

RULES CONCERNING TRANSACTION SUBJECT TO CLOSING PRICE AND ASSOCIATED PROPRIETARY TRANSACTIONS

(March 19, 2003)

(Purpose)

Article 1 The purpose of the Rules Concerning Transactions Subject to Closing Price and Associated Proprietary Transactions (hereinafter referred to as “Rules”) is to ensure the fairness of the transactions by defining the establishment of internal control system with regard to the acceptance of transactions subject to the closing price and proprietary transactions associated therewith, thereby contributing to the protection of investors.

(Definitions)

Article 2 The terms set forth in each of the following Items shall have their respective definitions prescribed therein for the purpose of these Rules:

(1) Transaction Subject to Closing Price:

A transaction where a Regular Member promises a customer to sell or purchase the securities listed in a financial instruments exchange market prescribed in Article 2 (17) of the Financial Instruments and Exchange Act (hereinafter referred to as the “Financial Instruments Exchange Market”) at a price that is based on the closing price of the day in such Financial Instruments Exchange Market and the Regular Member executes the transaction at such price after the closing price is fixed, as well as other, similar transactions.

(2) Proprietary Transaction:

Sale or purchase (in the case of Financial Instruments Exchange Market, limited to sale or purchase in the trading session) of securities of the same issue that is conducted by a Regular Member in its proprietary account for the purpose of hedging a risk of its own position generated by the transaction in the Financial Instruments Exchange Market that is conducted prior to the execution of the Transaction Subject to Closing Price.

(Establishment of Internal Control System)

Article 3 In the case where a Regular Member conducts Transactions Subject to Closing Price and the Proprietary Transaction associated therewith, it must establish internal rules that include the matters prescribed in each of the following Items, depending on the category of the applicable Item:

(1) Procedures when accepting the entrustment of the Transaction Subject to Closing Price
Matters to be explained to a customer when accepting the entrustment of such transaction;

(2) Procedures when executing the Proprietary Transaction

(i) Matters relating to the execution in consideration of liquidity of individual issues;

(ii) Matters relating to points to be checked or restrictions on a transaction before the closing price is fixed;

2. In the case where a Regular Member executes the Transaction Subject to Closing Price and the Proprietary Transaction associated therewith, it must establish a system in its sale and purchase control systems, such as distinguishing such sale or purchase from other sales or purchases in its own account,

for the purpose of checking the compliance with the internal rules prescribed in the preceding Paragraph in a timely manner. It also must establish a system in a regular internal inspection to check the compliance with the internal rules above.

SUPPLEMENTARY PROVISIONS [Omitted]

(Note 1) This rule is based on the September 2007 edition of the original Japanese text.

(Note 2) 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.