

RULES CONCERNING UNDERWRITING, ETC. OF SECURITIES

(May 13, 1992)

CHAPTER I GENERAL PROVISIONS

(Purpose)

Article 1 The purpose of the Rules Concerning Underwriting, Etc. of Securities (hereinafter referred to as the “Rules”) is to ensure proper business operations and protection of investors and thereby contribute to sound development of the capital market by prescribing matters deemed necessary with respect to the underwriting of public offerings or secondary distributions (limited to those for which a prospectus is prepared; the same shall apply hereinafter except for Article 33 and Article 36, Paragraph 1) of Share Certificates, etc. and Corporate Bond Certificates, etc. in Japan by Regular Members (hereinafter referred to as “Underwriting”), and handling of public offerings or secondary distributions of Share Certificates, etc. in Japan by Association Members.

(Definitions)

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

(1) Share Certificates, etc.:

The following securities:

- (a) Share Certificates (including securities or certificates issued by a foreign corporation that has the same nature as Share Certificates; the same shall apply hereinafter);
- (b) Share Option Certificates (including securities or certificates issued by a foreign corporation that has the same nature as Share Option Certificates; the same shall apply hereinafter);
- (c) Bonds with Share Option (including securities or certificates issued by a foreign corporation that has the same nature as Bonds with Share Option; the same shall apply hereinafter);
- (d) Preferred Equity Investment Certificates (securities set forth in Article 2, Paragraph 1, Item 7 of the Financial Instruments and Exchange Act (hereinafter referred to as “FIEA”) and including securities or certificates issued by a foreign corporation that has the same nature as Preferred Equity Investment Certificates; the same shall apply hereinafter);
- (e) Real Estate Investment Trust Certificates (beneficiary certificates of an investment trust set forth in Article 2, Paragraph 1, Item 10 of the FIEA or an investment securities set forth in the same Paragraph, Item 11 of the FIEA, whose purpose is to manage funds of investors as investment primarily in real estate, etc.; the same shall apply hereinafter);
- (f) Infrastructure Funds (beneficiary certificates of an investment trust or beneficiary certificates of a foreign investment trust set forth in Article 2, Paragraph 1, Item 10 of the FIEA or investment securities or foreign investment securities set forth in Item 11 of the same Paragraph, whose purpose is to manage funds of investors as investment primarily in infrastructure assets, etc.; the same shall apply hereinafter);
- (g) Venture Funds (investment securities set forth in Article 2, Paragraph 1, Item 11 of the FIEA,

whose purpose is to manage funds of investors as investment primarily in unlisted stocks, etc.; the same shall apply hereinafter);

- (h) Investment Equity Subscription Right Certificates (limited to Investment Equity Subscription Right Certificates set forth in Article 2, Paragraph 1, Item 11 of the FIEA, and the investment securities to which the Investment Equity Subscription Rights pertain in connection with such Investment Equity Subscription Right Certificates are Real Estate Investment Trust Certificates, Infrastructure Funds or Venture Funds; the same shall apply hereinafter);
- (i) Beneficiary Certificates of Foreign Share in Trust (among beneficiary certificates of securities in trust prescribed in Article 2-3, Item 3 of the Enforcement Order of the Financial Instruments and Exchange Act (hereinafter referred to as the “FIEA Enforcement Order”), those of which entrusted securities prescribed in the same Item are foreign Share Certificates (among securities set forth in Article 2, Paragraph 1, Item 17 of the FIEA, those which have a nature of Share Certificates prescribed in the same Paragraph, Item 9); the same shall apply hereinafter); and
- (j) Beneficiary Certificates of Foreign Infrastructure Funds in Trust (among beneficiary certificates of securities in trust prescribed in Article 2-3, Item 3 of the FIEA Enforcement Order, those for which entrusted securities prescribed in the same Item are foreign Infrastructure Funds (among Infrastructure Funds, those constituting beneficiary certificates of a foreign investment trust set forth in Article 2, Paragraph 1, Item 10 of the FIEA or foreign investment securities set forth in Item 11 of the same Paragraph; the same shall apply hereinafter); the same shall apply hereinafter).

(2) Corporate Bond Certificates, etc.:

The following securities:

- (a) Corporate Bond Certificates (Securities set forth in Article 2, Paragraph 1, Item 5 of the FIEA which exclude Bonds with Share Option and include securities or certificates issued by a foreign corporation that has the same nature as Corporate Bond Certificates; the same shall apply hereinafter).
- (b) Investment Corporation Bond Certificates (Investment Corporation Bonds prescribed in Article 2, Paragraph 1, Item 9 of the FIEA; the same shall apply hereinafter).

(3) Underwriting Business:

A business to propose public offering or secondary distribution to an issuer (issuer of foreign Share Certificates that will constitute entrusted securities prescribed in Article 2-3, Item 3 of the FIEA Enforcement Order, in the case of Beneficiary Certificates of Foreign Share in Trust, or issuers of foreign Infrastructure Funds that will constitute entrusted securities prescribed in the same Item, in the case of Beneficiary Certificates of Foreign Infrastructure Funds in Trust; the same shall apply hereinafter) for the purpose of Underwriting and to perform tasks for considering the Underwriting conditions and concluding the Underwriting agreement of securities.

(4) Underwriting Examination Business:

A business to conduct the Underwriting Examination that is necessary to fulfill the responsibility of Regular Member Underwriters, based on the materials obtained from an issuer and other information collected as necessary, and to form an examination opinion that is used as a basis for judging whether or not the Underwriting is possible (hereinafter referred to as “Underwriting Judgment”).

(5) Underwriting Promotion Business:

A business to build a continuous relationship between an issuer or a person other than the issuer

who intends to offer a secondary distribution (hereinafter referred to as “Secondary Distributor”), to gather information and to conduct marketing in order to acquire an Underwriting offer.

(6) Auditor:

A certified public accountant or an audit corporation that is elected by an issuer at the time of Underwriting Examination to prepare an audit certification pursuant to Article 193-2 of the FIEA on the statements on finance and accounting that are submitted by the issuer of the securities under the FIEA and are subject to the Underwriting Examination.

(7) Comfort Letter:

A research report on an issuer of the Share Certificates, etc. or Corporate Bond Certificates prepared by an Auditor, in accordance with the Outline of “Auditor’s Comfort Letter to Arrangers” (by the Japan Public Certified Accountant Association and the Japan Securities Dealers Association) for its description and details.

(8) Regular Member Underwriter:

Regular Members who are underwriters pursuant to Article 2, Paragraph 6 of the FIEA.

(9) Lead Managing Regular Member Underwriter:

Among the Regular Member Underwriters, such Regular Member as appointed by the issuer or the Secondary Distributor to negotiate on the Underwriting agreement with the issuer or the Secondary Distributor of the securities related to the Underwriting agreement at the time of concluding the Underwriting agreement of the securities.

(10) Other Regular Member Underwriters:

Regular Member Underwriters who are other than the Lead Managing Regular Member Underwriter.

(11) Independent Managing Regular Member Underwriter:

Regular Member Underwriters who are independent from the Lead Managing Regular Member Underwriter and the issuer in terms of capital and human resource relationship and who are involved in deciding on matters that are prescribed below (hereinafter referred to as “Issue Price, etc.”) in the public offering of securities issued by a Parent Corporation, etc. or subsidiary corporation, etc. of the Lead Managing Regular Member Underwriter, or the Related Issuer as prescribed in Article 11-2, Paragraph 1, by type of securities set forth below, respectively:

- (a) Share Certificates, Real Estate Investment Trust Certificates that are investment securities prescribed in Article 2, Paragraph 1, Item 11 of the FIEA, Infrastructure Funds, or Venture Funds: Issue price at the public offering;
- (b) Share Option Certificates: Issue price at the time of public offering, the amount to be paid at the time of exercising the Share Options, and the issue price of the Share Certificates at the time of issuing Share Certificates by exercising the Share Options;
- (c) Investment Equity Subscription Right Certificates: The amount to be paid at the time of exercising the Investment Equity Subscription Rights, and issue price of the investment securities at the time of issuing such investment securities by exercising the Investment Equity Subscription Rights;
- (d) Bonds with Share Option: Issue price and yield at the time of public offering, issue price of the Share Options, the amount to be paid at the time of exercising the Share Options, and the issue price of the Share Certificates at the time of issuing Share Certificates by exercising the Share Options;

- (e) Corporate Bond Certificates, etc.: Issue price and yield at the time of public offering.
- (12) Parent Corporation, etc.:
A parent corporation, etc. prescribed in Article 31-4, Paragraph 3 of the FIEA;
- (13) Subsidiary Corporation, etc.:
A subsidiary corporation, etc. prescribed in Article 31-4, Paragraph 4 of the FIEA.
- (14) Listed Issuer:
An issuer of securities listed on a Financial Instruments Exchange Market in Japan.
- (15) Initial Public Offering:
Listing of securities issued by a person other than the Listed Issuer on a Financial Instruments Exchange Market in Japan.
- (16) Book Building:
Research of supply and demand conducted when a Regular Member Underwriter underwrites the Share Certificates, etc. or Corporate Bond Certificates, etc.
- (17) Assumed Price:
Issue price or secondary distribution price that is used as a base for the calculation of the estimated total amount of issue price or the estimated total amount of secondary distribution price stated in the securities registration statement related to the public offering or secondary distribution of the Share Certificates, etc.
- (18) Tentative Terms and Conditions:
Range of the price, etc. of the Share Certificates, etc. related to the public offering or secondary distribution that is indicated to investors at the time of Book Building conducted by Regular Member Underwriters, or the range of the Issue Price, etc. of the Corporate Bond Certificates, etc. for public offering that is indicated to the investors at the time of Book Building or pre-marketing.
- (19) IPO Price:
The issue price or secondary distribution price of the Share Certificates, etc. related to the public offering or secondary distribution for Initial Public Offering.
- (20) Over-Allotment:
Additional secondary distribution of the Share Certificates, etc. for public offering or secondary distribution that is made by Regular Member Underwriters under the same terms and conditions, in addition to the originally planned amount of shares for such public offering or secondary distribution. Provided, however, when the public offering or secondary distribution is made for Beneficiary Certificates of Foreign Share in Trust or Beneficiary Certificates of Foreign Infrastructure Funds in Trust, it shall mean the additional public offering or secondary distribution under the same terms and conditions in addition to the originally planned amount of shares for such public offering or secondary distribution.
- (21) Green Shoe Option:
Rights of the Regular Member Underwriters to obtain the same issue of the Share Certificates, etc. under public offering or secondary distribution from the issuer or a holder of the Share Certificates, etc. (a holder of Foreign Share Certificates that will constitute entrusted securities prescribed in Article 2-3, Item 3 of the FIEA Enforcement Order, in the case of public offering or secondary distribution of Beneficiary Certificates of Foreign Share in Trust, or a holder of foreign Infrastructure Funds that will constitute entrusted securities prescribed in the same Item, in the case of public offering or secondary distribution of Beneficiary Certificates of Foreign Infrastructure Funds in Trust), granted when the Regular Member Underwriters concludes the

Underwriting agreement.

(22) **Syndicate Cover Transaction:**

Buying back of the excess shares subject to the public offering or secondary distribution by a Regular Member Underwriter in its own account who exercised the Over-Allotment, conducted after the public offering or secondary distribution period in order to reduce short position remained by the Over-Allotment.

(23) **Antisocial Force:**

The Antisocial Force prescribed in Article 15 of the Rules Concerning the Enforcement of the Articles of Association.

(24) **Pre-Marketing:**

Hearing of opinions from investors about the issuance terms and conditions after the securities registration statement or the shelf registration statement is submitted when a Regular Member Underwriter underwrites the Corporate Bond Certificates, etc.

(25) **Standby Rights Offering:**

Among the gratis allotment of Share Options by a listed issuer pursuant to Article 277 of the Companies Act, or the gratis allotment of Investment Equity Subscription Rights pursuant to Article 88-13 of the Act on Investment Trust and Investment Corporations (hereinafter referred to as the "Investment Trust Act"), a Regular Member Underwriter or a third party that acquires the Share Options or the Investment Equity Subscription Rights from the Regular Member Underwriter exercises the Share Options or the Investment Equity Subscription Rights that are not exercised pursuant to the contract prescribed in Article 2, Paragraph 6, Item 3 of the FIEA.

CHAPTER II APPROPRIATE UNDERWRITING

SECTION 1 Conduct of Appropriate Underwriting

(Appropriate Underwriting Judgment)

Article 3 When a Regular Member Underwriter conducts Underwriting, it must secure a necessary and sufficient period of time to implement the Underwriting Examination and make a Underwriting Judgment with comprehensive judgment and responsibility based on the result of the Underwriting Examination implemented pursuant to the provision of Articles 12 through 14 hereof.

(Grasp of Corporate Activities Trend until the Payment Date)

Article 4 When a Regular Member Underwriter conducts Underwriting, it must endeavor to collect accurate information on corporate activities trend until the payment date (delivery date in case of Underwriting related to the secondary distribution; or the date of payment associated with the exercise of the Share Options or the Investment Equity Subscription Rights by the Regular Member Underwriter in the case of Underwriting related to the Standby Rights Offering; the same shall apply hereinafter), and obtain information from an issuer as necessary.

SECTION 2 Development of Underwriting System

(Ensuring the Independency of Underwriting Examination)

Article 5 A Regular Member Underwriter must secure the personnel structure that enables it to implement a proper Underwriting Examination and establish an organizational system to fulfill all the criteria set

forth below for the purpose of forming an independent Underwriting Examination opinion:

- (1) Establishing an Underwriting Examination section;
 - (2) Persons who conduct the Underwriting Examination in the Underwriting Examination section are not involved in the Underwriting Promotion Business or the Underwriting Business; and
 - (3) Officers in charge of the Underwriting Examination section are not responsible for the Underwriting promotion section or Underwriting section.
2. When a Regular Member Underwriter fulfills all the criteria set forth below, an organizational system prescribed in the preceding Paragraph shall be considered to have been established:
- (1) Persons who conduct the Underwriting Examination Business are not involved in the Underwriting Promotion Business and the Underwriting Business related to such Underwriting Examination case;
 - (2) The Underwriting Judgment of all the Underwriting cases is made by a resolution at a conference that consists of several responsible persons including the one in charge of the Legal/Compliance section (provided, however, that a person engaged in the Underwriting Promotion Business of such an Underwriting case does not participate in the resolution); and
 - (3) Legal/Compliance section analyzes and evaluates the completeness of materials and information that are used for the Underwriting Judgment in its own responsibility and ensures the adequacy of the process of forming the said Underwriting Judgment.

(Development of Internal Rules and Internal Manual for the Underwriting Examination, Etc.)

Article 6 A Regular Member Underwriter must define matters set forth in each Item below in its internal rules:

- (1) Items to be examined at the time of Underwriting Examination (hereinafter referred to as “Underwriting Examination Items”) and matters that are necessary to properly examine these items;
 - (2) Matters that are necessary for Underwriting Examination section to form an examination opinion independent from the Underwriting promotion section and the Underwriting section (in the case of the preceding Article, Paragraph 2, the matters that are necessary for the person who conducts the Underwriting Examination Business to form an independent opinion separately from the persons in charge of the Underwriting Promotion Business and the Underwriting Business); and
 - (3) Matters that are necessary for making a proper Underwriting Judgment.
2. A Regular Member Underwriter must establish an internal manual that describes procedures for examining the Underwriting Examination Items prescribed in the preceding Paragraph, Item 1.
3. A Regular Member Underwriter shall update and enhance in a timely manner the contents of its internal rules and internal manual prescribed in the preceding two Paragraphs.
4. A Regular Member Underwriter must submit to the Association its internal rules and internal manual prescribed in Paragraph 1 and 2, if requested by the Association.

(Preparation and Retention of Internal Records)

Article 7 When a Regular Member Underwriter conducts Underwriting, it must prepare the record set forth

in each Item below and retain it for five years.

- (1) Materials and information collected for the Underwriting Examination (limited to those which may affect the Underwriting Judgment), and a record of analysis and evaluation on such materials and information; and
- (2) Materials and information that were used as a basis for the Underwriting Judgment and a record of the process to form such Underwriting Judgment.

(Implementation of Inspection or Audit)

Article 8 A Regular Member Underwriter must implement an inspection or audit on the following Items on a regular basis:

- (1) Compliance with the internal rules that are established pursuant to Article 6, Paragraph 1; and
- (2) Proper compliance with the internal manual that is established pursuant to Article 6, Paragraph 2.

SECTION 3 Elimination of Antisocial Forces

(Items of Agreement Aiming at Elimination of Antisocial Forces)

Article 8-2 A Regular Member Underwriter must establish the matters set forth in each Item below in the Underwriting agreement concluded with the issuer or the distributor (hereinafter referred to as the "Issuer, etc."):

- (1) Making a commitment that the Issuer, etc. is not an Antisocial Force;
- (2) The Underwriting agreement is terminated at the request of the Regular Member Underwriter if the commitment prescribed in the preceding Item is found to be false; and
- (3) The Underwriting agreement is terminated at the request of the Regular Member Underwriter if it is found that the Issuer, etc. falls under Antisocial Forces.

(Elimination of Antisocial Forces)

Article 8-3 A Regular Member Underwriter must check whether the Issuer, etc. is an Antisocial Force or not, or has a relationship with Antisocial Forces or not at the time of Underwriting Examination.

2. A Regular Member Underwriter must not conclude the Underwriting agreement with the Issuer, etc. if it is found that the Issuer, etc. falls under Antisocial Forces or that the Issuer, etc. has a relationship with Antisocial Forces.
3. A Regular Member Underwriter must not underwrite pursuant to the Underwriting agreement if it is found that the Issuer, etc. falls under Antisocial Forces after concluding the Underwriting agreement.

SECTION 4 Underwriting of Securities Issued by Parent Corporation, etc. or Subsidiary Corporation, etc., or Related Issuer

(Requirements, Etc. for Becoming the Lead Managing Regular Member Underwriter)

Article 9 When a Regular Member Underwriter becomes the Lead Managing Regular Member Underwriter

for the Underwriting of Bonds with Share Options or Corporate Bond Certificates, etc. issued by the Regular Member Underwriter's Parent Corporation, etc. or the Subsidiary Corporation, etc., it must comply with matters set forth in each Item below pursuant to Article 153, Paragraph 1, Item 4 (c) of the Cabinet Office Order on Financial Instruments Business, etc. (hereinafter referred to as the "FIBCOO"):

- (1) For the purpose of making the decision on the Issue Price, etc., in a fair and transparent manner, the Issue Price, etc. shall be determined by the Book Building prescribed in Article 25 or the Pre-Marketing prescribed in Article 25-2;
 - (2) Matters that are necessary to properly conduct the Book Building prescribed in Article 25 or the Pre-Marketing prescribed in Article 25-2 shall be included in the internal rules;
 - (3) Requesting the Parent Corporation, etc. or Subsidiary Corporation, etc. to disclose the matters prescribed in the Detailed Rules on the disclosure documents under the FIEA; and
 - (4) Status of compliance with the internal rules prescribed in Item 2 shall be inspected or audited on a regular basis.
2. When a Regular Member Underwriter becomes the Lead Managing Regular Members Underwriter for the Underwriting of the Initial Public Offering of Share Certificates, Real Estate Investment Trust Certificates (limited to investment securities set forth in Article 2, Paragraph 1, Item 11 of the FIEA; the same shall apply hereinafter in this Paragraph and the following Article), Infrastructure Funds (limited to investment securities set forth in the same Item of the FIEA; the same shall apply hereinafter in this Paragraph and the following Article) or Venture Funds by its Regular Member Underwriter's Parent Corporation, etc. or Subsidiary Corporation, etc., the Underwriting of public offering of Share Certificates, Real Estate Investment Trust Certificates, Infrastructure Funds, Venture Funds, Share Option Certificates, Investment Equity Subscription Right Certificates or Bonds with Share Options issued by the Parent Corporation, etc. or Subsidiary Corporation, etc. as a listed issuer, or the Underwriting of public offering of Corporate Bond Certificates, etc. issued by the Regular Member Underwriter's Parent Corporation, etc. or Subsidiary Corporation, etc., it shall comply with matters set forth in each Item below pursuant to Article 153, Paragraph 1, Item 4 (d) of the FIBCOO (excluding those that meet the provision of the same Article, Paragraph 1, Item 4 (a) through (c)):
- (1) To conclude a contract on the Underwriting Examination procedures prescribed in the Detailed Rules with the Issuer and the Independent Managing Regular Member Underwriter, respectively;
 - (2) To make the Independent Managing Regular Member Underwriter check the adequacy of the result of Underwriting Examination made by the Lead Managing Regular Member Underwriter;
 - (3) To have the Independent Managing Regular Member Underwriter become involved in the determination process of Issue Price, etc. and confirm the adequacy of the Issue Price, etc. determined by the Lead Managing Regular Member Underwriter;
 - (4) To fulfill, when determining the Issue Price, etc., the requirements set forth below depending on the category of securities indicated below:
 - (a) Share Certificates, Real Estate Investment Trust Certificates, Infrastructure Funds and Venture Funds: Issue Price, etc. shall be determined by the Book Building prescribed in Article 25 or by the rules of a Financial Instruments Exchange;
 - (b) Share Option Certificates, Investment Equity Subscription Right Certificates, or Bonds with Share Options: Issue Price, etc. shall be determined by the Book Building prescribed in Article 25; and

(c) Corporate Bond Certificates, etc.: Issue Price, etc. shall be determined by the Book Building prescribed in Article 25 or by the Pre-marketing prescribed in Article 25-2.

(5) To publicly announced matters prescribed in the Detailed Rules on the announcement materials, etc. of the Issuer.

(Requirements, etc. to Become the Independent Managing Regular Member Underwriter)

Article 10 In the case that the Regular Member Underwriter becomes the Independent Managing Regular Member Underwriter in the Underwriting prescribed in the preceding Article, Paragraph 2, all the requirements set forth in each Item below must be fulfilled:

(1) It is not the Parent Corporation, etc. or the Subsidiary Corporation, etc. of the Lead Managing Regular Member Underwriter or the Issuer (hereinafter referred to as the “Lead Managing Regular Member Underwriter, etc.”);

(2) It does not hold the subject voting rights (subject voting rights prescribed in Article 29-4, Paragraph 2 of the FIEA and including those that are regarded as being held pursuant to the same Article, Paragraph 5; the same shall apply hereinafter in this Article) of 5% or more of the voting rights held by all the shareholders, etc. of the Lead Managing Regular Member Underwriter, etc. or its Parent Corporation, etc. or Subsidiary Corporation, etc.;

(3) The Lead Managing Regular Member Underwriter, etc. or its Parent Corporation, etc. or Subsidiary Corporation, etc. does not hold the subject voting rights of 5% or more of the voting rights held by all the shareholders, etc. of the Independent Managing Regular Member Underwriter;

(4) The following persons shall not occupy more than 50% of the seats of director and executive officer (including governors, auditors, and other titles similar to the above; the same shall apply hereinafter in this Article) nor those of director and executive officer with the rights of representation of the Lead Managing Regular Member Underwriter, etc.:

(a) Its officers (if an officer is a legal person, including staff members who perform its duties; the same shall apply hereinafter in this Article) and major shareholders (major shareholders prescribed in Article 91, Paragraph 1, Item 2 of the FIBCOO);

(b) Family members and relatives of the person set forth in (a) (limited to a spouse, and blood relatives and relatives by marriage within the second degree);

(c) Other company, etc. and such other company, etc.’s officers if itself and persons set forth in (a) and (b) holds the majority of the voting rights held by all the shareholders, etc. of such other company, etc. (a company, etc. prescribed in Article 15-16, Paragraph 3 of the Enforcement Order of the FIEA; the same shall apply hereinafter); and

(d) A person who used to be an officer (limited to the person who resigned a position of the officer within two years) or an employee.

(5) The majority of its director and executive officer, and that of directors and executive officers with representation rights are not occupied by those who set forth from (a) through (d) of the preceding Item of the Lead Managing Regular Member underwriter, etc.; and

(6) The following requirements shall be fulfilled, respectively, depending on the category of securities as set forth below:

(a) Share Certificates, Share Option Certificates, Bonds with Share Options: It is engaged in the

Underwriting Business of any of Share Certificates, Share Option Certificates, or Bonds with Share Options for five or more years before the issuance resolution date, and has experience of being engaged as the Lead Managing Regular Member Underwriter of Share Certificates, Share Option Certificates, or Bonds with Share Options within two years from the issuance resolution date;

- (b) Real Estate Investment Trust Certificates, Infrastructure Funds, Venture Funds, Investment Equity Subscription Right Certificates: It is engaged in the Underwriting Business for five or more years before the issuance resolution date, and has experience of being engaged as the Lead Managing Regular Member Underwriter within two years from the issuance resolution date;
- (c) Corporate Bond Certificates: It is engaged in the Underwriting Business of Corporate Bond Certificates for five or more years before the date of determining the issuance conditions, and has experience of being engaged as the Lead Managing Regular Member Underwriter of Corporate Bond Certificates within two years from the date of determining the issuance conditions; and
- (d) Investment Corporation Bond Certificates: It is engaged in the Underwriting Business for five or more years before the date when terms and conditions of issuance were determined, and has experience of being engaged as the Lead Managing Regular Member Underwriter within two years from the date when terms and conditions of issuance was determined.

(Change of Independent Managing Regular Member Underwriter)

Article 11 In the Underwriting to which the provision of Article 9, Paragraph 2 applies, if the Independent Managing Regular Member Underwriter is added (*i.e.*, a new Independent Managing Regular Member Underwriter is added), replaced (*i.e.*; all the Independent Managing Regular Member Underwriters resign and all the new Independent Managing Regular Member Underwriters are added; the same shall apply hereinafter in this Article), or reduced (*i.e.*, some of Independent Managing Regular Member Underwriters resign in the case that there are several Independent Managing Regular Member Underwriters; the same shall apply hereinafter in this Article), the Lead Managing Regular Member Underwriter shall handle such Underwriting pursuant to each Item below:

- (1) If the Independent Managing Regular Member Underwriter is added or reduced after the execution date of the contract prescribed in Article 9, Paragraph 2, Item 1 and before the date of issuance resolution (or the date of determining the issuance conditions in the case that issuance registration of Corporate Bond Certificates, etc. is made or other unavoidable cases; the same shall apply in Items 3 and 4), the Lead Managing Regular Member Underwriter shall confirm the reason for such addition or reduction and judge whether to underwrite or not;
- (2) If the Independent Managing Regular Member Underwriters are replaced during the period prescribed in the preceding Item, the newly added Independent Managing Regular Member Underwriter shall conduct the Underwriting Examination from the time of commencement of the Underwriting Examination prescribed in Article 4 of the Detailed Rules;
- (3) If the Independent Managing Regular Member Underwriter is added on and after the date of issuance resolution, the Lead Managing Regular Member Underwriter shall confirm the reason for such addition and judge whether to underwrite or not; and
- (4) If the Independent Managing Regular Member Underwriters are replaced or reduced on and after the date of issuance resolution, the Lead Managing Regular Member Underwriter must cease Underwriting.

(Requirements for Lead Managing Regular Member Underwriter of Share Certificates Issued by

Related Issuer at the time of Initial Public Offering)

Article 11-2 When a Regular Member Underwriter becomes the Lead Managing Regular Member Underwriter of public offering of Share Certificates issued by the Related Issuer (meaning an issuer of which 15/100 or more of the voting rights held by all the shareholders is held by such Regular Member Underwriter and its Parent Corporation, etc. or Subsidiary Corporation, etc. during the period from the date when the Regular Member Underwriter conducts the first Underwriting Examination (in the case that the Regular Member Underwriter receives the underwriting examination materials prescribed in Article 12, Paragraph 2, the date when the Regular Member Underwriter receives such Underwriting Examination documents at the first time; referred to as “Underwriting Examination Commencement Date” in Paragraph 1 of the following Article) to the listing application date; the same shall apply in the following Paragraph) for Initial Public Offering, the provision in Article 9, Paragraph 2, and the provisions in the preceding two Articles shall apply mutatis mutandis (except for the case of application of the same Paragraph.)

2. In the case of the preceding Paragraph, the Regular Member Underwriter must request the issuer to set the Item entitled “Notable Matters on Public Offering or Secondary Distribution” pursuant to 5-3 of “Points to be Considered Regarding Disclosure of Corporate Affairs (Guidelines for the Disclosure of Corporate Affairs)” on the Securities Report submitted by the Related Issuer at the time of Initial Public Offering as prescribed in the same Paragraph, and demand the Related Issuer to describe the matters that conform to Note (6)-d on Form No. 2-4 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

(Requirements, etc. for Lead Managing Regular Member Underwriter for Re-Listing of Share Certificates Issued by Issuer under Public Support for Revitalization)

Article 11-3 A Regular Member Underwriter may become the Lead Managing Regular Member Underwriter relating to the public offering or secondary distribution of Share Certificates for re-listing (the first Initial Public Offering of Share Certificates that are issued by the issuer (limited to those who currently receive or used to receive the public support for revitalization) on a Financial Instruments Exchange after delisting from any Financial Instruments Exchange; the same shall apply in this Article) by the issuer, only if either of the following Items is met.

- (1) In the case that, as of the date when the Underwriting Examination starts, or as of the date when a corporation that was established under a special law with contributions by the government involved in the public support for revitalization (including a legal entity contributed by the government), or a person who is associated with such corporation announces that the Regular Member Underwriter is appointed as the Lead Managing Regular Member Underwriter for the re-listing, whichever earlier (hereinafter referred to as the “Underwriting Examination Commencement Date, etc.” in the following Item), such Regular Member Underwriter and its Parent Corporation, etc. and Subsidiary Corporations, etc. do not hold the Share Certificates, etc. issued by such issuer.
 - (2) In the case that the Regular Member Underwriter and its Parent Corporation, etc. and Subsidiary Corporations, etc. hold Share Certificates, etc. issued by the issuer, and the period from the date when they obtained the Share Certificates, etc. last time to the Underwriting Examination Commencement Date, etc. is over two years.
2. The “public support for revitalization” mentioned in Paragraph 1 means the business restructuring support provided by a corporation that is established under a special law with contributions by the government (including a legal entity contributed by the government) for the purpose of achieving various political objectives and that aims at regaining the business continuity capability of a business operator that has useful management resources but falls into a difficult management condition as a result of market competition.

SECTION 5 Implementation of Proper Underwriting Examination

(Proper Underwriting Examination)

Article 12 When a Regular Member Underwriter conducts Underwriting, its Underwriting Examination section (or a person conducting the Underwriting Examination Business in connection with the Underwriting Examination case in the case of Article 5, Paragraph 2) must conduct a strict Underwriting Examination on the Underwriting Examination Items prescribed in the Articles 16 to 19 from the viewpoint of whether or not the issuer can meet expectations of investors over the years, whether the public offering or secondary distribution is appropriate as a means of fund raising or secondary distribution in the capital market, and whether the disclosure by the issuer of its business information is adequate.

2. When the Lead Managing Regular Member Underwriter conducts the Underwriting Examination, it shall check the documents disclosed by the issuer and receive the materials prescribed in the Detailed Rules (in the case of conducting the Underwriting Examination of Preferred Equity Investment Certificates, Real Estate Investment Trust Certificates, Infrastructure Funds, Venture Funds, Investment Equity Subscription Right Certificates, Beneficiary Certificates of Foreign Share in Trust and Beneficiary Certificates of Foreign Infrastructure Funds in Trust, and securities or certificates issued by a foreign corporation that have a nature of Share Certificates, etc. or Corporate Bond Certificates, it shall receive the equivalent materials; hereinafter referred to as “Underwriting Examination Materials”) from the issuer pursuant to the Detailed Rules.
3. When the Lead Managing Regular Member Underwriter checks the information included in the materials disclosed by the issuer as prescribed in the preceding Paragraph and Underwriting Examination Materials for the purpose of examining the Underwriting Examination Items prescribed in the Articles 16 to 19, it shall send a document describing points to be checked to the issuer and endeavor to receive a reply in writing. It shall also interview the issuer if necessary.
4. In the case set forth in the preceding Paragraph, when the Lead Managing Regular Member Underwriter checks whether or not the financial information of the issuer is adequate, it shall interview an auditor as necessary.
5. When the Lead Managing Regular Member Underwriter conducts the Underwriting Examination, it shall receive a Comfort Letter from an auditor to examine the accuracy of financial information described in the securities registration statements, etc. (securities registration statements and prospectus in connection with the secondary distribution; the same shall apply hereinafter) related to public offering or secondary distribution of the securities, as well as any changes that have occurred after announcement of the financial information subject to the Underwriting Examination.
6. When the Lead Managing Regular Member Underwriter conducts the Underwriting Examination, it must strive to make use of the results of research by securities analysts, in view of the significance of Underwriting Examination Business.

(Cooperation between the Lead Managing Regular Member Underwriter and Other Regular Member Underwriter)

Article 13 The Lead Managing Regular Member Underwriter shall cooperate with other Regular Member Underwriters (excluding the Independent Managing Regular Member Underwriter; the same shall apply hereinafter in this Article) in their Underwriting Examination to the extent possible by providing such other Regular Member Underwriters with materials and information necessary for their Underwriting Examination pursuant to the Detailed Rules sufficiently in advance.

2. In case that other Regular Member Underwriter believes it necessary to obtain further information in addition to the information obtained pursuant to the provision of the preceding Paragraph for a better Underwriting Examination, they shall directly contact the issuer and complete an adequate Underwriting Examination.

(In case of Replacement, etc. of the Lead Managing Regular Member Underwriter)

Article 14 When the Lead Managing Regular Member Underwriter becomes aware, during their Underwriting Examination, of a replacement of the Lead Managing Regular Member Underwriter that the issuer plans to appoint, or in an auditor selected or to be selected, or of the change in the Financial Instruments Exchange Market to which the issuer plans to apply for listing, it shall check the reason for such replacement or change with the issuer, and fully consider the rationality of what it checked and confirmed.

(Actions after the Completion of Underwriting Examination)

Article 15 When the issuer of the securities which a Regular Member underwrote as Lead Managing Regular Member Underwriter or an Independent Managing Regular Member Underwriter announces a material fact immediately after the Initial Public Offering, the Regular Member shall confirm with the issuer whether or not such fact occurred before the Initial Public Offering and that no fraud arose in the explanation made by the issuer during the Underwriting Examination process, as well as verify the appropriateness of the disclosure in the securities registration statement, etc. at the time of Initial Public Offering.

2. In the preceding Paragraph, if it is found that there is a material difference between the disclosed information on the securities registration statement, etc. and the business condition, etc. of an issuer at the time of Underwriting Examination, a Lead Managing Regular Member Underwriter shall request the issuer to fully explain the cause of such difference to investors.

SECTION 6 Underwriting Examination Items, Etc.

(Underwriting Examination Items at the Time of Initial Public Offering)

Article 16 When a Regular Member Underwriter underwrites a public offering or secondary distribution of Share Certificates, Preferred Equity Investment Certificates, Beneficiary Certificates of Foreign Share in Trust, Real Estate Investment Trust Certificates (limited to the investment securities set forth in Article 2, Paragraph 1, Item 11 of the FIEA; the same shall apply in this Article and the following Article) or Venture Funds at the time of Initial Public Offering, it must conduct a strict examination on at least the Underwriting Examination Items set forth in each Item below depending on the type of securities set forth in each Item below:

- (1) Share Certificates, Preferred Equity Investment Certificates, and Beneficiary Certificates of Foreign Share in Trust:
 - (a) Eligibility for going public;
 - (b) Soundness and independence of corporate management;
 - (c) Business continuity management;
 - (d) Corporate governance and internal administration system;
 - (e) Financial condition and management performance;

- (f) Forecast of business performance;
 - (g) Purpose of use of the funds to be raised (purpose of the secondary distribution in case of secondary distribution);
 - (h) Proper disclosure of company's business, etc.; and
 - (i) Other matters that the Regular Member deems necessary.
- (2) Real Estate Investment Trust Certificates:
- (a) Eligibility for going public;
 - (b) Soundness of asset management;
 - (c) Corporate governance and internal administration system;
 - (d) Conformity between the property to be incorporated into the portfolio and the investment policy;
 - (e) Profit estimate of investment corporation and property;
 - (f) Proper disclosure; and
 - (g) Other matters that the Regular Member deems necessary.
- (3) Venture Funds:
- (a) Eligibility for going public;
 - (b) Soundness of asset management;
 - (c) Corporate governance and internal administration system;
 - (d) Conformity between the investees and the investment policy;
 - (e) Forecast of business continuity of investment corporation;
 - (f) Proper disclosure; and
 - (g) Other matters that the Regular Member deems necessary.
2. Details of the Underwriting Examination Items prescribed in the preceding Paragraph shall be defined in the Detailed Rules.

(Underwriting Examination Items on Public Offering, Etc. by a Listed Issuer)

Article 17 When an Underwriting Regular Member Underwriter underwrites a public offering or secondary distribution of Share Certificates, etc. (excluding Infrastructure Funds and Beneficiary Certificates of Foreign Infrastructure Funds in Trust) issued by a listed issuer, it must conduct a strict examination on at least the Underwriting Examination Items set forth in each Item below depending on the type of securities set forth in each Item below:

- (1) Share Certificates, Share Option Certificates, Preferred Equity Investment Certificates, and

Beneficiary Certificates of Foreign Share in Trust:

- (a) Eligibility;
- (b) Financial condition and management performance;
- (c) Forecast of business performance;
- (d) Purpose of use of the funds to be raised and its effect (purpose of the secondary distribution in case of secondary distribution);
- (e) Trend of share price, etc.;
- (f) Proper disclosure of company's business, etc.; and
- (g) Other matters that the Regular Member deems necessary.

(2) Bonds with Share Options:

Items set forth in the preceding Item and the next Article, Paragraph 1, Item 2.

(3) Real Estate Investment Trust Certificates and Investment Equity Subscription Right Certificates (limited to those for which the investment securities underlying the Investment Equity Subscription Rights are Real Estate Investment Trust Certificates)

- (a) Eligibility;
- (b) Conformity between the property to be incorporated into the portfolio and the investment policy;
- (c) Profit estimate of investment corporation and property;
- (d) Proper disclosure and purpose of use of the funds to be raised;
- (e) Trend of price, etc.; and
- (f) Other matters that the Regular Member deems necessary.

(4) Venture Funds and Investment Equity Subscription Right Certificates (limited to those in which the investment securities underlying the Investment Equity Subscription Rights are Venture Funds)

- (a) Eligibility;
- (b) Conformity between the investees and the investment policy;
- (c) Forecast of business continuity of investment corporation;
- (d) Proper disclosure and purpose of use of the funds to be raised;
- (e) Trend of price, etc.; and
- (f) Other matters that the Regular Member deems necessary.

2. Details of the Underwriting Examination Items prescribed in the preceding Paragraph shall be defined in the Detailed Rules.

(Underwriting Examination Items of Corporate Bond Certificates)

Article 18 When a Regular Member Underwriter underwrites a public offering or secondary distribution of Corporate Bond Certificates, it must conduct a strict examination on at least the Underwriting Examination Items set forth in each Item below:

- (1) Eligibility;
 - (2) Financial condition and cash flow;
 - (3) Purpose of use of the funds to be raised;
 - (4) Proper disclosure of company's business, etc.; and
 - (5) Other matters that the Regular Member deems necessary.
2. In the case that other Regular Member Underwriter underwrites a public offering or secondary distribution of Corporate Bond Certificates under the shelf registration (registration prescribed in the Article 23-3, Paragraph 1 of the FIEA; the same shall apply hereinafter), and if the Underwriting is subject to either of the criteria set forth in each Item below, it shall examine the matters that it deems necessary in its own judgment and responsibility regardless of the Article 12, Paragraph 1 and the preceding Paragraph:
- (1) The amount of each Corporate Bond Certificate is 100 million yen or more; or
 - (2) The total amount of the Corporate Bond Certificates divided by the minimum amount of each Corporate Bond Certificate is less than 50.
3. Details of the Underwriting Examination Items prescribed in Paragraph 1 shall be defined in the Detailed Rules.

(Adequate Underwriting Examination)

Article 19 When A Regular Member Underwriter underwrites securities that are not prescribed in Articles 16 to 18, it must respect the purport of these Rules and make an adequate examination of the Underwriting Examination Items deemed necessary.

CHAPTER III CONFIRMATION WITH ISSUER AND REQUEST FOR DISCLOSURE

(Confirmation and Publication of Purpose of Use of the Funds)

Article 20 When a Lead Managing Regular Member Underwriter underwrites a public offering of Share Certificates, etc., it must request the issuer to report its cash flow, etc. for the purpose of confirming the purpose of use of the funds raised by the public offering and its effect, and to publicize the matters prescribed in each Item below to clarify the purpose of use of the funds to be raised in the press release materials prescribed in the Detailed Rules (hereinafter referred to as "Press Release Materials"):

- (1) Purpose of use of the funds to be raised;
Disclosure of specific details, amount and time of payment for each item such as equipment investment, repayment of loans and investment/financing, etc.
- (2) Effects of the funds to be raised on the future profits of the issuer;

Specific and, to the extent possible, quantitative disclosure (if the disclosure is made on certain assumptions, such fact shall be described).

2. When the purpose of use of the funds prescribed in the preceding Paragraph is M&A (which means acquisition of a corporation, or capital tie-up, etc.; the same shall apply hereinafter), the Lead Managing Regular Member Underwriter must check the rationality of the matters listed in the following items:
 - (1) Area, scale, and timing of the planned M&A and other matters prescribed in the Detailed Rules; and
 - (2) Matters of consideration regarding the alternative purpose of use of the funds if the M&A is not completed (or the reason in the case that such alternative purpose of use of the funds is not considered).
3. When the purpose of use of the funds prescribed in Paragraph 1 is M&A, the Lead Managing Regular Member Underwriter must request the issuer to publicize the matters listed in the following items in its Press Release Materials as specific details of the purpose of use of the funds to be raised as set forth in Item 1 of the same Paragraph:
 - (1) Future business plan following the M&A:
Specific description of area and scale, etc., of the planned M&A to the extent possible
 - (2) Alternative purpose of use of the funds if the funds are not used for the M&A (excluding cases where the Lead Managing Regular Member Underwriter deems the M&A feasible and the issuer has not considered an alternative purpose of use of the funds)
Description of the details and amount of the alternative purpose of use
4. When a Lead Managing Regular Member Underwriter underwrites a public offering of Share Certificates, etc., it must check the purpose of use of the funds raised in the latest public offering of Share Certificates, etc. completed within five years from the payment day of this public offering for each Item set forth in the provision of Paragraph 1 and 2. If the purpose of use of the funds changes, it must request the issuer to publicize such change in the Press Release Materials.
5. A Lead Managing Regular Members Underwriter must, when there was a substantial change in the purpose of use of the funds raised by the previous public offering of Share Certificates, etc., and the reason for the change is not deemed reasonable, request the issuer intending to make public offering of Share Certificates, etc., to keep an adequate interval between the previous public offering of Share Certificates, etc., and the next public offering of Share Certificates, etc.

(Publication of Situation of Distribution of Surplus to Shareholders, Etc.)

Article 21 When a Lead Managing Regular Member Underwriter underwrites Share Certificates, etc., it must check whether or not the issuer properly distributes its surplus (income distribution of Beneficiary Certificates of Investment Trust, distribution of money of investment securities, and profit distribution associated with trust assets of Beneficiary Certificates of Beneficiary Certificates Issuing Trust; the same shall apply hereinafter) to its shareholders, equity participants, beneficiaries, or investors (hereinafter referred to as “Shareholders, etc.”), and request the issuer to publicize the status of surplus distribution to its Shareholders, etc. and its policies on distribution or allotment such as the basic concept in determining surplus distribution in the Press Release Materials.

(Public Announcement of Share Price Movement, Etc.)

Article 22 When a Lead Managing Regular Member Underwriter underwrites Share Certificates, etc., it

must request the issuer to publicize the matters set forth in each Item below in the Press Release Materials:

- (1) Past trend of share price, price earnings ratio, and return on equity (or equivalent items in case of Underwriting Preferred Equity Investment Certificates, Real Estate Investment Trust Certificates, Infrastructure Funds, Venture Funds, Beneficiary Certificates of Foreign Share in Trust, or Beneficiary Certificates of Foreign Infrastructure Funds in Trust), and the timing and details of the public offering of Share Certificates, etc., made in the past; and
 - (2) Information on the dilution of indicator per share by issuance of Share Option Certificates, Bonds with Share Options, and Share Certificates with put options in the past, and status of dilutive shares after the issuance of Share Option Certificates, Bonds with Share Options, or Share Certificates with put options of this time.
2. Handling of information on the dilution of indicator per share and the status of dilutive shares prescribed in the preceding Paragraph, Item 2 shall be defined in the Detailed Rules.

(Request for Mention in Securities Registration Statement, Etc.)

Article 23 When the Lead Managing Regular Member Underwriter underwrites Share Certificates, etc., it must request the issuer to describe, to the extent possible, the matters set forth in Article 20, Paragraph 1 and 3, Article 21 and Article 22 in the securities registration statement (including shelf registration supplementary documents).

(Request for Mention of Regulations on Short Sale in Prospectus)

Article 23-2 When a Lead Managing Regular Member Underwriter underwrites the public offering or secondary distribution of the same issue of Share Certificates, etc. as the Share Certificates listed on a Financial Instruments Exchange (excluding the case that there is no period prescribed in Article 15-5 of the Cabinet Office Ordinance on Restrictions on Securities Transactions, etc.; the same shall apply hereinafter in this Article), it must request the issuer of the Share Certificates, etc. to mention matters set forth in Article 123, Paragraph 1, Item 16(a) and (b) of the FIBCOO on the prospectus pertaining to such public offering or secondary distribution.

CHAPTER IV DETERMINATION OF FAIR TERMS AND CONDITIONS

(Determination of Proper Terms and Conditions)

Article 24 When a Regular Member Underwriter conducts Underwriting, it shall determine proper terms and conditions on public offering or secondary distribution by surveying the demand from investors as necessary to respect the market condition, and shall not underwrite with significantly improper volume, price, or other terms and conditions.

(Determination of Price, Etc. by Book Building)

Article 25 When a Regular Member Underwriter underwrites Share Certificates, etc. or Corporate Bond Certificates, etc. (limited to those to which the provision of Article 9, Paragraph 1 or Article 9, Paragraph 2 applies for the Underwriting of Corporate Bond Certificates, etc.) and determines the conditions for the price, etc. of Share Certificates, etc. and the Issue Price, etc. of Corporate Bond Certificates, etc. related to public offering or secondary distribution by the Book Building, it shall consult with the issuer, etc., in overall consideration of the market risk, etc. related to the period up to the payment date, based on an investor demand grasped by the Book Building.

2. The procedures of Book Building prescribed in the preceding Paragraph shall be determined by the Detailed Rules.
3. The matters necessary for the determination of IPO Price through Book Building shall be prescribed in the Detailed Rules.

(Determination of Issue Price, Etc. by Pre-Marketing)

Article 25-2 When a Regular Member Underwriter underwrites Corporate Bond Certificates, etc. to which the provision of Article 9, Paragraph 1 or Paragraph 2 applies and determines the conditions of the Issue Price, etc. of the Corporate Bond Certificates, etc. related to the public offering by the Pre-Marketing, it shall consult with the issuer in consideration of the level of conditions related to the issuance grasped by the Pre-Marketing.

2. The procedures of Pre-Marketing prescribed in the preceding Paragraph shall be determined by the Detailed Rules.

(Consulting about the Underwriting Ratio and Confirmation of Adequacy of Prices, Etc. at the Time of Initial Public Offering)

Article 26 When a Lead Managing Regular Member Underwriter underwrites a public offering or secondary distribution of Share Certificates, etc. for Initial Public Offering, it must, before determining the underwriting ratio of the Lead Managing Regular Member Underwriter (meaning the percentage of the volume of Share Certificates, etc. underwritten by the Lead Managing Regular Member Underwriter among the entire volume of Share Certificates, etc. for public offering or secondary distribution), consult with the issuer, etc.

2. When a Lead Managing Regular Member Underwriter underwrites a public offering or secondary distribution of Share Certificates, etc. for Initial Public Offering, it must, before determining the Assumed Price (meaning the assessed amount of corporate value in the case where the Assumed Price is not provided on the securities registration statement; the same shall apply in the following Article), Tentative Terms and Conditions or IPO Price, or their price range, check the adequacy thereof in a section or a conference that has no close business relationship with the issuer, etc. or investors and explain the grounds of such price or range of prices, etc. to the issuer, etc.
3. The conference prescribed in the preceding Paragraph must consist of several managers including the managers of sections prescribed in the same preceding Paragraph.
4. A Lead Managing Regular Member Underwriter must prepare a record of checking that is conducted pursuant to the Paragraph 2, and retain it for five years.

(Development of Internal Rules and Internal Manual for the Determination of IPO Price, Etc.)

Article 27 When a Lead Managing Regular Member Underwriter underwrites a public offering or secondary distribution of Share Certificates, etc. for Initial Public Offering, it must define the matters set forth in each Item below in its internal rules. Provided, however, this provision shall not apply to the matters set forth in each Item below for which the Lead Managing Regular Member Underwriter does not conduct the procedures.

- (1) Matters that are necessary to properly determine the Assumed Price;
- (2) Matters that are necessary to properly determine the Tentative Terms and Conditions;
- (3) Matters that are necessary to properly conduct Book Building;

- (4) Matters that are necessary to properly conduct a competitive auction;
 - (5) Matters that are necessary to properly determine the IPO Price; and
 - (6) Other matters that are deemed necessary.
2. If a Regular Member Underwriter conducts the tasks set forth in the preceding Paragraph, it must develop an internal manual that defines the procedures to properly determine the IPO Price, etc.

(Conduct of Inspection or Audit)

Article 28 A Regular Member Underwriter must conduct, on a regular basis, an inspection or audit on Items set forth below:

- (1) Proper compliance with the internal rules prescribed in the preceding Article, Paragraph 1; and
- (2) Proper operation in accordance with the internal manual prescribed in the preceding Article, Paragraph 2.

(Over-Allotment)

Article 29 When a Regular Member Underwriter underwrites a public offering or secondary distribution of Share Certificates, etc., the total volume of Over-Allotment (in the case where the public offering or secondary distribution are made simultaneously in Japan and abroad, this shall include the volume of public offering or secondary distribution abroad by way of Over-Allotment) must be within 15% of the volume of the public offering or secondary distribution (in the case where the public offering and secondary distribution are made simultaneously, this shall mean the combined volume thereof; in the case where the public offering or secondary distribution are made simultaneously in Japan and abroad, this shall mean the total volume thereof).

2. The number of Share Certificates, etc. allowed for the Green Shoe Option granted to a Regular Member Underwriter that makes Over-Allotment shall be equal to the number of Share Certificates, etc. for the Over-Allotment planned by the Regular Member Underwriter; provided, however, that if as a result of the public offering or secondary distribution, the total number of Share Certificates, etc. for the Over-Allotment does not reach the planned number of Share Certificates, etc. for that, there will be no need to reduce the number of Share Certificates, etc. allowed for the Green Shoe Option. In such case, the number of Share Certificates, etc. that can be obtained by exercising the Green Shoe Option shall be up to the actual number of Share Certificates, etc. for Over-Allotment by the Underwriting Regular Member Underwriter.
3. The exercising period for the Green Shoe Option granted to a Regular Member Underwriter that makes Over-Allotment stated in the preceding Paragraph and the implementation period for the Syndicate Cover Transaction shall be a maximum of 30 days from the day following the end of the subscription period for the public offering or the secondary distribution.
4. In the case of public offering or secondary distribution of the Share Certificates, etc. for an Initial Public Offering, the Green Shoe Option and the Syndicate Cover Transaction cannot be exercised until the day before of the Initial Public Offering.

CHAPTER V STANDBY RIGHTS OFFERING

(Disclosure of Acquisition Status of Share Option Certificates, etc.)

Article 30 When a Regular Member Underwriter acquires Share Option Certificates or Investment Equity Subscription Right Certificates from the listed issuer or other Regular Member Underwriters in the Underwriting Business for Standby Rights Offering, it must immediately disclose the acquisition status of such Share Option Certificates or Investment Equity Subscription Right Certificates in a designated method.

2. A Lead Managing Regular Member Underwriter must request the listed issuer prescribed in the preceding Paragraph to disclose the number of Share Option Certificates or Investment Equity Subscription Right Certificates transferred to each Regular Member Underwriter in Press Release Materials.

(Restriction of Exercising Voting Rights)

Article 31 When a Regular Member Underwriter acquires Share Option Certificates or Investment Equity Subscription Right Certificates from the listed issuer or other Regular Member Underwriters in the Underwriting Business for Standby Rights Offering, it must not exercise the voting rights of the Share Certificates that are obtained by exercising the Share Options associated with the Share Option Certificates or the voting rights of the investment securities that are obtained by exercising the Investment Equity Subscription Rights associated with the Investment Equity Subscription Right Certificates at a shareholders meeting or investors meeting whose base date (prescribed in Article 124, Paragraph 1 of the Companies Act, or prescribed in Article 77-3, Paragraph 2 of the Investment Trust Act) is within 60 days from the date of acquiring such Share Option Certificates or Investment Equity Subscription Right Certificates.

(Maintenance of Liquidity)

Article 32 When a Regular Member Underwriter underwrites the Standby Rights Offering whose exercise of Share Option Certificates or Investment Equity Subscription Rights by shareholders or investors who live in a certain foreign country is restricted, it shall conduct the Underwriting Examination to check that there is no factor that may hinder the liquidity of Share Option Certificates or Investment Equity Subscription Right Certificates in a Financial Instruments Exchange Market.

CHAPTER VI MISCELLANEOUS

(Report, etc. on Trading Volume of Corporate Bond Certificates, etc.)

Article 33 An Association Member may report the trading volume of Corporate Bond Certificates, etc. to the Association in a designated method.

2. The Association shall publicly disclose the total trading volume in a designated method in certain cases.

(Handling of Transactions by Officers of Listed Issuer)

Article 34 If it is found that an officer of the listed issuer (the officer prescribed in Article 21, Paragraph 1, Item 1 of the FIEA; the same shall apply hereinafter in this Article) has traded (excluding the cases that meet each Item of Article 166, Paragraph 6 of the FIEA; the same shall apply hereinafter in this Article and the following Article) Share Certificates, etc. issued by the listed issuer (for Real Estate Investment Trust Certificates, limited to investment securities set forth in Article 2, Paragraph 1, Item 11 of the FIEA, for Infrastructure Funds, limited to investment securities or foreign investment securities set forth in the same Item of the FIEA, and for Beneficiary Certificates of Foreign Infrastructure Funds in Trust, limited to those for which entrusted securities are foreign investment securities set forth in the same Item of the FIEA; the same shall apply hereinafter in this Article and the following Article) while knowing

that a public offering or the secondary distribution of the Share Certificates, etc. issued by the listed issuer is to be conducted before such information is publicly disclosed, a Lead Managing Regular Member Underwriter must not underwrite the public offering or the secondary distribution of such Share Certificates, etc.

2. If it is found that an officer of the listed issuer trades Share Certificates, etc. issued by such listed issuer during the preparation period of a public offering or secondary distribution of Share Certificates, etc. of the listed issuer, a Lead Managing Regular Member Underwriter shall confirm every time with the listed issuer in writing that the officer traded the Share Certificates, etc. issued by the listed issuer without knowing the undisclosed plan of public offering or secondary distribution of such Share Certificates, etc.
3. When a Lead Managing Regular Member Underwriter intends to underwrite a public offering or secondary distribution of Share Certificates, etc. of a listed issuer and it is found that the other Lead Managing Regular Member Underwriter whom the listed issuer planned to appoint was replaced, the Lead Managing Regular Member Underwriter shall confirm with the listed issuer in writing that the plan of public offering or secondary distribution of Share Certificates, etc. by the listed issuer was not cancelled pursuant to the provision of Paragraph 1 during six months before the date (limited to the date to be publicly disclosed) that is determined by an organization that makes a decision on the business execution of the listed issuer related to the public offering or secondary distribution.
4. If the Underwriting was cancelled pursuant to the provision of Paragraph 1, a Lead Managing Regular Member Underwriter must not underwrite a new public offering or secondary distribution of Share Certificates, etc. issued by such listed issuer until six months (or, in the case of secondary distribution, the period the Lead Managing Regular Member Underwriter determines appropriate in line with individual cases) have passed from the date when the officer of the listed issuer traded the Share Certificates, etc. issued by the listed issuer to the date (limited to the date to be publicly disclosed) that is determined by an organization that makes a decision on the business execution of the listed issuer related to the public offering or secondary distribution of the Share Certificates, etc. .

(Handling in Case of Information Leakage, Etc.)

Article 34-2 When the Regular Member Underwriter intends to underwrite a public offering or secondary distribution of Share Certificates, etc. issued by a listed issuer and it is found that the corporate information related to such public offering or secondary distribution (the corporate information prescribed in Article 1, Paragraph 4, Item 14 of the FIBCOO) was leaked by an officer or employee of the Regular Member Underwriter (excluding the cases that are in compliance with the pre-defined procedures and under a situation necessary for its business operations; the same shall apply hereinafter in this Article) before the information on such public offering or secondary distribution is disclosed, the Regular Member Underwriter must not underwrite such public offering or secondary distribution; provided, however, this provision does not apply if the Regular Member Underwriter reports such leakage to the listed issuer, and the listed issuer requests such Regular Member Underwriter to conduct the Underwriting. In such case, the Regular Member Underwriter must report the leakage and the request to a Lead Managing Regular Member Underwriter.

2. When a Lead Managing Regular Member Underwriter underwrites the Share Certificates, etc. issued by a listed issuer and any of the following Items is met before the information on such public offering or secondary distribution is disclosed, the Lead Managing Regular Member Underwriter shall discuss the date of public offering or secondary distribution with the listed issuer:
 - (1) If it is found that a transaction of the Share Certificates, etc. issued by the listed issuer was conducted by a person who knows an undisclosed plan of public offering or secondary distribution (excluding transactions prescribed in the preceding Article, Paragraph 1, and transactions by a person who knows such public offering or secondary distribution due to a leakage prescribed in the preceding Paragraph); or

- (2) If it is recognized that the share price of the listed issuer or the price of the Real Estate Investment Trust Certificates (limited to investment securities set forth in Article 2, Paragraph 1, Item 11 of the FIEA), Infrastructure Funds (limited to investment securities or foreign investment securities set forth in the same Item of the FIEA), Venture Funds or Beneficiary Certificates of Foreign Infrastructure Funds in Trust (limited to those for which entrusted securities are foreign investment securities set forth in the same Item of the FIEA) sharply declines.

(Underwriting Conditions)

Article 35 When a Lead Managing Regular Member Underwriter underwrites Share Certificates, etc., it shall check the investment activities of the allotted third party after the latest third party allocation of new Share Certificates, etc. (as prescribed in Article 2, Paragraph 1 of the Rules Concerning Handling of Allotment of New Shares to Third Party, etc.) conducted within five years from the payment day of the public offering. If the Lead Managing Regular Member Underwriter finds that the disclosed information on holding policy and the subsequent investment activities of the allotted third party are inconsistent, it must not underwrite until such inconsistency is publicly disclosed.

(Underwriting Not Based on These Rules)

Article 36 When a Regular Member Underwriter intends to conduct the Underwriting of secondary distribution that is not subject to these Rules, it shall respect the purport of these Rules and take measures that are deemed necessary.

2. If the parallel allocation of new Share Certificates, etc. to a third party prescribed in Article 2, Paragraph 3 of the “Rules Concerning Distribution, Etc. to Customers Related to Underwriting, Etc. of Public Offering, Etc. of Share Certificates, Etc.” is conducted, provisions from Articles 12 through 17, Article 19, and Articles 20 through 23-2 shall include those related to the parallel allocation of new shares to a third party.
3. A Regular Member Underwriter shall, when it intends to underwrite despite the fact that it is found difficult to comply with these Rules due to a special unavoidable circumstance, notify the Association in writing to that effect in advance, hold a consultation with the Association, and give sufficient explanation to investors.

(Application *Mutatis Mutandis* to Overseas Issuance)

Article 37 When a public offering or secondary distribution of Share Certificates, etc. issued by a listed issuer in Japan is conducted in a foreign country, a Representative Regular Member Underwriter (refers to the one representative company when there are multiple Regular Member Underwriters) or a principal Regular Member among Regular Members who jointly conducts in Japan an intermediation of the said public offering or secondary distribution shall request the issuer to comply with the purpose of these Rules.

2. In the case set forth in the preceding Paragraph, if a Regular Member intermediates the Underwriting conducted by an overseas affiliated company of the said Regular Member (a foreign corporation that is an affiliated company under the provision of Article 177, Paragraph 6 of the FIBCOO), it shall request the said affiliated company to conduct a proper examination in compliance with the purpose of these Rules, or the Regular Member shall conduct the proper examination on behalf of the affiliated company.
3. The treatment of provision of Article 23 in the case of Paragraph 1 shall be prescribed in the Detailed Rules.

(Explanation of Regulations on Short Sale)

Article 38 When a Regular Member makes a notice prescribed in Article 123, Paragraph 1, Item 26 of the FIBCOO to customers, it shall endeavor to explain the content of the notice to such customers.

(Exemption of Application of Part of these Rules)

Article 39 In the case of a public offering or secondary distribution of Share Certificates, etc. set forth below, the provisions set forth therein shall not apply:

- (1) Public offering of Share Certificates, Preferred Equity Investment Certificates, Real Estate Investment Trust Certificates, Infrastructure Funds, Venture Funds, Beneficiary Certificates of Foreign Share in Trust, or Beneficiary Certificates of Foreign Infrastructure Funds in Trust in their Initial Public Offering:
Article 20, Paragraph 1, Item 2; Paragraphs 4 and 5 of the same Article; and Article 22
- (2) Public offering of Share Certificates, etc. by issuers of Over-the-Counter Handled Securities stipulated in Article 2, Item 4 of the Rules Concerning Over-the-Counter Securities:
Article 20, Paragraphs 4 and 5; Article 21; Article 22; and Article 25
- (3) Public offering of Share Certificates with respect to forfeited Share Certificates on the occasion of capital increase by allotment to Shareholders:
Article 20; Article 22; and Article 25
- (4) Public offering of Share Certificates, etc. not stipulated in Items 1 and 2, and that involves a total amount of payment of less than 100 million yen:
Articles 16 through 22
- (5) Public offering of Preferred Equity Investment Certificates, Real Estate Investment Trust Certificate, Infrastructure Funds, or Venture Funds stipulated in Item 1 and public offering of Preferred Equity Investment Certificates or Real Estate Investment Trust Certificates, Infrastructure Funds, or Venture Funds other than public offering of Share Certificates, etc. stipulated in Items 2 and 4:
Article 22, Paragraph 1, Item 2 and Paragraph 2
- (6) Secondary distribution:
Articles 21 through 23
- (7) Public Offering of Share Option Certificates or Investment Equity Subscription Right Certificates in the Standby Rights Offering:
Articles 21 through 23 (excluding the request for description on the securities registration statement (including the issuance registration supplementary document) set forth in Article 20, Paragraphs 1 and 3).
- (8) Public offering of convertible bonds (hereinafter referred to as “CB(s)”) that are not listed on a Financial Instruments Exchange made through third party allocation (refers to the method set forth in Article 19, Paragraph 2, Item 1 (l) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.) that satisfies all of the requirements provided below:
 - (a) After the underwriting under this Item, the Regular Member shall transfer the CB to a trust bank, etc., (including equivalents in foreign states) or a special purpose company (which refers to Special Purpose Company defined in Article 2, Paragraph 3 of the Act on the Securitization of Assets, or similar corporation with restrictions on change in business (including equivalents in foreign states));

- (b) Upon the transfer under Item (a) above, the transferee shall grant the transferrer, *i.e.*, the Regular Member, the rights to repurchase the CB at its par value;
- (c) The transferee of Item (a) above shall pay the price of the transfer under Item (a) above by means of payment for the corporate bond certificates, etc. (which refers to corporate bonds and specified corporate bonds (as prescribed in Article 2, Paragraph 1, Item 4 of the FIEA, including securities or certificates issued by a foreign corporation and having the nature of a specified corporate bond); the same shall apply hereinafter within this Item) issued to a Qualified Institutional Investor as guarantee or collateral for the CB or by means of borrowings from a Qualified Institutional Investor as guarantee or collateral for the CB;
- (d) There is no risk of the claim on the corporate bond certificates, etc., or the borrowings as per Item (c) above being transferred to any entity other than the Qualified Institutional Investor; and
- (e) Regular Member shall comply with the provisions of Articles 3 through 15 of “the Rules Concerning Handling of Allotment of New Shares to Third Party, etc.” applied *mutatis mutandis*, regarding the underwriting under this Item.

Articles 3 through 38

SUPPLEMENTARY PROVISIONS [Omitted]

(Note) This amendment comes into effect as of November 6, 2023 and shall be applied to all public offerings and secondary distributions of share certificates, etc., for which corporate resolutions (including executive officers’ decision for Companies with a Nominating Committee and directors’ decision for Companies with an Audit and Supervisory Committee) or resolutions of board of investment corporations are adopted on and after this date.

<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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