, closing of foreign exchange market, etc.;
- (2) Damages arising from causes not attributable to our Company, such as errors or delays in telegraph or mail; and
- (3) Damages arising from the receipt or payment of money, return of securities entrusted for safekeeping, or other actions made or taken after our Company has acknowledged that the seal on the relevant document in the form prescribed by our Company is the genuine seal impression notified to our Company [by the Customer].

Note: Be careful not to make this indemnity disadvantage the Customers one-sidedly.

**(Governing Law and Agreed Jurisdiction)**

**Article 31** The governing law concerning the rights and obligations on the Foreign Securities transactions between the Customer and our Company shall be the Japanese law, provided however, that the governing law may be the law of another country requested by the Customer if the Customer specifically requests it and our Company accepts it.

2. With respect to any legal action relating to the Foreign Securities transactions between the Customer and our Company, our Company may designate a court among the courts having jurisdiction over the head office or branch offices of our Company.

**(Amendment to Agreement)**

**Article 32** The provisions of this Agreement may be amended due to the change of laws and regulations, instruction by the competent authority, or any other reason that requires such amendments. If the amendments are to restrict the rights the Customer has presently had or impose new obligations on the Customer, our Company shall notify the Customer of such amendments. In such cases, if the Customer raises no objection before the prescribed date, the Customer shall be deemed to have agreed to such amendments.

**(Consent of Providing Personal Data to a Third Party)**

**Article 33** In any case described in each Item below, the Customer shall consent that the personal data of the Customer (address, name, contact information, date of birth, the quantity of Foreign Securities held, and other information to the extent that it is necessary depending on each case) may be provided to a

person set forth in each Item below:

- (1) In case a reduced tax rate or tax exemption, tax refund, or other procedures related to the withholding tax imposed by a country other than Japan is implemented on the investment fruits such as dividends, interests, distribution of profits, etc. of the Foreign Securities;

The tax authority of the country, a custodian of the Foreign Securities, or a person who is designated by the above-mentioned persons/entities to implement the procedures for the above-mentioned actions on their behalf.

- (2) In case a reduced tax rate or tax exemption, tax refund, or other procedures related to the withholding tax imposed by a country other than Japan is implemented on the investment fruits such as dividends, interests, distribution of profits, etc. of the Foreign Securities that are related to the rights described in depositary receipts;

The tax authority of the country, a custodian of the Foreign Securities, an issuer or a custodian of the depositary receipt, or a person who is designated by the above-mentioned persons/entities to implement the procedures for the above-mentioned actions on their behalf.

- (3) In case an issuer of the Foreign Securities that is related to the rights described in Foreign Securities or depositary receipts prepares statistical data that is necessary to produce the securities report and other documents in accordance with the laws and rules of Japan or other countries or rules of a Financial Instruments Exchange (hereinafter referred to as “Laws and Rules”), to exercise the rights or fulfill the obligations under the Laws and Rules, to provide information to substantial shareholders, or to do public relations;

An issuer or a custodian of the Foreign Securities, or an issuer or a custodian of the Foreign Securities that are related to the rights described in depositary receipts.

- (4) In case the competent authority of the Financial Instruments Market that executes the transaction of Foreign Securities and is located outside Japan (including a self-regulatory organization that is authorized by the competent supervising authority; the same shall apply hereinafter in this Item) conducts an investigation on money laundering, crimes in connection with securities transaction, or other investigation for the purpose of ensuring transaction fairness in the Financial Instruments Market under the relevant Laws and Regulations, etc. of that countries, etc., and in case it is clear that the personal information contained in the investigation result is used neither for criminal proceedings by the court or judges nor for any other purposes;

The competent supervising authority, a Foreign Securities broker or a custodian of the Foreign Securities transaction.

**Note 1: For these provisions, in light of Articles 3 and 11 of the “Guideline on the Protection of Personal Information in the Financial Sector” prepared by the Personal Information Protection Commission and the Financial Services Agency, it is desirable that the provisions related to the treatment of the personal information are clearly distinguished from other provisions by using a different size font, a bold font, or other method to let the owner of the personal information**



recognize and understand it easily.

**Note 2** In the case of providing the U.S. tax agency (the Internal Revenue Service) with information including the personal information of the applicant as required for complying with the Foreign Account Tax Compliance Act in the U.S. (“FATCA”), it is necessary to obtain consent pursuant to the “Statement of Mutual Cooperation and Understanding between the U.S. Department of the Treasury and the Authorities of Japan to Improve International Tax Compliance and to Facilitate Implementation of FATCA” dated June 11, 2013 (by the Financial Services Agency, Ministry of Finance, and National Tax Agency). For the provision of personal information, it is also necessary to obtain consent pursuant to the Act on the Protection of Personal Information. If you intend to obtain the consent mentioned above not by individual consent forms but by this agreement, one approach is to change the title of Article 33 to “(Consent of Providing Personal Data, Etc. to a Third Party)” and add a provision like the one below:

For these provisions, in light of Articles 3 and 11 of the “Guideline on the Protection of Personal Information in the Financial Sector” prepared by the Personal Information Protection Commission and the Financial Services Agency, it is desirable, as in the case of Paragraph 1, that the provisions related to the treatment of the personal information are clearly distinguished from other provisions by using a different size font, a bold font, or other method to let the owner of the personal information recognize and understand it easily.

2. Based on the request from the U.S. government and the Japanese government, if the Company believes that the applicant meets or is likely to meet any of the following Items as a reportable person under the Foreign Account Tax Compliance Act in the U.S. (“FATCA”), the applicant must consent that the applicant’s information (name, address/location, U.S. Taxpayer Identification Number, account number, balance of account, income generated on the account, and other information designated by the U.S. tax agency (Internal Revenue Service)) may be provided to the U.S. tax agency (Internal Revenue Service) for the purpose of tax execution by the U.S. tax agency:

- (1) Natural person, corporation, or other entity who is a taxpayer in the U.S.;
- (2) Non-U.S. corporation or other entity that is substantially controlled by a natural person who is a taxpayer in the U.S.; or
- (3) Financial institutions that have not participated in the FATCA framework (excluding those who are treated as exempt beneficiary owners pursuant to Articles 1471 and 1472 of the U.S. Internal Revenue Code).

As of MMMM DD, YYYY  
(Name of Association Member)

(Note) This Reference Form is based on the version in effect as of January 1, 2018 of the original Japanese text.

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