

# **RULES CONCERNING ELIMINATION OF RELATIONSHIPS WITH ANTISOCIAL FORCES**

**(May 18, 2010)**

## **(Purpose)**

**Article 1** The purpose of the Rules Concerning Elimination of Relationships with Antisocial Forces (hereinafter referred to as “Rules”) is to provide necessary matters for the elimination of any relationships with any Antisocial Forces, ensure the sound operations of businesses by Regular Members and preclude any Antisocial Forces from financial instruments transactions and financial instruments markets, thereby contributing to the sound development of capital markets and the protection of investors.

## **(Definitions)**

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

- (1) Antisocial Forces: Antisocial forces prescribed in Article 15 of the Rules Concerning Enforcement of the Articles of Association;
- (2) Sale and Purchase or Other Transactions of Securities, etc.: Sale and Purchase or Other Transaction of Securities, etc. prescribed in the provision of Article 3, Item 8 of the Article of Association.

## **(General Provisions)**

**Article 3** A Regular Member must not conduct any Sale and Purchase or Other Transactions of Securities, etc. with any person knowingly being an Antisocial Force.

2. A Regular Member must not provide any funds or other benefits to any person knowingly being an Antisocial Force.

## **(Development and Announcement of Basic Policies)**

**Article 4** A Regular Member must develop Basic Policies to eliminate any relationships with any Antisocial Forces (hereinafter referred to as the “Basic Policies”).

2. A Regular Member must disseminate the Basic Policies internally and publish the Basic Policies or their outline.

## **(Undertaking that a Customer Is Not Antisocial Forces)**

**Article 5** A Regular Member must beforehand obtain the undertaking that the customer is not an Antisocial Force before it attempts to open an account for any Sale and Purchase or Other Transactions of Securities, etc. for a customer for the first time.

## **(Conclusion of Contract to Preclude Antisocial Forces)**

**Article 6** A Regular Member must prescribe the matters mentioned below into a contract or trading agreement when it accepts any order for Sale and Purchase or Other Transactions of Securities, etc.

from the customer:

- (1) The statement that if the undertaking pursuant to the preceding Article proves to be false, the contract or agreement shall be terminated by notification from the Regular Member;
- (2) The statement that if the customer proves to meet any category of Antisocial Forces, the contract can be terminated by notification from the Regular Member; and
- (3) The statement that in case a customer makes a demand with nature of violence and makes an unduly demand beyond the responsibility set forth by laws and the Regular Member acknowledges that it will be difficult to maintain the contract, the contract can be terminated by notification from the Regular Member.

### **(Implementation of Examination)**

**Article 7** A Regular Member must endeavor to examine whether a customer who wishes to open an account for Sale and Purchase or Other Transactions of Securities, etc. for the first time meets any category of Antisocial Forces in advance.

2. In addition to the examination prescribed in the preceding Paragraph, a Regular Member must examine the customer set forth in the preceding Paragraph by a method that has been determined between the Association and the Regular Member in advance.
3. When conducting the examination prescribed in the preceding Paragraph, a Regular Member must comply with matters that have already been agreed upon between the Association and the Regular Member.
4. A Regular Member must endeavor to regularly examine whether there is any person or entity who meets any category of Antisocial Forces in the customers for whom the Regular Member has opened an account for Sale and Purchase or Other Transactions of Securities, etc.
5. In addition to what are prescribed in Paragraphs 1, 2, 4 or the following Paragraph, a Regular Member must examine whether a customer meets any category of Antisocial Forces whenever a suspicion arises.
6. In the cases deemed necessary by the Association in addition to what are prescribed in the preceding respective Paragraphs, a Regular Member must implement examination by the method agreed upon with the Association in advance. When conducting the examination prescribed, a Regular Member must comply with matters that have already been agreed upon with the Association.

### **(Prohibition of Conclusion of Contract and Dissolution of Relationships)**

**Article 8** In case, as a result of the examination prescribed in Paragraphs 1 or 2 of the preceding Article, a person or entity proves to meet any category of Antisocial Forces, the Regular Member must never be permitted to enter into any contract with the person or entity; provided, however, that this shall not apply to cases when the contract is entered into to preclude the Antisocial Forces from the financial instruments transactions and financial instruments markets.

2. In case, as a result of the examination prescribed in Paragraph 4, 5, or 6 of the preceding Article, a person or entity proves to meet any category of Antisocial Forces, the Regular Member must endeavor to dissolve the relationships with the person or entity as soon as possible.

### **(Gathering of Information)**

**Article 9** A Regular Member must endeavor to gather information about Antisocial Forces.

**(Provision of Trainings, Etc.)**

**Article 10** In regards to the procedures for the responses to any Antisocial Forces and the control of information on Antisocial Forces, a Regular Member must endeavor to enlighten officers and employees by providing internal educations and training, etc.

**(Establishment and Improvement of Internal Administration System)**

**Article 11** A Regular Member must establish internal rules to implement the Basic Policies and oblige all the officers and employees to comply with them.

2. The Regular Member must endeavor to develop and improve the administration system to eliminate the relationships with any Antisocial Forces pursuant to the internal rules prescribed in the preceding Paragraph.

**(Enhancement of Management System)**

**Article 12** A Regular Member must regularly review the management system to eliminate any relationships with Antisocial Forces.

**(Collaboration and Cooperation with the Association and Police, Etc.)**

**Article 13** A Regular Member must endeavor to have a close collaboration and cooperation with the Association and police, etc. with a view to eliminating any relationship with Antisocial Forces.

2. Whenever any dispute or trouble takes place between a Regular Member and Antisocial Forces, the Regular Member must endeavor to prevent any occurrence of damages caused by Antisocial Forces by immediately referring the incident to and consulting with lawyers, the Association, police and other relevant organizations, etc.

**(Application to Specified Business Members)**

**Article 14** The provisions of these Rules (excluding Paragraphs 2, 3, and 6 of Article 7) shall apply *mutatis mutandis* to Specified Business Members (which mean Specified Business Members conducting the business set forth in Article 5, Item 2 (a) or (c) of the Articles of Association; the same shall apply in this Paragraph). In this case, the term “Regular Member” in the provisions of Articles 1 through 13 shall be changed to read “Specified Business Member,” the term “Paragraphs 1, 2, 4 or the following Paragraph” in Article 7, Paragraph 5 shall be changed to read “Paragraphs 1 or 4,” the term “Paragraphs 1 or 2 of the preceding Article” in Article 8, Paragraph 1 shall be changed to read “Paragraph 1 of the preceding Article,” and the term “Paragraph 4, 5, or 6 of the preceding Article” in Article 8, Paragraph 2 shall be changed to read “Paragraph 4 or 5 of the preceding Article.”

2. The provisions concerning elimination of relationships with Antisocial Forces applicable to Specified Business Members (which mean Specified Business Members conducting the business set forth in Article 5, Item 2 (b) of the Articles of Association) shall be prescribed in the Rules Concerning Equity-based Crowdfunding Business.

**SUPPLEMENTARY PROVISIONS [Omitted]**

(Note) These Rules are based on the version in effect as of March 1, 2020.

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.