

# RULES CONCERNING ENFORCEMENT OF THE ARTICLES OF ASSOCIATION

(July 2, 1973)

## (Purpose)

**Article 1** The Rules Concerning Enforcement of the Articles of Association (hereinafter referred to as “Articles of Association Enforcement Rules”) shall prescribe the matters deemed necessary with respect to the enforcement of the Articles of Association pursuant to Article 9 of the Articles of Association.

## (Publication of the List of Association Members)

**Article 2** The Association shall prepare a list of the Association Members stating the names of the Association Members, the locations of their head offices or main branch offices, etc. in Japan prescribed in Article 4 hereof, the names of Regular Member Representatives prescribed in Article 17, Paragraph 1 of the Articles of Association, the names of Specified Business Member Representatives prescribed in Article 17, Paragraph 1 of the Articles of Association applied *mutatis mutandis* to Article 30 thereof, and the names of the Special Member Representatives prescribed in Article 17, Paragraph 1 of the Articles of Association applied *mutatis mutandis* to Article 33 thereof, as well as other matters deemed necessary. The Association shall make the list available to the Association Members and the public.

## (Qualifications for Regular Member Representatives, Etc.)

**Article 3** Regular Member Representative and his/her deputy prescribed in Article 17, Paragraph 1 of the Articles of Association, and Specified Business Member Representative and his/her deputy prescribed in Article 17, Paragraph 1 of the Articles of Association applied *mutatis mutandis* to Article 30 thereof, must meet the requirements set forth in each of the following Items, respectively:

- (1) Regular Member Representative or Specified Business Member Representative shall be a registered representative director (including representative executive officer if a Regular Member or Specified Business Member is a Company with Nominating Committee, etc.; the same shall apply in Paragraphs 3 and 7); provided, however, that if a Regular Member or Specified Business Member is a foreign corporation, the Representative shall be the representative person in Japan prescribed in Article 29-4, Paragraph 1, Item 4 (c) of Financial Instruments and Exchange Act (hereinafter referred to as “FIEA”)(including the acting representative person prescribed in Article 65, Paragraph 1 of the FIEA; the same shall apply hereinafter);
  - (2) The deputy of Regular Member Representative or Specified Business Member Representative shall be a registered director (including executive officer if a Regular Member or Specified Business Member is a Company with Nominating Committee, etc.) or a manager (including an apparent manager) or a person with the equivalent authority; provided, however, that if a Regular Member or Specified Business Member is a foreign corporation, the deputy shall be a person who has the authority equivalent to that of the representative person in Japan; and
  - (3) Regular Member Representative and his/her deputy, and Specified Business Member Representative and his/her deputy shall be persons who do not fall under the provisions of Article 29-4, Paragraph 1, Item 2 (a) through (i) of the FIEA.
2. Special Member Representative and his/her deputy prescribed in Article 17, Paragraph

1 of the Articles of Association applied *mutatis mutandis* to Article 33 thereof, must meet the requirements set forth in each of the following Items, respectively:

- (1) Special Member Representative shall be a registered officer who has the authority to represent the company; provided, however, that if a Special Member is a foreign corporation, the Special Member Representative shall be the representative person in Japan prescribed in Article 47, Paragraph 2 of the Banking Act or Article 187, Paragraph 1, Item 2 of the Insurance Business Act;
- (2) The deputy of Special Member Representative shall be a registered officer or a person with the equivalent authority; provided, however, that if a Special Member is a foreign corporation, the deputy shall be a person who has the authority equivalent to that of the representative person prescribed in the preceding Item; and
- (3) Special Member Representative and his/her deputy shall be persons who do not fall under the provisions of Article 29-4, Paragraph 1, Item 2, (a) through (i) of the FIEA.

3. Notwithstanding the provisions of Paragraph 1, Items 1 and 2, if a representative director of a Regular Member or Specified Business Member files an application to assign a registered representative director (including a registered representative executive officer in the case of a Company with Nominating Committee, etc.; the same shall apply hereinafter in this Paragraph) of the company whose major purpose is to control the business activities of the Regular Member or Specified Business Member (hereinafter referred to as “Company Controlling Regular Member”; the same shall apply hereinafter) to the Regular Member Representative or Specified Business Member Representative and also submits a document (including electromagnetic records; the same shall apply hereinafter in this Article) that ensures the matters set forth in each Item below, it is permissible for the person for whom the application is made to become the Regular Member Representative or Specified Business Member Representative with an approval of the Board of Governors:

- (1) The registered representative director of the Company Controlling Regular Member shall be a registered director or executive officer of the Regular Member or Specified Business Member; and
- (2) The registered representative director of the Regular Member or Specified Business Member shall assume the position of deputy of the Regular Member Representative or Specified Business Member Representative.

4. If Item 1 or 2 of the preceding Paragraph shall no longer be applied, or if the connection between the Regular Member or Specified Business Member and the Company Controlling Regular Member is recognized to have significantly changed since the time of approval, the Association may cancel the approval prescribed in the preceding Paragraph with a resolution by the Board of Governors.

5. Notwithstanding the provisions of Paragraph 2, Items 1 and 2, if an officer who has the right of representation of a Special Member files an application to assign an officer with the registered right of representation of the company whose major purpose is to control the business activities of the Special Member (hereinafter referred to as “Company Controlling Special Member”; the same shall apply hereinafter) to the Special Member Representative and also submits a document that ensures the matters set forth in each Item below, it is permissible for the officer with the registered right of representation of the Company Controlling Special Member to become the Special Member Representative with an approval of the Board of Governors:

- (1) The officer of the Company Controlling Special Member with the registered right of representation of the Company Controlling Special Member shall be a registered officer of the Special Member; and

(2) The officer with the registered right of representation of the Special Member shall assume the position of deputy of the Special Member Representative.

6. If Item 1 or 2 of the preceding Paragraph shall no longer be applied, or if the connection between the Special Member and the Company Controlling Special Member is recognized to have significantly changed since the time of approval, the Association may cancel the approval prescribed in the preceding Paragraph with a resolution by the Board of Governors.

7. Notwithstanding the provisions of Paragraph 1, Items 1 and 2, and Paragraph 2, Items 1 and 2, if a representative director of a Regular Member or an officer who has the right of representation of a Special Member files an application to assign the person set forth in Item 1 herein to the Regular Member Representative or the Special Member Representative and also submits a document that ensures the matters set forth in Item 2, it is permissible for the person for whom the application is made to become the Regular Member Representative or the Special Member Representative with an approval of the Board of Governors:

(1) A person who falls under (a) or (b) below:

- (a) A person who is a registered non-representative director of the Regular Member (excluding an external director and including an executive officer if the Regular Member is a Company with Nominating Committee, etc.; the same shall apply hereinafter in this Paragraph) or a registered non-representative officer of the Special Member (excluding an external director, auditor, accounting advisor or any other persons similar to those; the same shall apply hereinafter in this Paragraph) and has also been a registered representative director of the Regular Member or a person who is a registered representative director of the Company Controlling Regular Member and also was a director of the Regular Member within the latest three years (calculated retrospectively from the date of application; the same shall apply hereinafter in this Paragraph), or an officer who has the right of representation of the Special Member or a person who is an officer who has the right of representation of the Company Controlling Special Member and also was an officer of the Special Member within the latest three years; or
- (b) A person who is a registered non-representative director of the Company Controlling Regular Member of the Regular Member or a registered non-representative officer of the Company Controlling Special Member of the Special Member and has also been a Regular Member Governor or a Special Member Governor within the latest three years.

(2) Matters specified in (a) and (b) below:

- (a) A deputy of the Regular Member Representative of the Regular Member or a deputy of the Special Member Representative of the Special Member shall be a registered representative director of the Regular Member or a registered officer with the right of representation of the Special Member; and
- (b) The responsibilities to be fulfilled by the Regular Member Representative of the Regular Member or the Special Member Representative of the Special Member shall be shared with a deputy of Regular Member Representative of the Regular Member or a deputy of the Special Member Representative of the Special Member.

8. If Item 1 or 2 of the preceding Paragraph shall no longer be applied, or if the relationship between the Regular Member and the Company Controlling Regular Member, or between the Special Member and the Company Controlling Special Member has significantly changed since the initial approval, the Association may cancel the approval prescribed in the preceding Paragraph with a resolution by the Board of Governors.

#### **(Main Branch Office, Etc. in Japan)**

**Article 4** An Association Member which is a foreign corporation must determine a main branch office, etc., deemed suitable for liaison with the Association (hereinafter referred to as “Main

Branch Office in Japan”), and notify the Association thereof.

**(Matters for Notification)**

**Article 5** Notification by a Regular Member prescribed in Article 18 of the Articles of Association and notification by a Specified Business Member prescribed in Article 18 of the Articles of Association applied *mutatis mutandis* to Article 30 thereof shall be made to the Association in the event that a notification or notification of public announcement related to each of the following Items is filed with the Commissioner of the Financial Services Agency under the provisions of the FIEA:

- (1) Abolition of Financial Instruments Business;
- (2) Merger (limited to the merger whereby the Regular Member or Specified Business Member is extinguished) or dissolution;
- (3) Split (limited to the split whereby all or part of the business of the Regular Member or Specified Business Member is succeeded); or
- (4) Transfer of all or part of business.

**2.** Notification by a Special Member prescribed in Article 18 of the Articles of Association applied *mutatis mutandis* to Article 33 thereof shall be made to the Association in the event that a notification or notification of public announcement related to each of the following Items is filed with the Commissioner of the Financial Services Agency under the provisions of the FIEA:

- (1) Abolition of business registered pursuant to Article 33-2, Paragraph 1 of the FIEA (hereinafter referred to as “Registered Financial Institution Business”);
- (2) Merger (limited to the merger whereby the Special Member is extinguished) or dissolution;
- (3) Split (limited to the split whereby all or part of the business of the Special Member is succeeded); or
- (4) Transfer of all or part of business.

**(Matters for Report)**

**Article 6** Report by a Regular Member prescribed in Article 18 of the Articles of Association or a Specified Business Member prescribed in Article 18 of the Articles of Association applied *mutatis mutandis* to Article 30 thereof shall be made in the cases set forth below:

- (1) When it obtains authorization for the business prescribed in Article 30, Paragraph 1 of the FIEA or when it abolishes the business;
- (2) When there is a change in the conditions for the authorization set forth in the preceding Item;
- (3) When its trade name is changed;
- (4) When its amount of capital, total amount of investment, or amount of paid-in capital is changed;
- (5) When its officer (including any person, regardless of whatever title he/she may have, who is deemed to have authority equivalent to or greater than that of an officer over the corporation; the same shall apply hereinafter in this Article) prescribed in Article 29-2,

Paragraph 1, Item 3 of the FIEA is changed;

- (6) When the title of its officer prescribed in the preceding Item is changed;
- (7) When its branch office, etc. (which means a branch office, other business office or office (except an unmanned business office or office; in case of a foreign corporation, it means a Main Branch Office in Japan, etc., and other business office or office in Japan); the same shall apply hereinafter) is established or abolished;
- (8) When the location or name of its head office or branch office, etc. is changed;
- (9) When a principal business office or office among its head office or branch offices, etc. is changed;
- (10) When the address of its head office or branch office, etc. is renamed or renumbered;
- (11) When its unmanned business office or office is established or abolished;
- (12) When its head office or branch office, etc. controlling an unmanned business office or office, its name or location is changed or its address is renamed or renumbered;
- (13) When the change prescribed in Article 31, Paragraph 4 of the FIEA is registered;
- (14) When it becomes a member of a Financial Instruments Firms Association other than the Association, an Investor Protection Fund, or a Financial Instruments Exchange, or withdraws therefrom, or when it ceases to be a Specified Member (as prescribed in the provision of Article 4, Paragraph 1 of the Supplementary Provisions of the Act for Partial Revision of the Financial Instruments and Exchange Act, etc. (Act No. 86 of 2012)) of a Specified Consignor Protection Fund (as prescribed in the same Paragraph; the same shall apply hereinafter);
- (15) When the documents prescribed in Article 29-2, Paragraph 2, Item 2 of the FIEA is revised;
- (16) When it obtains an approval to change the method of risk management of loss, etc. related to its business prescribed in Item 1;
- (17) When it launches or abolishes any business set forth in each Item of Article 35, Paragraph 2 of the FIEA; provided, however, that Specified Business Members (limited to those conducting the business set forth in Article 5, Item 1 (b) of the Articles of Association) shall be excluded;
- (18) When it launches or abolishes the business that has been approved by the Commissioner of the Financial Services Agency pursuant to Article 35, Paragraph 4 of the FIEA;
- (19) When it suspends or resumes its business operations;
- (20) When it merges with another corporation (excluding the merger whereby it is extinguished);
- (21) When it succeeds to all or part of the business of another corporation as a result of a split;
- (22) When it obtains all or part of the business of another corporation by transfer;
- (23) When a report on affiliated companies prescribed in Article 173, Item 1 of the Cabinet Office Ordinance on Financial Instruments Business, Etc. is prepared;

- (24) When there is a change to major shareholders (which mean major shareholders prescribed in Article 29-4, Paragraph 2 of the FIEA; the same shall apply hereinafter in this Article) changes;
- (25) When it files a petition for commencement of bankruptcy, reorganization or rehabilitation proceedings (in case of a foreign corporation, including cases where a similar filing is made in a country in which its head office is located in accordance with the laws and regulations of the said country);
- (26) When it becomes aware of the fact that a petition for bankruptcy, reorganization or rehabilitation proceedings has been filed (for a foreign corporation, including cases where it becomes aware of the fact that a similar filing is made in a country in which its head office is located in accordance with the laws and regulations of the said country);
- (27) When it amends its Articles of Incorporation;
- (28) When there is a change in names or corporate names of ten largest shareholders (which mean the ten shareholders who hold the first through tenth largest numbers of shares in their own names or in the name of another person), or when there is a change in the number of shares or ratio of the number of votes represented by those shares held by such shareholders to total votes of all the shareholders;
- (29) When its registration or authorization is revoked or when it is ordered to suspend its business, to change the methods of business or take other necessary measures for improving its business operations, or to dismiss its officer (in case of a foreign corporation, limited to an officer located in a business office or office in Japan, or a representative in Japan) pursuant to the FIEA;
- (30) When it is fined pursuant to the FIEA;
- (31) When it is the subject of a disciplinary action by an Investor Protection Fund (including a Specified Consignor Protection Fund; the same shall apply hereinafter) or a Financial Instruments Exchange (limited to one related to Sale and Purchase or Other Transactions of Securities, etc.);
- (32) When it prepares the business report prescribed in Article 46-3, Paragraph 1 of the FIEA;
- (33) When it prepares the explanatory documents prescribed in Article 46-4 of the FIEA;
- (34) When it prepares the monitoring report pursuant to Article 56-2 of the FIEA;
- (35) When it prepares a notification concerning the capital adequacy ratio and a plan for maintaining the ratio when the ratio is below 140%, or a plan for achieving a recovery in the ratio when the ratio is below 120%;
- (36) When net assets fall below the amount of capital;
- (37) When it becomes aware of the fact that an officer or a major employee falls under either of the provisions of Article 199, Item 2 (a) or (b) of the Cabinet Office Ordinance on Financial Instruments Business, Etc.;
- (38) When it becomes aware of the fact that a major shareholder falls under any of the provisions of Article 199, Item 11 (c) (1) through (4) of the Cabinet Office Ordinance on Financial Instruments Business, Etc. (in case of a foreign corporation, when it becomes aware of the fact that a person equivalent to a major shareholder falls under a person who is not verified not to fall under the provision of Article 29-4, Paragraph 1, Item 5 (f) of

the FIEA);

- (39) When another corporation or entity becomes a parent corporation, etc., or a subsidiary, etc., or ceases to be so (excluding the cases set forth in Item 24 above);
- (40) When an inspection pursuant to the FIEA is commenced, and when the inspection is completed (Issues pointed out in the notification of completion of inspection, if any, shall be included in the report.);
- (41) When it becomes a party to a lawsuit or mediation (in case that such a lawsuit or mediation is related to business other than the Financial Instruments Business or businesses associated therewith, the application of this provision is limited to cases where such a lawsuit or mediation may have a significant impact on the business operations or financial condition of the financial instruments firm), or when the lawsuit or mediation is concluded;
- (42) When it becomes aware of the fact that any act in violation of the laws and regulations which should be observed by a Regular Member or a Specified Business Member is conducted. The same shall apply when an inspection by a Financial Instruments Exchange (limited to inspections related to Sale and Purchase or Other Transactions of Securities, etc.), or inspection pursuant to the FIEA, etc., point out that there is an act in violation of the laws and regulations which should be observed by a Regular Member or a Specified Business Member;
- (43) When it becomes aware that there occurs a problem with the system or equipment being used; or
- (44) When it becomes a person having no business office or office prescribed in Article 29-4, Paragraph 1, Item 4 (b) of the FIEA;
- (45) When it becomes a person designating no representative person in Japan prescribed in Article 29-4, Paragraph 1, Item 4 (c) of the FIEA;

2. Reports by a Special Member prescribed in Article 18 of the Articles of Association, which is applied *mutatis mutandis* to Article 33 thereof, shall be made in the cases set forth below:

- (1) When its trade name or name is changed;
- (2) When its officer who is in charge of the Registered Financial Institution Business is changed;
- (3) When the title of its officer prescribed in the preceding Item is changed;
- (4) When its branch office, etc. to conduct Registered Financial Institution Business is established or abolished;
- (5) When the location or name of its head office or branch office, etc. to conduct Registered Financial Institution Business is changed;
- (6) When a principal business office or office among its head office or branch offices, etc. which conducts Registered Financial Institution Business is changed;
- (7) When the address of its head office or branch office, etc. to conduct Registered Financial Institution Business is renamed or renumbered;
- (8) When its unmanned business office or office is established or abolished;

- (9) When its head office or branch office, etc. controlling an unmanned business office or office, its name or location is changed or its address is renamed or renumbered;
- (10) When it becomes a member of a Financial Instruments Exchange or withdraws therefrom;
- (11) When the documents prescribed in Article 33-3, Paragraph 2, Item 2 of the FIEA is revised;
- (12) When it suspends or resumes its Registered Financial Institution Business;
- (13) When it merges with another Registered Financial Institution (excluding the merger whereby it is extinguished);
- (14) When it obtains all or part of the business of another Registered Financial Institution by transfer;
- (15) When it files a petition for bankruptcy, reorganization or rehabilitation proceedings (in case of a foreign corporation, including cases where a similar filing is made in a country in which its head office is located in accordance with the laws and regulations of the said country);
- (16) When it becomes aware of the fact that a petition for bankruptcy, reorganization or rehabilitation proceedings has been filed (in case of a foreign corporation, including cases where it becomes aware of the fact that a similar filing is made in a country in which its head office is located in accordance with the laws and regulations of the said country);
- (17) When it amends its Articles of Incorporation (limited to the provisions related to Registered Financial Institution Business);
- (18) When another corporation or entity becomes a parent corporation, etc., or subsidiary, etc. or ceases to be so;
- (19) When it is entrusted by a Regular Member to conduct the Financial Instruments Intermediary Service Business as a Registered Financial Institution (acts set forth in Article 33, Paragraph 2, Item 3 (c) and the same Paragraph, Item 4 (b) of the FIEA (excluding those associated with the rights that are set forth in each Item of Article 2, Paragraph 2 of the FIEA and that are regarded as securities prescribed in the provisions of the same Paragraph)), or when such entrustment is ceased;
- (20) When its registration is revoked, or it is ordered to suspend all or part of its Registered Financial Institution Business, to change the methods of business or take other necessary measures for improving its business operations, or to dismiss its officer pursuant to the FIEA;
- (21) When it is fined pursuant to the FIEA;
- (22) When it gets a disciplinary action by a Financial Instruments Exchange (limited to one related to Sale and Purchase or Other Transactions of Securities, etc.);
- (23) When it prepares the business report concerning its Registered Financial Institution Business;
- (24) **(DELETED)**
- (25) When an inspection pursuant to the FIEA is commenced, and when the inspection is



completed (Issues pointed out in the notification of completion of inspection, if any, shall be included in the report.);

- (26) When it becomes a party to a lawsuit or mediation concerning its Registered Financial Institution Business, or when the lawsuit or mediation is concluded;
- (27) When it becomes aware of the fact that any act in violation of the laws and regulations which should be observed by a Special Member is conducted concerning its Registered Financial Institution Business. The same shall apply when an inspection by a Financial Instruments Exchange (limited to inspections related to Sale and Purchase or Other Transactions of Securities, etc.) or inspection pursuant to the FIEA or other investigations point out that there is an act in violation of the laws and regulations which should be observed by a Special Member; or
- (28) In addition to the cases set forth in each of the preceding Items, when a report is deemed necessary by the Association.

**(Application for Approval, Notification, Report, Etc. to the Association)**

**Article 7** An Association Member shall, when submitting an application for approval, notification, report, or materials to the Association pursuant to the Articles of Association or other regulations, submit such documents, in principle, to the main office of the Association prescribed in Article 2 of the Articles of Association.

2. An Association Member must establish a user environment of the system for notification and reporting to the Association pursuant to the provisions of Article 18 of the Articles of Association (including the cases where it applies *mutatis mutandis* to Articles 30 and 33 of the Articles of Association) by connecting to SI-Net (an exclusive line network operated by the Association); provided, however, that it is allowed to establish such a user environment for the system within a certain period of time that seems reasonable to prepare such an environment, if it is temporarily difficult to do so immediately after the admission in the Association or due to a relocation of the office or other unavoidable reasons.

3. The cases to be prescribed in the Articles of Association Enforcement Rules that are set forth in Article 21 of the Articles of Association shall mean the cases where there is a representation that only states that it is an Association Member or participates in a conference established under the Association without representation regarding the details of its Financial Instruments Business.

**(Documents Attached to the Application for Admission)**

**Article 8** The documents attached to the application for admission prescribed in Article 22, Paragraph 2 of the Articles of Association shall be as follows:

- (1) A copy of the application for the registration of the Financial Instruments Business or Registered Financial Instruments Business and a copy of the documents attached to such application;
- (2) A copy of the application for authorization prescribed in Article 30-3, Paragraph 1 of the FIEA and a copy of the documents attached to such application;
- (3) A copy of the document which certifies the registration set forth in Item 1 above and a copy of the document which states the authorization or the conditions of the authorization set forth in the preceding Item;
- (4) A copy of the notification under the provisions of Article 35, Paragraph 3 of the FIEA;

- (5) A copy of the application for approval under the provisions of Article 35, Paragraph 4 of the FIEA and a copy of the document which certifies the approval related to the application;
- (6) The document which states whether a corporation or institution falls under the provisions of Article 23, Item 1 of the Articles of Association and, if so, the document which states the details thereof;
- (7) A written oath which states that there is no relationship with antisocial forces; and
- (8) The code of ethics and materials that are deemed necessary by the Association.

**(Notification of Approval of Admission)**

**Article 9** When the Association has approved the admission of an Admission Applicant pursuant to Article 22 of the Articles of Association, it shall notify the said Admission Applicant and each Association Member to that effect.

**(Amount of Admission Fee)**

**Article 10** The amount of the admission fee prescribed in Article 24, Paragraph 2 of the Articles of Association shall be one million yen (1,000,000 yen).

2. Notwithstanding the provision of the preceding Paragraph, the amount of the admission fee shall be five hundred thousand yen (500,000 yen) with regard to Admission Applicants to be enrolled as a Specified Business Member Specialized in Equity-based Crowdfunding (which means a Specified Business Member conducting only the business set forth in Article 5, Item 2 (b) of the Articles of Association; the same shall apply hereinafter) and as a Specified Business Member Specialized in Commodity-related Derivatives (which means a Specified Business Member conducting only the business set forth in Article 5, Item 2 (c) of the Articles of Association; the same shall apply hereinafter) among the Admission Applicants whose admission has been approved by the Association.

3. If a Specified Business Member Specialized in Equity-based Crowdfunding and a Specified Business Member Specialized in Commodity-related Derivatives are to launch any business set forth in Article 5, Item 1 or 2 of the Articles of Association, other than the business set forth in Article 5, Item 2 (b) and (c) thereof, after their admission into the Association, the relevant Members shall pay the admission fee at the amount prescribed in Paragraph 1 (or at the amount corresponding to the difference obtained after deducting the amount already paid, if any).

**(Regular Member's Rights, Etc.)**

**Article 10-2** The rights as a Regular Member prescribed in Article 12, Paragraph 1 of the Articles of Association shall be as set forth in each Item below:

- (1) The voting right prescribed in Article 39, Paragraph 1 of the Articles of Association;
- (2) The voting right prescribed in Article 3 of the "Officer Election Rules";
- (3) The right to submit a candidacy application pursuant to Article 7 and Article 8, Paragraphs 1 and 3 of the "Officer Election Rules";
- (4) The right to participate in committees and other consultative bodies established within the Association;
- (5) The right to submit its opinion when the Association seeks opinions only from Association Members;

- (6) The right to use a system that is operated by the Association as an operating body;
- (7) The right to have its officers or employees, etc. take qualification examinations including Sales Representative Qualification Examination;
- (8) The right to have its officers or employees, etc. participate in training courses or seminars held by the Association;
- (9) The right to obtain information that is held by the Association and given with the consent of the Association; and
- (10) The right to provide its opinion to the Association about business operations of the Association.

2. The rights as a Specified Business Member prescribed in Article 14, Paragraph 1 of the Articles of Association shall be as set forth in each Item below:

- (1) The rights set forth from Items 4 through 9 of the preceding Paragraph; and
- (2) The right to provide its opinion to the Association about business operations set forth in each item of Article 5, Item 2 of the Articles of Association.

3. The rights as a Special Member prescribed in Article 32, Paragraph 1 of the Articles of Association shall be as set forth in each Item below:

- (1) The voting right prescribed in Article 3 of the “Officer Election Rules” that applies *mutatis mutandis* to Article 22 thereof;
- (2) The right to submit a candidacy application pursuant to Article 7 and Article 8, Paragraph 1 and 3 of the “Officer Election Rules” that apply *mutatis mutandis* to Article 22 thereof;
- (3) The rights set forth from Items 4 through 9 of Paragraph 1; and
- (4) The rights to provide its opinion to the Association about business operations related to sale and purchase and other transactions of securities, etc. conducted by Special Members.

**(Limitation of Regular Member’s Rights, Etc. Due to the Reasons Other than Disciplinary Action)**

**Article 10-3** The rights that are limited by the provision in Article 12, Paragraph 3 of the Articles of Association are those set forth in the preceding Article, Paragraph 1, Items 1 through 6 (excluding the right to use a system for the registration of Sales Representatives set forth in Article 7, Item 9 of the Articles of Association, and a system for notification or reporting to the Association pursuant to Article 18 of the Articles of Association; the same shall apply hereinafter in this Article).

2. The rights that are limited by the provision in Article 14, Paragraph 3 of the Articles of Association are those set forth in the preceding Article, Paragraph 1, Items 4 through 6 among those set forth in the preceding Article, Paragraph 2, Item 1.

3. The rights that are limited by the provisions of Article 32, Paragraph 3 of the Articles of Association are those set forth in the preceding Article, Paragraph 3, Items 1 and 2, as well as those set forth in the preceding Article, Paragraph 1, Items 4 through 6 among those set forth in the preceding Article, Paragraph 3, Item 3.

**(Notice and Public Announcement of Lapse of Members’ Rights, Etc.)**

**Article 11** The Association shall notify an Association Member which falls under either of the following Items to that effect:

- (1) When the Association has approved the withdrawal of an Association Member pursuant to Article 25 of the Articles of Association; or
- (2) When the Association admonishes an Association Member pursuant to Article 29 of the Articles of Association.

2. When an Association Member's Regular Membership, Specified Business Membership, or Special Membership has lapsed pursuant to the provisions of Article 12, Paragraph 2, Article 14, Paragraph 2, or Article 32, Paragraph 2 of the Articles of Association, the Association shall notify each Association Member to that effect.

3. When making a notice prescribed in the preceding Paragraph, the Association shall publicize such a notice.

**(Documents Attached to Application for Change of Association Membership Type)**

**Article 12** The documents attached to the application for membership change prescribed in Article 26, Paragraph 2 of the Articles of Association are as follows:

- (1) A copy of an application for change of registration and a copy of the documents attached to such application prescribed in Article 22, Paragraph 1 of the Cabinet Office Ordinance on Financial Instruments Business, Etc.; and
- (2) A copy of the documents that evidence the change of registration mentioned in the preceding Item.

**(Notice of Approval of Change)**

**Article 13** When a Regular Member or a Specified Business Member files an application for membership change to the Association and the Association approves such change under the provisions of Article 26 of the Articles of Association, the Association shall notify to that effect to the Regular Member or the Specified Business Member and each Association Member.

**(Violation of the Good Faith Principles of Transactions)**

**Article 14** Acts in violation of the good faith principles of transactions prescribed in Article 23 and Article 28, Paragraph 1, Item 4 of the Articles of Association shall be the acts set forth below and other acts which would impair the credibility of the Association or Association Members or which are unfaithful to the Association or Association Members:

- (1) To interfere with or to disturb businesses of the Association or business operations of other Association Members;
- (2) To conduct a fraudulent act, an unfaithful or improper act or a seriously careless or negligent operation concerning Sale and Purchase or Other Transactions of Securities, etc.; and
- (3) To purchase large quantities of shares and sell them to persons related to the issuing company against their will on advantageous terms by making use of the position as a holder of massive shares, or to purchase, or act as a broker for purchasing, the shares upon the direct or indirect entrustment of a person who attempts to conduct similar acts.

**(Antisocial Force)**

**Article 15** The antisocial force prescribed in Article 28, Paragraph 1, Item 12 of the Articles of Association shall be those set forth in each Item below:

- (1) Organized crime group (an organized crime group prescribed in Article 2, Item 2 of the Act on Prevention of Unjust Acts by Organized Crime Group Members);
- (2) Organized crime group member (an organized crime group member prescribed in Article 2, Item 6 of the Act on Prevention of Unjust Acts by Organized Crime Group Members);
- (3) Associate member of organized crime group (a person other than an organized crime group member, who is under the control of an organized crime group or a member of such group in a certain degree and is likely to commit a violent unlawful act, etc. against a backdrop of the force of an organized crime group (which means a violent unlawful act prescribed in Article 2, Item 1 of the Act on Prevention of Unjust Acts by Organized Crime Group Members; the same shall apply hereinafter in this Article), or who cooperates for the maintenance or operation of an organized crime group through such means as providing funds or arms to an organized crime group or organized crime group members);
- (4) Associate corporation of organized crime group (a corporation where an organized crime group member is virtually engaged in its operation or a corporation virtually operated by an associate member or ex-member of an organized crime group who actively cooperates for or is engaged in the maintenance or operation of an organized crime group through such means as providing funds, or a corporation which actively uses an organized crime group for the operation of its business and cooperates for the maintenance or operation of an organized crime group);
- (5) Corporate racketeer (*sokaiya*), etc. (a person such as corporate racketeer and blackguard who is likely to commit a violent unlawful act against a corporation, etc. seeking unfair profits and threatens the security of life of citizens);
- (6) Blackguard proclaiming itself as a social activist, etc. (a person who proclaims or is disguised to conduct social or political activities, is likely to commit violent unlawful acts seeking unfair profits, and threatens the security of life of citizens);
- (7) Special intellectual crime group, etc. (a person or group except those meeting the criteria from Item 1 through 6, which is a core of structural unfair practice against a backdrop of the relationship with an organized crime group and uses the force of an organized crime group, or has a financial connection with an organized crime group);
- (8) Other person equivalent to those set forth in each Item above.

**(Prohibition of Using Information Provided by the Association Other than Its Original Purpose)**

**Article 15-2** When a Regular Member receives information provided by the Association for the business prescribed in Article 7, Paragraph 1, Item 16 of the Articles of Association, the Regular Member must not use such information for any purpose other than eliminating antisocial force from the financial instrument transactions and Financial Instruments Market, or provide the same to a third party without due cause.

**(Providing Investor Protection Fund with Information)**

**Article 16** For the purpose of achieving the objective of Article 6 of the Articles of Association, the Association may provide an Investor Protection Fund with information which the Association has come to know about Regular Members and Specified Business Members (limited to members

of an Investor Protection Fund), within the limit of such information as it deems necessary to be shared with the Investor Protection Fund.

**(Prohibition on Holding Multiple Offices Concurrently, Etc.)**

**Article 17** A Governor must not concurrently serve as a member of Self-Regulation Board, Securities Strategy Board, General Affairs Committee, and Financial Literacy & Education Support Committee, except where provided for in the Articles of Association.

2. A Governor must not concurrently serve as a chairman or member of the sub-committee under Self-Regulation Board or Securities Strategy Board, and as a chairman or member of Sub-committee under General Affairs Committee.

3. A member of any of Self-Regulation Board, Securities Strategy Board, General Affairs Committee, and Financial Literacy & Education Support Committee must not concurrently serve as a member of any other Boards or Committees, or a chairman of any sub-committee under such other Boards or Committees.

4. A Regular Member Governor or a member of any of Self-Regulation Board, Securities Strategy Board, General Affairs Committee, and Financial Literacy & Education Support Committee may also serve as a member of Securities Industry Council and District Councils.

**(Procurement)**

**Article 18** Procurement prescribed in Article 56, Paragraph 4 of the Articles of Association means that the Association acquires assets, or is provided services under a property acquisition agreement, loan or lease agreement or service agreement.

**(Code of Conduct, Etc.)**

**Article 18-2** Code of conduct prescribed in Article 56, Paragraph 5 of the Articles of Association means standards of acts and practice desirable for Financial Instrument Business Operators in connection with the business prescribed in Article 7, each Item of Paragraph 1, and issues that are not directly prescribed in laws and regulations, the Articles of Association, and other rules.

2. Model ethical code prescribed in Article 56, Paragraph 5 of the Articles of Association means a format presented by the Association that must be included in a code of conduct or other similar rules (hereinafter referred to as “Ethical Code”) held by Association Members on the sale and purchase and other transactions of securities depending on type of financial instruments and transactions handled by the Association Member.

**(Appointment of Public Governors, Etc.)**

**Article 19** When appointing Governors and Auditors prescribed in Article 42, Paragraphs 3, 4, and 6 of the Articles of Association, the Board of Governors shall resolve the candidates of Governors and Auditors based on the recommendation made by the Joint Committee on Personnel Recommendation or by Personnel Recommendation Committee under Self-regulation Board prescribed in “the Rules Concerning Joint Committee on Personnel Recommendation”.

**(Appointment of Substitutes of Public Governors)**

**Article 20** When appointing substitutes of Public Governors prescribed in Article 42-2, Paragraph 2 of the Articles of Association, the Board of Governors shall resolve the candidates of substitutes of Public Governors based on the recommendation made by Personnel Recommendation Committee under Self-regulation Board prescribed in the “Rules Concerning Joint Committee on Personnel Recommendation”.

2. When appointing substitutes of Public Governors pursuant to Article 42-2, Paragraph 2 of the Articles of Association, the following issues shall also be resolved:

- (1) The candidates are substitutes;
- (2) If the candidates are appointed as substitutes of one or more specific Public Governors (including candidates of Public Governor who are concurrently appointed at the time of appointing the substitutes of Public Governor; the same shall apply hereinafter in this Paragraph), that fact and the name(s) of the specific Public Governor(s);
- (3) If two or more substitutes are appointed for the same single Public Governor (if the substitutes are appointed for two or more Public Governors, such two or more specific Public Governors), the priority among the substitutes; and
- (4) If the appointment of such a substitute may be canceled before the substitute assumes office, that fact and the procedures to cancel the appointment of substitute.

3. The effective period of the resolution to appoint a substitute of Public Governor under the provision of Article 42-2, Paragraph 2 of the Articles of Association shall continue until the expiration of its predecessor's term of office; provided, however, the effective period may be shortened by a resolution of a General Assembly.

#### **SUPPLEMENTARY PROVISIONS [Omitted]**

(Note) This amendment shall come into effect as of May 26, 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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