

RULES CONCERNING HANDLING OF ANALYST REPORTS

(January 25, 2002)

(Purpose)

Article 1 The purpose of the Rules Concerning Handling of Analyst Reports (hereinafter referred to as “Rules”) is to ensure that business pertaining to the preparation and the distribution or publication (hereinafter collectively referred to as “Publication, etc.”) of Analyst Reports is implemented in an appropriate and fair manner by prescribing matters that an Association Member (as for a Special Member, limited to the Special Member who conducts the acts (hereinafter referred to as “Acts of Financial Instruments Intermediation”) set forth in Article 33, Paragraph 2, Item 3 (c) or Item 4 (b) of the same Paragraph of the Financial Instruments and Exchange Act (hereinafter referred to as “FIEA”); and as for Analyst Reports of the Special Member, limited to those reports relating to Acts of Financial Instruments Intermediation) must comply with in respect of the handling, etc. of Analyst Reports, thereby contributing to the provision of appropriate and valid information to investors and to the improvement of the quality of Analysts.

(Definitions)

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

- (1) Analyst Reports: Materials prepared for the purpose of providing information to a large number of investors that describe analyses and evaluations, etc. of individual corporations.
- (2) Analysts: Officers or employees of Association Members who write Analyst Reports.
- (3) Outside Analysts: Persons other than officers or employees of Association Members who write Analyst Reports.
- (4) Research Division: A department located in Association Members that conducts the preparation of Analyst Reports.

(Establishment of Internal Administration Systems)

Article 3 An Association Member must strive to have business pertaining to the preparation and the Publication, etc. of Analyst Reports implemented in an appropriate and fair manner by establishing an internal administration system, including enactment of internal rules in respect of the internal examinations and the keeping of Analyst Reports, the management of information, the ensuring of the independence of the opinions of Analysts, the conducting of securities trading by Analysts, and other similar matters.

(Internal Examinations)

Article 4 An Association Member must strive to confirm that the representations and the assessments described in Analyst Reports are appropriate and reasonable, by the establishment of guidelines pertaining to Analyst Reports and other ways.

2. When an Association Member intends to make Publication, etc. of Analyst Reports, it must designate a person to be in charge of the examination of Analyst Reports (hereinafter referred to as the “Examining Officer”) and must have the Examining Officer examine such Analyst Reports.

3. When examining Analyst Reports, the Examining Officer must pay special attention to each of the following Items:
 - (1) They shall not fall under the prohibited acts stipulated in Article 4, Paragraph 1 of the Rules Concerning Representation of Advertising, etc. and Offer of Premiums;
 - (2) The representations and the assessments described in Analyst Reports shall be appropriate and reasonable in the light of internal guidelines, etc.; and
 - (3) If ratings or target share prices are described in Analyst Reports, the definitions of ratings, grounds for target share prices, and the estimated period required to achieve such target share prices shall be explicitly presented.
4. An Association Member may have more than one Examining Officer share responsibility for examining one Analyst Report.
5. In the event of Publication, etc. of Analyst Reports prepared by an Outside Analyst pursuant to agreements, etc. with the company (including the foreign corporation; the same shall apply hereinafter) to which the Outside Analyst belongs, if it is obvious that an examination similar to the aforementioned examination has been conducted by the company, the examination conducted by the company may be deemed to constitute the examination conducted by the Association Member making the Publication, etc. of the Analyst Reports.
6. On the occasion of conducting the examination set forth in any of the preceding Items and then judging whether or not to make the Publication, etc. of the Analyst Reports, the Association Member must give due regard to the following:
 - (1) If the Analyst Reports are considered to constitute the documents covered by Publication, etc. made in the ordinary course of business (excluding the documents pertaining to any Publication, etc. to be newly commenced or to be resumed after suspension of Publication, etc.), the intended Publication, etc. of the Analyst Reports should not correspond to solicitation for acquisition or solicitation for selling, etc. of any securities issued by any company covered by the analysis.
 - (2) If Publication, etc. of the Analyst Reports made in the ordinary course of business (excluding Analyst Reports pertaining to any Publication, etc. to be newly commenced or to be resumed after suspension of Publication, etc.) are restricted, such restriction may possibly suggest to investors, among others, such a fact that the Association Member acquires the corporate information pertaining to the companies, etc. covered by the Analyst Reports.

(Keeping of Analyst Reports)

Article 5 If an Association Member makes Publication, etc. of Analyst Reports, the Analyst Reports and the records stating that internal examinations have been conducted in relation to such Analyst Reports shall be retained for three years from the date of the Publication, etc.

(Presentation, Etc. of Conflicts of Interest)

Article 6 When an Association Member prepares Analyst Reports (excluding cases where translation alone is required), if the Association Member or Analysts who prepare such Analyst Reports have a material conflict of interest with the company regarding which such Analyst Reports are to be prepared, it must explicitly present details regarding such conflicts of interest in the relevant Analyst Reports.

2. A Regular Member must state in Analyst Reports to the effect that it has become the lead manager

in the event:

- (i) that the Regular Member becomes a lead manager (as stipulated in Article 147, Item 3 of the Cabinet Office Ordinance Concerning the Financial Instruments Business, etc. (hereinafter referred to as the “Business Ordinance”); the same shall apply hereinafter) in respect of public offerings or secondary distributions of, or solicitations for acquisitions to professional investors or solicitations for selling, etc. to professional investors of, (i) share certificates (including preferred equity investment certificates (the securities stipulated in Article 2, Paragraph 1, Item 7 of the FIEA), foreign stock depositary receipts (among the securities, etc. stipulated in Article 2, Paragraph 1, Item 20 of the FIEA, those representing rights pertaining to share certificates issued by foreign juridical persons), and foreign stock trust beneficiary certificates (among the securities trust beneficiary certificates stipulated in Article 2-3, Item 3 of the Enforcement Ordinance of the Financial Instruments and Exchange Act, the securities in safekeeping that are stipulated in the same Item thereof are foreign stock (among the securities set forth in Article 2, Paragraph 1, Item 17 of the FIEA, those having the nature of share certificates set forth in Item 9 of the same Paragraph thereof)); the same shall apply hereinafter), (ii) share option certificates (the securities stipulated in Article 2, Paragraph 1, Item 9 of the FIEA) or (iii) bonds with share options; and
 - (ii) that the Regular Member makes Publication, etc. of the Analyst Reports concerning the shares of such company (i) within one year from the date on which the securities registration statement, shelf registration supplements or securities notifications concerning such public offerings or secondary distributions (hereinafter referred to as “Securities Registration Statement, etc.”) are submitted or (ii) within one year from the date on which specified securities information (the specified securities information stipulated in Article 27-31 of the FIEA; hereinafter the same shall apply) concerning such solicitations for acquisitions to professional investors or solicitations for selling, etc. to professional investors was provided or published.
3. In the event (a) that a Regular Member becomes a lead manager in respect of public offerings or secondary distributions of, or solicitations for acquisitions to professional investors or solicitations for selling, etc. to professional investors of, share certificates (limited to those actions accompanied by a listing of such share certificates on Financial Instruments Exchange Markets, but excluding cases where share certificates have already been listed on another Financial Instruments Exchange Market) or (b) that a Regular Member makes Publication, etc. of an Analyst Report concerning the share certificates of such company within ten business days from the date of listing and (i) on and after the date on which the Securities Registration Statement, etc. concerning such public offerings or secondary distributions is submitted or (ii) on and after the date on which specified securities information concerning such solicitations for acquisitions to professional investors or solicitations for selling, etc. to professional investors is provided or published, the Regular Member must not present any rating or target share price in such Analyst Report.
4. An Association Member must not have Analysts write Analyst Reports for a company for which such Analyst serves as an officer (when the accounting advisor is a juridical person, including members who are supposed to conduct such duties).

(Publication, Etc. of Analyst Reports Written by Outside Analysts)

Article 7 In the event of Publication, etc. of Analyst Reports written by an Outside Analyst pursuant to agreements, etc. with the company to which the Outside Analyst belongs or pursuant to agreements, etc. with the Outside Analyst, the Association Member must take any and all measures necessary in order to explicitly present in such Analyst Reports the details of any material conflict of interest between such Outside Analyst and the company regarding which such Analyst Reports are made; provided, however, that this shall not apply to cases where such Association Member

notifies customers of such details (such notification shall be made in writing or by any means other than oral notification; the same shall apply hereinafter in the following Paragraph and in Paragraph 3).

2. In the event of Publication, etc. of Analyst Reports written by an Outside Analyst, the Association Member must notify customers of the matters set forth in each of the following Items; provided, however, that this shall not apply to cases where the matters set forth in each of such following Items are presented in such Analyst Reports:
 - (1) If such Association Member has paid or have promised to pay consideration for the preparation of such Analyst Reports, and so state to that effect; and
 - (2) If such Association Member has requested the preparation of Analyst Reports designating the company for which such Analyst Reports are to be made, and so state to that effect.
3. If an Association Member falls under the case stipulated in Item 1 or 2 of the preceding Paragraph on the occasion of Publication, etc. of Analyst Reports written by an Outside Analyst, the Association Member must notify customers of the matters set forth in each of the following Items (as for a Special Member, limited to Item 1); provided, however, that such notification shall not apply to cases where the matters below are presented in the relevant Analyst Reports:
 - (1) If an Association Member has a material conflict of interest with the company for which such Analyst Reports are made, the details thereof; and
 - (2) If a Regular Member falls under the cases stipulated in Article 6, Paragraph 2 hereof, to the effect that the Regular Member has become a lead manager.
4. If a Regular Member falls under the case stipulated in Paragraph 2, Item 1 or 2 and the case stipulated in Article 6, Paragraph 3 on the occasion of Publication, etc. of Analyst Reports written by an Outside Analyst, the Association Member must confirm that ratings or target share prices have not been presented in the Analyst Reports before their Publication, etc..

(Strict Management of Information)

Article 8 An Association Member must appropriately manage the information set forth in each of the following Items (hereinafter referred to as “Material Information”).

- (1) The following information (i) obtained in the course of writing Analyst Reports by Analysts from companies which Analysts are in charge of and other internal divisions, etc. of Association Members or (ii) obtained by the Examining Officer in the course of examining Analyst Reports:
 - (i) Corporate-related information (the corporate-related information stipulated in Article 1, Paragraph 4, Item 14 of the Business Ordinance); and
 - (ii) Undisclosed information, other than the information described in (i) above, that is considered to have a material impact on investors’ investment decisions
 - (2) The content, etc. of Analyst Reports that is considered to have a material impact on investors’ investment decisions, while no Publication, etc. of those Analyst Reports has yet been made
 - (3) The restriction imposed by the Association Member on Publication, etc. of Analyst Reports, if applicable
2. Special attention must be paid to the matters set forth in each of the following Items when establishing a system for managing Material Information in accordance with the provisions of the

preceding Paragraph:

- (1) Methods for managing Material Information;
- (2) Procedures and rules of conduct when Analysts are involved in the business of other divisions; and
- (3) Procedures and rules of conduct when the Research Division transmits Material Information to other divisions.

(Appropriate Use of Material Information)

Article 9 An Association Member must appropriately manage proprietary trading so that Material Information is not used for such transactions. In addition, the Association Member must guide and supervise its officers and employees not to conduct solicitation, etc. to some parts of customers by using Material Information.

2. With respect to the transactions conducted by an Association Member using the content of any Analyst Reports just after their Publication, etc., the Association Member must strive not to place its own interests ahead of the interests of its customers.

(Ensuring Independence of Opinions of Analysts, Etc.)

Article 10 An Association Member must establish an appropriate organization system and an appropriate compensation system from the point of view of ensuring the independence of the opinions of Analysts.

2. An Association Member must guide and supervise its respective Underwriting Division, Investment Banking Division, Corporation Division, Sales Division, etc. not to unreasonably interfere with or intervene in the writing of Analyst Reports by Analysts so that the independence of the opinions of Analysts is not impaired.
3. An Association Member must guide and supervise Analysts not to present any content different from its independent opinions in consideration of the interests of specific customers.

(Prohibition of Involvement in Business of the Underwriting Division and the Investment Banking Division)

Article 11 An Association Member shall pay careful attention to ensure the independence of Analysts from its respective Underwriting Division and Investment Banking Division, and such Association Member must prevent its relevant officers and employees from conducting the activities set forth in each of the following Items and any activities similar thereto:

- (1) The activity of Analysts being involved in making proposals to companies, etc. concerning the business of the Underwriting Division or the Investment Banking Division;
- (2) The activity of officers and employees engaged in the business of the Underwriting Division or the Investment Banking Division involving or making an effort to involve Analysts or Outside Analysts in making proposals to companies, etc. concerning the business of the relevant divisions;
- (3) The activity of Analysts being involved in briefings, etc. to investors conducted by companies, etc. or the relevant Association Member (limited to (i) briefings, etc. conducted by companies, etc. concerning the business or transactions of the Underwriting Division or the Investment Banking Division and (ii) briefings, etc. in which the Underwriting Division

or the Investment Banking Division is involved; the same shall apply hereinafter); and

- (4) The activity of officers and employees engaged in the business of the Underwriting Division or the Investment Banking Division involving or making an effort to involve Analysts or Outside Analysts in briefings, etc. to investors conducted by companies, etc. or the relevant Association Member.

(Prohibition, Etc. of Making Promises, Etc. to Customers)

Article 12 An Association Member must guide and supervise officers and employees of the Underwriting Division, the Investment Banking Division, the Corporation Division, the Sales Division, etc. not to promise to or offer to customers or prospective customers of the relevant divisions the preparation of Analyst Reports with respect to such customers or any representations or assessments in Analyst Reports with respect to such customers.

(Prohibition of Prior Notice to the Companies Regarding Which Analyst Reports Are to Be Prepared)

Article 13 An Association Member must not make the content of any Analyst Report known to the companies covered by the analysis before Publication, etc. of the Analyst Report.

(Improvement of Quality of Analysts)

Article 14 An Association Member must strive to improve the quality of Analysts by conducting follow-up examinations and evaluations of the content, etc. of Analyst Reports, as well as strive to strengthen Analysts' compliance with laws and regulations.

(Handling of Transactions of Securities by Analysts, Etc.)

Article 15 With respect to the sale and purchase, etc. and the holding of securities by Analysts in personal accounts, an Association Member must strive to ensure that Analysts implement fair and appropriate business by prohibiting, in principle, the sale and purchase, etc. and the holding of securities of companies that Analysts are in charge of.

2. In the event of Publication, etc. of Analyst Reports written by an Outside Analyst pursuant to agreements, etc. with the company to which the Outside Analyst belongs or pursuant to agreements, etc. with the Outside Analyst, the Association Member must confirm the existence of measures for ensuring such Outside Analyst's implementation of fair and appropriate business with respect to the sale and purchase, etc. and the holding of securities by such Outside Analyst for personal purposes.
3. An Association Member must strive to not allow its officers and employees (when the accounting advisor is a juridical person, including members who are supposed to conduct such duties; the same shall apply hereinafter) to conduct, using Material Information obtained upon the preparation or examination of Analyst Reports, the sale and purchase, etc. of securities held by such officers and employees for personal purposes.

(Publication, Etc. of Analyst Reports Not Based on the Rules)

Article 16 In the event that it is difficult for an Association Member to make any Publication, etc. of Analyst Reports in compliance with the provisions of the Rules due to unavoidable special circumstances, the Association Member must notify the Association of such noncompliance and its reasons in writing and obtain the approval of the Association in advance.

2. In the event of any Publication, etc. of Analyst Reports based on the approval obtained under the

preceding Paragraph, the Association Member must indicate (excluding verbal indication) that such Analyst Reports do not comply with the provisions of the Rules of the Association.

(Concept of the Rules)

Article 17 The matters necessary for interpretation, etc. of the Rules shall be prescribed in the “Concept behind ‘Rules Concerning Handling of Analyst Reports’ ” which is separately prescribed by the Association.

SUPPLEMENTARY PROVISIONS [Omitted]

(Note) These Rules are based on the version in effect as of January 1, 2016.

<p>This translation is solely for the convenience of those interested therein, and accordingly all questions that may arise with regard to the meaning of the words or expressions herein shall be dealt with in accordance with the original Japanese text.</p>
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