

RULES CONCERNING HANDLING OF ALLOTMENT OF NEW SHARES TO THIRD PARTY, ETC.

(May 29, 2007)

Chapter I. General Provisions

(Purpose)

Article 1 The purpose of the Rules Concerning Handling of Allotment of New Shares to Third Party, Etc. (hereinafter referred to as the “Rules”) is to prescribe matters that should be complied with when a Regular Member purchases share certificates, etc. relating to the Allotment of New Shares to a Third Party, etc. and to ensure that secondary market transactions concerning Moving Strike Convertible Bonds, etc. (hereinafter referred to as “MSCBs, etc.”), and the exercise of share options, etc. are conducted in a fair and smooth manner, thereby contributing to the sound development of capital markets.

(Definitions)

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

- (1) Allotment of New Shares to Third Party, etc.:
Public offering or secondary distribution of share certificates, share option certificates, and bonds with share options (hereinafter referred to as “Share Certificates, etc.”) by way of third party Allotment (which means a method prescribed in Article 19, Paragraph 2, Item (i)(1) in the Cabinet Office Ordinance Concerning Disclosure of Corporate Matters, Etc.; the same shall apply hereinafter).
- (2) MSCB, etc.:
Securities listed below that are issued by a Listed Issuer by way of Allotment of New Shares to a Third-Party, etc., containing an issuing term to the effect that the price payable per share (hereinafter referred to as the “Exercise Price”) when exercising the share options or put options granted or represented thereon (hereinafter referred to as the “Share Options, etc.”) may be adjusted, at a frequency greater than once every six-months, based on the price of the share certificates (including the price prescribed in Article 67-19 or Article 130 of the Financial Instruments and Exchange Act (hereinafter referred to as the “FIEA”), an average price, volume weighted average price, or other price calculated using such price; the same shall apply hereinafter) delivered upon exercising such Share Options, etc.:
 - (a) Convertible-type bonds with share options (among bonds with share options, those bonds wherein the objective of the investment when exercising the share options is the bonds that are connected with such bonds with share options; the same shall apply hereinafter);
 - (b) Bonds with share options (bonds with share options (excluding convertible-type bonds with share options) and simultaneously offered and simultaneously allotted bonds and share option certificates issued to be traded as a single unit);
 - (c) Share option certificates; and
 - (d) Share certificates with put options (those where the consideration delivered for exercise of put options is the listed share certificates issued by the Listed Issuer of such share certificates with put options).
- (3) Purchase:

When Allotment of New Shares to Third Party, etc. is conducted, the acquisition of all or part of such Shares, etc. relating to such Allotment of New Shares to Third Party, etc. where the objective is not to have a third party acquire such Shares, etc.

- (4) Underlying Share Certificates:
Share certificates delivered from the exercise of Share Options, etc.
- (5) Observation Period:
The period for referring to the price of the underlying share certificates or the same issue as the underlying share certificates (hereinafter referred to as “Underlying Share Certificates, etc.”) that serves as the basis when setting or revising the Exercise Price for Share Options, etc. (limited to after the Listed Issuer has made public material facts concerning the issuance of MSCBs, etc.).
- (6) Market Sale:
Sale during a trading session of the Financial Instruments Exchange Market (or the proprietary trading system (the proprietary system prescribed in Article 26-2-2, Paragraph 7 of the Enforcement Ordinance of the Financial Instruments and Exchange Act (hereinafter referred to as the “FIEA Enforcement Ordinance”); the same shall apply hereinafter) if the MSCB, etc. has an issuance condition under which adjustment could be made based on the price in the proprietary trading system).
- (7) Listed Issuer
An issuer who issues securities listed in a domestic Financial Instruments Exchange Market.
- (8) Antisocial Forces
Antisocial forces prescribed in Article 15 of Rules Concerning the Enforcement of the Articles of Association.

Chapter II. Verification and Request, Etc. to Listed Issuers

(Matters to be Verified when Purchasing Share Certificates, Etc.)

Article 3 When purchasing Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. by a Listed Issuer (limited to those issues not undertaken through a special resolution of the shareholders for Allotment of New Shares to Third Party, etc.; the same shall apply hereinafter, excluding Article 7-2, Article 7-3, Articles 10 through 12, Article 14, Article 15, and Article 17, Paragraphs 1 through 3), a Regular Member must verify at least matters listed in the following Items, and must make such purchase based on its comprehensive judgment and at its own responsibility:

- (1) Financial condition and business performance;
- (2) Purpose of use of funds to be raised;
- (3) Trend of Share price, etc.;
- (4) Effect on market and existing shareholders;
- (5) Proper disclosure of company information, etc.; and
- (6) Other matters the Regular Member deems necessary.

(Explanation to Listed Issuers)

Article 4 When purchasing Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. by a Listed Issuer, and at the same time, structuring securities whose underlying assets are such Shares Certificate, etc. (including a similar act; the same shall apply hereinafter in this Article), a Regular Member must explain a plan to structure the securities to the Listed Issuer.

2. When structuring the securities prescribed in the preceding Paragraph, or purchasing Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. whose terms are determined based on the terms of a derivatives transaction (derivatives transaction prescribed in Article 2, Paragraph 20 of the FIEA; the same shall apply hereinafter) or other transactions, a Regular Member must explain the above matters to the Listed Issuer.

(Request to Listed Issuers)

Article 5 When purchasing Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. by a Listed Issuer, a Regular Member must request to the Listed Issuer that the Listed Issuer determine the amount paid for new Share Certificates, etc. pursuant to the “Guidance Concerning Handling of Allotment of New Shares to Third Party, Etc.” that is separately prescribed by the Association.

2. When purchasing Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. by a Listed Issuer, a Regular Member shall request the Listed Issuer to properly disclose matters set forth in the following Items:

- (1) Purpose of use of funds to be raised;
- (2) Reason(s) for choosing the Allotment of New Shares to Third Party, etc.;
- (3) Reason(s) for selecting the allotted third party for the Allotment of New Shares to Third Party, etc.;
- (4) Rationality of the issuing terms of the Allotment of New Shares to Third Party, etc.;
- (5) Plan for the Listed Issuer’s officers and major shareholders to conduct the borrowing and lending transactions for Share Certificates, etc.;
- (6) Status of exercise of Share Options, etc. after the conduct of the Allotment of New Shares to Third Party, etc.; and
- (7) Other matters that the Regular Member deems necessary.

(Conditions of Purchase)

Article 6 When purchasing Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. of a Listed Issuer, a Regular Member shall verify the investment activity of the third party who allotted Share Certificates, etc. relating to the immediately preceding Allotment of New Shares to Third Party, etc. of the Listed Issuer (limited to those conducted within five years from such purchase) and if it is found that the disclosed third party’s holding policy for immediately preceding Allotment of New Shares to Third Party, etc. of the Listed Issuer and the allotted third party’s subsequent investment activities are inconsistent, the Regular Member shall not purchase such Share Certificates, etc. before the details on such inconsistency are publicly announced.

(In case of Cancellation, Etc. of Purchase)

Article 7 If a Regular Member confirms that an officer of a Listed Issuer (which means an officer prescribed in Article 21, Paragraph 1, Item (i) of the FIEA; the same shall apply hereinafter in this Article) trades (excluding the cases that meet each Item of Article 166, Paragraph 6 of the FIEA; the same shall apply hereinafter in this Article) Share Certificates, etc. issued by the Listed Issuer while knowing that an undisclosed plan of public offering of Share Certificates, etc. issued by the listed issuer is to be conducted,, it must not purchase Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. by such Listed Issuer.

2. If a Regular Member finds that an officer of the Listed Issuer trades Share Certificates, etc. issued by such Listed Issuer during the preparation period for public offering of Share Certificates, etc., the Regular Member shall confirm every time with the Listed Issuer in writing that the officer traded the Share Certificates, etc. of the Listed Issuer without knowing the undisclosed plan of public offering of such Share Certificates, etc.

3. When a Regular Member intends to purchase Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. of a Listed Issuer and becomes aware that an allotted third party whom the Listed Issuer plans to appoint was replaced, the Regular Member shall confirm with the Listed Issuer in writing that a plan of conducting Allotment of New Shares to Third Party, etc. of Share Certificates, etc. was not cancelled pursuant to the provision of Paragraph 1 during six months before the date (limited to the date to be publicly disclosed) of determining the Allotment of New Shares to Third Party, etc. by an organization which determines the business operation of the Listed Issuer who is related to the Allotment of New Shares to Third Party, etc..

4. If the purchase was cancelled pursuant to the provision of Paragraph 1, a Regular Member must not purchase Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. by such Listed Issuer until six months have passed from the date when the officer of the Listed Issuer traded the Share Certificates, etc. issued by the Listed Issuer to the date (limited to the date to be publicly disclosed) of determining Allotment of New Shares to Third Party, etc. by an organization which determines the business operation of the Listed Issuer related to the Allotment of New Shares to a Third Party, etc. which is to be newly conducted by the Listed Issuer.

Chapter III. Elimination of Antisocial Forces

(Items of Agreement Aiming at Elimination of Antisocial Forces)

Article 7-2 A Regular Member must establish the matters set forth in each Item below in an agreement on purchase of Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. (hereinafter referred to as the “Purchase Agreement”) :

- (1) Making a commitment that the issuer is not the Antisocial Force;
- (2) The Purchase Agreement is terminated at the request of the Regular Member if the commitment prescribed in the preceding Item is found to be false; and
- (3) The Purchase Agreement is terminated at the request of the Regular Member if it is found to that the issuer falls under the Antisocial Forces.

2. The provision of the preceding Paragraph shall apply *mutatis mutandis* to an agreement concluded when a Regular Member intermediates the purchase of Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. by a person other than the Regular Member. In such case, “issuer” shall be read as “issuer and a person who plans to purchase Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc., or either of the above (excluding the Regular Member)”;

and “an Agreement on Purchase of Share Certificates, etc. relating to Allotment of New Shares to

Third Party, Etc. (hereinafter referred to as the “Purchase Agreement)” and “Purchase Agreement” shall be read as “an agreement on intermediating the purchase of Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc.”

(Checking of Existence/Non-Existence of Antisocial Forces)

Article 7-3 A Regular Member must check whether the issuer is the Antisocial Force or not, or has a relationship with the Antisocial Forces or not at the time of purchasing Share Certificates, etc. relating to Allotment of New Shares to a Third Party, etc.

2. A Regular Member must not conclude the Purchase Agreement with issuer if it is found that the issuer falls under the Antisocial Forces or that the issuer has a relationship with the Antisocial Forces.

3. A Regular Member must not purchase pursuant to the Purchase Agreement if it is found that the issuer falls under the Antisocial Forces after concluding the Purchase Agreement.

4. A Regular Member must strive to terminate the relationship with issuer as early as possible if it is found that the issuer falls under the Antisocial Forces after purchasing the Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc.

5. The provisions of Paragraphs 1 to 3 shall apply *mutatis mutandis* to the case where a Regular Member intermediates the purchase of Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. by a person other than the Regular Member. In such case, “purchase” shall be read as “intermediate the purchase,” “issuer” shall be read as “issuer and a person who plans to purchase Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. or either of the above (excluding the Regular Member)”, and “Purchase Agreement” shall be read as “an Agreement on Intermediating the Purchase of Share Certificates, etc. relating to Allotment of New Shares to Third Party, Etc.”

Chapter IV. Handling of MSCB, Etc.

(Explanation to Listed Issuers)

Article 8 When proposing to a Listed Issuer the issuance of MSCBs, etc., a Regular Member shall provide a product description to such Listed Issuer that is sufficient for such Listed Issuer to fully understand the characteristics of MSCBs, etc. as well as the advantages and disadvantages of issuing such MSCBs, etc. and to choose to issue MSCBs, etc. after fully considering the effects, etc. on existing shareholders.

(Matters to be Verified When Purchasing MSCBs, Etc.)

Article 9 When verifying the matters set forth in Items of Article 3 at the time of purchasing MSCBs, etc., a Regular Member must verify at least matters set forth in each of the following Items:

- (1) Financial condition and business performance:
 - (a) Adequacy of financial condition and cash-flow situation;
 - (b) Earnings record and earnings forecast;
 - (c) Analysis of reasons for changes in financial condition and business performance; and
 - (d) Earnings forecast and progress review already made public.
- (2) Purpose of use of funds to be raised:
 - (a) Rationality of purpose of use of funds to be raised; and
 - (b) Review of appropriation of funds raised in the past.

- (3) Trend of Share price, etc.:
 - (a) Share prices over time; and
 - (b) Trading volume over time.
- (4) Effect on market and existing shareholders:
 - (a) Rationality of the Exercise Price (including the revised provisions of the Exercise Price), exercise period, and other terms for Share Options, etc.; and
 - (b) Rationality of the issue amount of MSCB, etc. and dilution accompanying such issuance in view of the liquidity and market capitalization of the Underlying Share Certificates, etc.
- (5) Proper disclosure of company information, etc.:
Proper disclosure of circumstances since the end of the latest business year.

(Prices for Short Selling during Observation Period)

Article 10 During the observation period for an MSCB, etc., if a Regular Member who holds an MSCB, etc. intends to short sell and if either of conditions set forth in Article 26-4, Paragraph 1, Item (i) or (ii) (including the case where such provision applies mutatis mutandis to Article 26-4, Paragraph 6) are met, it must not short sell a share certificate for the Regular Member's own account at a price equal to or below the latest published price (the latest published price prescribed in Article 26-4, Paragraph 1 of the FIEA Enforcement Ordinance (including the cases where such provision applies mutatis mutandis to Article 26-4, Paragraph 6)), even if a transaction of short selling of Underlying Share Certificates, etc. is conducted within the number of underlying share certificates to be acquired from the exercise of Share Options, etc. with the aim of reducing the possible risks arising from a fluctuation in prices in connection with the outstanding balance of the purchased MSCBs, etc. and even if such transaction is included in transactions set forth in Article 26-4, Paragraph 4 of the FIEA Enforcement Ordinance due to the fact that such transaction is included in transactions set forth in Article 9-3, Paragraph 1, Item (xxi) of the Cabinet Office Ordinance on Restrictions on Securities Transactions, etc. Provided, however, that this shall not apply to short selling prescribed in the proviso of Article 26-4, Paragraph 1 (including the cases where such provision applies mutatis mutandis to Article 26-4, Paragraph 6).

(Sales in Market during Observation Period)

Article 11 A Regular Member who holds MSCBs, etc. (including cases where holding has been decided; the same shall apply hereinafter to this Article and in Article 15) must not, in principle, place for its own account, on any of the business days during the Observation Period for such MSCBs, etc., from 15 minutes prior to the closing of trading session to the closing (hereinafter referred to as the "15 Minutes before Closing") of the Financial Instruments Exchange Market, a sell order of the Underlying Share Certificates, etc. (including changing a sell order before the 15 Minutes before Closing, or placing an order that can be executed only at the closing), when the Exercise Price of such MSCBs, etc. refers to the closing price (which means the final trade price or the final quotation; the same shall apply hereinafter) in Financial Instruments Exchange Market.

2. A Regular Member who holds MSCBs, etc. shall place sell orders in accordance with the intent of the provisions of the preceding Paragraph when the Exercise Price of such MSCBs, etc. refers to a price at a certain point in time other than closing price in the Financial Instruments Exchange Market.

3. A Regular Member who holds MSCBs, etc. in principle must not sell the Underlying Share Certificates, etc. for its own account, on any of the business days during the Observation Period for such MSCBs, etc., in a quantity that exceeds a quantity that is 25% of the number derived by dividing the sum of the trading volume of the Underlying Share Certificates, etc. in the trading session at the Financial Instruments Exchange Market for the 10 sequence business days prior to such business day

of selling by 10 (or, if such quantity is less than one trading unit, one trading unit), when the Exercise Price of such MSCBs, etc. refers to the volume weighted average price of the whole day trading session at the Financial Instruments Exchange Market .

4. A Regular Member who holds MSCBs, etc. shall sell the Underlying Share Certificates, etc. in accordance with the intent of the provisions of the preceding Paragraph when the Exercise Price of such MSCBs, etc. refers to a price for a certain period of time other than the volume weighted average price of the whole day trading session at the Financial Instruments Exchange Market.

(Exceptions during Observation Period)

Article 12 The provisions of the preceding two Articles shall not apply if either of the following applies:

- (1) in case that the issuing terms for the MSCB, etc. do not include a provision to the effect that the Exercise Price for the Share Options, etc. may be adjusted below the closing price of the Underlying Share Certificates, etc. in the trading session at Financial Instruments Exchange Market on the issue resolution date; or
- (2) if the price of the Underlying Share Certificates, etc. in the trading session at the Financial Instruments Exchange Market at the time of short selling prescribed in Article 10 or selling prescribed in the preceding Article is equal to or above the closing price of such Underlying Share Certificates, etc. on the issue resolution date in the trading session at the Financial Instruments Exchange Market, or is less than the lowest price within the adjustable range of the Exercise Price.

(Restrictions on Exercise of Share Options)

Article 13 When purchasing MSCBs, etc., a Regular Member must provide and observe, in the agreement concluded with the Listed Issuer when making such purchase (hereinafter referred to as the “Buying Agreement”), the substance of the provision of Paragraph 5 to the effect that when the number of shares that would be acquired from the exercise of Share Options, etc. during a calendar month which includes the day of such exercise (hereinafter referred to as “Exercise Quantity”) exceeds 10% of the number of listed shares as of the payment date for the issuance of such MSCBs, etc. (with the meaning of the latest number of listed shares already made public by the Financial Instruments Exchange as of such payment date; the same shall apply hereinafter), the Share Options, etc. corresponding to the portion above such 10% may not be exercised (hereinafter referred to as “Exercise in Excess of the Limit”).

2. The provisions of the preceding Paragraph shall not apply if all of the requirements listed in the Items below are satisfied:

- (1) The MSCBs, etc. are issued for a business affiliation or capital tie-up;
- (2) There is an agreement between the Listed Issuer and the Regular Member purchasing such MSCBs, etc. to hold the underlying share certificates for at least six months after their acquisition, and this has been made public;
- (3) Such Regular Member will not engage in borrowing and lending transactions of Share Certificates, etc. in connection with such underlying share certificates during the period that it has agreed to such holding; and
- (4) Such Regular Member will not engage in over-the-counter derivatives transactions prescribed in Article 2, Paragraph 22 of the FIEA in connection with such underlying share certificates

from the time it makes such purchase (including when it has decided to make such purchase) until the period that it has agreed to such holding expires.

3. When the Items below are applicable, the Exercise Quantity prescribed in Paragraph 1 shall be calculated in accordance with the provisions of each Item:

- (1) When such MSCBs, etc. are held through multiple parties, it shall be the sum of Exercise Quantities of the Share Options, etc. for such multiple parties; or
- (2) When the period for exercising the Share Options, etc. (hereinafter referred to as the “Exercisable Period”) under another MSCB, etc. issued by such Listed Issuer besides such MSCB, etc. (hereinafter referred to as “Separate Series MSCB, etc.”) overlaps, it shall be the sum of the Exercise Quantities for the Share Options, etc. for such MSCB, etc. and such Separate Series MSCB, etc.

4. When the Items below are applicable to the number of listed shares prescribed in Paragraph 1, such number shall be treated in accordance with the provisions of each Item:

- (1) When there is a share split, reverse share split or allotment of shares without contribution subsequent to the payment date for the issuance of such MSCB, etc., the number of listed shares shall be adjusted in a fair and reasonable manner; and
- (2) When there is a Separate Series MSCB, etc. when such Listed Issuer issues such MSCB, etc., the number of listed shares shall be pursuant to the provisions of Paragraph 1 and the preceding Item in connection with such Separate Series MSCB, etc.

5. A Buying Agreement prescribed in Paragraph 1 must include substance set forth in the following Items:

- (1) The Listed Issuer may not permit a party holding MSCBs, etc. to carry out the Exercise in Excess of the Limit;
- (2) A Regular Member purchasing MSCBs, etc. agrees to refrain from the Exercise in Excess of the Limit, and when exercising Share Options, etc., it will verify in advance with the Listed Issuer that the exercise of such Share Options, etc. will not be an Exercise in Excess of the Limit;
- (3) A Regular Member purchasing MSCBs, etc. will make, when re-selling such MSCBs, etc., the other party to the resale agree in advance to the matters prescribed in the above Items with the Listed Issuer and make a third party agree to same in the event that the other party to the resale in turn concludes a resale to such third party; and
- (4) The Listed Issuer will agree to the matters prescribed in Item (1) and (2) with the other party to the resale prescribed in the preceding Item, and will likewise agree to the same when the other party to the resale concludes a further resale to a third party.

6. A buying Agreement prescribed in Paragraph 1 may include provisions to the effect that an Exercise in Excess of the Limit is allowable during such time periods and under such circumstances as are listed in the Items below:

- (1) From the time of the disclosure of a merger, share swap, or share transfer that will result in the delisting of the Underlying Share Certificates, etc. (hereinafter referred to as the “Merger, etc.”) until the time that such Merger, etc. is carried out or it is made public that such Merger, etc. cease being carried out;

- (2) From the time of the public notice of a tender offer to the issuing company until the time that such tender offer is completed or it is made public that it will be suspended;
- (3) From the time that the Underlying Share Certificates, etc. are designated as a supervision issue or a liquidation issue in the Financial Instruments Exchange Market until such designation is released;
- (4) In the event that the Exercise Price for the Share Options, etc. is equal to or above closing price of the Underlying Share Certificates, etc. in the trading session at the Financial Instruments Exchange Market on the issue resolution date; or
- (5) The final two months of the Exercisable Period of the Share Options, etc. (limited to cases where the Exercisable Period is at least two years when the MSCBs, etc. are issued).

7. A Regular Member shall not exercise Share Options, etc. with the knowledge that it would fall under an Exercise in Excess of the Limit.

(Acceptance of Proper Order for Short Selling)

Article 14 A Regular Member, with the knowledge that an affiliated company of such Regular Member holds MSCBs, etc., must not accept an order of short selling in contravention of Article 10 from such affiliated company.

(Developing Internal Systems)

Article 15 A Regular Member purchasing MSCBs, etc. must establish the internal systems necessary to verify the matters listed in Article 9 without being influenced by the business of promoting the purchase of MSCBs, etc.

2. Regular Members holding MSCBs, etc. shall monitor the status of compliance with the provisions of Article 10 and 11.

3. Regular Members holding MSCBs, etc. or intermediating the purchases of MSCBs, etc. must establish internal rules concerning the specific treatment of matters specified in the provisions of these Rules and develop systems to ensure their compliance by officers and employees.

Chapter V. Miscellaneous Provisions

(Response to Case where Person Other Than Regular Member Purchases Shares, Etc. Relating to Allotment of New Shares to Third Party, Etc.)

Article 16 When a Regular Member intermediates the purchase of Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. by a Listed Issuer (excluding those relating to MSCB, etc.; the same shall apply hereinafter in this Article) by an affiliated company of such Regular Member (referring to such Regular Member's parent company (with the meaning of parent company prescribed in Article 177, Paragraph 6, Item (i) of the Cabinet Office Ordinance Concerning the Financial Instruments Business), subsidiary (with the meaning of subsidiary prescribed in Article 177, Paragraph 6, Item (ii) of the same ordinance), or a subsidiary of the parent company (with the meaning of subsidiary of the parent company prescribed in Article 177, Paragraph 6, Item (iv) of the same ordinance); the same shall apply hereinafter), the Regular Member shall request such affiliated companies to comply with the provisions of Articles 3 through 7. Such Regular Member shall, as

necessary, undertake the appropriate verifications on behalf of such affiliated companies with respect to the matters set forth in Article 3, and Article 7, Paragraphs 2 and 3.

2. When a Regular Member intermediates to the Listed Issuer the purchase of Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. by a Listed Issuer (excluding those conducted for M&A (M&A prescribed in Article 20, Paragraph 2 of the Rules Concerning Underwriting, Etc. of Securities; the same shall apply in Paragraph 4); the same shall apply in the next Paragraph) by a person other than the Regular Member (excluding an affiliated company of the Regular Member; the same shall apply in the next Paragraph and the next Article), the Regular Member shall request the Listed Issuer to comply with the objectives of the provisions of Article 3 and Articles 5 through 7.

3. When a Regular Member intermediates to a person other than Regular Members the purchase of Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. by a Listed Issuer by such person other than Regular Members, the Regular Member shall request such other person to comply with the objectives of the provisions of Articles 3 through 6, and Article 7, Paragraphs 1 and 4.

4. When Allotment of New Shares to Third Party, etc. by a Listed Issuer is conducted at the time of M&A, and a Regular Member gives advice about such M&A to the Listed Issuer, the Regular Member shall make the same request prescribed in Article 5 to the Listed Issuer.

(Response to Case where Person Other Than Regular Members Purchases MSCB, Etc.)

Article 17 When a Regular Member intermediates the purchase of MSCB, etc. relating to Allotment of New Shares to Third Party, etc. by a Listed Issuer by an affiliated company of the Regular Member, the Regular Member shall make a request to such affiliated company to comply with provisions prescribed in Articles 3 through 13 (excluding Article 5, Paragraph 1). Such Regular Member shall, as necessary, undertake the appropriate verifications on behalf of such affiliated company with respect to the matters set forth in Article 9.

2. When a Regular Member intermediates to a Listed Issuer the purchase of MSCB, etc. relating to Allotment of New Shares to Third Party, etc. by the Listed Issuer by a person other than Regular Members, the Regular Member shall request such Listed Issuer to comply with the objectives of provisions of Articles 3 through 9 (excluding Article 5, Paragraph 1) and Article 13,

3. When a Regular Member intermediates to a person other than Regular Members the purchase of MSCB, etc. relating to Allotment of New Shares to Third Party by a Listed Issuer, the Regular Member shall request such person other than Regular Members to comply with the objectives of provisions of Article 3, Article 4, Article 5 Paragraph 2, Article 6, Article 7 Paragraphs 1 and 4, Article 8, Article 9, and Article 13.

(Application to Quasi-MSCB, Etc.)

Article 18 In a case a Regular Member purchases or intermediates the purchase of Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. by a Listed Issuer (excluding MSCB, etc.; the same shall apply hereinafter in this Article), if a derivatives transaction or other transaction prescribed in Article 2, Item (xx) of the FIEA regarding securities issued by the Listed Issuer who conducts such Allotment of New Shares to Third Party, etc. has a close and inseparable relationship with such Share Certificates, etc., and such Share Certificates, etc. and such derivatives transaction or other transaction uniformly have an effect that is equivalent to the body of Article 2, Item (ii), such Share Certificates, etc. and the derivatives transaction or other transaction shall uniformly be regarded as MSCB, etc., which is subject to the application of these Rules.

2. If the preceding Paragraph applies, a Regular Member shall request to disclose the details of such Share Certificates, etc. and such derivatives transaction or other transaction in addition to the matters set forth in each Item of Article 5, Paragraph 2.

(Exceptions to Rules)

Article 19 When the Association deems appropriate, these Rules do not apply to Share Certificates, etc. that are issued in accordance with determinations pursuant to the Act on Special Measures for Reinforcement of Financial Function etc.

2. These Rules shall not apply to Share Certificates, etc. relating to Allotment of New Shares to Third Party, etc. (excluding MSCB, etc.) that fall under the Parallel Allotment of New Shares to Third Party prescribed in Article 2, Paragraph 3 of the Rules Concerning Distribution to Customers Related to Underwriting, etc. of Public Offering, etc. of Share Certificates, Etc.

SUPPLEMENTARY PROVISIONS [Omitted]

The Rules are based on the November 5, 2013 edition of the original Japanese text. Except for the revision in Article 13, Paragraph 6, Item (3) and Article 16, Paragraph 2, the Rules shall apply to sale of securities conducted on and after November 5, 2013 and the Rules before the revision shall apply to sale of securities conducted before such date.

<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>
