

# ARTICLES OF ASSOCIATION

(June 7, 1973)

## CHAPTER I. GENERAL PROVISIONS

### (Name)

**Article 1** The name of the association (hereinafter referred to as “Association”) shall be Nihon Shokengyo Kyokai (English name: Japan Securities Dealers Association).

### (Offices)

**Article 2** The Association’s main office shall be located in Chuo-ku, Tokyo with sub-offices in the cities of Sapporo, Hokkaido Prefecture; Sendai, Miyagi Prefecture; Chuo-ku, Tokyo; Nagoya, Aichi Prefecture; Kanazawa, Ishikawa Prefecture; Osaka, Osaka Prefecture; Hiroshima, Hiroshima Prefecture; Takamatsu, Kagawa Prefecture; and Fukuoka, Fukuoka Prefecture.

### (Definition)

**Article 3** In these Articles of Association, the definition of the terms set forth in each of the following Items shall be prescribed therein:

- (1) Securities: The Securities prescribed in Article 2, Paragraph 1 of the Financial Instruments and Exchange Act (hereinafter referred to as “FIEA” ) (including the rights that are deemed as Securities prescribed in Paragraph 2 of the same Article thereof (excluding the rights set forth in each Item of the same Paragraph) );
- (2) Financial Instruments Business Operators: The Financial Instruments Business Operators prescribed in Article 2, Paragraph 9 of the FIEA;
- (3) Type I Financial Instruments Business: The Type I Financial Instruments Business prescribed in Article 28, Paragraph 1 of the FIEA;
- (4) Transactions of Securities-Related Derivatives, etc.: The Transactions of Securities-Related Derivatives, etc. prescribed in Article 33, Paragraph 3 of the FIEA (excluding those related to the rights set forth in each Item of Article 2, Paragraph 2 thereof and deemed as Securities pursuant to the same Paragraph);
- (5) Over-the-Counter Transactions of Derivatives, etc.: The Over-the-Counter Transactions of Derivatives, etc. prescribed in Article 2, Paragraph 8, Item 4 of the FIEA (excluding those that fall under Article 1-8-6, Paragraph 1, Item 2 of the FIEA Enforcement Order);
- (6) Over-the-Counter Transactions of Financial Futures, etc.: Over-the-Counter Transactions of Financial Futures (the Over-the-Counter Transactions of Financial Futures prescribed in Article 79, Paragraph 2, Item 2 of the Cabinet Office Ordinance Concerning Financial Instruments Business, Etc. (hereinafter referred to as “FIBCOO” ); the same shall apply hereinafter), or intermediary, brokerage, or agent thereof;
- (7) Specified Over-the-Counter Transactions of Derivatives, etc.: Over-the-Counter Transactions of Derivatives, etc. that are the Specified Over-the-Counter Derivative Transactions (Over-the-Counter Derivative Transactions prescribed in Article 2, Paragraph 22 of the FIEA (excluding those prescribed in Article 1-8-6, Paragraph 1, Item 2 of the FIEA Enforcement Order) and that do not fall under any of the following) or intermediary, brokerage or agent thereof;

- (a) Transactions of the rights set forth in each Item of Article 2, Paragraph 2 of the FIEA that are regarded as securities pursuant to the provision of Article 2, Paragraph 2 of the FIEA;
  - (b) Transactions of Securities-Related Derivatives (the Transactions of Securities-Related Derivatives prescribed in the provision of Article 28, Paragraph 8, Item 6 of the FIEA (excluding the rights set forth in each Item of Article 2, Paragraph 2 of the FIEA that are regarded as securities pursuant to the provision of Article 2, Paragraph 2 of the FIEA));
  - (c) Over-the-Counter Financial Futures Transactions;
  - (d) Transactions prescribed in the provision of Article 2, Paragraph 22, Item 4 of the FIEA (limited to the transactions related to the financial indicators set forth in Article 2, Paragraph 25, Item 1 or 4 of the FIEA (limited to those related to those prescribed in Article 2, Paragraph 24, Item 3)).
  - (e) Cryptocurrency-related Over-the-Counter Derivative Transactions prescribed in Article 185-24, Paragraph 1 of the FIEA.
- (8) Sale and Purchase or Other Transactions of Securities, etc.: Sale and Purchase or Other Transactions of Securities, the Transactions of Securities-Related Derivatives, etc., the Specified Over-the-Counter Transactions of Derivatives, etc., and the Brokerage, etc. for Commodity-Related Market Transactions of Derivatives; and
- (9) Financial Instruments Intermediary Service Provider: Among the Financial Instruments Intermediary Service Providers, prescribed in Article 2, Paragraph 12 of the FIEA, for which an Association Member is an Entrusting Financial Instruments Business Operator, etc. (Entrusting Financial Instruments Business Operator, etc. prescribed in Article 66-2, Paragraph 1, Item 4 of the FIEA; the same shall apply hereinafter), those who conduct the Financial Instruments Intermediary Service prescribed in Article 2, Paragraph 11 (limited to acts set forth in Items 1 through 3 of the same Paragraph (as for the acts related to the electronically recorded transfer rights (prescribed in Paragraph 3 of the same Article; the same shall apply hereinafter) or the rights prescribed in Article 1-12, Item 2 of the FIEA Enforcement Order, and the acts prescribed in Article 2, Paragraph 11, Item 2 of the FIEA, excluding those related to the transactions set forth in Items 1 (a) through (d) and Item 2 of Article 16-4, Paragraph 2 of the FIEA Enforcement Order)).
- (10) Brokerage, etc. for Commodity-Related Market Transactions of Derivatives: Refers to the Brokerage, etc. for Commodity-Related Market Transactions of Derivatives prescribed in Article 43-2-2 of the FIEA.

### **(Organization and Juridical Personality)**

**Article 4** The Association shall be composed of the Association Members prescribed in the following Article, and shall receive the Prime Minister's authorization as an Authorized Financial Instruments Firms Association prescribed in Article 67-2, Paragraph 2 of the FIEA (the Authorized Financial Instruments Firms Association prescribed in the Article 2, Paragraph 13 of the FIEA; hereinafter referred to as "Authorized Association").

### **(Requirements for Association Members)**

**Article 5** The Association Members shall be those who are prescribed in the following Items, depending on the types of membership set forth in each Item:

- (1) Regular Members: Among the Financial Instruments Business Operators, those who conduct Type I Financial Instruments Business (excluding the following businesses; the same shall apply hereinafter in this Article) (excluding those who only conduct the businesses listed in the next Items (a) through (c));
  - (a) Business related to Over-the-Counter Financial Futures Transactions;
  - (b) Business related to transactions set forth in Article 3, Item 7 (d) and (e), or intermediary, brokerage, or agency service therefor; or
  - (c) Business related to electronically recorded transfer rights or rights prescribed in Article 1-12, Item 2 of the FIEA Enforcement Order.

- (2) Specified Business Members: Among the Financial Instruments Business Operators, those who conduct only business listed below in the Type I Financial Instruments Business:
- (a) Business related to Specified Over-the-Counter Transactions of Derivatives, etc.;
  - (b) Type I Small Amount Electronic Offering Handling Business prescribed in Article 29-4-2, Paragraph 10 of the FIEA (limited to business related to securities set forth in Item 1 of the same Paragraph);
  - (c) Business related to the Brokerage, etc. for Commodity-Related Market Transactions of Derivatives.
- (3) Special Members: Registered Financial Institutions prescribed in Article 2, Paragraph 11 of the FIEA (those who conduct the Registered Financial Institutions Business (among the businesses prescribed in Article 33-2 thereof, those set forth in Item 1 of the same Article (excluding those related to the rights set forth in each Item of Article 2, Paragraph 2 thereof and deemed as Securities pursuant to the same Paragraph), Item 2 (excluding those related to the rights set forth in each Item of Article 2, Paragraph 2 thereof and deemed as Securities pursuant to the same Paragraph), or Item 3 (limited to those related to the Specified Over-the-Counter Transactions of Derivatives, etc. and the Brokerage, etc. for Commodity-Related Market Transactions of Derivatives.), or Securities, etc. Management Business); the same shall apply hereinafter).

### **(Purpose)**

**Article 6** The purpose of the Association shall be to ensure fair and smooth Sale and Purchase or Other Transactions of Securities, etc. conducted by Association Members and sound development of the Financial Instruments Business and thereby contribute to investor protection.

### **(Businesses)**

**Article 7** In order to accomplish the purpose of the preceding Article, the Association shall conduct the businesses set forth in each of the following Items:

- (1) To enhance and promote Association Members' observance of the FIEA as well as the related laws and regulations, and maintenance of order among themselves;
- (2) To encourage the good faith principles of transactions by promoting fair business practices with respect to Sale and Purchase or Other Transactions of Securities, etc. conducted by Association Members;
- (3) To increase the efficiency of transactions and to eliminate disputes by unifying practices with respect to Sale and Purchase or Other Transactions of Securities, etc., as well as related actions conducted by Association Members;
- (4) To encourage the good faith principles of transactions by preventing fraudulent actions, manipulation of the market or collection of unreasonable commissions or expenses and other actions of unfair profiteering by Association Members and Financial Instruments Intermediary Service Providers;
- (5) To prevent acts in violation of laws and regulations, the Articles of Association and other rules and secure investor confidence by requiring Association Members that the Association Members and Financial Instruments Intermediary Service Providers to establish internal rules and administration

systems to ensure observance of the laws and regulations, the Articles of Association and other rules;

- (6) To provide settlement service for any complaints received from customers with respect to the business of Association Members and Financial Instruments Intermediary Service Providers and to mediate the settlement of disputes between Association Members or Financial Instruments Intermediary Service Providers and customers concerning Sale and Purchase or Other Transactions of Securities, etc., as well as to conciliate disputes between Association Members;
- (7) To publicize the trading prices related to the transactions of listed share certificates, etc. outside of a Financial Instruments Exchange Market prescribed in Article 67-19 of the FIEA;
- (8) To investigate Association Members' and Financial Instruments Intermediary Service Providers' situation of observance of laws and regulations, disciplinary actions taken by administrative government offices pursuant to laws and regulations, or the Articles of Association and other rules or the good faith principles of transactions, and the situation of the business and property of Association Members;
- (9) To perform tasks regarding the registration of Sales Representatives delegated by the Commissioner of the Financial Services Agency prescribed in Article 64-7, Paragraph 1 of the FIEA;
- (10) To make investigation and confirmation prescribed in Article 119, Paragraph 1, Item 9 (b) of the FIBCOO;
- (11) To conduct examinations, training, etc. for officers and employees of Association Members, Financial Instruments Intermediary Service Providers and their officers and employees in order to improve their quality;
- (12) To conduct research and study on subjects concerning Financial Instruments, Financial Indicators and Financial Instruments Markets and to make recommendations and requests to the government, etc., whenever necessary;
- (13) To disseminate the knowledge of Financial Instruments, Financial Indicators, and Financial Instruments Markets and promote enlightenment as well as publicity activities;
- (14) To promote mutual communication and harmonization of opinions among Association Members;
- (15) To promote mutual communication and harmonization of opinions between the Association and organizations related to the Financial Instruments Business;
- (16) To collect and provide information as an entity of controlling information on unjust requests prescribed in Article 32-3, Paragraph 2, Item 8 of the Act on Prevention of Unjust Acts by Organized Crime Group Members;
- (17) To support activities by Regular Members for precluding antisocial forces; and
- (18) To conduct other businesses necessary for the accomplishment of the purpose of the Association in addition to those set forth in each of the preceding Items.

2. The Association shall not conduct any business for profit.

**(Rules, Etc.)**

**Article 8** For the smooth operation of the businesses prescribed in each Item of Paragraph 1 of the preceding Article, the Association may establish Self-regulatory Rules, Unified Business Practice Rules, the Dispute Mediation Rules, Association Management Rules and other rules.

### **(Articles of Association Enforcement Rules)**

**Article 9** Any matters that are necessary for the enforcement of the Articles of Association shall be prescribed in the “Rules Concerning Enforcement of the Articles of Association” (hereinafter referred to as “Articles of Association Enforcement Rules” ).

### **(Enactment and Amendment of Rules, Etc.)**

**Article 10** The enactment, amendment and abolition of Self-regulatory Rules, Uniform Business Practice Rules, Dispute Mediation Rules, Association Management Rules, Articles of Association Enforcement Rules and other rules, as well as the detailed rules thereunder, shall be made by a resolution of the Board of Governors.

## **CHAPTER II. REGULAR MEMBER AND SPECIFIED BUSINESS MEMBER**

### **SECTION 1. RIGHTS AND OBLIGATIONS**

#### **(Regular Membership Status)**

**Article 11** An entity who fulfills the requirements prescribed in Article 5, Item 1 shall become a Regular Member upon the receipt of approval prescribed in Article 22, Paragraph 1, or Article 26, Paragraph 1 that applies *mutatis mutandis* to Article 30.

2. In cases where a Regular Member withdraws from the Association upon the receipt of approval prescribed in Article 25, Paragraph 1, or where a Regular Member is expelled from the Association pursuant to the resolution prescribed in Article 28, Paragraph 1, the Regular Member shall lose its membership status.
3. In cases where a Regular Member’s corporate status discontinues through a merger, the Regular Member shall lose its membership status.

#### **(Regular Member’s Rights)**

**Article 12** A Regular Member shall have the rights as a Regular Member prescribed in the Articles of Association Enforcement Rules (hereinafter referred to as “Regular Member’s Rights” ).

2. In cases where a Regular Member loses its membership status pursuant to Paragraph 2 or 3 of the preceding Article, the Regular Member’s Rights shall lapse.
3. In cases where the Association determines that a Regular Member is no longer an entity who conducts Type I Financial Instruments Business prescribed in Article 5, Item 1, or that a Regular Member suspends its business operation and the Association approves to discharge the obligation of the Regular Member to pay its membership fee during the business suspension period, a part of the Regular Member’s Rights prescribed in the Articles of Association Enforcement Rules shall be limited.
4. Regular Member’s Rights shall not be transferred.

#### **(Specified Business Membership Status)**

**Article 13** An entity who fulfills the requirements prescribed in Article 5, Item 2 shall become a Specified Business Member upon the receipt of approval prescribed in Article 22, Paragraph 1 or Article 26, Paragraph 1.

2. In cases where a Specified Business Member withdraws from the Association upon the receipt of approval prescribed in Article 25, Paragraph 1 that applies *mutatis mutandis* to Article 30, or where a

Specified Business Member is expelled from the Association pursuant to the resolution prescribed in Article 28, Paragraph 1 that applies *mutatis mutandis* to Article 30, the Specified Business Member shall lose its membership status.

3. In cases where a Specified Business Member's corporate status discontinues through a merger, the Specified Business Member shall lose its membership status.

#### **(Specified Business Member's Rights)**

**Article 14** A Specified Business Member shall have the rights as a Specified Business Member prescribed in the Articles of Association Enforcement Rules (hereinafter referred to as "Specified Business Member's Rights").

2. In cases where a Specified Business Member loses its membership status pursuant to Paragraph 2 or 3 of the preceding Article, the Specified Business Member's Rights shall lapse.

3. In cases where the Association determines that a Specified Business Member is no longer an entity who conducts Type I Financial Instruments Business prescribed in Article 5, Item 2, or that a Specified Business Member suspends its business operation and the Association approves to discharge the obligation of the Specified Business Member to pay its membership fee during the business suspension period, a part of the Specified Business Member's Rights prescribed in the Articles of Association Enforcement Rules shall be limited.

4. Specified Business Member's Rights shall not be transferred.

#### **(Membership Fees and Additional Membership Fees)**

**Article 15** A Regular Member must pay membership fees to the Association as determined by the Association.

2. When the Association deems it necessary to cover special expenditure, a Regular Member must pay additional membership fees as determined by the Association.

3. The amount of membership fees and additional membership fees shall be determined by a resolution of the Board of Governors.

4. The resolution prescribed in the preceding Paragraph shall be made in accordance with the principle of ensuring fair burden-sharing among Regular Members.

#### **Article 16 (DELETED)**

#### **(Regular Member Representative and Deputy)**

**Article 17** Under the Articles of Association Enforcement Rules, a Regular Member must appoint a person representing the Regular Member with respect to the businesses of the Association (hereinafter referred to as "Regular Member Representative") as well as his/her deputy, and notify the Association thereof.

2. If the Association deems a Regular Member Representative or his/her deputy incompetent, it may request for replacement by presenting reasons therefor.

#### **(Matters for Notification and Reports)**

**Article 18** If a Regular Member falls under the cases prescribed in the Articles of Association Enforcement Rules or other rules, the Regular Member must notify or report the matter to the Association without delay in a prescribed form.

#### **(Submission of Reports and Data)**

**Article 19** When deemed necessary, the Association may request that a Regular Member submits a report or data concerning the situation of observance by the Regular Member, or Financial Instruments Intermediary Service Providers for which the Regular Member is an Entrusting Financial Instruments Business Operator, etc., of laws and regulations, disciplinary actions taken by administrative government offices pursuant to laws and regulations, the Articles of Association and other rules, or the good faith principles of transactions, as well as concerning the Regular Member's business and property.

2. A Regular Member must comply with the Association's request to submit a report or data prescribed in the preceding Paragraph.

**(Inspection)**

**Article 20** Under the "Inspection Rules", the Association may inspect the observance by a Regular Member, or Financial Instruments Intermediary Service Providers for which the Regular Member is an Entrusting Financial Instruments Business Operator, etc., of laws and regulations, disciplinary actions taken by administrative government offices pursuant to laws and regulations, the Articles of Association and other rules, or the good faith principles of transactions, and the Regular Member's business and property as well as its books, records and other objects.

2. A Regular Member must accept an inspection implemented by the Association pursuant to the preceding Paragraph.

**(Restriction on Use of the Association's Name)**

**Article 21** Unless otherwise prescribed in the FIEA and relevant laws and regulations or in the Articles of Association Enforcement Rules, a Regular Member must not use the name of the Association or the names of conferences established under the Association (including those of which are designed; the same shall apply hereinafter) without obtaining an approval from the Association.

**SECTION 2. ADMISSION AND WITHDRAWAL**

**(Approval of Admission)**

**Article 22** An entity who fulfills any of the requirements prescribed in each Item of the Article 5 hereof and seeks admission to the Association must submit to the Association an application for admission in the form provided by the Association and obtain an approval from the Association.

2. The application for admission prescribed in the preceding Paragraph must be accompanied by the documents required by the Articles of Association Enforcement Rules.

3. The approval of the admission prescribed in Paragraph 1 above shall be made by a resolution of the Board of Governors. Provided, however, the approval of the admission of a Specified Bridge Financial Institution, etc. (the specified bridge financial institutions prescribed in Article 126-34, Paragraph 3, Item 5 of the Deposit Insurance Act; the same shall apply hereinafter) shall be made by the Chairman, who must immediately report such effect to the Board of Governors.

4. The Association may give necessary instructions at the time of admission to an Association Member newly joining the Association for the purposes of developing internal rules and administration systems that enable it to comply with laws and regulations, the Articles of Association and other rules, and ensuring the effectiveness of the ethical code.

**(Refusal of Admission)**

**Article 23** When an entity who has applied for admission prescribed in Paragraph 1 of the preceding Article (hereinafter referred to as "Admission Applicant") falls under either of the following Items, the Association

may refuse its admission:

- (1) If an Admission Applicant has been ordered to suspend Sale and Purchase or Other Transactions of Securities, etc. or Derivative Transactions, etc. prescribed in the Article 33, Paragraph 3 of the FIEA or has been expelled from membership or has had trading qualifications revoked by an Authorized Association or a Financial Instruments Exchange prescribed in the Article 2, Paragraph 16 of thereof (hereinafter referred to as “Financial Instruments Exchange”) on a charge of a violation of laws and regulations, a disciplinary action taken by an administrative government office pursuant to laws and regulations, or the Articles of Authorized Association or Articles of Incorporation of a Financial Instruments Exchange or other rules, or on a charge of an act in violation of the good faith principles of transactions; or
- (2) If an Admission Applicant has made a false statement or has failed to make a statement on important matters in the application for admission or the documents accompanying the application prescribed in the preceding Article.

#### **(Payment of Admission Fee upon Approval of Admission)**

**Article 24** An Admission Applicant who has obtained an approval for admission to the Association must pay admission fee by the date designated by the Association. Provided, however, if the Admission Applicant is a Specified Bridge Financial Institution, etc., it is not necessary to pay the admission fee.

2. The amount of admission fee shall be prescribed by the Articles of Association Enforcement Rules.
3. The admission fee prescribed in Paragraph 1 shall not be returned to the Association Members.

#### **(Approval of Withdrawal)**

**Article 25** A Regular Member who intends to withdraw from the Association must submit to the Association an application for withdrawal in the form provided by the Association, and obtain an approval from the Association, provided, however, that the submission of such application shall not be necessary if the Association specifically admits it.

2. The approval of withdrawal prescribed in the preceding Paragraph shall be made by a resolution of the Board of Governors.

#### **(Application for Change of Association Membership Type)**

**Article 26** A Regular Member who seeks to become a Specified Business Member must fulfill the requirements prescribed in Article 5, Item 2, and submit to the Association an application for membership change in the form provided by the Association and obtain an approval from the Association.

2. The application for membership change set forth in the preceding Paragraph must be accompanied by the documents prescribed in the Articles of Association Enforcement Rules.
3. The approval of membership change prescribed in Paragraph 1 above shall be made by a resolution of the Board of Governors.

#### **(Special Measures in Connection with Specified Bridge Financial Institution, Etc.)**

**Article 27** If an Association Member is a Specified Bridge Financial Institution, etc., the Association may take measures against such Association Member by the resolution at the Board of Governors that are necessary for contributing to the stability of the financial market in Japan and other financial systems, regardless of the provisions of the Articles of Association or other rules.

2. Notwithstanding the provision of the preceding Paragraph, any measures that are immediately necessary for smooth business operation of a Specified Bridge Financial Institution, etc. can be decided by



the Chairman. When the Chairman makes such a decision, he/she shall immediately report such effect to the Board of Governors.

### SECTION 3. DISCIPLINARY ACTION AND ADMONITION

#### **(Disciplinary Action, Etc. against Regular Members)**

**Article 28** When a Regular Member is deemed to fall under any of the Items below, the Association may take a disciplinary action against the Regular Member by a resolution of the Board of Governors:

- (1) It joins the Association by dishonest means;
- (2) It becomes insolvent and such insolvency is not readily-recoverable;
- (3) It violates laws and regulations, a disciplinary action taken by an administrative government office pursuant to laws and regulations, or the Articles of Association and other rules, a resolution at a General Assembly or by the Board of Governors or a disciplinary action thereunder;
- (4) It commits an act in violation of the good faith principles of transactions;
- (5) It fails to make the payment of money which should be paid to the Association as prescribed by the Association;
- (6) It fails to make the notification or report prescribed in Article 18 hereof, or it presents a false notification or report;
- (7) It fails to submit the reports or data prescribed in Article 19 hereof, or it submits false reports or data;
- (8) It refuses, disturbs or evades the inspection prescribed in Article 20 hereof;
- (9) It uses the Association name and the names of boards and committees established under the Association without an approval in violation of Article 21 hereof;
- (10) It violates the instructions prescribed in Article 22, Paragraph 4 hereof;
- (11) A Financial Instruments Intermediary Service Provider for which the Regular Member is an Entrusting Financial Instruments Business Operator, etc. commits an act that falls under Items 3 or 4 of this Paragraph; or
- (12) The fact that any major shareholder (which means a major shareholder prescribed in Article 29-4, Paragraph 2 of the FIEA), officer, or employee is an antisocial force may ruin the credibility of the Financial Instruments Business.

**2.** When the Association attempts to take a disciplinary action prescribed in the preceding Paragraph, it shall provide an opportunity for explanation.

**3.** The types of disciplinary actions prescribed in Paragraph 1 shall be reprimand, imposition of fine, suspension or limitation of Regular Member's Rights or expulsion.

**4.** The amount of fine prescribed in the preceding Paragraph shall be up to five hundred million yen (¥500,000,000); provided, however, that if there exists an amount of gain that is deemed to have a considerable degree of causal relationship with the act set forth in each Item of Paragraph 1 (including the amount of loss averted in case of loss aversion; hereinafter referred to as "Amount of Unfair Gain"), such Amount of Unfair Gain may be added to the fine.

5. The period of the suspension or limitation of Regular Member's Rights prescribed in Paragraph 3 above shall be six months or less.
6. At the time of taking a disciplinary action prescribed in Paragraph 1, if it is deemed reasonable to suspend or limit the Regular Member's Rights, and if the aggregate period of suspension or limitation of the Regular Member's Rights including the previous suspension or limitation period which started on the corresponding date of five years ago or later exceeds one year, the Association may expel such a Regular Member.
7. The imposition of fine exceeding five hundred million yen that is determined by applying the proviso in Paragraph 4 above and the suspension or limitation of Regular Member's Rights or expulsion shall be executed by a resolution with the affirmative vote of two-thirds or more of the voting rights of the members of the Board of Governors or Self-regulation Board in attendance.
8. In case of the disciplinary actions prescribed in Paragraph 1 above, fine and suspension or limitation of Regular Member's Rights may be imposed jointly.
9. In the event that a Regular Member's Rights are suspended or limited as a disciplinary action prescribed in Paragraph 1 above, the rights of the Regular Member shall be suspended or limited during the designated period. In such a case, the Regular Member must perform all of its duties as a Regular Member.
10. A Regular Member may file a complaint in writing to the Complaint Review Council prescribed in Article 76-3 hereof within 10 days after receiving a notice of disciplinary action under Paragraph 1 above, by showing purpose and reasons of filing the complaint.
11. Any matters that are necessary for the procedures under Paragraph 1, Paragraph 2, and the preceding Paragraph shall be prescribed in the "Rules Concerning Procedures for Disciplinary Action, Etc. against Association Members".

#### **(Admonition to Regular Members)**

**Article 29** If the observance by a Regular Member, or Financial Instruments Intermediary Service Providers for which the Regular Member is an Entrusting Financial Instruments Business Operator, etc. of laws and regulations, disciplinary actions taken by administrative government offices pursuant to laws and regulations, or the Articles of Association and other rules or the good faith principles of transactions, or the Regular Member's business or property is deemed inappropriate in light of the Association's purposes, the Association may admonish the Regular Member by presenting reasons therefor.

#### **(Provisions Applied *Mutatis Mutandis* to Specified Business Members)**

**Article 30** The provisions of Articles 15 through 21, Article 25, Article 26, Article 28, and Article 29 hereof shall apply *mutatis mutandis* to Specified Business Members. In such cases, the term "Regular Member(s)" in the provisions of Articles 15 through 21, Article 25, Article 28, and Article 29 hereof shall be changed to read "Specified Business Member(s)," the term "Regular Member's Rights" in Article 28 hereof to read "Specified Business Member's rights," the term "Regular Member Representative" in Article 17 hereof to read "Specified Business Member Representative" and "A Regular Member who seeks to become a Specified Business Member must fulfill the requirements prescribed in Article 5, Item 2" in Article 26 to read "A Specified Business Member who seeks to become a Regular Member must fulfill the requirements prescribed in Article 5, Item 1" respectively.

### **CHAPTER III. SPECIAL MEMBERS**

#### **(Special Membership Status)**

**Article 31** An entity who fulfills the requirements prescribed in Article 5, Item 3 shall become a Special

Member upon the receipt of approval prescribed in Article 22, Paragraph 1.

2. In cases where a Special Member withdraws from the Association upon the receipt of approval prescribed in Article 25, Paragraph 1 that applies *mutatis mutandis* to Article 33, or is expelled from the Association by the resolution prescribed in Article 28, Paragraph 1 that applies *mutatis mutandis* to Article 33, the Special Member shall lose its membership status.

3. In cases where a Special Member's corporate status discontinues through a merger, the Special Member shall lose its membership status.

#### **(Special Member's Rights)**

**Article 32** A Special Member shall have the rights as a Special Member prescribed in the Articles of Association Enforcement Rules (hereinafter referred to as "Special Member's Rights").

2. In cases where a Special Member loses its Special Membership Status pursuant to Paragraph 2 or 3 of the preceding Article, the Special Member's Rights shall lapse.

3. In cases where the Association determines that a Special Member is not an entity who conducts the Registered Financial Institution Business prescribed in Article 5, Item 3, or that a Special Member suspends its business operation and the Association approves to discharge the obligation of the Special Member to pay its membership fee during the business suspension period, a part of the Special Member's Rights prescribed in the Articles of Association Enforcement Rules shall be limited.

4. Special Member's Rights shall not be transferred.

#### **(Provisions Applied *Mutatis Mutandis* to Special Members)**

**Article 33** The provisions of Articles 15 through 21, Article 25, Article 28, and Article 29 hereof shall apply *mutatis mutandis* to Special Members. In such cases, the term "Regular Member(s)" in these provisions hereof shall be changed to read "Special Member(s)," "Regular Member Representative" in Article 17 hereof to read "Special Member Representative" and "Regular Member's Rights" in Article 28 hereof to read "Special Member's Rights," respectively.

#### **(Entrustment of Business)**

**Article 34 (DELETED)**

## **CHAPTER IV. ASSOCIATION ORGANS**

### **SECTION 1. GENERAL ASSEMBLY**

#### **(Convocation of General Assembly)**

**Article 35** Two types of General Assembly shall be set up: an Ordinary General Assembly and an Extraordinary General Assembly. An Ordinary General Assembly shall be convened within three months after the end of each business year, while an Extraordinary General Assembly shall be convened whenever necessary.

2. A General Assembly shall be convened by Chairman based on a resolution of the Board of Governors; provided, however, that when the convocation of a General Assembly is requested by one-fifth or more of Regular Members by presenting an agenda and reasons for the convocation, Chairman shall convene the General Assembly without delay.

3. Except for an emergency, a General Assembly prescribed in the preceding two Paragraphs shall be convened by notifying each Regular Member of the date, time, place and agenda of the meeting at least two weeks prior to the General Assembly.

**(Agenda)**

**Article 36** A General Assembly shall resolve the matters set forth in each of the following Items in addition to the matters separately prescribed in the Articles of Association:

- (1) Matters concerning amendments to the Articles of Association;
- (2) Matters concerning approval of budget and settlement of accounts as well as business plan and business report for each business year;
- (3) Matters concerning dissolution of the Association and disposition of its residual property;
- (4) Matters concerning appointment of Chairman, Public Governors, Standing Governors, Standing Auditor, and Public Board Members; and
- (5) Other matters which are deemed necessary by the Board of Governors in addition to those set forth in each of the preceding Items.

**(Eligible Attendee)**

**Article 37** Regular Member Representative or his/her deputy is eligible to attend a General Assembly.

**(Quorum and Exercise of Voting Right)**

**Article 38** The proceedings of a General Assembly may not be commenced and resolutions may not be made unless a majority of the total number of Regular Members who possess voting rights with respect to the agenda concerned is present.

2. When the Board of Governors has admitted, a Regular Member may exercise its vote in writing (including electromagnetic records; the same shall apply hereinafter ).

3. A Regular Member who has submitted a document to exercise its vote prescribed in the preceding Paragraph shall be deemed to be present at the General Assembly.

**(Method of Resolution)**

**Article 39** Each Regular Member shall have one voting right; provided, however, a Regular Member shall not have the voting right if it falls under any of the following Items:

- (1) Regular Member' s Rights are suspended or limited pursuant to the provision of Article 28, Paragraph 1 and the effect of such suspension or limitation continues;
  - (2) A part of Regular Member' s Rights is limited in case that the Association determines that the Regular Member is no longer an entity who conducts Type I Financial Instruments Business as prescribed in Article 5, Item 1;
  - (3) A part of Regular Member' s Rights is limited in case that the Regular Member suspends its business operation and the Association approves to discharge the obligation of the Regular Member to pay its membership fee during the business suspension period; or
  - (4) A Regular Member has a special interest in the resolution at a General Assembly.
2. A resolution at a General Assembly shall be adopted with the affirmative vote of a majority of the

Regular Members present; provided, however, that resolutions for amendments to the Articles of Association, dissolution of the Association, and disposition of the residual property shall be made by the affirmative vote of two-thirds or more of Regular Members who possess the voting right.

3. In case of the preceding Paragraph, no resolution related to an amendment to the Articles of Association and dissolution of the Association shall become effective before the approval of the Commissioner of the Financial Services Agency.

**(Minutes)**

**Article 40** Minutes shall be prepared to record a summary of the proceedings and result of a General Assembly, and the chairman of the General Assembly and at least two Regular Member Representatives who attended the General Assembly shall sign (including electronic signature as specified in Article 2 Paragraph (1) of the Act on Electronic Signatures and Certification Business; the same shall apply hereinafter ) the minutes.

**SECTION 2. GOVERNORS AND AUDITORS, ETC.**

**(Number of Governors and Auditors)**

**Article 41** The Association shall have the following governors and auditors:

(1) Governors	Regular Member Governors	···3 or less
	Special Member Governor.....	1
	Public Governors.....	4
	Standing Governors.....	3 or less
(2) Auditors	Regular Member Auditors.....	2
	Standing Auditor.....	1

**(Appointment of Governors and Auditors)**

**Article 42** Regular Member Governors prescribed in the preceding Article shall be elected by Regular Members from among Regular Member Representatives. One of the Regular Member Governors shall be elected to also act as the chairman of Securities Strategy Board, and another to also act as the chairman of General Affairs Committee.

2. Special Member Governor prescribed in the preceding Article shall be elected by Special Members from among Special Member Representatives.

3. Public Governors prescribed in the preceding Article shall be appointed by a resolution of a General Assembly from among persons who are considered to have an insight into the process of ensuring implementation of fair Financial Instruments Businesses and the proper operation of Financial Instruments Markets and who are not engaged in full-time business operations of a company that is directly related to the Financial Instruments Business or Registered Financial Institutions Business. One of the Public Governors shall be appointed to also act as the chairman of Self-regulation Board, another to also act as the chairman of Code of Conduct Committee, and another to also act as the chairman of Financial Literacy & Education Support Committee.

4. Standing Governors prescribed in the preceding Article shall be appointed from among persons other than officers or employees of the Association Members by a resolution of a General Assembly.

5. Regular Member Auditors prescribed in the preceding Article shall be elected by Regular Members from among Regular Member Representatives.

6. Standing Auditor prescribed in the preceding Article shall be appointed from among persons other than officers or employees of the Association Members by a resolution of a General Assembly.

7. Regular Member Governor shall not serve concurrently as Regular Member Auditor, and vice versa.
8. Any matters that are necessary for the election of governors and auditors prescribed in Paragraphs 1, 2 and 5 above shall be prescribed in the “Rules concerning the Election of Governors and Auditors” .
9. Any matters that are necessary for the appointment of governors and auditors prescribed in Paragraphs 3, 4, and 6 shall be prescribed in the “Articles of Association Enforcement Rules” .

**(Election, Etc. of Substitutes of Governors and Auditors)**

**Article 42-2** When implementing the election prescribed in Paragraph 1, 2, or 5 of the preceding Article, it is permissible to elect substitutes of Regular Member Governors, Special Member Governor, or Regular Member Auditors in the event a vacancy occurs in the position of Regular Member Governors, Special Member Governor, or Regular Member Auditors.

2. When implementing the appointment prescribed in Paragraph 3 of the preceding Article, it is permissible to appoint substitutes of Public Governors in the event a vacancy occurs in the position of Public Governors.
3. Any matters that are necessary for the election of substitutes of Governors and Auditors prescribed in Paragraph 1 shall be prescribed in the “Rules concerning the Election of Governors and Auditors” .
4. Any matters that are necessary for the appointment of substitutes of Public Governors prescribed in Paragraph 2 shall be prescribed in the “Articles of Association Enforcement Rules” .

**(Appointment of Chairman and Vice-Chairman)**

**Article 43** Regular Members shall appoint one Chairman by a resolution of a General Assembly from among Regular Member Governors, Public Governors or Standing Governors.

2. The chairmen of the Self-regulation Board, the Securities Strategy Board, and the General Affairs Committee shall be Vice-Chairmen of the Association except when Chairman of the Association concurrently holds one of these posts; provided, however, that the chairmen of the above bodies are allowed not to be Vice-Chairman of the Association with a consent of the Board of Governors.
3. Chairman may appoint two Vice-Chairmen from among the Standing Governors with a consent of the Board of Governors.

**(Appointment of Senior Managing Director)**

**Article 44** Chairman shall appoint Senior Managing Director from among Standing Governors with a consent of the Board of Governors.

2. The appointed Vice-Chairman prescribed in Paragraph 3 of the preceding Article may serve concurrently as Senior Managing Director.

**(Duties of Chairman)**

**Article 45** Chairman shall represent the Association, exercise general control over the business of the Association, and act as a chairman at a General Assembly and the Board of Governors.

2. With a consent of the Board of Governors, Chairman shall appoint a Chief Operating Officer for duties delegated to Self-regulation Board and another for Securities Strategy Board from among Standing Governors, respectively.

### **(Duties of Vice-Chairman and Senior Managing Director)**

**Article 46** Vice-Chairmen shall assist Chairman. In case of a vacancy in the office of Chairman, Vice-Chairmen shall perform the duties of Chairman. If Chairman is unable to perform his/her duties due to unavoidable events, Vice-Chairmen shall act for Chairman.

2. Senior Managing Director shall assist Chairman and Vice Chairmen. If there is a vacancy in both offices of Chairman and Vice-Chairmen or if Chairman and all the Vice-Chairmen are unable to perform their duties due to unavoidable events, Senior Managing Director shall perform the duties of Chairman or act for Chairman.

3. When deemed necessary, the Association may authorize Vice-Chairmen or Senior Managing Director to represent the Association by a resolution of the Board of Governors.

### **(Duties of Chief Operating Officer)**

**Article 47** The Chief Operating Officer for duties delegated to Self-regulation Board shall carry out the operation of the businesses set forth in Article 56, Paragraph 2 and the admonition to a Regular Member prescribed in Article 29 (including the equivalent admonition as applied *mutatis mutandis* to a Specified Business Member prescribed in Article 30 and to a Special Member prescribed in Article 33), and supervise such businesses.

2. The Chief Operating Officer for duties delegated to Securities Strategy Board shall carry out the operation of the businesses set forth in Article 56, Paragraph 3, and supervise such businesses.

3. Chairman (limited to one who is Standing Governor), Vice-Chairman (limited to one who is Standing Governor) or Senior Managing Director may also serve as a Chief Operating Officer for duties delegated to Self-regulation Board or Securities Strategy Board.

### **(Appointment, Etc. of Executive Officer and Executive Director)**

**Article 48** Chairman shall appoint up to eight Executive Officers from among persons other than officers or employees of the Association Members with a consent of the Board of Governors.

2. Executive Officers shall assist Chairman, Vice-Chairmen, Senior Managing Director, and either of Chief Operating Officers (either of the Chief Operating Officers for duties delegated to Self-regulation Board or Securities Strategy Board; the same shall apply hereinafter in this Paragraph.). In case of a vacancy in the office of either of Chief Operating Officers or in case that either of them is unable to perform his/her duties due to unavoidable events, Executive Officers shall perform the duties or act for the Chief Operating Officers.

3. Chairman may appoint a few Senior Executive Directors and up to four Executive Directors from among the Executive Officers, with a consent of the Board of Governors.

4. Chairman shall determine the sharing of duties among Executive Officers and other necessary matters with a consent of the Board of Governors.

### **(Duties of Auditor)**

**Article 49** Auditors shall audit the business and accounting of the Association.

2. Auditors may at any time ask the Governors and Executive Officers to report the business, or investigate the status of the business and assets of the Association.

3. When necessary for performing their duties, Auditors may ask Accounting Auditors prescribed in Article 80, Paragraph 3 to report the audit conducted by the Accounting Auditors.

4. Auditors shall audit the financial statements and business reports submitted to a General Assembly by the Association and report their opinions at the General Assembly.

5. Auditors may attend meetings that are necessary for performing their duties such as meetings of the Board of Governors, Self-regulation Board, Securities Strategy Board, and General Affairs Committee, and state their opinions thereat.

**(Term of Office of Governors, Auditors, Etc.)**

**Article 50** Regular Member Governors, Special Member Governor, Standing Governors, Regular Member Auditors, and Executive Officers shall hold office for one year; provided, however, that a succeeding Regular Member Governor under Article 53, Paragraph 1, a succeeding Special Member Governor under Article 53, Paragraph 2, a succeeding Standing Governor under Article 53, Paragraph 4, a succeeding Regular Member Auditor under Article 53, Paragraph 5, and a succeeding Executive Officer under Article 53, Paragraph 7 shall hold office until the expiration of his/her predecessor's term of office.

2. Public Governors shall hold office for two years; provided, however, that a succeeding Public Governor under Article 53, Paragraph 3 shall hold office until the expiration of his/her predecessor's term of office.

3. A Standing Auditor shall hold office until the conclusion of the second Ordinary General Assembly following his/her assumption of office; provided, however, that a succeeding Standing Auditor under Article 53, Paragraph 6 shall hold office until the expiration of his/her predecessor's term of office.

**(Dismissal of Governor and Auditor)**

**Article 51** In the event that there is a legitimate reason, the Association may dismiss any of its Governors and Auditors with the affirmative vote of two-thirds or more of Regular Members who possess the voting right at a General Assembly.

**(Obligation of Former Governors, Auditors, Etc.)**

**Article 52** When the term of office of Governors, Auditors, etc. (Governors, Auditors and Executive Officers; the same shall apply hereinafter) expires or all of them resign, the Governors, Auditors, etc. shall continue to perform their duties until their successors assume office.

**(Measures in Case of Vacancy in Office)**

**Article 53** When a vacancy occurs in the office of Regular Member Governor, measures prescribed in the relevant Items below shall be taken depending on the case set forth in each Item below:

- (1) If a substitute of Regular Member Governor has been elected under Article 42-2, Paragraph 1, the substitute of Regular Member Governor shall assume the office of Regular Member Governor; and
- (2) If no substitute of Regular Member Governor has been elected under Article 42-2, Paragraph 1, a successor shall be elected without delay pursuant to Article 42, Paragraph 1; provided, however, that this shall not apply if only one vacancy occurs.

2. When a vacancy occurs in the office of Special Member Governor and if a substitute of Special Member Governor has been elected under Article 42-2, Paragraph 1, the substitute of Special Member Governor shall assume the office of Special Member Governor. If no substitute of Special Member Governor has been elected, a successor shall be elected without delay pursuant to Article 42, Paragraph 2.

3. When a vacancy occurs in the office of Public Governor and if a substitute of Public Governor has been appointed under Article 42-2, Paragraph 2, the substitute of Public Governor shall assume the office of Public Governor. If no substitute of Public Governor has been appointed, a successor shall be appointed without delay pursuant to Article 42, Paragraph 3.



4. When a vacancy occurs in the office of Standing Governor, a successor may be appointed pursuant to Article 42, Paragraph 4.

5. When a vacancy occurs in the office of Regular Member Auditor, measures prescribed in the relevant Items below shall be taken depending on the case set forth in each Item below:

(1) If a substitute of Regular Member Auditor has been elected under Article 42-2, Paragraph 1, the substitute of Regular Member Auditor shall assume the office of Regular Member Auditor; and

(2) If no substitute of Regular Member Auditor has been elected under Article 42-2, Paragraph 1, a successor shall be elected without delay pursuant to Article 42, Paragraph 5; provided, however, that this shall not apply if only one vacancy occurs.

6. When a vacancy occurs in the office of Standing Auditor, a successor shall be appointed without delay pursuant to Article 42, Paragraph 6.

7. When a vacancy has occurred in the office of Executive Officer, Chairman may appoint a successor pursuant to Article 48, Paragraph 1.

**(Remuneration of Governors, Auditors, Etc.)**

**Article 54** Regular Member Governors, Special Member Governor and Regular Member Auditors shall receive no remuneration.

2. The aggregated amount of the remunerations for Public Governors, Standing Governors, Standing Auditor, and Executive Officers shall be determined by a resolution of the Board of Governors.

**SECTION 3. BOARD OF GOVERNORS**

**(Composition, Etc. of the Board of Governors)**

**Article 55** The Board of Governors shall be composed of Governors; provided, however, that if the Board of Governors resolve pursuant to the proviso of the Paragraph 2 or 3 of the following Article, Special Member Governor may only participate in deliberations on matters related to self-regulation concerning Special Member's Sale and Purchase or Other Transactions of Securities, etc. or matters related to the business set forth in Article 7, Paragraph 1, Item 13.

**(Authority of the Board of Governors)**

**Article 56** The Board of Governors shall resolve the matters prescribed by the Articles of Association and important matters concerning the business operation of the Association, and supervise the operation of businesses of the Governors and Executive Officers.

2. Notwithstanding the provision of the preceding Paragraph, the Board of Governors delegates the authority to resolve the matters set forth in each of the following Items to Self-regulation Board and the authority to conduct operations related to such matters to Governors and Executive Officers who are members of Self-regulation Board, respectively; provided, however, that when deemed particularly necessary to ensure appropriate operation of the Association business, the Board of Governors shall not be precluded from carrying out its responsibilities by itself:

(1) Matters related to the businesses set forth in Article 7, Paragraph 1, Items 1 through 11 (among the businesses set forth in the same Paragraph, Item 11, the business aimed at improving the level of skill by creating opportunities for officers and employees of the Association Members to increase their knowledge of business is excluded), the businesses set forth in the same Paragraph, Item 13 (limited to the public relations related to the businesses delegated to the Self-regulation Board), and

other similar businesses set forth in the same Paragraph, Item 18;

- (2) Matters related to the enactment, amendment and abolition of Self-regulatory Rules, Uniform Business Practice Rules, Dispute Mediation Rules and other rules, as well as the detailed rules thereunder (limited to rules concerning the businesses set forth in the preceding Item) prescribed in Article 10 hereof;
- (3) Matters related to the disciplinary actions prescribed in Article 28 (including disciplinary actions as applied *mutatis mutandis* to a Specified Business Member prescribed in Article 30 and to a Special Member prescribed in Article 33);
- (4) **(DELETED)**
- (5) Matters related to qualification examinations for Sales Representatives, etc. prescribed in Article 77, Paragraph 1;
- (6) Matters related to the delegation of part of business prescribed in Article 78-2;
- (7) Matters related to the determination of interpretation when any question arises regarding interpretation of the rules and the detailed rules thereunder (limited to matters concerning the businesses set forth in Item 1) prescribed in Article 85;
- (8) Matters related to Incident Confirmation Committee prescribed in Article 76-2, Paragraph 1; and
- (9) Matters related to Complaint Review Council prescribed in Article 76-3, Paragraph 1.
- (10) Matters related to taking necessary measures prescribed in Article 27, Paragraph 1 (limited to matters related to those set forth in each Item above).

3. Notwithstanding the provision of Paragraph 1, the Board of Governors delegates the authority to resolve the matters set forth in each of the following Items to Securities Strategy Board and the authority to conduct operations related to such matters to Governors and Executive Officers who are members of Securities Strategy Board, respectively; provided, however, that when deemed particularly necessary to ensure appropriate operation of the Association business, the Board of Governors shall not be precluded from carrying out its responsibilities by itself:

- (1) Matters related to the businesses set forth in Article 7, Paragraph 1, Items 11 through 17 (the businesses set forth in the same Paragraph, Item 11 is limited to the business aimed at improving the level of skill by creating opportunities for officers and employees of the Association Members to increase their knowledge of business, and the businesses set forth in the same Paragraph, Item 13 is limited to the public relations related to the businesses delegated to the Securities Strategy Board), and other similar businesses set forth in the same Paragraph, Item 18;
- (2) Matters related to the enactment, amendment and abolition of the rules, as well as the detailed rules thereunder (limited to rules concerning the businesses set forth in the preceding Item) prescribed in Article 10; and
- (3) Matters related to the determination of interpretation when any question arises regarding interpretation of the rules and the detailed rules thereunder (limited to matters concerning the businesses set forth in Item 1) prescribed in Article 85.

4. Notwithstanding the provision of Paragraph 1, the Board of Governors delegates the authority to resolve the matters relating to procurement set forth in the Articles of Association Enforcement Rules to General Affairs Committee and the authority to conduct operations related to such matters to Governors and Executive Officers who are members of General Affairs Committee, respectively; provided, however, that when deemed particularly necessary to ensure appropriate operation of the Association business, the Board of Governors shall not be precluded from carrying out its responsibilities by itself.

5. Notwithstanding the provision of Paragraph 1, the Board of Governors delegates the authority to resolve the matters set forth in each of the following Items that relate to the code of conduct set forth in the Articles of Association Enforcement Rules to Code of Conduct Committee and the authority to conduct operations related to such matters to Governors and Executive Officers who are members of Code of Conduct Committee, respectively; provided, however, that when deemed particularly necessary to ensure appropriate operation of the Association business, the Board of Governors shall not be precluded from carrying out its responsibilities by itself:

- (1) Matters related to establishment, revision, abolishment, publication, and dissemination of code of conduct and model ethical code prescribed in the Articles of Association Enforcement Rules;
- (2) Matters related to investigation and review of acts or practice of Association Members, and publication of the results; and
- (3) Matters related to proposals for Self-regulation Board or Securities Strategy Board concerning the establishment, revision, and abolishment of laws, regulations, the Articles of Association, and other rules, or request thereon.

6. Notwithstanding the provision of Paragraph 1, the Board of Governors delegates the authority to resolve the matters relating to the businesses set forth in Article 7, Paragraph 1, Item 13 (limited to the business to disseminate the knowledge of Financial Instruments, Financial Benchmarks, and Financial Instruments Markets and promote enlightenment activities) to Financial Literacy & Education Support Committee, and the authority to conduct operations related to such matters to the Governors and Executive Officers who are members of Financial Literacy & Education Support Committee, respectively; provided, however, that when deemed particularly necessary to ensure appropriate operation of the Association business, the Board of Governors shall not be precluded from carrying out its responsibilities by itself.

7. The Board of Governors may require reports on matters delegated pursuant to provisions from Paragraph 2 to the preceding Paragraph.

#### **(Convocation of the Board of Governors)**

**Article 57** Two types of meetings of the Board of Governors shall be set up: an ordinary meeting and an extraordinary meeting of the Board of Governors.

2. An ordinary meeting of the Board of Governors shall be held on the date and at the time previously designated by Chairman with a consent of the Board of Governors; provided, however, that Chairman may change such date and time of the meeting or cancel the meeting.

3. An extraordinary meeting of the Board of Governors shall be convened by Chairman whenever necessary; provided, however, that when a Governor requests a convocation of a meeting submitting a written agenda showing the purpose of the meeting, Chairman shall convene the meeting without delay.

#### **(Quorum)**

**Article 58** The proceedings of a meeting of the Board of Governors may not be commenced and resolutions may not be made unless a majority of the Governors who have a voting right on the resolution in question is present; provided, however, that for the matters other than those with respect to which Special Member Governor may participate in deliberation prescribed in the proviso of Article 55 hereof, the presence of a majority of Regular Member Governors, Public Governors and Standing Governors shall suffice.

#### **(Method of Resolution)**

**Article 59** Unless otherwise prescribed in the Articles of Association, a resolution at a meeting of the Board of Governors shall be adopted with the affirmative vote of a majority of all the Governors present.

2. Each Regular Member Governor, Public Governor and Standing Governor shall have one voting right.
3. Special Member Governor shall have one voting right; provided, however, that Special Member Governor shall have the voting right only with respect to the matters prescribed in the proviso of Article 55 in cases set forth in the same proviso.
4. In the event that a Governor has a special interest in an agenda at a meeting of the Board of Governors, such Governor shall have no voting right with respect to such agenda.

**(Alternative Meeting Forms through Written Communications, Etc.)**

**Article 60** When deemed necessary, Chairman may seek Governors' views through written communications or other alternative methods instead of convening a meeting of the Board of Governors and make a resolution equivalent to a resolution of the Board of Governors. If the Governors' views are sought through a method other than written communications, Chairman shall confirm such a resolution in writing without delay.

2. The provisions of the preceding Article shall apply *mutatis mutandis* to the resolution in case of the preceding Paragraph.

**(Minutes)**

**Article 61** Minutes shall be prepared to record a summary of the proceedings and result of a meeting of the Board of Governors, and Chairman and at least two persons appointed by the Chairman among the Governors and Auditors who attend the meeting shall sign the minutes.

2. With respect to the minutes when adopting alternative meeting forms through written communications, etc. set forth in Paragraph 1 of the preceding Article, documents in which a confirmation has been obtained with respect to the matters on the relevant meeting's agenda prescribed in the same Paragraph may substitute for the minutes.

**SECTION 4. SELF-REGULATION BOARD, SECURITIES STRATEGY BOARD,  
GENERAL AFFAIRS COMMITTEE, CODE OF CONDUCT COMMITTEE, AND FIANCIAL  
LITERACY & EDUCATION SUPPORT COMMITTEE**

**(Self-regulation Board)**

**Article 62** The Association shall establish Self-regulation Board.

2. In addition to the chairman of Self-regulation Board, Chairman and the Chief Operating Officer for duties delegated to Self-regulation Board, the Board shall also have the following members:

Regular Board Members: 4 or less  
Special Board Members: 2 or less  
Public Board Members: 4

3. Self-regulation Board shall resolve the matters set forth in each Item of Article 56, Paragraph 2 and delegated to it pursuant to the same Paragraph; provided, however, that when deemed particularly necessary to ensure appropriate operation of the Association business, the Board of Governors shall not be precluded from carrying out these matters by itself.
4. Self-regulation Board may provide advice and recommendations in response to request from the Board of Governors or state its opinions to the Board of Governors on the businesses set forth in each Item of Article 56, Paragraph 2.

5. The chairman of Self-regulation Board shall be a person appointed as a Public Governor who also acts as the chairman of Self-regulation Board pursuant to Article 42, Paragraph 3; provided, however, that if a vacancy occurs in the office of the chairman of Self-regulation Board after the appointment, Chairman may, with a consent of the Board of Governors, appoint a person who is currently a Public Governor to serve as the chairman of the Self-regulation Board. If Chairman is a Public Governor, Chairman may also serve as the chairman of the Self-regulation Board.
6. Regular Board Members of Self-regulation Board shall be elected by Regular Members from among Regular Member Representatives or other persons with similar profile.
7. Special Board Members of Self-regulation Board shall be elected by Special Members from among Special Member Representatives or other persons with similar profile.
8. Public Board Members of Self-regulation Board shall be appointed by a resolution of a General Assembly from among persons who are considered to have an insight into the process of ensuring implementation of fair Financial Instruments Business and the proper operation of Financial Instruments Markets and who are not engaged in full-time business operations of a company that is directly related to the Financial Instruments Business or Registered Financial Institutions Business.
9. When a vacancy occurs in the office of a board member prescribed from Paragraph 6 through the preceding Paragraph, a succeeding member may be elected or appointed pursuant to each relevant Paragraph.
10. Notwithstanding the provisions from Paragraph 6 through 8, when a vacancy occurs in the office of a board member prescribed in the same Paragraphs, Chairman may, with a consent of the Board of Governors, appoint a board member from among any persons who are qualified to be elected or appointed under each relevant Paragraph only until a succeeding board member assumes office pursuant to the preceding Paragraph.
11. Public Board Members of Self-regulation Board shall hold office for two years and all other board members shall hold office for one year; provided, however, that a succeeding board member prescribed in Paragraph 9 shall hold office until the expiration of his/her predecessor's term of office.
12. A board member appointed pursuant to Paragraph 10 shall hold office until the earliest day among those set forth below:
- (1) The day on which three months have elapsed from the day on which the board member assumed office;
  - (2) The day preceding the day on which a succeeding board member assumes office; or
  - (3) The day on which his/her predecessor's term of office expires.
13. The aggregate amount of the remunerations for Public Board Members shall be determined by a resolution of the Board of Governors, and the board members other than Public Board Members shall receive no remuneration.
14. When deemed necessary, Self-regulation Board may establish a sub-committee for business set forth in each of the Items in Article 56, Paragraph 2.
15. Any matters that are necessary for the composition, operation, etc. of Self-regulation Board and a sub-committee prescribed in the preceding Paragraph shall be prescribed in the "Rules concerning Self-regulation Board" .

**(Securities Strategy Board)**

**Article 63** The Association shall establish Securities Strategy Board.

2. In addition to the chairman of Securities Strategy Board, Chairman and the Chief Operating Officer for duties delegated to Securities Strategy Board, the Board shall also have the following members:

Regular Board Members: 15 or less  
Chairman of Securities Industry Council: 1  
Chairman of District Council: 1

3. Securities Strategy Board shall resolve the matters set forth in each Item of Article 56, Paragraph 3 and delegated to it pursuant to the same Paragraph; provided, however, that when deemed particularly necessary to ensure appropriate operation of the Association business, the Board of Governors shall not be precluded from carrying out these matters by itself.

4. Securities Strategy Board may provide advice and recommendations in response to request from the Board of Governors or state its opinions to the Board of Governors on the businesses set forth in each Item of Article 56, Paragraph 3.

5. The chairman of Securities Strategy Board shall be a person elected as a Regular Member Governor who also acts as the chairman of Securities Strategy Board pursuant to Article 42, Paragraph 1; provided, however, that if a vacancy occurs in the office of the chairman of Securities Strategy Board after the election, Chairman may, with a consent of the Board of Governors, appoint a person who is currently a Regular Member Governor to serve as the chairman of the Securities Strategy Board. If Chairman is a Regular Member Governor, Chairman may also serve as the chairman of Securities Strategy Board.

6. Regular Board Members of Securities Strategy Board shall be elected by Regular Members from among Regular Member Representatives or other persons with similar profile.

7. When a vacancy occurs in the office of a Regular Board Member prescribed in the preceding Paragraph, a succeeding Regular Board Member may be elected pursuant to the same Paragraph.

8. Notwithstanding the provision of Paragraph 6, when a vacancy occurs in the office of a Regular Board Member prescribed in the same Paragraph, Chairman may, with a consent of the Board of Governors, appoint a Regular Board Member from among any persons who are qualified to be elected under the same Paragraph only until a succeeding Regular Board Member assumes office pursuant to the preceding Paragraph.

9. Members of Securities Strategy Board shall hold office for one year; provided, however, that a succeeding board member prescribed in Paragraph 7 shall hold office until the expiration of his/her predecessor's term of office.

10. A board member appointed pursuant to Paragraph 8 shall hold office until the earliest day among those set forth below:

- (1) The day on which after three months have elapsed from the day on which the board member assumed office;
- (2) The day preceding the day on which a succeeding board member assumes office; or
- (3) The day on which his/her predecessor's term of office expires.

11. Members of Securities Strategy Board shall receive no remuneration.

12. When deemed necessary, Securities Strategy Board may establish a sub-committee for business set forth in each of the Items in Article 56, Paragraph 3.

13. Securities Industry Council and District Council shall be established under Securities Strategy Board.

14. Any matters that are necessary for the composition, operation, etc. of Securities Strategy Board, a sub-committee prescribed in Paragraph 12, Securities Industry Council and District Council shall be prescribed in the “Rules concerning Securities Strategy Board” .

**(General Affairs Committee)**

**Article 64** General Affairs Committee shall be established under the Board of Governors.

2. In addition to the chairman of General Affairs Committee, the Committee shall also have the following members:

Regular Committee Members: 10 or less

Special Committee Members: 2 or less

3. General Affairs Committee shall resolve the matters delegated pursuant to Article 56, Paragraph 4; provided, however, that when deemed particularly necessary to ensure appropriate operation of the Association business, the Board of Governors shall not be precluded from carrying out these matters by itself.

4. General Affairs Committee may provide advice and recommendations in response to request from the Board of Governors or state its opinions to the Board of Governors on the matters delegated pursuant to Article 56, Paragraph 4 and those set forth in the following Items:

- (1) Amendments to the Articles of Association, preparation of business plan and report, and other general affairs concerning the business operations of the Association;
- (2) Matters concerning the Association’ s budget and settlement of accounts;
- (3) Matters concerning membership fees and additional membership fees;
- (4) Matters concerning admission, withdrawal and change of type of an Association Member;
- (5) Matters concerning management of the Association’ s major properties;
- (6) Matters concerning the Articles of Association Enforcement Rules;
- (7) Matters concerning the Accounting Rules; and
- (8) Matters that do not belong to the jurisdictions of Self-regulation Board, Securities Strategy Board, Code of Conduct Committee, and Financial Literacy & Education Support Committee.

5. The chairman of General Affairs Committee shall be a person elected as a Regular Member Governor who also acts as the chairman of General Affairs Committee pursuant to Article 42, Paragraph 1; provided, however, that if a vacancy occurs in the office of the chairman of General Affairs Committee after the election, Chairman may, with a consent of the Board of Governors, appoint a person who is currently a Regular Member Governor to serve as the chairman of General Affairs Committee.

6. Regular Committee Members of General Affairs Committee shall be appointed by Chairman from among Regular Member Representatives or other persons with similar profile with a consent of the Board of Governors.

7. Special Committee Members of General Affairs Committee shall be appointed by Chairman from among Special Member Representatives or other persons with similar profile with a consent of the Board of Governors.

8. When a vacancy occurs in the office of a committee member prescribed in the preceding two Paragraphs, Chairman may appoint a succeeding committee member pursuant to each relevant Paragraph.

9. Members of General Affairs Committee shall hold office for one year; provided, however, that a succeeding member prescribed in the preceding Paragraph shall hold office until the expiration of his/her predecessor's term of office.
10. Members of General Affairs Committee shall receive no remuneration.
11. General Affairs Committee may establish Sub-committee.
12. Any matters that are necessary for the composition, operation, etc. of the General Affairs Committee and the Sub-committee prescribed in the preceding Paragraph shall be prescribed in the "Rules concerning the General Affairs Committee"..

**(Code of Conduct Committee)**

**Article 64-2** The Association shall establish Code of Conduct Committee.

2. In addition to the chairman of Code of Conduct Committee and Chairman, the Committee shall also have the following members:

Regular Committee Members: 2 or less  
Special Committee Members: 2 or less  
Public Committee Members: 4

3. Code of Conduct Committee shall resolve the matters set forth in each Item of Article 56, Paragraph 5 and delegated to it pursuant to the same Paragraph; provided, however, that when deemed particularly necessary to ensure appropriate operation of the Association business, the Board of Governors shall not be precluded from carrying out these matters by itself.
4. Code of Conduct Committee may provide advice and recommendations in response to request from the Board of Governors or state its opinions to the Board of Governors on the matters set forth in each Item of Article 56, Paragraph 5.
5. The chairman of Code of Conduct Committee shall be a person appointed as a Public Governor who also acts as the chairman of Code of Conduct Committee pursuant to the provision of Article 42, Paragraph 3; provided, however, that if a vacancy occurs in the office of the chairman of Code of Conduct Committee after the appointment, Chairman may, with a consent of the Board of Governors, appoint a person who is currently a Public Governor to serve as the chairman of Code of Conduct Committee. If Chairman is a Public Governor, Chairman may also serve as the chairman of Code of Conduct Committee.
6. Regular Committee Members of Code of Conduct Committee shall be appointed by Chairman with a consent of the Board of Governors from among Regular Member Representatives or other persons with similar profile.
7. Special Committee Members of Code of Conduct Committee shall be appointed by Chairman with a consent of the Board of Governors from among Special Member Representatives or other persons with similar profile.
8. Public Committee Members of Code of Conduct Committee shall be appointed by Chairman with a consent of the Board of Governors from among persons who are considered to have insight into the process of ensuring implementation of fair Financial Instruments Business and the proper operation of Financial Instruments Markets and who are not engaged in full-time business operations of a company that is directly related to the Financial Instruments Business or Registered Financial Institutions Business.
9. A committee member may assign one or a few proxies in advance with a consent of the Board of Governors and have one of such proxies attend a meeting of Code of Conduct Committee if the committee member cannot attend the meeting due to unavoidable events; provided, however, that a proxy for a Regular



Committee Member shall be limited to a Regular Member Representative or other person with similar profile, a proxy for a Special Committee Member shall be limited to a Special Member Representative or other person with similar profile, and a proxy for a Public Committee Member shall be limited to a person who is considered to have insight into the process of ensuring implementation of fair Financial Instruments Business and the proper operation of Financial Instruments Markets and who is not engaged in full-time business operations of a company that is directly related to the Financial Instruments Business or Registered Financial Institutions Business.

10. A committee member who has his or her proxy attend a meeting of Code of Conduct Committee shall be responsible for all the acts by such a proxy, including the execution of voting rights.

11. When a vacancy occurs in the office of a committee member prescribed in Paragraphs 6 to 8, a succeeding committee member may be appointed by Chairman pursuant to each relevant Paragraph.

12. Public Committee Members of Code of Conduct Committee shall hold office for two years and all other committee members shall hold office for one year; provided, however, that a succeeding committee member prescribed in Paragraph 11 shall hold office until the expiration of his/her predecessor's term of office.

13. The aggregate amount of the remunerations for Public Committee Members shall be determined by a resolution of the Board of Governors, and the committee members other than Public Committee Members shall receive no remuneration.

14. When deemed necessary, Code of Conduct Committee may establish task forces on the matters set forth in each of the Items in Article 56, Paragraph 5.

15. Any matters that are necessary for the composition, operation, etc. of Code of Conduct Committee shall be prescribed in the "Rules concerning Code of Conduct Committee".

#### **(Financial Literacy & Education Support Committee )**

**Article 64-3** The Association shall establish Financial Literacy & Education Support Committee.

2. In addition to the chairman of Financial Literacy & Education Support Committee and Chairman, the Committee shall also have the following members:

Regular Committee Members:	4 or less
Special Committee Members:	2 or less
Public Committee Members:	7
Expert Committee Members:	4 or less

3. Financial Literacy & Education Support Committee shall resolve the matters delegated pursuant to Article 56, Paragraph 6; provided, however, that when deemed particularly necessary to ensure appropriate operation of the Association business, the Board of Governors shall not be precluded from carrying out these matters by itself.

4. Financial Literacy & Education Support Committee may provide advice and recommendations in response to request from the Board of Governors or state its opinions to the Board of Governors on the delegated matters set forth in Article 56, Paragraph 6.

5. The chairman of Financial Literacy & Education Support Committee shall be a person appointed as a Public Governor who also acts as the chairman of Financial Literacy & Education Support Committee pursuant to Article 42, Paragraph 3; provided, however, that if a vacancy occurs in the office of the chairman of Financial Literacy & Education Support Committee after the appointment, Chairman may, with a consent of the Board of Governors, appoint a person who is currently a Public Governor to serve as the chairman of Financial Literacy & Education Support Committee. If Chairman is a Public Governor, Chairman may also serve as the chairman of Financial Literacy & Education Support Committee.

6. Regular Committee Members of Financial Literacy & Education Support Committee shall be appointed by Chairman with consent of the Board of Governors from among Regular Member Representatives or other persons with similar profile.
7. Special Committee Members of Financial Literacy & Education Support Committee shall be appointed by Chairman with consent of the Board of Governors from among Special Member Representatives or other persons with similar profile.
8. Public Committee Members of Financial Literacy & Education Support Committee shall be appointed by Chairman with a consent of the Board of Governors from among persons who are considered to have insight into the process of ensuring implementation of fair Financial Instruments Business and the proper operation of Financial Instruments Markets and who are not engaged in full-time business operations of a company that is directly related to the Financial Instruments Business or Registered Financial Institutions Business.
9. Expert Committee Members shall be appointed by Chairman with a consent of the Board of Governors from among persons who are officers of a Financial Instruments Exchange or a legal entity consisting of Financial Instruments Business Operators prescribed in Article 34 of the FIEA or other persons with similar profile.
10. When a vacancy occurs in the office of a committee member prescribed in Paragraph 6 to the preceding Paragraph, Chairman may appoint a succeeding member pursuant to each relevant Paragraph.
11. Public Committee Members of Financial Literacy & Education Support Committee shall hold office for two years and all other committee members shall hold office for one year; provided, however, that a succeeding member prescribed in the preceding Paragraph shall hold office until the expiration of his/her predecessor's term of office.
12. The aggregate amount of the remunerations for Public Committee Members shall be determined by a resolution of the Board of Governors, and the committee members other than Public Committee Members shall receive no remuneration.
13. When deemed necessary, Financial Literacy & Education Support Committee may establish task forces on the matters delegated pursuant to Article 56, Paragraph 6.
14. Any matters that are necessary for the composition, operation, etc. of Financial Literacy & Education Support Committee shall be prescribed in the "Rules concerning Financial Literacy & Education Support Committee."

## SECTION 5. SPECIAL COMMITTEE, DISCIPLINARY COMMITTEE, SALES REPRESENTATIVE DISCIPLINARY COMMITTEE

### (Special Committee)

**Article 65** When deemed necessary, the Association may establish Special Committee by a resolution of the Board of Governors.

2. Special Committee may provide advice and recommendations in response to request from the Board of Governors or state its opinions to the Board of Governors on important matters concerning the overall business operation of the Association.
3. When deemed necessary, the Association may establish a sub-committee under Special Committee by a resolution of the Board of Governors.
4. Any matters that are necessary for the composition, operation, etc. of Special Committee and its

sub-committee shall be prescribed in the “Rules concerning Special Committee” .

**(Disciplinary Committee)**

**Article 66** The Association shall establish Disciplinary Committee.

2. The Disciplinary Committee may provide advice and recommendations in response to a request from the Chairman or the chairman of the Self-regulation Board or state its opinions to the Chairman or the chairman of the Self-regulation Board on matters concerning the discipline of an Association Member and a Financial Instruments Intermediary Service Provider for which an Association Member is an Entrusting Financial instruments Business Operator, etc.

3. Any matters that are necessary for the composition, operation, etc. of Disciplinary Committee shall be prescribed in the “Rules concerning Disciplinary Committee” .

**(Sales Representative Disciplinary Committee)**

**Article 67** The Association shall establish Sales Representative Disciplinary Committee.

2. The Sales Representative Disciplinary Committee may provide advice and recommendations in response to a request from the Chairman or the chairman of the Self-regulation Board or state its opinions to the Chairman or the chairman of the Self-regulation Board on matters concerning the discipline of an officer or employee of an Association Member and a Financial Instruments Intermediary Service Provider for which an Association Member is an Entrusting Financial instruments Business Operator, etc.

3. Any matters that are necessary for the composition, operation, etc. of Sales Representative Disciplinary Committee shall be prescribed in the “Rules concerning Sales Representative Disciplinary Committee” .

**Article 68 (DELETED)**

**SECTION 6. BOARD OF AUDITORS**

**(Board of Auditors)**

**Article 69** The Association shall establish the Board of Auditors.

2. The Board of Auditors shall be composed of Regular Member Auditors and Standing Auditor.

3. The Board of Auditors shall prepare an audit report and resolve the details of matters to be brought up and discussed at a General Assembly, such as appointment or dismissal of an accounting auditor, and consent to the appointment of Auditors, and the matter related to the execution of Auditor’ s duties; provided, however that the Board of Auditors may not hinder the exercise of power of Auditors.

4. Any matters that are necessary for the composition, operation, etc. of the Board of Auditors shall be prescribed in the “Rules concerning Board of Auditors” .

**SECTION 7. ADVISERS**

**(Advisers)**

**Article 70** The Association may have Advisers.

2. Chairman shall appoint Advisers with a consent of the Board of Governors.

3. Advisers may state their opinions to Chairman on the operation of the Association.
4. The term of office of Advisers shall be determined by Chairman with a consent of the Board of Governors.

## SECTION 8. DISTRICT ASSOCIATIONS AND SUB-DISTRICT COMMITTEES

### **(District Associations)**

**Article 71** The Association shall establish District Associations.

2. Names, locations, jurisdictional areas, organizations and other matters that are necessary for operation of District Associations shall be prescribed in the “Rules concerning District Associations” .

### **(Businesses)**

**Article 72** District Associations shall conduct the businesses set forth in each of the following Items within their jurisdictional areas:

- (1) To conduct training etc. for officers and employees of Association Members, Financial Instruments Intermediary Service Providers and their officers and employees in order to improve their quality;
  - (2) To disseminate the knowledge of Financial Instruments, Financial Benchmarks, and Financial Instruments Markets and promote enlightenment activities;
  - (3) To convey instructions and notices concerning the businesses of the Association to Regular Members belonging to District Association and to implement such instructions and notices;
  - (4) To promote mutual communication and harmonization of opinions among Regular Members belonging to District Association;
  - (5) To convey to Chairman the opinions of Regular Members belonging to District Association; and
  - (6) To promote mutual communication and harmonization of opinions with organizations related to the Financial Instruments Business.
2. In addition to the businesses set forth in each Item of the preceding Paragraph, District Associations may conduct the businesses prescribed in the “Rules concerning District Associations”.

### **(District Chairman and District Vice-Chairman)**

**Article 73** Each District Association shall have a District Chairman and may have one or a few District Vice-Chairmen whenever necessary.

### **(District Association Membership Fees)**

**Article 74** When deemed necessary to cover expenditure for conducting the businesses prescribed in Article 72 hereof as well as other special expenditures, District Associations may require Regular Members belonging to District Associations to pay district association membership fees.

### **(Sub-district Committee)**

**Article 75** When deemed necessary for the business operation of a District Association, the Association may establish a Sub-district Committee that works for each prefecture or for two or more prefectures within the jurisdictional area of the District Association by a resolution of the Board of Governors.

2. Any matters that are necessary for the business, composition, operation, etc. of Sub-district Committee shall be prescribed in the “Rules concerning Sub-district Committee” .

## SECTION 9. SUB-ORGANS

### **Article 76 (DELETED)**

#### **(Incident Confirmation Committee)**

**Article 76-2** The Association shall establish Incident Confirmation Committee as its sub-organ.

2. Incident Confirmation Committee shall carry out investigation and confirmation prescribed in Article 119, Paragraph 1, Item 9(b) of the FIBCOO as a committee prescribed in the same Item.
3. Governors and Executive Officers who are members of Self-regulation Board shall delegate to Incident Confirmation Committee the authority to carry out investigation and confirmation prescribed in the preceding Paragraph.
4. Any matters that are necessary for the composition, operation, etc. of Incident Confirmation Committee shall be prescribed in the “Rules concerning Incident Confirmation Committee” .

#### **(Complaint Review Council)**

**Article 76-3** The Association shall establish Complaint Review Council as its sub-organ.

2. Complaint Review Council shall review complaints filed against disciplinary actions imposed by the Association to Regular Members prescribed in Article 28 (including disciplinary actions as applied *mutatis mutandis* to a Specified Business Member prescribed in Article 30 and to a Special Member prescribed in Article 33) and other disciplinary actions or determinations.
3. Governors and Executive Officers who are members of Self-regulation Board shall delegate to Complaint Review Council the authority to conduct the review prescribed in the preceding Paragraph.
4. Any matters that are necessary for the composition, operation, etc. of Complaint Review Council shall be prescribed in the “Rules concerning Complaint Review Council” .

#### **(Sales Representative Examination Committee)**

**Article 77** The Association shall establish Sales Representative Examination Committee as its sub-organ and conduct qualification examinations for Sales Representatives, etc.

2. Governors and Executive Officers who are members of Self-regulation Board shall delegate to Sales Representatives Examination Committee the authority to conduct qualification examinations for Sales Representatives, etc.
3. Any matters that are necessary for the composition, operation, etc. of Sales Representative Examination Committee shall be prescribed in the “Rules concerning Sales Representative Examination Committee” , and any matters that are necessary for qualification examinations for Sales Representatives, etc. shall be prescribed in the “Rules concerning Qualification Examination for Sales Representatives, Etc.” , respectively.

### **Article 78 (DELETED)**

## SECTION 10. SETTLEMENT OF COMPLAINTS AND DISPUTES

### **(Entrustment of Business)**

**Article 78-2** The Association may entrust the business set forth in Article 7, Paragraph 1, Item 6 (excluding the mediation of disputes between Association Members; hereinafter referred to as “Complaints and Disputes Settlement Business” in this Section) pursuant to Article 77-3 of the FIEA.

2. Any matters that are necessary for the Complaints and Disputes Settlement Business shall be prescribed in the Dispute Mediation Rules.
3. Any matters that are necessary for the mediation of disputes between Association Members shall be prescribed in the Dispute Mediation Rules.

## **SECTION 11. SECRETARIAT**

### **(Secretariat)**

**Article 79** The Association shall establish Secretariat to run its business operations.

2. The necessary matters concerning Secretariat shall be determined by Chairman.

## **CHAPTER V. ACCOUNTING**

### **(Business Year and Accounting)**

**Article 80** The business year of the Association shall run from April 1 through March 31 of the following year.

2. The accounting of the Association shall be divided into two kinds of accounts: a general account and special accounts that can be set up for special purposes when necessary.
3. The Association shall have Accounting Auditors.

### **(Management of Assets)**

**Article 81** The assets of the Association shall be managed by Chairman pursuant to a resolution of the Board of Governors.

### **(Funds)**

**Article 82** In order to ensure efficient business operations, the Association may receive donations and other funds from Association Members and other sources.

2. The funds prescribed in the preceding Paragraph shall not be returned to Association Members.
3. In the event that the Association is dissolved, the outstanding balance of the funds shall be donated to another institution which conducts public service businesses with objectives similar to those of the Association.

### **(Accounting Rules)**

**Article 83** Any matters that are necessary for the budget, settlement of accounts and other accounting issues of the Association shall be prescribed in the “Accounting Rules” .

## **CHAPTER VI. MISCELLANEOUS PROVISIONS**

### **(Method of Public Announcement)**

**Article 84** Public announcements made by the Association shall be placed in the official gazettes.

### **(Confidentiality, Etc.)**

**Article 84-2** A person who is a Governor, Auditor, etc., member of Self-regulation Board, Securities Strategy Board, General Affairs Committee, and other committees, etc., the Association employee, or one who was in such office must not divulge or misappropriate secret information that has come to his/her knowledge during the course of his/her duties, and must not use information gained during the course of his/her duties for any purpose other than the businesses of the Association.

### **(Interpretation of the Articles of Association, Etc.)**

**Article 85** When any question arises regarding interpretation of the Articles of Association, rules and detailed rules thereunder, as well as resolutions made at a General Assembly and by the Board of Governors, the Board of Governors shall determine such interpretation.

## **SUPPLEMENTARY PROVISIONS [Omitted]**

(Note) This amendment shall come into effect as of July 1, 2021.

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.
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