

# **RULES CONCERNING MAINTENANCE OF AND COMPLIANCE WITH ETHICAL CODE BY ASSOCIATION MEMBERS**

**(September 18, 2007)**

## **(Purpose)**

**Article 1** The purpose of the Rules Concerning Maintenance of and Compliance with Ethical Code by Association Members (hereinafter referred to as “Rules”) is to make Association Members, as pillars in the capital market, fully understand the importance of their duties as an intermediary function in the capital market that is entrusted by society, always maintain a sound social common sense and ethical sense for the purpose of obtaining the trust of the people, take measures that are necessary to establish the required professionalism and maintain the high sense of ethics among its officers and employees, and ensure that an Association Member should prevent any action that causes doubt or disbelief from society regarding the fair execution of business by an Association Member, thus developing trust in the capital market by maintaining and improving self discipline in its social mission and the roles they assume.

## **(Maintenance of an Ethical Code)**

**Article 2** An Association Member shall maintain an ethical code or rules (hereinafter referred to as the “Ethical Code”) that have the same purport for the Sale and Purchase or Other Transactions of Securities, etc. (Sale and Purchase or Other Transactions of Securities, etc., that are prescribed in the provision of Article 3, Item 8 of the Articles of Association) depending on the financial instruments and transactions that the Association Member handles.

2. The Ethical Code prescribed in the provision of the preceding Paragraph shall include content that is separately indicated by the Association.

## **(Submission of the Ethical Code)**

**Article 3** An Association Member must submit any of the following regarding the Ethical Code maintained pursuant to the provision of the preceding Paragraph:

- (1) All texts of the said Ethical Code;
- (2) A part of the Ethical Code that corresponds to the content separately indicated by the Association as in the provision of the preceding Article, Paragraph 2; or
- (3) In case an Association Member publicizes all the texts of its Ethical Code to the public by having the content recorded in a file stored in a computer used by the Association Member that is available to the public through a telecommunication line, a report describing such fact.

2. When an Association Member amends the part of the Ethical Code that corresponds to the content separately indicated by the Association as in the preceding Article, Paragraph 2, and the Association Member has submitted the material set forth in the provision of the preceding Paragraph, Item 1 or 2 to the Association, the Association Member must submit the amended Ethical Code to the Association without delay, and if the Association Member has submitted the report set forth in the provision of the preceding Paragraph, Item 3, the Association Member must submit a report describing such fact of the Ethical Code that have been amended to the Association without delay, provided, however, that this provision shall not apply to cases where the said amendment is very minor, such as amending the wording.

## **(Duty of Reporting and Explanation)**

**Article 4** An Association Member shall voluntarily report to the Association matters that the Association Member determines inappropriate or that may develop to be inappropriate in light of the Ethical Code even though these are not directly provided by laws and regulations, rules, etc.

2. When the Association is aware of the occurrence or existence of matters about actions or practices by an Association Member (including cases where the Association receives a report as in the preceding Paragraph), and the Association determines it inappropriate or it may develop to be inappropriate in light of the Ethical Code even though these are not directly provided by laws and regulations, rules, etc., the Association may request the Association Member concerned to explain such matters (hereinafter referred to as “Material Matters”).

3. When an Association Member is requested by the Association to explain the Material Matters pursuant to the provision of the preceding Paragraph, the Association Member must immediately explain it to the extent that is not in violation of laws, regulations, and orders, etc., by a competent administrative agency or other public agency.

**(Explanation, Etc. of Ethics by an Entity Which Intends to Join the Association)**

**Article 5** The Association shall request an entity which intends to join the Association to submit the Ethical Code maintained by the said entity before giving approval of participation, and also receive an explanation about the details of the Ethical Code and the establishment of internal systems from a person who is to be a Regular Member Representative that is prescribed in Article 17, Paragraph 1 of the Articles of Association, a person who is to be a Specified Business Member Representative that is prescribed in the provision of Article 17, Paragraph 1 of the Articles of Association that applies mutatis mutandis to Article 30 of the Articles of Association, or a person who is to be a Special Member Representative prescribed in the provision of Article 17, Paragraph 1 of the Articles of Association that applies mutatis mutandis to Article 33 of the Articles of Association, provided, however, that this provision shall not apply if the Association determines it unnecessary.

**(Establishment of Internal Systems)**

**Article 6** An Association Member shall establish internal systems that are deemed necessary for the Association Member for the purpose of ensuring the effectiveness of the Ethical Code, including the assignment of a person in charge of operation and control, providing education and training to officers and employees, and how to respond in case a violation is found.

**SUPPLEMENTARY PROVISIONS [Omitted]**

(Note) These Rules are based on the version in effect as of January 1, 2016.

<p>This translation is solely for the convenience of those interested therein, and accordingly all questions that may arise with regard to the meaning of the words or expressions herein shall be dealt with in accordance with the original Japanese text.</p>
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