

RULES CONCERNING THE SALE OF SECURITIES THROUGH FINANCIAL SERVICE INTERMEDIARIES

(October 19, 2021)

(Purpose)

Article 1. The purpose of these Rules is to specify the rules to be observed by Association Members when selling Securities through Financial Service Intermediaries and to ensure the fairness of transactions through Financial Service Intermediaries, thereby contributing to the protection of investors.

(Definitions)

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

- (1) “Financial Service Intermediary” means a financial service intermediary as prescribed in Article 11, Paragraph 6 of the Act on the Provision of Financial Services (hereinafter referred to as “Financial Services Act”).
- (2) “Securities, etc. Intermediary Business Operations” means the securities, etc. intermediary business operations (excluding operations pertaining to the act set forth in Item 4 of the same Paragraph) as prescribed in Article 11, Paragraph 4 of the Financial Services Act.

(Confirmation, etc. of Internal Administration System of Financial Service Intermediaries)

Article 3. When concluding a contract for Securities, etc., Intermediary Business Operations with a Financial Service Intermediary, an Association Member shall confirm that said Financial Service Intermediary has established an internal administration system to ensure appropriate compliance with the Financial Services Act, other laws and regulations in order to contribute to the appropriate sales of Securities through the Financial Service Intermediary.

2. An Association Member shall endeavor to establish a cooperative relationship with the Financial Service Intermediary with whom the Association Member has entered into a contract for Securities, etc. Intermediary Business Operations in order to share necessary information in a timely and appropriate manner.

(Concluding a Contract for Securities, etc. Intermediary Business Operations)

Article 4. When concluding a contract for Securities, etc. Intermediary Business Operations with a Financial Service Intermediary, an Association Member shall specify the matters listed in the following items in said contract, from the viewpoint of the Association Member fulfilling its responsibilities in the securities market and its responsibilities to comply with the Financial Instruments and Exchange Act, other laws and regulations. Provided, however, that this shall not apply to matters for which it is clear that there is no need to conclude a contract in light of the content or characteristics of the products and/or services handled by the Financial Service Intermediary.

- (1) Matters concerning the division of roles and responsibilities in relation to the delivery of documents and explanations, etc. to customers;
- (2) Matters concerning the provision and management of information on customers;
- (3) Matters concerning actions against legal violations and responses to incidents;
- (4) Matters concerning the division of roles and cooperation for the prevention of unfair trading;

- (5) Matters concerning the handling of disputes with customers;
- (6) Matters concerning the prevention of transfer of criminal proceeds;
- (7) Matters concerning advertising;
- (8) Matters concerning review and renewal of contracts;
- (9) Matters concerning confirmation of the status of performance of entrusted matters; and
- (10) Any other matters that the Association Member deems necessary.

(Appropriate Use of Customer Cards, etc.)

Article 5. When entrusting the solicitation of customers to a Financial Service Intermediary, an Association Member shall provide, from among the contents of a customer card (meaning the “customer card” specified in Article 5 of the Rules Concerning Solicitation for Investments and Management of Customers, etc. by Association Members; the same shall apply hereinafter) and an insider registration card (meaning the “insider registration card” specified in Article 15 of the same Rules; the same shall apply hereinafter), information that is considered necessary for said Financial Service Intermediary to carry out investment solicitation and customer management in an appropriate manner.

2. When an Association Member receives information on a customer from the Financial Service Intermediary pursuant to a contract set forth in Article 4, the Association Member shall update the contents of its customer card and insider registration card as necessary.

(Performance of Obligations Based on the Division of Roles)

Article 6. An Association Member shall perform its obligations related to the delivery of documents and explanations to customers and the prevention of unfair trading in accordance with the division of roles agreed to under the agreement set forth in Article 4 and based on the information about customers it holds.

(Confirmation of Status of Performance of Entrusted Matters)

Article 7. An Association Member shall check the internal administration system and the status of performance, etc. pertaining to the business entrusted to the Financial Service Intermediary, as appropriate or on a regular basis.

(Prohibited Acts)

Article 8. An Association Member shall not request a Financial Service Intermediary to conduct acts similar to Securities, etc. Intermediary Business Operations or solicit customers with regard to Securities that a Financial Service Intermediary is unable to handle pursuant to the provisions of the Financial Services Act.

(Reporting)

Article 9. When an Association Member has come to fall under any of the following items, it shall report the details thereof to the Association in a prescribed manner without delay.

- (1) The Association Member entered into a contract for Securities, etc. Intermediary Business Operations with a Financial Service Intermediary;
- (2) The Association Member canceled a contract for Securities, etc. Intermediary Business Operations with a Financial Service Intermediary;

- (3) The Financial Service Intermediary with whom the Association Member has a contract for Securities, etc. Intermediary Business Operations underwent a change in trade name, appellation, or name; or
- (4) Any other matters that the Association deems necessary.

(Guidelines of Rules)

Article 10. The Association shall prescribe the matters concerning the application of these Rules by Association Members in the “Concept of the ‘Rules Concerning the Sale of Securities through Financial Service Intermediaries’.”

SUPPLEMENTARY PROVISIONS [Omitted]

(Note) These Rules are based on the version in effect as of November 1, 2021.

<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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