

# **Order for Enforcement of the Financial Instruments and Exchange Act (Tentative translation)**

(Cabinet Order No. 321 of September 30, 1965)

The Cabinet enacts this Cabinet Order pursuant to the provisions of Article 2, paragraph (8), Article 3, paragraph (2), Article 32, item (i), Article 54, paragraph (2), Article 62, paragraph (3), Article 65, paragraph (1), Article 66, Article 120, Article 125, paragraph (3), Article 133, Article 193-2, paragraph (1), and Article 194 of the Securities and Exchange Act (Act No. 25 of 1948).

Chapter I General Provisions (Article 1 to Article 1-23)

Chapter II Disclosure of Corporate Affairs and Other Related Matters (Article 2 to Article 5)

Chapter III Disclosure Required for a Tender Offer

Section 1 Tender Offers for Share Certificates by Persons Other Than the Issuer (Article 6 to Article 14-3)

Section 2 Tender Offers for Listed Share Certificates by the Issuer (Article 14-3-2 to Article 14-3-13)

Chapter III-2 Disclosure of Status of Large Volume Holdings in Share Certificates (Article 14-4 to Article 14-9)

Chapter III-3 Special Rules on Procedures Undertaken Using an Electronic Data Processing System for Disclosure (Article 14-10 to Article 14-13)

Chapter III-4 Provision or Publication of Specified Information on Securities (Article 14-14)

Chapter III-5 Disclosure of Material Information (Article 14-15 to Article 14-17)

Chapter IV Financial Instruments Business Operators (Article 15 to Article 17-16)

Chapter IV-2 Financial Instruments Intermediary Service Providers (Article 18 to Article 18-4)

Chapter IV-3 Credit Rating Agencies (Article 18-4-2 to Article 18-4-8)

Chapter IV-4 High-Speed Traders (Article 18-4-9 to Article 18-4-13)

Chapter IV-5 Financial Instruments Firms Associations (Article 18-4-14 to Article 18-4-16)

Chapter IV-6 Investor Protection Funds (Article 18-5 to Article 18-15)

Chapter V Financial Instruments Exchanges (Article 19 to Article 19-3-16)

Chapter V-2 Foreign Financial Instruments Exchanges (Article 19-4)

Chapter V-3 Financial Instruments Clearing Organizations (Article 19-4-2 to Article 19-4-5)

Chapter V-4 Securities Finance Companies (Article 19-5 and Article 19-6)  
Chapter V-5 Designated Dispute Resolution Organizations (Article 19-7 to Article 19-9)  
Chapter V-6 Specified Financial Index Calculation Agents (Article 19-10 and Article 19-11)  
Chapter VI Regulations on Transactions of Securities (Article 20 to Article 33-4-5)  
Chapter VI-2 Administrative Monetary Penalties (Article 33-5 to Article 33-22)  
Chapter VII Miscellaneous Provisions (Article 34 to Article 37-2)  
Chapter VIII Delegation of Authority (Article 37-3 to Article 44-5)  
Chapter IX Investigation into Criminal Cases (Article 45)  
Supplementary Provisions

## **Chapter I General Provisions**

(Instruments and Certificates Constituting Securities)

Article 1 The instruments and certificates specified by Cabinet Order that are provided for in Article 2, paragraph (1), item (xxi) of the Financial Instruments and Exchange Act (hereinafter referred to as "the Act") are as follows:

- (i) negotiable certificates of deposit (meaning one for which a due date for redemption is provided and which falls under a claim pertaining to negotiable instrument payable to order prescribed in Part III, Chapter 1, Section 7, Subsection 1 of the Civil Code (Act No. 89 of 1896), registered negotiable instruments payable to holder prescribed in Subsection 2 of that Section, other registered negotiable instruments prescribed in Subsection 3 of that Section, or claims for bearer instruments prescribed in Subsection 4 of that Section) that are issued by a foreign corporation;
- (ii) instruments or certificates that an incorporated educational institution, etc. (meaning an incorporated educational institution as set forth in Article 3 of the Private Educational Institutions Act (Act No. 270 of 1949) or a corporation as prescribed in Article 64, paragraph (4) of that Act; the same applies hereinafter) issues through allotment, which indicate a monetary claim (limited to a monetary claim that falls under the claim prescribed in the preceding item) of which that incorporated educational institution, etc. is the obligor and which show the name of that incorporated educational institution, etc. and any other particulars specified by Cabinet Office Order.

(Membership Rights in a General Partnership Company or Limited Partnership Company That Are Deemed to Be Securities)

Article 1-2 The membership rights specified by Cabinet Order that are provided for in Article 2, paragraph (2), item (iii) of the Act are as follows:

- (i) membership rights in a general partnership company all of whose members fall under either of the following:
  - (a) a stock company; or
  - (b) a limited liability company; or
- (ii) membership rights in a limited partnership company all of whose unlimited-liability members fall under either of the following:
  - (a) a stock company; or
  - (b) a limited liability company.

(Things Similar to Money)

Article 1-3 The things specified by Cabinet Order that are provided for in Article 2, paragraph (2), item (v) of the Act are as follows:

- (i) Securities;
- (ii) bills of exchange;
- (iii) promissory notes (excluding promissory notes that fall under what is set forth in item (i));
- (iv) goods acquired by allocating the entire sum of money (including what is set forth in the preceding three items) invested or contributed by the person that holds the rights set forth in Article 2, paragraph (2), item (i), (ii), (v) or (vi) of the Act (limited to goods specified by Cabinet Office Order as those for which it is found to be necessary to ensure the protection of persons holding rights in them); and
- (v) anything specified by Cabinet Office Order as being equivalent to what is set forth in the preceding items.

(Participation in an business subject to investment)

Article 1-3-2 The cases specified by Cabinet Order that are provided for in Article 2, paragraph (2), item (v), (a) of the Act are cases that satisfy all of the following requirements:

- (i) that business is executed in connection with the business subject to investment (meaning business subject to investment defined in Article 2, paragraph (2), item (v) of the Act; hereinafter the same applies in this Article and item (iv) of the following Article) only with the consent of all of the Equity Holders (meaning Equity Holders as defined in Article 2, paragraph (2), item (v) of the Act; hereinafter the same applies in this Article) (or, if an agreement has been reached that the consent of all of the Equity Holders is not required, that business is executed only after all of the Equity Holders have manifested whether or not it is their intention to consent to the decision on the execution of business); and
- (ii) that all of the Equity Holders satisfy either of the following:
  - (a) they regularly engage in the business subject to investment; or

(b) they engage in the business subject to investment using a highly specialized ability that is indispensable to the continuation of the business subject to investment.

(Rights Whose Non-Treatment as Securities Is Found Not to Compromise the Public Interest)

Article 1-3-3 The rights specified by Cabinet Order that are provided for in Article 2, paragraph (2), item (v), (d) of the Act are as follows:

- (i) rights based on a contract connected with the business set forth in the items of Article 2, paragraph (1) of the Insurance Business Act (Act No. 105 of 1995);
- (ii) rights connected with the investment or contribution made to a corporation established under Japanese laws and regulations (excluding general incorporated associations other than public interest incorporated associations and general incorporated foundations other than public interest incorporated foundations) (the rights indicated on the Securities set forth in Article 2, paragraph (1), items (vi) to (ix) and (xi) of the Act and the rights set forth in Article 2, paragraph (2), item (iii) of that Act which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of that Act are excluded);
- (iii) rights based on the profit-sharing forestry contract prescribed in Article 2, paragraph (3) of the Act on Special Measures concerning Shared Forest (Act No. 57 of 1958);
- (iv) rights based on a Partnership Contract, etc. (meaning a partnership contract set forth in Article 667, paragraph (1) of the Civil Code or other continuous contracts) to which only the following persons are party, if the business subject to investment connected with those rights is a business exclusively performing the services of the following persons:
  - (a) a certified public accountant;
  - (b) an attorney at law (including registered foreign lawyers);
  - (c) a judicial scrivener;
  - (d) a land and house investigator;
  - (e) a certified administrative procedures specialist;
  - (f) a certified tax accountant;
  - (g) a real property appraiser;
  - (h) a public consultant on social and labor insurance; and
  - (i) a patent attorney;
- (v) rights based on a contract wherein an officer or employee, or any other person specified by Cabinet Office Order of the issuer of share certificates or Investment Securities (meaning Investment Securities as prescribed in the Act on Investment Trusts and Investment Corporations (Act No. 198 of

1951); hereinafter the same applies in this item) (hereinafter such persons are collectively referred to as the "Officer, etc." in this item and in Article 2-12-4, paragraph (2), item (iv)) promises to continually purchase share certificates or Investment Securities of the issuer jointly with another Officer, etc. of the issuer according to a fixed plan and without depending on an individual investment decision, which satisfies the requirements specified by Cabinet Office Order; and

(vi) anything specified by Cabinet Office Order as being equivalent to the rights set forth in the preceding items.

(Rights Deemed to be Securities)

Article 1-3-4 The rights specified by Cabinet Order that are provided for in Article 2, paragraph (2), item (vii) of the Act are the claims connected with the loans made to an incorporated educational institution, etc. (limited to loans which satisfy all of the requirements set forth in the following items):

- (i) the loans (excluding loans with no interest) are made by two or more persons and the rate, the time of performance, and any other particulars specified by Cabinet Office Order for the loans are the same; and
- (ii) all or some of the loans fall under either of the following:
  - (a) the loan is made by a person other than one attending a School (meaning a school prescribed in Article 2, paragraph (1) of the Private Educational Institutions Act and including the advanced vocational school and vocational school prescribed in paragraph (2) of that Article) established by the incorporated educational institution, etc. that receives the loan or any other person specified by Cabinet Office Order as an interested person (referred to as the "Interested Person" in (b));
  - (b) it is not prohibited to transfer the claim associated with the loan to a person other than an Interested Person;
- (iii) all or some of the loans fall under either of the following:
  - (a) the loan is made by a person other than a bank or any other person permitted to make that loan in the course of trade pursuant to the provisions of laws and regulations (referred to as a "Bank, etc." in (b)); or
  - (b) it is not prohibited to transfer the claim associated with the loan to a person other than a Bank, etc. (including a claim management and collection company as prescribed in Article 2, paragraph (3) of the Act on Special Measures Concerning Claim Management and Collection Businesses (Act No. 126 of 1998)).

(Cases in Which the Relevant Securities Are Not Likely to Be Transferred to Persons Other Than Qualified Institutional Investors through the Solicitation For Acquisition)

Article 1-4 The case specified by Cabinet Order as one in which there is little likelihood of the relevant Securities being transferred, as provided in Article 2, paragraph (3), item (i) of the Act, and the case specified by Cabinet Order that is provided for in the provisions of Article 2, paragraph (3), item (ii), (a) and Article 2-3, paragraph (4), item (ii), (a) of the Act mean a case as specified in the relevant of the following items for the category of Securities set forth in those items:

(i) share certificates (including Securities set forth in Article 1, paragraph (2), item (xvii) of the Act which have the nature of share certificates, preferred equity securities as provided in the Act on Preferred Equity Investment by cooperative financial institution (Act No. 44 of 1993; hereinafter referred to as the "Act on Preferred Equity Investment") (such preferred equity securities are referred to as "Preferred Equity Securities" except in this item and the following item), preferred equity securities as set forth in the Act on Securitization of Assets (Act No. 105 of 1998; hereinafter referred to as the "Asset Securitization Act") and the Securities prescribed in Article 1, paragraph (2), item (xvii) of the Act which have the nature of those Securities, investment securities and foreign investment securities which are securities similar to investment securities as provided in the Act on Investment Trusts and Investment Corporations (hereinafter such securities are collectively referred to as "Investment Securities, etc."); hereinafter the same applies in (a) of the following item, Article 1-5-2, paragraph (2), item (ii), (a), Article 1-7, item (ii), (b), 1., Article 1-7-4, item (ii), (a), Article 1-8-2, item (ii), (a) and Article 1-8-4, item (iii), (b), 1.), and the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the Securities set forth in Article 2, paragraph (1), item (vi) of the Act (hereinafter such Securities are referred to as "Share Certificates, etc." in this item, Article 1-5-2, paragraph (2), item (i), Article 1-7, item (ii), (a), Article 1-7-4, item (i), Article 1-8-2, item (i), Article 1-8-4, item (iii), (a), Article 2-4-2, item (ii), (a) and Article 2-6-2, item (ii), (a)): a case meeting all of the following requirements:

(a) the issuer of those Share Certificates, etc. is not a person that has already issued Share Certificates, etc. indicating the same features as those Share Certificates, etc. (limited to features with regard to the payment of the dividends of surplus, distribution of residual assets, cancellation of equity by using profits, or the cancellation of preferred equity investment under Article 15, paragraph (1) of the Act on Preferred Equity Investment (limited to the part that involves item (ii)) which are related to shares (including preferred equity investment as provided in the Act on Preferred Equity Investment and the preferred equity set forth in the Asset Securitization Act) or equity) which fall under any of the items of Article

- 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
- (b) what is specified by Cabinet Office Order as being a Security of the same type as those Share Certificates, etc. is not a Security for Professional Investors (meaning Securities for Professional Investors as defined in Article 4, paragraph (3) of the Act; the same applies hereinafter); and
  - (c) the requirements specified in the relevant of 1. or 2. below are satisfied for the category of cases set forth in 1. or 2. below:
    - 1. cases in which rights associated with the Share Certificates, etc. are indicated on financial values which can be transferred by using an electronic data processing system (limited to that which is recorded on an electronic device or any other object by electronic means; the same applies hereinafter) (excluding the cases specified by Cabinet Office Order; the same applies in Article 1-5-2, paragraph (2), item (i), (b), 1. and item (ii), (b), 1., Article 1-7-4, item (i), (c), 1., Article 1-8-2, item (i), (b), 1. and (ii), (b), 1, and Article 15-10-6, item (i)): technical measures have been taken to make it impossible to transfer that financial values to persons other than Qualified Institutional Investors (meaning the Qualified Institutional Investors prescribed in Article 2, paragraph (3), item (i) of the Act; the same applies hereinafter);
    - 2. cases other than those set forth in 1. above: the solicitation for acquisition (meaning solicitation for acquisition as prescribed in Article 2, paragraph (3) of the Act; the same applies hereinafter) is done or Procedures Related to the Issuance of Securities During a Reorganization (meaning the Procedures Related to the Issuance of Securities During a Reorganization as prescribed in Article 2-3, paragraph (2) of the Act; the same applies in Article 1-7-3, item (vii) and Article 2-4-2, item (i)) are taken in a way that makes the acquisition of the Share Certificates, etc. conditional upon the conclusion of a contract for their transfer which provides that the person acquiring the Share Certificates, etc. will not transfer them to persons other than Qualified Institutional Investors;
- (ii) Share option certificates and share options, Rights to Subscribe for Preferred Equity (meaning the Right to Subscribe for Preferred Equity set forth in the Asset Securitization Act; the same applies hereinafter) or Securities with the rights of conversion into Preferred Equity Securities prescribed in the Asset Securitization Act, Securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of those Securities, and Investment Equity Subscription Right Certificates (meaning Investment Equity Subscription Right Certificates as prescribed in the Act on Investment Trusts and Investment Corporations; hereinafter the same

applies) and foreign investment securities as prescribed in the Act on Investment Trusts and Investment Corporations which are similar to Investment Equity Subscription Right Certificates (hereinafter referred to as "Investment Equity Subscription Right Certificates, etc.") (excluding Securities set forth in Article 2, paragraph (1), item (xix) of the Act; hereinafter referred to as "Share Option Certificates, etc." in this item, Article 1-5-2, paragraph (2), item (ii), Article 1-7, item (ii), (b), Article 1-7-4, item (ii), Article 1-8-2, item (ii), Article 1-8-4, item (iii), (b), Article 2-4-2, item (ii), (b), Article 2-6-2, item (ii), (b) and Article 2-12-3, item (v)): a case meeting all of the following requirements:

- (a) the issuer of the share certificates which that would be acquired, subscribed for or converted through the exercise of the rights indicated on the Share Option Certificates, etc., and the share certificates, share option certificates, and Investment Equity Subscription Right Certificates satisfy the requirements set forth in (a) and (b) of the preceding item, respectively;
- (b) the issuer of the Share Option Certificates, etc. (excluding share option certificates and Investment Equity Subscription Right Certificates; hereinafter the same applies in (b) and (c)) is not a person that has already issued anything specified by Cabinet Office Order as being a Security of the same type as those Share Option Certificates, etc. and that falls under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
- (c) what is specified by Cabinet Office Order as being a Security of the same type as the relevant Share Option Certificates, etc. is not a Security for Professional Investors; and
- (d) a restriction has been placed on the relevant Share Option Certificates, etc. (if those Share Option Certificates, etc. are Specified Corporate Bond Certificates with a Right to Subscribe for Preferred Equity (meaning the Specified Corporate Bond Certificate with a Right to Subscribe for Preferred Equity as provided in the Asset Securitization Act; the same applies hereinafter) and the Right to Subscribe for Preferred Equity may be transferred independently from the Specified Corporate Bond Certificates (meaning Specified Corporate Bond Certificates as provided in the Asset Securitization Act; the same applies hereinafter), the Specified Corporate Bond Certificates and the Certificate of a Right to Subscribe for Preferred Equity (meaning a Certificate of a Right to Subscribe for Preferred Equity as provided in the Asset Securitization Act; the same applies hereinafter) issued therewith), as per the formalities specified by Cabinet Office Order, prohibiting the person that has acquired or purchased the Share Option Certificates, etc. from transferring them other than to a Qualified Institutional Investor, or the Share Option Certificates,



etc. otherwise satisfy the requirements specified by Cabinet Office Order as being equivalent to this;

- (iii) Securities other than the Securities set forth in the preceding two items: a case meeting all of the following requirements:
- (a) the issuer of the relevant Securities is not a person that has already issued anything that is specified by Cabinet Office Order as being a Security of the same type as those Securities and that falls under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
  - (b) what is specified by Cabinet Office Order as being a Security of the same type as the relevant Securities is not a Security for Professional Investors; and
  - (c) the Securities meet the requirements specified by Cabinet Office Order in accordance with the preceding item.

(Cases in Which a Large Number of Persons Are Party to a Solicitation)

Article 1-5 The cases specified by Cabinet Order as those in which the transaction is conducted with a large number of persons as the other parties thereto as provided in Article 2, paragraph (3), item (i) of the Act are cases in which the solicitation for acquisition Securities is conducted with not less than 50 persons as the other parties thereto.

(Cases in Which the Relevant Securities Are Not Likely to Be Transferred to Persons Other Than Professional Investors through the solicitation for acquisition)

Article 1-5-2 (1) The persons specified by Cabinet Order that are provided for in Article 2, paragraph (3), item (ii), (b), 2. of the Act are persons falling under either of the following:

- (i) Non-Residents (meaning non-residents as defined in Article 6, paragraph (1), item (vi) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949); the same applies hereinafter) that acquire the relevant Securities from Residents (meaning the residents set forth in the first sentence of Article 6, paragraph (1), item (v) of that Act; the same applies hereinafter) through the intermediation, brokerage, or agency of a Security Related Business Entity (meaning a Financial Instruments Business Operator, etc. (meaning a Financial Instruments Business Operator, etc. as prescribed in Article 34 of the Act; hereinafter the same applies except in Article 44) or a Foreign Securities Services Provider (meaning a Foreign Securities Services Provider as prescribed in Article 58 of the Act; the same applies hereinafter); the same applies in the following item); or
- (ii) Non-Residents that acquire the relevant Securities from Security Related

Business Entities or another Non-Resident.

- (2) The case specified by Cabinet Order that is provided for in Article 2, paragraph (3), item (ii), (b), 2. of the Act means a case as specified in the relevant of the following items for the category of Securities set forth in that item:
- (i) share certificates: a case meeting all of the following requirements:
    - (a) what is specified by Cabinet Office Order as being a Security of the same type as the relevant Share Certificates, etc. does not fall under the category of any of the Securities set forth in the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act); and
    - (b) the requirements specified in the relevant of 1. or 2. below are satisfied for the category of cases set forth in 1. or 2. below:
      - 1. cases in which rights associated with the Share Certificates, etc. are indicated on financial values which can be transferred by using an electronic data processing system: technical measures or other measures specified by Cabinet Office Order have been taken to make it impossible to transfer that financial values to persons other than Professional Investors, etc. (meaning the Professional Investors, etc. prescribed in Article 2, paragraph (3), item (ii), (b), 2. of the Act; the same applies hereinafter);
      - 2. cases other than those set forth in 1. above: the solicitation for acquisition is done in a way that makes the acquisition of the Share Certificates, etc. conditional upon the conclusion of a contract for their transfer between the issuer of the Share Certificates, etc. and the person that seeks to acquire the Share Certificates, etc. in response to the solicitation for acquisition them (hereinafter such a person is referred to as the "Acquirer" in this item); as well as between the person that makes the solicitation for acquisition and the Acquirer; which provides that the Acquirer of the Share Certificates, etc. will not transfer them to persons other than Professional Investors, etc. and provides for any other particulars specified by Cabinet Office Order;
  - (ii) Share Option Certificates, etc.: a case meeting all of the following requirements:
    - (a) the share certificates that would be acquired, subscribed for or converted through the exercise of the rights indicated on the Share Option Certificates, etc. satisfy the requirements set forth in (a) of the preceding item;
    - (b) the requirements specified in the relevant of 1. or 2. below are satisfied for the category of cases set forth in 1. or 2. below:
      - 1. cases in which rights associated with the Share Option Certificates, etc.

are indicated on financial values which can be transferred by using an electronic data processing system: technical measures or other measures specified by Cabinet Office Order have been taken to make it impossible to transfer that financial values to persons other than Professional Investors, etc.;

2. cases other than those set forth in 1. above: the solicitation for acquisition is done in a way that makes the acquisition of the Share Option Certificates, etc. conditional upon the conclusion of a contract for transfer between the issuer of the Share Option Certificates, etc. (if the Share Option Certificates, etc. are Specified Corporate Bond Certificates with Rights to Subscribe for Preferred Equity and the Rights to Subscribe for Preferred Equity may be transferred independently from the Specified Corporate Bond Certificate, the Specified Corporate Bond Certificate and the Certificate of a Right to Subscribe for Preferred Equity issued therewith) and the person that seeks to acquire the Share Option Certificates, etc. in response to the solicitation for acquisition them (hereinafter such a person is referred to as the "Acquirer" in this item); as well as between the person that makes the solicitation for acquisition and the Acquirer; which provides that the Acquirer will not transfer the Share Option Certificates, etc. acquired thereby to persons other than Professional Investors, etc. and provides for any other particulars specified by Cabinet Office Order;
- (iii) Securities other than the Securities set forth in the preceding two items: a case meeting the requirements specified by Cabinet Office Order in accordance with the preceding item.

(Requirements for a Solicitation For Acquisition Not to Constitute Solicitation to a Small Number of Investors)

Article 1-6 The requirement specified by Cabinet Order that is provided for in Article 2, paragraph (3), item (ii), (c) of the Act is that the other Securities specified by Cabinet Office Order as being Securities of the same type as the referenced Securities (excluding Securities for which the solicitation for acquisition fell under the case set forth in Article 2, paragraph (3), item (ii), (a) of the Act and the case set forth in Article 2-12 at the time of issuance and Securities for which the solicitation for acquisition fell under the category of a public offering of Securities at the time of its issuance and for which the notification under Article 4, paragraph (1) of the Act has been made or Supplements to Shelf Registration Documents prescribed in Article 23-8, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) have been submitted with regard to the public offering of those Securities; hereinafter referred to as the "Newly Issued Securities of the

Same Type" in this Article) have been issued within six months prior to the day on which the relevant Securities are issued, and the total number of persons to which the solicitation for acquisition those Securities is to be made (if the solicitation for acquisition the Securities is made to Qualified Institutional Investors and the Securities fall under the cases specified in Article 1-4, the Qualified Institutional Investors are excluded from the total) and the persons to which the solicitation for acquisition Newly Issued Securities of the Same Type which have been issued within six months prior to the day on which the relevant Securities are issued, has been made (if the solicitation for acquisition the Newly Issued Securities of the Same Type is made to Qualified Institutional Investors and the Newly Issued Securities of the Same Type fall under the cases specified in Article 1-4, the Qualified Institutional Investors are excluded) is not less than 50 persons.

(Cases in Which the Solicitation For Acquisition Constitutes Solicitation to a Small Number of Investors)

Article 1-7 The cases specified by Cabinet Order that are provided for in Article 2, paragraph (3), item (ii), (c) of the Act are cases meeting all of the following requirements:

- (i) the solicitation for acquisition is not made only to Professional Investors (meaning Professional Investors as defined in Article 2, paragraph (31) of the Act; the same applies hereinafter) of which there are not less than 50 persons (if those persons are Qualified Institutional Investors and the Securities involved in the solicitation for acquisition fall under the cases specified in Article 1-4, those persons are excluded);
- (ii) the requirements specified in the relevant of (a) to (c) below are satisfied for the category of Securities set forth in that item:
  - (a) Share Certificates, etc.: All of the following requirements are satisfied:
    - 1. the issuer of the Share Certificates, etc. is not a person that has already issued Share Certificates, etc. indicating the same features as those Share Certificates, etc. (limited to features with regard to the payment of the dividends of surplus, distribution of residual assets, cancellation of equity by using profits, or the cancellation of preferred equity investment under Article 15, paragraph (1) of the Act on Preferred Equity Investment (limited to the part that involves item (ii)) which are related to shares (including preferred equity investment as provided in the Act on Preferred Equity Investment and the preferred equity set forth in the Asset Securitization Act) or equity) and that fall under any of the items of Article 24, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27 of the Act); and
    - 2. what is specified by Cabinet Office Order as being a Security of the same

type as the relevant Share Certificates, etc. is not a Security for Professional Investors;

(b) Share Option Certificates, etc.: All of the following requirements are satisfied:

1. the issuer of the share certificates that would be acquired, subscribed for or converted through the exercise of the rights indicated on the Share Option Certificates, etc., and the share certificates, share option certificates, and Investment Equity Subscription Right Certificates satisfy the requirements set forth in (a), 1. and 2. respectively;
2. the issuer of the Share Option Certificates, etc. (excluding share option certificates and Investment Equity Subscription Right Certificates; hereinafter the same applies in (b)) is not a person that has already issued anything that is specified by Cabinet Office Order as being a Security of the same type as the relevant Share Option Certificates, etc. and that falls under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
3. what is specified by Cabinet Office Order as being a Security of the same type as the relevant Share Option Certificates, etc. is not a Security for Professional Investors; and
4. a restriction has been placed on the Share Option Certificates, etc. (if those Share Option Certificates, etc. are Specified Corporate Bond Certificates with a Right to Subscribe for Preferred Equity and the Right to Subscribe for Preferred Equity may be transferred independently from the Specified Corporate Bond Certificates, the Specified Corporate Bond Certificate and the Certificate of a Right to Subscribe for Preferred Equity issued therewith), as per the formalities specified by Cabinet Office Order, prohibiting the person that has acquired or purchased the Share Option Certificates, etc. (if the person that has acquired or purchased the Share Option Certificates, etc. is a Qualified Institutional Investor and the Share Option Certificates, etc. fall under the cases specified in Article 1-4, that Qualified Institutional Investor is excluded) from transferring them unless doing so all at once to another single person, or the Share Option Certificates, etc. otherwise satisfy the requirements specified by Cabinet Office Order as being equivalent to this;

(c) Securities other than the Securities set forth in (a) and (b): All of the following requirements are satisfied:

1. the issuer of the Securities is not a person that has already issued anything that is specified by Cabinet Office Order as being a Security of the same type as the relevant Securities and that falls under any of

- the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
2. what is specified by Cabinet Office Order as being a Security of the same type as the relevant Securities is not a Security for Professional Investors; and
  3. the Securities meet the requirements specified by Cabinet Office Order in accordance with (b).

(Cases in Which Securities Come to Be Owned by a Considerably Large Number of Persons through a Solicitation For Acquisition)

Article 1-7-2 The case specified by Cabinet Order that is provided for in Article 2, paragraph (3), item (iii) of the Act is a case in which the relevant person conducts solicitation for acquisition that causes not less than 500 persons to own the Securities related to that solicitation for acquisition.

(Transactions of Securities Which Are Not Secondary Distributions of Securities)

Article 1-7-3 The transactions of Securities specified by Cabinet Order that are provided for in Article 2, paragraphs (4) and (6) of the Act are transactions falling under any of the following items:

- (i) the purchase and sale of Securities on a Financial Instruments Exchange Market;
- (ii) the purchase and sale of Securities on an Over-the-Counter Securities Market (meaning Over-the-Counter Securities Market as defined in Article 67, paragraph (2) of the Act; the same applies hereinafter);
- (iii) the purchase and sale of Securities (limited to those listed on a Financial Instruments Exchange or Over-the-Counter Traded Securities (meaning Over-the-Counter Traded Securities as defined in Article 2, paragraph (8), item (x), (c) of the Act; the same applies hereinafter)) through the acts set forth in Article 2, paragraph (8), item (x) of the Act (if the Securities are Specified Listed Securities (meaning Specified Listed Securities as defined in Article 2, paragraph (33) of the Act; the same applies hereinafter), limited to a purchase and sale to which only Professional Investors, etc. are party);
- (iv) the purchase and sale of Securities (limited to Securities that fall under Article 24, paragraph (1), item (i) of the Act) conducted by a Financial Instruments Business Operator, etc. or Professional Investor with another Financial Instruments Business Operator, etc. or Professional Investor without relying on a Financial Instruments Exchange Market at an appropriate price considering the circumstances surrounding securities transactions based on the trading price of the Securities on a Financial Instruments Exchange Market for the formation of a fair price and

- facilitation of smooth distribution of the Securities;
- (v) the selling of the relevant Securities, which have already been issued in a foreign state by a Foreign Securities Services Provider pursuant to the provisions of the proviso to Article 58-2 of the Act to a Financial Instruments Business Operator, etc. or Qualified Institutional Investor (including Securities prescribed in Article 2-12-2, limited to solicitation for selling, etc., etc. (meaning solicitation for selling, etc., etc. as defined in Article 2, paragraph (4) of the Act; the same applies hereinafter) falling under the cases specified in Article 2, paragraph (4), item (ii), (a) to (c) or Procedures Relating to Securities Delivery for Reorganization (meaning Procedures Related to the Delivery of Securities During a Reorganization as defined in Article 2-3, paragraph (3) of the Act; the same applies hereinafter) falling under the case specified in Article 2-3, paragraph (5), item (ii), (a) or (b) which have not been conducted; referred to as "Foreign Securities with No Restriction on Transfer" in the following Article and Article 1-8-4, item (iv));
  - (vi) the Selling of Foreign Securities with No Restriction on Transfer by the Financial Instruments Business Operator, etc. or Qualified Institutional Investor that has acquired them (hereinafter referred to as "Selling Financial Instruments Business Operator, etc." in this item) to another Financial Instruments Business Operator, etc. (limited to one purchasing the Foreign Securities with No Restriction on Transfer for the purpose of having them acquired by other persons; hereinafter referred to as "Purchasing Financial Instruments Business Operator, etc." in this item) (limited to sales by a Selling Financial Instruments Business Operator, etc. or Purchasing Financial Instruments Business Operator, etc. that is a member of an Authorized Financial Instruments Firms Association (limited to an Authorized Financial Instruments Firms Association designated by the Commissioner of the Financial Services Agency; hereinafter the same applies in this item and Article 1-8-4, item (iv))), in which the issues, number and other particulars of those Foreign Securities with No Restriction on Transfer specified by Cabinet Office Order is reported by the Selling Financial Instruments Business Operator, etc. (if the Selling Financial Instruments Business Operator, etc. is not a member of an Authorized Financial Instruments Firms Association, the Purchasing Financial Instruments Business Operator, etc.) to the Authorized Financial Instruments Firms Association;
  - (vii) the purchase and sale of Securities for which solicitation for acquisition falling under the cases specified in Article 2, paragraph (3), item (ii), (a) to (c) of the Act, solicitation for selling, etc., etc. falling under the cases specified in Article 2, paragraph (4), item (ii), (a) to (c) of the Act, Procedures Related to the Issuance of Securities During a Reorganization falling under

- the cases specified in Article 2-3, paragraph (4), item (ii), (a) or (b) of the Act or Procedures Related to the Delivery of Securities During a Reorganization falling under the cases specified in Article 2-2, paragraph (5), item (ii), (a) or (b) of the Act have not been conducted (hereinafter referred to as "Securities with No Restriction on Transfer" in this item and the following item) and owned by a person other than the following persons:
- (a) the Issuer of the Securities with No Restriction on Transfer;
  - (b) an Officer (meaning a director, executive officer, accounting advisor and company auditor (including board members, auditors and persons equivalent thereto); hereinafter the same applies in this item) or incorporator of the corporation (including foreign corporation; hereinafter the same applies in this item) that is the Issuer of the Securities with No Restriction on Transfer or any other person equivalent thereto (excluding the incorporator and any other person equivalent thereto, if there was a period during which that person was not the officer, shareholder, or other member of that corporation after its establishment, and that period exceeds five continuous years);
  - (c) a Major Shareholder (meaning a Major Shareholder as defined in Article 163, paragraph (1) of the Act; hereinafter the same applies in (c)) of the corporation that is the Issuer of the Securities with No Restriction on Transfer or an officer or incorporator of the Major Shareholder (limited to cases in which the Major Shareholder is a corporation) or any other person equivalent thereto (excluding the incorporator and any other person equivalent thereto, if there was a period during which that person was not the officer, shareholder, or other member of the corporation that constitutes that Major Shareholder after its establishment, and that period exceeds five continuous years);
  - (d) a Subsidiary Company, etc. (meaning Subsidiary Company as defined in Article 29-4, paragraph (4) of the Act or any other corporation equivalent thereto; hereinafter the same applies in (d)) of the corporation that is the Issuer of the Securities with No Restriction on Transfer, or an officer or incorporator of that Subsidiary Company, etc. or any other person equivalent thereto (excluding the incorporator and any other person equivalent thereto, if there was a period during which that person was not the officer, shareholder, or other member of that Subsidiary Company, etc. after its establishment, and that period exceeds five continuous years); or
  - (e) a Financial Instruments Business Operator, etc.;
- (viii) the purchase and sale of Securities with No Restriction on Transfer (limited to those in which both parties to the purchase and sale are persons set forth in (a) to (e) of the preceding item (excluding those in which both parties are persons specified in (e) of that item));



- (ix) a purchase and sale of Securities (limited to corporate bond certificates and other Securities specified by Cabinet Office Order) on condition of repurchase or resale in which the repurchase price or resale price and the repurchase date or resale date are set in advance;
- (x) the selling of Securities to the Issuer or a person that seeks to sell the Securities to the Issuer (including those that seek to sell the Securities to that person); or
- (xi) the purchase and sale of Securities associated with the brokering of the purchase and sale of Securities by a Financial Instruments Business Operator, etc. for a customer in a Financial Instruments Exchange Market or Foreign Financial Instruments Market (meaning Foreign Financial Instruments Market as defined in Article 2, paragraph (8), item (iii), (b) of the Act; the same applies hereinafter).

(Cases in Which the Relevant Securities Are Not Likely to Be Transferred to Persons Other Than Qualified Institutional Investors through the Solicitation for selling, etc.)

Article 1-7-4 The case specified by Cabinet Order as one in which there is little likelihood of the relevant Securities being transferred as prescribed in Article 2, paragraph (4), item (i) of the Act, and the case specified by Cabinet Order that is provided for in the provisions of Article 2, paragraph (4), item (ii), (a) and Article 2-3, paragraph (5), item (ii), (a) of the Act mean a case as specified in the following items according to the category of Securities set forth in that item:

- (i) Share Certificates, etc.: a case meeting all of the following requirements:
  - (a) the issuer of the Share Certificates, etc. is not a person that has already issued Share Certificates, etc. indicating the same features as those Share Certificates, etc. (limited to features with regard to the payment of the dividends of surplus, distribution of residual assets, cancellation of equity by using profits, or the cancellation of preferred equity investment under Article 15, paragraph (1) of the Act on Preferred Equity Investment (limited to the part that involves item (ii)) which are related to shares (including preferred equity investment as provided in the Act on Preferred Equity Investment and the preferred equity set forth in the Asset Securitization Act) or equity) and which fall under any of the items of Article 24, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27 of the Act);
  - (b) what is specified by Cabinet Office Order as being a Security of the same type as the relevant Share Certificates, etc. is not a Security for Professional Investors; and
  - (c) the requirements specified in the relevant of 1. or 2. below are satisfied

for the category of cases set forth in 1. or 2. below:

1. cases in which rights associated with the Share Certificates, etc. are indicated on financial values which can be transferred by using an electronic data processing system: technical measures have been taken to make it impossible to transfer that financial values to persons other than Qualified Institutional Investors;
  2. cases other than those set forth in 1. above: the solicitation for selling, etc. Is made or procedures related to the delivery of securities during a reorganization are taken in a way that makes the acquisition of the share certificates, etc. Conditional upon the conclusion of a contract for their transfer which provides that the person acquiring the share certificates, etc. will not transfer them to persons other than qualified institutional investors;
- (ii) Share Option Certificates, etc.: a case meeting all of the following requirements:
- (a) the issuer of the share certificates that would be acquired, subscribed for or converted through the exercise of the rights indicated on the Share Option Certificates, etc., and the share certificates, share option certificates, and Investment Equity Subscription Right Certificates satisfy the requirements set forth in (a) and (b) respectively, of the preceding item;
  - (b) the issuer of the Share Option Certificates, etc. (excluding share option certificates and Investment Equity Subscription Right Certificates; hereinafter the same applies in (b) and (c)) is not a person that has already issued anything specified by Cabinet Office Order as being a Security of the same type as the relevant Share Option Certificates, etc. and that falls under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
  - (c) what is specified by Cabinet Office Order as being a Security of the same type as the relevant Share Option Certificates, etc. is not a Security for Professional Investors; and
  - (d) a restriction has been placed on the Share Option Certificates, etc. (if those Share Option Certificates, etc. are Specified Corporate Bond Certificates with a Right to Subscribe for Preferred Equity and the Right to Subscribe for Preferred Equity may be transferred independently from the Specified Corporate Bond Certificates, the Specified Corporate Bond Certificates and the Certificate of a Right to Subscribe for Preferred Equity issued therewith), as per the formalities specified by Cabinet Office Order, prohibiting the person that has acquired or purchased the Share Option Certificates, etc. from transferring them other than to a Qualified Institutional Investor, or the Share Option Certificates, etc. otherwise satisfy the requirements specified by Cabinet Office Order as being

equivalent to this;

- (iii) Securities other than the Securities set forth in the preceding two items: a case meeting all of the following requirements:
  - (a) the issuer of the Securities is not a person that has already issued anything specified by Cabinet Office Order as being a Security of the same type as the relevant Securities which falls under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
  - (b) what is specified by Cabinet Office Order as being a Security of the same type as the relevant Securities is not a Security for Professional Investors; and
  - (c) the Securities meet the requirements specified by Cabinet Office Order in accordance with the preceding item.

(Cases in Which a Large Number of Persons Are the Other Parties to a Transaction)

Article 1-8 The cases specified by Cabinet Order as those in which the transaction is conducted with a large number of persons as the other parties thereto as provided in Article 2, paragraph (4), item (i) of the Act are cases in which the solicitation for acquisition is conducted with not less than 50 persons as the other parties thereto.

(Cases in Which the Relevant Securities Are Not Likely to Be Transferred to Persons Other Than Professional Investors through an Solicitation for selling)

Article 1-8-2 The cases specified by Cabinet Order that are provided for in Article 2, paragraph (4), item (ii), (b), 2. of the Act are a case as specified in the relevant of the following items for the category of Securities set forth in those items:

- (i) Share Certificates, etc.: a case meeting all of the following requirements:
  - (a) what is specified by Cabinet Office Order as being a Security of the same type as those Share Certificates, etc. does not fall under the category of any of the Securities set forth in the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act); and
  - (b) the requirements specified in the relevant of 1. or 2. below are satisfied for the category of cases set forth in 1. or 2. below:
    - 1. cases in which rights associated with the Share Certificates, etc. are indicated on financial values which can be transferred by using an electronic data processing system: technical measures or other measures specified by Cabinet Office Order have been taken to make it

impossible to transfer that financial values to persons other than Professional Investors, etc.:

2. cases other than those set forth in 1. above: the solicitation for selling, etc. is made in a way that makes the purchase of the share certificates, etc. conditional upon the conclusion of a contract for their transfer between the person making the solicitation for selling, etc. the share certificates, etc. and the person seeking to purchase those share certificates, etc. In response to the solicitation for selling, etc. them (hereinafter such a person is referred to as the "Purchaser" in this item) which provides that the purchaser will not transfer the share certificates, etc. purchased thereby to persons other than professional investors, etc., and prescribes any other particulars specified by Cabinet Office Order;
- (ii) Share Option Certificates, etc.: a case meeting all of the following requirements:
- (a) the share certificates that would be acquired, subscribed for or converted through the exercise of the rights indicated on the Share Option Certificates, etc. satisfy the requirements set forth in (a) of the preceding item; and
  - (b) the requirements specified in the relevant of 1. or 2. below are satisfied for the category of cases set forth in 1. or 2. below:
    1. cases in which rights associated with the Share Option Certificates, etc. are indicated on financial values which can be transferred by using an electronic data processing system: technical measures or other measures specified by Cabinet Office Order have been taken to make it impossible to transfer that financial values to persons other than Professional Investors, etc.;
    2. cases other than those set forth in 1. above: the solicitation for selling, etc. is made in a way that makes the purchase of the Share Option Certificates, etc. conditional upon the conclusion of a contract for their transfer between the person making the solicitation for selling, etc. the share option certificates, etc. (or, if the share option certificates, etc. are specified corporate bond certificates with rights to subscribe for preferred equity and the rights to subscribe for preferred equity may be transferred independently from the specified corporate bond certificates, the specified corporate bond certificate and the certificate of a right to subscribe for preferred equity issued therewith) and the person seeking to purchase those share option certificates, etc. in response to the solicitation for selling, etc. them (hereinafter such a person is referred to as the "Purchaser" in this item) which provides that the purchaser will not transfer the share option certificates, etc.

purchased thereby to persons other than professional investors, etc., and prescribes any other particulars specified by Cabinet Office Order; and

- (iii) Securities other than the Securities set forth in the preceding two items: the Securities meet the requirements specified by Cabinet Office Order in accordance with the preceding item.

(Requirements for an Solicitation for selling Not to Constitute Solicitation to a Small Number of Investors)

Article 1-8-3 The requirement specified by Cabinet Order that is provided for in Article 2, paragraph (4), item (ii), (c) of the Act is that the solicitation for selling, etc. (excluding transactions referred to in the items of Article 1-7-3; hereinafter the same applies in this article) other securities specified by Cabinet Office Order as being of the same type as the relevant securities (excluding the following Securities; hereinafter referred to as "Already Issued Securities of the Same Type" in this article) has been made within one month prior to the day on which the solicitation for selling, etc. the relevant securities is made, and the total number of persons to which the solicitation for selling, etc. the relevant securities is to be made (if the solicitation for selling, etc. the Securities is made to Qualified Institutional Investors and the Securities fall under the cases specified in Article 1-7-4, the Qualified Institutional Investors are excluded) and the persons to which the solicitation for selling, etc. Already Issued Securities of the Same Type has been made within one month prior to the day on which the solicitation for selling, etc. of the Securities is made (if the solicitation for selling, etc. Already Issued Securities of the Same Type is made to Qualified Institutional Investors and the Already Issued Securities of the Same Type fall under the cases specified in Article 1-7-4, the Qualified Institutional Investors are excluded) is not less than 50 persons:

- (i) Securities for which the solicitation for selling, etc. fell under the case set forth in Article 2, paragraph (4), item (ii), (a) of the Act at the time of the solicitation for selling, etc. them;
- (ii) Securities for which the solicitation for selling, etc. fell under the case set forth in Article 2-12 at the time of the solicitation for selling, etc. them;
- (iii) Securities for which the solicitation for selling, etc. corresponded to a Secondary Distribution of Securities at the time of the solicitation for selling, etc. them, and with regard to which a notification under Article 4, paragraph (1) of the Act has been given or the Supplements to Shelf Registration Documents defined in Article 23-8, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) have been submitted for that Secondary Distribution of Securities;
- (iv) Securities for which the Solicitation for selling, etc. corresponded to a

Secondary Distribution of Foreign Securities prescribed in Article 27-32-2, paragraph (1) of the Act at the time of the solicitation for selling, etc. them, and for which Foreign Securities Information (meaning Foreign Securities Information as defined in that paragraph; the same applies hereinafter) was provided or publicized pursuant to the provisions of that paragraph (including Securities falling under the provisions of the proviso to that paragraph).

(Cases in Which an Solicitation for selling Constitutes Solicitation to a Small Number of Investors)

Article 1-8-4 The cases specified by Cabinet Order that are provided for in Article 2, paragraph (4), item (ii), (c) of the Act are cases meeting all of the following requirements:

- (i) the solicitation for selling, etc. is not made only to Professional Investors, and it is not a case in which 50 or more persons (if those persons are Qualified Institutional Investors and the Securities involved in the solicitation for selling, etc. fall under the cases specified in Article 1-7-4, those persons are excluded) are the other parties to the solicitation for selling, etc.;
- (ii) if a solicitation for selling, etc. Securities satisfying the requirements specified in Article 1-7, item (ii) is being made, the solicitation for selling, etc. is carried out in accordance with those requirements;
- (iii) if a solicitation for selling, etc. Securities other than the Securities set forth in the preceding item is being made, the requirements specified in the relevant of (a) to (c) below are satisfied for the category of Securities set forth in (a) to (c):
  - (a) Share Certificates, etc.: All of the following requirements are satisfied:
    1. the issuer of the Share Certificates, etc. is not a person that has already issued Share Certificates, etc. indicating the same features as those Share Certificates, etc. (limited to features with regard to the payment of the dividends of surplus, distribution of residual assets, cancellation of equity by using profits, or the cancellation of preferred equity investment under Article 15, paragraph (1) of the Act on Preferred Equity Investment (limited to the part that involves item (ii)) which are related to shares (including preferred equity investment as provided in the Act on Preferred Equity Investment and the preferred equity set forth in the Asset Securitization Act) or equity) which fall under any of the items of Article 24, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27 of the Act);
    2. what is specified by Cabinet Office Order as being a Security of the same type as those Share Certificates, etc. is not a Security for Professional

Investors;

- (b) Share Option Certificates, etc.: All of the following requirements are satisfied:
1. the issuer of the share certificates that would be acquired, subscribed for or converted through the exercise of the rights indicated on the Share Option Certificates, etc., and the share certificates, share option certificates, and Investment Equity Subscription Right Certificates satisfy the requirements set forth in (a), 1. and 2. respectively;
  2. the issuer of the Share Option Certificates, etc. (excluding share option certificates and Investment Equity Subscription Right Certificates; hereinafter the same applies in (b)) is not a person that has already issued anything specified by Cabinet Office Order as being a Security of the same type as those Share Option Certificates, etc. and that falls under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
  3. what is specified by Cabinet Office Order as being a Security of the same type as the relevant Share Option Certificates, etc. is not a Security for Professional Investors; and
  4. a restriction has been placed on the Share Option Certificates, etc. (if those Share Option Certificates, etc. are Specified Corporate Bond Certificates with a Right to Subscribe for Preferred Equity and the Right to Subscribe for Preferred Equity may be transferred independently from the Specified Corporate Bond Certificates, the Specified Corporate Bond Certificate and the Certificate of a Right to Subscribe for Preferred Equity issued therewith), as per the formalities specified by Cabinet Office Order, prohibiting the person that has acquired or purchased the Share Option Certificates, etc. (if the person that has acquired or purchased the Share Option Certificates, etc. is a Qualified Institutional Investor and the Share Option Certificates, etc. fall under the cases specified in Article 1-4, that Qualified Institutional Investor is excluded) from transferring the Share Option Certificates, etc. unless they are transferred all at once to another single person, or those Share Option Certificates, etc. otherwise satisfy the requirements specified by Cabinet Office Order as being equivalent to this;
- (c) Securities other than the Securities set forth in (a) and (b): a case meeting all of the following requirements:
1. the issuer of the Securities is not a person that has already issued anything specified by Cabinet Office Order as being a Security of the same type as those Securities and that falls under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis

- mutandis pursuant to Article 27 of the Act);
  - 2. what is specified by Cabinet Office Order as being a Security of the same type as the relevant Securities is not a Security for Professional Investors; and
  - 3. the Securities meet the requirements specified by Cabinet Office Order in accordance with (b);
- (iv) if a solicitation for selling, etc. Foreign Securities with No Restriction on Transfer is being made, all of the following requirements are satisfied:
- (a) it has been established that, if a Financial Instruments Business Operator, etc. (limited to a member of an Authorized Financial Instruments Firms Association) has made a solicitation for selling, etc. Foreign Securities with No Restriction on Transfer, the issues of the Foreign Securities with No Restriction on Transfer, the number calculated according to the provisions of Cabinet Office Order as the number of persons that acquired and currently hold those Foreign Securities with No Restriction on Transfer through the solicitation for selling, etc. (hereinafter referred to as "Number of Holders" in this item) and other particulars specified by Cabinet Office Order will be reported to the Authorized Financial Instruments Firms Association pursuant to the rules of the Authorized Financial Instruments Firms Association;
  - (b) it has been established that an Authorized Financial Instruments Firms Association receiving a report as prescribed in (a) will calculate and publicize the total Number of Holders with respect to each issue of Foreign Securities with No Restriction on Transfer pursuant to the rules of the Authorized Financial Instruments Firms Association;
  - (c) the total Number of Holders for each issue of Foreign Securities with No Restriction on Transfer referred to in (a) will not exceed one thousand.

(Cases in Which Securities Are Held by a Considerably Large Number of Persons through an Solicitation for selling)

Article 1-8-5 The case specified by Cabinet Order that is provided for in Article 2, paragraph (4), item (iii) of the Act is a case in which the Securities connected with a solicitation for selling, etc. will come to be held by not less than 500 persons that have responded to that solicitation for selling, etc.

(Acts Excluded from Consideration as Financial Instruments Business)

Article 1-8-6 (1) The acts specified by Cabinet Order that are provided for in Article 2, paragraph (8) of the Act are as follows:

- (i) the acts set forth in the items of Article 2, paragraph (8) of the Act carried out by the following persons:
  - (a) the State;



- (b) a local government;
  - (c) the Bank of Japan; and
  - (d) foreign governments and other persons equivalent to the persons set forth in (a) to (c) under the laws and regulations of a foreign state;
- (ii) among the acts set forth in Article 2, paragraph (8), item (iv) of the Act, acts to conduct Over-the-Counter Derivatives Transactions (excluding Securities-Related Over-the-Counter Derivatives Transactions (meaning the transactions set forth in Article 28, paragraph (8), item (iv) of the Act) and cryptoassets-related over-the-counter derivatives transactions (meaning the cryptoassets-related over-the-counter derivatives transactions prescribed in Article 185-24, paragraph (1) of the Act; the same applies in Article 16-4, paragraph (1), item (i), (d)); hereinafter the same applies in this item) with any of the following persons or to provide intermediation, brokerage (excluding the Brokerage for Clearing of Securities, etc.; hereinafter the same applies in this item), or agency for Over-the-Counter Derivatives Transactions on behalf of such a person (excluding the acts that fall under those set forth in the preceding item and Specified Over-the-Counter Derivatives Transactions (meaning specified over-the-counter derivatives transactions as prescribed in Article 40-7, paragraph (1) of the Act; the same applies hereinafter) and intermediation, brokerage, or agency therefor (limited to those in the case in which the person engaged in the Specified Over-the-Counter Derivatives Transactions or intermediation, brokerage, or agency therefor conducts those transactions or services using an electronic data processing system that it uses for its business of Over-the-Counter Derivatives Transactions, etc. (meaning Over-the-Counter Derivatives Transactions, etc. as prescribed in Article 2, paragraph (8), item (iv) of the Act; the same applies hereinafter))):
- (a) persons specified by Cabinet Office Order as persons found to have expert knowledge of and experience with Derivatives Transactions; or
  - (b) a stock company whose amount of stated capital is not less than the amount specified by Cabinet Office Order;
- (iii) among the acts set forth in Article 2, paragraph (8), item (xv) of the Act, investment in a single corporation by allocating the entire sum of money or other property invested or contributed by persons holding a beneficial interest in commodities investment as prescribed in Article 2, paragraph (6) of the Act on Regulation of Commodity Investment (Act No. 66 of 1991) (if the beneficial interest in commodities investment means the rights set forth in Article 2, paragraph (6), item (ii) of that Act or the rights set forth in Article 2, paragraph (6), item (iii) of that Act (limited to those similar to the rights set forth in Article 2, paragraph (6), item (ii) of that Act), the trustee of a trust related to those rights) (hereinafter such investment is referred to

as "Specified Investment" in this item and in the following paragraph) which satisfies all of the following requirements (excluding the acts falling under those set forth in item (i)):

- (a) it has been provided for in either the Commodities Investment Contract (meaning a commodities investment contract as prescribed in Article 2, paragraph (5) of that Act) or the trust contract that is associated with the beneficial interest in commodities investment, or in the contract of sale for the beneficial interest in commodities investment that Specified Investment in the relevant corporation is to be undertaken and that the relevant corporation will invest the money or other property from that Specified Investment through Commodities Investment (meaning commodities investment as prescribed in Article 2, paragraph (1) of the Act on Regulation of Commodity Investment; the same applies hereinafter);
  - (b) the corporation is required to entrust the discretion in making those of its investment decisions as prescribed in Article 2, paragraph (2) of the Act on Regulation of Commodity Investment that involve Commodities Investment to the commodities investment advisor, etc. as prescribed in Article 33, paragraph (1) of that Act; and
  - (c) the investment is not the one in which the corporation invests money or other property from Specified Investment mainly in Securities or rights connected with Derivatives Transactions; and
  - (iv) beyond what is set forth in the preceding three items, acts specified by Cabinet Office Order in consideration of the nature of the acts and any other circumstances.
- (2) If the corporation set forth in item (iii) of the preceding paragraph invests in another corporation by allocating the entire sum of money or other property from Specified Investment, or the entirety of anything other than that invested by Commodities Investment, with regard to the application of the provisions of (a) to (c) of the preceding item, that other corporation is deemed to be the relevant corporation.

(Scope of a Financial Institution)

Article 1-9 The financial institutions specified by Cabinet Order that are provided for in the provisions of Article 2, paragraphs (8) and (11) and Article 27-2, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act), Article 27-28, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2) of the Act), Article 28, paragraph (4), Article 31-4, paragraphs (3) and (4), Article 33, paragraph (1), Article 33-5, paragraph (2), Article 33-7, Article 33-8, paragraph (1), Article 50, paragraph (1), item (iv), Article 58, Article 60-14, paragraph (1), and Article 66 of the Act are as follows:

- (i) the Shoko Chukin Bank Limited;
- (ii) an Insurance Company (meaning an insurance company as prescribed in Article 2, paragraph (2) of the Insurance Business Act and a foreign insurance company, etc. as prescribed in paragraph (7) of that Article is included; the same applies hereinafter);
- (iii) a mutual loan company;
- (iv) a securities finance company; and
- (v) among the persons mainly engaged in making call loans or in acting as an intermediary in the lending and borrowing of call money in the course of trade, those designated by the Commissioner of the Financial Services Agency.

(Securities Related to a Public Offering or Private Placement Constituting Financial Instruments Business)

Article 1-9-2 The Securities specified by Cabinet Order that are provided for in Article 2, paragraph (8), item (vii), (g) of the Act are those as follows:

- (i) those as follows (excluding those whose issuer is the trustee of the trust associated with the relevant Securities) which fall under the category of Securities aimed at Commodities Investment or invested through the acquisition (including production), transfer, or use of the goods set forth in Article 37, paragraph (1), item (ii), (a) to (e), or by causing those goods to be used:
  - (a) the Securities set forth in Article 2, paragraph (1), item (xiv) of the Act;
  - (b) among the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act, those which have the nature of the Securities set forth in Article 2, paragraph (1), item (xiv) of the Act;
  - (c) the rights to be indicated on the Securities set forth in (a) or (b) which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act; and
  - (d) the rights set forth in Article 2, paragraph (2), item (i) or (ii) of the Act which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of that Act;
- (ii) the rights which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act (excluding those set forth in paragraph (8), item (vii), (e) and (f) of that Article and in the preceding item, and limited to cases in which they are indicated on financial values which can be transferred by using an electronic data processing system (excluding cases specified by Cabinet Office Order in consideration of the need to protect investors)).

(Transactions Excluded from Consideration as Transaction Services Using an

Electronic Data Processing System)

Article 1-9-3 The transactions specified by Cabinet Order that are provided for in Article 2, paragraph (8), item (x) of the Act are the purchase and sale of Securities for Professional Investors (excluding those set forth in Article 4, paragraph (3), item (iv) of the Act (excluding those set forth in Article 2-12-4, paragraph (3), item (i) or (iii)), and those falling under a case in which disclosure has been made (meaning a case in which disclosure has been made as prescribed in Article 4, paragraph (7) of the Act)), or intermediation, brokerage, or agency therefor conducted by an electronic data processing system, based on a method for deciding the trading price as set forth in Article 2, paragraph (8), item (x), (a) to (e) of the Act or other method similar thereto, and in which a large number of persons are to participate simultaneously as one party in the transaction, or in which the transaction is conducted between a large number of persons.

(Criteria for the Method of Auction)

Article 1-10 The criteria specified by Cabinet Order that are provided for in Article 2, paragraph (8), item (x), (a) of the Act are as follows:

- (i) the ratio of the average amount of single-business-day total transaction volumes for purchase and sales (excluding those that fall under the category of Derivatives Transactions; hereinafter the same applies in this Article) of Listed Securities, etc. (meaning Securities listed on a Financial Instruments Exchange and Over-the-Counter Traded Securities; hereinafter the same applies in this Article) made in the last six months, as calculated on the last day of each month, based on a method for deciding the trading price as set forth in Article 2, paragraph (8), item (x), (a) of the Act, to the average amount of single-business-day total transaction volumes for purchase and sales of Listed Securities, etc. made in all Financial Instruments Exchange Markets and Over-the-Counter Securities Markets in the last six months is one percent; and
- (ii) the ratio of the average amount of single-business-day total transaction volumes, by issue, for purchase and sales of Listed Securities, etc. made in the last six months, as calculated on the last day of each month, based on a method for deciding the trading price as set forth in Article 2, paragraph (8), item (x), (a) of the Act, to the average amount of single-business-day total transaction volumes for purchase and sales of those issues of Listed Securities, etc. made in all Financial Instruments Exchange Markets and Over-the-Counter Securities Markets in the last six months is ten percent.

(Scope of Investment Management Business)

Article 1-11 The rights specified by Cabinet Order that are provided for in

Article 2, paragraph (8), item (xiv) of the Act are the rights indicated on the Securities set forth in paragraph (1), item (x) of that Article.

(Acts Constituting Financial Instruments Business)

Article 1-12 The acts specified by Cabinet Order that are provided for in Article 2, paragraph (8), item (xviii) of the Act are the following acts:

- (i) purchasing, without the objective of reselling, the Securities (limited to the following Securities) associated with an act as set forth in Article 2, paragraph (8), item (vii) of the Act by the person that undertook that act:
  - (a) the Securities set forth in Article 2, paragraph (8), item (vii), (a) or (b) of the Act;
  - (b) rights to be indicated on the Securities set forth in (a) which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act; and
- (ii) accepting deposits of the rights set forth in the items of Article 2, paragraph (2) of the Act which are deemed to be Securities pursuant to the provisions of that paragraph (limited to cases in which those rights are indicated on financial values which can be transferred by using an electronic data processing system and excluding Electronically Recorded Transferable Rights (meaning the Electronically Recorded Transferable Rights prescribed in paragraph (3) of that Article; the same applies hereinafter)) from customers, in connection with an act set forth in Article 2, paragraph (8), items (i) to (x) of the Act undertaken thereby.

(Causes Similar to Causes Related to the Credit Status of a Corporation)

Article 1-13 The cause specified by Cabinet Order that is provided for in Article 2, paragraph (21), item (v), (a) of the Act and paragraph (22), item (vi), (a) of that Article means a cause related to the credit status of a person that is not a corporation or any other cause that is specified by Cabinet Office Order as one that affects the basis of the management of the business for a person that conducts business.

(Causes That May Have a Serious Influence on the Business Activities of the Parties or Other Business Persons or Firms)

Article 1-14 Causes specified by Cabinet Order that are provided for in Article 2, paragraph (21), item (v), (b) of the Act and paragraph (22), item (vi), (b) of that Article are as follows:

- (i) wind storms, torrential rains, heavy snows, floods, storm surges, earthquakes, tsunamis, volcanic eruptions, and any other abnormal natural phenomena; and
- (ii) war, revolution, insurrection, riot, civil disturbance, and any other cause

specified by Cabinet Office Order as being equivalent thereto.

(Transactions Excluded from Consideration as Over-the-Counter Derivatives Transactions)

Article 1-15 The transactions specified by Cabinet Order as those found not to compromise the public interest or the protection of investors as referred to in Article 2, paragraph (22) of the Act are as follows:

- (i) the transactions set forth in Article 2, paragraph (22), item (iii) of the Act (excluding (b)) incidental to transactions of the receipt of deposits, etc. prescribed in Article 2, paragraph (2) of the Deposit Insurance Act (Act No. 34 of 1971) or savings, etc. prescribed in Article 2, paragraph (2) of the Agricultural and Fishery Cooperation Savings Insurance Act (Act No. 53 of 1973) (limited to the transactions involving the purchase and sale of currencies);
- (ii) conclusion of contracts in connection with the insurance business prescribed in Article 2, paragraph (1) of the Insurance Business Act and the business set forth in the items of that paragraph;
- (iii) conclusion of contracts in connection with a guarantee of obligations; or
- (iv) if debt from a loan is no longer being repaid in whole or in part, conclusion of a contract to compensate the creditors thereof for the part of the amount which is no longer being repaid (excluding the contracts set forth in the preceding item).

(Actions Causing Settlement Based on the Difference in Values)

Article 1-16 The action specified by Cabinet Order that is provided for in Article 2, paragraph (22), item (i) of the Act is an action whereby the parties to a purchase and sale wherein the parties promise to deliver and take delivery of a Financial Instrument (excluding those set forth in Article 2, paragraph (24), items (iii)-3 and (v) of the Act) and its value at a fixed time in the future in neither a Financial Instruments Market nor a Foreign Financial Instruments Market cancel the purchase and sale contract.

(Claims or Other Rights Based on a Deposit Contract, or Instruments or Certificates Indicating Such Claims or Rights)

Article 1-17 The instruments or certificates specified by Cabinet Order that are provided for in Article 2, paragraph (24), item (ii) of the Act are the means of payment (excluding those falling under currencies) prescribed in Article 6, paragraph (1), item (vii) of the Foreign Exchange and Foreign Trade Act, the securities prescribed in Article 6, paragraph (1), item (xi) of that Act, and the claims prescribed in item (xiii) of that paragraph.

(Commodities)

Article 1-17-2 The commodities specified by Cabinet Order that are provided for in Article 2, paragraph (24), item (iii)-3 of the Act are designated by the Commissioner of the Financial Services Agency through consultation with the minister having jurisdiction over a commodity market (meaning the minister having jurisdiction over a commodity market as prescribed in Article 194-6-2 of the Act), from among commodities prescribed in Article 2, paragraph (1) of the Commodity Futures Act (Act No. 239 of 1950) (excluding those for which measures for the stabilization of the prices of the respective commodities have been taken in accordance with the provisions of laws and regulations as necessary for achieving the supply and demand balance for the relevant commodities), in consideration of the appropriate volume of transactions expected in light of the conditions of transactions carried out by those engaged in the purchase and sale, intermediation, brokerage or agency therefor, production, processing or use of the relevant commodities and other conditions of economic activities relating to the commodities, as well as other circumstances concerning the price formation and the supply and demand of the commodities, and from the perspective that Market Derivatives Transactions involving the relevant commodities conducted in the Financial Instruments Exchange Market will lead to the formation of fair prices for the commodities, while reducing the risk of losses that investors might incur due to the price volatility of the commodities and bringing about other positive effects, and thus Market Derivatives Transactions involving the commodities conducted on the Financial Instruments Exchange Market will contribute to the sound development of the national economy.

(Scope of Financial Indicators)

Article 1-18 The indicators or figures specified by Cabinet Order that are provided for in Article 2, paragraph (25), item (iii) of the Act are as follows:

- (i) figures associated with the results of observations on terrestrial phenomenon, ground motion, geomagnetism, terrestrial electricity, or hydrology published by a Meteorological Agency or others;
- (ii) figures associated with national accounts statistics prepared by the Cabinet in compliance with the standards specified by the United Nations, figures associated with the results of the designated statistical surveys prescribed in Article 3, paragraph (1) of the Statistics Act (Act No. 18 of 1947) or figures associated with the results of the notified statistical surveys prescribed in Article 14 of that Act or any other foreign statistical figures equivalent thereto;
- (iii) foreign statistical figures equivalent to the preceding item;
- (iv) figures that comprehensively indicate the level of the price of real property

or prices of two or more real properties announced or provided periodically by an administrative organ (including local governments) under the provisions of laws and regulations or for the purpose of making them available for use to the general public, figures that comprehensively indicate the level of the price of real property or prices of two or more real properties announced or provided periodically by an organization engaged in business related to real property for the purpose of making them available for use to investors, or any other figures specified by Cabinet Office Order as being equivalent thereto.

(Transactions Excluded from Consideration as Subject Transactions of Financial Instruments Obligation Assumption Service)

Article 1-18-2 Transactions specified by Cabinet Order as those which, in consideration of the status of the transactions, the impact exerted on Japan's capital market, and other circumstances, are found not to compromise the public interest or the protection of investors, as provided in Article 2, paragraph (28) of the Act, are transactions giving rise to obligations that a corporation established in compliance with laws and regulations of a foreign state that conducts the same type of services as Financial Instruments Obligation Assumption Services in a foreign state (limited to those that have been granted the same kind of license as prescribed in Article 156-2 of the Act or a permission or other administrative dispositions similar to such a license in the foreign state to engage in those Services under the provisions of laws and regulations of the foreign state and who have obtained the assurance prescribed in Article 189, paragraph (2), item (i) of the Act or anything else that is found to be equivalent to such assurance given by the authority responsible for the enforcement of those foreign laws and regulations; the same applies in item (ii) of the following Article) assumes, novates or in any other way bears on a regular basis, which transactions are designated by the Commissioner of the Financial Services Agency as giving rise to obligations that, if defaulted upon, would have a minor impact on Japan's capital market.

(Subject Transactions of Financial Instruments Obligation Assumption Service)

Article 1-19 Transactions specified by Cabinet Order as those incidental or related to purchase and sales of Securities or Derivatives Transactions, as provided in Article 2, paragraph (28) of the Act, are as follows:

- (i) the lending and borrowing of the money needed to settle a Margin Transaction, etc. (meaning a Margin Transaction (meaning the margin transaction defined in Article 156-24, paragraph (1) of the Act; the same applies hereinafter), a purchase and sale of Securities (excluding a purchase



- and sale of Securities that falls under the category of a Derivative Transaction; the same applies hereinafter), or a Market Derivatives Transaction made on a Financial Instruments Business Operator's own account or Brokerage for the Clearing of Securities, etc. (limited to those connected with a Margin Transaction, the purchase and sale of Securities or a Market Derivatives Transaction made on the Financial Instruments Business Operator's own account); the same applies in the following item) (limited to an instance of lending and borrowing in which the lending is done by a Securities Finance Company);
- (ii) the lending and borrowing of Securities (if a person other than a Securities Finance Company lends the Securities necessary for the settlement of a Margin Transaction, etc. utilizing the clearing systems of a Financial Instruments Exchange Market or Over-the-Counter Securities Market, this is limited to lending in connection with a Margin Transaction, etc. undertaken without recourse to a Financial Instruments Exchange Market or an Over-the-Counter Securities Market, except any lending giving rise to an obligation that a corporation established in compliance with laws and regulations of a foreign state that conducts a service of the same type of services as Financial Instruments Obligation Assumption Services in a foreign state assumes, novates or in any other way bears on a regular basis, which lending is designated by the Commissioner of the Financial Services Agency as lending giving rise to obligations that, if defaulted upon, would have a minor impact on Japan's capital market);
  - (iii) the delivery and receipt of collateral in connection with the transactions set forth in the preceding two items;
  - (iv) the delivery and receipt of beneficiary certificates or Money, etc. (meaning money or Listed Securities, etc. (meaning Listed Securities, etc. as prescribed in Article 1-10, item (i), and limited to those of any of the issues subject to operation of the Securities Investment Trust or those that are among the trust property; hereinafter the same applies in this item, Article 15-3, item (iv), and Article 15-20, item (iv)); the same applies in Article 15-3, item (iv) and Article 15-20, item (iv)) with regard to the establishment (including additional establishment; the same applies in Article 15-3, item (iv) and Article 15-20, item (iv)) of a Securities Investment Trust (meaning a securities investment trust as prescribed in Article 2, paragraph (4) of the Act on Investment Trusts and Investment Corporations, and limited to one for which it is provided in the basic terms and conditions of the investment trust prescribed in Article 4, paragraph (1) of that Act that the investment trust will be operated by having the rate of fluctuations in the amount of net assets per unit for the Investment Trust Property correspond to the rate of fluctuations in the quotations on a Financial Instruments Market or any

other indicator and that the beneficiary certificates of the Securities Investment Trust will be listed on a Financial Instruments Exchange or be registered in a Registry of Over-the-Counter Traded Securities; hereinafter the same applies in this item, Article 15-3, item (iv), and Article 15-20, item (iv)), the redemption of a part of the principal of a Securities Investment Trust, or the exchange between beneficiary certificates of a Securities Investment Trust and Listed Securities, etc.; and

(v) beyond what is set forth in the preceding items, delivery and receipt of Financial Instruments or money, made for the performance of the obligations arisen from the purchase and sale of Securities or Derivatives Transactions (excluding transactions prescribed in the preceding Article), or the transactions set forth in the preceding items.

(Commodity Exchanges Subject to Restrictions Found to Be of the Same Level as Restrictions on an Incorporated Financial Instruments Exchange)

Article 1-20 The person specified by Cabinet Order that is provided for in Article 2, paragraph (38) of the Act is an Incorporated Commodity Exchange as defined in Article 2, paragraph (6) of the Commodity Futures Act (Act No. 239 of 1950).

(Commodity Exchanges Subject to Restrictions Found to Be of the Same Level as Restrictions on a Financial Instruments Exchange Holding Company)

Article 1-21 The person specified by Cabinet Order that is provided for in Article 2, paragraph (39) of the Act is a Commodity Exchange Holding Company as defined in Article 2, paragraph (11) of the Commodity Futures Act.

(Acts That Constitute High-Speed Trading)

Article 1-22 The acts specified by Cabinet Order that are provided for in Article 2, paragraph (41), item (iii) of the Act are the following:

(i) investing money or other assets (including instructions therefor) to conduct any of the acts set forth in Article 2, paragraph (41), item (i) of the Act (excluding the acts set forth in that item); and

(ii) conducting a transaction or act that will cause a person engaged in any of the acts set forth in Article 2, paragraph (41), item (i) of the Act to conduct any of the acts set forth in that item, by carrying out Over-the-Counter Derivatives Transactions with that person or by other means.

(Assets Deemed to be Money)

Article 1-23 The provisions specified by Cabinet Order that are provided for in Article 2-2 of the Act are the provisions of Article 2, paragraph (21), items (i) to (v), Article 22, items (i) to (vi), Article 41-4, the main clause of Article 41-5,

Article 42-5, the main clause of Article 42-6, Article 66-13, Article 185-22, paragraph (1), item (i) and Article 202, paragraph (1) of the Act.

## **Chapter II Disclosure of Corporate Affairs and Other Related Matters**

(Scope of Reorganization)

Article 2 The other acts specified by Cabinet Order that are provided for in Article 2-3, paragraph (1) of the Act are share transfers.

(Scope of a Reorganizing Company)

Article 2-2 The company specified by Cabinet Order that is provided for in Article 2-3, paragraph (4), item (i) of the Act is a company that becomes a Company Disappearing in a Consolidation-type Merger (meaning a Company Disappearing in a Consolidation-type Merger as prescribed in Article 753, paragraph (1), item (i) of the Companies Act (Act No. 86 of 2005)), the Splitting Company in an Absorption-type Company Split (meaning a Splitting Company in an Absorption-type Company Split as defined in Article 758, item (i) of that Act, limited to those which have concluded an Absorption-type Company Split Agreement prescribed in Article 757 of that Act for that Absorption-type Company Split regarding the particulars specified in Article 758, item (viii), (b) or Article 760, item (vii), (b) of that Act and others specified by Cabinet Office Order as being equivalent thereto), the Splitting Company in an Incorporation-type Company Split (meaning a Splitting Company in an Incorporation-type Company Split as set forth in Article 763, paragraph (1), item (v) of that Act, limited to those which determine the particulars specified in item (xii), (b) of that paragraph or Article 765, paragraph (1), item (viii), (b) of that Act in the Incorporation-type Company Split Plan prescribed in Article 762 of that Act for that Incorporation-type Company Split and others specified by Cabinet Office Order as being equivalent thereto) or a Wholly Owned Subsidiary Company in a Share Transfer (meaning a Wholly Owned Subsidiary Company in a Share Transfer as prescribed in Article 773, paragraph (1), item (v) of that Act).

(Scope of Securities Issued by a Reorganizing Company)

Article 2-3 The Securities specified by Cabinet Order that are provided for in the provisions of Article 2-3, paragraph (4), item (i) and Article 4, paragraph (1), item (ii), (a) of the Act are as follows:

- (i) share option certificates;
- (ii) corporate bond certificates with share options;
- (iii) Certificates of a beneficial interest in a securities trust (meaning Securities as set forth in Article 2, paragraph (1), item (xiv) of the Act or the rights as set forth in paragraph (2), item (i) of that Article which are deemed

to be Securities pursuant to the provisions of that paragraph (limited to the rights falling under the category of Electronically Recorded Transferable Rights) for which Securities as set forth in the items of Article 2, paragraph (1) of the Act constitute trust property and for which an indication that the substance of the rights associated with the Securities that constitute trust property (hereinafter referred to as "Entrusted Securities") is included as part of the substance of the beneficial interest in that trust and other particulars specified by Cabinet Office Order have been provided in the trust deed for that trust; the same applies hereinafter), if the Entrusted Securities are share certificates or the Securities set forth in the preceding two items;  
or

- (iv) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with share certificates or with Securities set forth in item (i) or item (ii).

(Cases in Which There Are a Large Number of Reorganizing Company's Shareholders in the Procedures Related to the Issuance of Securities During a Reorganization)

Article 2-4 The cases specified by Cabinet Order that are provided for in Article 2-3, paragraph (4), item (i) of the Act are cases in which the Reorganizing Company's Shareholders, etc. (meaning Reorganizing Company's Shareholders, etc. as prescribed in Article 2-3, paragraph (4), item (i) of the Act; the same applies in the following Article to Article 2-7) are not less than 50 persons.

(Cases in Which Procedures Related to the Issuance of Securities During a Reorganization Constitute Solicitation to a Small Number of Investors)

Article 2-4-2 The cases specified by Cabinet Order that are provided for in Article 2-3, paragraph (4), item (ii), (b) of the Act are cases that satisfy all of the following requirements:

- (i) the Reorganizing Company's Shareholders, etc. that are involved in the Procedures Related to the Issuance of Securities During a Reorganization do not consist exclusively of Qualified Institutional Investors, and it is not a case in which the number of Reorganizing Company's Shareholders, etc. is 50 persons or more;
- (ii) the requirements specified in the relevant of (a) to (c) below are satisfied for the category of Securities set forth in the:
  - (a) Share Certificates, etc.: The requirements set forth in Article 1-7, item (ii), (a) are satisfied;
  - (b) Share Option Certificates, etc.: The requirements set forth in Article 1-7, item (ii), (b) are satisfied.

(Cases in Which There Are a Considerably Large Number of Reorganizing Company's Shareholders in Procedures Related to the Issuance of Securities During a Reorganization)

Article 2-5 The cases specified by Cabinet Order that are provided for in Article 2-3, paragraph (4), item (iii) of the Act are cases in which the Reorganizing Company's Shareholders, etc. are 500 or more persons.

(Cases in Which There Are a Large Number of Reorganizing Company's Shareholders in the Procedures Related to the Issuance of Securities During a Reorganization)

Article 2-6 The cases specified by Cabinet Order that are provided for in Article 2-3, paragraph (5), item (i) of the Act are cases in which the Reorganizing Company's Shareholders, etc. are not less than 50 persons.

(Cases in Which Procedures Related to the Delivery of Securities During a Reorganization Constitute Solicitation to a Small Number of Investors)

Article 2-6-2 The cases specified by Cabinet Order that are provided for in Article 2-3, paragraph (5), item (ii), (b) of the Act are cases that satisfy all of the following requirements:

- (i) the Reorganizing Company's Shareholders, etc. that are involved in the Procedures Related to the Delivery of Securities During a Reorganization do not consist exclusively of Qualified Institutional Investors, and it is not a case in which the number of Reorganizing Company's Shareholders, etc. is 50 persons or more;
- (ii) the requirements specified in the relevant of (a) to (c) below are satisfied for the category of Securities set forth in the item:
  - (a) Share Certificates, etc.: The requirements set forth in Article 1-8-4, item (iii), (a) are satisfied;
  - (b) Share Option Certificates, etc.: The requirements set forth in Article 1-8-4, item (iii), (b) are satisfied;
  - (c) Securities other than the Securities set forth in (a) and (b): The requirements set forth in Article 1-8-4, item (iii), (c) are satisfied.

(Cases in Which There Are a Considerably Large Number of Reorganizing Company's Shareholders in the Procedures Related to the Issuance of Securities During a Reorganization)

Article 2-7 The cases specified by Cabinet Order that are provided for in Article 2-3, paragraph (5), item (iii) of the Act are cases in which the Reorganizing Company's Shareholders, etc. are not less than 500 persons.

(Securities to Which the Provisions of Chapter II of the Act Apply)

Article 2-8 The Securities specified by Cabinet Order that are provided for in Article 3, item (ii) of the Act are the social medical care corporation bonds set forth in the Medical Care Act (Act No. 205 of 1948).

(Scope of business subject to investment Associated with Rights in Securities Investment Business to Which the Provisions of Chapter II of the Act Apply)

Article 2-9 (1) The rights specified by Cabinet Order that are provided for in Article 3, item (iii), (a), 1. of the Act are the rights connected with an business subject to investment (meaning an business subject to investment as set forth in Article 2, paragraph (2), item (v) of the Act and excluding the following businesses) that invests in Securities by allocating an amount exceeding 50 percent of the total amount of money or other property that persons holding rights as set forth in Article 2, paragraph (2), item (v) of the Act have contributed or invested:

- (i) investment in a single corporation (hereinafter referred to as a "Specified Corporation" in this item) by allocating the entire sum of money or other property invested or contributed by persons holding a beneficial interest in commodities investment as prescribed in Article 2, paragraph (6) of the Act on Regulation of Commodity Investment (limited to a beneficial interest in commodities investment connected with rights set forth in Article 2, paragraph (6), item (i) of that Act) (hereinafter such investment is referred to as the "Specified Investment" in this Article), which satisfies all of the following requirements:
  - (a) the Specified Corporation will not invest in Securities by allocating an amount exceeding 50 percent of the total amount of money or other property from Specified Investment; and
  - (b) the Specified Corporation is prohibited from receiving investments from two or more persons by laws and regulations, the articles of incorporation of the Specified Corporation, articles of endowment, or any other thing equivalent thereto;
- (ii) an investment wherein the goods appropriated are limited to those specified by Cabinet Office Order among the goods set forth in Article 1-3, item (iv) (hereinafter such investment is referred to as the "Specified Investment in Kind" in this item), which satisfies all of the following requirements:
  - (a) the person that is to receive the Specified Investment in Kind is prohibited from receiving investments from two or more persons by laws and regulations, the articles of incorporation of the person that is to receive the Specified Investment in Kind, articles of endowment, any other thing equivalent thereto, or the contract for Specified Investment in Kind; and
  - (b) the contract for Specified Investment in Kind provides that the person

that is to receive the Specified Investment in Kind will not acquire Securities using the goods associated with the Specified Investment in Kind.

- (2) If the Specified Corporation prescribed in item (i) of the preceding paragraph makes an investment in another corporation by allocating the entire sum of money or other property from Specified Investment, or anything other than this, that is invested through Commodities Investment, with regard to the application of the provisions of (a) and (b) of that item, that other corporation is deemed to be the Specified Corporation.

(Scope of Rights Deemed to Be Securities to Which the Provisions of Chapter II of the Act Apply)

Article 2-10 (1) The rights specified by Cabinet Order that are provided for in Article 3, item (iii), (a), 2. of the Act are the following rights:

- (i) among the rights set forth in Article 2, paragraph (2), item (i) of the Act, a beneficial interest in a trust in which investment is undertaken through the allocation of an amount exceeding 50 percent of the total value of the assets constituting trust property to investment in Securities (excluding the following beneficial interest):
- (a) the beneficial interest in a trust set forth in Article 130-2, paragraph (2) of the Employees' Pension Insurance Act (Act No. 115 of 1954) prior to the amendment by Article 1 of the Act for Partial Amendment to the Employees' Pension Insurance Act to Ensure the Soundness and Reliability of the Public Pension System (Act No. 63 of 2013; hereinafter referred to as the "2013 Employees' Pension Amendment Act" in (a)) (the Employees' Pension Insurance Act prior to the amendment is referred to as the "Former Employees' Pension Insurance Act" in (a)) as applied mutatis mutandis pursuant to Article 130-2, paragraphs (1) and (2), Article 136-3, paragraph (1), item (i), item (iv), (d) of that paragraph and item (v), (f) of that paragraph, and paragraph (2) of that Article of the Former Employees' Pension Insurance Act which remain in force pursuant to the provisions of Article 5, paragraph (1) of the Supplementary Provisions of the 2013 Employees' Pension Amendment Act; and set forth in Article 159-2, paragraphs (1) and (2) of the Former Employees' Pension Insurance Act, Article 136-3, paragraph (1), item (i), item (iv), (d) of that paragraph and item (v), (f) of that paragraph of the Former Employees' Pension Insurance Act as applied mutatis mutandis pursuant to Article 164, paragraph (3) of that Act, and Article 130-2, paragraph (2) of the Former Employees' Pension Insurance Act as applied mutatis mutandis pursuant to Article 136-3, paragraph (2) of that Act as applied mutatis mutandis pursuant to Article 164, paragraph (3) of that Act which remain in force pursuant to

- the provisions of Article 38, paragraph (1) of the Supplementary Provisions of the 2013 Employees' Pension Amendment Act;
- (b) the beneficial interest in a trust set forth in Article 128, paragraph (3) and Article 137-15, paragraph (4) of the National Pension Act (Act No. 141 of 1959);
  - (c) the beneficial interest in a trust set forth in Article 30, paragraph (1), item (i), item (iv), (d) of that paragraph and item (v), (f) of that paragraph, and paragraph (2) of that Article of the Order for Enforcement of the National Pension Act (Cabinet Order No. 304 of 1990) (including as applied mutatis mutandis pursuant to Article 51, paragraph (1) of that Order);
  - (d) the beneficial interest in a trust connected with a qualified retirement pension contract (limited to a trust contract) as prescribed in Article 20, paragraph (3) of the Supplementary Provisions of the Corporation Tax Act (Act No. 34 of 1965);
  - (e) the beneficial interest in a trust connected with asset management contracts as prescribed in Article 65, paragraph (3) of the Defined-Benefit Corporate Pension Act (Act No. 50 of 2001) (limited to a trust contract set forth in Article 65, paragraph (1), item (i) of that Act), a trust contract set forth in Article 65, paragraph (1), item (i) of that Act concluded under Article 66, paragraph (1) of that Act (including as applied mutatis mutandis pursuant to Article 91-25 of that Act) and a trust contract as prescribed in Article 66, paragraph (2) of that Act (including as applied mutatis mutandis pursuant to Article 91-24 of that Act);
  - (f) the beneficial interest in a trust connected with an asset management contract prescribed in Article 8, paragraph (2) of the Defined Contribution Pension Act (Act No. 88 of 2001) (limited to the trust contract set forth in paragraph (1), item (i) of that Article);
  - (g) the beneficial interest in a trust prescribed in Article 21, paragraph (1), item (iii) of the Act on the Government Pension Investment Fund (Act No. 105 of 2004);
  - (h) the beneficial interest in a trust connected with protective trust contracts concluded pursuant to Article 51, paragraph (1) of the Act on Transfer of Corporate Bonds (Act No. 75 of 2001);
  - (i) the beneficial interest in a trust set forth in Article 43-2, paragraph (2) of the Act and other beneficial interest in a trust specified by Cabinet Office Order as being similar thereto;
  - (j) the beneficial interest in a trust prescribed in Article 6-2, paragraph (1) and Article 6-3, paragraph (2) of the Workers' Property Accumulation Promotion Act (Act No. 92 of 1971);
  - (k) the beneficial interest in a trust which falls under the category of a beneficial interest in commodities investment as prescribed in Article 2,



paragraph (6) of the Act on Regulation of Commodity Investment, if rights set forth in Article 2, paragraph (2), item (v) of the Act (limited to cases in which the business subject to investment prescribed in that item that is associated with those rights is conducted through Commodities Investment or investment in a single corporation (hereinafter referred to as a "Specified Corporation" in this item) (hereinafter such investment is referred to as "Specified Investment" in this item and paragraph (3)) which satisfies all of the following requirements) or rights set forth in Article 2, paragraph (2), item (vi) of the Act equivalent thereto are acquired by allocating all of the trust property in that trust:

1. the business is not one wherein the Specified Corporation invests in Securities by allocating an amount exceeding 50 percent of the total amount of money or other property from Specified Investment; and
  2. the Specified Corporation is prohibited from receiving investments from two or more persons by laws and regulations, the articles of incorporation of the Specified Corporation, articles of endowment, or any other thing equivalent thereto;
- (ii) among the rights set forth in Article 2, paragraph (2), item (ii) of the Act, those which have the nature of the rights set forth in the preceding item;
- (iii) among the rights set forth in Article 2, paragraph (2), item (iii) of the Act, membership rights in a general partnership company, limited partnership company or limited liability company that carries out investment in Securities by allocating an amount exceeding 50 percent of the total investment;
- (iv) among the rights set forth in Article 2, paragraph (2), item (iv) of the Act, those which have the nature of the rights set forth in the preceding item; and
- (v) among the rights set forth in Article 2, paragraph (2), item (vi) of the Act, those which have the nature of the rights set forth in paragraph (1) of the preceding Article.
- (2) The rights specified by Cabinet Order that are provided for in Article 3, item (iii), (a), 3. of the Act are the claims set forth in Article 1-3-4.
- (3) If the Specified Corporation set forth in paragraph (1), item (i), (k) invests in another corporation by allocating the entire sum of money or other property from Specified Investment, or by allocating anything other than that which it invests through Commodities Investment, with regard to the application of the provisions of item (i), (k), 1. and 2., the other corporation is deemed to be the Specified Corporation.

(Securities Free from the Application of the Provisions of Chapter II of the Act)  
Article 2-11 The Securities specified by Cabinet Order that are provided for in Article 3, item (v) of the Act are, among the Securities set forth in Article 2,

paragraph (1), item (xvii) of the Act, the bonds issued by an institution established by a treaty to which Japan is a member state, whose public offering or secondary distribution within Japan requires the consent of the Japanese government pursuant to the treaty.

(Public Offering or Secondary Distribution of Securities Not Requiring a Public Offering or Secondary Distribution Notification)

Article 2-12 The cases specified by Cabinet Order that are provided for in Article 4, paragraph (1), item (i) of the Act are cases falling under any of the following:

- (i) cases in which the company (including a foreign company; hereinafter the same applies except in Article 14-17, item (x), Article 27-4, item (vi) and Article 33-2, item (vi)) that is the issuer of the share certificates (limited to those listed on a Financial Instruments Exchange or those falling under Over-the-Counter Traded Securities; hereinafter the same applies in this item) or, among the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act, the Securities which have the nature of share certificates (hereinafter collectively referred to as the "Share Certificates, etc." in this item) makes a solicitation for acquisition or a Solicitation for selling, etc. the Share Certificates, etc. with a director, accounting advisor, company auditor, executive officer, or employee (hereinafter referred to as a "director, etc." in this Article) of the relevant company or of another company specified by Cabinet Office Order as a company whose management is controlled by the relevant company as the other party (limited to Share Certificates, etc. with a restriction prohibiting the transfer thereof for a period not shorter than three months (or for foreign companies, six months) after the lapse of the business year that includes the day on which the director, etc. receives the delivery); and
- (ii) cases in which the company that is the issuer of the share option certificates (limited to those for which the particulars set forth in Article 236, paragraph (1), item (vi) of the Companies Act are provided) or, among the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act, the Securities which have the nature of share option certificates with the conditions specified by Cabinet Office Order (hereinafter collectively referred to as the "Share Option Certificates, etc." in this item) makes a solicitation for acquisition or a Solicitation for selling, etc. the Share Option Certificates, etc. with a director, etc. of the relevant company or of another company specified by Cabinet Office Order as a company whose management is controlled by the relevant company as the other party.

(Securities Equivalent to Securities Already Issued in a Foreign State)

Article 2-12-2 Securities specified by Cabinet Order that are provided for in

Article 4, paragraph (1), item (iv) of the Act are Securities that have already been issued in Japan but for which Solicitation for Newly Issued Securities, etc. (meaning Solicitation for Newly Issued Securities, etc. as defined in paragraph (2) of that Article; the same applies hereinafter) was not undertaken in Japan at the time of their issuance.

(Secondary Distribution of Securities Not Requiring a Secondary Distribution of Securities Notification)

Article 2-12-3 The requirements specified by Cabinet Order that are provided for in Article 4, paragraph (1), item (iv) of the Act are as specified in the relevant of the following items for the category of Securities set forth in that item:

- (i) Securities specified in Article 2, paragraph (1), item (xvii) of the Act which have the nature of Securities specified in item (i) of that paragraph (hereinafter referred to as "Foreign National Government Bonds" in this item): All of the following requirements are satisfied:
  - (a) persons can easily obtain information on the trading price of the Foreign National Government Bonds in Japan by using the Internet or by any other means;
  - (b) purchase and sales of the Foreign National Government Bonds or of other Foreign National Government Bonds that their Issuer issues are ongoing in a foreign state;
  - (c) financial information on the Issuer of the Foreign National Government Bonds and other information on the Issuer (limited to information published in Japanese or English) has been made public by the Issuer or any other person equivalent thereto, and persons can easily obtain that information in Japan by using the Internet or by any other means (excluding cases in which the Issuer has submitted an Annual Securities Report under the provisions of Article 24, paragraph (1) of the Act applied mutatis mutandis pursuant to Article 27 of the Act);
- (ii) Securities specified in Article 2, paragraph (1), item (xvii) of the Act which have the nature of Securities specified in item (ii) of that paragraph (hereinafter referred to as "Foreign Municipal Bonds" in this item): All of the following requirements are satisfied:
  - (a) persons can easily obtain information on the trading price of those Foreign Municipal Bonds in Japan by using the Internet or by any other means;
  - (b) purchase and sales of the Foreign Municipal Bonds or of other Foreign Municipal Bonds that their Issuer issues are ongoing in a foreign state;
  - (c) financial information on the Issuer of the Foreign Municipal Bonds and other information on the Issuer (limited to information published in Japanese or English) has been made public by the Issuer or any other

person equivalent thereto, and persons can easily obtain that information in Japan by using the Internet or by any other means (excluding cases in which the Issuer has submitted an Annual Securities Report under the provisions of Article 24, paragraph (1) of the Act applied mutatis mutandis pursuant to Article 27 of the Act);

(iii) Securities specified in Article 2, paragraph (1), item (xvii) of the Act which have the nature of Securities specified in item (iii) of that paragraph (hereinafter referred to as "Foreign Public Corporate Bonds" in this item): All of the following requirements are satisfied:

(a) persons can easily obtain information on the trading price of the Foreign Public Corporate Bonds in Japan by using the Internet or by any other means;

(b) purchase and sales of the Foreign Public Corporate Bonds or of other Foreign Public Corporate Bonds that their Issuer issues are ongoing in a foreign state;

(c) accounting information about the Issuer of the Foreign Public Corporate Bonds and other information on the Issuer (limited to information published in Japanese or English, and in the case of accounting information about the Issuer, limited to information prepared according to criteria deemed appropriate by the Commissioner of the Financial Services Agency for the public interest or protection of investors; the same applies in (d) of the following item and item (vi), (c)) is made public by the Issuer or any other person equivalent thereto, and persons can easily obtain that information in Japan by using the Internet or by any other means (excluding cases in which the Issuer has submitted an Annual Securities Report under the provisions of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act));

(iv) corporate bond certificates (if certain predetermined conditions are met, limited to those converted into share certificates issued by persons other than the Issuer of the corporate bond certificates; hereinafter the same applies in this item) and Securities specified in Article 2, paragraph (1), item (xvii) of the Act which have the nature of such corporate bond certificates (hereinafter referred to as "Convertible Corporate Bond Certificates Issued Overseas" in this item and item (vi)): All of the following requirements are satisfied:

(a) persons can easily obtain information on the trading price of the Convertible Corporate Bond Certificates Issued Overseas in Japan by using the Internet or by any other means;

(b) the Convertible Corporate Bond Certificates Issued Overseas are listed on a Financial Instruments Exchange in a foreign state (meaning an exchange similar to a Financial Instruments Exchange, which is established under

laws and regulations of a foreign state; the same applies in Article 12, item (vii) and Article 14-3-7, item (ii)) which is designated by the Commissioner of the Financial Services Agency in consideration of the Securities listed thereon, the state of disclosure of information on the Issuer, the trading volume and other circumstances (hereinafter referred to as "Designated Foreign Financial Instruments Exchange"), or purchase and sales of the Convertible Corporate Bond Certificates Issued Overseas are ongoing in a foreign state;

- (c) share certificates that it has been established will be converted if certain predetermined conditions are met or Securities specified in Article 2, paragraph (1), item (xvii) of the Act which have the nature of share certificates (hereinafter referred to as "Share Certificates" in this Article) are listed on a Financial Instruments Exchange or a Designated Foreign Financial Instruments Exchange;
- (d) under the rules provided by a Designated Foreign Financial Instruments Exchange if the Convertible Corporate Bond Certificates Issued Overseas or Share Certificates of the Issuer of the Convertible Corporate Bond Certificates Issued Overseas are listed on the Designated Foreign Financial Instruments Exchange, or under the laws and regulations of a foreign state in which purchase and sales of the Convertible Corporate Bond Certificates Issued Overseas are ongoing (including rules of international organizations similar thereto; hereinafter the same applies in this Article) in other cases, accounting information about the Issuer of the Convertible Corporate Bond Certificates Issued Overseas and other information about the Issuer is made public by the Issuer, and persons can easily obtain that information in Japan by using the Internet or by any other means (excluding cases in which the Issuer has submitted an Annual Securities Report under the provisions of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act));
- (v) Securities specified in Article 2, paragraph (1), items (v) to (vii) of the Act (referred to as "Bond Certificates, etc." in the following item) that constitute Share Option Certificates, etc. (hereinafter referred to as "Bond Certificates with Share Options" in this item) and Securities specified in item (xvii) of that paragraph which have the nature of Bond Certificates with Share Options (referred to as "Bond Certificates with Share Options Issued Overseas" in this item and the following item): All of the following requirements are satisfied:
  - (a) persons can easily obtain information on the trading price of those Bond Certificates with Share Options Issued Overseas in Japan by using the Internet or by any other means;

- (b) the Bond Certificates with Share Options Issued Overseas are listed on a Designated Foreign Financial Instruments Exchange, or purchase and sales of the Bond Certificates with Share Options Issued Overseas are ongoing in a foreign state;
- (c) the Share Certificates that would be acquired, subscribed for or converted through the exercise of the rights indicated on the Bond Certificates with Share Options Issued Overseas are listed on a Designated Foreign Financial Instruments Exchange;
- (d) pursuant to the rules established by the Designated Foreign Financial Instruments Exchange on which the Bond Certificates with Share Options Issued Overseas or Share Certificates prescribed in (c) are listed, accounting information for the Issuer of the Bond Certificates with Share Options Issued Overseas and other information on the Issuer (limited to information published in Japanese or English) has been made public by the Issuer, and persons can easily obtain that information in Japan by using the Internet or by any other means (excluding cases in which the Issuer has submitted an Annual Securities Report under the provisions of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act));
- (vi) Bond Certificates, etc. (excluding Convertible Corporate Bond Certificates Issued Overseas and Bond Certificates with Share Options Issued Overseas; hereinafter the same applies in this item) and Securities specified in Article 2, paragraph (1), item (xvii) of the Act which have the nature of Bond Certificates, etc. (hereinafter referred to as "Bond Certificates Issued Overseas" in this item): All of the following requirements are satisfied:
  - (a) persons can easily obtain information on the trading price of those Bond Certificates Issued Overseas in Japan by using the Internet or by any other means;
  - (b) the Bond Certificates Issued Overseas are listed on a Designated Foreign Financial Instruments Exchange, or purchase and sales of the Bond Certificates Issued Overseas are ongoing in a foreign state (excluding cases in which a company that holds, in its own name or in another person's name, the majority of the Voting Rights Held by All the Shareholders, etc. (meaning Voting Rights Held by All the Shareholders, etc. as defined in Article 29-4, paragraph (2) of the Act; the same applies hereinafter) of the Issuer of the Bond Certificates Issued Overseas (limited to the Issuer of Share Certificates that are listed on a Financial Instruments Exchange or a Designated Foreign Financial Instruments Exchange; hereinafter referred to as "Parent Company" in this item) guarantees the redemption of the principal and the payment of interest of the Bond Certificates Issued Overseas);

- (c) pursuant to the rules established by the Designated Foreign Financial Instruments Exchange on which the Bond Certificates Issued Overseas are listed, if they are listed on a Designated Foreign Financial Instruments Exchange; or pursuant to the laws and regulations of the foreign state in which purchase and sales of the Bond Certificates Issued Overseas are ongoing, in other cases; accounting information for the Issuer of the Bond Certificates Issued Overseas and other information on the Issuer (in the case provided in the parentheses in (b), if the Parent Company has submitted an Annual Securities Report pursuant to the provisions of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), or if accounting information on the Parent Company or other information about the Parent Company (limited to information published in Japanese or English) has been made public by the Parent Company pursuant to the rules established by the Designated Foreign Financial Instruments Exchange on which the Share Certificates of the Parent Company are listed, and persons can easily obtain that information in Japan by using the Internet or by any other means, an indication that a guarantee has been received for the Bond Certificates Issued Overseas, the name of the Parent Company providing the guarantee, a description of the business of the Issuer, and other information specified by Cabinet Office Order) has been made public by the Issuer, and that information can easily be obtained in Japan using the Internet or by any other means (excluding cases in which the Issuer has submitted an Annual Securities Report under the provisions of that paragraph (including as applied mutatis mutandis pursuant to Article 27 of the Act));
- (vii) Share Certificates and Securities specified in Article 2, paragraph (1), item (xvii) of the Act which have the nature of Share Certificates (hereinafter referred to as "Share Certificates Issued Overseas" in this item): All of the following requirements are satisfied:
- (a) persons can easily obtain information on the trading price of those Share Certificates Issued Overseas in Japan by using the Internet or by any other means;
- (b) the Share Certificates Issued Overseas are listed on a Designated Foreign Financial Instruments Exchange;
- (c) pursuant to the rules established by the Designated Foreign Financial Instruments Exchange on which the Share Certificates Issued Overseas are listed, accounting information for the Issuer of the Share Certificates Issued Overseas and other information on the Issuer (limited to information published in Japanese or English) has been made public by the Issuer, and persons can easily obtain that information in Japan by using the Internet or by any other means (excluding cases in which the Issuer

has submitted an Annual Securities Report under the provisions of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act));

(viii) beneficiary certificates of foreign investment trusts specified in Article 2, paragraph (1), item (x) of the Act which are similar to the beneficiary certificates of investment trusts specified in Article 12, item (ii) of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000) (hereinafter referred to as "Foreign-Issued Beneficiary Certificates" in this item) and foreign investment securities specified in item (xi) of that paragraph (excluding foreign investment securities as prescribed in the Act on Investment Trusts and Investment Corporations which are similar to Investment Equity Subscription Right Certificates or investment corporation bond certificates; hereinafter referred to as "Foreign-Issued Investment Securities" in this item): All of the following requirements are satisfied:

(a) persons can easily obtain information on the trading price of the Foreign-Issued Beneficiary Certificates or Foreign-Issued Investment Securities (hereinafter referred to as "the Foreign-Issued Beneficiary Certificates or Investment Securities" in this item) in Japan by using the Internet or by any other means;

(b) the Foreign-Issued Beneficiary Certificates or Investment Securities are listed on a Designated Foreign Financial Instruments Exchange;

(c) pursuant to the rules established by the Designated Foreign Financial Instruments Exchange on which the Foreign-Issued Beneficiary Certificates or Investment Securities are listed, information on the Foreign-Issued Beneficiary Certificates or Investment Securities (limited to information published in Japanese or English) has been made public by the Issuer of the Foreign-Issued Beneficiary Certificates or Investment Securities, and persons can easily obtain that information in Japan by using the Internet or by any other means (excluding cases in which the Issuer has submitted an Annual Securities Report under the provisions of Article 24, paragraph (1) of the Act applied mutatis mutandis pursuant to paragraph (5) of that Article (including as applied mutatis mutandis pursuant to Article 27 of the Act));

(ix) Securities specified in Article 2, paragraph (1), item (xix) of the Act (hereinafter referred to as "Securities Indicating Rights" in this item): All of the following requirements are satisfied:

(a) the Securities Indicating Rights indicate the rights associated with transactions specified in Article 2, paragraph (22), item (iii) or (iv) involving Share Certificates, etc. (meaning Share Certificates, Securities specified in Article 2, paragraph (1), item (xi) of the Act (excluding



investment corporation bond certificates and foreign investment securities similar to investment corporation bond certificates prescribed in the Act on Investment Trusts and Investment Corporations, as well as Investment Equity Subscription Right Certificates, etc.; hereinafter referred to as "Investment Securities" in (a)) and Securities specified in item (xx) of that paragraph which indicate rights associated with Share Certificates or Investment Securities; hereinafter the same applies in (a)) or corporate bond certificates, etc. (meaning corporate bond certificates and Securities specified in item (xvii) of that paragraph which have the nature of corporate bond certificates; hereinafter the same applies in (a)) which satisfy all of the following requirements:

1. the Share Certificates, etc. or corporate bond certificates, etc. are listed on a Financial Instruments Exchange or a Designated Foreign Financial Instruments Exchange, or purchase and sales of the corporate bond certificates, etc. are ongoing in a foreign state;
  2. pursuant to the rules established by the Designated Foreign Financial Instruments Exchange on which the Share Certificates, etc. or the corporate bond certificates, etc. are listed, or pursuant to the laws and regulations of the foreign state in which purchase and sales of the corporate bond certificates, etc. are ongoing, accounting information for the Issuer of the Share Certificates, etc. or the corporate bond certificates, etc. and other information on the Issuer (limited to information published in Japanese or English) has been made public by the Issuer, and persons can easily obtain that information in Japan by using the Internet or by any other means (excluding cases in which the Issuer has submitted an Annual Securities Report under the provisions of Article 24, paragraph (1) of the Act (including as applied *mutatis mutandis* pursuant to Article 27 of the Act));
- (b) it is agreed upon in advance that by the exercise of rights indicated on the Securities Indicating Rights, the transaction connected with those rights will be executed at a fixed time in the future, and that the parties will settle by delivering and taking delivery of the difference in values associated with the transaction;
- (c) persons can easily obtain information on the trading price of those Securities Indicating Rights in Japan by using the Internet or by any other means;
- (x) Securities specified in Article 2, paragraph (1), item (xx) of the Act: All of the following requirements are satisfied:
- (a) the Securities indicate the rights associated with the Share Certificates;
  - (b) persons can easily obtain information on the trading price of the Securities in Japan by using the Internet or by any other means;

- (c) the Securities are listed on a Designated Foreign Financial Instruments Exchange;
- (d) pursuant to the rules established by the Designated Foreign Financial Instruments Exchange on which the Securities are listed, accounting information for the Issuer of the Securities and other information on the Issuer (limited to information published in Japanese or English) has been made public by the Issuer, and persons can easily obtain that information in Japan by using the Internet or by any other means (excluding cases in which the Issuer has submitted an Annual Securities Report under the provisions of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act)).

(Securities Excluded from Consideration as Securities for Professional Investors)

- Article 2-12-4 (1) The Securities specified by Cabinet Order as those which it is found are unlikely to be owned by a large number of Professional Investors, as prescribed in Article 4, paragraph (3) of the Act, are the Securities approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order as those for which it would not compromise the public interest or protection of investors even if the Securities (excluding Securities specified by Cabinet Office Order as those which have been found to be improper regarding the protection of investors, taking into consideration the class and liquidation and other particulars of the Securities) do not fall under the category of Securities for Professional Investors, if the holders of those Securities as of the last day of the immediately preceding business year (if the Securities fall under the category of Regulated Securities, the Specified Period (meaning a Specified Period as prescribed in Article 24, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act following the deemed replacement of terms; the same applies in Article 4-2, paragraph (1)) relating to those Securities; hereinafter the same applies in this paragraph, Article 3-4 and Article 4-2-2) of or every last day of the business years commenced within two years before the day of the commencement of the immediately preceding business year of the issuer of those Securities are less than 300 persons (limited to if three years have elapsed after the close of the business year wherein the Securities came to fall under the category of Securities for Professional Investors (if there are two or more business years, the latest business year)).
- (2) The solicitation with a view to delivering existing securities specified by Cabinet Order that is provided for in Article 4, paragraph (3) of the Act (meaning solicitation with a view to delivering existing securities as defined in paragraph (2) of that Article; hereinafter the same applies in this paragraph

- and Article 3-3) means that which falls under any of the following items:
- (i) solicitation with a view to delivering existing securities by a Financial Instruments Business Operator, etc. to Professional Investors, etc. for itself;
  - (ii) solicitation with a view to delivering existing securities to Non-Residents by entrusting it to Foreign Securities Services Provider;
  - (iii) offering to sell Share Certificates, etc. (meaning the Share Certificates, etc. set forth in Article 27-2, paragraph (1) of the Act) in response to a Tender Offer (meaning the Tender Offer set forth in Article 27-2, item (vi) of the Act; the same applies in Section 1 of the following Chapter);
  - (iv) solicitation with a view to delivering existing securities to an Officer, etc. (limited to an Officer, etc. that purchases the relevant Securities for Professional Investors (limited to purchase based on a contract under which the Officer, etc., will continually purchase Securities for Professional Investors jointly with another Officer, etc. of the issuer according to a fixed plan and without depending on an individual investment decision, for which each Officer, etc. contributes less than one million yen on each occasion)) of the issuer of the Securities for Professional Investors (limited to the following ones) that are the subject of the solicitation with a view to delivering existing securities:
    - (a) the Securities set forth in Article 2, paragraph (1), item (ix) of the Act;
    - (b) among the Securities set forth in Article 2, paragraph (1), item (xi) of the Act, Investment Securities, etc. or Investment Equity Subscription Right Certificates, etc.;
    - (c) among the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act, those which have the nature of the Securities set forth in item (ix) of that paragraph;
    - (d) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the Securities set forth in (a), (b) or (c); or
    - (e) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are the Securities set forth in (a), (b) or (c).
  - (3) The Securities specified by Cabinet Order that are provided for in Article 4, paragraph (3), item (iv) of the Act are the following Securities:
    - (i) the Securities which were Specified Listed Securities;
    - (ii) the Over-the-Counter Traded Securities, sold or purchased solely in, among the Over-the-Counter Securities Markets, those in which the Authorized Financial Instruments Firms Association that establishes the relevant Over-the-Counter Securities Market prohibits Purchases for General Investors, etc. (meaning Purchases for General Investors, etc. as prescribed in Article 67, paragraph (3) of the Act) pursuant to the provisions of its articles of incorporation (hereinafter referred to as the "Specified Over-the-Counter Traded Securities"); or

(iii) the Securities which were Specified Over-the-Counter Traded Securities.

(Scope of Regulated Securities)

Article 2-13 The Securities specified by Cabinet Order that are provided for in Article 5, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) (hereinafter referred to as the "Regulated Securities" in this Chapter) are as follows:

- (i) the Securities set forth in Article 2, paragraph (1), items (iv), (viii), (xiii), and (xv) of the Act (with regard to the Securities set forth in Article 2, paragraph (1), item (xv) of the Act, the Securities are limited to the Specified Promissory Note set forth in the Asset Securitization Act);
- (ii) the Securities set forth in Article 2, paragraph (1), items (x) and (xi) of the Act;
- (iii) the Securities set forth in Article 2, paragraph (1), item (xiv) of the Act (excluding those falling under the category of Certificates of a beneficial interest in a securities trust);
- (iv) the Securities set forth in Article 2, paragraph (1), item (xvi) of the Act;
- (v) the Securities set forth in Article 2, paragraph (1), item (xviii);
- (vi) Certificates of a beneficial interest in a securities trust (limited to those of which the Entrusted Securities are the Securities set forth in the preceding items);
- (vii) the Rights in a Securities Investment Business, etc. (meaning the Rights in a Securities Investment Business, etc. prescribed in Article 3, item (iii), (a) of the Act; the same applies hereinafter) which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act (excluding the claims prescribed in Article 1-3-4);
- (viii) the rights set forth in Article 2, paragraph (2), item (i) of the Act which are deemed to be Securities pursuant to the provisions of that paragraph (limited to those falling under the category of Electronically Recorded Transferable Rights and excluding those falling under the category of Certificates of a beneficial interest in a securities trust);
- (ix) the rights set forth in Article 2, paragraph (2), item (ii) of the Act which are deemed to be Securities pursuant to the provisions of that paragraph (limited to those falling under the category of Electronically Recorded Transferable Rights);
- (x) among the rights set forth in Article 2, paragraph (2), item (iii) of the Act which are deemed to be Securities pursuant to the provisions of that paragraph (limited to those falling under the category of Electronically Recorded Transferable Rights), membership rights in a general partnership company, limited partnership company or limited liability company that carries out investment in Securities by allocating an amount exceeding 50

- percent of the total investment;
- (xi) among the rights set forth in Article 2, paragraph (2), item (iv) of the Act which are deemed to be Securities pursuant to the provisions of that paragraph (limited to those falling under the category of Electronically Recorded Transferable Rights), those which have the nature of the rights set forth in the preceding item;
  - (xii) the rights set forth in Article 2, paragraph (2), items (v) and (vi) of the Act which are deemed to be Securities pursuant to the provisions of that paragraph (limited to those falling under the category of Electronically Recorded Transferable Rights); and
  - (xiii) anything specified by Cabinet Office Order as being equivalent to what is set forth in the preceding items.

(Securities Equivalent to Listed Securities)

Article 3 The Securities specified by Cabinet Order referred to in Article 6, item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 12, Article 23-12, paragraph (1), Article 24, paragraph (7), Article 24-2, paragraph (3) and Article 24-4-2, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-8, paragraph (1) and Article 24-5-2, paragraph (1) of the Act), Article 24-4-3, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-8, paragraph (2) and Article 24-5-2, paragraph (2) of the Act), Article 24-4-4, paragraph (5), Article 24-4-5, paragraph (2), Article 24-4-7, paragraph (5), Article 24-5, paragraph (6) and Article 24-6, paragraph (3) of the Act, and the cases in which these provisions (excluding Article 24-6, paragraph (3) of the Act) are applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article) and the Securities specified by Cabinet Order as those for which the state of distribution referred to in Article 24, paragraph (1), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) can be regarded as being equivalent to the Securities set forth in Article 24, paragraph (1), item (i) of the Act are Over-the-Counter Traded Securities and the Authorized Financial Instruments Firms Association specified by Cabinet Order as referred to in Article 6, item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), Article 24-7, paragraph (4), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), Article 25, paragraphs (3) and (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), Article 27-30-2, Article 27-30-6, paragraph (1), and Article 27-30-8, paragraph (1) of the Act is an Authorized Financial Instruments Firms Association which registers the

Over-the-Counter Traded Securities.

(Securities Specified by Cabinet Order That Are Provided for in Article 15, Paragraph (3) of the Act)

Article 3-2 The Securities specified by Cabinet Order that are provided for in Article 15, paragraph (3) of the Act are the Securities set forth in Article 2, paragraph (1), items (x) and (xi) of the Act.

(Book-Entry Corporate Bonds Specified by Cabinet Order That Are Provided for in Article 23-8, Paragraph (2) of the Act)

Article 3-2-2 The book-entry corporate bonds, etc. specified by Cabinet Order that are provided for in Article 23-8, paragraph (2) of the Act are as follows:

- (i) the short-term bonds as provided in the Insurance Business Act;
- (ii) the Specified Short-Term Corporate Bonds as provided in the Asset Securitization Act;
- (iii) the Short-Term Investment Corporation Bonds as provided in the Act on Investment Trusts and Investment Corporations; or
- (iv) the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act (including the Foreign Investment Securities which are similar to the investment corporation bond certificate as provided in the Act on Investment Trusts and Investment Corporations; the same applies in item (iii) of the following Article) which are specified by Cabinet Office Order as being equivalent to the short-term corporate bonds as provided in the Act on Transfer of Corporate Bonds, etc. or those set forth in the preceding three items.

(Solicitation Not Requiring Notice as Regards Solicitation to a Small Number of Investors)

Article 3-3 The solicitation specified by Cabinet Order that is provided for in Article 23-13, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) is a solicitation with a view to delivering new securities or solicitation with a view to delivering existing securities (limited to that which falls under the cases specified in the items of that paragraph) issued for the following Securities:

- (i) Certificates of Rights to Subscribe for Preferred Equity;
- (ii) the Securities set forth in Article 2, paragraph (1), item (xv) of the Act (including the Securities set forth in item (xvii) of that Article which have the nature of the Securities set forth in item (xv) of that paragraph); or
- (iii) the Specified Short-Term Corporate Bonds as provided in the Asset Securitization Act, short-term corporate bonds as provided in the Act on Transfer of Corporate Bonds, etc., short-term corporate bonds as provided in

the Insurance Business Act, and the Short-Term Investment Corporation Bond as provided in the Act on Investment Trusts and Investment Corporations (including the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act which are specified by Cabinet Office Order as being equivalent thereto).

(Deadline for Submission of Annual Securities Reports for a Foreign Person)  
Article 3-4 The period specified by Cabinet Order that is provided for in Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article) and Article 27 of the Act) is six months; provided, however, that if the foreign person that is the issuer of the Securities set forth in the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) or in Article 24, paragraph (1), items (i) to (iii) of the Act as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act is found to be unable to submit the Annual Securities Report within six months after the end of its business year due to the laws and regulations or practices in its state or any other compelling reasons, that period is the period approved in advance by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Scope of Securities That Make It Unnecessary to Submit an Annual Securities Report)  
Article 3-5 (1) The Securities specified by Cabinet Order that are provided for in the proviso to Article 24, paragraph (1) of the Act are the following Securities:  
(i) share certificates;  
(ii) the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of share certificates;  
(iii) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are the Securities set forth in the preceding item; or  
(iv) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the Securities set forth in item (ii).  
(2) The number calculated pursuant to the provisions of Cabinet Order that is provided for in the proviso to Article 24, paragraph (1) of the Act is 300.

(Amount of Assets That Makes It Unnecessary to Submit an Annual Securities Report)  
Article 3-6 (1) The amount that is specified by Cabinet Order as the amount of assets that is provided for in the proviso to Article 24, paragraph (1) of the Act is the amount of the stated capital.

- (2) The amount specified by Cabinet Order that is provided for in the proviso to Article 24, paragraph (1) of the Act is the following amount for the category of the Electronically Recorded Transferable Rights set forth in the following items:
- (i) the rights set forth in Article 2, paragraph (2), item (i) of the Act (limited to Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are share certificates): 500 million yen; and
  - (ii) the rights set forth in Article 2, paragraph (2), item (iii) of the Act: 100 million yen.
- (3) The number specified by Cabinet Order that is provided for in the proviso to Article 24, paragraph (1) of the Act is 300.
- (4) The Securities specified by Cabinet Order as those for which the state of distribution can be regarded as being equivalent to Specified Listed Securities as prescribed in Article 24, paragraph (1), item (ii) of the Act are Specified Over-the-Counter Traded Securities.
- (5) The Securities specified by Cabinet Order that are provided for in Article 24, paragraph (1), item (iv) of the Act are share certificates, Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are share certificates, the Securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with share certificates, and, among Electronically Recorded Transferable Rights which are deemed to be Securities pursuant to the provisions of paragraph (2) of the Article (excluding those falling under Regulated Securities), the rights set forth in item (iii) of that paragraph.
- (6) The number specified by Cabinet Order that are provided for in Article 24, paragraph (1), item (iv) of the Act is the following number for the category of the Securities set forth in the following items:
- (i) share certificates, Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are share certificates, and Securities set forth in Article 2, paragraph (1), item (xx) that indicate rights associated with share certificates: 1000 (if the Securities are Securities for Professional Investors, the number obtained by adding the number of Professional Investors calculated pursuant to the provisions of Cabinet Office Order to 1000); and
  - (ii) Securities other than the Securities set forth in the preceding item: 500.

(Acknowledgement That an Annual Securities Report Need Not Be Submitted)  
Article 4 (1) If an issuer of Securities as set forth in Article 24, paragraph (1), item (iii) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article) or Article 24, paragraph (1), item (iv) of the Act (including as applied mutatis mutandis



pursuant to Article 27 of the Act) (excluding the issuer of the Securities which fall under the category of Regulated Securities; the same applies in the following paragraph) seeks the acknowledgement set forth in the proviso to Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the issuer must submit a written application for acknowledgement with its articles of incorporation, a copy of its shareholder registry, and any other documents specified by Cabinet Office Order to the Commissioner of the Financial Services Agency.

- (2) If the application for acknowledgement referred to in the preceding paragraph has been filed, and the Commissioner of the Financial Services Agency finds that the person filing the application falls under any of the following items, the commissioner is to acknowledge that Annual Securities Reports need not be submitted for the business years starting from the business year that includes the day on which the application has been filed (if the day is a day within three months after the commencement of the business year (if the person is a foreign person, within the period specified in Article 3-4; hereinafter the same applies in this paragraph), the immediately preceding business year) and lasting until the business year immediately preceding the business year that includes the day on which the person comes to no longer fall under the relevant item (if the day is a day within three months after the commencement of a business year, the immediately preceding business year):
- (i) a person in liquidation;
  - (ii) a person whose business has been suspended for a considerable period; or
  - (iii) an issuer of the Securities set forth in Article 24, paragraph (1), item (iii) of the Act for which the number of the holders of those Securities as calculated pursuant to the provisions of Cabinet Office Order is less than the number specified by Cabinet Office Order.
- (3) The acknowledgement referred to in the preceding paragraph is to be given on the condition that the person referred to in that paragraph submits a copy of the shareholder registry and other documents specified by Cabinet Office Order to the Commissioner of the Financial Services Agency within three months after the end of each business year (limited to the business year that includes the day on which the application set forth in the preceding paragraph has been made and those which end within the period specified by Cabinet Office Order after the day of the end of the business year) (if the person is a foreign person, within the period specified in Article 3-4) pursuant to the provisions of Cabinet Office Order.
- (4) In a case in which an application for acknowledgement referred to in paragraph (1) has been filed (excluding cases in which the acknowledgement under paragraph (2) has been given), if the person filing that application is a person that is subject to a ruling for commencement of reorganization

proceedings and the application has been filed within three months after the day on which the ruling for commencement of reorganization proceedings has been issued, the Commissioner of the Financial Services Agency is to acknowledge that the person is not required to submit an Annual Securities Report for the business year that includes the day on which the ruling for commencement of reorganization proceedings was issued.

(Acknowledgement That an Annual Securities Report Need Not Be Submitted in Connection with Regulated Securities)

Article 4-2 (1) The provisions of paragraph (1) of the preceding Article apply mutatis mutandis when the issuer of the Securities set forth in Article 24, paragraph (1), items (iii) and (iv) of the Act which fall under the category of Regulated Securities seeks the acknowledgement prescribed in the proviso to Article 24, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) and the provisions of paragraphs (2) and (3) of the preceding Article apply mutatis mutandis to that acknowledgement. In this case, the phrases "the application has been filed" and "business year" in paragraph (2) of the preceding Article is deemed to be replaced with "the application has been filed with regard to the Securities" and "specified period" respectively, the phrase "the Securities set forth in Article 24, paragraph (1), item (iii) of the Act" in paragraph (2), item (iii) of the preceding Article are deemed to be replaced with "the Securities set forth in Article 24, paragraph (1), item (iii) of the Act which fall under the category of Regulated Securities" and the phrases "each business year" and "the business year that includes the day on which the application set forth in the preceding paragraph was filed and those which end within the period specified by Cabinet Office Order after the day of the end of that business year" in paragraph (3) of the preceding Article are deemed to be replaced with "each specified period with regard to the Securities" and "the specified period that includes the day on which the application set forth in the preceding paragraph was filed and those which end within the period specified by Cabinet Office Order after the day of the end of that specified period" respectively.

(2) The amount specified by Cabinet Order as the amount of stated capital of the company, as provided in the proviso to Article 24, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article) following the deemed replacement of terms, is as specified in the relevant of the following items for the category of Rights in Securities Investment Business, etc. or Electronically Recorded Transferable Rights set forth in the following items:

- (i) the rights set forth in Article 2, paragraph (2), item (i) of the Act: the total value of assets belonging to a trust property;
  - (ii) the rights set forth in Article 2, paragraph (2), item (iii) of the Act: the amount of stated capital; and
  - (iii) the rights set forth in Article 2, paragraph (2), item (v) of the Act: the total amount of investment or contribution.
- (3) The amount specified by Cabinet Order referred to in the proviso to Article 24, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act following the deemed replacement of terms is 100 million yen.
- (4) The Securities specified by Cabinet Order referred to in Article 24, paragraph (1), item (iv) of the Act as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act following the deemed replacement of terms are, among the Rights in Securities Investment Business, etc. which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act, the rights set forth in items (i), (iii), and (v) of that paragraph, and among Electronically Recorded Transferable Rights which are deemed to be Securities pursuant to the provisions of the same paragraph (limited to those falling under Regulated Securities), the rights set forth in item (i) of that paragraph (excluding those falling under Certificates of a beneficial interest in a securities trust), and the rights set forth in items (iii) and (v) of that paragraph.
- (5) The number specified by Cabinet Order referred to in Article 24, paragraph (1), item (iv) of the Act as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act following the deemed replacement of terms are 500.

(Deadline for Submission of Foreign Company Reports)

Article 4-2-2 The period specified by Cabinet Order that is provided for in Article 24, paragraphs (1) and (5) of the Act as applied pursuant to the provisions of Article 24, paragraph (10) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) following the deemed replacement of terms is four months; provided, however, that if the Reporting Foreign Company (meaning the Reporting Foreign Company defined in Article 24, paragraph (8) of the Act; the same applies hereinafter) is found to be unable to submit its Foreign Company Reports (meaning the Foreign Company Reports prescribed in Article 24, paragraph (8) of the Act; the same applies hereinafter) within four months after the end of its business year due to the laws and regulations or practices in its state or any other compelling reasons, that period is the period approved in advance by the Commissioner of the Financial Services Agency, pursuant to the provisions of Cabinet Office Order.

(Deadline for Submission of an Annual Securities Report If the Relevant

Person Has Been Notified That It Is Not Allowed to Submit a Foreign Company Report)

Article 4-2-3 The period specified by Cabinet Order that is provided for in Article 24, paragraph (13) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act) and as applied mutatis mutandis pursuant to Article 27 of the Act) is a period from the day on which the notice under Article 24, paragraph (12) of the Act has been given until the last day of the period in which the Annual Securities Report under Article 24, paragraph (1) of the Act is to be submitted, if the submission thereof has been decided pursuant to Article 24, paragraph (1) of the Act, or until the day on which one month has elapsed from the day of notice, whichever comes later.

(Public Notice of Submission of Amendment Reports)

Article 4-2-4 (1) The public notice under Article 24-2, paragraph (2) of the Act must be given by any of the following means without delay after the submission of amendment reports referred to in that paragraph:

- (i) by taking measures to make the information that is required to be given in a public notice available to many and unspecified persons by a means that involves the use of an Electronic Data Processing System for Disclosure (meaning an Electronic Data Processing System for Disclosure as defined in Article 27-30-2 of the Act; the same applies hereinafter) pursuant to the provisions of Cabinet Office Order (hereinafter referred to as "Electronic Public Notice" in this Article); or
- (ii) by publication in a daily newspaper that publishes information on current affairs, pursuant to the provisions of Cabinet Office Order.

(2) A person that gives public notice by way of Electronic Public Notice pursuant to the preceding paragraph must continue to provide the public notice by way of Electronic Public Notice until the last day in the five-year period after the day on which the person submitted the Annual Securities Report and the documents attached thereto for which the amendment reports set forth in Article 24-2, paragraph (2) of the Act have been submitted.

(3) If a person giving public notice by way of Electronic Public Notice pursuant to the provisions of paragraph (1) is unable to give the public notice by way of Electronic Public Notice due to a fault in a telecommunications line or any other cause, the person must give public notice, in lieu of the Electronic Public Notice, by the method set forth in paragraph (1), item (ii) or another method specified by Cabinet Office Order with the approval of the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(4) Notwithstanding the provisions of paragraph (2), if public notice is

interrupted (meaning that the information that had been put into a format that allowed many and unspecified persons to be provided with it is no longer available in that format or has been altered after having been made available in that format; hereinafter the same applies in this paragraph) during the period in which the public notice by way of Electronic Public Notice is to be given pursuant to paragraph (2) (such a period is referred to as a "Public Notice Period" in item (ii)), and all of the following conditions are met, the interruption of the public notice does not impact the effect of the public notice:

- (i) if the person that giving public notice by way of Electronic Public Notice has acted in good faith and without gross negligence as regards the interruption of that public notice or if that person has legitimate grounds for interrupting the public notice;
- (ii) the total time during which the public notice was interrupted does not exceed one-tenth of the Public Notice Period; and
- (iii) promptly after learning that the public notice had been interrupted, the person giving public notice by way of Electronic Public Notice has given public notice of this by appending an indication of this and of the time at which the public notice was interrupted and the details of the interruption to the relevant public notice, pursuant to the provisions of Cabinet Office Order.

(Scope of Companies Required to Submit a Confirmation Letter)

- Article 4-2-5 (1) The company specified by Cabinet Order that is provided for in Article 24-4-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) is the issuer of the Securities set forth in Article 24, paragraph (1), item (i) or (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) (limited to Securities that fall under the category of Securities set forth in the following items):
- (i) share certificates;
  - (ii) Preferred Equity Securities;
  - (iii) the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the Securities set forth in the preceding two items;
  - (iv) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are the Securities set forth in the preceding three items; or
  - (v) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the Securities set forth in item (i) to item (iii).
- (2) If the provisions of the Act are applied mutatis mutandis when a person submits an Amendment Report (meaning an Amendment Report as set forth in Article 24-2, paragraph (1) of the Act; hereinafter the same applies in this paragraph) pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1) of the Act as applied mutatis

mutandis pursuant to Article 24-2, paragraph (1) of the Act following the deemed replacement of terms under Article 24-4-2, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph), the deemed replacement of terms under Article 24-4-2, paragraph (4) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 24-4-2, paragraph (1)	statements contained in the Annual Securities Report	statements contained in the Amendment Reports
	Annual Securities Reports, etc.	Amendment Reports
	Foreign Company Reports	documents similar to that Amendment Reports which have been prepared in English
	a Foreign Company Report	documents similar to that Amendment Reports which have been prepared in English
Article 24-4-2, paragraph (2)	together with an Annual Securities Report	together with Amendment Reports

(3) If the provisions of the Act are applied mutatis mutandis when a Confirmation Letter (meaning a confirmation letter as prescribed in Article 24-4-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act); the same applies hereinafter) has been submitted pursuant to the provisions of Article 24-4-2, paragraph (1) or (2) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-2, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-2, paragraph (4) of the Act) and Article 24-4-2, paragraph (4) of the Act, and when these provisions are applied mutatis mutandis pursuant to Article 27 of the Act) under Article 24-4-2, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act, hereinafter the same applies in this paragraph), the deemed replacement of terms under Article 24-4-2, paragraph (5) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
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Article 6	the statement set forth in paragraph (1) of the preceding Article and of other documents required under paragraph (13) of the preceding Article	a Confirmation Letter
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(4) If the provisions of the Act are applied mutatis mutandis when a Reporting Foreign Company submits a Confirmation Letter pursuant to Article 24-4-2, paragraph (1) or (2) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) under Article 24-4-2, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph) (limited to if the Reporting Foreign Company has submitted Foreign Company Reports), the deemed replacement of terms under Article 24-4-2, paragraph (6) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 24, paragraphs (8), (9) and (11) to (13)	Annual Securities Reports	Confirmation Letters
	Foreign Company Reports	Foreign Company Confirmation Letters
	Reporting Foreign Company	foreign company

(Deemed Replacement of Terms in Connection with Amended Confirmation Letters)

Article 4-2-6 (1) If the provisions of the Act are applied mutatis mutandis to the Confirmation Letter under Article 24-4-3, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article), the deemed replacement of terms under Article 24-4-3, paragraph (1) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 7	the statement or any of those other documents	the Confirmation Letter

Article 9, paragraph (1)	Article 5, paragraph (1) and paragraph (13)	the Confirmation Letter or the Amendment Confirmation Letter set forth in Article 7
	the statement(s)	the Amendment Confirmation Letter(s)
Article 10, paragraph (1)	Securities Registration Statements	Confirmation Letters

(2) If the provisions of the Act are applied mutatis mutandis when an amended Confirmation Letter (meaning an amended Confirmation Letter as referred to in Article 24-4-3, paragraph (1) of the Act; the same applies hereinafter) for a Confirmation Letter has been submitted pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-4-3, paragraph (1) of the Act under Article 24-4-3, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph), the deemed replacement of terms under Article 24-4-3, paragraph (2) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 6	the statement set forth in paragraph (1) of the preceding Article and of other documents required under paragraph (13) of the preceding Article	Amendment Confirmation Letter

(3) If the provisions of the Act are applied mutatis mutandis when a foreign company submits an amended Confirmation Letter for a Confirmation Letter submitted thereby pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-4-3, paragraph (1) of the Act under Article 24-4-3, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph), the deemed replacement of terms under Article 24-4-3, paragraph (3) of the Act is as given in the following table:



Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 24, paragraph (8)	Annual Securities Report	Amendment Confirmation Letter
	a foreign company required to submit Annual Securities Reports under paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph to paragraph (13)) (including foreign companies which have submitted Annual Securities Reports under Article 23-3, paragraph (4); hereinafter referred to as a "Reporting Foreign Company")	a foreign company required to submit Annual Securities Reports under paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph to paragraph (13)) (limited to foreign companies that have submitted the Foreign Company Reports)
	Annual Securities Reports to be submitted under paragraph (1) and the documents to be attached thereto under paragraph (6) (hereinafter collectively referred to as "Annual Securities Reports, etc." in this Article)	an Amendment Confirmation Letter
	are similar to Annual Securities Reports, etc. Disclosed in a Foreign State (meaning the state of having been made available for public inspection based on laws and regulations under the foreign state (including the rules provided for by the operator of a Foreign Financial Instruments Market or other person specified by Cabinet Office Order); the same applies hereinafter in Article 24-4-7, paragraph (6) and Article 24-5, paragraph (7))	contain the matters to be stated on the Amendment Confirmation Letter
	Foreign Company Reports	Foreign Company Amendment Confirmation Letter

Article 24, paragraph (9)	Foreign Company Report(s)	Foreign Company Amendment Confirmation Letter
	and documents stating the matters specified by Cabinet Office Order as those necessary and appropriate for the public interest or protection of investors among the matters not stated in the Foreign Company Report, and other documents	and other documents
Article 24, paragraph (11)	Reporting Foreign Company	foreign company (limited to the foreign companies that have submitted a Foreign Company Report)
	Foreign Company Report	Foreign Company Amendment Confirmation Letter
	to be Annual Securities Reports, etc.	to be Amendment Confirmation Letters
	Annual Securities Reports, etc.	Amendment Confirmation Letters

(Scope of Companies Required to Submit an Internal Control Report)

Article 4-2-7 (1) The person specified by Cabinet Order provided for in Article 24-4-4, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) is the issuer of the Securities set forth in Article 24, paragraph (1), item (i) or (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) (limited to the Securities that fall under the category of the Securities set forth in the following items):

- (i) share certificates;
- (ii) Preferred Equity Investment Certificates;
- (iii) the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the Securities set forth in the preceding two items;
- (iv) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are the Securities set forth in the preceding three items; or
- (v) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the Securities set forth in item (i) to item (iii).

(2) If the provisions of the Act are applied mutatis mutandis when an Internal Control Report (meaning the Internal Control Report prescribed in Article 24-4-4, paragraph (1) of the Act; the same applies hereinafter) and the documents attached thereto have been submitted pursuant to the provisions of Article 24-4-4, paragraph (1) or (2) of the Act (including cases in which they are applied mutatis mutandis pursuant to Article 24-4-4, paragraph (3) of the Act and as

applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article and the following Article) and Article 24-4-4, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) under Article 24-4-5, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph), the deemed replacement of terms under Article 24-4-4, paragraph (5) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 6	the statement set forth in paragraph (1) of the preceding Article and of other documents required under paragraph (13) of the preceding Article	its Internal Control Report and the documents attached thereto

(3) If the provisions of the Act are applied mutatis mutandis when a Reporting Foreign Company submits the Internal Control Report under Article 24-4-4, paragraph (1) or (2) of the Act pursuant to Article 24-4-4, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph) (limited to if the Reporting Foreign Company has submitted a Foreign Company Report), the deemed replacement of terms under Article 24-4-4, paragraph (6) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 24, paragraphs (8), (9) and (11) to (13)	Foreign Company Report	Foreign Company Internal Control Report
	Reporting Foreign Company	Foreign Company
	Annual Securities Report	Internal Control Report

(Deemed Replacement of Terms in Connection with Amendment of Internal Control Reports)

Article 4-2-8 (1) If the provisions of the Act are applied mutatis mutandis to an Internal Control Report and the documents attached thereto under Article 24-

4-5, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article), the deemed replacement of terms under Article 24-4-5, paragraph (1) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 7	a statement set forth in Article 5, paragraph (1) or in other documents required under Article 5, paragraph (6)	its Internal Control Report and the documents attached thereto
Article 9, paragraph (1)	Article 5, paragraph (1) and paragraph (13)	its Internal Control Report and the documents attached thereto and the amendment reports and other documents set forth in Article 7
	the statement(s)	the amendment reports
Article 10, paragraph (1)	a (the) Securities Registration Statement	An (the) Internal Control Report and the documents attached thereto

(2) If the provisions of the Act are applied mutatis mutandis when an Amendment Report (meaning the Amendment Report set forth in Article 24-4-5, paragraph (1) of the Act; hereinafter the same applies in this Article and the following Article) has been submitted for an Internal Control Report and the documents attached thereto pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-4-5, paragraph (1) of the Act under Article 24-4-5, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph), the deemed replacement of terms under Article 24-4-5, paragraph (2) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms

Article 6	the statement set forth in paragraph (1) of the preceding Article and of other documents required under paragraph (13) of the preceding Article	the respective Amendment Reports
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(3) If the provisions of the Act are applied mutatis mutandis when a foreign company submits an Amendment Report for the Internal Control Report submitted thereby pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-4-5, paragraph (1) of the Act following the deemed replacement of terms under Article 24-4-5, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph), the deemed replacement of terms under Article 24-4-5, paragraph (3) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 24, paragraph (8)	Annual Securities Reports	Amendment Reports
	a foreign company required to submit Annual Securities Reports under paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph to paragraph (13)) (including foreign companies which have submitted Annual Securities Reports under Article 23-3, paragraph (4); hereinafter referred to as a "Reporting Foreign Company")	a foreign company required to submit Annual Securities Reports under paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph to paragraph (13)) (limited to the foreign companies which have submitted the Foreign Company Reports)

	Annual Securities Reports to be submitted under paragraph (1) and the documents to be attached thereto under paragraph (6) (hereinafter collectively referred to as "Annual Securities Reports, etc." in this Article)	Amendment Reports
	and are similar to Annual Securities Reports, etc. Disclosed in a Foreign State (meaning the state of having been made available for public inspection based on laws and regulations under the foreign state (including the rules provided for by the operator of a Foreign Financial Instruments Market or other person specified by Cabinet Office Order); the same applies hereinafter in Articles 24-4-7, paragraph (6) and Article 24-5, paragraph (7))	and contain the matters to be stated in the Amendment Reports
	Foreign Company Reports	Foreign Company Amendment Reports
Article 24, paragraph (9)	Foreign Company Reports	Foreign Company Amendment Reports
	and documents stating the matters specified by Cabinet Office Order as those necessary and appropriate for the public interest or protection of investors among the matters not stated in the Foreign Company Report, and other documents	and other documents
Article 24, paragraph (11)	Reporting Foreign Company	foreign company (limited to the foreign companies which have submitted a Foreign Company Report)
	Foreign Company Report	Foreign Company Amendment Report
	Annual Securities Reports, etc.	Amendment Reports
	Annual Securities Reports, etc.	Amendment Reports

(Deemed Replacement of Terms in Connection with Liability for Damages Related to an Internal Control Report)

Article 4-2-9 If the provisions of the Act are applied mutatis mutandis to a case in which an Internal Control Report (including the Amendment Report thereof)

contains a false statement about a material particular, omits a statement as to a material particular that is required to be stated, or omits a statement of material fact that is necessary to prevent it from being misleading, under Article 24-4-6 of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article), the deemed replacement of terms under Article 24-4-6 of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 22, paragraph (2)	the preceding paragraph	the preceding paragraph as applied mutatis mutandis pursuant to Article 24-4-6

(Scope of Companies Required to Submit a Quarterly Securities Report)

Article 4-2-10 (1) The company that is the issuer and other persons specified by Cabinet Order that are provided for in Article 24-4-7, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article) means the issuer of the Securities set forth in Article 24, paragraph (1), item (i) or (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) (limited to the Securities that fall under the category of Securities set forth in the following items):

- (i) share certificates;
  - (ii) Preferred Equity Securities;
  - (iii) the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the Securities set forth in the preceding two items;
  - (iv) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are the Securities set forth in the preceding three items; or
  - (v) the Securities set forth in Article 2, paragraph (1), item (xx) of the Act which indicate the rights of the Securities set forth in item (i) to item (iii).
- (2) The period specified by Cabinet Order that is excluded from being treated as one of the three-month periods into which a business year is divided, as provided in Article 24-4-7, paragraph (1) of the Act, is the last of those three month periods.
- (3) The period not exceeding 45 days designated by Cabinet Order that is provided for in Article 24-4-7, paragraph (1) of the Act is 45 days.
- (4) The period not exceeding 60 days specified by Cabinet Order that is provided

for in Article 24-4-7, paragraph (1) of the Act is the period specified in the relevant of the following items for the category of Quarter (meaning each three-month period of the business year as set forth in Article 24-4-7, paragraph (1) of the Act; hereinafter the same applies in this paragraph) set forth in that item:

- (i) the Quarter following the first Quarter of the business year: 60 days; and
- (ii) a Quarter other than the Quarter set forth in the preceding item: 45 days.

(5) If the provisions of the Act are applied mutatis mutandis to a Quarterly Securities Report (meaning a Quarterly Securities Report as defined in Article 24-4-7, paragraph (1) of the Act; the same applies hereinafter) under Article 24-4-7, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph and the following paragraph), the deemed replacement of terms under Article 24-4-7, paragraph (4) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 9, paragraph (1)	Article 5, paragraph (1) and paragraph (13)	the Quarterly Securities Report and the Amendment Reports set forth in Article 7
	the statement(s)	the Amendment Reports

(6) If the provisions of the Act are applied mutatis mutandis to a case in which a Quarterly Securities Report or its Amendment Report (meaning the amendment report referred to in Article 24-4-7, paragraph (4) of the Act; hereinafter the same applies in this Article and the following Article) contains a false statement about a material particular, omits a statement as to a material particular that is required to be stated, or omits a statement of material fact that is necessary to prevent it from being misleading under Article 24-4-7, paragraph (4) of the Act, the deemed replacement of terms under Article 24-4-7, paragraph (4) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 22, paragraph (1)	Securities Registration Statement	Quarterly Securities Report or the Amendment Reports thereof



(7) If the provisions of the Act are applied mutatis mutandis when a Quarterly Securities Report has been submitted pursuant to the provisions of Article 24-4-7, paragraph (1) or (2) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-7, paragraph (3) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article and the following Article) and when an amendment report for the Quarterly securities Report has been submitted pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-4-7, paragraph (4) of the Act, under Article 24-4-7, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the deemed replacement of terms under Article 24-4-7, paragraph (5) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 6	the statement set forth in paragraph (1) of the preceding Article and of other documents required under paragraph (13) of the preceding Article	the relevant Quarterly Securities Report and the Amendment Reports thereof

(8) The period specified by Cabinet Order that is provided for in Article 24-4-7, paragraph (10) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) is a period from the day on which the notice under Article 24-4-7, paragraph (9) of the Act has been given until the last day of the period in which the Quarterly Securities Report under Article 24-4-7, paragraph (1) of the Act is to be submitted, if its submission has been decided pursuant to Article 24-4-7, paragraph (1) of the Act, or until the day on which 15 days have elapsed from the day of notice, whichever comes later.

(9) If the provisions of the Act are applied mutatis mutandis when a Reporting Foreign Company submits Amendment Reports for the Foreign Company Quarterly Securities Report (meaning the Foreign Company Quarterly Securities Report prescribed in Article 24-4-7, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act)) and the Supplementary Documents therefor (meaning the Supplementary Documents prescribed in Article 24-4-7, paragraph (7) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act)) submitted thereby pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1)

or Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-4-7, paragraph (4) of the Act following the deemed replacement of terms under Article 24-4-7, paragraph (11) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph), the deemed replacement of terms under Article 24-4-7, paragraph (11) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 24-4-7, paragraph (6)	a Reporting Foreign Company required to submit Quarterly Securities Reports under paragraph (1)	a Reporting Foreign Company required to submit Amendment Reports for the Foreign Company Quarterly Securities Reports and the Supplementary Documents therefor which have been submitted thereby pursuant to the provisions of Article 7, Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to paragraph (4) following the deemed replacement of terms
	Quarterly Securities Reports	Amendment Reports
	Foreign Company Quarterly Securities Report	Amendment Reports for Foreign Company Quarterly Securities Reports
Article 24-4-7, paragraph (7)	Foreign Company Quarterly Securities Report	Amendment Reports for Foreign Company Quarterly Securities Reports
Article 24-4-7, paragraph (8)	Foreign Company Quarterly Securities Report	Amendment Reports for Foreign Company Quarterly Securities Reports
	Quarterly Securities Reports	Amendment Reports

(Deemed Replacement of Terms in Connection with Confirmation Letters for Quarterly Securities Reports)

Article 4-2-11 If the provisions of the Act are applied mutatis mutandis when a person submits a Quarterly Securities Report pursuant to Article 24-4-7, paragraph (1) or (2) of the Act and when a person submits an Amendment Report pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) of the Act as applied mutatis

mutandis pursuant to Article 24-4-7, paragraph (4) of the Act following the deemed replacement of terms under Article 24-4-8, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article), the deemed replacement of terms under Article 24-4-8, paragraph (1) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 24-4-2, paragraph (1)	the Annual Securities Report	the Quarterly Securities Report

(Deadline for the Submission of a Semiannual Securities Report If the Relevant Person Has Been Notified That It Is Not Allowed to Submit a Foreign Company Semiannual Securities Report)

Article 4-2-12 The period specified by Cabinet Order that is provided for in Article 24-5, paragraph (11) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) is the period from the day on which the notice under Article 24-5, paragraph (10) of the Act has been given until the last day of the period in which the Semiannual Securities Report under Article 24-5, paragraph (1) of the Act is to be submitted, if its submission has been decided pursuant to Article 24-5, paragraph (1) of the Act, or until the day on which 15 days have elapsed from the day of notice, whichever comes later.

(Deemed Replacement of Terms in Connection with Confirmation Letters for Semiannual Securities Reports)

Article 4-2-13 If the provisions of the Act are applied mutatis mutandis when a person submits a Semiannual Securities Report pursuant to Article 24-5, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24-5, paragraph (3) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) and when a person submits an Amendment Report (meaning the Amendment Report set forth in Article 24-5, paragraph (5) of the Act) is to be submitted pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-5, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article) following the deemed replacement of terms under Article 24-5-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the deemed replacement of terms under Article 24-5-2, paragraph (1) of the Act is as given in the

following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 24-4-2, paragraph (1)	the Annual Securities Report	the Semiannual Securities Report

(Share Certificates Equivalent to Listed Share Certificates)

- Article 4-3 (1) The share certificates specified by Cabinet Order that are provided for in Article 24-6, paragraph (1) of the Act are share certificates that fall under the category of Over-the-Counter Traded Securities.
- (2) The Securities specified by Cabinet Order that are provided for in Article 24-6, paragraph (1) of the Act are the following Securities:
- (i) Investment Securities (meaning Investment Securities as prescribed in the Act on Investment Trusts and Investment Corporations; hereinafter the same applies in this paragraph) listed on a Financial Instruments Exchange;
  - (ii) Investment Securities that fall within the category of Over-the-Counter Traded Securities;
  - (iii) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are share certificates listed on a Financial Instruments Exchange, the share certificates set forth in the preceding paragraph or the Investment Securities set forth in the preceding two items;
  - (iv) Certificates of a beneficial interest in a securities trust (limited to those of which the Entrusted Securities are share certificates or Investment Securities; and excluding those falling under the preceding item) which fall under the category of Listed Securities (meaning the Securities listed on a Financial Instruments Exchange; the same applies in item (vi)) or Over-the-Counter Traded Securities;
  - (v) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with share certificates listed on a Financial Instruments Exchange, share certificates as provided in the preceding paragraph, or Investment Securities as set forth in item (i) or (ii); or
  - (vi) the Securities set forth in Article 2, paragraph (1), item (xx) of the Act (limited to Securities that indicate rights associated with share certificates or Investment Securities; and excluding those falling under the preceding item) which fall under the category of Listed Securities or Over-the-Counter Traded Securities.
- (3) The decision of an organ specified by Cabinet Order that is provided for in Article 24-6, paragraph (1) of the Act is a resolution of the board of officers

under Article 80-2, paragraph (3) of the Act on Investment Trusts and Investment Corporations.

- (4) The meeting specified by Cabinet Order that is provided for in Article 24-6, paragraph (1) of the Act is the meeting of the board of officers at which the resolution set forth in the preceding paragraph has been made.
- (5) The day specified by Cabinet Order that is provided for in Article 24-6, paragraph (1) of the Act is the day on which the period set forth in Article 80-2, paragraph (1), item (iv) of the Act on Investment Trusts and Investment Corporations as applied pursuant to the provisions of Article 80-5, paragraph (2) of that Act following the deemed replacement of terms is to expire.

(Companies Closely Related to the Relevant Person)

Article 4-4 (1) The company specified by Cabinet Order that is provided for in Article 24-7, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) is a company as follows:

- (i) a company that holds the majority of the Voting Rights Held by All the Shareholders, etc. of a Subsidiary Company Submitting Annual securities Reports (meaning the Subsidiary Company Submitting Annual securities Reports prescribed in Article 24-7, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act); the same applies in the following item, Article 4-7, paragraph (1), Article 39, paragraph (3) and Article 41-2, paragraph (3)) in its own name or in another person's name (or under a fictitious name; hereinafter the same applies in this Article and Article 4-7); or
- (ii) if a company and a corporation or other organization (meaning a corporation or any other organization; the same applies hereinafter) in which the company holds a majority of the Voting Rights Held by All the Shareholders, etc. in its own name or in another person's name, jointly hold the majority of the Voting Rights Held by All the Shareholders, etc. of a Subsidiary Company Submitting Annual Securities Reports in their own names or in another person's name, the company.
- (2) If a company and a first corporation or other organization in which that company holds a majority of the Voting Rights Held by All the Shareholders, etc. in its own name or in another person's name (hereinafter such a corporation or other organization is referred to as the "controlled corporation or other organization" in this paragraph and Article 4-7), jointly hold the majority of the Voting Rights Held by All the Shareholders, etc. of a second corporation or other organization in their own names or in another person's name, the second corporation or other organization is deemed to be the controlled corporation or other organization of the company and the provisions of item (ii) of the preceding paragraph and this paragraph apply.

(Deadline for Submission of a Parent Company Status Report for a Foreign Company)

Article 4-5 The period specified by Cabinet Order that is provided for in Article 24-7, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) is three months; provided, however, that if the Foreign Company (if applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act, a foreign person) that is a Parent Company, etc. (meaning a Parent Company, etc. as defined in Article 24-7, paragraph (1) of the Act; the same applies in Article 4-8) is found to be unable to submit a Parent Company, etc. Status Report (meaning the Parent Company, etc. Status Report prescribed in Article 24-7, paragraph (1) of the Act; the same applies hereinafter) within three months after the end of its business year due to the laws and regulations or practices in its state or any other compelling reasons, that period is the period approved in advance by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Deemed Replacement of Terms in Connection with the Amendment of a Parent Company Status Report)

Article 4-6 With regard to a Parent Company, etc. Status Report referred to in Article 24-7, paragraph (1) of the Act, the deemed replacement of terms under paragraph (3) of that Article when the provisions of the Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 9, paragraph (1) of the Act	the statement or other documents set forth in Article 5, paragraph (1) and paragraph (13) or Article 7, paragraph (1)	the Parent Company, etc. Status Report or the amendment reports under Article 7

(Persons Other Than a Company That Has a Close Relationship with the Person in Question)

Article 4-7 (1) The persons other than a company that has a close relationship with the person in question as specified by Cabinet Order, as provided in Article 24-7, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act (including as applied mutatis mutandis

pursuant to Article 27 of the Act) following the deemed replacement of terms, are the following persons:

- (i) a cooperative financial institution (meaning the issuer of the Securities set forth in Article 2, paragraph (1), item (vii) of the Act (including the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the aforementioned Securities)) that holds the majority of the Voting Rights Held by All the Shareholders, etc. of a Subsidiary Company Submitting Annual securities Reports in its own name or in another person's name, or any other person specified by Cabinet Office Order (hereinafter referred to as the "Cooperative financial institution, etc." in this Article); or
  - (ii) if a cooperative financial institution, etc. and the controlled corporation or other organization thereof jointly hold the majority of the Voting Rights Held by All the Shareholders, etc. of a Subsidiary Company Submitting Annual Securities Reports in their own names or in another person's name, the cooperative financial institution, etc.
- (2) If a cooperative financial institution, etc. and a first controlled corporation or other organization thereof jointly hold the majority of Voting Rights Held by All the Shareholder, etc. of a second corporation or other organization in their own names or in another person's name, the second corporation or other organization is deemed to be the controlled corporation or other organization of the cooperative financial institution, etc. and the provisions of item (ii) of the preceding paragraph and this paragraph apply.

(Deemed Replacement of Terms in Connection with the Submission of a Parent Company Status Report by a Person Other Than a Company)

Article 4-8 If the Parent Company, etc. referred to in Article 24-7, paragraph (1) of the Act is a person other than a company, the deemed replacement of terms under paragraph (6) of that Article when the provisions of the Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 24-7, paragraph (1) of the Act	foreign company	foreign person

(Deemed Replacement of Terms When an Issuer Is a Person Other Than a

Company)

Article 4-9 If the provisions of the Act are applied mutatis mutandis to a case in which an issuer is a person other than a company as in the provisions of Article 27 of the Act, the deemed replacement of terms under that Article is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 13, paragraph (1) of the Act	Share option certificates	Investment Equity Subscription Right Certificates
	Allotment of Share Options without Contribution specified in Article 277 of the Companies Act	allotment of Investment Equity Subscription Rights without contribution as prescribed in Article 88-13 of the Act on Investment Trusts and Investment Corporations
Article 23-3, paragraph (1) of the Act	Share option certificates	Investment Equity Subscription Right Certificates
	of share options	of Investment Equity Subscription Right Certificates
Article 24, paragraph (10) of the Act	foreign company	foreign person

(Scope of Securities That Make It Unnecessary for an Issuer Other Than a Company to Submit an Annual Securities Report)

Article 4-10 (1) The Securities specified by Cabinet Order that are provided for in the proviso to Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; the same applies in the following paragraph and the following Article) are the following Securities:

- (i) Preferred Equity Securities;
- (ii) the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of Preferred Equity Securities;
- (iii) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are the Securities set forth in the preceding item; or
- (iv) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the Securities set forth in item (ii).

(2) The number calculated pursuant to the provisions of Cabinet Order, referred to in the proviso to Article 24, paragraph (1) of the Act, is 300.



(Amount of Stated Capital That Makes It Unnecessary for an Issuer Other Than a Company to Submit an Annual Securities Report)

- Article 4-11 (1) The amount specified by Cabinet Order as the amount of the stated capital, referred to in the proviso to Article 24, paragraph (1) of the Act is the amount of net assets of the incorporated educational institution, etc. stated on the balance sheet.
- (2) The amount specified by Cabinet Order that is provided for in the proviso to Article 24, paragraph (1) of the Act is 100 million yen.
- (3) The number specified by Cabinet Order that is provided for in the proviso to Article 24, paragraph (1) of the Act is 300.
- (4) The Securities specified by Cabinet Order that are provided for in Article 24, paragraph (1), item (iv) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; the same applies in the following paragraph) are Preferred Equity Securities and the claims set forth in Article 1-3-4.
- (5) The number specified by Cabinet Order that is provided for in Article 24, paragraph (1), item (iv) of the Act is the number specified in the relevant of the following items for the category of Securities set forth in that item:
- (i) Preferred Equity Securities: 1000 (if the Preferred Equity Securities are Securities for Professional Investors, the number obtained by adding the number of Professional Investors calculated pursuant to the provisions of Cabinet Office Order to 1000); or
  - (ii) the claims set forth in Article 1-3-4: 500.

(Issuer of Foreign Bonds for Not Required to Submit a Semiannual Securities Report)

Article 5 The issuer of, among the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act, the Securities which have the nature of the Securities set forth in item (i) or item (ii) of that paragraph or the issuer of, among the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act, the Securities which have the nature of the Securities set forth in item (iii) of that paragraph (limited to the issuer designated by the Commissioner of the Financial Services Agency as those whose omitted submission of a Semiannual Securities Report and Extraordinary Report (meaning the Semiannual Securities Report and Extraordinary Report set forth in Article 24-5 of the Act as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article) would not compromise the public interest or the protection of investors) is not required to submit Semiannual Securities Reports and Extraordinary Reports.

**Chapter III Disclosure Required for a Tender Offer**

## **Section 1 Tender Offers for Share Certificates by Persons Other Than the Issuer**

(Securities That Are Required to Be Purchased through Tender Offer)

Article 6 (1) The Securities set forth in Article 27-2, paragraph (1) of the Act which are specified by Cabinet Order are the following Securities (excluding share certificates associated with shares that do not allow voting rights to be exercised with regard to all matters that can be resolved at a shareholders meeting (referred to as "Shares Not Conferring Voting Rights" in Article 14-5-2) or other Securities specified by Cabinet Office Order; hereinafter referred to as "Share Certificates, etc." in this Section):

- (i) share certificates, share option certificates and corporate bond certificates with share options;
  - (ii) instruments or certificates issued by a foreign person which have the nature of the Securities set forth in the preceding item;
  - (iii) Investment Securities, etc. and Investment Equity Subscription Right Certificates, etc.;
  - (iv) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are the Securities set forth in the preceding three items; and
  - (v) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the Securities set forth in item (i) to item (iii).
- (2) The Securities specified by Cabinet Order as those for which the state of distribution can be regarded as being equivalent to the Specified Listed Securities, as provided in Article 27-2, paragraph (1) of the Act, are Specified Over-the-Counter Traded Securities.
- (3) The acts specified by Cabinet Order as being similar to an acquisition for value of Share Certificates, etc., as provided in Article 27-2, paragraph (1) of the Act, are as follows:
- (i) a unilateral option contract for a purchase and sale of Share Certificates, etc. (limited to cases in which the person in question holds the right to complete the purchase and sale and would acquire the position of buyer through the exercise of that right);
  - (ii) acquisition of an Option (meaning an Option as defined in Article 2, paragraph (1), item (xix) of the Act; the same applies hereinafter) to effect a purchase and sale of Share Certificates, etc. (limited to if the exercise of that Option would cause the person exercising it to acquire the position of buyer in the purchase and sale);
  - (iii) any other acts specified by Cabinet Office Order.

(Purchases Exempted from Tender Offers)

Article 6-2 (1) The Purchase, etc. of Share Certificates, etc. specified by Cabinet Order that is provided for in the proviso to Article 27-2, paragraph (1) of the Act means a Purchase, etc. (meaning a Purchase, etc. as prescribed in that paragraph; hereinafter the same applies in this Section) of Share Certificates, etc. as follows:

- (i) a Purchase, etc. of Share Certificates, etc. made through the exercise of the right to receive the allotment of shares by the person that holds that right;
- (ii) a Purchase, etc. of Share Certificates, etc. that a person holding a beneficiary certificate of an investment trust as set forth in Article 12, item (i) of the Order for the Enforcement of the Act on Investment Trusts and Investment Corporations makes by exchanging that beneficiary certificate pursuant to Article 12, item (i), (a) of that Order;
- (iii) a Purchase, etc. of Share Certificates, etc. that a person holding a beneficiary certificate of an investment trust as set forth in Article 12, item (ii) of the Order for the Enforcement of the Act on Investment Trusts and Investment Corporations makes by exchanging that beneficiary certificate pursuant to Article 12, item (ii), (c) of that Order;
- (iv) a Specified Purchase, etc. (meaning a Purchase, etc. of Share Certificates, etc. as referred to in paragraph (3); hereinafter the same applies in this paragraph) of Share Certificates, etc. that are being issued by the issuer of Share Certificates, etc. which are in the possession of the person making that Specified Purchase, etc., if, before the Specified Purchase, etc., the sum rate of that person's Ownership Ratio of Share Certificates, etc. (meaning the Ownership Ratio of Share Certificates, etc. defined in Article 27-2, paragraph (8) of the Act; hereinafter the same applies in this Section) and the Ownership Ratio of Share Certificates, etc. of that person's Specially Related Parties (meaning the Specially Related Parties set forth in the proviso to Article 27-2, paragraph (1) of the Act) exceeds 50 percent (excluding cases in which the Ownership Ratio of Share Certificates, etc. for Share Certificates, etc. in the possession of the person that conducts the Specified Purchase, etc. (if there are Specially Related Parties (meaning Specially Related Parties as set forth in Article 27-2, paragraph (1), item (i) of the Act) with the person, the rate obtained by adding the Ownership Ratio of Share Certificates, etc. of those Specially Related Parties; hereinafter the same applies in this Section) is not less than two-thirds after the Specified Purchase, etc. is conducted);
- (v) if a corporation or other organization that is in the position of holding shares or equity associated with a number of voting rights that constitutes over 50 percent of the number of Voting Rights Held by All the Shareholders, etc. of a corporation or other organization (excluding the cases specified by Cabinet Office Order; hereinafter referred to as a "Special Controlling Interest" in this item) (such a corporation or other organization is referred to

- as the "Parent Corporation, etc." in the following item), holds a Special Controlling Interest over another corporation or other organization, the Specified Purchase, etc. conducted by the other corporation or other organization;
- (vi) if the person that conducts a Specified Purchase, etc. and the Parent Corporation, etc. of the person that conducts a Specified Purchase, etc. and any other person specified by Cabinet Office Order (hereinafter referred to as a "related corporation or other organization" in this item) jointly hold shares or Investment Equity (including the status as a member of a Foreign Investment Corporation (meaning a Foreign Investment Corporation as prescribed in Article 2, paragraph (25) of that Act; the same applies hereinafter); hereinafter the same applies in this Section) associated with voting rights (including voting rights associated with shares and Investment Equity (meaning the Investment Equity prescribed in Article 2, paragraph (14) of the Act on Investment Trusts and Investment Corporations; hereinafter the same applies in this Section) that cannot be asserted against the issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of the Act on the Book-Entry Transfer of Corporate Bonds, Shares, etc. (including as applied mutatis mutandis pursuant to Article 228, paragraph (1) of that Act)) exceeding one-third of the number of Voting Rights Held by All the Shareholders, etc. of another issuer, the Specified Purchase, etc. of Share Certificates, etc. of the other issuer made by the related corporation or other organization (excluding those specified by Cabinet Office Order) (excluding the Specified Purchase, etc. set forth in the preceding item);
  - (vii) a Specified Purchase, etc. made in a case specified by Cabinet Office Order as a case in which the holders of Share Certificates, etc. are few in number, in a case specified by Cabinet Office Order as a case in which all the holders of the Share Certificates, etc. have given consent to make the Specified Purchase, etc. associated with the Share Certificates, etc. by means other than a Tender Offer;
  - (viii) a Specified Purchase, etc. made through the exercise of a security interest;
  - (ix) a Specified Purchase, etc. made by a full or partial acquisition of business;
  - (x) a Purchase, etc. of Share Certificates, etc. made in response to a Secondary Distribution of Share Certificates, etc. (limited to cases in which the notification under Article 4, paragraph (1) of the Act has been given or the Supplements to Shelf Registration Documents defined in Article 23-8, paragraph (1) of the Act has been submitted under that paragraph with regard to the Secondary Distribution);
  - (xi) if the issuer provides, as a feature of all or part of its shares, that the

- shareholders may demand the issuer to redeem the shares, the Purchase, etc. of the Share Certificates, etc. which are delivered in exchange of the redemption of the shares;
- (xii) if the issuer provides, as a feature of all or part of its shares, that the issuer may acquire the shares or share options upon the occurrence of a specified event, Purchase, etc. of the Share Certificates, etc. which are delivered in exchange of the acquisition of the shares or share options;
- (xiii) if an Officer (meaning a director, executive officer, accounting advisor (if the accounting advisor is a corporation, the member to perform the duties thereof is included; the same applies in Article 9, paragraph (1) and Article 14-8-2, paragraph (1)), or company auditor, and in the case of an Investment Corporation (meaning an Investment Corporation as defined in Article 2, paragraph (12) of the Act on Investment Trusts and Investment Corporations and including a Foreign Investment Corporation), meaning the corporate officer, supervisory officer, or any person equivalent thereto; hereinafter the same applies in this item) or employee of the issuer of the Share Certificates, etc. entrusts the Purchase, etc. of the issuer's Share Certificates, etc. to a Financial Instruments Business Operator (limited to those that conduct Type 1 Financial Instruments Business (meaning the Type I Financial Instruments Business defined in Article 28, paragraph (1) of the Act; the same applies hereinafter); the same applies in Article 10, item (i) and Article 14-3-5, item (i)) jointly with other Officers or employees of the issuer, the Purchase, etc. of Share Certificates, etc. made if that Purchase, etc. is to be made continually according to a fixed plan and without depending on an individual investment decision, and any other case specified by Cabinet Office Order;
- (xiv) the Purchase, etc. of Share Certificates, etc. which are issued by an issuer other than one that is required to submit an Annual Securities Report pursuant to Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act)) (excluding an issuer of Share Certificates, etc. which are Specified Listed Securities or Specified Over-the-Counter Traded Securities);
- (xv) if a Clearing Member (meaning a Clearing Member as prescribed in Article 156-7, paragraph (2), item (iii) of the Act) that has the obligation to deliver the Share Certificates, etc. to the Financial Instruments Clearing Organization (if the Financial Instruments Clearing Organization conducts Collaborative Financial Instruments Obligation Assumption Services as prescribed in Article 156-20-16, paragraph (1), including the Collaborating Clearing Organization, etc. set forth in that paragraph; hereinafter the same applies in this item) or the Foreign Financial Instruments Clearing

- Organization has failed to perform that obligation by the time specified as the limit for the performance of the obligations in the business rules of the Financial Instruments Clearing Organization or Foreign Financial Instruments Clearing Organization, a Purchase, etc. of Share Certificates, etc. made pursuant to the provisions of the business rules; or
- (xvi) a Purchase, etc. of Share Certificates, etc. through a Demand for a Share, etc. Cash-Out (meaning a demand for a share, etc. cash-out as prescribed in Article 179-3, paragraph (1) of the Companies Act; the same applies in Article 28-2, item (xiii), Article 29-2-5, item (vi), and Article 31) (if the issuer of Share Certificates, etc. has issued share option certificates by the time of the purchase, etc. (excluding cases in which all the share option certificates are specified by Cabinet Office Order, referred to in Article 8, paragraph (5), item (iii)), limited to cases in which the demand for a share option cash-out prescribed in Article 179, paragraph (3) of that Act is made together with the demand for a cash-out prescribed in Article 179, paragraph (2) of that Act).
- (2) The transactions specified by Cabinet Order that are provided for in Article 27-2, paragraph (1), item (i) of the Act are the following transactions:
- (i) transactions of Over-the-Counter Traded Securities on an Over-the-Counter Securities Market;
- (ii) transactions of Securities (limited to those listed on a Financial Instruments Exchange; hereinafter the same applies in this item) through the acts set forth in Article 2, paragraph (8), item (x) of the Act (limited to those made using an electronic data processing system designated by the Commissioner of the Financial Services Agency as satisfying all of the following requirements) (if the Securities are Specified Listed Securities, those transactions are limited to those in which Professional Investors, etc. are the only parties):
- (a) it has been established that the class, issue and price of the Securities subject to an solicitation for selling, an offer to purchase, or a purchase and sale that has been undertaken using an electronic data processing system, and any other particulars specified by Cabinet Office Order as particulars that should indicate the substance of the offer or of the purchase and sale, will be publicly announced immediately;
- (b) the method for deciding the trading price associated with an solicitation for selling, an offer to purchase, or a purchase and sale that is undertaken using the electronic data processing system is a method that involves an auction or any other method specified by Cabinet Office Order as one that involves the price being formed with the participation of a large number of persons;
- (c) it is found to have been ensured that a person holding Securities for which an offer to purchase has been made using an electronic data

- processing system will have the opportunity to sell those Securities using that electronic data processing system in a timely manner; and
- (iii) transactions of Securities by the method of an auction on a foreign financial instruments market designated by the Commissioner of the Financial Services Agency as being equivalent to a Financial Instruments Exchange Market or by other methods specified by Cabinet Office Order as being equivalent thereto.
- (3) The case specified by Cabinet Order as Purchases, etc. being made from an extremely small number of persons, as prescribed in Article 27-2, paragraph (1), item (i) of the Act, and the case specified by Cabinet Order as Purchases, etc. of Share Certificates, etc. being made from an extremely small number of persons, as prescribed in item (ii) of that paragraph, are cases in which the total number of counterparties to the Purchases, etc. of Share Certificates, etc. and counterparties to Purchases, etc. of Share Certificates, etc. that have been issued by the issuer of the relevant Share Certificates, etc. which have been made outside a Financial Instruments Exchange Market during the 60 days prior to the day on which the relevant Purchases, etc. are to be made (excluding the persons specified by Cabinet Office Order) (excluding Purchases, etc. made through a Tender Offer, Purchases, etc. of Share Certificates, etc. made through transactions as set forth in the items of the preceding paragraph (excluding Purchases, etc. in the case referred to in the following Article, paragraph (7), item (i)), any Purchase, etc. of Share Certificates, etc. that a person holding share options makes through the exercise of those share options, and Purchases, etc. as set forth in paragraph (1), items (i) to (iii) and (x) to (xv)) is less than ten persons.
- (4) The transactions specified by Cabinet Order that are provided for in Article 27-2, paragraph (1), item (ii) of the Act are the transactions set forth in paragraph (2), item (i).

(Purchases to Which Restrictions on Tender Offer Are Applied)

Article 7 (1) The case specified by Cabinet Order as equivalent to the possession of Share Certificates, etc. which is provided for in Article 27-2, paragraph (1), item (i) of the Act means one of the following cases:

- (i) a case in which the person that conducts the Purchase, etc. has the right to request delivery of Share Certificates, etc. under a purchase and sale contract or any other contract;
- (ii) a case in which the person that conducts the Purchase, etc. has the authority to exercise voting rights as a shareholder or Investor (meaning an investor as defined in Article 2, paragraph (16) of the Act on Investment Trusts and Investment Corporations and including the members of a Foreign Investment Corporation; the same applies in Article 14-6-2, item (ii)) of the

- issuer of Share Certificates, etc., or the authority to give instructions with regard to the exercise of voting rights under a money trust contract or any other contract, or the provisions of Acts;
- (iii) a case in which the person that conducts the Purchase, etc. has the authority necessary to make investments in Share Certificates, etc. based on a Discretionary Investment Contract (meaning a discretionary investment contract as prescribed in Article 2, paragraph (8), item (xii), (b) of the Act; the same applies hereinafter) or any other contract, or the provisions of Acts;
  - (iv) a case in which the person that conducts the Purchase, etc. has entered into a unilateral option contract for a purchase and sale of Share Certificates, etc. (limited to cases in which the person in question holds the right to complete the purchase and sale and would acquire the position of buyer through the exercise of that right);
  - (v) a case in which the person that conducts the Purchase, etc. has acquired an Option to effect a purchase and sale of Share Certificates, etc. (limited to if the exercise of that Option would cause the person exercising it to acquire the position of buyer in the purchase and sale); and
  - (vi) any other cases specified by Cabinet Office Order.
- (2) The period specified by Cabinet Order that is provided for in Article 27-2, paragraph (1), item (iv) of the Act is three months.
- (3) The proportion specified by Cabinet Order related to the acquisition of Share Certificates, etc., as prescribed in Article 27-2, paragraph (1), item (iv) of the Act, is ten percent of the total number of Share Certificates, etc. issued by the issuer of the Share Certificates, etc. subject to the acquisition. In this case, the calculation of that proportion is to be made pursuant to the provisions of Cabinet Office Order based on the number of voting rights associated with the Share Certificates, etc.
- (4) The proportion specified by Cabinet Order related to the Purchase, etc. of Share Certificates, etc. made through the Specified Purchase and Sale, etc. or the Purchase, etc. made outside of Financial Instruments Exchange Markets, as prescribed in Article 27-2, paragraph (1), item (iv) of the Act, is five percent of the total number of Share Certificates, etc. issued by the issuer of Share Certificates, etc. that are subject to that Purchase, etc. In this case, the calculation of that proportion is to be made pursuant to the provisions of Cabinet Office Order based on the number of voting rights associated with the Share Certificates, etc.
- (5) The period specified by Cabinet Order that is provided for in Article 27-2, paragraph (1), item (v) of the Act is the period from the day of commencement of the period of Purchase, etc. of Share Certificates, etc. stated on the Tender Offer Statement (meaning a Tender Offer Statement as prescribed in Article 27-3, paragraph (2) of the Act) for a Tender Offer undertaken for the relevant



Share Certificates, etc. until the day on which the period ends.

- (6) The proportion specified by Cabinet Order that is provided for in Article 27-2, paragraph (1), item (v) of the Act is five percent of the total number of Share Certificates, etc. issued by the issuer of the Share Certificates, etc. subject to Purchase, etc. In this case, the calculation of that proportion is to be made pursuant to the provisions of Cabinet Office Order based on the number of voting rights associated with the Share Certificates, etc.
- (7) The Purchase, etc. of Share Certificates, etc. specified by Cabinet Order that is provided for in Article 27-2, paragraph (1), item (vi) of the Act means one of the following Purchases, etc. of Share Certificates, etc.:
- (i) if the Ownership Ratio of Share Certificates, etc. for Share Certificates, etc. in the possession of the Purchaser of Share Certificates, etc. (meaning the person that conducts the Purchase, etc. of Share Certificates, etc.; the same applies in the following item) is much than a-third after the Purchase, etc. of Share Certificates, etc. is conducted, the Purchase, etc. thereof which is made through a transaction as set forth in paragraph (2), items (ii) and (iii) of the preceding Article; and
  - (ii) if the provisions of Article 27-2, paragraph (1), item (iv) of the Act are applied to the Acquisition of Share Certificates, etc. (meaning the Purchase, etc. of Share Certificates, etc. and the Acquisition of Newly Issued Share Certificates, etc. prescribed in Article 27-2, paragraph (1), item (iv) of the Act; hereinafter the same applies in this item) made by the Purchaser of Share Certificates, etc. and to the Acquisition of Share Certificates, etc. made by the Specially Related Party thereof (meaning a Specially Related Party thereof as prescribed in Article 27-2, paragraph (7), item (ii) of the Act) by deeming the acquisition to be the Acquisition of Share Certificates, etc. made by the Purchaser of Share Certificates, etc., the Purchase, etc. of Share Certificates, etc. made as the Acquisition of Share Certificates, etc. which is to fall under the category of Purchase, etc. of Share Certificates, etc. prescribed in Article 27-2, paragraph (1), item (iv) of the Act.

(Period of Purchase)

Article 8 (1) The period specified by Cabinet Order that is provided for in Article 27-2, paragraph (2) of the Act is not less than 20 days (the number of days that constitute days as set forth in the items of Article 1, paragraph (1) of the Act on Non-Business Days of Administrative Organs (Act No. 91 of 1988) (hereinafter referred to as "Non-Business Days of Administrative Organs") is not included) but within 60 days (Non-Business Days of Administrative Organs are not included) from the day on which the Tender Offeror (meaning the Tender Offeror prescribed in Article 27-3, paragraph (2) of the Act; hereinafter the same applies in this Section) has given Public Notice of the Commencement

- of the Tender Offer (meaning the public notice referred to in Article 27-3, paragraph (1) of the Act; hereinafter the same applies in this Section).
- (2) The thing specified by Cabinet Order as being equivalent to the purchase price, as provided in Article 27-2, paragraph (3) of the Act, is the ratio of exchange between the Share Certificates, etc. and the Securities or anything other than money, if Securities or anything other than money are delivered as the consideration of the Purchase, etc.; and if money is delivered for the difference that arises in the exchange, its amount is included.
- (3) If a Purchase, etc. of Share Certificates, etc. is being undertaken by means of a Tender Offer, the Price for the Purchase, etc. (meaning the price for the Purchase, etc. referred to in Article 27-2, paragraph (3) of the Act) must be the same for all tendering shareholders, etc. (meaning tendering shareholders, etc. as prescribed in Article 27-12, paragraph (1) of the Act; hereinafter the same applies in this Section); provided, however, that if the Tender Offeror allows tendering shareholders, etc. to choose two or more types of consideration, it must make the types of consideration that can be chosen the same for all the tendering shareholders, etc., and must act uniformly for each type of consideration as regards the tendering shareholders, etc. that have selected that type of consideration.
- (4) The affairs specified by Cabinet Order that are provided for in Article 27-2, paragraph (4) of the Act are as follows:
- (i) the retention and return of tendered Share Certificates, etc. (meaning tendered Share Certificates, etc. as prescribed in Article 27-12, paragraph (3) of the Act);
  - (ii) paying for the Purchase, etc. (if Securities or anything other than money are delivered as the consideration for Purchase, etc., the delivery of the Securities or anything other than money is included); and
  - (iii) affairs for fixing the number of Share Certificates, etc. for which Purchase, etc. is to be made by the Pro Rata Method (meaning the Pro Rata Method prescribed in Article 27-13, paragraph (5) of the Act).
- (5) The conditions and methods specified by Cabinet Order that are provided for in Article 27-2, paragraph (5) of the Act are as follows:
- (i) once the period of Purchase, etc. has ended, a written notice of Purchase, etc. stating the number of Share Certificates, etc. subject to the Purchase, etc. and any other particulars specified by Cabinet Office Order will be sent to the tendering shareholders, etc. without delay;
  - (ii) the transfer or other settlement of the Purchase, etc. will be undertaken without delay after the expiration of the period of Purchase, etc.; and
  - (iii) if the Ownership Ratio of Share Certificates, etc. of the person making the Purchase, etc. would aggregate to not less than two-thirds after the Purchase, etc. has been conducted, the offer to Purchase, etc. or the solicitation for

selling, etc., etc. (meaning to Sell, etc. as prescribed in Article 27-2, paragraph (6) of the Act; hereinafter the same applies in this Chapter) will be made pursuant to the provisions of Cabinet Office Order with regard to all of the Share Certificates, etc. (excluding Share Certificates, etc. specified by Cabinet Office Order as those which would not compromise the public interest or the protection of investors) that are issued by the issuer of the relevant Share Certificates, etc.

- (6) The person that is required to send a written notice under item (i) of the preceding paragraph may, in the case specified by Cabinet Office Order, provide a person with the particulars that are required to be stated in the written notice by means of using an electronic data processing system or any other means of information and communications technology specified by Cabinet Office Order in lieu of sending the written notice. In this case, the person that has so provided those particulars is deemed to have sent the written notice.

(Special Relationship)

Article 9 (1) The special relationship specified by Cabinet Order provided for in Article 27-2, paragraph (7), item (i) of the Act is if a person making a Purchase, etc. of Share Certificates, etc. is an individual, that person's relationship with the following persons:

- (i) a relative of the person (limited to the spouse thereof and the relatives by blood or affinity within the first degree of kinship; hereinafter the same applies in this Article);
- (ii) if the person that conducts the Purchase, etc. of Share Certificates, etc. (inclusive of that person's relatives) is in the position of holding shares or equity associated with not less than 20 percent of the Voting Rights Held by All the Shareholders, etc. of a corporation or other organization in the person's own name or in another person's name (or under a fictitious name; hereinafter the same applies in this Article) (hereinafter such a relationship is referred to as a "Special Capital Relationship" in this Article), the corporation or other organization and its Officers (meaning a director, executive officer, accounting advisor, or company auditor (including board member, inspector, and persons equivalent thereto); hereinafter the same applies in this Article) (excluding cases in which the person will come to have a Special Capital Relationship by conducting the Purchase, etc. of the Share Certificates, etc.).

- (2) The special relationship specified by Cabinet Order that is provided for in Article 27-2, paragraph (7), item (i) of the Act is, if the person that conducts the Purchase, etc. of Share Certificates, etc. is a corporation or other organization, its relationship with the following persons:

- (i) that person's Officers;
  - (ii) if that person has a Special Capital Relationship with another corporation or other organization (excluding a case in which that person will come to have a Special Capital Relationship by conducting a Purchase, etc. of Share Certificates, etc.), the other corporation or other organization and its Officers; and
  - (iii) an individual that has a Special Capital Relationship with that person, a corporation or other organization that has a Special Capital Relationship with that person, or the Officer of such a corporation or other organization.
- (3) If an individual (inclusive of that individual's relatives; hereinafter the same applies in this Article) and the controlled corporation or other organization thereof, or a corporation or other organization and the controlled corporation or other organization thereof jointly hold shares or equity associated with voting rights constituting not less than 20 percent of the Voting Rights Held by All the Shareholders, etc. of another corporation or other organization in their own names or in another person's name, the individual or corporation or other organization is deemed to have a Special Capital Relationship with the other corporation or other organization and the provisions of the preceding two paragraphs apply.
- (4) If an individual and the controlled corporation or other organizations thereof or a corporation or other organization and the controlled corporation or other organizations thereof jointly hold shares or equity associated with voting rights constituting over 50 percent of the Voting Rights Held by All the Shareholders, etc. of another corporation or other organization in their own names or in another person's name, the other corporation or other organization is deemed to be the controlled corporation or other organization of the individual or the corporation or other organization and the provisions of the preceding paragraph apply.
- (5) The controlled corporation or other organization that is referred to in the preceding two paragraphs means a second corporation or other organization in which an individual or a first corporation or other organization holds shares or equity associated with voting rights constituting more than 50 percent of the Voting Rights Held by All the Shareholders, etc. of the second corporation or other organization in its own name or in another person's name.

(Securities to Be Added in the Calculation of the Ownership Ratio of Share Certificates)

Article 9-2 The Securities specified by Cabinet Order that are provided for in Article 27-2, paragraph (8), items (i) and (ii) of the Act are the following Securities:

- (i) corporate bond certificates with share options;

- (ii) share option certificates;
- (iii) if the issuer provides, as a feature of all or part of its shares, that the shareholders may demand the issuer to redeem the shares, the share certificates of those shares;
- (iv) if the issuer provides, as a feature of all or part of its shares, that the issuer may acquire its shares upon the occurrence of a specified event, the share certificates of those shares;
- (v) instruments or certificates issued by a foreign person which have the nature of the Securities set forth in the preceding items; and
- (vi) Investment Equity Subscription Right Certificates, etc.

(Public Notice of the Commencement of a Tender Offer)

Article 9-3 (1) Public notice under Article 27-3, paragraph (1), Article 27-6, paragraph (1), Article 27-8, paragraph (11), Article 27-10, paragraph (4), Article 27-11, paragraph (2), and Article 27-13, paragraph (1) of the Act must be given by one of the following means:

- (i) by taking measures to put the information that is required to be given in a public notice into a form that makes it possible for many and unspecified persons to be provided with that information by means that involves the use of an electronic data processing system for Disclosure pursuant to the provisions of Cabinet Office Order (referred to as the "Electronic Public Notice" in paragraph (3) to paragraph (5)); or
  - (ii) by publication in a daily newspaper that publishes information on current affairs (including daily newspapers that report on general industrial and economic matters; the same applies in item (i) of the following Article and Article 14-3-4, paragraph (1), item (ii)) pursuant to the provisions of Cabinet Office Order.
- (2) Among the public notices referred to in the preceding paragraph, the public notice set forth in the main clause of Article 27-8, paragraph (11) of the Act must be given immediately after the amendment under that paragraph has been submitted.
- (3) A person giving public notice by way of Electronic Public Notice pursuant to the provisions of paragraph (1) must publish an indication that it has given that public notice in a daily newspaper that publishes information on current affairs pursuant to the provisions of Cabinet Office Order without delay after having given the public notice.
- (4) A person giving public notice by way of Electronic Public Notice pursuant to paragraph (1) must continue to provide the Electronic Public Notice until the day specified in the relevant of the following items for the category of public notice set forth in that item:
- (i) a public notice under Article 27-3, paragraph (1), Article 27-6, paragraph (1),

- Article 27-8, paragraph (11), Article 27-10, paragraph (4), or Article 27-11, paragraph (2) of the Act: the last day of the Tender Offer Period; and
- (ii) a public notice under Article 27-13, paragraph (1) of the Act: the final day in the one-month period after the start of the public notice.
- (5) The provisions of Article 4-2-4, paragraphs (3) and (4) apply mutatis mutandis to a person that gives public notice by way of Electronic Public Notice pursuant to paragraph (1). In this case, the phrase "paragraph (1), item (ii)" in Article 4-2-4, paragraph (3) is deemed to be replaced with "Article 9-3, paragraph (1), item (ii)" and the phrase "paragraph (2)" in Article 4-2-4, paragraph (4) is deemed to be replaced with "Article 9-3, paragraph (4)".
- (6) The period specified by Cabinet Order referred to in the second sentence of Article 27-3, paragraph (1) of the Act and Article 27-10, paragraph (2), item (ii) and paragraph (3) of that Article of the Act is 30 days (not counting any Non-Business Days of Administrative Organs).

(Public Announcement of the Numbers of Tendered Share Certificates)

Article 9-4 The public announcement under Article 27-13, paragraph (1) of the Act must be made by disclosure to the following journalistic organizations, pursuant to the provisions of Cabinet Office Order:

- (i) news publishers engaged in the sale of daily newspapers that publish information on current affairs in the course of trade;
- (ii) communications agencies engaged in the comprehensive transmission of information on current affairs to the news publishers set forth in the preceding item in the course of trade; and
- (iii) NHK (Japan Broadcasting Corporation) and Private Broadcasters (meaning the Private Broadcasters prescribed in Article 2, item (iii)-3 of the Broadcast Act (Act No. 132 of 1950); the same applies hereinafter).

(Persons Affiliated with a Tender Offeror)

Article 10 The persons concerned specified by Cabinet Order that are provided for in Article 27-3, paragraph (3) of the Act are the following persons:

- (i) a Financial Instruments Business Operator or a Bank, etc. (meaning a bank, a Cooperative Structured Financial Institution prescribed in Article 2, paragraph (1) of the Act on Preferred Equity Investment (hereinafter referred to as the "Cooperative financial institution"), or a Financial Institution set forth in the items of Article 1-9 of this Order; the same applies in Article 14-3-5, item (i)) that carries out the affairs set forth in Article 8, paragraph (4) on behalf of the Tender Offeror; or
- (ii) a person that conducts the Purchase, etc. of Share Certificates, etc. by means of a Tender Offer while representing the Tender Offeror.

(Share Certificates Equivalent to Listed Share Certificates)

Article 11 The Share Certificates, etc. specified by Cabinet Order that are provided for in Article 27-3, paragraph (4), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27-8, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 27-13, paragraph (3) of the Act), Article 27-11, paragraph (4), and Article 27-13, paragraph (3) of the Act; hereinafter the same applies in this Article) are Share Certificates, etc. that fall under the category of Over-the-Counter Traded Securities; and the Authorized Financial Instruments Firms Association specified by Cabinet Order that is provided for in Article 27-3, paragraph (4), item (ii) of the Act is the Authorized Financial Instruments Firms Association that registers those Share Certificates, etc.

(Cases in Which a Purchase May Be Conducted by Means Other Than a Tender Offer)

Article 12 The cases specified by Cabinet Order that are provided for in Article 27-5, item (iii) of the Act (including as applied mutatis mutandis pursuant to Article 27-8, paragraph (10) of the Act) are the following cases:

- (i) a case in which a person as set forth in the items of Article 10 conducts the Purchase, etc. under the entrustment of a person other than the Tender Offeror or the Specially Related Party thereof (meaning a Specially Related Party as prescribed in Article 27-2, paragraph (7) of the Act; excluding a person that has notified the Commissioner of the Financial Services Agency as under Article 27-5, item (ii) of the Act; hereinafter the same applies in this Section);
- (ii) a case in which a person as set forth in the items of Article 10 conducts a Purchase, etc. which is authorized for the facilitation of smooth distribution of Securities by the rules provided by a Financial Instruments Exchange or Authorized Financial Instruments Firms Association;
- (iii) a case in which a person that holds share options conducts the Purchase, etc. through the exercise of those share options;
- (iv) a case in which a Purchase, etc. as set forth in Article 6-2, paragraph (1), items (i) to (iii), (xi) and (xii) is to be conducted;
- (v) a case in which a person as set forth in the items of Article 10 conducts the Purchase, etc. through the exercise of an Option to effect a purchase and sale of Share Certificates, etc. held thereby or due to the exercise of the Option to effect a purchase and sale of Share Certificates, etc. that the person has granted;
- (vi) a case in which a Purchase, etc. set forth in Article 6-2, paragraph (1), item (xv) is to be conducted;
- (vii) a case in which a Purchase, etc. is to be conducted in a foreign state where

the Foreign Financial Instruments Exchange which lists the Share Certificates, etc. is located, by means of a Foreign Tender Offer (meaning an offer to Purchase, etc. or the solicitation for selling, etc., etc. Share Certificates, etc. that is made to many and unspecified persons based on the laws and regulations of a foreign state and that is similar to a Tender Offer; the same applies in Article 14-3-7, item (ii)) based on the provisions of laws and regulations of the foreign state; and

(viii) a case in which a Purchase, etc. of Share Certificates, etc. is to be conducted in response to the request for the purchase of Shares under the provisions of Article 116, paragraph (1), Article 182-4, paragraph (1), Article 192, paragraph (1), Article 469, paragraph (1), Article 785, paragraph (1), Article 797, paragraph (1), Article 806, paragraph (1) or Article 816-6, paragraph (1) of the Companies Act, or in response to the demand for the purchase of Investment Equity under the provisions of Article 141, paragraph (1), Article 149-3, paragraph (1), Article 149-8, paragraph (1) or Article 149-13, paragraph (1) of the Act on Investment Trusts and Investment Corporations.

(Prohibited Changes in the Terms of Purchase)

Article 13 (1) The acts specified by Cabinet Order that are provided for in Article 27-6, paragraph (1), item (i) of the Act are as follows:

(i) the splitting of shares or Investment Equity; and

(ii) the allotment of shares or share options to shareholders (limited to those made without requiring an additional payment), or allotment of Investment Equity Subscription Rights (meaning the Investment Equity Subscription Rights as prescribed in Article 2, paragraph (17) of the Act on Investment Trusts and Investment Corporations; the same applies in Article 14, paragraph (1), item (i), (n)) to Investors (meaning the Investors as prescribed in Article 2, paragraph (16) of that Act).

(2) The changes in the Terms of Purchase, etc. specified by Cabinet Order that are provided for in Article 27-6, paragraph (1), item (iv) of the Act are as follows:

(i) if the conditions set forth in Article 27-13, paragraph (4), item (i) of the Act have been imposed, an increase in the number of Share Certificates, etc. designated in the Public Notice of the Commencement of the Tender Offer and Tender Offer Statement as prescribed in that item; provided, however, that this does not apply if a person other than the Tender Offeror, Specially Related Party thereof, or the issuer of the Share Certificates, etc. for which the Tender Offer has been commenced (hereinafter referred to as the "Subject Company" in this Section) has given a Public Notice of the Commencement of a Tender Offer or a Public Notice or Public Announcement



- (meaning a public notice or public announcement as referred to in Article 27-6, paragraph (2) or (3) of the Act) of the changes in the Terms of Purchase which increases the number of Share Certificates, etc. planned to be purchased, and has conducted the Tender Offer with regard to the Share Certificates, etc. issued by the Subject Company;
- (ii) an extension of the period of Purchase, etc. exceeding the period specified in Article 8, paragraph (1); provided, however, that this does not apply if the period specified in the relevant of following items is to be extended for the category of cases set forth in that item:
    - (a) if the period of Purchase, etc. must be extended pursuant to the provisions of Article 27-8, paragraph (8) of the Act: the period to be extended pursuant to that paragraph; and
    - (b) if a person other than the Tender Offeror or Specially Related Party thereof has given, with regard to the Share Certificates, etc. issued by the Subject Company, Public Notice of the Commencement of the Tender Offer (including the Public Notice of the Commencement of the Tender Offer set forth in Article 27-3, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act) or a Public Notice or Public Announcement (meaning the public notice or public announcement under Article 27-6, paragraph (2) or (3) of the Act or Article 27-8, paragraph (8) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act or Article 27-22-3, paragraph (4) of the Act)) of a change in the Terms of Purchase that extends the period of Purchase, etc., during the Tender Offer Period (meaning the Tender Offer Period as prescribed in Article 27-5 of the Act; hereinafter the same applies in this Section): a period not exceeding the number of days counted from the day following the last day of the Tender Offer Period (including the Tender Offer Period prescribed in Article 27-5 of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act) until the last day of the Tender Offer Period given in the Public Notice of the Commencement of the Tender Offer or the Public Notice or Public Announcement of those changes;
  - (iii) a change in the types of consideration for Purchase, etc.; provided, however, that this does not apply if a new type of consideration is added as an option for the tendering shareholders, etc. to choose; and
  - (iv) if the condition set forth in Article 27-11, paragraph (1) of the Act is imposed, a change in the details of the condition.

(Period to Submit a Target Company's Position Statement)

Article 13-2 (1) The period specified by Cabinet Order that is provided for in Article 27-10, paragraph (1) of the Act is ten days (not counting any Non-

Business Days of Administrative Organs).

- (2) The period specified by Cabinet Order that is provided for in Article 27-10, paragraph (11) of the Act is five days (not counting any Non-Business Days of Administrative Organs).

(Withdrawal of a Tender Offer)

Article 14 (1) The circumstances specified by Cabinet Order that are provided for in Article 27-11, paragraph (1) of the Act are as follows; provided, however, that, with regard to circumstances set forth in item (i) to item (iii), those that satisfy the criteria specified by Cabinet Office Order as being minor are excluded:

- (i) the fact that the organ which is responsible for making decisions on the execution of operations of the Subject Company or its Subsidiary (meaning a Subsidiary as prescribed in Article 2, item (iii) of the Companies Act; hereinafter the same applies in this Article and Article 14-8-2) has made a decision to undertake one of the following (limited to something that has been publicly announced after the day on which it gave the Public Notice of the Commencement of the Tender Offer):
- (a) a share exchange;
  - (b) a share transfer;
  - (c) a share delivery;
  - (d) a company split;
  - (e) a merger;
  - (f) a dissolution (excluding the dissolution as a result of merger);
  - (g) the filing of a petition for commencement of bankruptcy proceedings, rehabilitation proceedings or reorganization proceedings;
  - (h) a reduction of the amount of stated capital;
  - (i) the transfer, acquisition, suspension, or discontinuation of the business in whole or in part;
  - (j) the filing of an application for the delisting of Share Certificates, etc. made to a Financial Instruments Exchange;
  - (k) the filing of an application for rescission of the registration of Share Certificates, etc. made to an Authorized Financial Instruments Firms Association;
  - (l) the filing of a report under Article 74, paragraph (5) of the Deposit Insurance Act;
  - (m) the splitting of shares or Investment Equity;
  - (n) the allotment of shares or share options (limited to those made without requiring an additional payment), or allotment of Investment Equity Subscription Rights;
  - (o) the issuance of shares, share options, corporate bonds with share options

- or Investment Equity (excluding those set forth in (l) and (n));
  - (p) the disposal of Treasury Shares (meaning the Treasury Shares prescribed in Article 113, paragraph (4) of the Companies Act) (excluding those set forth in (n));
  - (q) with regard to shares that have already been issued, providing different provisions on the particulars set forth in Article 108, paragraph (1), item (viii) or (ix) of the Companies Act;
  - (r) the disposal or transfer of important properties;
  - (s) borrowing in a significant amount; and
  - (t) anything equivalent to what is set forth in (a) to (s) which the Tender Offeror has designated in the Public Notice of the Commencement of the Tender Offer and the Tender Offer Statement (meaning the Tender Offer Statement defined in Article 27-3, paragraph (2) of the Act; hereinafter the same applies in this Article);
- (ii) the fact that the organ which is responsible for making decisions on the execution of operations of the Subject Company has made the decision specified below for the category of cases set forth below, (limited to those publicly announced after the day on which the Public Notice of the Commencement of the Tender Offer was given):
- (a) if the organ which is responsible for making decisions on the execution of operations of the Subject Company has already made a decision to the effect that the organ may issue new shares or conduct any other acts (limited to those conducted after the last day of the period of Purchase, etc. for that Tender Offer) that may reduce the Ownership Ratio of Share Certificates, etc. of the Tender Offeror by less than the proportion specified by Cabinet Office Order after the Tender Offer and has publicly announced the details of that decision on the day when the Public Notice of the Commencement of the Tender Offer was given: a decision to the effect that the decision is maintained; or
  - (b) if a Subject Company or its Subsidiary Company has issued Share Certificates, etc. for two or more classes of shares with different features which have different provisions for the particulars set forth in Article 108, paragraph (1), item (viii) or (ix) of the Companies Act on the day when the Public Notice of the Commencement of the Tender Offer was given: a decision to the effect that the different provisions are not changed;
- (iii) the occurrence of the following facts in a Subject Company (limited to those that occur on or after the day on which the Public Notice of the Commencement of the Tender Offer was given); provided, however, that in cases of (a), (c), (e) and (g), cases in which the relevant acts are conducted by the Tender Offeror and the Specially Related Party thereof are excluded:
- (a) a petition seeking an injunction against the business or a provisional

- disposition order seeking a disposition equivalent thereto has been filed;
- (b) a rescission of license, suspension of business, or any other disposition equivalent thereto under laws and regulations has been given by an administrative agency;
  - (c) a petition for the commencement of bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or the exercise of an enterprise mortgage (hereinafter referred to as a "Petition for Commencement of Bankruptcy Proceedings, etc.") has been filed by a person other than the Subject Company;
  - (d) dishonor of a negotiable instrument or check (limited to those due to the shortage of funds necessary for payment), or a disposition of the suspension of a transaction given by a clearinghouse (hereinafter referred to as "Dishonor, etc.");
  - (e) a suspension of transaction by the Major Trading Partner (meaning the trading partner for which the sales or purchases of the previous business year are not less than ten percent of the total amount of sales or purchases);
  - (f) damage resulting from a disaster;
  - (g) an action associated with a claim based on a property right has been filed;
  - (h) the delisting of share certificates (limited to the delisting from all Financial Instruments Exchanges on which the share certificates are listed);
  - (i) the rescission of registration of share certificates (limited to cases in which all the Authorized Financial Instruments Firms Associations which register the share certificates have rescinded the registration thereof (excluding rescissions made on the grounds of listing the share certificates)); or
  - (j) facts equivalent to those set forth in (a) to (i) which the Tender Offeror has designated in the Public Notice of the Commencement of the Tender Offer and the Tender Offer Statement;
- (iv) if permission, authorization, approval, or anything similar thereto (hereinafter collectively referred to as "Permission, etc." in this item) from an administrative agency under other laws and regulations is necessary for the acquisition of Share Certificates, etc., the fact that the Permission, etc. was not obtained by the day immediately preceding the last day of the Tender Offer Period; and
- (v) anything else specified by Cabinet Office Order as being equivalent to what is set forth in the preceding items.
- (2) The changes in important circumstances specified by Cabinet Order that are provided for in Article 27-11, paragraph (1) of the Act are the following particulars:

- (i) death;
- (ii) being subject to an order for commencement of guardianship;
- (iii) a dissolution;
- (iv) being subject to a ruling for the commencement of bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings;
- (v) a Petition for Commencement of Bankruptcy Proceedings, etc. has been filed by a person other than the Tender Offeror or the Specially Related Party thereof; or
- (vi) the fact of Dishonor, etc.

(Means for Cancellation of Contracts)

Article 14-2 The means specified by Cabinet Order that is provided for in Article 27-12, paragraph (2) of the Act is any means of delivering or sending a document cancelling the contract connected with a Tender Offer to the person designated by the Tender Offeror (limited to the persons specified by Cabinet Office Order); and the time specified by Cabinet Order that is provided for in Article 27-12, paragraph (2) of the Act is the time when the document has been delivered to or has reached the designated person.

(Cases in Which a Partial Tender Offer Is Allowed)

Article 14-2-2 The rate specified by Cabinet Order that is provided for in Article 27-13, paragraph (4) of the Act is two-thirds.

(Authorized Financial Instruments Firms Associations Providing Public Inspection)

Article 14-3 The Authorized Financial Instruments Firms Association specified by Cabinet Order that is provided for in Article 27-14, paragraph (3) of the Act is an Authorized Financial Instruments Firms Association stipulated in Article 11.

## **Section 2 Tender Offers for Listed Share Certificates by the Issuer**

(Scope of Application of a Tender Offer)

Article 14-3-2 (1) The transactions specified by Cabinet Order that are provided for in Article 27-22-2, paragraph (1) of the Act are the transactions of Over-the-Counter Traded Securities in an Over-the-Counter Securities Market.

(2) The provisions of other laws and regulations to be specified by Cabinet Order that are provided for in Article 27-22-2, paragraph (1), item (i) of the Act are the provisions of Article 80-2, paragraph (1) of the Act on Investment Trusts and Investment Corporations (including as applied pursuant to the provisions of Article 80-5, paragraph (2) of that Act following the deemed replacement of

terms).

- (3) The Purchase, etc. (meaning a Purchase, etc. as prescribed in Article 27-22-2, paragraph (1) of the Act; hereinafter the same applies in this Section) specified by Cabinet Order as one that is effected by a method that makes the particulars of that Purchase, etc. available to a large number of persons, as provided in Article 27-22-2, paragraph (1), item (ii) of the Act, means a Purchase, etc. that a person conducts after informing a large number of persons of the particulars of that Purchase, etc. (limited to those which include the wording that an offer to Purchase, etc. or solicitation for selling, etc., etc. of Listed Share Certificates, etc. (meaning the Listed Share Certificates, etc. set forth in Article 24-6, paragraph (1) of the Act; hereinafter the same applies in this Section) being conducted in connection with the Purchase, etc.) through publication in a newspaper or magazine, or using documents, broadcasts, movies, or any other method.

(Period of Purchase)

Article 14-3-3 (1) The period specified by Cabinet Order that is provided for in Article 27-2, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act is not less than 20 days (not counting any Non-Business Days of Administrative Organs) but within 60 days (not counting any Non-Business Days of Administrative Organs) from the day on which the Tender Offeror (meaning the Tender Offeror prescribed in Article 27-3, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act; hereinafter the same applies in this Section) has given the Public Notice of the Commencement of the Tender Offer (meaning the public notice set forth in Article 27-3, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act; hereinafter the same applies in this Section except in Article 14-3-8, item (i), (b)).

(2) The thing specified by Cabinet Order as being equivalent to the purchase price, as provided in Article 27-2, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act, is the ratio of exchange between the Share Certificates, etc. and the Securities or anything other than money if Securities or anything other than money are delivered as the consideration of the Purchase, etc.; and if money is delivered for the difference that arises in the exchange, its amount is included.

(3) If a Purchase, etc. of Listed Share Certificates, etc. is undertaken by means of a Tender Offer as set forth in the main clause of Article 27-22-2, paragraph (1) of the Act (hereinafter referred to as the "Tender Offer" in this Section), the Price for the Purchase, etc. (meaning the price for the Purchase, etc. referred to in Article 27-2, paragraph (3) of the Act as applied mutatis mutandis pursuant

to Article 27-22-2, paragraph (2) of the Act; hereinafter the same applies in this Section) must be the same for all tendering shareholders, etc. (meaning an tendering shareholder, etc. as prescribed in Article 27-12, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act; hereinafter the same applies in this Section); provided, however, that if the Tender Offeror allows tendering shareholders, etc. to choose two or more types of consideration, it must make the types of consideration that can be chosen the same for all the tendering shareholders, etc., and must act uniformly for each type of consideration as regards the tendering shareholders, etc. that have selected that type of consideration.

- (4) The affairs specified by Cabinet Order that are provided for in Article 27-2, paragraph (4) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act are as follows:
- (i) the retention and refund of listed Share Certificates, etc. tendered (meaning the listed Share Certificates, etc. tendered as prescribed in Article 27-12, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act following the deemed replacement of terms);
  - (ii) the payment for the Purchase, etc. (if Securities or anything other than money are delivered as the consideration for Purchase, etc., the delivery of the Securities or anything other than money is included); and
  - (iii) affairs to fix the number of Listed Share Certificates, etc. for which Purchase, etc. is to be made by the Pro Rata Method (meaning the Pro Rata Method prescribed in Article 27-13, paragraph (5) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act).
- (5) The conditions and methods specified by Cabinet Order that are provided for in Article 27-2, paragraph (5) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act are as follows:
- (i) when the period of Purchase, etc. has ended, the written notice of Purchase, etc. containing the number of Listed Share Certificates, etc. for which Purchase, etc. is to be made, and any other particulars specified by Cabinet Office Order, will be sent to the tendering shareholders, etc. without delay; and
  - (ii) the transfer or other settlement of the Purchase, etc. will be undertaken without delay after the expiration of the period of Purchase, etc.
- (6) The person that is required to send the written notice under item (i) of the preceding paragraph may, in the cases specified by Cabinet Office Order, provide the relevant person with the particulars that are required to be stated in the written notice by a means that involves the use of an electronic data processing system or any other means of information and communications technology specified by Cabinet Office Order in lieu of sending the written notice. In this case, the person that has so provided those particulars is

deemed to have sent the written notice.

(Public Notice of the Commencement of a Tender Offer)

Article 14-3-4 (1) Public notices under the provisions of Article 27-3, paragraph (1), Article 27-6, paragraph (2), Article 27-8, paragraph (11), Article 27-11, paragraph (2), and Article 27-13, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act must be given by one of the following means:

(i) by taking measures to put the information that is required to be given in a public notice into a form that makes it possible for many and unspecified persons to be provided with that information by a means that involves the use of an electronic data processing system for disclosure pursuant to the provisions of Cabinet Office Order (referred to as the "Electronic Public Notice" in paragraph (3) to paragraph (5)); or

(ii) by publication in a daily newspaper that publishes information on current affairs pursuant to the provisions of Cabinet Office Order.

(2) Among the public notices referred to in the preceding paragraph, the public notice set forth in the main clause of Article 27-8, paragraph (11) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act must be given immediately after the amendment under Article 27-8, paragraph (11) of the Act has been submitted.

(3) A person giving public notice by way of Electronic Public Notice pursuant to the provisions of paragraph (1) must publish an indication that it has given that public notice in a daily newspaper that publishes information on current affairs pursuant to the provisions of Cabinet Office Order without delay after having given that public notice.

(4) A person giving public notice by way of Electronic Public Notice pursuant to paragraph (1) must continue to provide the Electronic Public Notice until the day specified in the relevant of the following items for the category of public notice set forth in that item:

(i) a public notice under the provisions of Article 27-3, paragraph (1), Article 27-6, paragraph (2), Article 27-8, paragraph (11), or Article 27-11, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act: the last day of the Tender Offer Period; and

(ii) a public notice under Article 27-13, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act: the day on which one month has elapsed from the publication of the public notice.

(5) The provisions of Article 4-2-4, paragraphs (3) and (4) apply mutatis mutandis to a person that gives the public notice by way of Electronic Public Notice pursuant to paragraph (1). In this case, the phrase "paragraph (1), item (ii)" in Article 4-2-4, paragraph (3) is deemed to be replaced with "Article 14-3-



4, paragraph (1), item (ii)" and the phrase "paragraph (2)" in Article 4-2-4, paragraph (4) is deemed to be replaced with "Article 14-3-4, paragraph (4)".  
(6) The provisions of Article 9-4 apply mutatis mutandis to the public announcement under Article 27-13, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act.

(Person Affiliated with a Tender Offeror)

Article 14-3-5 The persons concerned specified by Cabinet Order that are provided for in Article 27-3, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act are the following persons:

- (i) a Financial Instruments Business Operator or a Bank, etc. that carries out the affairs set forth in Article 14-3-3, paragraph (4) on behalf of the Tender Offeror; or
- (ii) a person that conducts the Purchase, etc. of Share Certificates, etc. by means of a Tender Offer while representing the Tender Offeror.

(Share Certificates Equivalent to Listed Share Certificates)

Article 14-3-6 The Share Certificates, etc. specified by Cabinet Order that are provided for in Article 27-3, paragraph (4), item (ii) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraphs (2) and (3) of the Act are the Share Certificates, etc. that fall under the category of Over-the-Counter Traded Securities; and the Authorized Financial Instruments Firms Association specified by Cabinet Order that is provided for in Article 27-3, paragraph (4), item (ii) of the Act is the Authorized Financial Instruments Firms Association that registers the Share Certificates, etc.

(Cases in Which a Purchase May Be Made by Means Other Than a Tender Offer)

Article 14-3-7 The cases specified by Cabinet Order that are provided for in Article 27-5 of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraphs (2) and (5) and Article 27-22-3, paragraph (5) of the Act following the deemed replacement of terms are the following cases:

- (i) a case in which a Purchase, etc. of Share Certificates, etc. is to be made in response to a request for the purchase of Shares under Article 116, paragraph (1), Article 182-4, paragraph (1), Article 469, paragraph (1), Article 785, paragraph (1), Article 797, paragraph (1) Article 806, paragraph (1) or Article 816-6, paragraph (1) of the Companies Act or a demand for the purchase of Investment Equity under Article 141, paragraph (1), Article 149-3, paragraph (1), Article 149-8, paragraph (1) or Article 149-13, paragraph (1) of the Act on Investment Trusts and Investment Corporations, or based

- on the obligations under laws and regulations;
- (ii) a case in which a Purchase, etc. is to be conducted in a foreign state where the Foreign Financial Instruments Exchange which lists the Share Certificates, etc. is located, by means of a Foreign Tender Offer under the provisions of laws and regulations of the foreign state;
  - (iii) a case in which a person as set forth in the items of Article 14-3-5 conducts a Purchase, etc. set forth in Article 12, items (iii) and (iv);
  - (iv) a case in which a person as set forth in the items of Article 14-3-5 conducts the Purchase, etc. under the entrustment of a person other than the Tender Offeror;
  - (v) a case in which a person as set forth in the items of Article 14-3-5 conducts the Purchase, etc. which is authorized for the facilitation of smooth distribution of Securities by the rules provided by a Financial Instruments Exchange or Authorized Financial Instruments Firms Association; and
  - (vi) a case in which a person as set forth in one of the items of Article 14-3-5 conducts a Purchase, etc. through the exercise of an Option to effect a purchase and sale of the Listed Share Certificates, etc. held thereby or due to the exercise of an Option to effect a purchase and sale of Listed Share Certificates, etc. that the person has granted.

(Prohibited Changes in the Terms of Purchase)

Article 14-3-8 The changes in the Terms of Purchase, etc. specified by Cabinet Order that are provided for in Article 27-6, paragraph (1), item (iv) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act are as follows:

- (i) an extension of the period of Purchase, etc. exceeding the period specified in Article 14-3-3, paragraph (1); provided, however, that this does not apply if the period specified in the relevant of the following items is to be extended in the case set forth in that item:
  - (a) if the period of Purchase, etc. must be extended pursuant to the provisions of Article 27-8, paragraph (8) of the Act as applied mutatis mutandis pursuant to the provisions of Article 27-22-2, paragraph (2) and Article 27-22-3, paragraph (4) of the Act: the period to be extended pursuant to Article 27-8, paragraph (8) of the Act; and
  - (b) if a person other than the Tender Offeror has given, with regard to the Share Certificates, etc. issued by the Tender Offeror, a Public Notice of the Commencement of a Tender Offer (meaning the public notice set forth in Article 27-3, paragraph (1) of the Act) or a Public Notice or Public Announcement (meaning the public notice or public announcement under Article 27-6, paragraph (2) or (3) of the Act or Article 27-8, paragraph (8) of the Act) of the changes in the Terms of Purchase which extend the period

of Purchase, etc. during the Tender Offer Period (meaning the Tender Offer Period prescribed in Article 27-5 of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act): a period not exceeding the number of days counted from the day following the last day of the Tender Offer Period until the last day of the Tender Offer Period (meaning the Tender Offer Period set forth in Article 27-5 of the Act) given in the Public Notice of the Commencement of the Tender Offer or the Public Notice or Public Announcement of the changes;

- (ii) a change in the types of consideration for Purchase, etc.: provided, however, that this does not apply if a new type of consideration is added as an option for the tendering shareholders, etc. to choose; and
- (iii) if the terms set forth in Article 27-11, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act are imposed, a change in the details of the terms.

(Means for Cancellation of Contracts)

Article 14-3-9 The means specified by Cabinet Order that is provided for in Article 27-12, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act is any means of delivering or sending a document cancelling the contract connected with a Tender Offer to the person designated by the Tender Offeror (limited to the persons specified by Cabinet Office Order); and the time specified by Cabinet Order that is provided for in Article 27-12, paragraph (2) of the Act is the time when the document has been delivered to or has reached the designated person.

(Authorized Financial Instruments Firms Associations Providing Public Inspection)

Article 14-3-10 The Authorized Financial Instruments Firms Association specified by Cabinet Order that is provided for in Article 27-14, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act is an Authorized Financial Instruments Firms Association stipulated in Article 14-3-6.

(Deemed Replacement of Terms in Connection with a Tender Offer for Listed Share Certificates by the Issuer)

Article 14-3-11 (1) If a Purchase, etc. by means of a Tender Offer is made pursuant to Article 27-22-2, paragraph (1) of the Act, the deemed replacement of terms under paragraph (13) of that Article when the provisions of the Act are applied mutatis mutandis pursuant to paragraph (2) of that Article is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 27-2 (limited to paragraph (2) to paragraph (6))	Article 27-12, paragraph (3)	Article 27-12, paragraph (3) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	provisions of this Section	provisions of the following Section
Article 27-4	paragraph (2) of the preceding Article	paragraph (2) of the preceding Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
Article 27-7	paragraph (2) or (3) of the preceding Article	paragraph (1) or (2) of the preceding Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	paragraph (8) of the following Article	paragraph (8) of the following Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
Article 27-8 (excluding paragraph (6), paragraph (10), and paragraph (12))	the provisions of this Section	the provisions of the following Section
	Article 27-6, paragraph (1)	Article 27-6, paragraph (1) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	Article 27-6, paragraph (2)	Article 27-6, paragraph (2) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
Article 27-9	the provisions of paragraphs (1) to (4) of the preceding Article	the provisions of paragraphs (1) to (4) of the preceding Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)

Article 27-12	Article 27-8, paragraph (8)	Article 27-8, paragraph (8) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	paragraphs (1) and (4) of the following Article, 27-14, paragraph (1) and Article 27-21, paragraphs (1) and (2)	the provisions of paragraphs (1) and (4) of the following Article, 27-14, paragraph (1) and Article 27-21, paragraph (1) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
Article 27-13 (excluding paragraph (3))	Article 27-11, paragraph (2)	Article 27-11, paragraph (2) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	the proviso to Article 27-11, paragraph (1)	the proviso to Article 27-11, paragraph (1) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	Article 27-6, paragraph (2)	Article 27-6, paragraph (2) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
Article 27-14	paragraph (1) of the following Article	paragraph (1) of the following Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	Article 27-3, paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to Articles 27-8, paragraph (6), 27-11, paragraph (4) and paragraph (3) of the preceding Article)	Article 27-3, paragraph (4) as applied mutatis mutandis pursuant to Article 27-22-2, paragraphs (2) and (3) and Article 27-22-2, paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to paragraph (8) of that Article)
Article 27-17	Article 27-5 (including the cases where it is applied mutatis mutandis pursuant to Article 27-8, paragraph (10); hereinafter the same applies in this paragraph)	Article 27-5 as applied mutatis mutandis pursuant to Article 27-22-2, paragraphs (2) and (5)
	Article 27-5	Article 27-5 as applied mutatis mutandis pursuant to Article 27-22-2, paragraphs (2) and (5)

	paragraph (2), item (i) of the following Article	paragraph (2), item (i) of the following Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	Article 27-6, paragraph (2) or (3)	Article 27-6, paragraph (2) or (3) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	paragraph (2) of the following Article and Article 27-20, paragraph (2)	paragraph (2) of the following Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
Article 27-18	Article 27-13, paragraph (4)	Article 27-13, paragraph (4) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	paragraph (1) of the preceding Article	paragraph (1) of the preceding Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
Article 27-21, paragraph (1)	Article 27-17, paragraph (1)	Article 27-17, paragraph (1) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	Article 27-18, paragraph (2)	Article 27-18, paragraph (2) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)

(2) With regard to a Public Notice or Public Announcement given under the provisions of Article 27-8, paragraphs (8) and (11) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act, the deemed replacement of terms under Article 27-22-2, paragraph (13) of the Act when the provisions of the Act are applied mutatis mutandis pursuant to Article 27-22-2, paragraph (6) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms

Article 27-7	paragraph (8) of the following Article	paragraph (8) of the following Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
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(3) With regard to the Tender Offer Report defined in Article 27-13, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act, the deemed replacement of terms under Article 27-22-2, paragraph (13) of the Act when the provisions of the Act are applied mutatis mutandis pursuant to Article 27-22-2, paragraph (7) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 27-8 (limited to paragraph (1) to paragraph (5))	(including the period to be extended under paragraph (8); the same applies in paragraph (7))	(including the period to be extended under paragraph (8))

(Transitional Period After Publication)

Article 14-3-12 The period specified by Cabinet Order that is provided for in Article 27-22-3, paragraph (3) of the Act is 12 hours.

(Deemed Replacement of Terms in Connection with the Publication of Material Facts Concerning a Company That Is a Tender Offeror)

Article 14-3-13 If a Purchase, etc. of Listed Share Certificates, etc. has been made in violation of Article 27-5 of the Act as applied mutatis mutandis pursuant to Article 27-22-3, paragraph (5) of the Act, the deemed replacement of terms under Article 27-22-3, paragraph (8) of the Act when the provisions of the Act are applied mutatis mutandis pursuant to Article 27-22-3, paragraph (8) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 27-17	Article 27-5	Article 27-5 as applied mutatis mutandis pursuant to Article 27-22-3, paragraph (5)

paragraph (2), item (i) of the following Article	paragraph (2), item (i) of the following Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
Article 27-6, paragraph (2) or (3)	Article 27-6, paragraph (2) or (3) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
(excluding those which the person cannot make Sales, etc. of as a result of the Method of Proportional Distribution; the same applies in paragraph (2) of the following Article and Article 27-20, paragraph (2))	(excluding those for which the person cannot make Sales, etc. as a result of the Method of Proportional Distribution)

### **Chapter III-2 Disclosure of Status of Large Volume Holdings in Share Certificates**

(Scope of Share-Related Securities)

Article 14-4 (1) The share certificates, corporate bond certificates with share options, and other Securities specified by Cabinet Order that are provided for in Article 27-23, paragraph (1) of the Act are the following Securities:

(i) share certificates, share option certificates, and corporate bond certificates with share options;

(ii) instruments or certificates issued by a foreign person which have the nature of the Securities set forth in the preceding item;

(iii) Investment Securities, etc. or Investment Equity Subscription Right Certificates, etc.;

(iv) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are the Securities set forth in the preceding three items; and

(v) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the Securities set forth in item (i) to item (iii).

(2) The Share-related Securities specified by Cabinet Order as those for which the state of distribution can be regarded as being equivalent to those listed on a Financial Instruments Exchange, referred to in Article 27-13, paragraph (1) of the Act, are Over-the-Counter Traded Securities.



(Scope of Securities That Indicate Rights Associated with Subject Securities)

Article 14-4-2 The other Securities specified by Cabinet Order as indicating rights associated with Subject Securities, as provided in Article 27-23, paragraph (1) of the Act, are as follows:

- (i) the Securities set forth in Article 2, paragraph (1), item (xix) of the Act that indicate an Option to effect a purchase and sale of Subject Securities (meaning Subject Securities as defined in Article 27-23, paragraph (2) of the Act; hereinafter the same applies in this Article) (limited to if the exercise of that Option would cause the person exercising it to acquire the position of buyer in the purchase and sale);
- (ii) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are Subject Securities;
- (iii) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with Subject Securities;
- (iv) corporate bond certificates (excluding corporate bond certificates with share options) with a special provision that allows the redemption of the bond certificates through the Subject Securities (limited to Subject Securities issued by a company other than the company issuing the corporate bond certificates) (limited to those in connection with which the person holding the corporate bond certificates has the right to have the issuer company of the corporate bond certificates redeem the corporate bond certificates through Subject Securities); and
- (v) the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the Securities referred to in the preceding item.

(Non-Business Days Not Included in the Reporting Period)

Article 14-5 The non-business days specified by Cabinet Order that are provided for in Article 27-23, paragraph (1) of the Act are the Non-Business Days of Administrative Organs (excluding Sundays).

(Scope of Subject Securities)

Article 14-5-2 The other Securities specified by Cabinet Order that are provided for in Article 27-23, paragraph (2) of the Act are as follows:

- (i) share certificates (excluding the share certificates associated with what is specified by Cabinet Office Order as a Share Not Conferring Voting Rights);
- (ii) share option certificates and corporate bond certificates with share options (excluding those that grant only the right to acquire Shares Not Conferring Voting Rights as the share option);
- (iii) instruments or certificates issued by a foreign person which have the nature of the Securities set forth in the preceding two items;

- (iv) Investment Securities, etc.; and
- (v) Investment Equity Subscription Right Certificates, etc.

(Persons Equivalent to the Person with the Right to Request Delivery of Share Certificates)

Article 14-6 The person specified by Cabinet Order that is provided for in Article 27-23, paragraph (3) of the Act is any of the following persons:

- (i) a person that has entered into a unilateral option contract for a purchase and sale of Share Certificates, etc. (meaning Share Certificates, etc. as prescribed in Article 27-23, paragraph (1) of the Act; hereinafter the same applies in this Chapter) (limited to cases in which the person holds the right to complete the purchase and sale and would acquire the position of buyer through the exercise of that right); and
- (ii) a person that has acquired the Option to effect a purchase and sale of Share Certificates, etc. (limited to cases in which the Option is indicated on a Security as set forth in Article 14-4-2, item (i)) (limited to if the exercise of that Option would cause the person exercising it to acquire the position of buyer in the purchase and sale).

(Exceptions of Share Certificates Held)

Article 14-6-2 The rights specified by Cabinet Order that are provided for in Article 27-23, paragraph (4) of the Act are the following rights:

- (i) the right to request delivery of Share Certificates, etc. under a purchase and sale contract or any other contract;
- (ii) the right to exercise voting rights as a shareholder or Investor of the issuer of Share Certificates, etc. or the right to give instructions with regard to the exercise of voting rights under a money trust contract or any other contract, or the provisions of Acts;
- (iii) the necessary rights to make investments in Share Certificates, etc. based on a Discretionary Investment Contract or any other contracts, or the provisions of Acts;
- (iv) the right, based on a unilateral option contract for a purchase and sale of Share Certificates, etc., to complete that purchase and sale and acquire the position of buyer; and
- (v) the right of a person exercising the Option to effect a purchase and sale of Share Certificates, etc. to acquire the position of buyer in the purchase and sale through the exercise of that Option.

(Special Relationship)

Article 14-7 (1) The special relationship specified by Cabinet Order that is provided for in Article 27-23, paragraph (6) of the Act means one of the

following relationships:

- (i) the relationship of husband and wife;
  - (ii) the relationship between a person that holds shares or equity associated with voting rights that constitute over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company in the person's own name or in another person's name (or under a fictitious name; hereinafter the same applies in this Article) (hereinafter such a person is referred to as a "Controlling Shareholder, etc." in this Article) and that company (hereinafter referred to as the "Controlled Company" in this Article);
  - (iii) the relationship between one Controlled Company and another Controlled Company with the same Controlling Shareholder, etc.; and
  - (iv) any other relationship specified by Cabinet Office Order as being equivalent to the relationships set forth in the preceding three items.
- (2) If a husband and wife jointly hold shares or equity associated with voting rights constituting over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company in their own names or in another person's name, the husband and wife are each deemed to be the Controlling Shareholder, etc. of the company, and the provisions of the preceding paragraph apply.
- (3) If a Controlling Shareholder, etc. and the Controlled Company thereof jointly hold shares or equity associated with voting rights that constitute over 50 percent of the Voting Rights Held by All the Shareholders, etc. of another company in their own names or in another person's name, the other company is also deemed to be the Controlled Company of the Controlling Shareholder, etc. and the provisions of paragraph (1) and this paragraph apply.

(Changes in Material Particulars That Are Required to Be Stated in a Statement of Large Volume Holdings)

Article 14-7-2 (1) The other cases specified by Cabinet Order as a change in a material particular that is required to be stated in a Statement of Large-Volume Holdings, referred to in the provisions of Article 27-25, paragraph (1) and Article 27-26, paragraph (2), items (i) and (ii) of the Act are, among the changes in the details to be contained in the Statement of Large-Volume Holdings or Statement of Changes (including the Amendment Reports thereof), changes other than those set forth in the following items:

- (i) the fact that a holder whose Ratio of Share Certificates, etc. Held Singly is less than one percent has become a new Joint Holder (meaning the Joint Holder prescribed in Article 27-23, paragraph (5) of the Act and including the person deemed to be a Joint Holder under paragraph (6) of that Article; hereinafter the same applies in this Chapter);
- (ii) the fact that a holder whose Ratio of Share Certificates, etc. Held Singly was less than one percent has ceased to be a Joint Holder;

- (iii) changes in the name, address, or location of a Joint Holder whose Ratio of Share Certificates, etc. Held Singly is less than one percent;
  - (iv) increases or reductions in the Ratio of Share Certificates, etc. Held Singly of less than one percent;
  - (v) conclusion of the following contracts involving the Share Certificates, etc. held by a holder of Share Certificates, etc. and by a Joint Holder thereof, or among the changes in the contents of those contracts, those which are specified by Cabinet Office Order as being minor changes:
    - (a) contracts for providing the Share Certificates, etc. as a collateral;
    - (b) contracts for reselling;
    - (c) a unilateral option contract for a purchase and sale (limited to cases in which the person in question holds the right to complete the purchase and sale and would acquire the position of seller through the exercise of that right);
    - (d) contracts for lending and borrowing; and
    - (e) contracts equivalent to the contracts set forth in (a) to (d); and
  - (vi) anything else specified by Cabinet Office Order as being equivalent to what is set forth in the preceding items.
- (2) The term "Ratio of Share Certificates, etc. Held Singly" referred to in the preceding paragraph means the ratio obtained by dividing the number of Share Certificates, etc. Held (meaning the Share Certificates, etc. Held set forth in Article 27-23, paragraph (4) of the Act) by the number obtained by adding the number of corporate bond certificates with share options and any other Securities specified by Cabinet Office Order held by the holder and the Joint Holder thereof to the total number of the Issued Shares or the Issued Investment Equity of the issuer of the Share Certificates, etc.

(Criteria for Transfer of a Large Number of Share Certificates in a Short Period)

Article 14-8 (1) The criteria specified by Cabinet Order that are provided for in Article 27-25, paragraph (2) of the Act are that the Holding Ratio of Share Certificates, etc. (meaning the Holding Ratio of Share Certificates, etc. prescribed in Article 27-23, paragraph (4) of the Act; hereinafter the same applies in this Article) after the change which is required to be stated in the Statement of Changes referred to in Article 27-25, paragraph (2) of the Act comes to be less than half of the highest Holding Ratio of Share Certificates, etc. (limited to those for which the calculation is based on the day on or after the day 60 days prior to the day on which calculation of the Holding Ratio of Share Certificates, etc. after the change has been based, and those for which the calculation is based on or before the day immediately preceding the day 60 days prior to the day on which calculation of the Holding Ratio of Share

Certificates, etc. after the change has been based which is the nearest to the day 60 days prior to the day on which calculation of the Holding Ratio of Share Certificates, etc. after the change has been based) which has been stated or is required to have been stated in the Statements of Large-Volume Holdings (meaning the Statements of Large-Volume Holdings set forth in Article 27-23, paragraph (1) or Article 27-26, paragraph (1) of the Act) related to the Statement of Changes or in another Statement of Changes (meaning the Statement of Changes set forth in Article 27-25, paragraph (1) or Article 27-26, paragraph (2) of the Act) related to the Statements of Large-Volume Holdings, and has decreased by more than five percent in comparison with the highest Holding Ratio of Share Certificates, etc.; provided, however, that this does not apply if the total Holding Ratio of Share Certificates, etc. that has decreased as a result of the fact that a person that is to submit a Statement of Changes due to a decrease in the Holding Ratio of Share Certificates, etc. or a Joint Holder thereof has transferred Share Certificates, etc. during the 60 days prior to the day on which calculation of the Holding Ratio of Share Certificates, etc. after the change has been based (referred to as the "Period Subject to a Report of Short-Term, Large-Volume Transfer" in the following paragraph) in a volume not more than half of the highest Holding Ratio of Share Certificates, etc. or not more than five percent.

- (2) The person specified by Cabinet Order that is provided for in Article 27-25, paragraph (2) of the Act is to be, if deeming the total number of Share Certificates, etc. transferred by the person that is to submit a Statement of Changes due to a decrease in the Holding Ratio of Share Certificates, etc. or a Joint Holder thereof during the Period Subject to a Report of Short-Term, Large-Volume Transfer to be the person making the submission with the total number of Share Certificates, etc. held by that person making the submission (meaning the total number of Share Certificates, etc. prescribed in Article 27-23, paragraph (4) of the Act), the person making the submission with a Holding Ratio of Share Certificates, etc. of less than one percent.

(Material Proposal)

Article 14-8-2 (1) The acts specified by Cabinet Order as effecting material changes in or having a material effect on the business activities of the issuer of Share Certificates, etc., referred to in Article 27-26, paragraph (1) of the Act, are the acts in which the following matters related to the issuer or its Subsidiary are suggested at a shareholders meeting or investors' meeting, or to the Officers (meaning a member, director, executive officer, accounting advisor, company auditor, or persons equivalent thereto that execute the operations and including those that are found to have at least the same authority as a member, director, executive officer, or any equivalent persons that execute the

operations of the corporation, irrespective of their titles, such as advisor, consultant, or others; the same applies in item (iv)); provided, however, that those that satisfy the criteria specified by Cabinet Office Order as being minor are excluded:

- (i) the disposal or acquisition of important properties;
  - (ii) borrowing in a significant amount;
  - (iii) selection or removal of a representative director;
  - (iv) important changes in the constitution of Officers (including important changes related to the number and terms of office of Officers);
  - (v) appointment or dismissal of a manager or any other important employee;
  - (vi) establishment, changes in, or closure of a branch office or any other important organization;
  - (vii) share exchange, share transfer, or share delivery, or split or merger of the company;
  - (viii) the transfer, acquisition, suspension, or discontinuation of the business in whole or in part;
  - (ix) important changes in the policy concerning dividend distribution;
  - (x) important changes in the policy concerning the increase in or reduction of the amount of stated capital;
  - (xi) delisting from the Financial Instruments Exchange Market or the rescission of registration on the Over-the-Counter Securities Market of the Securities issued thereby;
  - (xii) listing on the Financial Instruments Exchange Market and registration in a Registry of Over-the-Counter Traded Securities of the Securities issued thereby; and
  - (xiii) any other matter specified by Cabinet Office Order as being equivalent to what is set forth in the preceding items.
- (2) The combinations of two or more days of each month designated pursuant to the provisions of Cabinet Order, referred to in Article 27-26, paragraph (3) of the Act, are any of the following:
- (i) the second and fourth Monday of each month (if there is a fifth Monday, this means the second, fourth and fifth Monday); or
  - (ii) the fifteenth and last day of each month (if those days fall on a Saturday, this means the previous day thereto, and if those days fall on a Sunday, this means the day two days before).
- (3) The period specified by Cabinet Order that is provided for in Article 27-26, paragraphs (4) and (5) of the Act is the period until five days (not counting any Non-Business Days of Administrative Organs) have elapsed from the first Reference Date (meaning the Reference Date set forth in Article 27-26, paragraph (3) of the Act) that arrives on or after the day on which the Holding Ratio of Share Certificates, etc. has exceeded five percent or the date of the

increase.

(Share Certificates Equivalent to Listed Share Certificates)

Article 14-9 The Share Certificates, etc. specified by Cabinet Order that are provided for in Article 27-27, item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2) of the Act; hereinafter the same applies in this Article) are Share Certificates, etc. that fall under the category of Over-the-Counter Traded Securities; and the Authorized Financial Instruments Firms Association specified by Cabinet Order that is provided for in Article 27-27, item (ii) and Article 27-28, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2) of the Act) is the Authorized Financial Instruments Firms Associations that registers the Share Certificates, etc.

### **Chapter III-3 Special Rules on Procedures Undertaken Using an Electronic Data Processing System for Disclosure**

(Means of Undertaking Electronic Disclosure Procedures or Discretionary Electronic Disclosure Procedures Using an Electronic Data Processing System for Disclosure)

Article 14-10 (1) A person that carries out Electronic Disclosure Procedures (meaning the Electronic Disclosure Procedures defined in Article 27-30-2 of the Act; hereinafter the same applies in this Article and the following Article) or Discretionary Electronic Disclosure Procedures (meaning the Discretionary Electronic Disclosure Procedures defined in Article 27-30-2 of the Act; hereinafter the same applies in this Article and the following Article) using an Electronic Data Processing System for Disclosure under Article 27-30-3, paragraph (1) or (2) of the Act must, pursuant to the provisions of Cabinet Office Order, carry out those procedures by inputting the particulars that are required to be stated in written documents when Electronic Disclosure Procedures or Discretionary Electronic Disclosure Procedures are carried out in writing, through an input-output device which complies with the technical standards specified by the Commissioner of the Financial Services Agency.

(2) A person that carries out Electronic Disclosure Procedures or Discretionary Electronic Disclosure Procedures as referred to in the preceding paragraph must, pursuant to the provisions of Cabinet Office Order, notify the Commissioner of the Financial Services Agency to that effect in advance, and submit its articles of incorporation and other documents; provided, however, that this does not apply if the person that has already made the notification under this paragraph periodically submits the articles of incorporation and other documents pursuant to the provisions of Cabinet Office Order and to

other cases specified by Cabinet Office Order.

(Means for Electronic Disclosure Procedures or Discretionary Electronic Disclosure Procedures by Submission of Magnetic Discs)

- Article 14-11 (1) A person that seeks approval from the Commissioner of the Financial Services Agency to carry out Electronic Disclosure Procedures or Discretionary Electronic Disclosure Procedures through the submission of a magnetic disc (including any object with an equivalent means of reliably storing fixed sets of data; hereinafter the same applies in this Article) under the provisions of Article 27-30-4, paragraph (1) or (2) of the Act must, pursuant to the provisions of Cabinet Office Order, submit documents containing the reasons for submitting a magnetic disc and other particulars specified by Cabinet Office Order to the Commissioner of the Financial Services Agency.
- (2) A person that submits a magnetic disc with the approval referred to in the preceding paragraph must, pursuant to the provisions of Cabinet Office Order, record the particulars that it is established must be stated in written documents when Electronic Disclosure Procedures or Discretionary Electronic Disclosure Procedures are carried out in writing, in a magnetic disc that complies with the technical standards specified by the Commissioner of the Financial Services Agency and submit it to thereto.

(Exemptions on Electronic Disclosure Procedures by Use of Electronic Data Processing System for Disclosure)

- Article 14-11-2 The causes specified by Cabinet Order that are provided for in Article 27-30-5, paragraph (1), item (i) of the Act are the case of impossibility of the operation of the electronic data processing system which links via telecommunications line the computers referred to in Article 27-30-2 of the Act, in cases of a cut off of the power supply or any other reason.

(Means of Public Inspection by the Commissioner of the Financial Services Agency)

- Article 14-12 When making the particulars that have been recorded in a file available for public inspection pursuant to the provisions of Article 27-30-7, paragraph (1) of the Act, the Commissioner of the Financial Services Agency is to make those particulars available for public inspection by causing them to be displayed at finance bureaus and the Fukuoka Local Finance Branch Bureau on the screens of input/output devices of computers they use or by using the Internet.

(Means of Public Inspection by a Financial Instruments Exchange)

- Article 14-13 When making the particulars of which it has been notified



available for public inspection pursuant to the provisions of Article 27-30-8, paragraph (1) of the Act, a Financial Instruments Exchange or an Authorized Financial Instruments Firms Association as set forth in Article 3 is to make those particulars available for public inspection by causing them to be displayed at their offices on the screens of input/output devices of computers they use.

#### **Chapter III-4 Provision or Publication of Specified Information on Securities**

(Cases in Which Specified Information on Securities Need Not Be Provided or Publicized)

Article 14-14 The case specified by Cabinet Order that is provided for in Article 27-31, paragraph (1) of the Act is the case in which solicitation is made to less than fifty persons.

#### **Chapter III-5 Disclosure of Material Information**

(Securities Excluded from Consideration as the Securities of a Listed Company)

Article 14-15 The Securities specified by Cabinet Order as being excluded from consideration as Securities, as provided in Article 27-36, paragraph (1) of the Act, are the following Securities:

- (i) among the Securities set forth in Article 2, paragraph (1), item (v) of the Act, those specified by Cabinet Office Order as the Securities by which assets are acquired by money obtained from the issuance of those Securities and the obligations of those Securities are performed by money obtained from the administration and disposition of those assets; and
- (ii) among the Securities set forth in Article 2, paragraph (1), item (xi), those issued by persons other than the following:
  - (a) an Investment Corporation (meaning an Investment Corporation as prescribed in Article 2, paragraph (12) of the Act on Investment Trusts and Investment Corporations; hereinafter the same applies in this item and Article 14-17, item (vi)) which provides in its certificate of incorporation that it is to invest an amount exceeding 50 percent of the total amount of its assets in real property or any other assets specified by Cabinet Office Order;
  - (b) that specified by Cabinet Office Order as an Investment Corporation wherein the total value of the assets specified by Cabinet Office Order, referred to in (a), accounts for more than 50 percent of the total amount of its assets; or

- (c) a Foreign Investment Corporation that is similar to an Investment Corporation as set forth in (a) or (b).

(Scope of Securities Whose Issuer Comes to Be a Listed Company)

Article 14-16 The Securities set forth in Article 2, paragraph (1), item (v), (vii), (ix) or (xi) of the Act (excluding those set forth in the items of the preceding Article) which are listed on a Financial Instruments Exchange or Securities falling under the category of Over-the-Counter Traded Securities or any other Securities specified by Cabinet Order that are provided for in Article 27-36, paragraph (1) of the Act are as follows:

- (i) the Securities set forth in Article 2, paragraph (1), item (v), (vii), (ix) or (xi) of the Act (excluding those set forth in the items of the preceding Article and the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act; hereinafter the same applies in the following item) which are listed on a Financial Instruments Exchange or which fall under the category of Over-the-Counter Traded Securities or Tradable Securities (meaning the tradable securities prescribed in Article 67-18, item (iv) of the Act; the same applies hereinafter);
- (ii) a Beneficiary Certificate of Securities in Trust of which the Entrusted Securities are the Securities set forth in Article 2, paragraph (1), item (v), (vii), (ix) or (xi) of the Act (excluding those set forth in the preceding item), which are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities;
- (iii) the instruments or certificates issued by a foreign person which have the nature of the Securities set forth in Article 2, paragraph (1), item (v), (vii) or (ix) of the Act (excluding those set forth in item (i) of the preceding Article; hereinafter the same applies in this Article) or the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in item (ii) of the preceding Article; hereinafter the same applies in this Article), if these Securities are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities (excluding those listed on a Designated Foreign Financial Instruments Exchange);
- (iv) a Beneficiary Certificate of Securities in Trust of which the Entrusted Securities are the instruments or certificates issued by a foreign person which have the nature of the Securities set forth in Article 2, paragraph (1), item (v), (vii), or (ix) of the Act (excluding those set forth in the preceding item and those listed on a Designated Foreign Financial Instruments Exchange) or the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in the preceding item and those listed on a Designated Foreign Financial Instruments

Exchange), if these Securities are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities; and

- (v) instruments or certificates issued by a person to which the instruments or certificates issued by a foreign person which have the nature of the Securities set forth in Article 2, paragraph (1), item (v), (vii), or (ix) of the Act (excluding those set forth in item (iii), those listed on a Designated Foreign Financial Instruments Exchange, and those that are the Entrusted Securities of the Certificates of a beneficial interest in a securities trust as set forth in the preceding item) or the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in item (iii), those listed on a Designated Foreign Financial Instruments Exchange, and those that are the Entrusted Securities of the Certificates of a beneficial interest in a securities trust as set forth in the preceding item) have been deposited in a state other than the state wherein the deposited instruments or certificates or foreign investment securities had been issued, and among those that indicate rights associated with deposited instruments or certificates or foreign investment securities, those listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities.

(Scope of Listed Securities)

Article 14-17 Securities as set forth in Article 2, paragraph (1), item (v), (vii), (ix), or (xi) of the Act (excluding those set forth in the items of Article 14-15), Securities as set forth in item (xix) of that paragraph that indicate Options on the aforementioned Securities, or other Securities specified by Cabinet Order of a Listed Company, etc., as provided in the proviso to Article 27-36, paragraph (1) of the Act, are as follows:

- (i) Securities as set forth in Article 2, paragraph (1), item (v), (vii), (ix), or (xi) of a Listed Company, etc. (excluding those set forth in the items of Article 14-15 and the Foreign Investment Securities set forth in item (xi) of that paragraph);
- (ii) instruments or certificates issued by a Listed Company, etc. that is a foreign person which have the nature of the Securities set forth in Article 2, paragraph (1), item (v), (vii) or (ix) of the Act (excluding those set forth in Article 14-15, item (i); the same applies in the following item and item (iv)) or foreign investment securities as set forth in item (xi) of that paragraph of a Listed Company, etc. (excluding those set forth in Article 14-15, item (ii); the same applies in the following item and item (iv)), if these Securities are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities;

- (iii) instruments or certificates issued by a Listed Company, etc. that is a foreign person which have the nature of the Securities set forth in Article 2, paragraph (1), item (v), (vii) or (ix) of the Act (excluding those set forth in the preceding item) or foreign investment securities as set forth in item (xi) of that paragraph of a Listed Company, etc. (excluding those set forth in the preceding item), if the Certificates of a beneficial interest in a securities trust for which the Entrusted Securities constitute any such Securities are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities;
- (iv) instruments or certificates issued by a Listed Company, etc. that is a foreign person which have the nature of the Securities set forth in Article 2, paragraph (1), item (v), (vii) or (ix) of the Act (excluding those set forth in the preceding two items) or foreign investment securities as set forth in item (xi) of that paragraph of a Listed Company, etc. (excluding those set forth in the preceding two items), if the Securities set forth in item (xx) of that paragraph that indicate rights associated with the relevant Securities are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities;
- (v) Securities as set forth in Article 2, paragraph (1), item (x) of the Act which are related to an Investment Trust (meaning an Investment Trust as defined in Article 2, paragraph (3) of the Act on Investment Trusts and Investment Corporations; the same applies hereinafter) or a Foreign Investment Trust (meaning a Foreign Investment Trust as prescribed in Article 2, paragraph (24) of that Act; the same applies hereinafter) similar thereto which provides in the basic terms and conditions of the trust contract that the trust property is only to be invested in Securities as set forth in the preceding items of a Listed Company, etc. (hereinafter referred to as "Subject Securities" in this Article);
- (vi) Securities as set forth in Article 2, paragraph (1), item (xi) of the Act which are issued by an Investment Corporation or by a Foreign Investment Corporation similar thereto which provides in its certificate of incorporation that the assets are only to be invested in Subject Securities of a Listed Company, etc.;
- (vii) Securities as set forth in Article 2, paragraph (1), item (xix) of the Act that indicate Options on Subject Securities of a Listed Company, etc.;
- (viii) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with Subject Securities of a Listed Company, etc.;
- (ix) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are Subject Securities of a Listed Company, etc.;
- (x) corporate bond certificates (excluding corporate bond certificates with share options) issued by a company other than a Listed Company, etc. with a

- special provision that allows the redemption of those corporate bond certificates through Subject Securities of a Listed Company, etc. (limited to those in connection with which the person that holds the corporate bond certificates has the right to have the issuer company of those corporate bond certificates redeem those corporate bond certificates through Subject Securities); and
- (xi) instruments or certificates issued by a foreign person which have the nature of Securities as set forth in the preceding item.

#### **Chapter IV Financial Instruments Business Operators**

(Underwriting of Securities Constituting a Managing Underwriter)

Article 15 The Underwriting of Securities specified by Cabinet Order that is provided for in Article 28, paragraph (1), item (iii), (a) of the Act is that for which discussions are held with the issuer or holder (excluding a Financial Instruments Business Operator and Registered Financial Institution (meaning a Registered Financial Institution as set forth in Article 2, paragraph (11) of the Act; the same applies hereinafter); hereinafter the same applies in this Article and Article 17-3, item (iii)) of the Securities for fixing the contents of the Wholesale Underwriting Contract (meaning any of the contracts set forth in the following items concluded for a Public Offering or Secondary Distribution of Securities, Exclusive solicitation for acquisition Targeting Professional Investors (meaning the Exclusive solicitation for acquisition Targeting Professional Investors set forth in Article 4, paragraph (3), item (i) of the Act; the same applies hereinafter), or Solicitation for selling, etc. Only for Professional Investors (meaning the Solicitation for selling, etc. Only for Professional Investors set forth in Article 2, paragraph (6) of the Act; the same applies hereinafter)) upon the conclusion of that Underwriting Contract, and which are specified by Cabinet Office Order:

- (i) a contract wherein the relevant party will acquire the Securities in whole or in part from the issuer or the holder of those Securities for the purpose of having those Securities acquired by other persons;
- (ii) a contract wherein, if there are no persons to acquire the Securities in whole or in part, the Underwriter will acquire the remaining Securities from the issuer or holder of the Securities; and
- (iii) a contract wherein, if the Securities are share option certificates (meaning share option certificates set forth in Article 28, paragraph (7), item (iii) of the Act; hereinafter the same applies in this item and Article 17-3, item (iii), (c)) and the person that has acquired them does not exercise the share options (meaning the share option set forth in Article 28, paragraph (7), item (iii) of the Act; hereinafter the same applies in this item and Article 17-3, item (iii),

(c) associated with all or some of them, the relevant party will acquire the share option certificates associated with the unexercised share options from the issuer or holder thereof and that party or a third party is to exercise those share options.

(Acts to Be the Cause of Cash Settlement)

Article 15-2 The acts specified by Cabinet Order that are provided for in Article 28, paragraph (8), item (iv), (a) of the Act are, with regard to purchase and sale wherein the parties thereto promise to deliver and take delivery of a Security and its value at a fixed time in the future without recourse to a Financial Instruments Market or a Foreign Financial Instruments Market, the act of cancellation of the purchase and sale contract by the parties thereto.

(Subject Transactions of Brokerage for Clearing of Securities Which Are Securities Services)

Article 15-3 The other transactions specified by Cabinet Order that are provided for in Article 28, paragraph (8), item (vii) of the Act are as follows:

- (i) the lending and borrowing of the money needed to settle a Margin Transaction, etc. (meaning a Margin Transaction, purchase and sale of Securities, or Securities-Related Market Derivatives Transaction (meaning the transactions set forth in Article 28, paragraph (8), item (iii) of the Act; the same applies hereinafter) made on a Financial Instruments Business Operator's own account, or Brokerage for Clearing of Securities, etc. (limited to that related to a Margin Transaction, purchase and sale of Securities, or Securities-Related Market Derivatives Transaction made on a Financial Instruments Business Operator's own account); the same applies in the following item) (limited to an instance of lending and borrowing in which the lending is done by a Securities Finance Company);
- (ii) the lending and borrowing of Securities (if a person other than a Securities Finance Company loans the Securities necessary for the settlement of a Margin Transaction, etc. by utilizing the clearing systems of a Financial Instruments Exchange Market or Over-the-Counter Securities Market, this is limited to lending associated with a Margin Transaction, etc. undertaken without recourse to a Financial Instruments Exchange Market or an Over-the-Counter Securities Market);
- (iii) the delivery and receipt of collateral for the transactions set forth in the preceding two items;
- (iv) the payment and receipt of beneficiary certificates or Money, etc. with regard to the establishment of a Securities Investment Trust, the redemption of a part of the principal of a Securities Investment Trust, or the exchange between beneficiary certificates of a Securities Investment Trust and Listed

Securities, etc.; and

- (v) beyond what is set forth in the preceding three items, the delivery or payment and receipt of Securities or money, made for the performance of obligations arisen from the purchase and sale of Securities, Transactions of Securities-Related Derivatives (meaning the Transactions of Securities-Related Derivatives set forth in Article 28, paragraph (8), item (vi) of the Act; the same applies hereinafter), or the transactions set forth in the preceding items.

(Employees Related to the Application for Registration or Notification)

Article 15-4 The employee specified by Cabinet Order that is provided for in Article 29-2, paragraph (1), item (iv) and Article 29-4, paragraph (1), items (ii) and (iii) of the Act is an employee that falls under any of the following items:

- (i) a person that supervises the function of providing guidance to ensure that Laws and Regulations, etc. (meaning laws and regulations, dispositions of a government agency given under laws and regulations, the articles of incorporation, or any other rules; the same applies hereinafter) are observed with regard to a Financial Instruments Business, or any other person specified by Cabinet Office Order as being equivalent thereto;
- (ii) a person that supervises the section which gives advice or makes investments (including the orders given therefor) with regard to Investment Advisory Business (meaning an Investment Advisory Business as prescribed in Article 28, paragraph (6) of the Act; the same applies hereinafter) or Investment Management Business (meaning the Investment Management Business set forth in Article 28, paragraph (4) of the Act; the same applies hereinafter), or any other person specified by Cabinet Office Order as being equivalent thereto.

(Securities Not Requiring an Indication in a Written Application for Registration That the Relevant Person Will Provide Electronic Public Offering Services)

Article 15-4-2 The Securities specified by Cabinet Order that are provided for in Article 29-2, paragraph (1), item (vi) of the Act are the following Securities:

- (i) the Securities set forth in Article 2, paragraph (1), items (i) and (ii) of the Act;
- (ii) Securities for which the government guarantees the redemption of the principal or the payment of interest;
- (iii) the Securities set forth in Article 2-1;
- (iv) Securities for which a notification under Article 4, paragraphs (1) to (3) or a Shelf Registration (meaning the Self Registration prescribed in Article 23-3, paragraph (3) of the Act) has been made;

- (v) in a case in which disclosure has been made as prescribed in Article 4, paragraph (7) of the Act (limited to the case set forth in item (ii) of that paragraph) with regard to Securities, those Securities;
- (vi) Securities associated with a Secondary Distribution that falls under Article 4, paragraph (1), item (iv) of the Act; and
- (vii) those of the rights set forth in Article 2, paragraph (2), item (v) or (vi) of the Act that are deemed to be Securities pursuant to that paragraph that are associated with the business of lending money by allocating an amount exceeding 50 percent of the total amount of money or other property invested or contributed by persons that hold the rights in question.

(Calculation of the Amount of Brought-In Capital)

Article 15-5 If assets brought into Japan include an amount indicated in a foreign currency, the total amount of Brought-in Capital referred to in Article 29-2, paragraph (4) of the Act must be calculated by converting the assets into Japanese currency using the Exchange Rate (meaning the basic exchange rate or the arbitrated exchange rate of a foreign currency set forth in Article 7, paragraph (1) of the Foreign Exchange and Foreign Trade Act; the same applies hereinafter).

(Scope of Acts That Give the Criteria for Registration)

Article 15-6 The Acts specified by Cabinet Order that are provided for in Article 29-4, paragraph (1), item (i), (c) and Article 33-5, paragraph (1), item (ii) of the Act are as follows:

- (i) the Patent Act (Act No. 121 of 1959);
- (ii) the Utility Model Act (Act No. 123 of 1959);
- (iii) the Design Act (Act No. 125 of 1959);
- (iv) the Trademark Act (Act No. 127 of 1959);
- (v) the Copyright Act (Act No. 48 of 1970);
- (vi) the Act on Layout-Design of Semiconductor Integrated Circuits (Act No. 43 of 1985);
- (vii) the Act on Special Treatment of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions (Act No. 95 of 1996);
- (viii) the Plant Variety Protection and Seed Act (Act No. 83 of 1998);
- (ix) the Civil Rehabilitation Act (Act No. 225 of 1999);
- (x) the Act on Recognition and Assistance for Foreign Insolvency Procedures (Act No. 129 of 2000);
- (xi) the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006);
- (xii) the Act on Authorization of Public Interest Incorporated Association and



- Public Interest Incorporated Foundation (Act No. 49 of 2006);
- (xiii) the Corporate Reorganization Act (Act No. 54 of 2002);
- (xiv) the Bankruptcy Act (Act No. 75 of 2004); and
- (xv) the Companies Act.

(Minimum Amount of Stated Capital of a Financial Instruments Business Operator)

Article 15-7 (1) The amount specified by Cabinet Order that is provided for in Article 29-4, paragraph (1), item (iv), (a) of the Act (including as applied mutatis mutandis pursuant to Article 31, paragraph (5) of the Act) is the amount specified in the relevant of the following items for the category of case set forth in that item:

- (i) if a Financial Instruments Business Operator seeks to carry out business related to the acts set forth in Article 28, paragraph (1), item (iii), (a) of the Act: three billion yen;
- (ii) if a Financial Instruments Business Operator seeks to carry out business related to the acts set forth in Article 28, paragraph (1), item (iii), (b) of the Act (excluding the case set forth in the preceding item): 500 million yen;
- (ii)-2 if a Financial Instruments Business Operator seeks to carry out Specified Over-the-Counter Derivatives Transactions or intermediation, brokerage (excluding Brokerage for Clearing of Securities, etc.), or agency therefor using an electronic data processing system that it uses for its business of Over-the-Counter Derivatives Transactions, etc. (excluding the case set forth in the preceding two items): 300 million yen;
- (iii) if a Financial Instruments Business Operator seeks to carry out a Type I Financial Instruments Business (excluding a Type I Small Amount Electronic Public Offering Business (meaning the Type I Small Amount Electronic Public Offering Business set forth in Article 29-4-2, paragraph (10) of the Act; the same applies hereinafter)) (excluding the cases set forth in the preceding three items): 50 million yen;
- (iv) if a Financial Instruments Business Operator seeks to carry out an Investment Management Business (excluding an Investment Management Business for Qualified Investors (meaning the Investment Management Business for Qualified Investors set forth in Article 29-5, paragraph (1) of the Act; the same applies hereinafter)) (excluding the cases set forth in items (i) to (ii)-2): 50 million yen;
- (v) if a Financial Instruments Business Operator seeks to carry out a Type II Financial Instruments Business (meaning a Type II Financial Instruments Business set forth in Article 28, paragraph (2) of the Act and excluding a Type II Small Amount Electronic Public Offering Service (meaning a Type II Small Amount Electronic Public Offering Service set forth in Article 29-4-3,

- paragraph (4) of the Act; the same applies hereinafter)) (excluding the cases set forth in the preceding items): ten million yen;
- (vi) if a Financial Instruments Business Operator seeks to carry out a Type I Small Amount Electronic Public Offering Service (excluding the cases set forth in items (i) to (iv)): ten million yen;
  - (vii) if a Financial Instruments Business Operator seeks to carry out an Investment Management Business for Qualified Investors (excluding the cases set forth in items (i) to (iii)): ten million yen; and
  - (viii) if a Financial Instruments Business Operator seeks to carry out a Type II Small Amount Electronic Public Offering Service (excluding the cases set forth in the preceding items): five million yen.
- (2) If an applicant is a foreign corporation and the amount of stated capital or the total amount of investment set forth in Article 29-4, paragraph (1), item (iv), (a) of the Act is to be converted into Japanese currency, the conversion is to be made by using the Exchange Rate at the time of registration under Article 29 of the Act, or at the time of the application for changes to the registration under Article 31, paragraph (4) of the Act.

(Persons Similar to Those Engaged in the Same Type of Business as a Type 1 Financial Instruments Business in a Foreign State)

Article 15-8 The persons specified by Cabinet Order that are provided for in Article 29-4, paragraph (1), item (v), (a) of the Act (including as applied mutatis mutandis pursuant to Article 31, paragraph (5) of the Act) are persons all of whose Issued Shares or equity in investment are held by persons engaged in the same type of business as Type 1 Financial Instruments Business.

(Minimum Net Assets of a Financial Instruments Business Operator)

Article 15-9 (1) The amount specified by Cabinet Order that is provided for in Article 29-4, paragraph (1), item (v), (b) of the Act (including as applied mutatis mutandis pursuant to Article 31, paragraph (5) of the Act) is the amount specified in the relevant of the items of Article 15-7, paragraph (1) (excluding items (v) and (viii)) for the category of case set forth in that item.

(2) If an applicant is a foreign corporation and the amount of Net Assets set forth in Article 29-4, paragraph (1), item (iv) of the Act is converted into Japanese currency, the conversion is to be made using the Exchange Rate at the time of registration under Article 29 of the Act, or at the time of the application for changes to the registration under Article 31, paragraph (4) of the Act.

(Special Relationship)

Article 15-10 (1) The special relationship specified by Cabinet Order that is provided for in Article 29-4, paragraph (5), item (ii) of the Act (including as

applied mutatis mutandis pursuant to Article 31, paragraph (5) and Article 32, paragraph (5) of the Act) is the relationship specified in the relevant of the following items for the category of persons set forth in that item:

- (i) a person that holds Subject Voting Rights (meaning Subject Voting Rights as defined in Article 29-4, paragraph (2) of the Act and excluding Subject Voting Rights which are deemed to be held under the provisions of Article 29-4, paragraph (5) of the Act (limited to the part that involves item (ii)); hereinafter the same applies in this item) or a person whose Subject Voting Rights are held by a Controlled Company: the relationship between that person and the following persons:
    - (a) a person that jointly holds Subject Voting Rights with that person, or that has agreed to jointly exercise Subject Voting Rights with that person (referred to as a "Joint Holder" in paragraph (3));
    - (b) the person's spouse;
    - (c) the person's Controlled Company;
    - (d) the person's Controlling Shareholder, etc.; and
    - (e) another Controlled Company of the person's Controlling Shareholder, etc.;
  - (ii) persons other than those set forth in the preceding item: the relationship between that person and the persons set forth in (a) or (b) of that item.
- (2) The term "Controlling Shareholder, etc." referred to in item (i), (d) and (e) of the preceding paragraph means a person that holds voting rights constituting over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company, and the term "Controlled Company" referred to in item (i) of the preceding paragraph means a company in which voting rights constituting over 50 percent of the Voting Rights Held by All the Shareholders, etc. are held by a Controlling Shareholder, etc. In this case, if a Controlling Shareholder, etc. and the Controlled Company thereof jointly hold voting rights that constitute over 50 percent of Voting Rights Held by All the Shareholders, etc. of another company, the other company is deemed to be the Controlled Company of the Controlling Shareholder, etc. and the Controlling Shareholder, etc. is deemed to be the Controlling Shareholder, etc. of the other company.
- (3) If there is a person that, together with a Joint Holder, jointly holds voting rights constituting over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company, each of those persons is deemed to be a Controlling Shareholder, etc. (meaning a Controlling Shareholder, etc. as prescribed in the preceding paragraph; the same applies in the following paragraph) of the company, the company is deemed to be a Controlled Company (meaning a Controlled Company as prescribed in the preceding paragraph; the same applies in the following paragraph) of that person, and the provisions of paragraph (1) apply.
- (4) If there is a person that, together with that person's spouse, jointly holds

voting rights constituting over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company, that person is deemed to be the Controlling Shareholder, etc. of that company, the company is deemed to be the Controlled Company of that person, and the provisions of paragraph (1) apply.

(Securities for Which Handling of Public Offerings Cannot Be Carried Out in a Type I Small Amount Electronic Public Offering Business or a Type II Small Amount Electronic Public Offering Business)

Article 15-10-2 (1) What are specified by Cabinet Order that are provided for in Article 29-4-2, paragraph (10) of the Act are the following:

- (i) Securities set forth in Article 15-4-2, items (iv) and (v); and
- (ii) the right prescribed in Article 2-9, paragraph (1) and the rights set forth in Article 2-10, paragraph (1), item (v) and Article 15-4-2, item (vii).

(2) The Securities specified by Cabinet Order that are provided for in Article 29-4-3, paragraph (4) of the Act are those set forth in item (ii) of the preceding paragraph.

(Handling of Public Offerings of Securities When the Total Issue Value and the Amount to Be Paid by Persons Acquiring the Securities Are Small)

Article 15-10-3 The requirements specified by Cabinet Order that are provided for in Article 29-4-2, paragraph (10) and Article 29-4-3, paragraph (4) of the Act are the following:

- (i) the amount calculated by the method specified by Cabinet Office Order as the total issue value is less than 100 million yen; and
- (ii) the amount calculated by the method specified by Cabinet Office Order as the amount to be paid by the person that acquires the Securities is 500,000 yen or less.

(Scope of Rights Holders in Investment Management Business for Qualified Investors)

Article 15-10-4 The persons specified by Cabinet Order that are provided for in Article 29-5, paragraph (1), item (i) of the Act are the following persons:

- (i) a Creditor of an Investment Corporation (meaning a Creditor of an Investment Corporation referred to in Article 139-3, paragraph (1), item (vii) of the Act on Investment Trusts and Investment Corporations) of a Registered Investment Corporation (meaning a Registered Investment Corporation referred to in Article 2, paragraph (13) of that Act) that is the counterparty to a contract set forth in Article 2, paragraph (8), item (xii), (a) of the Act; and
- (ii) an Investor (meaning an employee of a Foreign Investment Corporation) and a foreign Creditor of an Investment Corporation (meaning a person that

holds the rights indicated on the Foreign Investment Securities as provided in the Act on Investment Trusts and Investment Corporations which are equivalent to the Investment Corporation Bond Certificates) that is the counterparty to a contract set forth in Article 2, paragraph (8), item (xii), (b) of the Act.

(Total Amount of All Investment Properties in Investment Management Business for Qualified Investors)

Article 15-10-5 The amount specified by Cabinet Order that is provided for in Article 29-5, paragraph (1), item (ii) of the Act is 20 billion yen.

(Dealings in Private Placement Not Likely to Involve a Transfer to Persons Other Than Qualified Investors)

Article 15-10-6 The dealings in Private Placement specified by Cabinet Order that are provided for in Article 29-5, paragraph (2) of the Act are those satisfying the following requirements for the category of cases set forth in the following items:

- (i) cases in which rights associated with the Securities are indicated on financial values which can be transferred by using an electronic data processing system: technical measures or other measures specified by Cabinet Office Order have been taken to make it impossible to transfer that financial values to persons other than Qualified Institutional Investors (meaning the Qualified Institutional Investors prescribed in Article 29-5, paragraph (3) of the Act; the same applies in the following item); and
- (ii) cases other than those set forth in the preceding item: the dealings in Private Placement are undertaken in a way that makes the acquisition conditional upon the conclusion of a contract for transfer between the issuer of the Securities and the person that seeks to acquire the Securities in response to the solicitation for acquisition them (hereinafter such a person is referred to as the "Acquirer" in this item); as well as between the person that makes the solicitation for acquisition and the Acquirer; which provides that the Acquirer will not transfer the Securities acquired thereby to persons other than Qualified Institutional Investors and providing for any other particulars specified by Cabinet Office Order.

(Persons Having a Close Relationship with a Financial Instruments Business Operator)

Article 15-10-7 The persons specified by Cabinet Order as being closely related to a Financial Instruments Business Operator (including a Financial Instruments Business Operator that seeks registration set forth in Article 29 of the Act), referred to in Article 29-5, paragraph (3) of the Act, are the following

persons:

- (i) an Officer (meaning an Officer set forth in Article 29-2, paragraph (1), item (iii) of the Act) of the Financial Instruments Business Operator;
- (ii) an employee of the Financial Instruments Business Operator;
- (iii) the Parent Company, etc. (meaning a Parent Company, etc. set forth in Article 15-16, paragraph (3)) of the Financial Instruments Business Operator; and
- (iv) the persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding three items.

(Persons Investing Assets in Connection with Investment Business)

Article 15-10-8 The persons specified by Cabinet Order that are provided for in Article 29-5, paragraph (4), item (ii) of the Act are the following persons:

- (i) a Financial Instruments Business Operator, etc. (limited to those that engage in Investment Management Business); and
- (ii) a corporation established under the laws and regulations of a foreign state, which is engaged in Investment Management Business in a foreign state (excluding those set forth in the preceding item).

(Minimum Amount of Stated Capital for Authorization)

Article 15-11 (1) The amount specified by Cabinet Order that is provided for in Article 30-4, item (ii) of the Act is 300 million yen.

- (2) If an applicant is a foreign corporation and the amount of stated capital referred to in Article 30-4, item (ii) of the Act or the amount of Net Assets set forth in item (iii) of that paragraph is to be converted into Japanese currency, that conversion is made by using the Exchange Rate at the time of application for authorization under Article 30, paragraph (1) of the Act.

(Amount of Deposit for Operation)

Article 15-12 The amount specified by Cabinet Order that is provided for in Article 31-2, paragraph (2) of the Act is the amount stipulated in the relevant of the following items for the category of persons set forth in that item:

- (i) an individual engaged in a Type II Financial Instruments Business (meaning a Type II Financial Instruments Business set forth in Article 28, paragraph (2) of the Act and excluding a Type II Small Amount Electronic Public Offering Service): ten million yen;
- (ii) persons that engage only in Investment Advisory and Agency Business (meaning Investment Advisory and Agency Business set forth in Article 28, paragraph (3) of the Act; hereinafter the same applies): five million yen; and
- (iii) an individual engaged in a Type II Small Amount Electronic Public Offering Service (excluding the person set forth in item (i)): five million yen.

(Requirements for Contract in Lieu of Deposit for Operation)

Article 15-13 If a Financial Instruments Business Operator (limited to an individual engaged in a Type II Financial Instruments Business (meaning the Type II Financial Instruments Business prescribed in Article 28, paragraph (2) of the Act; the same applies hereinafter) or person that engages only in Investment Advisory and Agency Business; hereinafter the same applies in this Article to Article 15-15) concludes a contract as set forth in Article 31-2, paragraph (3) of the Act, it must conclude that contract with a Bank, Insurance Company, or other Financial Institution specified by Cabinet Office Order, and the contents of that contract must conform to the following requirements:

- (i) if the relevant person becomes subject to an order under Article 31-2, paragraph (4) of the Act, the amount of Deposit for Operation under that order will be deposited without delay on behalf of the Financial Instruments Business Operator;
- (ii) the contract will be valid for the period of one year or longer; and
- (iii) unless approved by the Commissioner of the Financial Services Agency, the contract may not be cancelled, nor may its substance be changed.

(Procedures for the Execution of Rights in Connection with a Deposit for Operation)

Article 15-14 (1) The person that holds the rights set forth in Article 31-2, paragraph (6) of the Act (hereinafter simply referred to as the "Rights" in this Article) may file a petition seeking execution of the Rights to the Commissioner of the Financial Services Agency.

(2) If a petition as referred to in the preceding paragraph has been filed and is found to be well-grounded, the Commissioner of the Financial Services Agency must issue public notice for persons holding Rights in relation to the Deposit for Operation to the effect that the Rights must be reported within a fixed period of not less than 60 days, and that persons not reporting their rights within that period will be excluded from the distribution procedures; and must notify the person that has filed the petition under the preceding paragraph (such a person is referred to as the "Petitioner" in the following paragraph and paragraph (4)) and the Depositor (meaning a Financial Instruments Business Operator and the person that has deposited all or part of the Deposit for Operation set forth in Article 31-2, paragraph (1) of the Act on behalf of the Financial Instruments Business Operator based on the contract set forth in paragraph (3) of that Article pursuant to the order issued under paragraph (4) of that Article; the same applies in paragraph (4) and paragraph (5)) to that effect.

(3) After a public notice has been given under the preceding paragraph, even if

the Petitioner withdraws the petition, this does not stop the proceedings from progressing.

- (4) The Commissioner of the Financial Services Agency must carry out an investigation into the Rights without delay after the period set forth in paragraph (2) has elapsed. In this case, the Commissioner of the Financial Services Agency must give public notice and notify the Depositor of the due date and place in advance, and give the Petitioner, persons that have reported their Rights within the relevant period, and the Depositor an opportunity to present evidence and state their opinions concerning the existence of the Rights and the amount of claims secured by those Rights.
- (5) The Commissioner of the Financial Services Agency must prepare a distribution list based on the results of the investigation under the preceding paragraph and give public notice and notify the Depositor of this without delay.
- (6) A dividend distribution is to be made after 80 days have elapsed from the day on which the public notice was given under the preceding paragraph and in accordance with the distribution list set forth in that paragraph.
- (7) If Securities (including book-entry corporate bonds, etc. prescribed in Article 129, paragraph (1) of the Act on Transfer of Corporate Bonds, etc.) have been deposited, and it is necessary for the execution of Rights, the Commissioner of the Financial Services Agency may convert them. In this case, the costs for the conversion are deducted from the conversion value.

(Refund of Deposit for Operation)

Article 15-15 (1) A Financial Instruments Business Operator, the successor thereof, or the person that has deposited the Deposit for Operation on behalf of a Financial Instruments Business Operator may, if the Financial Instruments Business Operator has come to fall under any of the following cases, have all the Deposit for Operation from the deposit refunded with the approval of the Commissioner of the Financial Services Agency:

- (i) if the registration under Article 29 of the Act has been rescinded pursuant to the provisions of Article 52, paragraph (1) or (4) or Article 54 of the Act;
  - (ii) if the registration under Article 29 of the Act has become invalid pursuant to the provisions of Article 50-2, paragraph (2) of the Act; or
  - (iii) if the Financial Instruments Business Operator has obtained a change of registration set forth in Article 31, paragraph (4) of the Act for conducting Financial Instruments Business other than a Type II Financial Instruments Business (limited to cases in which this is performed by an individual) or Investment Advisory and Agency Business.
- (2) A Financial Instruments Business Operator or a person that has deposited a Deposit for Operation on behalf of a Financial Instruments Business Operator may, if the amount of Deposit for Operation (including the Contract Amount



(meaning the Contract Amount as defined in Article 31-2, paragraph (3) of the Act; hereinafter the same applies in this paragraph)) of the Financial Instruments Business Operator has come to exceed the amount specified in Article 15-12, have all or part of the exceeding amount refunded, within the amount obtained by deducting the Contract Amount from the amount of the Deposit for Operation, with the approval of the Commissioner of the Financial Services Agency.

(Scope of a Parent Corporation and a Subsidiary Corporation)

Article 15-16-1 (1) A person that satisfies the requirements specified by Cabinet Order that is provided for in Article 31-4, paragraph (3) of the Act means one of the following persons (excluding those specified by Cabinet Office Order):

- (i) the relevant person's Parent Company, etc.;
- (ii) a Subsidiary Company, etc. of the relevant person's Parent Company, etc. (excluding the person itself and the person set forth in the preceding item and item (i) of the following paragraph);
- (iii) an Affiliated Company, etc. of the relevant person's Parent Company, etc. (excluding the person set forth in item (ii) of the following paragraph); and
- (iv) the following companies, partnerships, or any other business entity equivalent thereto (including those equivalent thereto in a foreign state and excluding the person itself and the persons set forth in the preceding three items and the items of the following paragraph; hereinafter referred to as the "Company, etc." in this item) related to the individual that holds voting rights constituting over 50 percent of the Voting Rights Held by All the Shareholders, etc. of the relevant person (hereinafter referred to as the "Specified Individual Shareholder"):
  - (a) a Company, etc. (including the Subsidiary Company, etc. and Affiliated Company, etc. of the Company, etc.) in which that Specified Individual Shareholder holds voting rights that constitute over 50 percent of the Voting Rights Held by All the Shareholders, etc.; and
  - (b) a Company, etc. in which that Specified Individual Shareholder holds voting rights constituting not less than 20 percent but not more than 50 percent of the Voting Rights Held by All the Shareholders, etc.

(2) The person that satisfies the requirements specified by Cabinet Order that is provided for in Article 31-4, paragraph (4) of the Act means one of the following persons (excluding those specified by Cabinet Office Order):

- (i) the relevant person's Subsidiary Company, etc.; and
- (ii) the relevant person's Affiliated Company, etc.

(3) The term "Parent Company, etc." referred to in paragraph (1), item (i) to item (iii) means those specified by Cabinet Office Order as a Company, etc. which has control over the Organ (meaning the shareholders meeting and any other

organs equivalent thereto; hereinafter referred to as the "Decision Making Body" in this paragraph) which is responsible for deciding the policies for finance, operations, and business of another Company, etc. (meaning a company, partnership, or any other business entity equivalent thereto (including those equivalent thereto in a Foreign State); hereinafter the same applies in this Article) and the term "Subsidiary Company, etc." referred to in paragraph (1), items (ii), (iv), (a) of that paragraph, and item (i) of the preceding paragraph means another Company, etc. whose Decision Making Body is controlled by a Parent Company, etc. In this case, if the Parent Company, etc. and Subsidiary Company, etc. or the Subsidiary Company, etc. has control over the Decision Making Body of another Company, etc., the other Company, etc. is deemed to be the Subsidiary Company, etc. of the Parent Company, etc.

- (4) The term "Affiliated Company, etc." referred to in paragraph (1), item (iii), item (iv), (a) of that paragraph, and paragraph (2), item (ii) means a Company, etc. (excluding a Subsidiary Company, etc.) specified by Cabinet Office Order over whose financial, operational, or business policy decisions another Company, etc. (inclusive of its Subsidiary Companies, etc. (meaning Subsidiary Companies, etc. as prescribed in the preceding paragraph; hereinafter the same applies in this paragraph)) is capable of exerting a material influence through investment, assumption of office as a director or other position equivalent thereto by a person that is or has been an officer or employee of the other Company, etc., financing, guarantee of obligations, provision of collateral, provision of technology, or transactions, etc. in operations and business.
- (5) The particulars necessary for the determination of the holding of the voting rights as set forth in paragraph (1), item (iv) are specified by Cabinet Office Order in consideration of the mode of possession and any other circumstances.

(Scope of Subsidiary Corporation of a Specified Major Shareholder)

Article 15-16-2 (1) Persons that satisfy the requirements specified by Cabinet Order prescribed in Article 32-2, paragraph (2) of the Act are the following persons:

- (i) the relevant person's Subsidiary Company, etc.; and
  - (ii) the relevant person's Affiliated Company, etc.
- (2) The term "Subsidiary Company, etc." as used in item (i) of the preceding paragraph means another company, etc. whose body that decides its financial and operational or business policies (meaning shareholders meeting or other equivalent body; hereinafter referred to as "decision-making body" in this paragraph) is controlled by its Parent Company, etc. (a company, etc. (meaning a company, partnership or other equivalent business entity, including those equivalent thereto in a foreign state; hereinafter the same applies in this

Article) that controls the decision-making body of another company, etc. specified by Cabinet Office Order). In this case, if a Parent Company, etc. and its Subsidiary Company, etc. or its Subsidiary Company, etc. controls the decision-making body of another company, etc., that company, etc. is deemed as a Subsidiary Company, etc. of the Parent Company, etc.

- (3) The term "Affiliated Company, etc." referred to in paragraph (1), item (ii) means a Company, etc. (excluding Subsidiary Company, etc.) specified by Cabinet Office Order over whose financial, operational, or business policy decisions another Company, etc. (inclusive of its Subsidiary Companies, etc. (meaning Subsidiary Companies, etc. as prescribed in the preceding paragraph; hereinafter the same applies in this paragraph)) is capable of exerting a material influence through investment, assumption of office as a director or other position equivalent thereto by a person that is or has been an officer or employee of the other Company, etc., financing, guarantee of obligations, provision of collateral, provision of technology, or transactions, etc. in operations and business.

(Securities Similar to Short-Term Corporate Bonds)

Article 15-17 (1) What is specified by Cabinet Order as being similar to short-term corporate bonds, as provided in Article 33, paragraph (2), item (i) of the Act, is as follows:

- (i) the short-term corporate bonds referred to in Article 61-10, paragraph (1) of the Insurance Business Act; and
- (ii) those specified by Cabinet Office Order as being equivalent to the Securities set forth in Article 2, paragraph (1), item (iv) of the Act.
- (2) What is specified by Cabinet Order as being similar to short-term investment corporation bonds provided in Article 33, paragraph (2), item (i) of the Act is securities similar to investment corporation bond certificates which are issued by a Foreign Investment Corporation and which are equivalent to the short-term investment corporation bonds prescribed in Article 139-12, paragraph (1) of the Act on Investment Trusts and Investment Corporations.
- (3) Among the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act, those specified by Cabinet Order that are provided for in Article 33, paragraph (2), item (i) of the Act are, among the Securities which have the nature of the Securities set forth in Article 2, paragraph (1), item (xv) of the Act, those for which the term between the day of issuance and the day of redemption is shorter than one year, or those specified by Cabinet Office Order as being equivalent to the short-term corporate bonds set forth in Article 66, item (i) of the Act on Transfer of Corporate Bonds, etc., the Securities set forth in paragraph (1), item (i) of this Order, or the provisions of Article 2, paragraph (1), item (iv) or (vii) of the Act.

(4) Among the Securities set forth in Article 2, paragraph (1), item (xxi) of the Act, those specified by Cabinet Order that are provided for in Article 33, paragraph (2), item (i) of the Act are, among the Securities set forth in Article 1, item (i), those for which the term between the day of issuance and the day of redemption is shorter than one year.

(Securities Excluded as a Subject of Private Placement by a Financial Institution)

Article 15-18 The Securities specified by Cabinet Order that are provided for in Article 33, paragraph (2), item (iv), (a) of the Act are Securities as set forth in Article 2, paragraph (1), item (xix) of the Act (including Securities as set forth in Article 2, paragraph (1), item (xix) of the Act that indicate Options on such Securities) that indicate the Options on the following Securities:

- (i) share certificates (including Preferred Equity Securities), share option certificates, corporate bond certificates with share options, and any other Securities specified by Cabinet Office Order as being equivalent thereto;
- (ii) Securities as set forth in Article 2, paragraph (1), item (xvii) of the Act that have the nature of the Securities set forth in the preceding item; and
- (iii) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the Securities prescribed in the preceding two items.

(Cases in Which a Large Number of Persons Are the Other Parties to a Transaction)

Article 15-19 The cases specified by Cabinet Order that are provided for in Article 33, paragraph (2), item (v) of the Act are cases in which the transaction set forth in (b) of that item is conducted with not less than 50 persons as the other parties.

(Subject Transaction of Brokerage for Clearing of Securities by a Financial Institution)

Article 15-20 The other transactions specified by Cabinet Order that are provided for in Article 33, paragraph (2), item (vi) of the Act are as follows:

- (i) the lending and borrowing of the money needed to settle Brokerage for Clearing of Securities, etc. (limited to those related to a Margin Transaction, or the purchase and sale of Securities or Securities-Related Market Derivatives Transaction made on a Financial Instruments Business Operator's own account; the same applies in the following item) (limited to an instance of lending and borrowing in which the lending is done by a Securities Finance Company);
- (ii) the lending and borrowing of Securities (if persons other than a Securities

- Finance Company lend the Securities necessary for the settlement of Brokerage for Clearing of Securities, etc. by utilizing the clearing systems of a Financial Instruments Exchange Market or Over-the-Counter Securities Market, this is limited to lending associated with Brokerage for Clearing of Securities, etc. undertaken without recourse to a Financial Instruments Exchange Market or an Over-the-Counter Securities Market);
- (iii) the delivery and receipt of collateral in a transaction as set forth in the preceding two items;
  - (iv) the payment and receipt of beneficiary certificates or Money, etc. with regard to the establishment of a Securities Investment Trust, the redemption of a part of the principal of a Securities Investment Trust, or the exchange between beneficiary certificates of a Securities Investment Trust and Listed Securities, etc.; and
  - (v) beyond what is set forth in the preceding items, delivery and receipt of Securities or money made for the performance of the obligations arisen from the purchase and sale of Securities, Transaction of Securities-Related Derivatives, or the transactions set forth in the preceding items.

(Persons Engaged in a Specified Financial Instruments Business)

Article 15-21 (1) When the person engaged in a Specified Financial Instruments Business as referred to in Article 33-8, paragraph (2) of the Act performs that business, it must clearly indicate that it is the person that performs the duties on behalf of the Registered Financial Institution related to that business.

(2) The persons specified by Cabinet Order that are provided for in Article 33-8, paragraph (2), item (i) of the Act are the following persons:

- (i) a Life Insurance Solicitor (meaning a life insurance solicitor as defined in Article 2, paragraph (19) of the Insurance Business Act and excluding the officers and employees of a Life Insurance Company defined in paragraph (3) of that Article or a Foreign Life Insurance Company as prescribed in paragraph (8) of that Article) that is an individual;
- (ii) an officer that holds the authority of the representation of a Life Insurance Solicitor (meaning a life insurance solicitor as prescribed in Article 2, paragraph (19) of the Insurance Business Act) that is a corporation;
- (iii) a Non-Life Insurance Agent (meaning a non-life insurance agent as prescribed in Article 2, paragraph (21) of the Insurance Business Act; hereinafter the same applies in this paragraph) that is an individual;
- (iv) among the employees of the Non-Life Insurance Agent that is an individual, those that have been notified under Article 302 of the Insurance Business Act;
- (v) among the officers or employees of a Non-Life Insurance Agent that is a corporation, those that have been notified under Article 302 of the Insurance

Business Act; and  
(vi) officers that hold the authority of representation of a Non-Life Insurance Agent that is a corporation.

(Provision of Particulars Using Information and Communications Technology)

Article 15-22 (1) Before seeking to provide a person with the particulars prescribed in Article 34-2, paragraph (4) of the Act pursuant to that paragraph (including as applied mutatis mutandis pursuant to the provisions of Article 34-3, paragraph (12) (including as applied mutatis mutandis pursuant to the provisions of Article 34-4, paragraph (6) of the Act), Article 34-4, paragraph (3), Article 37-3, paragraph (2), Article 37-4, paragraph (2), Article 37-5, paragraph (2), Article 40-2, paragraph (6), Article 40-5, paragraph (3), and Article 42-7, paragraph (2) of the Act; hereinafter the same applies in this Article), a Financial Instruments Business Operator, etc., in advance and pursuant to the provisions of Cabinet Office Order, must indicate to the person to which it will provide that information the type and substance of the means prescribed in that paragraph that it will use to provide it (hereinafter referred to as "electronic or magnetic means" in this Article) and obtain consent for this in written form or by electronic or magnetic means.

(2) If a Financial Instruments Business Operator, etc. that has obtained consent under the preceding paragraph receives a notice from the relevant person, either in written form or by electronic or magnetic means, indicating that the person is not willing to be provided with particulars by electronic or magnetic means, the Financial Instruments Business Operator, etc. must not use electronic or magnetic means to provide the person with the particulars prescribed in Article 34-2, paragraph (4) of the Act; provided, however, that this does not apply if the person has once again given consent under the preceding paragraph.

(Gaining Agreement Using Information and Communications Technology)

Article 15-23 (1) Before seeking to obtain a person's agreement by the means specified by Cabinet Office Order as prescribed in Article 34-2, paragraph (12) of the Act (including as applied mutatis mutandis pursuant to Article 34-3, paragraph (3) (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Act) and Article 43-4, paragraph (3) of the Act; hereinafter the same applies in this Article) (hereinafter referred to as "electronic or magnetic means" in this Article) in lieu of agreement in written form under Article 34-2, paragraph (11) of the Act pursuant to Article 34-2, paragraph (12) of the Act, a Financial Instruments Business Operator, etc., in advance and pursuant to the provisions of Cabinet Office Order, must indicate to the person whose agreement it is seeking the type and substance of the electronic or

magnetic means it will use and obtain consent for this in written form or by electronic or magnetic means.

- (2) If a Financial Instruments Business Operator that has gained a person's agreement under the preceding paragraph receives a notice from that person, either in written form or by electronic or magnetic means, indicating that the person is not willing to agree to the matter in question by electronic or magnetic means, the Financial Instruments Business Operator must not use electronic or magnetic means to gain the person's agreement as prescribed in Article 34-2, paragraph (12) of the Act; provided, however, that this does not apply if the person has once again given consent under the preceding paragraph.

(Deemed Replacement of Terms When a Subject Contract Is a Continuous Contract)

Article 15-24 (1) With regard to the application of the provisions of Article 34-3, paragraph (4) of the Act if the Subject Contract set forth in Article 34-3, paragraph (4), item (ii) of the Act is an Investment Advisory Contract (meaning an Investment Advisory Contract as prescribed in Article 2, paragraph (8), item (xi) of the Act; the same applies hereinafter) or Discretionary Investment Contract, the phrase "the Applicant is deemed to be a Professional Investor for the purpose of application of this Act (excluding Article 29-5, paragraph (3) and this Subsection)" in Article 34-3, paragraph (4) of the Act is deemed to be replaced with "the Applicant is deemed to be a Professional Investor for the purpose of application of this Act (excluding Article 29-5, paragraph (3) and, this Subsection and Article 45 (limited to the part that involves item (iii) and item (iv))), and the Applicant is deemed to be a Professional Investor only during the period up to the Expiration Date (if the Financial Instruments Business Operator, etc. has given consent under paragraph (2) and the Applicant has given written consent under that paragraph for the Request for Renewal prescribed in paragraph (7) which the Applicant has made prior to the Expiration Date, the Expiration Date related to the Request for Renewal) for the purpose of the application of Article 45 (limited to the part that involves item (iii) and item (iv))".

- (2) With regard to the application of the provisions of Article 34-3, paragraph (4) of the Act if the Subject Contract set forth in Article 34-3, paragraph (4), item (ii) of the Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Act is an Investment Advisory Contract or Discretionary Investment Contract, the phrase "the Applicant is deemed to be a Professional Investor for the purpose of application of this Act (excluding Article 29-5, paragraph (3) and this Subsection)" in Article 34-4, paragraph (4) of the Act is deemed to be replaced with "the Applicant is deemed to be a Professional Investor for the

purpose of application of this Act (excluding Article 29-5, paragraph (3) and this Subsection and Article 45 (limited to the part that involves item (iii) and item (iv))), and the Applicant is deemed to be a Professional Investor only during the period up to the Expiration Date (if the Financial Instruments Business Operator, etc. has delivered the documents or made confirmation under paragraph (2) of the following Article and has given consent under paragraph (2) as applied mutatis mutandis pursuant to paragraph (6) of the following Article, and the Applicant has given written consent under paragraph (2) with regard to the Request for Renewal prescribed in paragraph (7) which the Applicant has made prior to the Expiration Date, the Expiration Date related to the Request for Renewal) for the purpose of the application of Article 45 (limited to the part that involves item (iii) and item (iv))".

(Assets Excluded from Consideration as Specified Assets Subject to Investment)

Article 15-25 The assets specified by Cabinet Order that are provided for in Article 35, paragraph (1), item (xv), (a) of the Act are as follows:

- (i) Building Lots (meaning the building lots set forth in Article 2, item (i) of the Building Lots and Buildings Transaction Business Act (Act No. 176 of 1952)) and buildings;
- (ii) the commodities prescribed in Article 2, paragraph (1) of the Commodity Futures Act; and
- (iii) rights associated with commodities investment, etc. transactions as set forth in Article 3, item (x) of the Order for the Enforcement of the Act on Investment Trusts and Investment Corporations.

(Goods Which Are the Subject of Investment Constituting a Notification Business)

Article 15-26 The goods specified by Cabinet Order that are provided for in Article 35, paragraph (2), item (v)-2 of the Act are the commodities prescribed in Article 2, paragraph (1) of the Commodity Futures Act.

(Material Particulars That May Impact Customers' Judgment)

Article 16 (1) The particulars specified by Cabinet Order that are provided for in Article 37, paragraph (1), item (iii) of the Act are as follows:

- (i) the particulars of fees, remuneration, or any other consideration payable by the customer with regard to a financial instruments transaction contract (meaning a financial instruments transaction contract as defined in Article 34 of the Act; the same applies hereinafter) which are specified by Cabinet Office Order;
- (ii) if there is customer margin or some other security deposit or any other



thing specified by Cabinet Office Order payable by the customer with regard to the financial instruments transaction contract, the amount thereof or the calculation method therefor;

- (iii) if the Amount (meaning the amount obtained by multiplying the number or volume of the transactions to the amount of consideration offered for the transactions or the Agreed Figure (meaning the Agreed Figure prescribed in Article 2, paragraph (21), item (ii) of the Act; the same applies hereinafter); hereinafter the same applies in this item and Article 18, paragraph (1), item (iii)) of Derivative Transactions (in the case of the transactions set forth in Article 2, paragraph (21), item (iii) of the Act, they are the transactions set forth in (a) and (b) of that item which are closed by the exercise of the rights under that item, in the case of the transactions set forth in Article 2, paragraph (22), item (iii) of the Act, they are the transactions set forth in (a) and (b) of that item which are closed by the exercise of the rights under that item, and in the case of the transactions set forth in Article 2, paragraph (22), item (iv) of the Act, they are the transactions wherein money is paid or received as prescribed in that item and which are closed by the exercise of the rights under that item), Margin Transactions, and any other transaction specified by Cabinet Office Order conducted by a customer (hereinafter collectively referred to as the "Derivatives Transaction, etc." in this item and Article 18, paragraph (1), item (iii)) could exceed the amount of the customer margin or other security deposit, or any other amount specified by Cabinet Office Order payable by the customer with regard to the Derivatives Transaction, etc. (hereinafter collectively referred to as the "Amount of Security Deposit, etc." in this Article and Article 18), the following particulars:
  - (a) to the effect that the Amount of the Derivatives Transaction, etc. may exceed the Amount of Security Deposit, etc.; and
  - (b) the ratio of the Amount of the Derivatives Transaction, etc. to the Amount of Security Deposit, etc. (if that ratio cannot be calculated, an indication of this and the reason therefor);
- (iv) the following particulars, if there is a risk for a loss to arise that has as its direct cause fluctuations in money rates, the value of currencies, quotations on a Financial Instruments Market, or any other indicator, as regards an act that constitutes a Financial Instruments transaction (meaning an act that constitutes a Financial Instruments transaction as prescribed in Article 34 of the Act; the same applies hereinafter) conducted by a customer:
  - (a) the indicator in question; and
  - (b) an indication of the risk that fluctuations in that indicator could give rise to a loss and the reasons for this;
- (v) if there is a risk that the amount of loss referred to in the preceding item

could exceed the Amount of Security Deposit, etc. (hereinafter referred to as the "Risk of Loss in Excess of Principal" in this item), the following particulars:

- (a) among the indicators under the preceding item, those which are the direct cause for the Risk of Loss in Excess of Principal; and
  - (b) an indication that there is a Risk of Loss in Excess of Principal due to fluctuations in the indicator set forth in (a) and the reason therefor;
  - (vi) if there is a difference between the sale price and purchase price of the Financial Instruments indicated by the Financial Instruments Business Operator, etc. with regard to the Over-the-Counter Derivatives Transactions (in cases of the transactions set forth in Article 2, paragraph (22), items (ii) to (vi) of the Act, the particulars specified by Cabinet Office Order as being equivalent to the sale price and purchase price), an indication of this; and
  - (vii) the particulars specified by Cabinet Office Order as being equivalent to the particulars set forth in the preceding items.
- (2) Notwithstanding the provisions of the preceding paragraph, the particulars specified by Cabinet Order that are provided for in Article 37, paragraph (1), item (iii) of the Act, if the acts set forth in Article 37, paragraph (1) of the Act are to be carried out by way of broadcasting, using the broadcast equipment of a Private Broadcaster or any other means specified by Cabinet Office Order as being equivalent thereto, are as follows:
- (i) if there is a risk for a loss to arise that has as its direct cause fluctuations in money rates, the value of currencies, quotations on a Financial Instruments Market, or any other indicator, as regards an act that constitutes a Financial Instruments transaction conducted by a customer, an indication of this risk (if there is a risk that the amount of the loss may exceed the Amount of Security Deposit, etc., this includes an indication of that risk); and
  - (ii) the particulars specified by Cabinet Office Order as being equivalent to the particulars set forth in the preceding item.

(Scope of Specified Financial Instruments Business Operator)

Article 15-27 The persons specified by Cabinet Order that are provided for in Article 36, paragraph (3) of the Act are the following persons:

- (i) Financial Instruments Business Operator that engages in the Securities Services (meaning Securities Services as prescribed in Article 28, paragraph (8) of the Act; the same applies hereinafter) (limited to persons registered under Article 29 of the Act for engaging in Type I Financial Instruments Business); and
- (ii) Registered Financial Institution.

(Scope of Parent Financial Institution and Subsidiary Financial Institution)

Article 15-28 (1) The persons specified by Cabinet Order that are provided for in Article 36, paragraph (4) of the Act are the persons set forth in the items of Article 15-16, paragraph (1).

(2) Persons engaged in financial business specified by Cabinet Order that are provided for in Article 36, paragraphs (4) and (5) are the following persons:

(i) persons set forth in the items of Article 1-9;

(ii) notifiers of Specially Permitted Services (meaning the Notifiers of Specially Permitted Services prescribed in Article 63, paragraph (5) of the Act; the same applies hereinafter);

(iii) notifiers of Specially Permitted Services for Foreign Investors, etc. (meaning the Notifiers of Specially Permitted Services for Foreign Investors, etc. prescribed in Article 63-9, paragraph (4) of the Act; the same applies hereinafter);

(iv) persons engaged in the following business in a foreign state in compliance with laws and regulations of the foreign state (excluding Financial Instruments Business Operators, banks, Cooperative Structured Financial Institutions and persons specified in the preceding three items):

(a) Financial Instruments Business;

(b) banking business prescribed in Article 2, paragraph (2) of the Banking Act (Act No. 59 of 1981); and

(c) insurance business prescribed in Article 2, paragraph (1) of the Insurance Business Act.

(3) The persons specified by Cabinet Order that are provided for in Article 36, paragraph (5) of the Act are the persons set forth in the items of Article 15-16, paragraph (2).

(Solicitation Requiring That the Prime Minister Receive Notification of the Contents of Documents)

Article 16-2 The solicitation specified by Cabinet Order that is provided for in Article 37-3, paragraph (3) of the Act is solicitation in response to which not less than 500 persons conclude the Contracts for Financial Instruments Transactions related to the solicitation.

(Contracts That May Be Cancelled by the Customer)

Article 16-3 (1) The financial instruments transaction contract specified by Cabinet Order that is provided for in Article 37-6, paragraph (1) of the Act is an Investment Advisory Contract.

(2) The number of days specified by Cabinet Order that is provided for in Article 37-6, paragraph (1) of the Act is ten days.

(Contracts Prohibiting Cold Calling)

Article 16-4 (1) The financial instruments transaction contract specified by Cabinet Order that is provided for in Article 38, item (iv) of the Act is the following contracts:

- (i) a contract wherein the following transactions from among the Over-the-Counter Derivatives Transactions are carried out with customers or a contract wherein the relevant person acts as intermediary, broker (excluding Brokerage for Clearing of Securities, etc.), or agent in those transactions on behalf of the customer:
    - (a) a transaction comprising a purchase and sale in which the parties to the purchase and sale promise to deliver and take delivery of a Financial Instrument (limited to those set forth in Article 2, paragraph (24), item (ii) or (iii) of the Act; hereinafter the same applies in this item) and its value at a fixed time in the future, and which the parties may settle by delivering and taking delivery of the difference in values if they sell back or buy back the underlying Financial Instrument or if they take an action that cancels the purchase and sale contract;
    - (b) a transaction comprising the parties' promises to pay and receive an amount of money calculated based on the difference between the numerical value of a Financial Indicator upon which the parties agree in advance (limited to the prices of the Financial Instruments or the Interest Rates, etc. (meaning the Interest Rate, etc. prescribed in Article 2, paragraph (21), item (iv) of the Act; the same applies hereinafter) of the Financial Instruments (excluding those set forth in Article 2, paragraph (24), item (iii) of the Act) or the figures calculated based thereon; hereinafter the same applies in (b)) and the actual numerical value of the Financial Indicator at a fixed time in the future, or any other similar transactions;
    - (c) a transaction comprising the first party's promise to grant the second party the option of effecting one of the following transactions between them by a unilateral manifestation of the second party's intention, and the second party's promise to pay the value of that option; or any other similar transaction:
      - 1. a purchase and sale of Financial Instruments (excluding the transactions set forth in (a)); and
      - 2. a transaction as set forth in (a) or (b);
    - (d) cryptoasset-related over-the-counter derivatives transactions; and
  - (ii) a contract wherein an Over-the-Counter Derivatives Transaction is carried out with individual customers or intermediation, brokerage (excluding Brokerage for Clearing of Securities, etc.), or agency for Over-the-Counter Derivatives Transactions is performed on behalf of individual customers (excluding those falling under the contracts set forth in the preceding item).
- (2) The financial instruments transaction contract specified by Cabinet Order

that is provided for in Article 38, items (v) and (vi) of the Act means one of the contracts set forth in the items of the preceding paragraph or one of the following contracts:

- (i) a contract whose substance is the undertaking of intermediation, brokerage (excluding Brokerage for Clearing of Securities, etc.), or agency for the following transactions from among the Market Derivatives Transaction on behalf of customers, or the undertaking of intermediation, brokerage, or agency for the entrustment of those transactions:
  - (a) a transaction comprising a purchase and sale in which the parties to the purchase and sale promise to deliver and take delivery of a Financial Instrument (limited to one as set forth in Article 2, paragraph (24), item (ii) or (iii) of the Act or those set forth in Article 2, paragraph (24), item (v) of the Act (limited to those associated with those set forth in Article 2, paragraph (24), item (ii) of the Act); hereinafter the same applies in this item) and its value at a fixed time in the future, and which the parties may settle by delivering and taking delivery of the difference in values if they sell back or buy back the underlying Financial Instrument;
  - (b) a transaction comprising the parties' promises to pay and receive an amount of money calculated based on the difference between the numerical value of a Financial Indicator upon which the parties agree in advance (limited to the prices of the Financial Instruments or the Interest Rates, etc. of the Financial Instruments (excluding those set forth in Article 2, paragraph (24), item (iii) of the Act) or the figures calculated based thereon; hereinafter the same applies in (b)) and the actual numerical value of the Financial Indicator at a fixed time in the future, or any other similar transaction;
  - (c) a transaction comprising the first party's promise to grant the second party the option of effecting one of the following transactions between them by a unilateral manifestation of the second party's intention, and the second party's promise to pay the value of that option; or any other similar transaction:
    - 1. a purchase and sale of Financial Instruments (excluding the transaction set forth in (a)); and
    - 2. a transaction as set forth in (a) or (b) (including the transactions equivalent to the transaction set forth in (b) and which are specified by a Financial Instruments Exchange);
  - (d) cryptoassets-related over-the-counter derivatives transactions prescribed in Article 185-24, paragraph (1) of the Act;
  - (e) the Commodity-Related Market Derivatives Transactions prescribed in Article 2, paragraph (8), item (i) of the Act; and
- (ii) a contract whose substance is the undertaking of intermediation, brokerage

(excluding Brokerage for Clearing of Securities, etc.), or agency for transactions similar to those set forth in (a) to (d) of the preceding item from among the Foreign Market Derivatives Transactions on behalf of customers or the undertaking of intermediation, brokerage, or agency for entrustment of those transactions.

(Financial Instruments Business Operators and Authorized Firms for On-Exchange Transactions That Are Included in High-Speed Traders)

Article 16-4-2 The person specified by Cabinet Order that is provided for in Article 38, item (viii) of the Act (including as applied mutatis mutandis pursuant to Article 60-13 of the Act) is a person that falls under either of the following items:

- (i) a person that has obtained the registration referred to in Article 29 of the Act by stating the particulars set forth in Article 29-2, paragraph (1), item (vii), (a) of the Act in the written application for registration or a person that has made a notification under Article 31, paragraph (1) of the Act by stating those particulars (excluding a person that has made a notification under that paragraph to the effect that changes have arisen in a particular subject to that registration or notification);
- (ii) a person that has obtained the registration referred to in Article 29 of the Act or the registration of a change referred to in Article 31, paragraph (4) of the Act by stating the particular set forth in Article 29-2, paragraph (1), item (vii), (b) of the Act in the written application for registration or the written application for registration of a change (excluding a person that has obtained the registration of a change referred to in that paragraph by stating, in the written application for registration of a change, an intention to make a change with regard to a particular subject to that registration or that registration of a change);
- (iii) a person that has obtained the registration referred to in Article 33-2 of the Act by stating the particular set forth in Article 33-3, paragraph (1), item (vi), (a) of the Act in the written application for registration or a person that has made a notification under Article 33-6, paragraph (1) of the Act by stating that particular (excluding a person that has made a notification under that paragraph to the effect that a change has arisen in connection with a particular subject to that registration or notification); and
- (iv) a person that has obtained the permission referred to in Article 60, paragraph (1) of the Act by stating the particular set forth in Article 60-2, paragraph (1), item (iv), (a) of the Act in the written application for permission or a person that has made a notification under Article 60-5, paragraph (1) of the Act by stating that particular (excluding a person that has made a notification under that paragraph to the effect that a change has

arisen in connection with a particular subject to that permission or notification).

(Exemptions to the Prohibition on Compensation for Loss)

Article 16-5 The transactions specified by Cabinet Order that are provided for in Article 39, paragraph (1), item (i) of the Act are, among purchase and sales on condition of repurchase related to the Securities set forth in Article 2, paragraph (1), items (i) to (v) and (xv) of the Act (excluding corporate bond certificates with share options; hereinafter the same applies in this Article), the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the Securities set forth in Article 2, paragraph (1), items (i) to (v) and (xv) of the Act, and the Securities set forth in Article 1, item (i) and which are, among those whose repurchase price is set in advance (hereinafter referred to as "Purchase and Sale of Bonds, etc. on Condition of Repurchase" in this Article), those carried out by a Financial Instruments Business Operator, etc. solely for the fund procurement thereof (including those carried out for procuring funds that will become insufficient due to its becoming a counterparty to another Purchase and Sale of Bonds, etc. on Condition of Repurchase)

(Exemptions to the Application of the Best Execution Policy)

Article 16-6 (1) The transactions specified by Cabinet Order that are provided for in Article 40-2, paragraph (1) of the Act are as follows:

(i) purchase and sales of Securities (excluding those set forth below):

- (a) the purchase and sale of Listed Share Certificates, etc. (meaning the share certificates, corporate bond certificates with share options and any other Securities specified by Cabinet Office Order which are listed on a Financial Instrument Exchange; the same applies in paragraph (3)) (excluding purchase and sale that falls under the category of a Derivatives Transaction; hereinafter the same applies in this item and paragraph (3));
- (b) the purchase and sale of Over-the-Counter Traded Securities; and
- (c) the purchase and sale of Tradable Securities; and

(ii) Derivatives Transactions.

(2) The Best Execution Policy, etc. under Article 40-2, paragraph (1) of the Act must be established by stating the method for executing orders under the best terms and conditions for each issue for the Transactions of Securities, etc. defined in that paragraph and the reason for choosing that method.

(3) The transactions specified by Cabinet Order that are provided for in Article 40-2, paragraph (4) of the Act are the purchase and sale of Listed Share Certificates, etc. and Over-the-Counter Traded Securities.

(Things Similar to Money)

Article 16-7 The thing specified by Cabinet Order as being similar to money that is provided for in Article 40-3 and Article 40-3-2 of the Act means anything set forth in the items of Article 1-3.

(Acts That Are Subject to the Obligation of Notification Related to Securities for Professional Investors)

Article 16-7-2 The acts specified by Cabinet Order that are provided for in Article 40-5, paragraph (1) of the Act are the following acts:

- (i) selling the thing in question (excluding what is set forth below):
  - (a) selling the thing in question on a Financial Instruments Exchange Market, Over-the-Counter Securities Market, or Foreign Financial Instruments Market;
  - (b) selling Share Certificates, etc. (meaning Share Certificates, etc. as defined in Article 27-2, paragraph (1) of the Act) in connection with a Tender Offer as prescribed in Article 27-2, paragraph (6) of the Act;
  - (c) selling Listed Share Certificates, etc. (meaning the Listed Share Certificates, etc. defined in Article 24-6, paragraph (1) of the Act) in connection with a Tender Offer prescribed in Article 27-2, paragraph (6) of the Act as applied mutatis mutandis pursuant to the provisions of Article 27-22-2, paragraph (2) of the Act following the deemed replacement of terms;
  - (d) selling the thing in question through a purchase and sale transaction of Securities which is closed when the rights acquired or granted in the Transactions of Securities-Related Derivatives (meaning Transactions of Securities-Related Derivatives as prescribed in Article 28, paragraph (8), item (vi) of the Act and limited to the transactions set forth in Article 28, paragraph (8), item (iii), (c) of the Act (limited to a transaction as in Article 28, paragraph (8), item (iii), (c), 1. of the Act) or Article 28, paragraph (8), item (iv), (c) of the Act (limited to a transaction as in Article 28, paragraph (8), item (iv), (c), 1. of the Act)) are exercised (such a purchase and sale transaction is referred to as the "Specified Purchase and Sale Transaction" in the following item);
  - (e) selling associated with a purchase and sale of Securities set forth in Article 2, paragraph (8), item (x) of the Act; and
  - (f) beyond what is set forth in (a) to (e), anything specified by Cabinet Office Order as something that would not compromise the protection of investors;
- (ii) the conclusion of a contract whose substance is the undertaking of intermediation, brokerage, or agency (excluding those set forth below) for purchases (excluding purchases conducted through Specified Purchase and Sale Transactions; hereinafter the same applies in this item):



- (a) intermediation, brokerage (excluding Brokerage for Clearing of Securities, etc.), or agency for purchases made on a Financial Instruments Exchange Market, Over-the-Counter Securities Market, or Foreign Financial Instruments Market;
- (b) the acts set forth in Article 2, paragraph (8), item (x) of the Act;
- (c) Brokerage for Clearing of Securities, etc.; and
- (d) beyond what is set forth in (a) to (c), any acts specified by Cabinet Office Order as those which would not compromise the protection of investors.

(Exemptions to the Prohibition on Purchase and Sales of Securities)

Article 16-8 The cases specified by Cabinet Order that are provided for in the proviso to Article 41-3 of the Act are the following cases:

- (i) a case in which the relevant acts are carried out as Type II Financial Instruments Business;
- (ii) a case in which the relevant acts are carried out as Registered Financial Institution Business (meaning the Registered Financial Institution Business set forth in Article 33-3, paragraph (1), item (vi), (a) of the Act);
- (iii) a case in which a Financial Instruments Business Operator that is a Financial Instruments Intermediary Service Provider carries out the relevant acts as a Financial Instruments Intermediary Service;
- (iv) a case in which a Registered Financial Institution which is a Financial Institution engaged in Trust Business (meaning a Financial Institution authorized under Article 1, paragraph (1) of the Act on Concurrent Operation of Trust Business by a Financial Institution (Act No. 43 of 1943); the same applies hereinafter) carries out the relevant acts as Trust Business (meaning trust business as set forth in that paragraph; the same applies hereinafter);
- (v) a case in which a Financial Instruments Business Operator that is a financial service intermediary (meaning the financial service intermediary prescribed in Article 11, paragraph (6) of the Act on the Provision of Financial Services (Act No. 101 of 2000); the same applies hereinafter) carries out the relevant acts as securities, etc. intermediary business operations (meaning the securities, etc. intermediary business operations prescribed in paragraph (4) of that Article; the same applies in Article 16-11, item (iv)); and
- (vi) any case specified by Cabinet Office Order as being equivalent to the cases set forth in the preceding items.

(Exemptions to the Prohibition on Receiving Deposits of Money or Securities)

Article 16-9 The cases specified by Cabinet Order that are provided for in Article 41-4 and Article 42-5 of the Act are the following cases:

- (i) a case in which a Registered Financial Institution which is a Financial

Institution engaged in Trust Business carries out the relevant acts as a Trust Business;

- (ii) a case in which there is acceptance of deposits, savings, or Installment Savings, etc. prescribed in Article 2, paragraph (4) of the Banking Act; and
- (iii) any case specified by Cabinet Office Order as being equivalent to the cases set forth in the preceding two items.

(Scope of Persons Closely Related to a Financial Instruments Business Operator)

Article 16-10 The persons specified by Cabinet Order that are provided for in Article 41-4 and Article 42-5 of the Act are any of the following persons not constituting a Financial Instruments Business Operator, etc. (limited to those engaged in Securities, etc. Management Business (meaning the Securities, etc. Management Business defined in Article 28, paragraph (5) of the Act; the same applies in Article 18-2)), Bank, or other person specified by Cabinet Office Order:

- (i) a relative (limited to the spouse thereof and the relatives by blood or affinity within the third degree of kinship) of the Financial Instruments Business Operator, etc. (limited to one that is an individual);
- (ii) Officers (meaning the Officers as set forth in Article 29-2, paragraph (1), item (iii) of the Act and if an Officer is a corporation, this includes the members responsible for performing the duties thereof; the same applies in Article 18-2, item (ii)) or an employee of the Financial Instruments Business Operator, etc. (limited to one that is a corporation; hereinafter the same applies in this Article);
- (iii) a Parent Corporation, etc. (meaning a Parent Corporation, etc. as defined in Article 31-4, paragraph (3) of the Act; the same applies hereinafter) or Subsidiary Corporation, etc. (meaning a Subsidiary Corporation, etc. as defined in Article 31-4, paragraph (4) of the Act; the same applies hereinafter) of the Financial Instruments Business Operator, etc.;
- (iv) a Specified Individual Shareholder of the Financial Instruments Business Operator, etc. (excluding those set forth in the item (ii)); and
- (v) the persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding items.

(Exemptions to the Prohibition on Loans of Money or Securities Concerning Investment Advisory Business)

Article 16-11 The cases specified by Cabinet Order that are provided for in the proviso to Article 41-5 of the Act are the following cases:

- (i) a case in which a Financial Instruments Business Operator (limited to one engaged in a Type I Financial Instruments Business) conducts the following

acts:

- (a) loaning money or Securities to customers as a business set forth in Article 35, paragraph (1) of the Act (excluding those incidental to a margin transaction; the same applies in (c) of this item, (b) of the following item, and item (iv));
- (b) intermediation or agency for loans of money to customers which are made by another Financial Instruments Business Operator incidentally with a margin transaction;
- (c) intermediation or agency for loans of money or Securities to customers which are made by another Financial Instruments Business Operator as a business set forth in Article 35, paragraph (1) of the Act;
- (ii) a case in which a Financial Instruments Business Operator that is a Financial Instruments Intermediary Service Provider carries out the following acts:
  - (a) intermediation for loans of money or Securities to customers which are made by an Entrusting Financial Instruments Business Operators, etc. (meaning an Entrusting Financial Instruments Business Operator, etc. as defined in Article 66-2, paragraph (1), item (iv) of the Act; the same applies hereinafter) incidentally with a margin transaction;
  - (b) intermediation for loans of money or Securities to customers which are made by an Entrusting Financial Instruments Business Operator, etc. as a business set forth in Article 35, paragraph (1) of the Act;
- (iii) a case in which a Registered Financial Institution which is a Financial Institution engaged in Trust Business carries out the following acts:
  - (a) the lending of money or Securities to customers; and
  - (b) intermediation or agency for the lending of money or Securities to customers, performed by other Financial Institutions (limited to Banks, cooperative financial institutions, the Shoko Chukin Bank Limited, Insurance Companies or securities finance companies);
- (iv) a case in which a Financial Instruments Business Operator that is a financial service intermediary engages in intermediation for loans of money or Securities to customers which are made by the counterparty financial institution (meaning the counterparty to a specified financial service contract (meaning the specified financial service contract prescribed in Article 31, paragraph (2) of the Act on the Provision of Financial Services; the same applies in Article 18-4-15, paragraph (5)) concluded by a customer through the securities, etc. intermediary business operations carried out by a financial service intermediary; the same applies in Article 16-13, item (v)), as the services prescribed in Article 35, paragraph (1) of the Act; and
- (v) any case specified by Cabinet Office Order as being equivalent to the cases set forth in the preceding items.

(Persons That May Entrust the Authority for Investment)

Article 16-12 The persons specified by Cabinet Order that are provided for in Article 42-3, paragraph (1) of the Act are the following persons:

- (i) another Financial Instruments Business Operator, etc. (limited to one engaged in an Investment Management Business); and
- (ii) a corporation established in accordance with the laws and regulations of a foreign state that engages in an Investment Management Business in a foreign state (with regard to the Categories of Businesses, referred to in Article 29-2, paragraph (1), item (v) of the Act, which are not Investment Advisory and Agency Business, excluding those that have obtained the registration under Article 29 of the Act).

(Exemptions to the Prohibition on Loans of Money or Securities with Regard to Investment Management Business)

Article 16-13 The cases specified by Cabinet Order that are provided for in the proviso to Article 42-6 of the Act are the following cases:

- (i) a case in which a Financial Instruments Business Operator, etc. provides intermediation or agency for loans of money or Securities to customers which are made by another Financial Instruments Business Operator incidentally with a margin transaction;
- (ii) a case in which a Financial Instruments Business Operator (limited to one engaged in a Type I Financial Instruments Business) carries out the following acts:
  - (a) the loaning of money or Securities to customers as a business set forth in Article 35, paragraph (1) of the Act (excluding those incidental to a margin transaction; the same applies in (b) of this item, (b) of the following item, and item (v));
  - (b) intermediation or agency for loans of money or Securities to customers which are made by another Financial Instruments Business Operator as a business set forth in Article 35, paragraph (1) of the Act;
- (iii) a case in which a Financial Instruments Business Operator that is a Financial Instruments Intermediary Service Provider carries out the following acts (excluding the cases set forth in item (i)):
  - (a) intermediation or agency for loans of money or Securities to customers which are made by an Entrusting Financial Instruments Business Operator, etc. incidentally with a margin transaction;
  - (b) intermediation for loans of money or Securities to customers which are made by an Entrusting Financial Instruments Business Operator, etc. as a business set forth in Article 35, paragraph (1) of the Act;
- (iv) a case in which a Registered Financial Institution which is a Financial

Institution engaged in Trust Business carries out the following acts:

- (a) loaning money or Securities to customers;
- (b) intermediation or agency for loans of money or Securities to customers which are made by a Financial Instruments Business Operator incidentally with a margin transaction; and
- (c) intermediation or agency for loan of money or Securities to customers which are made by other Financial Institutions (limited to Banks, cooperative financial institutions, the Shoko Chukin Bank Limited, Insurance Companies, or securities finance companies);
- (v) a case in which a Financial Instruments Business Operator that is a financial service intermediary engages in intermediation for loans of money or Securities to customers which are made by the counterparty financial institution, as the services prescribed in Article 35, paragraph (1) of the Act; and
- (vi) any case specified by Cabinet Office Order as being equivalent to the cases set forth in the preceding items.

(Number of Rights Holders Entitled to Investment Property Not Requiring the Submission of an Investment Report)

Article 16-14 The number specified by Cabinet Order that is provided for in the proviso to Article 42-7, paragraph (3) of the Act is 499.

(Securities-Related Transactions Excluded as the Subject of Separate Management)

Article 16-15 The transactions specified by Cabinet Order that are provided for in Article 43-2, paragraph (1), item (ii) of the Act are transactions falling under the category of transactions designated by the Commissioner of the Financial Services Agency as being similar to Over-the-Counter Derivatives Transactions.

(Order for Public Notice of Business Reports)

Article 16-16 The order under Article 46-3, paragraph (3) and Article 48-2, paragraph (3) of the Act is to be given by providing that public notice under these provisions is required to be published in a daily newspaper that publishes information on current affairs.

(Period Until the Commencement of Public Inspection of Explanatory Documents)

Article 16-17 The period specified by Cabinet Order that is provided for in the provisions of Article 46-4 of the Act and Article 47-3 of the Act is four months; provided, however, that if a Financial Instruments Business Operator that is a foreign corporation or an individual domiciled in a foreign state is found to be

unable to keep its Explanatory Documents (meaning the Explanatory Documents set forth in Article 46-4 of the Act or Article 47-3 of the Act) and provide them for public inspection or disclose them using the Internet or through other means pursuant to the provisions of Cabinet Office Order as prescribed in Article 46-4 or Article 47-3 of the Act from the day on which four months have elapsed from the end of its business year due to the laws and regulations or practices in its state, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Special Rules on the Deadline for Submission of Business Reports by a Foreign Corporation)

Article 16-18 The period specified by Cabinet Order that is provided for in Article 46-3, paragraph (1) of the Act as applied pursuant to the provisions of Article 49, paragraph (1) of the Act following the deemed replacement of terms or in Article 47-2 and Article 48-2, paragraph (1) of the Act as applied pursuant to the provisions of Article 49, paragraph (3) of the Act following the deemed replacement of terms is three months; provided, however, that if a Financial Instruments Business Operator that is a foreign corporation or an individual domiciled in a foreign state or a Registered Financial Institution which is a foreign corporation is found to be unable to submit the Business Reports within the three months after the end of its business year due to the laws and regulations or practices in its state, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Deadline for Submission of Other Documents)

Article 16-19 The period specified by Cabinet Order that is provided for in Article 49-3, paragraph (1) of the Act is three months; provided, however, that if a Financial Instruments Business Operator set forth in Article 49-3, paragraph (1) of the Act is found to be unable to submit the documents referred to in that paragraph within three months after the end of its business year due to the laws and regulations or practices in its state, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Assets to Be Retained in Japan)

Article 16-20 The liabilities on the accounts of All Business Offices or Offices that are specified by Cabinet Order as provided for in Article 49-5 of the Act are those of these liabilities that are other than obligations toward the head office of the Financial Instruments Business Operator set forth in that Article

or any other Non-Resident.

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis If a Financial Instruments Business Operator Gives Public Notice of the Discontinuation of Financial Instruments Business by Way of Electronic Public Notice)

Article 17 If public notice under Article 50-2, paragraph (6) of the Act is given by way of Electronic Public Notice (meaning the Electronic Public Notice prescribed in Article 2, item (xxxiv) of the Companies Act; the same applies hereinafter), the deemed replacement of terms under Article 50-2, paragraphs (9) and (10) of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 50-2, paragraphs (9) and (10) of the Act is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Assets for Which Retention in Japan May Be Ordered)

Article 17-2-1 The portion of the assets specified by Cabinet Order that is provided for in Article 56-3 of the Act is the amount of the stated capital equivalent to the amount of liability calculated pursuant to the provisions of Cabinet Office Order.

(Base Amount of Total Assets Requiring Notification Regarding a Special Financial Instruments Business Operator)

Article 17-2-2 The amount specified by Cabinet Order that is provided for in Article 57-2, paragraph (1) of the Act is 1 trillion yen.

(Deadline for Submission of Documents Related to the Parent Company of a Special Financial Instruments Business Operator)

Article 17-2-3 (1) The period specified by Cabinet Order that is provided for in Article 57-2, paragraph (2) of the Act is one month (three months in the case of Quarterly Securities Reports and any other documents set forth in item (ii) of that paragraph that are specified by Cabinet Office Order as documents that

are difficult to submit within that period); provided, however, that if the Parent Company (meaning the Parent Company prescribed in paragraph (8) of that Article; hereinafter the same applies in this Chapter) of a Special Financial Instruments Business Operator (meaning a Special Financial Instruments Business Operator prescribed in that paragraph; the same applies hereinafter) is a foreign company, and the Special Financial Instruments Business Operator is found to be unable to submit the documents within three months after the Notification Date (meaning the Notification Date prescribed in paragraph (2) of that Article; the same applies in the following paragraph) due to the laws and regulations or practices in the state of the Parent Company or any other compelling reason, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(2) The period specified by Cabinet Order that is provided for in Article 57-2, paragraph (3) of the Act is one month (three months in the case of Quarterly Securities Reports and any other documents set forth in paragraph (2), item (ii) of that Article that are specified by Cabinet Office Order as documents that are difficult to submit within that period); provided, however, that if the Parent Company of a Special Financial Instruments Business Operator is a foreign company, and the Special Financial Instruments Business Operator is found to be unable to submit those documents within three months after the date on which the Parent Company became its Parent Company on or after the Notification Date due to the laws and regulations or practices in the state of the Parent Company or any other compelling reason, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(3) The period specified by Cabinet Order that is provided for in Article 57-2, paragraph (5) of the Act is one month (three months in the case of Quarterly Securities Reports and any other documents that are specified by Cabinet Office Order as documents that are difficult to submit within that period); provided, however, that if the Parent Company of a Special Financial Instruments Business Operator is a foreign company, and the Special Financial Instruments Business Operator is found to be unable to submit those documents within three months after the end of the quarter (meaning the quarter prescribed in Article 46-6, paragraph (3) of the Act) due to the laws and regulations or practices in the state of the Parent Company or any other compelling reason, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Scope of Subsidiary Corporations of a Special Financial Instruments Business



Operator)

Article 17-2-4 Persons that satisfy the requirements specified by Cabinet Order that are provided for in Article 57-2, paragraph (9) of the Act are the persons set forth in the items of Article 15-16-2, paragraph (1).

(Transitional Period Related to Submission of Business Reports of a Special Financial Instruments Business Operator)

Article 17-2-5 (1) The period specified by Cabinet Order that is provided for in Article 57-3, paragraph (1) of the Act is one month.

(2) The order under the provisions of Article 57-3, paragraph (3) of the Act is to be given by providing that public notice under those provisions is required to be published in a daily newspaper that publishes information on current affairs.

(Transitional Period Related to Preparation and Public Inspection of Explanatory Documents of a Special Financial Instruments Business Operator)

Article 17-2-6 (1) The period specified by Cabinet Order from the Notification Date that is provided for in Article 57-4 of the Act is one month.

(2) The period specified by Cabinet Order from the end of each business year prescribed in Article 57-4 of the Act is four months.

(Transitional Period Related to Notification of Documents Describing Status of Soundness in Management of a Special Financial Instruments Business Operator)

Article 17-2-7 (1) The period specified by Cabinet Order that is provided for in Article 57-5, paragraph (2) of the Act is one month.

(2) The period specified by Cabinet Order from the Notification Date that is provided for in Article 57-5, paragraph (3) of the Act is one month.

(3) The period specified by Cabinet Order from the end of the quarter that is provided for in Article 57-5, paragraph (3) of the Act is two months.

(Deadline for Submission of Documents by a Designated Parent Company)

Article 17-2-8 The period specified by Cabinet Order that is provided for in Article 57-13, paragraph (1) of the Act is one month.

(Transitional Period Related to Submission of Business Reports of an Ultimate Designated Parent Company)

Article 17-2-9 (1) The period specified by Cabinet Order that is provided for in Article 57-15, paragraph (1) of the Act is one month.

(2) The order under the provisions of Article 57-15, paragraph (3) of the Act is to

be given by providing that public notice under those provisions is required to be published in a daily newspaper that publishes information on current affairs.

(Transitional Period Related to Preparation and Public Inspection of Explanatory Documents of Ultimate Designated Parent Company)

Article 17-2-10 (1) The period specified by Cabinet Order from the day on which the company became an Ultimate Designated Parent Company that is provided for in Article 57-16 of the Act is one month.

(2) The period specified by Cabinet Order from the end of each business year prescribed in Article 57-16 of the Act is four months; provided, however, that if an Ultimate Designated Parent Company (meaning an Ultimate Designated Parent Company prescribed in Article 57-12, paragraph (3) of the Act; hereinafter the same applies in paragraph (3) of the following Article and Article 17-2-12, paragraph (2)) that is a foreign company is found to be unable to keep the Explanatory Documents set forth in Article 57-16 of the Act and provide them for public inspection or disclose them using the Internet or through other means pursuant to the provisions of Cabinet Office Order as prescribed in that Article from the day on which four months have elapsed from the end of its business year due to the laws and regulations or practices in its state or any other compelling reasons, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Transitional Period Related to Notification of Documents Describing the Integrity of Management of an Ultimate Designated Parent Company)

Article 17-2-11 (1) The period specified by Cabinet Order that is provided for in Article 57-17, paragraph (2) of the Act is one month.

(2) The period specified by Cabinet Order from the day on which the company became an Ultimate Designated Parent Company prescribed in Article 57-17, paragraph (3) of the Act is one month.

(3) The period specified by Cabinet Order from the end of the Highest Designated Parent Company Quarter, referred to in Article 57-17, paragraph (3) of the Act, is four months; provided, however, that if an Ultimate Designated Parent Company that is a foreign company is found to be unable to keep the documents set forth in paragraph (3) of that Article and provide them for public inspection from the day on which four months have elapsed from the end of the Highest Designated Parent Company Quarter prescribed in paragraph (2) of that Article due to the laws and regulations or practices in its state or any other compelling reasons, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of

Cabinet Office Order.

(Deemed Replacement of Terms for Application of the Provisions of the Act to a Foreign Company)

Article 17-2-12 (1) If the Parent Company of a Special Financial Instruments Business Operator is a foreign company, the deemed replacement of terms under the provisions of Article 57-27 of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 57-13, paragraph (2), item (ii)	the articles of incorporation, certificate of registered matters,	the articles of incorporation, certificate of registered matters (including documents equivalent thereto), certificate of registered matters of the principal business office or office in Japan
Article 57-18, paragraph (1), item (ii)	when an application for commencement of bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings has been filed	when a petition for commencement of bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or liquidation has been filed in Japan or an application of the same kind has been filed in a State where its head office or principal business office is located based on the laws and regulations of that State
Article 57-18, paragraph (2), item (ii)	the officer that represented the Designated Parent Company	the officer of a Designated Parent Company
Article 57-18, paragraph (2), item (iii)	has dissolved upon decision of commencement of bankruptcy proceedings	has become subject to a ruling for the commencement of bankruptcy proceedings, or has commenced procedures for the same kind of bankruptcy proceedings in a State where its head office or principal business office is located based on the laws and regulations of that State.

	the bankruptcy trustee thereof	the bankruptcy trustee thereof or the person equivalent to a bankruptcy trustee in that State
Article 57-18, paragraph (2), item (iv)	the liquidator thereof	the liquidator thereof or the person equivalent to a liquidator in the State where its head office or principal business office is located

(2) With regard to the application of the provisions of Article 57-15, paragraph (1) of the Act to cases in which an Ultimate Designated Parent Company is a foreign company, the term "within three months" in that paragraph is deemed to be replaced with "within three months (within the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order if the Ultimate Designated Parent Company is found to be unable to submit its Business Reports within three months after the end of its business year due to the laws and regulations or practices in its state or any other compelling reason)".

(Cases in Which Acts Related to Securities Services May Be Conducted with a Person in Japan)

Article 17-3 The cases specified by Cabinet Order that are provided for in the proviso to Article 58-2 of the Act are the following cases (excluding cases in which, with regard to Securities for Professional Investors, the acts set forth in Article 2, paragraph (8), items (i) to (iv) or item (x) of the Act are to be carried out with General Investors (meaning General Investors as defined in Article 40-4 of the Act; hereinafter the same applies in this Article) (excluding a case in which disclosure has been made with regard to the Securities for Professional Investors, a case in which intermediation for a sale on behalf of the General Investors not based on a solicitation for General Investors is made, or any other cases specified by Cabinet Office Order as being less likely to result in insufficient protection of investors) and cases in which the Foreign Securities Services Provider carries out Specified Over-the-Counter Derivatives Transactions or intermediation, brokerage (excluding Brokerage for the Clearing of Securities, etc.), or agency therefor using an electronic data processing system that it uses for its business of Over-the-Counter Derivatives Transactions, etc.):

- (i) a case in which a Foreign Securities Services Provider carries out the following acts from a foreign state:
  - (a) the acts set forth in the items of Article 28, paragraph (8) of the Act carried out with the government or the Bank of Japan;

- (b) acts set forth in the items of Article 28, paragraph (8) of the Act carried out with, among the Financial Institutions (meaning banks, cooperative financial institutions, and financial institutions set forth in the items of Article 1-9; hereinafter the same applies in this Article), those specified by Cabinet Office Order, or a Trust Company (meaning persons that have obtained the license under Article 3 or Article 53, paragraph (1) of the Trust Business Act (Act No. 154 of 2004)), and which are related to the purchase and sale of Securities or Transactions of Securities-Related Derivatives conducted by those persons for the purpose of investment or on the account of a person that has created a trust under a trust contract;
- (c) the acts set forth in the items of Article 28, paragraph (8) of the Act carried out with, among Financial Instruments Business Operators, those engaged in an Investment Management Business and which are related to the Investment Management Business conducted thereby;
- (d) the acts set forth in the items of Article 28, paragraph (8) of the Act carried out with, among Financial Institutions, those specified by Cabinet Office Order, which are acts specified in Article 33, paragraph (2), items (i) to (v) of the Act as relating to the Securities or transactions set forth in these items;
- (e) among the acts set forth in the items of Article 28, paragraph (8) of the Act carried out with, among Financial Institutions, those specified by Cabinet Office Order, wherein the Financial Institutions carry out the purchase and sale of Securities, or the acts set forth in Article 28, paragraph (8), item (iii) or (v) of the Act on a customer's account on receiving the customer's written orders (excluding acts carried out based on the solicitation to a customer concerning the orders and acts carried out on receiving orders from the customer concerning the Financial Institutions' Investment Advisory Business), the acts which are related to those specified by Cabinet Office Order;
- (f) the acts set forth in the items of Article 28, paragraph (8) of the Act carried out with a Long-Term Credit Bank (meaning those that have obtained a license from the Prime Minister pursuant to Article 4, paragraph (1) of the Long-Term Credit Bank Act (Act No. 187 of 1952)), an ordinary bank as set forth in Article 8, paragraph (1) of the Act on Financial Institutions' Merger and Conversion (Act No. 86 of 1968) (including as applied mutatis mutandis pursuant to Article 55, paragraph (4) of that Act; hereinafter the same applies in this item) which has been authorized under Article 8, paragraph (1) of that Act (including an ordinary bank as set forth in Article 17-2, paragraph (1) of the Act on Financial Institutions' Merger and Conversion prior to the amendment under Article 168 of the Supplementary Provisions of the Act on

Development, etc. of Relevant Acts for Financial System Reform (Act No. 107 of 1998) which remains effective pursuant to the provisions of Article 169 of the Supplementary Provisions of that Act (hereinafter referred to as the "Merger and Conversion Act Prior to the Amendment in 1998" in this item) (including cases in which Article 17-2, paragraph (1) of the Merger and Conversion Act Prior to the Amendment in 1998 is applied mutatis mutandis pursuant to Article 24, paragraph (1) of that Act; hereinafter the same applies in this item), which has been authorized under Article 17-2, paragraph (1) of that Act, and if a merger or conversion is to be effected for which a written merger agreement or written conversion agreement has been prepared pursuant to the provisions of the Act on a Financial Institutions' Merger and Conversion prior to the amendment under Article 199 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act (Act No. 87 of 2005; hereinafter referred to as the "Preparation Act for the Companies Act" in this item) which are to remain applicable pursuant to the provisions of Article 200, paragraph (1) of the Preparation Act for the Companies Act (hereinafter referred to as the "Merger and Conversion Act Prior to the Amendment in 2005" in this item) (including if Article 17-2, paragraph (1) of that Act is applied mutatis mutandis pursuant to Article 24, paragraph (1) of that Act; hereinafter the same applies in this item), an ordinary bank authorized under Article 17-2, paragraph (1) of that Act) or a Trust Company, etc. (meaning a Trust Company, etc. as prescribed in Article 3, paragraph (1) of the Trust Loan Act (Act No. 195 of 1952)), which are related to the long-term credit bank bonds issued under Article 8 or Article 9 of the Long-Term Credit Bank Act, the specified corporate bonds issued pursuant to Article 8 of the Act on Financial Institutions' Merger and Conversion, or the beneficiary certificates prescribed in Article 2, paragraph (2) of the Trust Loan Act respectively;

- (ii) a case in which a Foreign Securities Services Provider carries out the following acts from a foreign state without making solicitation for the acts set forth in the items of Article 28, paragraph (8) of the Act (excluding the cases which fall under the preceding item):
  - (a) at the order of a person in Japan, among the acts set forth in Article 28, paragraph (8), items (i) to (iii) or item (v) of the Act or the acts set forth in item (vi) of that paragraph (excluding intermediation, brokerage, or agency as set forth in item (iv) of that paragraph) carried out with the person as the counterparty, those specified by Cabinet Office Order, or the acts set forth in Article 28, paragraph (8), item (iv) of the Act or the acts set forth in item (vi) of that paragraph (excluding intermediation, brokerage, and agency set forth in item (iv) of that paragraph) carried out with the person

- (limited to one that falls under either of (a) or (b) of Article 1-8-6, paragraph (1), item (ii)) as the counterparty;
- (b) through the agency or intermediation performed by a Financial Instruments Business Operator engaged in Securities Services (limited to one that has obtained the registration under Article 29 of the Act to conduct a Type 1 Financial Instruments Business), a purchase and sale of Securities or an act as set forth in Article 28, paragraph (8), item (iii) or (v) of the Act that is as specified by Cabinet Office Order carried out with a person in Japan as the counterparty thereto, or the acts set forth in Article 28, paragraph (8), item (iv) of the Act carried out with a person in Japan (limited to those that fall under either of (a) or (b) of Article 1-8-6, paragraph (1)) as the counterparty;
- (iii) a case in which a Foreign Securities Services Provider, pursuant to the provisions of Cabinet Office Order, holds a discussion solely for fixing the contents of an Underwriting Contract (meaning any of the following contracts concluded through public offering, private placement, or secondary distribution of Securities or Solicitation for selling, etc. Only for Professional Investors; the same applies in the following Article), among its business of underwriting of Securities, with the issuer or holder of the Securities involved in the Underwriting Contract in Japan (excluding cases in which the secondary distribution of Securities, Solicitation for selling, etc. Only for Professional Investors, or the dealing in Public Offering, Private Placement, or Secondary Distribution of the Securities or dealing in Solicitation for selling, etc. Only for Professional Investors is made in Japan):
- (a) a contract wherein the relevant party is to acquire the Securities in whole or in part from the issuer or the holder of the Securities for the purpose of having the Securities be acquired by other persons;
- (b) a contract wherein, if there are no persons to acquire the Securities in whole or in part, the relevant party is to acquire the remaining Securities from the issuer or holder of the Securities; and
- (c) a contract wherein, if the Securities are share option certificates and the person that has acquired them does not exercise the share options associated with all or some of them, the relevant party is to acquire the share option certificates associated with the unexercised share options from the issuer or holder thereof and that party or a third party is to exercise those share options.

(Among the Underwriting Activities, Acts Requiring Permission)

Article 17-4 The acts specified by Cabinet Order that are provided for in Article 59, paragraph (1) of the Act are, if the Foreign Securities Services Provider does not hold a discussion for fixing the contents of an Underwriting Contract

with the issuer or holder of the Securities involved in the Underwriting Contract, and does not conduct the secondary distribution of the Securities, Solicitation for selling, etc. Only for Professional Investors or the dealing in Public Offering, Private Placement, or Secondary Distribution of the Securities or the dealing in Solicitation for selling, etc. Only for Professional Investors in Japan, the participation in that Underwriting Contract.

(Calculation of the Amount of Stated Capital or the Total Amount of Investment)

Article 17-5 The amount of stated capital or the total amount of investment set forth in Article 59-2, paragraph (2) and Article 60-2, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act) is to be calculated by adding up the total issue value of the Issued Shares (excluding the amount, from among its issue value, which it has been decided will not be recorded as the amount of stated capital) and the amount recorded as the amount of stated capital by reducing the amount of reserve funds without issuing shares (including the amount equivalent to such an amount).

(Years of Experience in Underwriting Activities)

Article 17-6 (1) The period specified by Cabinet Order that is provided for in Article 59-3, item (i) of the Act is three years.

(2) The period referred to in the preceding paragraph is calculated by deeming the period in which the following persons have been performing the same type of activities as Underwriting Activities (meaning Underwriting Activities as set forth in Article 59, paragraph (1) of the Act; hereinafter the same applies in this Article) in a foreign state to be the period in which the applicant for permission has performed the same type of activities as Underwriting Activities:

- (i) a person merged or consolidated with or into the applicant for permission;
- (ii) a person that has had the applicant for permission assume activities involving operations of the same type as its Underwriting Activities in whole or in part through a split;
- (iii) a person that has transferred business involving activities of the same type as its Underwriting Activities in whole or in part to the applicant for permission;
- (iv) a person that holds all the Issued Shares or equity in investment of the applicant for permission; and
- (v) any other person specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding items.



(Minimum Amount of Stated Capital for Underwriting Activities)

Article 17-7 (1) The amount specified by Cabinet Order that is provided for in Article 59-3, item (ii) of the Act is 500 million yen.

(2) If the amount of stated capital or the total amount of investment set forth in Article 59-3, item (ii) of the Act is to be converted into Japanese currency, the conversion is to be made using the Exchange Rate at the time of the application for permission.

(Years of Experience for On-Exchange Transaction Services)

Article 17-8 (1) The period specified by Cabinet Order that is provided for in Article 60-3, paragraph (1), item (i), (c) of the Act is three years.

(2) The cases specified by Cabinet Order that are provided for in Article 60-3, paragraph (1), item (i), (c) of the Act means, if the relevant period has been calculated by deeming a period during which one of the following persons performed the same type of services as On-Exchange Transaction Services (meaning On-Exchange Transaction Services as defined in Article 60, paragraph (1) of the Act; hereinafter the same applies in this Article) to be a period during which the applicant for permission performed the same type of operations as On-Exchange Transaction Services, a case in which that period is three continuous years or more:

- (i) a person found to have reorganized into an applicant for permission or a company merged with or consolidated into the applicant for permission;
- (ii) a person that has had the applicant for permission assume business involving operations of the same type as On-Exchange Transaction Services in whole or in part through a split;
- (iii) a person that has transferred business involving operations of the same type as the On-Exchange Transaction Services in whole or in part to the applicant for permission; and
- (iv) a person that holds all the Issued Shares of the applicant for permission.

(Minimum Amount of Stated Capital For an On-Exchange Transaction Services)

Article 17-9 (1) The amount specified by Cabinet Order that is provided for in Article 60-3, paragraph (1), item (i), (e) of the Act is 50 million yen.

(2) If the amount of stated capital referred to in Article 60-3, paragraph (1), item (i), (e) of the Act is to be converted into Japanese currency, the conversion is to be made using the Exchange Rate at the time of the application for permission.

(Deadline for Submission of Business Reports Related to On-Exchange Transaction Services)

Article 17-10 (1) The period specified by Cabinet Order that is provided for in

Article 46-3, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 60-6 of the Act (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act) following the deemed replacement of terms is three months; provided, however, that if the Authorized Firm for On-Exchange Transactions or the Business Operator authorized to conduct electronic over-the-counter derivatives transactions, etc. Business Operator is found to be unable to submit the business reports within three months after the end of its business year due to the laws and regulations or practices in its state, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(2) The order under Article 46-3, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 60-6 of the Act (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act) is to be given by providing that public notice under these provisions is required to be published in a daily newspaper that publishes information on current affairs.

(3) The period specified by Cabinet Order that is provided for in Article 49-3, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 60-6 of the Act (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act) is three months; provided, however, that if the Authorized Firm for On-Exchange Transactions or the Business Operator authorized to conduct electronic over-the-counter derivatives transactions, etc. Business Operator is found to be unable to submit the documents set forth in Article 49-3, paragraph (1) of the Act within three months after the end of its business year due to the laws and regulations or practices in its state, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Cases in Which Electronic Over-the-Counter Derivatives Transactions  
Business Is Allowed)

Article 17-10-2 The cases specified by Cabinet Order that are provided for in Article 60-14, paragraph (1) of the Act are cases in which a person as set forth in Article 1-8-6, paragraph (1), item (ii), (a) or (b) (excluding a person engaged in Securities Services) is the counterparty.

(Deemed Replacement of Terms in Connection with Electronic Over-the-  
Counter Derivatives Transactions Business)

Article 17-10-3 The deemed replacement of terms under Article 60-14, paragraph (2) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 60, paragraph (2)	the preceding paragraph	Article 60-14, paragraph (1)
Article 60-2, paragraph (1)	paragraph (1) of the preceding Article	Article 60-14, paragraph (1)
	On-Exchange Transaction Office	Electronic Over-the-Counter Derivatives Transactions, etc. Office
Article 60-2, paragraph (3), item (i)	paragraph (1), item (i), items (a) to (h), or item (j) of the following Article	paragraph (1), item (i), items (a) to (c), items (e) to (h), or item (j) of the following Article
Article 60-2, paragraph (3), item (ii)	On-Exchange Transaction Office	Electronic Over-the-Counter Derivatives Transactions, etc. Office
Article 60-3, paragraph (1), item (i)	On-Exchange Transaction Office	Electronic Over-the-Counter Derivatives Transactions, etc. Office
	as the On-Exchange Transaction	as the Electronic Over-the-Counter Derivatives Transactions, etc.
Article 60-3, paragraph (1), item (ii)	On-Exchange Transaction Office	Electronic Over-the-Counter Derivatives Transactions, etc. Office
Article 60-3, paragraphs (2) and (3)	Article 60, paragraph (1)	Article 60-14, paragraph (1)
Article 60-5, paragraph (1)	the items of Article 60-2, paragraph (1)	the items of Article 60-2, paragraph (1) (excluding items (iv), (vii), and (x))
Article 60-7 Article 60-8, paragraph (1)	Article 60, paragraph (1)	Article 60-14, paragraph (1)
	Article 60, paragraph (1)	Article 60-14, paragraph (1)
	Article 60-3, paragraph (1), item (i) (excluding (c) and (j)), (ii) or (iii))	Article 60-3, paragraph (1), item (i) (excluding (c), (d), and (j)) or (ii)
Article 60-8, paragraph (3) and Article 60-9, paragraph (1)	Article 60, paragraph (1)	Article 60-14, paragraph (1)
Article 60-10	completing On-Exchange Transactions	completing Electronic Over-the-Counter Derivatives Transactions, etc.
	Article 60, paragraph (1)	Article 60-14, paragraph (1)
Article 60-12, paragraph (1)	Article 60, paragraph (1)	Article 60-14, paragraph (1)

(Years of Experience in Electronic Over-the-Counter Derivatives Transactions Business)

Article 17-10-4 (1) The period specified by Cabinet Order that is provided for in Article 60-3, paragraph (1), item (i), (c) of the Act as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act is one year.

- (2) The cases specified by Cabinet Order that are provided for in Article 60-3, paragraph (1), item (i), (c) of the Act as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act mean, if the relevant period has been calculated by deeming a period during which one of the following persons has performed the same type of operations as Electronic Over-the-Counter Derivatives Transactions, etc. Business (meaning the Electronic Over-the-Counter Derivatives Transactions, etc. Business prescribed in Article 60-14, paragraph (1) of the Act; hereinafter the same applies in this paragraph) to be a period during which the applicant for permission has performed the same type of operations as Electronic Over-the-Counter Derivatives Transactions, etc. Business, a case in which that period is one continuous year or more:
- (i) a person found to have reorganized into an applicant for permission or a company merged with or consolidated into the applicant for permission;
  - (ii) a person that has had the applicant for permission assume business involving operations of the same type as an Electronic Over-the-Counter Derivatives Transactions, etc. Business in whole or in part through a company split;
  - (iii) a person that has transferred business involving operations of the same type as Electronic Over-the-Counter Derivatives Transactions, etc. Business in whole or in part to the applicant for permission; and
  - (iv) a person that holds all the Issued Shares of the applicant for permission.

(Minimum Amount of Stated Capital for Electronic Over-the-Counter Derivatives Transactions Business)

Article 17-10-5 (1) The amount specified by Cabinet Order that is provided for in Article 60-3, paragraph (1), item (i), (e) of the Act as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act is 300 million yen.

- (2) If the amount of stated capital referred to in Article 60-3, paragraph (1), item (i), (e) of the Act as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act is to be converted into Japanese currency, the conversion is to be made by using the Exchange Rate at the time of the application for permission.

(Persons That May Be a Counterparty of the Persons Engaged in Investment Advisory Business or Investment Management Business in a Foreign State)

Article 17-11 (1) The persons specified by Cabinet Order that are provided for in Article 61, paragraphs (1) and (3) of the Act are Registered Financial Institutions which are engaged in Investment Management Business.

(2) The persons specified by Cabinet Order that are provided for in Article 61, paragraph (2) of the Act are Financial Instruments Business Operators that are engaged in Investment Management Business (excluding a business under a Discretionary Investment Contract that performs the acts set forth in Article 2, paragraph (8), item (xii) of the Act) and the person prescribed in the preceding paragraph.

(Specially Permitted Services for Qualified Institutional Investors)

Article 17-12 (1) The persons other than a Qualified Institutional Investor specified by Cabinet Order that are provided for in Article 63, paragraph (1), item (i) of the Act are persons other than a Qualified Institutional Investor that fall under any of the following items at the time when they become the counterparty to a Private Placement or handling of a Private Placement involving the rights set forth in Article 2, paragraph (2), item (v) or (vi) of the Act which they acquire:

(i) the State;

(ii) the Bank of Japan;

(iii) a local government;

(iv) a Financial Instruments Business Operator, etc.;

(v) a person that, on a regular basis, conducts Private Placements involving the rights set forth in Article 2, paragraph (2), item (v) or (vi) of the Act or conducts the act set forth in paragraph (8), item (xv) of that Article with regard to the money or any other property invested or contributed by a person that holds the rights set forth in paragraph (2), item (v) or (vi) of that Article;

(vi) a person specified by Cabinet Office Order as a person having a close relationship with the person set forth in the preceding item;

(vii) a company that is an issuer of share certificates listed on a Financial Instruments Exchange;

(viii) a corporation whose amount of stated capital is 50 million yen or more;

(ix) a corporation whose amount of net assets (meaning the amount obtained by deducting the amount of liabilities from the amount of assets on the balance sheet) is 50 million yen or more;

(x) a corporation established by a special act of establishment pursuant to the provisions of Special Acts;

(xi) the specified purpose company prescribed in Article 2, paragraph (3) of the Asset Securitization Act;

(xii) a corporate pension fund that satisfies the requirements specified by

- Cabinet Office Order in consideration of financial status and other circumstances;
- (xiii) a foreign corporation;
  - (xiv) an individual that satisfies the requirements specified by Cabinet Office Order in consideration of financial status and other circumstances; or
  - (xv) a person specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding items.
- (2) If the rights set forth in Article 2, paragraph (2), item (v) or (vi) of the Act satisfy the following requirements, notwithstanding the provisions of the preceding paragraph, the persons that are not Qualified Institutional Investors but that are specified by Cabinet Order as provided for in Article 63, paragraph (1), item (i) of the Act are persons as prescribed in the preceding paragraph and any person that is not a Qualified Institutional Investor but that is specified by Cabinet Office Order as a person that has knowledge and experience in investment:
- (i) the business conducted by allocating money and other property invested or contributed by the persons holding the rights (hereinafter referred to as the "investors" in this paragraph) satisfies the following requirements:
    - (a) investments are made in share certificates and other Securities specified by Cabinet Office Order (limited to those that are not listed on a Financial Instruments Exchange at the time of making the investment, and excluding those specified by Cabinet Office Order) by allocating an amount exceeding 80 percent of the amount obtained by deducting the amount specified by Cabinet Office Order from the amount of the money and other property invested or contributed; and
    - (b) no borrowing of funds or guarantee of obligations is made, except in the case specified by Cabinet Office Order as a case that is found to have little likelihood of resulting in insufficient investor protection;
  - (ii) the money and other property cannot be returned at the request of investors, unless there is a compelling reason;
  - (iii) the contract connected with those rights provides for the particulars specified by Cabinet Office Order, referred to in Article 63, paragraph (9) of the Act; and
  - (iv) a document stating to the effect that the requirements set forth in the preceding three items are satisfied is delivered, or an electronic or magnetic record (meaning the electronic or magnetic record prescribed in Article 13, paragraph (5) of the Act; the same applies hereinafter) in which a statement to that effect is recorded is provided, to the investors by the time of conclusion of the contract connected with the rights.
- (3) The number specified by Cabinet Order that is provided for in Article 63, paragraph (1), item (i) of the Act is 49.

- (4) The Private Placement specified by Cabinet Order as being unlikely to cause persons other than a Qualified Institutional Investor acquire the rights, as provided in Article 63, paragraph (1), item (i) of the Act, is one that satisfies the requirements specified in the relevant of the following items for the category of case set forth in that item:
- (i) if the acquirer responding to a solicitation for acquisition the rights is a Qualified Institutional Investor (limited to a person that does not fall under any of (a) to (c) of Article 63, paragraph (1), item (i) of the Act; hereinafter the same applies in this item and (a) of the following item): a restriction prohibiting the transfer of rights other than transfer to a Qualified Institutional Investor is imposed under the contract for the rights or by other juridical acts;
  - (ii) if the acquirer responding to a solicitation for acquisition the rights is an Investor Subject to Specially Permitted Services (meaning the person prescribed in paragraph (1) (in the case prescribed in paragraph (2), the person prescribed in that paragraph) that does not fall under any of Article 63, paragraph (1), item (i), (a) to (c) of the Act; the same applies in (a) and (b)): all of the following requirements:
    - (a) a restriction prohibiting the person that has acquired or purchased the rights from transferring them unless doing so all at once to another single Qualified Institutional Investor or Investor Subject to Specially Permitted Services is imposed under the contract of the rights or by other juridical acts; and
    - (b) if other rights specified by Cabinet Office Order as being of the same type as the relevant rights (these other rights are referred to as "Newly Issued Rights of the Same Type" in (b)) have been issued as Securities within six months prior to the day on which the relevant rights are to be issued as Securities, the total number of Investors Subject to Specially Permitted Services that acquire the relevant rights in response to the solicitation for acquisition them and the Investors Subject to Specially Permitted Services that have acquired Newly Issued Rights of the Same Type which have been issued within six months prior to the day on which the relevant rights are to be issued as Securities in response to the solicitation for acquisition thereof is 49 or less.
- (5) What is specified by Cabinet Order as being similar to money, referred to in Article 63, paragraph (1), item (ii) of the Act, is anything that is set forth in the items of Article 1-3.

(Employee of a Notifier of Specially Permitted Services)

Article 17-13 The employees specified by Cabinet Order that are provided for in Article 63, paragraph (2), item (iv), Article 63, paragraph (7), item (i), (c), and

Article 63, paragraph (7), item (ii), (c) of the Act are an employee of a person that seeks to make the notification for the Specially Permitted Services for Qualified Institutional Investors, etc. (meaning Specially Permitted Services for Qualified Institutional Investors, etc. as prescribed in Article 63, paragraph (2) of the Act; hereinafter the same applies in this Article and the following Article) and that falls under any of the following items:

- (i) a person that supervises the function of providing guidance to ensure that Laws and Regulations, etc. are observed with regard to Specially Permitted Services for Qualified Institutional Investors, etc., or any other persons specified by Cabinet Office Order as being equivalent thereto; or
- (ii) a person that supervises the department conducting investments with regard to Specially Permitted Services for Qualified Institutional Investors, etc. and any other person specified by Cabinet Office Order as being equivalent thereto.

(Specially Permitted Services for Qualified Institutional Investors for Which It Is Particularly Necessary to Ensure the Protection of Investors)

Article 17-13-2 The Specially Permitted Services for Qualified Institutional Investors, etc. specified by Cabinet Order that are provided for in Article 63, paragraph (9) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act) are Specially Permitted Services for Qualified Institutional Investors, etc. provided regarding the rights set forth in Article 2, paragraph (2), item (v) or (vi) of the Act with persons that are not Qualified Institutional Investors but that are specified by Cabinet Office Order as having knowledge and experience in investment, as prescribed in Article 17-12, paragraph (2) (limited to those that do not fall under any of Article 63, paragraph (1), item (i), (a) to (c) of the Act) as the counterparties.

(Special Rules on the Deadline for Submission of Business Reports by a Foreign Corporation)

Article 17-13-3 The period specified by Cabinet Order that is provided for in Article 63-4, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act) is three months; provided, however, that if a Notifier of Specially Permitted Services or a Financial Instruments Business Operator, etc. that is a foreign corporation or an individual domiciled in a foreign state is found to be unable to submit the Business Reports within the three months after the end of its business year due to the laws and regulations or practices in its state, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.



(Period Until the Commencement of Public Inspection of Explanatory Documents)

Article 17-13-4 The period specified by Cabinet Order that is provided for in Article 63-4, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act; hereinafter the same applies in this Article) is four months; provided, however, that if a Notifier of Specially Permitted Services or a Financial Instruments Business Operator, etc. that is a foreign corporation or an individual domiciled in a foreign state is found to be unable to keep its Explanatory Documents (meaning the Explanatory Documents prescribed in Article 63-4, paragraph (3) of the Act) and provide them for public inspection or disclose them using the Internet or through other means pursuant to the provisions of Cabinet Office Order as prescribed in that paragraph from the day on which four months have elapsed from the end of its business year due to the laws and regulations or practices in its state, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Specially Permitted Services for Foreign Investors)

Article 17-13-5 (1) The things specified by Cabinet Order that are provided for in Article 63-8, paragraph (1), item (i) of the Act are those set forth in the items of Article 1-3.

(2) The public offering or private placement specified by Cabinet Order as having little likelihood of allowing persons that are not foreign investors, etc. to acquire the relevant rights, which is provided for in Article 63-8, paragraph (1), item (ii) of the Act, is such public offering or private placement for which a restriction prohibiting the transfer of rights other than transfer to a foreign investor, etc. (meaning the foreign investor, etc. prescribed in paragraph (2) of that Article, and limited to those that do not fall under any of (a) through (c) of paragraph (1), item (i) of that Article) is imposed under the contract for the rights or by other juridical acts.

(3) The persons specified by Cabinet Order as being closely related to the person that performs each of the acts set forth in the items of Article 63-8, paragraph (1), referred to in paragraph (2), item (iii) of that Article, are the following persons:

- (i) an Officer (meaning an Officer set forth in Article 29-2, paragraph (1), item (iii) of the Act) of the person that performs the relevant act;
- (ii) an employee of the person that performs the relevant act;
- (iii) the Parent Company, etc. (meaning a Parent Company, etc. set forth in Article 15-16, paragraph (3)) of the person that performs the relevant act; and
- (iv) the persons specified by Cabinet Office Order as being equivalent to the

persons set forth in the preceding three items.

(Employee of a Notifier of Specially Permitted Services for Foreign Investors)  
Article 17-13-6 The employees specified by Cabinet Order that are provided for in Article 63-9, paragraph (1), item (iv) of the Act are employees of a person that seeks to make the notification for the Specially Permitted Services for Foreign Investors, etc. (meaning the Specially Permitted Services for Foreign Investors, etc. prescribed in Article 63-8, paragraph (1) of the Act; hereinafter the same applies in this Article) and that falls under any of the following items:

- (i) a person that supervises the function of providing guidance to ensure that Laws and Regulations, etc. are observed with regard to Specially Permitted Services for Foreign Investors, etc., or any other persons specified by Cabinet Office Order as being equivalent thereto; or
- (ii) a person that supervises the department conducting investments with regard to Specially Permitted Services for Foreign Investors, etc. and any other person specified by Cabinet Office Order as being equivalent thereto.

(Deemed Replacement of Terms in Connection with Financial Instruments Business Operators That Have Made the Notification of Specially Permitted Services for Foreign Investors)  
Article 17-13-7 With regard to a Financial Instruments Business Operator that has made the notification under Article 63-11, paragraph (1) of the Act, the deemed replacement of terms under paragraph (2) of that Article when the provisions of that paragraph are applied mutatis mutandis is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 63-12, paragraph (2)	foreign corporation	foreign corporation or an individual domiciled in a foreign state

(Special Rules on the Deadline for Submission of Business Reports by a Foreign Corporation)  
Article 17-13-8 The period specified by Cabinet Order that is provided for in Article 63-12, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 63-11, paragraph (2) of the Act) is three months; provided, however, that if a Notifier of Specially Permitted Services for Foreign Investors, etc. or Financial Instruments Business Operator that is

a foreign corporation or an individual domiciled in a foreign state is found to be unable to submit Business Reports within the three months after the end of its business year due to the laws and regulations or practices in its state, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Period Until the Commencement of Public Inspection of Explanatory Documents)

Article 17-13-9 The period specified by Cabinet Order that is provided for in the provisions of Article 63-12, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2); hereinafter the same applies in this Article) is four months; provided, however, that if a Notifier of Specially Permitted Services for Foreign Investors, etc. or Financial Instruments Business Operator that is a foreign corporation or an individual domiciled in a foreign state is found to be unable to keep its Explanatory Documents (meaning the Explanatory Documents set forth in Article 63-12, paragraph (3) of the Act), provide them for public inspection, and disclose them using the Internet or through other means from the day on which four months have elapsed from the end of its business year due to the laws and regulations or practices in its state, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Acts That Make a Person Subject to Registration as a Sales Representative)

Article 17-14 The acts specified by Cabinet Order that are provided for in Article 64, paragraph (1), item (iii) of the Act are the following acts (excluding those related to the Securities set forth in Article 64, paragraph (1), item (i) of the Act):

- (i) a Market Derivatives Transaction, Foreign Market Derivatives Transaction, or intermediation, brokerage, or agency for those transactions;
- (ii) intermediation, brokerage, or agency for the entrustment of a Market Derivatives Transactions or Foreign Market Derivatives Transactions;
- (iii) a Market Derivatives Transaction, a Foreign Market Derivatives Transaction, or the solicitation of applications for intermediation, brokerage, or agency for those transactions; and
- (iv) solicitation for the entrustment of a Market Derivatives Transaction or Foreign Market Derivatives Transaction.

(Registration Fees)

Article 17-15 (1) The registration fee under the provisions of Article 64-8, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to

Article 66-25 of the Act) is the amount specified by Cabinet Office Order, taking into consideration the actual costs, within three thousand yen for one Sales Representative (meaning a Sales Representative as defined in Article 64, paragraph (1) of the Act; the same applies hereinafter).

(2) The fee referred to in the preceding paragraph may be paid, if it is paid to the State, by affixing revenue stamps in an amount equivalent to the fee to the written application for registration.

(Deemed Replacement of Terms in Applying the Provisions of the Act to a Foreign Corporation)

Article 17-16 If a Financial Instruments Business Operator, etc., a Notifier of Specially Permitted Services or a Notifier of Specially Permitted Services for Foreign Investors, etc. is a foreign corporation or an individual domiciled in a foreign state, the deemed replacement of terms under Article 65-2 of the Act in applying the provisions of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 29-2, paragraph (2), item (iii)	the articles of incorporation, certificate of registered matters,	the articles of incorporation, certificate of registered matters (including documents equivalent thereto), certificate of registered matters of the principal business office or office in Japan
Article 31-2, paragraph (1)	the deposit office nearest to their principal business office or office.	the deposit office nearest to their principal business office or office in Japan (with regard to those that do not have a business office or office in Japan, the Tokyo Legal Affairs Bureau)
Article 31-4, paragraph (1)	a director, accounting advisor (if the accounting advisor is a corporation, a member who is supposed to conduct the duty), company auditor or executive officer	the representative person in Japan or a director, accounting advisor (if the accounting advisor is a corporation, a member who is supposed to conduct the duty), company auditor, executive officer, or persons equivalent thereto stationed at the business office or office established in Japan to conduct Financial Instruments Business

Article 31-4, paragraph (2)	a director, accounting advisor, company auditor or executive officer or employee	the representative person in Japan or a director, accounting advisor, company auditor, executive officer (including persons equivalent to such persons), or employee stationed at the business office or office established in Japan to conduct Financial Instruments Business
Article 31-4, paragraph (3)	a director (an executive officer for a company with Committees)	the representative person in Japan or a director, executive officer, or persons equivalent thereto stationed at the business office or office established in Japan to conduct Financial Instruments Business
Article 31-4, paragraph (4)	a director or executive officer	the representative person, a director or executive officer, or persons equivalent thereto (limited to those engaged in Financial Instruments Business) in Japan
Article 33-3, paragraph (1), item (vii)	the head office, and other business office or office	the head office and the principal business office or office and any other business office or office in Japan
Article 33-3, paragraph (2), item (iv)	articles of incorporation, certificate of registered matters,	articles of incorporation, certificate of registered matters (including documents equivalent thereto), and the certificate of registered matters of the principal business office or office in Japan
Article 36-2, paragraph (1)	business offices or other offices	business offices or other offices established in Japan to carry out Financial Instruments Business or Registered Financial Institution Business
Article 42-2, item (i)	director or executive officer	the representative person, a director or executive officer, or persons equivalent thereto in Japan
Article 46-4	all of its business offices or offices	all of its business offices or offices established in Japan to carry out Financial Instruments Business (hereinafter referred to as "All of Its Business Offices or Offices" in this Subsection and Article 47-3)

Article 46-5, paragraph (1)	the purchase and sale or other transactions of Securities or the Derivative Transactions, etc.	purchase and sale or other transactions of Securities, or Derivative Transactions, etc. conducted at All of Its Business Offices or Offices
	set up the financial instruments transaction liability reserve	set up the financial instruments transaction liability reserve at its principal business office or office in Japan
Article 46-5, paragraph (2)	the purchase and sale or other transactions of Securities or the Derivative Transactions, etc.	purchase and sale or other transactions of Securities, or the Derivative Transactions, etc. conducted at All of Its Business Offices or Offices
Article 48-3, paragraph (1)	purchase and sale or other transactions of Securities or Derivative Transactions, etc.	purchase and sale or other transactions of Securities, or Derivatives Transactions, etc. conducted at All of its Business offices or Offices established in Japan to perform its Registered Financial Institution Business (hereinafter referred to as "All of Its Business Offices or Offices" in the following paragraph)
	set up the financial instruments transaction liability reserve	set up a financial instruments transaction liability reserve at its principal business office or office in Japan
Article 48-3, paragraph (2)	the purchase and sale or other transactions of Securities or Derivative Transactions, etc.	purchase and sale or other transactions of Securities, or the Derivatives Transactions, etc. conducted at All of Its Business Offices or Offices
Article 50, paragraph (1), item (i)	when it has suspended business (limited to Financial Instruments Business or Registered Financial Institution Business (hereinafter referred to as a "Financial Instruments Business, etc." in this Section) or resumed business	when it has suspended or resumed business (limited to Financial Instruments Business or Registered Financial Institution Business (hereinafter referred to as a "Financial Instruments Business, etc." in this Section), or in cases of a person engaged in a Type 1 Financial Instruments Business, when the person has suspended or resumed the business of the same type as a Financial Instruments Business at the person's office

	it has suspended or resumed business pertaining to the authorization	it has suspended or resumed the business of the same type as those pertaining to the authorization at its head office or business pertaining to the authorization is suspended or resumed at any of its business offices or offices in Japan
Article 50, paragraph (1), item (ii)	business pertaining to authorization set forth in Article 30, paragraph (1)	business of the same type as those pertaining to authorization set forth in Article 30, paragraph (1) at its head office or abolished the business pertaining to the authorization at any of its business offices or offices in Japan.
Article 50, paragraph (1), item (iii)	has succeeded to all or part of the other corporation's business (limited to business pertaining to Financial Instruments Business, etc.; hereinafter the same applies in this item and the following Article) upon company split	has assumed all or part of the other corporation's business (limited to business pertaining to Financial Instruments Business, etc.; hereinafter the same applies in this item and the following Article) upon company split (with regard to a person engaged in a Type 1 Financial Instruments Business, including the case where such person has had part of the person's business of the same type as a Financial Instruments Business in a foreign state assumed)
	acquired all or part of the other corporation's business	acquired all or part of the other corporation's business (with regard to a person engaged in a Type 1 Financial Instruments Business, including the case where such person has transferred part of the person's business of the same type as a Financial Instruments Business in a foreign state)

Article 50, paragraph (1), item (vii)	when an application for commencement of bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings has been filed	when a petition for commencement of bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or liquidation has been filed in Japan or an application of the same kind has been filed in a State where its head office is located based on the laws and regulations of that State
Article 50-2, paragraph (1), item (ii)	when abolishing a Financial Instruments Business, etc.	when abolishing a Financial Instruments Business, etc. (with regard to a person engaged in a Type 1 Financial Instruments Business, including the cases where abolishing a business of the same type as a Financial Instruments Business in a Foreign State)
Article 50-2, paragraph (1), item (iii)	an Officer representing the corporation	an Officer of a corporation
Article 50-2, paragraph (1), item (iv)	has dissolved upon decision of commencement of bankruptcy proceedings	has become subject to a ruling for the commencement of bankruptcy proceedings, or has commenced procedures for the same kind of bankruptcy proceedings in a State where its head office is located based on the laws and regulations of that State.
	the bankruptcy trustee thereof	the bankruptcy trustee thereof or the person equivalent to a bankruptcy trustee in that State
Article 50-2, paragraph (1), item (v)	has dissolved due to reasons other than a merger or the decision of commencement of bankruptcy proceedings	has dissolved due to reasons other than a merger or the decision of commencement of bankruptcy proceedings (with regard to a person engaged in a Type 1 Financial Instruments Business, including the case where such person has commenced the liquidation of the business offices or offices in Japan)
	the liquidator thereof	the liquidator thereof or the person equivalent to a liquidator in the State where its head office is located



Article 50-2, paragraph (1), item (vi)	has had whole or part of its business succeeded to upon company split	has had its business assumed in whole or in part upon company split (with regard to a person engaged in a Type 1 Financial Instruments Business, including the cases where such person has had the whole of the person's business of the same type as a Financial Instruments Business assumed in a foreign state)
Article 50-2, paragraph (1), item (vii)	when transferring whole or part of its business	when transferring its business in whole or in part (with regard to a person engaged in a Type 1 Financial Instruments Business, including the case where such person has transferred the whole of the person's business of the same type as a Financial Instruments Business in a foreign state)
Article 50-2, paragraph (2)	has had its whole business succeeded to	has had part of its business assumed
	limited to when a Financial Instruments Business Operator, etc. has transferred its whole business	excluding the case when a Financial Instruments Business Operator, etc. has transferred part of its business
Article 50-2, paragraph (6)	abolish Financial Instruments Business, etc. (excluding Investment Advisory and Agency Business; the same applies in paragraph (8) and Article 56, paragraph (1))	abolish a Financial Instruments Business, etc. (excluding an Investment Advisory and Agency Business; the same applies in paragraph (8) and Article 56, paragraph (1)) (with regard to a person engaged in a Type 1 Financial Instruments Business, including the abolition of a business of the same type as a Financial Instruments Business in a foreign state)
	have all or part of its business succeeded to upon company split	have its business assumed in whole or in part upon company split (with regard to a person engaged in a Type 1 Financial Instruments Business, including the succession to the person's whole business of the same type as a Financial Instruments Business in a foreign state)

	transfer all or part of its business	transfer its business in whole or in part (with regard to a person engaged in a Type 1 Financial Instruments Business, including the transfer of the person's whole business of the same type as a Financial Instruments Business in a foreign state)
	all of its business offices or offices	all of its business offices or offices established in Japan to carry out Financial Instruments Business
Article 50-2, paragraph (8)	succession of whole or part of its business upon merger or company split	succession of its business in whole or in part upon merger or company split (with regard to a person engaged in a Type 1 Financial Instruments Business, including the succession to the whole of the person's business of the same type as a Financial Instruments Business in a foreign state)
	transfer of whole or part of business	transfer of business in whole or in part (with regard to a person engaged in a Type 1 Financial Instruments Business, including the transfer of the whole of the person's business of the same type as a Financial Instruments Business in a foreign state)
Article 56, paragraph (1)	has dissolved	has dissolved (with regard to a person engaged in a Type 1 Financial Instruments Business, including the commencement of liquidation of the business offices or offices in Japan)
	abolished	abolished (with regard to a person engaged in a Type 1 Financial Instruments Business, including the abolition of business of the same type as a Financial Instruments Business in a foreign state)
Article 63, paragraph (6) and Article 63-4, paragraph (3)	its principal business office or office and all of its business offices or offices for Specially Permitted Services for Qualified Institutional Investors, etc.	all business offices and offices in Japan that it has established for the purpose of engaging in Specially Permitted Services for Qualified Institutional Investors, etc.

Article 63-9, paragraph (5) and Article 63-12, paragraph (3)	principal business office or office and all of its business offices or offices for specially permitted services for foreign investors, etc.	principal business office or office in Japan and all of its business offices or offices in Japan that it has established for the purpose of engaging in specially permitted services for foreign investors, etc.
Article 64, paragraph (3), item (ii)	the representative person	the representative person in Japan

## Chapter IV-2 Financial Instruments Intermediary Service Providers

(Material Particulars That May Impact Customers' Judgment)

Article 18 (1) The particulars specified by Cabinet Order that are provided for in Article 66-10, paragraph (1), item (iii) of the Act are as follows:

- (i) the particulars specified by Cabinet Office Order regarding the fees, remuneration, or any other consideration payable by the customer with regard to a financial instruments transaction contract involving Intermediation for Financial Instruments (meaning the acts set forth in the items of Article 2, paragraph (11) of the Act; the same applies hereinafter);
- (ii) if there is customer margin or some other security deposit or any other thing specified by Cabinet Office Order payable by the customer in connection with a financial instruments transaction contract involving Intermediation for Financial Instruments, the amount thereof or the method of calculation therefor;
- (iii) if the Amount of Derivatives Transaction, etc. conducted by a customer may exceed the Amount of Security Deposit, etc., the following particulars:
  - (a) to the effect that the Amount of the Derivatives Transaction, etc. may exceed the Amount of Security Deposit, etc.; and
  - (b) the ratio of the Amount of the Derivatives Transaction, etc. to the Amount of Security Deposit, etc. (if that ratio cannot be calculated, an indication of this and the reason therefor);
- (iv) the following particulars, if there is a risk for a loss to arise that has as its direct cause fluctuations in money rates, the value of currencies, quotations on a Financial Instruments Market, or any other indicator, as regards an act that constitutes a Financial Instruments transaction conducted by a customer:
  - (a) the indicator in question; and
  - (b) an indication of the risk that fluctuations in that indicator could give rise to a loss and the reasons for this;
- (v) if there is a risk that the amount of loss referred to in the preceding item

- could exceed the Amount of Security Deposit, etc. (hereinafter referred to as "Risk of Loss in Excess of Principal" in this item), the following particulars:
- (a) among the indicators set forth in the preceding item, those which are the direct cause for the Risk of Loss in Excess of Principal; and
  - (b) an indication that there is a Risk of Loss in Excess of Principal due to fluctuations in the indicator set forth in (a) and the reason therefor; and
  - (vi) any particulars specified by Cabinet Office Order as being equivalent to the particulars set forth in the preceding item.
- (2) Notwithstanding the provisions of the preceding paragraph, the particulars specified by Cabinet Order that are provided for in Article 66-10, paragraph (1), item (iii) of the Act if the acts set forth in Article 66-10, paragraph (1) of the Act are to be carried out by way of broadcasting, using the broadcast equipment of a Private Broadcaster or by any other means specified by Cabinet Office Order as being equivalent thereto, are as follows:
- (i) if there is a risk for a loss to arise that has as its direct cause fluctuations in money rates, the value of currencies, quotations on a Financial Instruments Market, or any other indicator, as regards an act that constitutes a Financial Instruments transaction conducted by a customer, an indication of this risk (if there is a risk that the amount of the loss may exceed the Amount of Security Deposit, etc., an indication of that risk is included); and
  - (ii) any particulars specified by Cabinet Office Order as being equivalent to the particulars set forth in the preceding item.

(Scope of Persons Closely Related to a Financial Instruments Intermediary Service Provider)

Article 18-2 The persons specified by Cabinet Order that are provided for in Article 66-13 of the Act are any of the following persons not constituting a Financial Instruments Business Operator (limited to those engaged in Securities, etc. Management), Bank, or any other person specified by Cabinet Office Order:

- (i) a relative (limited to the spouse thereof and a relative by blood or affinity within the third degree of kinship) of the Financial Instruments Intermediary Service Provider (limited to one that is an individual);
- (ii) an Officer or employee of the Financial Instruments Intermediary Service Provider (limited to one that is a corporation; hereinafter the same applies in this Article);
- (iii) the Parent Corporation, etc. or Subsidiary Corporation, etc. of the Financial Instruments Intermediary Service Provider;
- (iv) Specified Individual Shareholders of all shareholders, etc. of the Financial Instruments Intermediary Service Provider (excluding those set forth in item (ii)); and

(v) any person specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding items.

(Deemed Replacement of Terms in Connection with Financial Instruments Intermediary Service Providers)

Article 18-3 With regard to a Financial Instruments Intermediary Service Provider or its customers referred to in Article 66-15 of the Act, the registration under Article 66 of the Act or the Financial Instruments Intermediary Service Provider referred to in Article 66-23 of the Act or the Financial Instruments Intermediary Service Provider referred to in Article 66-25 of the Act, the deemed replacement of terms under the provisions of Article 66-15, Article 66-23, and Article 66-25 of the Act in applying the provisions of the Act mutatis mutandis is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original terms	Terms deemed to replace the original terms
Article 38-2	Investment Advisory and Agency Business or Investment Management Business	Financial Instruments Intermediary Service (limited to functions that carry out the acts listed in Article 2, paragraph (11), item (iv) of the Act)
	an Investment Advisory Contract, Discretionary Investment Contract or contract specified in Article 2, paragraph (8), item (xii), (b)	an Investment Advisory Contract, Discretionary Investment Contract
Article 39, paragraphs (1) and (3)	purchase and sale or other transactions of Securities (excluding purchase and sale on condition of repurchase for which the repurchase price is set in advance and other transactions specified by Cabinet Order) or Derivative Transactions (hereinafter referred to as "Purchase and Sale or Other Transaction of Securities, etc." in this Article)	Intermediation for Financial Instruments

	the relevant Securities or Derivative Transactions	the relevant Securities, Market Transactions of Derivatives, or Foreign Market Derivatives Transactions related to the relevant Intermediation for Financial Instruments
	purchase and sale of Securities or Derivative Transactions	purchase and sale of Securities, Market Transactions of Derivatives, or Foreign Market Derivatives Transactions
	with regard to the Purchase and Sale or Other Transaction of Securities, etc.,	with regard to the Intermediation for Financial Instruments
	this Section and the following Section	this Article
Article 40	an act that constitutes a Financial Instruments Transaction	Intermediation for Financial Instruments
	for a Financial Instruments Transaction Contract	for a Financial Instruments Transactions Contract related to the relevant Intermediation for Financial Instruments
Article 43-6, paragraph (1)	an act that constitutes a Financial Instruments Transaction	Intermediation for Financial Instruments
Article 57	an Article 29 or Article 33-2 registration, an Article 30, paragraph (1) authorization, or an Article 31, paragraph (4) registration of a change	registration under Article 66
	the applicant or the Financial Instruments Business Operator	the applicant for registration
	the applicant or the Financial Instruments Business Operator	the applicant for registration
	the provisions of Article 51; Article 51-2; Article 52, paragraph (1); Article 52-2, paragraph (1); Article 53; Article 54; or the preceding Article	the provisions of Article 66-20, paragraph (1)

	an Article 29 or Article 33-2 registration, the an Article 30, paragraph (1) or Article 31, paragraph (6) authorization, an Article 31, paragraph (4) registration of a change, or an Article 35, paragraph (4) approval	registration under Article 66
	to attach conditions pursuant to the provisions of Article 30-2, paragraph (1), or to issue a disposition based on the provisions of Article 51; Article 51-2; Article 52, paragraph (1) or (2); Article 52-2, paragraph (1) or (2); Article 53; Article 54; or the preceding Article	or to issue a disposition based on the provisions of Article 66-20
Article 64	the following acts on its behalf	the following acts on its behalf (excluding the acts set forth in item (ii))
	Article 2, paragraph (8), items (i) to (iii), item (v), item (viii), and item (ix)	Article 2, paragraph (11), items (i) to (iii)
	(b) the following acts:	(b) the following acts (excluding the acts set forth in 2. below)
	purchase and sale, or intermediary, brokerage (excluding Brokerage for Clearing of Securities, etc.) or agency service thereof	intermediary service for purchase and sale
	beyond what is set forth in the preceding two items, acts specified by Cabinet Order	the following acts (excluding the acts set forth in item (i)):
		(a) intermediary service for entrustment of Market Transaction of Derivatives or Foreign Market Derivatives Transaction; and
		(b) solicitation for entrustment of Market Transaction of Derivatives or Foreign Market Derivatives Transaction.

Article 64-3	the items of Article 64, paragraph (1)	the items of Article 64, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25 (including the acts listed in Article 64, paragraph (1), item (ii))
Article 64-4	the provisions of Article 64, paragraph (1)	the provisions of Article 64, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25
	Article 64, paragraph (3), item (iii), (a) or (b)	Article 64, paragraph (3), item (iii), (a) or (b) as applied mutatis mutandis pursuant to Article 66-25
Article 64-5	the items of Article 64-2, paragraph (1)	the items of Article 64-2, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25
	acts set forth in the items of Article 64, paragraph (1) among Financial Instruments Business (Registered Financial Institution Business for Registered Financial Institutions)	acts set forth in the items of Article 64, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25 from among Financial Instruments Business (excluding the acts set forth in Article 64, paragraph (1), item (ii))
Article 64-6	the provisions of paragraph (1) of the preceding Article	the provisions of paragraph (1) of the preceding Article as applied mutatis mutandis pursuant to Article 66-25
	has dissolved or abolished business to conduct acts set forth in the items of Article 64, paragraph (1) among Financial Instruments Business (Registered Financial Institution Business for Registered Financial Institutions)	has died, dissolved, or abolished the business to conduct acts listed in the items of Article 64, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25 from among the Financial Instruments Business (excluding the acts set forth in Article 64, paragraph (1), item (ii))
Article 64-7 (excluding paragraph (2))	Article 64, Article 64-2, and the preceding three Articles	the provisions of Article 64, Article 64-2, and the preceding three Articles as applied mutatis mutandis pursuant to Article 66-25
	Article 64-9	Article 64-9 as applied mutatis mutandis pursuant to Article 66-25



a Financial Instruments Business Operator, etc. belonging to the Association	a Financial Instruments Intermediary Service Provider that has the member firms of the Association as the Entrusting Financial Instruments Business Operator, etc. (meaning an Entrusting Financial Instruments Business Operator, etc. as defined in Article 66-2, paragraph (1), item (iv))
the preceding two paragraphs	paragraph (1)
pursuant to the provisions of paragraph (1) or (2)	pursuant to the provisions of paragraph (1)
registration under Article 64, paragraph (5), change of registration pertaining to notification under Article 64-4, rendering of disposition under Article 64-5, paragraph (1) (excluding deletion of registration), or deletion of registration under the preceding Article	registration under Article 64, paragraph (5) as applied mutatis mutandis pursuant to Article 66-25, change of registration pertaining to notification under Article 64-4 as applied mutatis mutandis pursuant to Article 66-25, rendering of disposition under Article 64-5, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25 (excluding deletion of registration), or deletion of registration under the preceding Article as applied mutatis mutandis pursuant to Article 66-25
registration work under the provisions of paragraph (1) or paragraph (2)	registration work under the provisions of paragraph (1)
registration work prescribed in paragraph (1) under the provisions of that paragraph as applied mutatis mutandis pursuant to Article 66-25	work related to the registration prescribed in Article 64, Article 64-2, and the preceding three Articles regarding a sales representative of a financial instruments business operator, etc.

	a Financial Instruments Business Operator, etc. belonging to an Association that conducts Registration Work under the provisions of paragraph (1)	a Financial Instruments Intermediary Service Provider
	Article 64-5, paragraph (1), item (i)	Article 64-5, paragraph (1), item (i) as applied mutatis mutandis pursuant to Article 66-25
	the association... that paragraph	an association... that paragraph
	paragraph (1) or (2)	paragraph (1)
	these provisions	the provisions of that paragraph
Article 64-8	paragraph (1) or (2) of the preceding Article	paragraph (1) of the preceding Article as applied mutatis mutandis pursuant to Article 66-25
Article 64-9	Article 64-7, paragraph (1) or (2)	Article 64-7, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25
	Article 64, paragraph (3)	Article 64, paragraph (3) as applied mutatis mutandis pursuant to Article 66-25
	Article 64-2, paragraph (1)	Article 64-2, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25
	Article 64-7, paragraph (1)	Article 64-7, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25
	Article 64-5, paragraph (1)	Article 64-5, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25

(Provisions Concerning Explanatory Documents)

Article 18-4 The provisions specified by Cabinet Order that are provided for in Article 66-18 of the Act are the following provisions:

- (i) Article 21, paragraphs (1) and (2) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long Term Credit Bank Act, Article 89, paragraph (1) of the Credit Union Act (Act No, 238 of 1951), Article 6, paragraph (1) of the Act on Financial Businesses by Cooperatives (Act No. 183 of 1949), or Article 94, paragraph (1) of the Labor Bank Act (Act No, 227 of 1953);
- (ii) Article 81, paragraphs (1) and (2) of the Agriculture and Forestry Credit Union Act (Act No. 93 of 1938);

- (iii) Article 53, paragraphs (1) and (2) of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007);
- (iv) Article 54-3, paragraphs (1) and (2) of the Agricultural Cooperatives Act (Act No. 132 of 1947);
- (v) Article 58-3, paragraphs (1) and (2) of the Fisheries Cooperative Act (Act No. 242 of 1948); and
- (vi) Article 101, paragraphs (1) and (2) of the Insurance Business Act.

### **Chapter IV-3 Credit Rating Agencies**

(Deadline for Submission of Business Reports)

Article 18-4-2 The period specified by Cabinet Order that is provided for in Article 66-38 of the Act is three months; provided, however, that if a foreign corporation (including a foreign organization without legal personality for which a representative person or administrator has been designated; hereinafter the same applies in the following Article and Article 18-4-5) is found to be unable to submit the Business Reports within the three months after the end of its business year due to the laws and regulations or practices in its state, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Period Until the Commencement of Public Inspection of Explanatory Documents)

Article 18-4-3 The period specified by Cabinet Order that is provided for in the provisions of Article 66-39 of the Act is four months; provided, however, that if a foreign corporation is found to be unable to keep its Explanatory Documents (meaning the Explanatory Documents set forth in that Article), provide them for public inspection, and disclose them using the Internet or through other means from the day on which four months have elapsed from the end of its business year due to the laws and regulations or practices in its state, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis When a Credit Rating Agency Gives Public Notice of the Discontinuation of Its Credit Rating Services by Way of Electronic Public Notice)

Article 18-4-4 If the public notice under Article 66-40, paragraph (3) of the Act is given by way of Electronic Public Notice, the deemed replacement of terms under Article 66-40, paragraphs (5) and (6) of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 66-40,

paragraphs (5) and (6) of the Act is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Deemed Replacement of Terms in Applying the Provisions of the Act to a Foreign Corporation)

Article 18-4-5 If a Credit Rating Agency is a foreign corporation, the deemed replacement of terms under Article 66-47 of the Act in applying the provisions of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 66-28, paragraph (2), item (iii)	the articles of incorporation, certificate of registered matters,	the articles of incorporation, certificate of registered matters (including documents equivalent thereto), certificate of registered matters of the principal business office or office in Japan
Article 66-39	all of its business offices or offices	all of its business offices or offices established in Japan to carry out Credit Rating Services
Article 66-40, paragraph (1), item (ii)	an Officer representing the corporation	an Officer of a corporation
Article 66-40, paragraph (1), item (iii)	has dissolved upon decision of commencement of bankruptcy proceedings	has become subject to a ruling for the commencement of bankruptcy proceedings, or has commenced procedures for the same kind of bankruptcy proceedings in a State where its head office is located based on the laws and regulations of that State.
	the bankruptcy trustee thereof	the bankruptcy trustee thereof or the person equivalent to a bankruptcy trustee in that State

Article 66-40, paragraph (1), item (iv)	has dissolved due to reasons other than a merger or the decision of commencement of bankruptcy proceedings	has dissolved due to reasons other than a merger or the decision of commencement of bankruptcy proceedings (including the case where that corporation has commenced the liquidation of the business offices or offices in Japan)
	the liquidator thereof	the liquidator thereof or the person equivalent to a liquidator in the State where its head office is located

(Deemed Replacement of Terms in Applying the Provisions of the Act to an Organization Without Legal Personality for Which a Representative Person or Administrator Has Been Designated)

Article 18-4-6 If a Credit Rating Agency is an organization without legal personality for which a representative person or administrator has been designated, the deemed replacement of terms under Article 66-47 of the Act for applying the provisions of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 29-4, paragraph (1), item (ii)	the corporation was a Credit Rating Agency	the corporation was a Credit Rating Agency (including an organization without legal personality whose representative or administrator has been designated)
	the officer	the officer (including a representative or administrator of an organization without legal personality whose representative or administrator has been designated)
Article 29-4, paragraph (1), item (ii), (h)	an officer	an officer (including a representative or administrator of an organization without legal personality whose representative or administrator has been designated)
Article 66-40, paragraph (1), item (ii)	a merger	an act equivalent to merger

Article 66-40, paragraph (1), item (iii)	has dissolved upon decision of commencement of bankruptcy proceedings	has become subject to a ruling for the commencement of bankruptcy proceedings
Article 66-40, paragraph (1), item (iv)	a merger	an act equivalent to merger
	has dissolved due to reasons other than a merger or the decision of commencement of bankruptcy proceedings	has implemented an act equivalent to dissolution due to reasons other than a merger or the decision of commencement of bankruptcy proceedings
	the liquidator thereof	the person that was representative or administrator
Article 66-40, paragraph (3)	a merger	an act equivalent to merger
	dissolve	implement an act equivalent to dissolution

(Deemed Replacement of Terms in Applying the Provisions of the Act to a Foreign Organization Without Legal Personality for Which a Representative Person or Administrator Has Been Designated)

Article 18-4-7 Notwithstanding the provisions of the preceding two Articles, if a Credit Rating Agency is a foreign organization without legal personality for which a representative person or administrator has been designated, the deemed replacement of terms under Article 66-47 of the Act for applying the provisions of Article 66-40, paragraph (1), items (iii) and (iv) of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 66-40, paragraph (1), item (iii)	has dissolved upon decision of commencement of bankruptcy proceedings	has become subject to a ruling for the commencement of bankruptcy proceedings, or has commenced procedures for the same kind of bankruptcy proceedings in a State where its head office is located based on the laws and regulations of that State.
	the bankruptcy trustee thereof	the bankruptcy trustee thereof or the person equivalent to a bankruptcy trustee in that State

Article 66-40, paragraph (1), item (iv)	a merger	an act equivalent to merger
	has dissolved due to reasons other than a merger or the decision of commencement of bankruptcy proceedings	has implemented an act equivalent to dissolution due to reasons other than a merger or the decision of commencement of bankruptcy proceedings(including the case where that corporation has commenced the liquidation of the business offices or offices in Japan)
	the liquidator thereof	the person that was representative or administrator (in the case where that corporation has commenced the liquidation of the business offices or offices in Japan, the representative in Japan)

(Deemed Replacement of Terms in Connection with Credit Rating Agencies)

Article 18-4-8 With regard to the registration under Article 66-27 of the Act or Credit Rating Agency prescribed in Article 66-48 of the Act, the deemed replacement of terms under Article 66-48 of the Act when the provisions of the Act are applied mutatis mutandis is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 57	an Article 29 or Article 33-2 registration, an Article 30, paragraph (1) authorization, or an Article 31, paragraph (4) registration of a change	registration under Article 66-27
	the applicant or the Financial Instruments Business Operator	the applicant for registration
	the applicant or the Financial Instruments Business Operator	the applicant for registration
	the provisions of Article 51; Article 51-2; Article 52, paragraph (1); Article 52-2, paragraph (1); Article 53; Article 54; or the preceding Article	the provisions of Article 66-41 or Article 66-42, paragraph (1)

	<p>an Article 29 or Article 33-2 registration, the an Article 30, paragraph (1) or Article 31, paragraph (6) authorization, an Article 31, paragraph (4) registration of a change, or an Article 35, paragraph (4) approval</p>	<p>registration under Article 66-27</p>
	<p>to attach conditions pursuant to the provisions of Article 30-2, paragraph (1), or to issue a disposition based on the provisions of Article 51; Article 51-2; Article 52, paragraph (1) or (2); Article 52-2, paragraph (1) or (2); Article 53; Article 54; or the preceding Article</p>	<p>to issue a disposition based on the provisions of Article 66-40 or Article 66-42, paragraph (1) or (2)</p>

#### Chapter IV-4 High-Speed Traders

(Minimum Amount of Stated Capital of a High-Speed Trader)

Article 18-4-9 (1) The amount specified by Cabinet Order that is provided for in Article 66-53, item (v), (b) of the Act is ten million yen.

(2) If an applicant is a foreign corporation and the amount of stated capital or the total amount of investment set forth in Article 66-53, item (v), (b) of the Act is to be converted into Japanese currency, the conversion is to be made by using the Exchange Rate at the time of the application for registration referred to in Article 66-50 of the Act.

(Minimum Net Assets of a High-Speed Trader)

Article 18-4-10 The amount specified by Cabinet Order that is provided for in Article 66-53, item (vii) of the Act is zero.

(Special Rules on the Deadline for Submission of Business Reports by a Foreign Corporation)

Article 18-4-11 The period specified by Cabinet Order that is provided for in Article 66-59 of the Act as applied pursuant to the provisions of Article 66-68 of the Act following the deemed replacement of terms is three months; provided, however, that if a High-Speed Trader that is a foreign corporation or an individual domiciled in a foreign state is found to be unable to submit Business Reports within the three months after the end of its business year due to the laws and regulations or practices in its state, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to



the provisions of Cabinet Office Order.

(Deemed Replacement of Terms for Applying the Provisions of the Act to a Foreign Corporation)

Article 18-4-12 If a High-Speed Trader is a foreign corporation or an individual domiciled in a foreign state, the deemed replacement of terms under Article 66-68 of the Act in applying the provisions of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 66-60, item (iii)	files a petition to commence bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings	files a petition to commence bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or liquidation proceedings in Japan, or a petition of the same kind in the state where its principal business office or office is located based on the laws and regulations of that state
Article 66-61, paragraph (1), item (iii)	the officer that represented the corporation	an officer of the corporation
Article 66-61, paragraph (1), item (iv)	is dissolved due to an order to commence bankruptcy proceedings	receives an order to commence bankruptcy proceedings, or commences proceedings of the same kind as bankruptcy proceedings in the state where its principal business office or office is located based on the laws and regulations of that state
	the bankruptcy trustee	the bankruptcy trustee or a person equivalent to the bankruptcy trustee in that state
Article 66-61, paragraph (1), item (v)	the liquidator	the liquidator or a person equivalent to the liquidator in the state where its principal business office or office is located

(Deemed Replacement of Terms in Connection with High-Speed Traders)

Article 18-4-13 With regard to the registration referred to in Article 66-50 of the Act or a High-Speed Trader as prescribed in Article 66-69 of the Act, the deemed replacement of terms under Article 66-69 of the Act when the provisions of the Act are applied mutatis mutandis is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 57, paragraph (1)	notify the applicant for registration or the Financial Instruments Business Operator	notify the applicant for registration
	regarding the applicant for registration or the Financial Instruments Business Operator	regarding the applicant for registration
Article 57, paragraph (2)	Article 51, Article 51-2, Article 52, paragraph (1), Article 52-2, paragraph (1), Article 53, Article 54, or the preceding Article	Article 66-62, Article 66-63, paragraph (1), or Article 66-64
Article 57, paragraph (3)	to attach conditions pursuant to the provisions of Article 30-2, paragraph (1), or to issue a disposition based on the provisions of Article 51, Article 51-2, Article 52, paragraph (1) or (2), Article 52-2, paragraph (1) or (2), Article 53, Article 54, or the preceding Article	or to issue a disposition based on the provisions of Article 66-62, Article 66-63, paragraph (1) or (2), or Article 66-64

#### **Chapter IV-5 Financial Instruments Firms Associations**

(Application for Recognition as a Certified Financial Instruments Business Association)

Article 18-4-14 (1) The application for recognition under Article 78, paragraph (1) of the Act must be made through the submission of a written application containing the following particulars to the Commissioner of the Financial Services Agency:

- (i) name;
- (ii) office location; and
- (iii) Officer and member names.

(2) The articles of incorporation and any other documents specified by Cabinet Office Order must be attached to the written application referred to in the preceding paragraph.

(Application for Certification as a Certified Investor Protection Organization)  
Article 18-4-15 (1) The application under Article 79-7, paragraph (2) of the Act must be made through the submission of a written application containing the following particulars to the Commissioner of the Financial Services Agency:

- (i) name;
- (ii) principal office location;
- (iii) representative person or administrator name;
- (iv) office location where the business related to the application for certification will be carried out; and
- (v) an outline of the business to which the application for certification pertains (if the Specific Certified Services are included, the type thereof is included).

(2) The following documents must be attached to the written application referred to in the preceding paragraph:

- (i) the articles of incorporation, articles of endowment, and any other basic contracts;
- (ii) a document in which the person seeking the certification swears that they do not fall under any of the items of Article 79-8 of the Act;
- (iii) a document containing the method for implementation of the business to which the application for certification pertains;
- (iv) a document certifying that the applicant has sufficient knowledge and ability to perform the business related to the application for certification appropriately and soundly;
- (v) the business report, balance sheet, statement on settlement of accounts, and inventory of property for recent business years and any other documents certifying that the applicant has the necessary financial accounting basis (in cases of a corporation (meaning a corporation as referred to in Article 79-7, paragraph (1) of the Act) established during the business year that includes the day of application, the inventory of property at the time of its establishment and any other documents certifying that the corporation has the necessary financial accounting basis);
- (vi) documents containing the names, addresses, and brief biographical outlines of its officers (with regard to an organization without legal personality for which the representative person or administrator has been designated, that representative person or administrator is included);
- (vii) a document containing the name of the Covered Operator (meaning a Covered Operator as prescribed in Article 79-11, paragraph (1) of the Act) and documents proving that the Covered Operator is a member of the person

that seeks the certification or that the Covered Operator has given consent to be the subject of the business related to the application for certification; and (viii) if the applicant is engaged in business other than that to which the application for certification pertains, documents containing the type and outline of the business (if the applicant is conducting business of complaint resolution or mediation which are specified by Cabinet Office Order, the documents specified by Cabinet Office Order as those proving that the execution of business involves no risk of causing unfairness in the business to which the application for certification pertains is included).

- (3) If Specific Certified Services are included in the business to which the application for certification pertains (limited to the cases in which there is a Specified Relevant Minister for the Specific Certified Services), before the Commissioner of the Financial Services Agency seeks to grant the certification under Article 79-7, paragraph (1) of the Act, the commissioner must first hold consultation with the Specified Relevant Minister related to the Specific Certified Services.
- (4) If any changes arise in the particulars set forth in paragraph (1), items (i) to (iv) or the particulars contained in the documents set forth in paragraph (2), items (i) to (iv) or items (vi) to (viii), a Certified Investor Protection Organization (meaning a Certified Investor Protection Organization defined in Article 79-10, paragraph (1) of the Act; the same applies hereinafter) must submit a written notification indicating this (if any changes arise in the particulars contained in the document set forth in Article 2, paragraph (1), item (iii), the reasons therefor is included) to the Commissioner of the Financial Services Agency without delay.
- (5) The term "Specific Certified Services" used in paragraph (1), item (v) and paragraph (3) means complaint resolution for businesses executing the transactions set forth in the middle column of the following table by the persons set forth in the left column and mediation if there are any disputes in that business, and the term "Specified Relevant Minister" referred to in paragraph (3) is the ministers set forth in the right column of the table for each business executing the transactions set forth in the middle column of the table by the persons set forth in the left column of the table.

<p>The Cooperatives set forth in Article 5 of the Agricultural Cooperatives Act that are engaged in the business set forth in Article 10, paragraph (1), item (iii) of that Act and the Specific Credit Business Agent defined in Article 92-2, paragraph (3) of that Act</p>	<p>Conclusion of a Contract for Specified Savings, etc. prescribed in Article 11-2-4 of the Agricultural Cooperatives Act or the intermediary or brokerage service therefor</p>	<p>The Minister of Agriculture, Forestry and Fisheries</p>
<p>The Cooperatives set forth in Article 5 of the Agricultural Cooperatives Act engaged in the business set forth in Article 10, paragraph (1), item (x) of that Act</p>	<p>Conclusion of a Specified Mutual Aid Contract as prescribed in Article 11-10-3 of the Agricultural Cooperatives Act</p>	<p>The Minister of Agriculture, Forestry and Fisheries</p>
<p>The Cooperatives defined in Article 4 of the Consumer Cooperatives Act (Act No. 200 of 1948) engaged in the mutual aid activities prescribed in Article 10, paragraph (2) of that Act</p>	<p>Conclusion of a Specified Mutual Aid Contract as prescribed in Article 12-3, paragraph (1) of the Consumer Cooperatives Act</p>	<p>The Minister of Health, Labour and Welfare</p>
<p>The fisheries cooperatives engaged in business under Article 11, paragraph (1), item (iv) of the Fishery Cooperatives Act, the federation of fisheries cooperatives engaged in business as set forth under Article 87, paragraph (1), item (iv) of that Act, the fishery processing cooperatives engaged in business under Article 93, paragraph (1), item (ii) of that Act, the federation of fishery processing cooperatives engaged in business under Article 97, paragraph (1), item (ii) of that Act and the Specific Credit Business Agent set forth in Article 106, paragraph (3) of that Act</p>	<p>Conclusion of a Contract for Specified Savings, etc. set forth in Article 11-11 of the Fishery Cooperatives Act or agency or intermediary service therefor</p>	<p>The Minister of Agriculture, Forestry and Fisheries</p>

<p>The fisheries cooperatives engaged in business under Article 11, paragraph (1), item (xii) of the Fishery Cooperatives Act, the fishery processing cooperatives engaged in business under Article 93, paragraph (1), item (vi)-2 of that Act, and the federation of mutual aid fishery cooperatives</p>	<p>Conclusion of a Specified Mutual Aid Contract as set forth in Article 15-12 of the Fishery Cooperatives Act</p>	<p>The Minister of Agriculture, Forestry and Fisheries</p>
<p>A cooperative as defined in Article 3 of the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of 1949) and the mutual aid agent prescribed in Article 9-7-5, paragraph (2) of that Act</p>	<p>Conclusion of a Specified Mutual Aid Contract as prescribed in Article 9-7-5, paragraph (3) of the Small and Medium-sized Enterprise Cooperatives Act or the agency or intermediary service therefor</p>	<p>The Minister of Economy, Trade and Industry</p>
<p>The credit cooperatives, etc. defined in Article 2, paragraph (1) of the Act on Financial Businesses by Cooperatives and a credit cooperative agent as prescribed in Article 6-3, paragraph (3) of that Act</p>	<p>Conclusion of Contracts for Specified Deposits, etc. set forth in Article 6-5-11 of the Act on Financial Businesses by Cooperatives or agency or intermediary service therefor</p>	
<p>A Specified Organizer, etc. as defined in Article 197 of the Act on Investment Trusts and Investment Corporations</p>	<p>The Public Offering, etc. (meaning a Public Offering, etc. as prescribed in Article 196, paragraph (1) of the Act on Investment Trusts and Investment Corporations) of Investment Securities issued by an Investment Corporation (meaning an Investment Corporation as defined in Article 2, paragraph (12) of that Act) that is in the process of being established</p>	
<p>A Shinkin Bank as defined in Article 2 of the Shinkin Bank Act and a Shinkin Bank Agent as prescribed in Article 85-2, paragraph (3) of that Act</p>	<p>Conclusion of Contracts for Specified Deposits, etc. set forth in Article 89-2 of the Shinkin Bank Act</p>	

A Long-Term Credit Bank as defined in Article 2 of the Long-Term Credit Bank Act and a Long-Term Credit Bank Agent as prescribed in Article 16-5, paragraph (3) of that Act	Conclusion of Contracts for Specified Deposits, etc. set forth in Article 17-2 of the Long-Term Credit Bank Act or the agency or intermediary service therefor	
A Labor Bank as defined in Article 3 of the Labor Bank Act and a Labor Bank Agent as prescribed in Article 89-3, paragraph (3) of that Act	Conclusion of Contracts for Specified Deposits, etc. set forth in Article 94-2 of the Labor Bank Act or agency or intermediary service therefor	The Minister of Health, Labour and Welfare
A Bank as defined in Article 2, paragraph (1) of the Banking Act and a Bank Agent as defined in paragraph (15) of that Article	Conclusion of Contracts for Specified Deposits, etc. set forth in Article 13-4 of the Banking Act or agency or intermediary service therefor	
A Foreign Commodities Dealer as prescribed in Article 2, paragraph (5) of the Act on Assumption of Entrustment, etc. of Future Trading in Foreign Commodities Market (Act No. 65 of 1982)	The assumption of entrustment, etc. of future trading in Foreign Commodities Market prescribed in Article 2, paragraph (4) of the Act on Assumption of Entrustment, etc. of Future Trading in Foreign Commodities Market	The Minister of Agriculture, Forestry and Fisheries and The Minister of Economy, Trade and Industry
A Real Estate Specified Joint Enterprise Operator as prescribed in Article 2, paragraph (5) of the Real Estate Specified Joint Enterprise Act (Act No. 77 of 1994)	Conclusion of the Real Estate Specified Joint Enterprise Contract prescribed in Article 2, paragraph (3) of the Real Estate Specified Joint Enterprise Act or agency or intermediary service therefor	The Minister of Land, Infrastructure, Transport and Tourism
An insurance company, a Small Amount and Short Term Insurance Provider as defined in Article 2, paragraph (18) of the Insurance Business Act, an Insurance Solicitor as defined in paragraph (23) of that Article, and an Insurance Broker defined in paragraph (25) of that Article	Conclusion of a Specified Insurance Contract (meaning the specified insurance contract set forth in Article 300-2 of the Insurance Business Act; hereinafter the same applies in this column), agency or intermediary service therefor, or conclusion of a contract on providing intermediary service for concluding a Specified Insurance Contract on behalf the customer	

<p>A Specific Purpose Company as defined in Article 2, paragraph (3) of the Asset Securitization Act, a Specified Transferrer as defined in Article 208, paragraph (1) of the Asset Securitization Act and the Originator as prescribed in Article 224 of the Asset Securitization Act</p>	<p>The Public Offering, etc. (meaning a Public Offering, etc. as set forth in Article 207 of the Asset Securitization Act) or handling of the Public Offering, etc. of Asset Backed Securities (meaning the Asset Backed Securities prescribed in Article 2, paragraph (11) of the Asset Securitization Act) or the Public Offering, etc. (meaning a Public Offering, etc. as prescribed in Article 286, paragraph (1) of the Asset Securitization Act) of Beneficiary Certificates (meaning the Beneficiary Certificates defined in Article 2, paragraph (15) of the Asset Securitization Act)</p>	
<p>A financial service intermediary</p>	<p>Intermediation of the conclusion of a specified financial service contract</p>	
<p>The Norin Chukin Bank and the Norin Chukin Bank Agent prescribed in Article 95-2, paragraph (3) of the Norin Chukin Bank Act</p>	<p>Conclusion of Contracts for Specified Deposits, etc. set forth in Article 59-3 of the Norin Chukin Bank Act or agency or intermediary service therefor</p>	<p>The Minister of Agriculture, Forestry and Fisheries</p>
<p>A trust company, a financial institution authorized under Article 1, paragraph (1) of the Act on Concurrent Operation of Trust Business by Financial Institution and a Life Insurance Company, etc. engaged in Insurance Claim Trust Business as defined in Article 13-3 of the Order for Enforcement of the Insurance Business Act (Cabinet Order No. 425 of 1995)</p>	<p>Conclusion of a Specific Trust Agreement as prescribed in Article 24-2 of the Trust Business Act (including the cases where it is applied mutatis mutandis pursuant to Article 99, paragraph (8) of the Insurance Business Act)</p>	
<p>The Shoko Chukin Bank Limited</p>	<p>Conclusion of Contracts for Specified Deposits, etc. prescribed in Article 29 of the Shoko Chukin Bank Limited Act</p>	<p>The Minister of Economy, Trade and Industry and The Minister of Finance</p>



(Notification of Discontinuation of Certified Services)

Article 18-4-16 If a Certified Investor Protection Organization seeks to discontinue its Certified Services (meaning Certified Services as defined in Article 79-10, paragraph (1) of the Act; hereinafter the same applies in this Article), it must submit a written notification containing the following particulars to the Commissioner of the Financial Services Agency three months prior to the day on which it seeks to discontinue them:

- (i) its name;
- (ii) the location of its principal office;
- (iii) the name of its representative person or administrator;
- (iv) the day on which the termination of acceptance of the application under Article 77, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 79-12 of the Act or the filing of application under Article 77-2, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 79-13 of the Act is scheduled;
- (v) the day on which it seeks to discontinue the Certified Services; and
- (vi) the reason for discontinuing the Certified Services.

#### **Chapter IV-6 Investor Protection Funds**

(Persons Excluded from Consideration as General Customers)

Article 18-5 The persons specified by Cabinet Order that are provided for in Article 79-20, paragraph (1) of the Act are the following persons:

- (i) Qualified Institutional Investors;
- (ii) the State, local governments, or a corporation established by a special act of establishment pursuant to the provisions of Special Acts (excluding the persons set forth in the preceding item);
- (iii) an Investor Protection Fund (meaning an Investor Protection Fund as set forth in Article 79-21 of the Act; hereinafter referred to as a "Fund" except in Chapter VIII);
- (iv) a foreign government or any other person equivalent to the persons set forth in the preceding three items under foreign laws and regulations; and
- (v) beyond the persons set forth in the preceding items, persons designated by the Commissioner of the Financial Services Agency and the Minister of Finance.

(Transactions Excluded from Consideration as Customer Assets)

Article 18-6 The transactions specified by Cabinet Order that are provided for in Article 79-20, paragraph (3), item (iii) of the Act are the following transactions:

- (i) Over-the-Counter Derivatives Transactions;
- (ii) Foreign Market Derivatives Transactions;

- (iii) purchase and sale or other transactions of Electronically Recorded Transferable Rights or the rights prescribed in Article 1-12, item (ii); and
- (iv) the transactions designated by the Commissioner of the Financial Services Agency or the Minister of Finance as being similar to the transactions set forth in the preceding three items.

(Securities Excluded from Customer Assets)

Article 18-6-2 The securities specified by Cabinet Order that are provided for in Article 79-20, paragraph (3), items (v) and (vi) of the Act are Electronically Recorded Transferable Rights which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act and the rights prescribed in Article 1-12, item (ii).

(Customer Assets Related to Incidental Business)

Article 18-7 That which is specified by Cabinet Order as provided in Article 79-20, paragraph (3), item (vii) of the Act is the following:

- (i) the money or Securities belonging to the account of a general customer or the money or Securities deposited with a Financial Instruments Business Operator (meaning the Financial Instruments Business Operator as prescribed in Article 79-20, paragraph (1) of the Act; hereinafter the same applies in this Article) from a general customer (excluding the money or Securities as prescribed in Article 79-20, paragraph (3), item (i) of the Act, the money as prescribed in Article 79-20, paragraph (3), item (iii) of the Act, the Securities as prescribed in Article 79-20, paragraph (3), item (v) of the Act, the Securities that a Financial Instruments Business Operator may use under a contract, and the Securities as specified in the preceding Article), with regard to the services involving the acts set forth in Article 2, paragraph (8), items (xvi) and (xvii) of the Act (limited to Securities Services) and the services provided under Article 35, paragraph (1) of the Act, which are designated by the Commissioner of the Financial Services Agency or the Minister of Finance;
- (ii) the money or Securities belonging to the account of a general customer or the money or Securities deposited with a Financial Instruments Business Operator from a general customer (excluding the money or Securities as prescribed in Article 79-20, paragraph (3), item (ii) of the Act, the money as prescribed in Article 79-20, paragraph (3), item (iv) of the Act, the Securities as prescribed in Article 79-20, paragraph (3), item (vi) of the Act, the Securities that a Financial Instruments Business Operator may use under a contract, and the Securities as specified in the preceding Article), with regard to the services involving the acts set forth in Article 2, paragraph (8), item (xvi) of the Act (limited to those involving Commodity Derivatives

Transaction-Related Business (meaning the Commodity Derivatives Transaction-Related Business as prescribed in Article 79-20, paragraph (1) of the Act; hereinafter the same applies in this item); the same applies in the following item) and the services provided under Article 35, paragraph (1) of the Act, which are designated by the Commissioner of the Financial Services Agency and the Minister of Finance (limited to those involving the Commodity Derivatives Transaction-Related Business; the same applies in the following item); and

- (iii) the Commodities (meaning the commodities as prescribed in Article 2, paragraph (24), item (iii)-3 of the Act; hereinafter the same applies) belonging to the account of a general customer (including the instruments or certificates issued for the deposited Commodities; hereinafter the same applies in this item) or the Commodities deposited with a Financial Instruments Business Operator from a general customer (excluding those set forth in Article 79-20, paragraph (3), item (ii) of the Act, the Commodities as prescribed in Article 79-20, paragraph (3), item (vi) of the Act, and the Commodities that a Financial Instruments Business Operator may use under a contract), with regard to the services involving the acts set forth in Article 2, paragraph (8), item (xvi) of the Act and the services provided under Article 35, paragraph (1) of the Act, which are designated by the Commissioner of the Financial Services Agency and the Minister of Finance.

(Financial Instruments Business Operators Not Obligated to Join)

- Article 18-7-2 (1) The Financial Instruments Business Operator specified by Cabinet Order that is provided for in Article 79-27, paragraph (1) of the Act is a Financial Instruments Business Operator that does not conduct Type I Financial Instruments Business (excluding Type I Financial Instruments Business pertaining to Electronically Recorded Transferable Rights or the rights prescribed in Article 1-12, item (ii); the same applies in the following paragraph) and a Type I Small Amount Electronic Public Offering Business Operator as prescribed in Article 29-4-2, paragraph (9) of the Act
- (2) The persons specified by Cabinet Order that are provided for in Article 79-27, paragraph (2) of the Act are those that do not conduct Type I Financial Instruments Business by obtaining the registration or registration of changes under that paragraph and a Type I Small Amount Electronic Public Offering Business Operator that seeks to only conduct Type I Small Amount Electronic Public Offering Business.

(Particulars Required to Be Given in a Public Notice in Relation to Payment by a Fund)

- Article 18-8 The particulars specified by Cabinet Order that are provided for in

Article 79-55, paragraph (1) of the Act are the following particulars:

- (i) the method for making notification of the claims under Article 79-56, paragraph (1) of the Act;
- (ii) the period, place, and method for the payment of the amount under Article 79-56, paragraph (1) of the Act;
- (iii) documents and any other thing which a general customer should submit or present to the Fund in making the claims under Article 79-56, paragraph (1) of the Act; and
- (iv) any other particulars found necessary by the Fund.

(Cause to Change the Period of Notification)

Article 18-9 The cause specified by Cabinet Order that is provided for in Article 79-55, paragraph (2) of the Act is any of the following causes:

- (i) a public notice of dividend distribution under the provisions of Article 197, paragraph (1) of the Bankruptcy Act (including as applied mutatis mutandis pursuant to Article 209, paragraph (3) of that Act);
- (ii) a notice under Article 79-55, paragraph (5) of the Act;
- (iii) an order of confirmation of reorganization plan under Article 199, paragraph (1) of the Corporate Organization Act;
- (iv) an order for confirmation of rehabilitation plans under Article 174, paragraph (1) of the Civil Rehabilitation Act; and
- (v) the fact of payment under Article 60, paragraph (5) of the Act on Transfer of Corporate Bonds, etc.

(Cases in Which Payment Is Found to Be Difficult)

Article 18-10 A case in which a Fund finds it to be difficult for a Distressed Financial Instruments Business Operator (meaning a Distressed Financial Instruments Business Operator as defined in Article 79-55, paragraph (2) of the Act; the same applies hereinafter) to smoothly pay on a claim that a general customer holds against it (limited to a claim associated with Customer Assets (meaning the Customer Assets defined in Article 79-20, paragraph (3) of the Act; the same applies hereinafter) of the relevant general customer) means a case in which the full performance of the claims is found to be impossible or in which a considerable number of days are found to be required for it to pay on the claim, in light of the financial status of the relevant Distressed Financial Instruments Business Operator or the status of administration under Article 43-2, paragraphs (1) and (2) and Article 43-2-2 of the Act.

(Persons Excluded as the Subject of Payment by the Fund)

Article 18-11 The persons specified by Cabinet Order that are provided for in Article 79-56, paragraph (2) of the Act are the following persons:

- (i) the officers of a Distressed Financial Instruments Business Operator (in cases of a Distressed Financial Instruments Business Operator that is a foreign corporation, this includes its representative person in Japan);
- (ii) the Parent Corporation, etc. and Subsidiary Corporations, etc. of a Distressed Financial Instruments Business Operator;
- (iii) a general customer that holds Customer Assets in another person's name (or under a fictitious name; hereinafter the same applies in this item) (limited to the Claims to Be Compensated (meaning the Claims to Be Compensated defined in Article 79-56, paragraph (1) of the Act; the same applies hereinafter) related to the Customer Assets which the general customer holds in another person's name);
- (iv) a Book-entry Transfer Institution, etc. (meaning a Book-entry Transfer Institution as defined in Article 2, paragraph (5) of the Act on Transfer of Corporate Bonds, etc.; hereinafter the same applies in this item) which holds, among the Customer Assets related to Claims to Be Compensated, claims in connection with damage that has arisen as a result of Misstatement, etc. (meaning a Misstatement, etc. as defined in Article 58 of that Act) by the Book-entry Transfer Institution, etc. which are the claims actually held against the Bankrupt Nearest Upper Positioned Institution, etc. (meaning a Bankrupt Nearest Upper Positioned Institution, etc. as prescribed in Article 58 of that Act) at the time of commencement of the bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, special liquidation proceedings, or foreign insolvency proceedings (except for Claims to be Compensated related to the claims, the persons set forth in the preceding two items are excluded); and
- (v) beyond the persons set forth in the preceding items, persons designated by the Commissioner of the Financial Services Agency and the Minister of Finance.

(Maximum Amount of Payment by the Fund)

Article 18-12 The amount specified by Cabinet Order that is provided for in Article 79-57, paragraph (3) of the Act is ten million yen.

(Acquisition of Claims to Be Compensated)

Article 18-13 If the amount to be paid by a Fund pursuant to the provisions of Article 79-56, paragraph (1) and Article 79-57, paragraphs (1) and (3) of the Act is less than the amount of Claims to Be Compensated in association with that payment, the Fund, among the Claims to Be Compensated, is to acquire the amount designated by the Fund.

(Special Rules of the Act on Special Measures Concerning Taxation in Cases of

Payment of Claims to Be Compensated)

Article 18-14 (1) With regard to the application of the provisions of Article 4-2, paragraphs (2) and (9) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957) in the case of occurrence of facts which prevent the workers' property accumulation savings contract from satisfying the requirements provided in Article 6, paragraph (4), item (i), (b) or (c) of the Act on Promotion of Workers' Property Accumulation (Act No. 92 of 1971) in relation to that workers' property accumulation savings contract, defined in Article 4-2, paragraph (1) of the Act on Special Measures Concerning Taxation, or the performance thereof, and if those facts occurred as a result of the Payment (meaning payment under Article 79-58, paragraph (1) of the Act; the same applies in the following paragraph) of the Claims to Be Compensated, those facts are deemed to be excluded from the cases specified by Cabinet Order referred to in Article 4-2, paragraph (2) of the Act on Special Measures Concerning Taxation and the category of facts set forth in Article 4-2, paragraph (9) of that Act.

(2) With regard to the application of the provisions of Article 4-3, paragraphs (2) and (10) of the Act on Special Measures Concerning Taxation, in the case of occurrence of facts which prevent the workers' property accumulation pension savings contract from satisfying the requirements provided in Article 6, paragraph (2), item (i), (b) or (c) of the Act on Promotion of Workers' Property Accumulation in relation to that workers' property accumulation pension savings contract, defined in Article 4-3, paragraph (1) of the Act on Special Measures Concerning Taxation, or the performance thereof, and if those facts occurred as a result of the Payment of the Claims to Be Compensated, those facts are deemed to be excluded from the cases specified by Cabinet Order referred to in Article 4-3, paragraph (2) of the Act on Special Measures Concerning Taxation and the category of facts set forth in Article 4-3, paragraph (10) of that Act.

(Maximum Amount for Borrowings from Financial Institutions)

Article 18-15 The amount specified by Cabinet Order that is provided for in Article 79-72 of the Act is 80 billion yen.

## **Chapter V Financial Instruments Exchanges**

(Minimum Amount of Stated Capital of an Incorporated Financial Instruments Exchange)

Article 19 The amount specified by Cabinet Order that is provided for in Article 83-2 of the Act is one billion yen.

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to an Action to Invalidate the Establishment of a Financial Instruments Incorporated Association)

Article 19-2 With regard to an action to invalidate the establishment of a Financial Instruments Membership Corporation referred to in Article 88-22 of the Act, the deemed replacement of terms under that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that Article is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 835, paragraph (1)	the head office	the principal office

(Deemed Replacement of Terms in the Provisions of the Commercial Registration Act as Applied Mutatis Mutandis to the Registration of a Financial Instruments Incorporated Association)

Article 19-2-2 With regard to the registration referred to in Article 90 of the Act, the deemed replacement of terms under that Article when the provisions of the Commercial Registration Act (Act No. 125 of 1963) are applied mutatis mutandis pursuant to that Article is as given in the following table:

Provisions of the Commercial Registration Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 12-2, paragraph (5)	business office (in the case of a company, its head office)	principal office
Article 17, paragraph (3)	such branch office	such secondary office
Article 21, paragraph (1)	trade name	name
Article 24, item (i)	the business office	the office
Article 24, items (xii) and (xiii)	a trade name	a name
Article 27	trade name	name

	business office (in the case of a company, its head office; hereinafter the same applies in this Article)	principal office
	of the business office	of the principal office

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to the Dissolution and Liquidation of a Financial Instruments Incorporated Association)

Article 19-2-3 (1) With regard to the dissolution and liquidation of a Financial Instruments Incorporated Association referred to in Article 100-17, paragraph (1) of the Act, the deemed replacement of terms under that paragraph when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 492, paragraph (1)	each item of Article 475	the items of Article 644 (excluding item (iii)) as applied mutatis mutandis pursuant to Article 100-17, paragraph (1) of the Financial Instruments and Exchange Act
Article 663 and Article 664	partners	members

(2) With regard to the liquidation of a Financial Instruments Incorporated Association referred to in Article 100-17, paragraph (2) of the Act, the deemed replacement of terms under that paragraph when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 868, paragraph (1)	the head office	the principal office



(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis If the Members of an Incorporated Association-Operated Financial Instruments Exchange Are Allotted Money or Shares in the Incorporated Financial Instruments Exchange After Organizational Conversion)

Article 19-2-4 If shares or money are allotted pursuant to Article 101-6, paragraph (1) of the Act, the deemed replacement of terms under paragraph (2) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 234, paragraph (2)	Ministry of Justice Order	Cabinet Office Order

(Means Utilizing Information and Communications Technology)

Article 19-2-5 (1) When seeking to provide the particulars set forth in Article 101-10, paragraph (3) of the Act pursuant to that paragraph, a person offering to subscribe for Shares Issued upon Organizational Conversion (meaning the Shares Issued upon Organizational Conversion defined in Article 101-9, item (i) of the Act) (such a person is referred to as the "Offeror" in the following paragraph), in advance and pursuant to the provisions of Cabinet Office Order, must indicate to the Incorporated Association-Operated Financial Instruments Exchange the type and substance of means of using an electronic data processing system or any other application of information and communications technology and that is specified by Cabinet Office Order (hereinafter referred to as "electronic or magnetic means" in this Article) and obtain consent for this in writing or by electronic or magnetic means.

(2) If an Offeror that has obtained consent under the preceding paragraph receives a notice from the Incorporated Association-Operated Financial Instruments Exchange, either in written form or by electronic or magnetic means, indicating that it is not willing to be provided with particulars by electronic or magnetic means, the Offeror must not use electronic or magnetic means to provide the Incorporated Association-Operated Financial Instruments Exchange with the particulars set forth in Article 101-10, paragraph (3) of the Act; provided, however, that this does not apply if the Incorporated Association-Operated Financial Instruments Exchange has once again given consent under the preceding paragraph.

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis If an Incorporated Association-Operated Financial Instruments Exchange Makes Property Other Than Money the Subject of Investment upon Organizational Conversion)

Article 19-2-6 If property other than money is the subject of investment as prescribed in Article 101-9, item (iii) of the Act, the deemed replacement of terms under Article 101-16, paragraph (3) of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 101-16, paragraph (3) of the Act is as the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 207, paragraphs (1), (3), (6) and (9), item (v) and Article 212, paragraph (1) (excluding item (i))	a Stock Company	an Incorporated Association-Operated Financial Instruments Exchange
Article 213, paragraph (1) (excluding item (i) and item (iii))	Directors, etc.	Board members
	the Stock Company	the Incorporated Association-Operated Financial Instruments Exchange
	shareholders meeting	general meeting
	as the directors	as the board members
Article 213, paragraph (2)	Directors, etc.	Board Members
Article 213, paragraph (3)	the Stock Company	the Incorporated Association-Operated Financial Instruments Exchange
Article 213, paragraph (4)	Directors, etc.	Board Members
Article 868, paragraph (1)	the head office of the Company	The principal office of the Incorporated Association-Operated Financial Instruments Exchange

Article 870, item (vii)	Stock Company	Incorporated Association-Operated Financial Instruments Exchange
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(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to an Action to Invalidate the Organizational Conversion of an Incorporated Association-Operated Financial Instruments Exchange)

Article 19-2-7 With regard to an action to invalidate the organizational conversion of an Incorporated Association-Operated Financial Instruments Exchange as prescribed in Article 102, paragraph (1) of the Act, the deemed replacement of terms under that paragraph when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 834, item (vi)	the Company after the Entity Conversion	the Incorporated Financial Instruments Exchange after Entity Conversion
Article 835, paragraph (1)	the head office of the Company	the head office of the Incorporated Financial Instruments Exchange after Entity Conversion
Article 937, paragraph (3), item (i)	the Company after the Entity Conversion	the Incorporated Financial Instruments Exchange after Entity Conversion

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to an Action to Invalidate the Establishment of a Self-Regulatory Organization)

Article 19-2-8 With regard to an action to invalidate the establishment of a Self-Regulatory Organization as prescribed in Article 102-7 of the Act, the deemed replacement of terms under that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that Article is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms

Article 835, paragraph (1)	the head office	the principal office
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(Deemed Replacement of Terms in the Provisions of the Commercial Registration Act as Applied Mutatis Mutandis to the Registration of Self-Regulatory Organizations)

Article 19-2-9 With regard to registration for Self-Regulatory Organizations as prescribed in Article 102-11 of the Act, the deemed replacement of terms under that Article when the provisions of the Commercial Registration Act are applied mutatis mutandis pursuant to that Article is as given in the following table:

Provisions of the Commercial Registration Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 12-2, paragraph (5)	business office (in the case of a company, its head office)	principal office
Article 17, paragraph (3)	such branch office	such secondary office
Article 21, paragraph (1)	trade name	name
Article 24, item (i)	the business office	the office
Article 24, items (xii) and (xiii)	a trade name	a name
Article 27	trade name	name
	business office (in the case of a company, its head office; hereinafter the same applies in this Article)	principal office
	of the business office	of the principal office

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to Permission for a Request to Inspect or Copy the Minutes of a Self-Regulatory Organization's Board Meeting)

Article 19-2-10 With regard to the permission referred to in Article 102-31, paragraph (2) of the Act, the deemed replacement of terms under paragraph (4) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 868, paragraph (1)	the head office	the principal office

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to the Dissolution and Liquidation of a Self-Regulatory Organization)

Article 19-2-11 (1) With regard to the dissolution and liquidation of a Self-Regulatory Organization as prescribed in Article 102-37, paragraph (1) of the Act, the deemed replacement of terms under that paragraph when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 492, paragraph (1)	each item of Article 475	the items of Article 644 (excluding item (iii)) as applied mutatis mutandis pursuant to Article 102-37, paragraph (1) of the Financial Instruments and Exchange Act
Article 663 and Article 664	partners	members

(2) With regard to the liquidation of a Self-Regulatory Organization as prescribed in Article 102-37, paragraph (2) of the Act, the deemed replacement of terms under that paragraph when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 868, paragraph (1)	the head office	the principal office

(Persons Related to Each Other Through a Special Relationship)

Article 19-3 (1) The person that is related to the person in question through a special relationship specified by Cabinet Order as provided in Article 103-2, paragraph (5), item (ii) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 103-3, paragraph (2) and Article 106-9 of the Act) means a person (other than a Specified Shareholder) that is related to the relevant person through any of the following relationships:

- (i) the relationship of persons jointly acquiring or holding Subject Voting Rights (meaning the Subject Voting Rights defined in Article 103-2, paragraph (1) of the Act; hereinafter the same applies in this item, Article 19-3-3, Article 19-3-3-2 and Article 19-3-4-2) of an Incorporated Financial Instruments Exchange (meaning Incorporated Financial Instruments Exchange as defined in Article 2, paragraph (18) of the Act; the same applies hereinafter), or that have agreed to jointly exercise Subject Voting Rights of the Incorporated Financial Instruments Exchange (hereinafter such a person is referred to as a "Joint Holder" in this Article);
  - (ii) the relationship of husband and wife;
  - (iii) the relationship between a person that holds voting rights constituting over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company (hereinafter such a person is referred to as a "Controlling Shareholder, etc." in this Article) and that company (hereinafter referred to as a "Controlled Company" in this Article); and
  - (iv) the relationship between a Controlled Company and another Controlled Company of the relevant Controlling Shareholder, etc.
- (2) If Joint Holders jointly hold voting rights that constitute over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company, each Joint Holder is deemed to be the Controlling Shareholder, etc. of the company, and the provisions of the preceding paragraph apply.
- (3) If a husband and wife jointly hold voting rights that constitute over 50 percent of Voting Rights Held by All the Shareholders, etc. of a company, the husband and wife are each deemed to be the Controlling Shareholder, etc. of the company, and the provisions of paragraph (1) apply.
- (4) If a Controlling Shareholder, etc. and the Controlled Company thereof jointly hold voting rights that constitute over 50 percent of Voting Rights Held by All the Shareholders, etc. of another company, the other company is deemed to be the Controlled Company of the Controlling Shareholder, etc., and the provisions of paragraph (1) apply.
- (5) The term "Specified Shareholder" as used in paragraph (1) means an Authorized Financial Instruments Firms Association, a Financial Instruments Exchange, a Financial Instruments Exchange Holding Company, a Commodity Exchange or a Commodity Exchange Holding Company.

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to a Petition to Appoint a Person to Temporarily Perform the Duties of a Member of a Self-Regulating Committee)

Article 19-3-2 With regard to a petition to appoint a person to temporarily perform the duties of a member of a Self-Regulating Committee as prescribed in Article 105-7, paragraph (4) of the Act, the deemed replacement of terms under paragraph (6) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms

<p>Article 870, item (ii)</p>	<p>a person that is temporarily to perform the duties of a director (in cases of a Company with Audit and Supervisory Committee, a director that is an Audit and Supervisory Committee Member or other director), accounting advisor, company auditor, Representative Director, committee member (meaning a member of a Nominating Committee, Audit Committee, or Compensation Committee; the same applies in Article 874, item (i)), executive officer or representative executive officer appointed pursuant to the provisions of Article 346, paragraph (2), Article 351, paragraph (2) or Article 401, paragraph (3) (including cases where it is applied mutatis mutandis pursuant to Article 403, paragraph (3) or Article 420, paragraph (3)), a liquidator, a person that is temporarily to perform the duties of a liquidator or representative liquidator appointed pursuant to the provisions of Article 346, paragraph (2) as applied mutatis mutandis pursuant to Article 479, paragraph (4) or the provisions of Article 351, paragraph (2) as applied mutatis mutandis pursuant to Article 483, paragraph (6), an inspector, or the administrator set forth in Article 825, paragraph (2) (including cases where it is applied mutatis mutandis pursuant to Article 827, paragraph (2))</p>	<p>a person that is to temporarily perform the duties of a member of a Self-Regulating Committee</p>
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<p>Article 874, item (i)</p>	<p>a person that is temporarily to perform the duties of a director, accounting advisor, company auditor, Representative Director, committee member, executive officer or representative executive officer prescribed in Article 870, item (ii), a liquidator, a representative liquidator, a liquidator that represents a Liquidating Membership Company, a person that is temporarily to perform the duties of a liquidator or representative liquidator prescribed in that item, an inspector, the appraiser set forth in Article 501, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 822, paragraph (3)) or Article 662, paragraph (1), the person that retains Accounting Materials set forth in Article 508, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 822, paragraph (3)) or Article 672, paragraph (3), a special agent of a bond administrator or an assistant of bond administrator or the assistant of bond administrator to succeed to the administration of bonds set forth in Article 714, paragraph (3) (including the cases where it is applied mutatis mutandis pursuant to Article 714-7)</p>	<p>a person that is to temporarily perform the duties of a member of a Self-Regulating Committee</p>
	<p>the appointment or selection</p>	<p>the appointment</p>

(Persons Permitted to Acquire or Hold the Number of Subject Voting Rights That Is Equal to or Greater Than the Threshold Holding Ratio of Subject Voting Rights in an Incorporated Financial Instruments Exchange)

Article 19-3-3 The persons specified by Cabinet Order that are provided for in Article 106-3, paragraph (1) of the Act are the following persons:

- (i) a local government;
- (ii) a foreign Financial Instruments trading market operator (meaning a foreign Financial Instruments trading market operator as prescribed in Article 60-2, paragraph (1), item (vii) of the Act; hereinafter the same applies in this Article) that satisfies all of the following requirements:
  - (a) it has received the same kind of license as the license under Article 80, paragraph (1) of the Act, or permission or any other administrative disposition similar thereto in the State where its head office or principal office is located;
  - (b) the authority responsible for enforcing foreign laws and regulations

equivalent to the Act (including orders given under the Act; hereinafter the same applies in (b)) in the state where its head office or principal office is located, has guaranteed that it will comply if the Japanese government requests its cooperation in an administrative investigation undertaken to enforce the Act; and

(c) the Incorporated Financial Instruments Exchange or Financial Instruments Exchange Holding Company in which it seeks to acquire or hold a number of Subject Voting Rights that is equal to or greater than the Threshold Holding Ratio (meaning the Threshold Holding Ratio defined in Article 103-2, paragraph (1) of the Act; hereinafter the same applies in this Article) of all shareholders' voting rights with authorization under Article 106-3, paragraph (1) or Article 106-17, paragraph (1) of the Act is a Subsidiary Company of an Authorized Financial Instruments Firms Association, Financial Instruments Exchange, a Financial Instruments Exchange Holding Company, a Commodity Exchange or a Commodity Exchange Holding Company (meaning a Subsidiary Company as defined in Article 87-3, paragraph (3) of the Act; hereinafter the same applies in this Article, Article 43-4, paragraph (3), Article 43-6, paragraphs (1) and (2), and Article 44, paragraphs (15) and (16)) (such a Subsidiary Company is referred to as the "Specified Subsidiary Company" in (c) of the following item, item (iv), (c) and item (v), (c));

(iii) a foreign Financial Instruments trading market operator holding company (meaning a company that has a foreign Financial Instruments trading market operator as its Subsidiary Company and that is not a person as set forth in the preceding item; hereinafter the same applies in this item) which satisfies all of the following requirements:

(a) the authority responsible for enforcing foreign laws and regulations equivalent to the Act (including orders given under the Act; hereinafter the same applies in (b)) in the state where its head office or principal office is located, has granted the same kind of authorization as the authorization under Article 106-10, paragraph (1) of the Act or granted permission or conducted any other acts similar thereto with regard to the person's being a foreign Financial Instruments trading market operator holding company;

(b) the authority responsible for enforcing foreign laws and regulations equivalent to the Act in the state where its head office or principal office is located, has guaranteed that it will comply if the Japanese government requests its cooperation in an administrative investigation undertaken to enforce the Act; and

(c) the Incorporated Financial Instruments Exchange in which it seeks to acquire or hold a number of Subject Voting Rights that is equal to or greater than the Threshold Holding Ratio of all shareholders' voting rights

- with the authorization under Article 106-3, paragraph (1) of the Act is a Specified Subsidiary Company;
- (iv) a Foreign Commodity Market Operator (meaning a Foreign Commodity Market Operator as prescribed in Article 2, paragraph (12) of the Commodity Futures Act; hereinafter the same applies in the following item) that satisfies all of the following requirements:
    - (a) it has received the same kind of permission as the permission under Article 9 or Article 78 of the Commodity Futures Act or authorization or any other administrative disposition similar thereto in the state where its head office or principal office is located;
    - (b) the authority responsible for enforcing foreign laws and regulations equivalent to the Commodity Futures Act (including orders given under that Act) in the state where its head office or principal office is located, has guaranteed that it will comply if the Japanese government requests its cooperation in an administrative investigation undertaken to enforce the Act (including orders given under the Act; hereinafter the same applies in (b) of the following item); and
    - (c) the Incorporated Financial Instruments Exchange or Financial Instruments Exchange Holding Company in which it seeks to acquire or hold a number of Subject Voting Rights that is equal to or greater than the Threshold Holding Ratio of all shareholders' voting rights with authorization under Article 106-3, paragraph (1) or Article 106-17, paragraph (1) of the Act is a Specified Subsidiary Company;
  - (v) a Foreign Commodity Market Operator Holding Company (meaning a company that has a Foreign Commodity Market Operator as its Subsidiary Company and that is not a person as set forth in the preceding item; hereinafter the same applies in this item) which satisfies all of the following requirements:
    - (a) the authority responsible for enforcing foreign laws and regulations equivalent to the Commodity Futures Act (including orders given under the Act; hereinafter the same applies in (b)) in the state where its head office or principal office is located has granted the same kind of authorization as the authorization under Article 96-25, paragraph (1) of the Act or granted permission or conducted any other acts similar thereto with regard to the person's being is a Foreign Commodity Market Operator Holding Company;
    - (b) the authority responsible for enforcing foreign laws and regulations equivalent to the Commodity Futures Act in the state where its head office or principal office is located, has guaranteed that it will comply if the Japanese government requests its cooperation in an administrative investigation undertaken to enforce the Act; and
    - (c) the Incorporated Financial Instruments Exchange in which it seeks to

acquire or hold a number of Subject Voting Rights that is equal to or greater than the Threshold Holding Ratio of all shareholders voting rights with the authorization referred to in Article 106-3, paragraph (1) of the Act is a Specified Subsidiary Company.

(Persons Related to Each Other Through a Special Relationship)

Article 19-3-3-2 (1) The person that is related to the person in question through a special relationship specified by Cabinet Order as provided in Article 103-2, paragraph (5), item (ii) of the Act as applied mutatis mutandis pursuant to Article 108 of the Act means a person (other than a Specified Shareholder) that is related to the relevant person through any of the following relationships:

(i) the relationship of persons jointly acquiring or holding Subject Voting Rights of a Financial Instruments Exchange Holding Company (or, if the provisions of Article 103-2, paragraph (5) of the Act are applied mutatis mutandis pursuant to Article 108 of the Act (limited to the part that involves Article 106-28, paragraph (4) of the Act), an Incorporated Financial Instruments Exchange; hereinafter the same applies in this item), or that have agreed to jointly exercise Subject Voting Rights of that Financial Instruments Exchange Holding Company (hereinafter such persons are referred to as "Joint Holders" in this Article);

(ii) the relationship of husband and wife;

(iii) the relationship between a person that holds voting rights constituting over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company (hereinafter such a person is referred to as a "Controlling Shareholder, etc." in this Article) and that company (hereinafter referred to as a "Controlled Company" in this Article); and

(iv) the relationship between a Controlled Company and another Controlled Company of the relevant Controlling Shareholder, etc.

(2) If Joint Holders jointly hold voting rights that constitute over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company, each Joint Holder is deemed to be the Controlling Shareholder, etc. of the company and the provisions of the preceding paragraph apply.

(3) The provisions of Article 19-3, paragraphs (3) and (4) apply mutatis mutandis to the application of paragraph (1).

(4) The term "Specified Shareholder" as used in paragraph (1) means an Authorized Financial Instruments Firms Association, a Financial Instruments Exchange or a Commodity Exchange (or, if the provisions of Article 106-28, paragraph (4) of the Act are applied, an Authorized Financial Instruments Firms Association, Financial Instruments Exchange, Financial Instruments Exchange Holding Company, a Commodity Exchange or a Commodity Exchange Holding Company).

(Markets Requiring Approval for Listing)

Article 19-3-4 The market specified by Cabinet Order that is provided for in Article 122, paragraph (1) of the Act is a Foreign Financial Instruments Market (including those specified by Cabinet Office Order as being equivalent thereto).

(Persons Related to One Another Through a Special Relationship)

Article 19-3-4-2 (1) The person that is related to the person in question through a special relationship specified by Cabinet Order as provided in Article 103-2, paragraph (5), item (ii) of the Act applied mutatis mutandis pursuant to the provisions of Article 133-2 of the Act means a person that is related to the relevant person through any of the following relationships:

- (i) the relationship of persons jointly acquiring or holding Subject Voting Rights of a company, or of persons that have agreed to jointly exercise Subject Voting Rights of the company (hereinafter such persons are referred to as "Joint Holders" in this Article);
  - (ii) the relationship between a person that holds voting rights constituting over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company (hereinafter such a person is referred to as a "Controlling Shareholder, etc." in this Article) and the company (hereinafter referred to as a "Controlled Company" in this Article); or
  - (iii) the relationship between one Controlled Company and another Controlled Company with the same Controlling Shareholder, etc.
- (2) If the Joint Holders jointly hold voting rights that constitute over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company, each Joint Holder is deemed to be the Controlling Shareholder, etc. of the company, and the provisions of the preceding paragraph apply.
- (3) The provisions of Article 19-3, paragraph (4) apply mutatis mutandis to the application of paragraph (1).
- (4) The provisions of Article 4-4, paragraph (3) apply mutatis mutandis, in the cases specified in paragraph (1), item (ii), paragraph (2), and Article 19-3, paragraph (4) applied mutatis mutandis pursuant to the preceding paragraph, to the voting rights held by the person prescribed in these provisions. In this case, the phrase "Article 147, paragraph (1) or Article 148, paragraph (1) (including as applied mutatis mutandis pursuant to Article 228, paragraph (1), Article 235, paragraph (1), Article 239, paragraph (1) and Article 276 (limited to the part that involves item (ii)) of that Act)" in Article 4-4, paragraph (3) is deemed to be replaced with "Article 147, paragraph (1) or Article 148, paragraph (1)", and "shares or contribution" in Article 4-4, paragraph (3) is deemed to be replaced with "shares".

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis When an Incorporated Financial Instruments Exchange Surviving an Absorption-Type Merger Gives Public Notice by Way of Electronic Public Notice in Lieu of Notifying Its Shareholders and Holders)

Article 19-3-5 If the public notice under Article 139-10, paragraph (2) of the Act is given by way of Electronic Public Notice, the deemed replacement of terms under paragraph (3) of that Article if the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to a Demand for a Share Buy-out by the Shareholder of an Incorporated Financial Instruments Exchange Surviving an Absorption-Type Merger)

Article 19-3-6 With regard to the demand under Article 139-11, paragraph (1) of the Act, the deemed replacement of terms under paragraph (2) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 797, paragraphs (6) and (7) and Article 798, paragraphs (1), (2), (4), and (5)	the Surviving Stock Company, etc.	the Incorporated Financial Instruments Exchange Surviving an Absorption-Type Merger

(Deemed Replacement of Terms in the Provisions of the Companies Act as

Applied Mutatis Mutandis If an Incorporated Financial Instruments Exchange Surviving an Absorption-Type Merger Gives Public Notice by Way of Electronic Public Notice Indicating That Objections to an Absorption-Type Merger May Be Stated)

Article 19-3-7 If the public notice under Article 139-12, paragraph (2) of the Act is given by way of Electronic Public Notice, the deemed replacement of terms under paragraph (6) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis If an Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger Gives a Public Notice by Way of Electronic Public Notice in Lieu of Notifying Its Shareholders and Registered Pledges of Shares)

Article 19-3-8 If the public notice under Article 139-16, paragraph (2) of the Act is given by way of Electronic Public Notice, the deemed replacement of terms under paragraph (3) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to a Demand for a Share Buy-Out by the Shareholder of an Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger)

Article 19-3-9 With regard to the demand under Article 139-17, paragraph (1) of the Act, the deemed replacement of terms under paragraph (2) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 806, paragraph (5)	paragraph (3)	Article 139-16, paragraph (1) of the Financial Instruments and Exchange Act
	the preceding paragraph	paragraph (2) of that Article
Article 806, paragraphs (6) and (7)	the Disappearing Stock Company, etc.	the Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger
Article 807, paragraph (1)	the Consolidated Stock Company, etc.	the Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger
	the Company Incorporated through Consolidation-type Merger in cases of effecting a Consolidation-type Merger	the Incorporated Financial Instruments Exchange Established by a Consolidation-Type Merger
	, the Company Incorporated through Consolidation-type Merger	, the Incorporated Financial Instruments Exchange Established by a Consolidation-Type Merger
Article 807, paragraphs (2), (4), and (5)	Consolidated Stock Company, etc.	Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to a Demand for a Share Option Buy-Out by a Holder of Share Options in an Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger)

Article 19-3-10 With regard to the demand under Article 139-18, paragraph (1)



of the Act, the deemed replacement of terms under paragraph (2) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 808, paragraph (5)	paragraph (3)	Article 139-16, paragraph (1) of the Financial Instruments and Exchange Act
	the preceding paragraph	paragraph (2) of that Article
Article 808, paragraphs (6) to (8)	the Consolidated Stock Company, etc.	the Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger
Article 809, paragraph (1)	the Consolidated Stock Company, etc.	the Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger
	the Company Incorporated through Consolidation-type Merger in cases of effecting a Consolidation-type Merger	the Incorporated Financial Instruments Exchange Established by a Consolidation-Type Merger
	, the Company Incorporated through Consolidation-type Merger	, the Incorporated Financial Instruments Exchange Established by a Consolidation-Type Merger
Article 809, paragraphs (2), (4), (5), (7), and (8)	the Consolidated Stock Company, etc.	the Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis If an Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger Gives Public Notice by Way of Electronic Public Notice, Indicating That Objections to the Consolidation-Type Merger May Be Stated)

Article 19-3-11 If the public notice under Article 139-12, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 139-19 of the Act is being given by way of Electronic Public Notice, the deemed replacement of terms under Article 139-12, paragraph (6) of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 139-12,

paragraph (6) of the Act is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis If Parts Constituting Less Than One Unit of Contribution or One Share Result from a Merger)

Article 19-3-12 If parts that constitute less than one unit of contribution or one share result from a merger pursuant to Article 136, paragraph (1) of the Act, the deemed replacement of terms under Article 143, paragraph (1) of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 143, paragraph (1) of the Act is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 234, paragraph (1), items (v) and (vi)	the Company	the Financial Instruments Exchange
	members	members
Article 234, paragraph (2)	Ministry of Justice Order	Cabinet Office Order
Article 868, paragraph (1)	the head office of the Company	the head office of the Financial Instruments Exchange (in cases of a Member Financial Instruments Exchange, the principal office)

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to the Submission of Share Certificates of an Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger)

Article 19-3-13 (1) If a person undertakes an act as set forth in Article 219, paragraph (2) (limited to the part that involves item (iv)) and Article 293, paragraph (2) (limited to the part that involves item (iv)) of the Companies Act as applied mutatis mutandis pursuant to Article 144, paragraph (1), the deemed replacement of terms under Article 144, paragraph (1) of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 144, paragraph (1) of the Act is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 219, paragraph (2), item (iv) and Article 293, paragraph (2), item (iv)	the Company Surviving the Absorption-Type Merger as prescribed in Article 749, paragraph (1) or the Company Incorporated in the Consolidation-Type Merger as prescribed in Article 753, paragraph (1)	the Incorporated Financial Instruments Exchange Surviving the Absorption-Type Merger as prescribed in Article 139, item (i) of the Financial Instruments and Exchange Act or the Incorporated Financial Instruments Exchange Incorporated in the Consolidation-Type Merger as prescribed in Article 139-2, paragraph (1), item (ii) of that Act

(2) If the public notice under the provisions of Article 219, paragraph (1) and Article 293, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 144, paragraph (1) of the Act or the provisions of Article 220, paragraph (1) of the Companies Act (including as applied mutatis mutandis pursuant to Article 293, paragraph (5) of the Companies Act as applied mutatis mutandis pursuant to Article 144, paragraph (1) of the Act) as applied mutatis mutandis pursuant to Article 144, paragraph (1) of the Act is given by way of Electronic Public Notice, the deemed replacement of terms under Article 144, paragraph (2) of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 144, paragraph (2) of the Act is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms

Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Deemed Replacement of Terms in the Provisions of the Commercial Registration Act as Applied Mutatis Mutandis to the Registration of a Financial Instruments Exchange Due to Merger)

Article 19-3-14 (1) With regard to the case set forth in Article 136, paragraph (2), item (i) of the Act, the deemed replacement of terms under Article 145, paragraph (1) of the Act when the provisions of the Commercial Registration Act are applied mutatis mutandis pursuant to Article 145, paragraph (1) of the Act is as given in the following table:

Provisions of the Commercial Registration Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 80, item (iii)	Article 799, paragraph (2) of the Companies Act	Article 101-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 139-4, paragraph (5) of that Act
	paragraph (3) of that Article	Article 139-4, paragraph (6) of that Act
Article 80, item (iv)	Article 445, paragraph (5) of the Companies Act	Article 143, paragraph (2) of the Financial Instruments and Exchange Act
Article 80, item (viii)	Article 789, paragraph (2) of the Companies Act (excluding item (iii), and including the cases where it is applied mutatis mutandis pursuant to Article 793, paragraph (2) of that Act)	Article 101-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 139-3, paragraph (6) of that Act
	Article 789, paragraph (3) of that Act (including the cases where it is applied mutatis mutandis pursuant to Article 793, paragraph (2) of that Act)	Article 139-3, paragraph (7) of that Act

Article 81, item (viii)	Article 810, paragraph (2) of the Companies Act (excluding item (iii), and including the cases where it is applied mutatis mutandis pursuant to Article 813, paragraph (2) of that Act)	Article 101-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 139-5, paragraph (6) of that Act
	Article 810, paragraph (3) of that Act (including the cases where it is applied mutatis mutandis pursuant to Article 813, paragraph (2) of that Act)	Article 139-5, paragraph (7) of that Act

(2) With regard to the case set forth in Article 136, paragraph (2), item (ii) of the Act, the deemed replacement of terms under Article 145, paragraph (2) of the Act when the provisions of the Commercial Registration Act are applied mutatis mutandis pursuant to Article 145, paragraph (2) of the Act are as in the following table:

Provisions of the Commercial Registration Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 80, item (ii)	the main clause of paragraph (1) or of paragraph (2) of Article 796 of the Companies Act,	the main clause of Article 139-9, paragraph (1) of the Financial Instruments and Exchange Act
	paragraph (3) of that Article	paragraph (2) of that Article
Article 80, item (iii)	Article 799, paragraph (2) of the Companies Act	Article 139-12, paragraph (2) of the Financial Instruments and Exchange Act
Article 80, item (iv)	Article 445, paragraph (5) of the Companies Act	Article 143, paragraph (2) of the Financial Instruments and Exchange Act
Article 80, item (viii)	Article 789, paragraph (2) of the Companies Act (excluding item (iii), and including the cases where it is applied mutatis mutandis pursuant to Article 793, paragraph (2) of that Act)	Article 101-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 139-3, paragraph (6) of that Act

	Article 789, paragraph (3) of that Act (including the cases where it is applied mutatis mutandis pursuant to Article 793, paragraph (2) of that Act)	Article 139-3, paragraph (7) of that Act
Article 81, item (vi)	Article 804, paragraphs (1) and (3) of the Companies Act	Article 139-15, paragraphs (1) and (4) of the Financial Instruments and Exchange Act
Article 81, item (viii)	Article 810, paragraph (2) of the Companies Act (excluding item (iii), and including the cases where it is applied mutatis mutandis pursuant to Article 813, paragraph (2) of that Act)	the provisions of Article 101-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 139-5, paragraph (6) of that Act or the provisions of Article 139-12, paragraph (2) of that Act as applied mutatis mutandis pursuant to Article 139-19 of that Act
	Article 810, paragraph (3) of that Act (including the cases where it is applied mutatis mutandis pursuant to Article 813, paragraph (2) of that Act)	Article 139-5, paragraph (7) of that Act or the provisions of Article 139-12, paragraph (3) of that Act as applied mutatis mutandis pursuant to Article 139-19 of that Act

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to an Action to Invalidate a Merger)

Article 19-3-15 With regard to an action to invalidate a merger as referred to in Article 136, paragraph (1) of the Act, the deemed replacement of terms under Article 146 of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 146 of the Act is as given in the following table:

Provisions of the Companies Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 835, paragraph (1)	the head office	the head office (in cases of a Member Financial Instruments Exchange, the principal office)

Article 937, paragraph (4)	the branch office(s)	the branch office(s) (in cases of a Member Financial Instruments Exchange, the secondary office)
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(Deemed Replacement of Terms in the Supervisory Provisions to a Self-Regulatory Organization)

Article 19-3-16 With regard to the supervision of a Self-Regulatory Organization which provides Self-Regulatory Services to a Financial Instruments Exchange pursuant to the entrustment by the Financial Instruments Exchange with the authorization under Article 85, paragraph (1) of the Act, the deemed replacement of terms under Article 153-4 of the Act when the provisions of the Act are applied mutatis mutandis pursuant to Article 153-4 of the Act is as given in the following table:

Provisions of the Act whose terms are deemed to be replaced	Original Terms	Terms deemed to replace the original terms
Article 148	license	authorization under Article 102-14 of the Act
	the items of Article 82, paragraph (2)	the items of Article 82, paragraph (2) as applied mutatis mutandis pursuant to Article 102-16, paragraph (2)
Article 149, paragraph (1)	, operational rules or brokerage contract rules	or operational rules
Article 149, paragraph (2)	Article 81, paragraph (1), item (ii)	Article 102-15, paragraph (1), item (ii)
	, operational rules and brokerage contract rules, and business rules pertaining to Financial Instruments Debt Assumption to be provided under the approval set forth in Article 156-19	and operational rules
Article 153	, operational rules, brokerage contract rules	, operational rules

**Chapter V-2 Foreign Financial Instruments Exchanges**

(Requirements for Years of Experience)

Article 19-4-1 (1) The period specified by Cabinet Order that is provided for in

Article 155-3, paragraph (2), item (i) of the Act is three years.

- (2) The cases specified by Cabinet Order that are provided for in Article 155-3, paragraph (2), item (i) of the Act mean, if the relevant period is calculated for an applicant for authorization by deeming the period that has elapsed since one of the following persons established a Foreign Financial Instruments Market to be the period that has elapsed since the applicant for authorization established that market, a case in which that period is three years or more:
- (i) a person that has been merged or consolidated with or into the applicant for authorization;
  - (ii) a person that has had the applicant for authorization assume the business of operating a Foreign Securities Market in whole or in part through a company split (limited to the cases specified by Cabinet Office Order);
  - (iii) a person that has transferred its business of operating a Foreign Securities Market in whole or in part to the applicant for authorization (limited to the cases specified by Cabinet Office Order); and
  - (iv) the persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding three items.

### **Chapter V-3 Financial Instruments Clearing Organizations**

(Minimum Amount of Stated Capital of Financial Instruments Clearing Organizations)

Article 19-4-2 The amount specified by Cabinet Order that is provided for in Article 156-5-2 of the Act is one billion yen; provided, however, that the amount is 500 million yen in the case of a Financial Instruments Clearing Organization that performs Financial Instruments Obligation Assumption Service only for the Commodity Derivatives Transaction-Related Business as prescribed in Article 2, paragraph (8), item (i) of the Act (excluding cases in which the Financial Instruments Clearing Organization is a Financial Instruments Exchange; the same applies in paragraph (1), item (i) of the following Article).

(Persons Related to Each Other Through a Special Relationship)

Article 19-4-3 (1) The person that is related to the person in question through a special relationship specified by Cabinet Order as provided in Article 156-5-3, paragraph (2), item (ii) of the Act means a person that is related to the relevant person through any of the following relationships:

- (i) the relationship of persons jointly holding Subject Voting Rights (meaning the Subject Voting Rights defined in Article 156-5-3, paragraph (1) of the Act; hereinafter the same applies in this item) of a Financial Instruments Clearing Organization, or of persons that have agreed to jointly exercise



Subject Voting Rights of the relevant Financial Instruments Clearing Organization (hereinafter such persons are referred to as "Joint Holders" in this Article);

- (ii) the relationship of husband and wife;
  - (iii) the relationship between a person that holds voting rights constituting over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company (hereinafter such a person is referred to as a "Controlling Shareholder, etc." in this Article) and that company (hereinafter referred to as a "Controlled Company" in this Article); and
  - (iv) the relationship between one Controlled Company and another Controlled Company with the same Controlling Shareholder, etc.
- (2) If Joint Holders jointly hold voting rights that constitute over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company, each Joint Holder is deemed to be the Controlling Shareholder, etc. of the company, and the provisions of the preceding paragraph apply.
- (3) If a husband and wife jointly hold voting rights that constitute over 50 percent of the Voting Rights Held by All the Shareholders, etc. of a company, the husband and wife are each deemed to be the Controlling Shareholders, etc. of the company, and the provisions of paragraph (1) apply.
- (4) If a Controlling Shareholder, etc. and the Controlled Company thereof jointly hold voting rights that constitute over 50 percent of Voting Rights Held by All the Shareholders, etc. of another company, that other company is deemed to be the Controlled Company of the Controlling Shareholder, etc., and the provisions of paragraph (1) apply.
- (5) The provisions of Article 4-4, paragraph (3) apply mutatis mutandis, in the cases specified in paragraph (1), item (iii) and the preceding three paragraphs, to the voting rights held by the person prescribed in these provisions. In this case, the phrase "Article 147, paragraph (1) or Article 148, paragraph (1) (including as applied mutatis mutandis pursuant to Article 228, paragraph (1), Article 235, paragraph (1), Article 239, paragraph (1) and Article 276 (limited to the part that involves item (ii)) of that Act)" in Article 4-4, paragraph (3) is deemed to be replaced with "Article 147, paragraph (1) or Article 148, paragraph (1)", and "shares or contribution" in Article 4-4, paragraph (3) is deemed to be replaced with "shares".
- (6) The provisions of the preceding paragraphs apply mutatis mutandis to cases in which the provisions of Article 156-5-3, paragraph (2), item (ii) of the Act are applied mutatis mutandis pursuant to Article 156-5-11. In this case, the term "hold" in paragraph (1), item (i) is deemed to be replaced with "acquire, or hold".

(Requirements for a License Applicant's Years of Experience in Financial

Instruments Obligation Assumption Services)

Article 19-4-4 (1) The period specified by Cabinet Order that is provided for in Article 156-20-4, paragraph (2), item (i) of the Act is three years.

(2) The cases specified by Cabinet Order that are provided for in Article 156-20-4, paragraph (2), item (i) of the Act mean, if the relevant period has been calculated for the license applicant by deeming the period that has elapsed since one of the following persons commenced the same kind of business as Financial Instruments Obligation Assumption Services in a foreign state in compliance with laws and regulations of the foreign state to be the period that has elapsed since the license applicant commenced those Services, a case in which that period is three years or more:

- (i) a person that has been merged or consolidated with or into the applicant for license;
- (ii) a person that has had the applicant for license assume the same kind of business as Financial Instruments Obligation Assumption Services in whole or in part through a company split (limited to the cases specified by Cabinet Office Order);
- (iii) a person that has transferred the same kind of business as Financial Instruments Obligation Assumption Services in whole or in part to the applicant for license (limited to the cases specified by Cabinet Office Order); and
- (iv) the persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding three items.

(Requirements for Collaborating Clearing Organizations' Years of Experience in Financial Instruments Obligation Assumption Services)

Article 19-4-5 (1) The period specified by Cabinet Order that is provided for in Article 156-20-18, paragraph (2), item (i) of the Act is three years.

(2) The cases specified by Cabinet Order that are provided for in Article 156-20-18, paragraph (2), item (i) of the Act mean, if the relevant period is calculated for a Collaborating Clearing Organization, etc. (meaning a Collaborating Clearing Organization, etc. prescribed in paragraph (1), item (i) of that Article; hereinafter the same applies in this paragraph) by deeming the period that has elapsed since one of the following persons commenced the same kind of business as Financial Instruments Obligation Assumption Services in a foreign state in compliance with laws and regulations of the foreign state to be the period that has elapsed since the Collaborating Clearing Organization, etc. commenced those Services, a case in which that period is three years or more:

- (i) a person that has been merged or consolidated with or into the Collaborating Clearing Organization, etc.;
- (ii) a person that has had the Collaborating Clearing Organization, etc. assume

- the same kind of business as a Financial Instruments Obligation Assumption Service in whole or in part through a company split (limited to the cases specified by Cabinet Office Order);
- (iii) a person that has transferred the same kind of business as a Financial Instruments Obligation Assumption Service in whole or in part to the Collaborating Clearing Organization, etc. (limited to the cases specified by Cabinet Office Order); and
  - (iv) the persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding three items.

#### **Chapter V-4 Securities Finance Companies**

(Minimum Amount of Stated Capital of a Securities Finance Company)

Article 19-5 The amount specified by Cabinet Order that is provided for in Article 156-23 of the Act is 100 million yen.

(Transactions Subject to Loan)

Article 19-6 The transactions specified by Cabinet Order that are provided for in Article 156-24, paragraph (1) of the Act are the following transactions:

- (i) purchase and sales of Securities or Securities-Related Market Derivatives Transactions made on a Financial Instruments Business Operator's own account;
- (ii) Brokerage for Clearing of Securities, etc. (limited to that which is connected with a margin transaction or the purchase and sale of Securities or Securities-Related Market Derivatives Transaction made on a Financial Instruments Business Operator's own account which are conducted on the Financial Instruments Exchange Market established by the Financial Instruments Exchange) by a Member, etc. (meaning a Member, etc. defined in Article 81, paragraph (1), item (iii) of the Act; the same applies hereinafter) of a Financial Instruments Exchange; and
- (iii) Brokerage for Clearing of Securities, etc. by the Members of an Authorized Financial Instruments Firms Association (limited to that which is connected with a margin transaction or the purchase and sale of Securities or the Securities-Related Market Derivatives Transactions made on a Financial Instruments Business Operator's own account which are conducted on the Over-the-Counter Securities Market established by the Authorized Financial Instruments Firms Association).

#### **Chapter V-5 Designated Dispute Resolution Organizations**

(Designation under the Provisions of Other Acts in Connection with Services

(Equivalent to Dispute Resolution Services)

Article 19-7 The designation specified by Cabinet Order that is provided for in Article 156-39, paragraph (1), item (ii), item (iv), (d) of that paragraph, Article 156-43, and Article 156-60, paragraph (3) of the Act is as follows:

- (i) Designation under the provisions of Article 52-62, paragraph (1) of the Banking Act; and
- (ii) Designation specified in the items of Article 19-9.

(Proportion of the Number of Persons and Firms Involved in Financial Instruments Transactions Stating Objections to the Total Number of Persons and Firms Involved in Financial Instruments Transactions)

Article 19-8 The proportion specified by Cabinet Order that is provided for in Article 156-39, paragraph (1), item (viii) of the Act is one third.

(Exemptions to Restriction on Use of Names)

Article 19-9 Persons specified by Cabinet Order that are provided for in Article 156-54 of the Act are persons that have received any of the following designations:

- (i) Designation under the provisions of Article 35-2, paragraph (1) of the Mutual Loan Business Act (Act No. 42 of 1931);
- (ii) Designation under the provisions of Article 12-2, paragraph (1) of the Act on Concurrent Operation of Trust Business by a Financial Institution;
- (iii) Designation under the provisions of Article 92-6, paragraph (1) of the Agricultural Cooperatives Act;
- (iv) Designation under the provisions of Article 118, paragraph (1) of the Fisheries Cooperatives Act;
- (v) Designation under the provisions of Article 69-2, paragraph (1) of the Small and Medium-Sized Enterprise Cooperatives Act;
- (vi) Designation under the provisions of Article 85-12, paragraph (1) of the Credit Union Act;
- (vii) Designation under the provisions of Article 16-8, paragraph (1) of the Long-Term Credit Bank Act;
- (viii) Designation under the provisions of Article 89-13, paragraph (1) of the Labor Bank Act;
- (ix) Designation under the provisions of Article 41-39, paragraph (1) of the Money Lending Business Act (Act No. 32 of 1983);
- (x) Designation under the provisions of Article 308-2, paragraph (1) of the Insurance Business Act;
- (xi) Designation under the provisions of Article 51, paragraph (1) of the Act on the Provision of Financial Services;
- (xii) Designation under the provisions of Article 95-6, paragraph (1) of the

- Agriculture and Forestry and Credit Union Act;
- (xiii) Designation under the provisions of Article 85-2, paragraph (1) of the Trust Business Act; and
- (xiv) Designation under the provisions of Article 99, paragraph (1) of Payment Services Act (Act No. 59 of 2009).

### **Chapter V-6 Specified Financial Index Calculation Agents**

(Deadline for Submission of Documents by a Specified Financial Index Calculation Agent)

Article 19-10 The period specified by Cabinet Order that is provided for in Article 156-86, paragraph (1) of the Act is one month.

(Deadline for Obtaining the Approval for the Operational Rules)

Article 19-11 The period specified by Cabinet Order that is provided for in Article 156-87, paragraph (1) of the Act is six months; provided, however, that if a Specified Financial Index Calculation Agent (meaning the Specified Financial Index Calculation Agent prescribed in Article 156-85, paragraph (1) of the Act) that is a foreign person is found to be unable to obtain the approval referred to in that paragraph within six months after the day of obtaining the designation referred to in Article 156-87, paragraph (1) of the Act due to the laws and regulations or practices in its state or any other compelling reason, that period is the period approved in advance by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

### **Chapter VI Regulations on Transactions of Securities**

(Cases in Which Stabilizing Transactions Are Allowed)

Article 20 (1) A Stabilizing Transaction (meaning a series of Purchase and Sales of Securities, etc. (meaning Purchase and Sales of Securities, etc. as defined in Article 159, paragraph (2) of the Act; hereinafter the same applies in this paragraph) made for the purposes set forth in Article 159, paragraph (3) of the Act; the same applies hereinafter) or making an offer, entrusting, etc. a person (meaning entrusting, etc. a person as prescribed in Article 44, item (i) of the Act; the same applies in paragraph, paragraph (3) and the following Article) or becoming entrusted, etc. (meaning a person's receipt of offers for that person to act as intermediary, broker (excluding Brokerage for Clearing of Securities, etc.), or agent; the same applies in the following Article) therefor, may be effected only if the series of Purchase and Sales of Securities, etc. are conducted on a Financial Instruments Exchange Market or an Over-the-Counter Securities Market for the purpose of facilitating the Public Offering of

Securities (limited to those made to not less than 50 persons; hereinafter the same applies in this Article to Article 22) or exclusive solicitation for acquisition targeting professional investors, etc. (limited to those made to not less than 50 persons; hereinafter the same applies in this Article to Article 22) or Secondary Distribution of Securities (limited to those made to not less than 50 persons; hereinafter the same applies in this Article to Article 22) or Solicitation for selling, etc. Only for Professional Investors (limited to those made to not less than 50 persons; hereinafter the same applies in this Article to Article 22).

- (2) In the case referred to in the preceding paragraph, a Financial Instruments Business Operator that may effect Stabilizing Transactions on its own account is limited to the Financial Instruments Business Operator specified in the relevant of the following items for the category of case set forth in that item:
- (i) if a statement under Article 5, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) is submitted with regard to a Public Offering or Secondary Distribution: the Financial Instruments Business Operator that has been listed on the statement as the Financial Instruments Business Operator that will conclude an Underwriting Contract as defined in Article 21, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) with the issuer of the Securities involved in the Public Offering or the holder of the Securities involved in the Secondary Distribution;
  - (ii) other cases: a Financial Instruments Business Operator that, in advance, has been notified by the issuer of the Securities involved in a public offering, exclusive solicitation for acquisition targeting professional investors, or secondary distribution or solicitation for selling, etc. only for professional investors as the financial instruments business operator with which the issuer will conclude a wholesale underwriting contract prescribed in article 17-3, item (iii) pursuant to the rules of each financial instruments exchange on which the issuer lists the securities issued thereby (if the securities are over-the-counter traded securities, each authorized financial instruments firms association that registers the relevant securities; the same applies in item (v) of the following paragraph and article 22, paragraphs (3) and (4)) to the relevant financial instruments exchange.
- (3) In the case referred to in paragraph (1), the persons that may entrust, etc. a person with Stabilizing Transactions are limited to the following persons:
- (i) an officer of the issuer of the securities involved in the public offering, exclusive solicitation for acquisition targeting professional investors, or secondary distribution or solicitation for selling, etc. only for professional investors;
  - (ii) the holder of the Securities involved in the Secondary Distribution or

- Solicitation for selling, etc. Only for Professional Investors (if the holder has acquired the Securities through a contract detailing the Secondary Distribution or Solicitation for selling, etc. Only for Professional Investors of the Securities from a person that held those Securities, the counterparty to the contract);
- (iii) an officer of a company which has a close relationship as specified by Cabinet Office Order with the issuer of the Securities involved in the Public Offering, Exclusive Solicitation Offers to Acquire Targeting Professional Investors, or Secondary Distribution or Solicitation for selling, etc. Only for Professional Investors;
  - (iv) the company set forth in the preceding item (excluding those specified by Cabinet Office Order); and
  - (v) a person that, in advance, has been notified by the issuer of the securities involved in the public offering, exclusive solicitation for acquisition targeting professional investors, secondary distribution or solicitation for selling, etc. only for professional investors as a person that may entrust, etc. the relevant financial instruments exchange with stabilizing transactions, pursuant to the rules of each financial instruments exchange on which the issuer lists the securities issued thereby.

(Statements on Prospectuses)

Article 21 A Stabilizing Transaction or offering, entrusting, etc. a person with or becoming Entrusted, etc. with a Stabilizing Transaction may be undertaken only if the following particulars are stated or recorded in the prospectus or Specified Information on Securities, etc. (meaning the Specified Information on Securities, etc. defined in Article 27-33 of the Act (limited to those provided or publicized pursuant to Article 27-31, paragraph (2) or (4) of the Act); the same applies in paragraph (1) of the following article) related to the securities of which the public offering, exclusive solicitation for acquisition targeting professional investors, or secondary distribution or solicitation for selling, etc. only for professional investors is intended to be facilitated by the stabilizing transaction:

- (i) an indication that a Stabilizing Transaction may be effected;
- (ii) if the relevant Securities are Listed Securities (meaning the Securities set forth by a Financial Instruments Exchange; the same applies in Article 23, item (i) and Article 25, item (i)), all names or trade names of the Financial Instruments Exchange Markets on which Stabilizing Transactions are effected and of the Financial Instruments Exchanges that establish those Financial Instruments Exchange Markets and the name or trade name of the Financial Instruments Exchange Market on which the principal Stabilizing Transaction is expected to be effected (such a Financial Instruments

Exchange Market is referred to as the "Principal Financial Instruments Exchange Market" in Article 24) and of the Financial Instruments Exchange which establishes that Financial Instruments Exchange Market; and

(iii) if the relevant Securities are Over-the-Counter Traded Securities, all the names of the Over-the-Counter Securities Markets on which the Stabilizing Transactions are effected and of the Authorized Financial Instruments Firms Associations that establish those Over-the-Counter Securities Markets and the name of the Over-the-Counter Securities Market on which the principal Stabilizing Transaction is expected to be effected (such an Over-the-Counter Securities Market is referred to as the "Principal Over-the-Counter Securities Market" in Article 24) and of the Authorized Financial Instruments Firms Association which has established that Over-the-Counter Securities Market.

(Place and Period of Stabilizing Transactions)

- Article 22 (1) A Stabilizing Transaction may be effected only through a purchase and sale of Securities or Market Derivatives Transaction conducted on the Financial Instruments Exchange Market which has been stated or recorded in the prospectus or Specified Information on Securities, etc. pursuant to item (ii) of the preceding Article (if the Securities involved in the Stabilizing Transaction are Over-the-Counter Traded Securities, a purchase and sale of Over-the-Counter Traded Securities made on the Over-the-Counter Securities Market which has been stated or recorded in the prospectus or Specified Information on Securities, etc. pursuant to item (iii) of the preceding Article).
- (2) A Stabilizing Transaction may be effected only during the period specified in the relevant of the following items for the category of case set forth in that item:
- (i) for a public offering or exclusive solicitation for acquisition targeting professional investors involving securities: the periods specified below according to the category of cases set forth below respectively:
    - (a) for a public offering or exclusive solicitation offers to acquire targeting professional investors made by granting the shareholders with the rights to receive the allotment of shares: the period from the day two weeks prior to the date set forth in article 202, paragraph (1), item (ii) of the companies act which is related to the public offering or exclusive solicitation for acquisition targeting professional investors until the payment date;
    - (b) for a public offering or exclusive solicitation for acquisition targeting professional investors made by granting the preferred equity investors provided in the act on preferred equity investment with the rights to receive the allotment of preferred equity investment provided in the act on preferred equity investment: the period from the day two weeks prior to



- the date set forth in article 8, paragraph (1), item (ii) of the act on preferred equity investment which is related to the public offering or exclusive solicitation for acquisition targeting professional investors until the payment date;
- (c) for a public offering or exclusive solicitation for acquisition targeting professional investors other than those set forth in (a) and (b): the period from the day 20 days prior to the date on which the period for the application for acquisition of securities involved in the public offering or exclusive solicitation for acquisition targeting professional investors ends until the day on which that period ends; and
- (ii) for a Secondary Distribution or Offers to Sell, etc. Only for Professional Investors of Securities: the period from the day 20 days prior to the date on which the period for the offer to purchase Securities involved in the Secondary Distribution or Offers to Sell, etc., Only for Professional Investors ends (in cases of an solicitation for selling, the period of sales) until the day on which that period ends.
- (3) In a case as referred to in the preceding paragraph, if the issue price of the securities of which the public offering, exclusive solicitation for acquisition targeting professional investors, secondary distribution or offers to sell, etc. Only for professional investors thereof is intended to be facilitated by a stabilizing transaction, or the price for secondary distribution or solicitation for selling, etc. Only for professional investors (in cases of corporate bond certificates with share options, the issue price and the contents of the share options or the price for secondary distribution or solicitation for selling, etc. only for professional investors; hereinafter collectively referred to as the "Issue Price, etc." in this article) has not been decided before the commencement of the period set forth in the items of the preceding paragraph, notwithstanding the provisions of the preceding paragraph, the stabilizing transaction must not be effected until the day on which each financial instruments exchange on which the issuer of the securities is to list the securities issued thereby receives notice of the issue price, etc. of the relevant securities from the issuer pursuant to the rules of the relevant financial instruments exchanges.
- (4) In the case referred to in paragraph (2), if the issue price, etc. of the securities of which the public offering, exclusive solicitation for acquisition targeting professional investors, or secondary distribution and solicitation for selling, etc. only for professional investors thereof is intended to be facilitated by a stabilizing transaction, has been decided without depending on a definitive figure obtained by multiplying a fixed rate to the closing price of the securities issued by the issuer of the relevant securities on a single over-the-counter securities market on a single day (if the securities issued by the issuer are over-the-counter traded securities, the closing price of the over-the-counter

traded securities on a single over-the-counter securities market on a single day), notwithstanding the provisions of paragraph (2), the stabilizing transaction must not be effected until the day on which each financial instruments exchange on which the issuer of the securities is to list its securities, receives the notice of the definitive figure for the issue price, etc. of the securities from the issuer pursuant to the rules of the respective financial instruments exchanges.

(Notification of Stabilizing Transaction)

Article 23 A Financial Instruments Business Operator that has effected a Stabilizing Transaction on the day on which Stabilizing Transactions have commenced (such a day is referred to as the "Commencement Day of Stabilizing Transactions" in the following Article) must, immediately after it has made the first Stabilizing Transaction on that day, submit three copies of the documents containing the trade name of the Financial Instruments Business Operator, the issue and concluded price of the Securities involved in the Stabilizing Transaction (hereinafter such Securities are referred to as "Securities Subject to Stabilizing Transaction" in this Article to Article 25) (such a price is referred to as the "Price at the Commencement of a Stabilizing Transaction" in the following Article) and any other particulars specified by Cabinet Office Order (such a document is referred to as the "Written Notification of a Stabilizing Transaction" in Article 26) to the Commissioner of the Financial Services Agency, and pursuant to the provisions of Cabinet Office Order, submit a copy of those documents to the persons specified in the relevant of the following items for the category of Securities set forth in that item under which the relevant Securities Subject to Stabilizing Transaction fall:

- (i) Listed Securities: each Financial Instruments Exchange which lists the Securities Subject to Stabilizing Transactions; and
- (ii) Over-the-Counter Traded Securities: each Authorized Financial Instruments Firms Association which registers the Securities Subject to Stabilizing Transactions.

(Restrictions on the Price for Stabilizing Transactions)

Article 24 (1) A Financial Instruments Business Operator that conducts Stabilizing Transactions on a Financial Instruments Exchange Market must not purchase the Securities Subject to Stabilizing Transactions at a price exceeding the price specified in the relevant of the following items for the category of Stabilizing Transactions set forth in that item:

- (i) a Stabilizing Transaction effected on the Commencement Day of Stabilizing Transactions: the price specified below according to the category of Stabilizing Transactions set forth below respectively:

- (a) the first Stabilizing Transaction: the closing price of the Securities Subject to Stabilizing Transactions on the Principal Financial Instruments Exchange Market on the day immediately preceding the period in which Stabilizing Transactions are allowed pursuant to the provisions of Article 22, paragraphs (2) to (4) (such a period is referred to as the "Period for Stabilizing Transactions" in the following Article to Article 26) (if purchase and sales of the Securities Subject to Stabilizing Transactions are not conducted on the Principal Financial Instruments Exchange Market on the day immediately preceding the Period for Stabilizing Transactions, the closing price on the nearest day on which those purchase and sales were made which is prior to the day on which the first Stabilizing Transaction was made; hereinafter such a closing price is referred to as the "Index Closing Price for Stabilizing Transactions as of the Immediately Preceding Day" in this paragraph) or the Index Closing Price for Stabilizing Transactions as of the Immediately Preceding Day of the Commencement Day of Stabilizing Transactions, whichever is lower; and
- (b) Stabilizing Transactions made after the first Stabilizing Transaction: the Price at the Commencement of a Stabilizing Transaction of the Financial Instruments Business Operator; and
- (ii) Stabilizing Transactions effected after the Commencement Day of Stabilizing Transactions: the Price at the Commencement of a Stabilizing Transaction (if there are two or more Financial Instruments Business Operators that have effected Stabilizing Transactions on the Commencement Day of Stabilizing Transactions, the lowest price among the Prices at Commencement of Stabilizing Transactions of those Financial Instruments Business Operators) or the Index Closing Price for Stabilizing Transactions as of the Immediately Preceding Day of the day on which a Stabilizing Transaction is scheduled, whichever is lower.
- (2) The provisions of the preceding paragraph apply mutatis mutandis to a Financial Instruments Business Operator that effects a Stabilizing Transaction on an Over-the-Counter Securities Market.

(Submission of Stabilizing Transaction Report)

Article 25 A Financial Instruments Business Operator that has effected a Stabilizing Transaction must, with regard to the purchase and sales of Securities Subject to Stabilizing Transactions made within the period from the day on which the first Stabilizing Transaction has been effected until the last day of the Period for Stabilizing Transactions, submit three copies of the documents containing the details of those purchase and sales and any other particulars specified by Cabinet Office Order (such documents are referred to as the "Stabilizing Transaction Report" in the following Article) to the

Commissioner of the Financial Services Agency, and pursuant to the provisions of Cabinet Office Order, submit a copy of those documents to the person specified in the relevant of the following items for the category of Securities set forth in that item under which the relevant Securities Subject to Stabilizing Transaction fall:

- (i) Listed Securities: the Financial Instruments Exchange which establishes the Financial Instruments Exchange Market on which the Stabilizing Transaction has been effected; and
- (ii) Over-the-Counter Traded Securities: the Authorized Financial Instruments Firms Association which establishes the Over-the-Counter Securities Market on which the Stabilizing Transaction has been effected.

(Public Inspection of a Written Notification of a Stabilizing Transaction)

Article 26 (1) The Commissioner of the Financial Services Agency, pursuant to the provisions of Cabinet Office Order, is to make the documents set forth in the following items available for public inspection for one month from the day specified in that item:

- (i) a Written Notification of a Stabilizing Transaction: the day on which the Commissioner of the Financial Services Agency has accepted the Written Notification of a Stabilizing Transaction;
  - (ii) a Stabilizing Transaction Report: the day following the day on which the Period for Stabilizing Transactions has ended.
- (2) A Financial Instruments Exchange and an Authorized Financial Instruments Firms Association must keep a copy of the documents set forth in the items of the preceding paragraph which have been submitted pursuant to the provisions of Article 23 and the preceding Article, at its office, head office, branch office, or any other business office pursuant to the provisions of Cabinet Office Order, and make the copy of those documents available for public inspection for one month from the day specified in that item (in cases of a copy of the Written Notification of a Stabilizing Transaction, the day on which that written notification has been submitted to the Financial Instruments Exchange or the Authorized Financial Instruments Firms Association).

(Cases Falling under Short Selling)

Article 26-2 The case specified by Cabinet Order that is provided for in Article 162, paragraph (1), item (i) of the Act is a case in which it is not clear whether the Securities held (excluding Securities borrowed) may be provided without delay after the sales thereof.

(Confirmation of a Guarantee of Borrowed Securities)

Article 26-2-2 (1) If the Member, etc. of a Financial Instruments Exchange has

been entrusted with Short Selling (meaning selling or entrusting another person with Brokerage for Clearing of Securities, etc. that falls under any of the following items (limited to entrusting another person with making a sale; hereinafter referred to as "Entrusting Another Person with Brokerage for Clearing of Securities, etc." in this paragraph and paragraph (1) of the following Article); the same applies hereinafter) on a Financial Instruments Exchange Market established by the Financial Instruments Exchange, and it cannot confirm that measures specified by Cabinet Office Order as the measures to ensure the conclusion of contract for borrowing or any other transfer of Securities involved in the Short Selling (limited to the Securities designated by the Commissioner of the Financial Services Agency as having the risk to compromise the transfer of Securities related to Short Selling by the large volume of Short Selling thereof; hereinafter the same applies in this paragraph (excluding the items) to paragraph (4)) (hereinafter such measures are referred to as the "Settlement Measures" in this Article) have been taken, it must not conduct that Short Selling:

- (i) the sales of Securities made without holding the Securities or by borrowing Securities (excluding Brokerage for Clearing of Securities, etc.);
  - (ii) the sales of Securities in the case referred to in the preceding Article (excluding Brokerage for Clearing of Securities, etc.);
  - (iii) Entrusting Another Person with Brokerage for the Clearing Securities, etc. without holding the Securities or by borrowing Securities; or
  - (iv) Entrusting Another Person with Brokerage for Clearing of Securities, etc. while it is unclear whether it will be possible for the Securities to be provided without delay after Entrusting Another Person with Brokerage for Clearing of Securities, etc.
- (2) If a person that has received an offer for the person to broker another person's entrustment with Short Selling on a Financial Instruments Exchange Market cannot confirm that Settlement Measures have been taken with regard to the Securities involved in the Short Selling, it must not broker another person's entrustment with Short Selling.
- (3) A person offering to entrust another person with Short Selling on a Financial Instruments Exchange Market or to have a first person broker a second person's entrustment with the same must clearly indicate to the counterparty to which the person offers to entrust the Short Selling or to the counterparty that the person offers to have broker another person's entrustment with the same that the Settlement Measures for the Securities involved in the Short Selling have been taken.
- (4) If the Settlement Measures for the Securities subject to the Short Selling which is to be made on the Financial Instruments Exchange Market on the own account of a Member, etc. of the relevant Financial Instruments Exchange have

not been taken, that Short Selling must not be conducted.

- (5) The provisions of the preceding paragraphs does not apply to the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order.
- (6) The provisions of the preceding paragraphs apply mutatis mutandis to the sale of Over-the-Counter Traded Securities made on an Over-the-Counter Securities Market established by an Authorized Financial Instruments Firms Association. In this case, the phrase "the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order" in the preceding paragraph is deemed to be replaced with "the transactions specified by Cabinet Office Order".
- (7) The provisions of paragraphs (1) to (5) apply mutatis mutandis to the sale of Securities (limited to the Securities listed on a Financial Instruments Exchange or Over-the-Counter Traded Securities; the same applies in paragraph (7) of the following Article, Article 26-4, paragraph (6), and Article 26-6, paragraph (3)) on a Proprietary Trading System (meaning a market on which Securities are traded by way of the acts set forth in Article 2, paragraph (8), item (x) of the Act (limited to those performed by the method of auction or any other method for deciding the trading price specified by Cabinet Office Order as being equivalent to the method for deciding trading prices that is employed on a Financial Instruments Exchange Market or Over-the-Counter Securities Market); the same applies in paragraph (7) of the following Article, Article 26-4, paragraph (6), and Article 26-6, paragraph (3)) established by a Financial Instruments Business Operator authorized under Article 30, paragraph (1) of the Act. In this case, the term "Member, etc." in paragraphs (1) and (4) is deemed to be replaced with "customer", and the phrase "the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order" in paragraph (5) is deemed to be replaced with "the transactions specified by Cabinet Office Order".

(Indication and Confirmation in Cases of Short Selling)

- Article 26-3 (1) A Member, etc. of a Financial Instruments Exchange must, with regard to the sales of Securities made on its own account or sales of the Securities that it has become entrusted with selling (excluding becoming entrusted with Brokerage for Clearing of Securities, etc.) or with Entrusting Another Person with Brokerage for Clearing of Securities, etc. on a Financial Instruments Exchange Market established by the Financial Instruments Exchange, clearly indicate to the Financial Instruments Exchange whether or not selling Securities or Entrusting Another Person with Brokerage for Clearing of Securities, etc. constitutes Short Selling.
- (2) In becoming entrusted with selling Securities (excluding becoming entrusted

with Brokerage for Clearing of Securities, etc.) on a Financial Instruments Exchange Market established by a Financial Instruments Exchange, a Member, etc. of that Financial Instruments Exchange must confirm with the person entrusting it with selling those Securities whether the sale of those Securities constitutes Short Selling.

- (3) A person that has received an offer for it to broker another person's entrustment with selling Securities on a Financial Instruments Exchange Market must confirm with the person offering to have it broker that entrustment whether the sales of Securities are Short Selling or not.
- (4) A person offering to entrust another person with selling Securities (this excludes entrusting another person with Brokerage for Clearing of Securities, etc.) on a Financial Instruments Exchange Market or offering to have a first person broker a second person's entrustment with the same must clearly indicate to the counterparty to which the person offers to entrust the sale or the counterparty that the person offers to have broker another person's entrustment with the same whether or not selling the Securities constitutes Short Selling.
- (5) The provisions of the preceding paragraphs does not apply to the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order.
- (6) The provisions of the preceding paragraphs apply mutatis mutandis to the sale of Over-the-Counter Traded Securities made on an Over-the-Counter Securities Market established by an Authorized Financial Instruments Firms Association. In this case, the phrase "the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order" in the preceding paragraph is deemed to be replaced with "the transactions specified by Cabinet Office Order".
- (7) The provisions of paragraphs (1) to (5) apply mutatis mutandis to the sale of Securities on a Proprietary Trading System established by a Financial Instruments Business Operator authorized under Article 30, paragraph (1) of the Act. In this case, the term "Member, etc." in paragraphs (1) and (2) is deemed to be replaced with "customer", and the phrase "the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order" in paragraph (5) are deemed to be replaced with "the transactions specified by Cabinet Office Order".

(Prices in the Case of Short Selling)

Article 26-4 (1) If a Member, etc. of a Financial Instruments Exchange seeks to conduct Short Selling on its own account or Short Selling with which it has become entrusted on a Financial Instruments Exchange Market established by the Financial Instruments Exchange, and either of the following items applies,

that Member, etc. must not effect that Short Selling at a price lower than the price of the Securities involved in the Short Selling on the Financial Instruments Exchange Market which has been publicized by the Financial Instruments Exchange immediately before that Short Selling (if the method for deciding the trading price is a method other than the method of auction which is specified by Cabinet Office Order, the price specified by Cabinet Office Order; hereinafter such a price is referred to as the "Latest Publicized Price" in this Article); provided, however, that this does not apply to the Short Selling effected at the Latest Publicized Price if the Latest Publicized Price exceeds the different price publicized by the Financial Instruments Exchange immediately before the publication of the Latest Publicized Price (if the method for deciding the trading price is a method other than a method involving an auction that is specified by Cabinet Office Order, the price specified by Cabinet Office Order; the same applies in the following paragraph):

- (i) if any of the trading prices of the Securities involved in the Short Selling on the Financial Instruments Exchange Market, which have been publicized by the Financial Instruments Exchange during the period from the commencement of the Trading Hours (meaning the time frame specified by Cabinet Office Order as a time frame in which the Securities involved in the Short Selling are scheduled to be traded; the same applies in the following item), during which the Short Selling is effected on the Financial Instruments Exchange Market, until immediately before the Short Selling falls below a price obtained by taking the Standard Price (meaning the closing price as prescribed in Article 130 of the Act or any price calculated by a method specified by Cabinet Office Order based on a price equivalent to the closing price; hereinafter the same applies in this paragraph) on the Financial Instruments Exchange Market publicized by the Financial Instruments Exchange with regard to the Securities involved in the Short Selling immediately before the publication of the trading prices and deducting a price calculated by multiplying the Standard Price by the ratio specified by Cabinet Office Order; or
- (ii) any of the trading prices of the Securities involved in the Short Selling on the Principal Market (meaning a Financial Instruments Exchange Market specified by Cabinet Office Order in consideration of the trading volume and other circumstances concerning the relevant Securities) of the Securities involved in the Short Selling, which have been publicized by the Financial Instruments Exchange which operates the Principal Market during the Trading Hours on the Principal Market of the Securities involved in the Short Selling that have ended immediately before the commencement of the Trading Hours during which the Short Selling is effected on the Financial



Instruments Exchange Market, falls below a price obtained by taking the Standard Price on the Principal Market publicized by the Financial Instruments Exchange with regard to the Securities involved in the Short Selling immediately before the publication of the trading prices, and deducting a price calculated by multiplying the Standard Price by the ratio as prescribed in the preceding item.

- (2) If either of the items of the preceding paragraph applies, a person offering to entrust another person with Short Selling on a Financial Instruments Exchange Market or to have a first person broker a second person's entrustment with the same must not instruct the counterparty to which the person offers to entrust the Short Selling or to the counterparty that the person offers to have broker another person's entrustment with the same to conduct Short Selling at a price lower than the Latest Publicized Price of the Securities involved in the Short Selling; provided, however, that this does not apply to the instructions given for Short Selling effected at a Latest Publicized Price which exceeds the different price publicized by the Financial Instruments Exchange immediately before the publication of the Latest Publicized Price.
- (3) In the cases referred to in the preceding two paragraphs, when Short Selling is effected after the Securities involved in the Short Selling have become ex-dividends or ex-rights and the Latest Publicized Price of the Securities related to Short Selling is the price publicized before the ex-dividend date or ex-right date, the price set forth in the preceding two paragraphs is calculated, with regard to the Securities involved in the Short Selling, by deducting the amount of dividends or rights from the Latest Publicized Price.
- (4) The provisions of paragraph (1) and paragraph (2) do not apply to the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order.
- (5) The provisions of the preceding paragraphs apply mutatis mutandis to the sale of Over-the-Counter Traded Securities made on an Over-the-Counter Securities Market established by an Authorized Financial Instruments Firms Association. In this case, the term "Article 130" in paragraph (1), item (i) is deemed to be replaced with "Article 67-19"; the term " a Financial Instruments Exchange Market" and the term "Financial Instruments Exchange" in item (ii) of that paragraph is deemed to be replaced with "an Over-the-Counter Securities Market" and "an Authorized Financial Instruments Firms Association" respectively; and the phrase "the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order" in the preceding paragraph is deemed to be replaced with "the transactions specified by Cabinet Office Order".
- (6) The provisions of paragraphs (1) to (4) apply mutatis mutandis to the sale of Securities on a Proprietary Trading System established by a Financial

Instruments Business Operator authorized under Article 30, paragraph (1) of the Act. In this case, the term "Member, etc." in paragraph (1) is deemed to be replaced with "customer"; the phrase "the closing price as prescribed in Article 130 of the Act or any price calculated by a method specified by Cabinet Office Order based on a price equivalent to the closing price" in item (i) of that paragraph is deemed to be replaced with "any price calculated by a method specified by Cabinet Office Order as being equivalent to the closing price as prescribed in Article 67-19 or Article 130"; the phrase "a Financial Instruments Exchange Market" and "Financial Instruments Exchange" in item (ii) of that paragraph are deemed to be replaced with "a Financial Instruments Exchange Market or Over-the-Counter Securities Market" and "Financial Instruments Exchange or Authorized Financial Instruments Firms Association" respectively; and the phrase "the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order" in paragraph (4) is deemed to be replaced with "the transactions specified by Cabinet Office Order".

(Provision of Information on Short Selling)

Article 26-5 (1) When a Member, etc. of the Principal Financial Instruments Exchange (meaning the person which operates the Principal Market as prescribed in paragraph (1), item (ii) of the preceding Article; hereinafter the same applies in this Article) associated with Securities that are listed on a Financial Instruments Exchange and designated by the Commissioner of the Financial Services Agency as having the risk of impairing fair price formation due to the large volume of Short Selling thereof (hereinafter such Securities are referred to as "Designated Securities" in this Article) has effected the Short Selling set forth in the following items with regard to the Designated Securities, that Member, etc. must, pursuant to the provisions of Cabinet Office Order, provide the relevant Principal Financial Instruments Exchange with the information set forth in that item:

- (i) Short Selling effected on its own account: its Balance and Other Information Related to Short Selling (meaning the information specified by Cabinet Office Order as the information concerning Short Selling balance; hereinafter the same applies in this Article) related to the Designated Securities for which the Short Selling was effected; and
  - (ii) the Short Selling conducted under the entrustment of customers: the customer's Balance and Other Information Related to Short Selling related to the Designated Securities for which the Short Selling was effected.
- (2) A person that has effected the Short Selling set forth in the items of the preceding paragraph with regard to Designated Securities (excluding a Member, etc. of the Principal Financial Instruments Exchange with which the

relevant Designated Securities are associated) must, pursuant to the provisions of Cabinet Office Order, provide any of the Members, etc. of the relevant Principal Financial Instruments Exchange with the information set forth in that item. In this case, a Member, etc. of the Principal Financial Instruments Exchange to which that information has been provided must, pursuant to the provisions of Cabinet Office Order, provide the relevant Principal Financial Instruments Exchange with the information.

- (3) A person that has received an offer for it to broker another person's entrustment with Short Selling Designated Securities must, pursuant to the provisions of Cabinet Office Order, provide the counterparty whose entrustment with Short Selling the person is brokering with the Balance and Other Information Related to Short Selling of the person that made the offer for it to broker the counterparty's entrustment as concerns the Designated Securities.
- (4) A person that has offered to entrust another person with Short Selling Designated Securities must, pursuant to the provisions of Cabinet Office Order, provide the counterparty to which the person has offered to entrust the Short Selling or to the counterparty that the person has offered to have broker another person's entrustment with the same with its own Balance and Other Information Related to Short Selling as concerns the Designated Securities.
- (5) The Principal Financial Instruments Exchange must, pursuant to the provisions of Cabinet Office Order, compile the Balance and Other Information Related to Short Selling provided pursuant to paragraphs (1) and (2) and publicize the details thereof.
- (6) The provisions of the preceding paragraphs apply mutatis mutandis to the sale of Over-the-Counter Traded Securities registered by an Authorized Financial Instruments Firms Association. In this case, the phrase "paragraph (1), item (ii) of the preceding Article" in paragraph (1) is deemed to be replaced with "paragraph (1), item (ii) of the preceding Article as applied mutatis mutandis pursuant to paragraph (5) of the preceding Article".

(Settlement of Securities Borrowings in Connection with Short Selling)

Article 26-6 (1) It is prohibited for any person to settle a Securities borrowing (including any other transactions specified by Cabinet Office Order as being equivalent thereto) connected with Short Selling using the Securities acquired in response to a Public Offering or Secondary Distribution if, during the period specified by Cabinet Office Order as the period from the time it has been publicized that a Public Offering or Secondary Distribution of Securities will take place to the time the issue price or Secondary Distribution price for those Securities has been decided, that person has applied for Short Selling of Securities of the same issue, or entrustment or brokerage for entrustment

thereof, on a Financial Instruments Exchange Market.

- (2) The provisions of the preceding paragraph do not apply to the transactions prescribed in Article 2, paragraph (21), item (i) of the Act and other transactions specified by Cabinet Office Order.
- (3) The provisions of the preceding two paragraphs apply mutatis mutandis to Secondary Distribution of Over-the-Counter Traded Securities in an Over-the-Counter Securities Market established by the Authorized Financial Instruments Firms Association, and to the sale of Securities on a Proprietary Trading System established by a Financial Instruments Business Operator authorized under Article 30, paragraph (1) of the Act. In this case, the phrase "transactions prescribed in Article 2, paragraph (21), item (i) of the Act and other transactions specified by Cabinet Office Order" in the preceding paragraph is deemed to be replaced with "transactions specified by Cabinet Office Order".

(Scope of Listed or Other Share Certificates)

Article 26-7 The Securities specified by Cabinet Order that are provided for in Article 162-2 of the Act are the Investment Securities, etc. listed on a Financial Instruments Exchange and Investment Securities, etc. that fall within the category of Over-the-Counter Traded Securities, and the provisions of laws and regulations specified by Cabinet Order that are provided for in that Article are the provisions of Article 80-2, paragraph (1) of the Act on Investment Trusts and Investment Corporations as applied pursuant to the provisions of Article 80-5, paragraph (2) of that Act following the deemed replacement of terms.

(Securities Excluded from the Securities of a Listed Company)

Article 27 The Securities specified by Cabinet Order as being excluded from Securities referred to in Article 163, paragraph (1) of the Act are the following Securities:

- (i) among the Securities set forth in Article 2, paragraph (1), item (v) of the Act, those specified by Cabinet Office Order as the Securities by which assets are acquired by money obtained from the issuance of those Securities and the obligations of such Securities are performed by money obtained from the administration and disposition of those assets; and
- (ii) among the Securities set forth in Article 2, paragraph (1), item (xi), those issued by persons other than the following:
  - (a) an Investment Corporation (meaning the Investment Corporation as prescribed in Article 2, paragraph (12) of the Act on Investment Trusts and Investment Corporations; hereinafter the same applies in this Chapter) which provides in its certificate of incorporation that it will invest an amount exceeding 50 percent of the total amount of its assets in real

- property or any other assets specified by Cabinet Office Order;
- (b) an Investment Corporation specified by Cabinet Office Order as an Investment Corporation wherein the total value of the assets specified by Cabinet Office Order, referred to in (a), accounts for more than 50 percent of the total amount of its assets; or
- (c) a Foreign Investment Corporation that is similar to the Investment Corporation set forth in (a) or (b).

(Scope of Securities of Which the Issuer Becomes a Listed Company)

Article 27-2 The Securities set forth in Article 2, paragraph (1), item (v), (vii), (ix) or (xi) of the Act (excluding those set forth in the items of the preceding Article) which are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities, or any other Securities specified by Cabinet Order that are provided for in Article 163, paragraph (1) of the Act are as follows:

- (i) the Securities set forth in Article 2, paragraph (1), item (v), (vii), (ix) or (xi) of the Act (excluding those set forth in the items of the preceding Article and the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act; hereinafter the same applies in the following item) which are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities;
- (ii) a Beneficiary Certificate of Securities in Trust of which the Entrusted Securities are the Securities set forth in Article 2, paragraph (1), item (v), (vii), (ix) or (xi) of the Act (excluding those set forth in the preceding item) which are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities;
- (iii) the instruments or certificates issued by a foreign person which have the nature of the Securities set forth in Article 2, paragraph (1), item (v), (vii) or (ix) of the Act (excluding those set forth in item (i) of the preceding Article; hereinafter the same applies in this Article) or the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in item (ii) of the preceding Article; hereinafter the same applies in this Article), if these Securities are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities;
- (iv) a Beneficiary Certificate of Securities in Trust of which the Entrusted Securities are the instruments or certificates issued by a foreign person which have the nature of the Securities set forth in Article 2, paragraph (1), item (v), (vii), or (ix) of the Act (excluding those set forth in the preceding item) or the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in the preceding item), if these

Securities are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities; and (v) instruments or certificates issued by a person, to which the instruments or certificates issued by a foreign person which have the nature of the Securities set forth in Article 2, paragraph (1), item (v), (vii), or (ix) of the Act (excluding those set forth in the item (iii) and those that are the Entrusted Securities of the Certificates of a beneficial interest in a securities trust as set forth in the preceding item) or the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in the item (iii) and those that are the Entrusted Securities of the Certificates of a beneficial interest in a securities trust as set forth in the preceding item) have been deposited, in a state other than the state wherein the deposited instruments or certificates or foreign investment securities had been issued, and among those that indicate rights associated with the deposited instruments or certificates or foreign investment securities, those listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities.

(Scope of Specified Securities)

Article 27-3 The Securities set forth in Article 2, paragraph (1), item (v), (vii), (ix) or (xi) of the Act (excluding those set forth in the items of Article 27) and any other Securities specified by Cabinet Order that are provided for in Article 163, paragraph (1) of the Act (such Securities are referred to as the "Specified Securities" in the following Article to Article 27-6, Article 28-2, item (xii), and Article 29-2-3, item (x)) are as follows:

- (i) the Securities set forth in Article 2, paragraph (1), item (v), (vii), (ix) or (xi) of the Act (excluding those set forth in the items of Article 27 and the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act);
- (ii) the instruments or certificates issued by a foreign person which have the nature of the Securities set forth in Article 2, paragraph (1), item (x), (vii) or (ix) of the Act (excluding those set forth in Article 27, item (i); hereinafter the same applies in this Article) or the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in Article 27, item (ii); hereinafter the same applies in this Article), if these Securities are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities;
- (iii) the instruments or certificates issued by a foreign person which have the nature of the Securities set forth in Article 2, paragraph (1), item (v), (vii) or (ix) of the Act (excluding those set forth in the preceding item) or the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act

(excluding those set forth in the preceding item), if the Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are these Securities are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities; and

- (iv) the instruments or certificates issued by a foreign person which have the nature of the Securities set forth in Article 2, paragraph (1), item (v), (vii) or (ix) of the Act (excluding those set forth in the preceding two items) or the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in the preceding two items), if the Securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the relevant Securities are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities.

(Scope of Related Securities)

Article 27-4 The Securities as set forth in Article 2, paragraph (1), item (xix) of the Act that indicate Options on the Specified Securities of the relevant Listed Company, etc. and other Securities specified by Cabinet Order that are provided for in Article 163, paragraph (1) of the Act (hereinafter referred to as the "Related Securities" in the following Article to Article 27-6) are as follows:

- (i) Securities as set forth in Article 2, paragraph (1), item (x) of the Act that are connected with an Investment Trust or a Foreign Investment Trust similar thereto which provides in the basic terms and conditions of the trust contract that the trust property will only be invested in the Specified Securities of the Listed Company, etc.;
- (ii) Securities as set forth in Article 2, paragraph (1), item (xi) of the Act which are issued by an Investment Corporation or by a Foreign Investment Corporation similar thereto which provides in its certificate of incorporation that the assets will only be invested in the Specified Securities of the Listed Company, etc.;
- (iii) Securities as set forth in Article 2, paragraph (1), item (xix) of the Act that indicate Options on the Specified Securities of the Listed Company, etc.;
- (iv) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the Specified Securities of the Listed Company, etc.;
- (v) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are the Specified Securities of the Listed Company, etc.;
- (vi) corporate bond certificates (excluding corporate bond certificates with share options) issued by a company other than the Listed Company, etc. with a special provision that allows the redemption of those corporate bond

certificates through the Specified Securities of the Listed Company, etc. (limited to those in connection with which the person that holds the corporate bond certificates has the right to have the issuer company of the corporate bond certificates redeem those corporate bond certificates through Specified Securities); and

(vii) instruments or certificates issued by a foreign person which have the nature of the Securities set forth in the preceding item.

(Scope of Purchase of Specified or Related Securities)

Article 27-5 The purchase of Specified Securities or Related Securities (such Securities are collectively referred to as "Specified or Related Securities" in the following Article, Article 33-15, Article 33-16, Article 33-18, and Article 33-19) and other transactions specified by Cabinet Order that are provided for in Article 163, paragraph (1) of the Act are as follows:

- (i) the purchase of Specified Securities;
- (ii) the purchase of Related Securities (for Related Securities that indicate an Option to effect a purchase and sale of Specified Securities, this is limited to if the exercise of that Option would cause the person exercising it to acquire the position of buyer in the purchase and sale);
- (iii) the sale of Related Securities that indicate an Option to effect a purchase and sale of Specified Securities, if the exercise of the Option would cause the person exercising it to acquire the position of seller in the purchase and sale; and
- (iv) any other transaction specified by Cabinet Office Order as being equivalent to the transactions set forth in the preceding three items.

(Scope of Sales of Specified or Related Securities)

Article 27-6 The sales of Specified or Related Securities and any other transactions specified by Cabinet Order that are provided for in Article 163, paragraph (1) of the Act are as follows:

- (i) the sale of Specified Securities;
- (ii) the sale of Related Securities (for Related Securities that indicate an Option to effect a purchase and sale of Specified Securities, this is limited to if the exercise of that Option would cause the person exercising it to acquire the position of buyer in the purchase and sale);
- (iii) the purchase of Related Securities that indicate an Option to effect a purchase and sale of Specified Securities, if the exercise of that Option would cause the person exercising it to acquire the position of seller in the purchase and sale; and
- (iv) any other transaction specified by Cabinet Office Order as being equivalent to the transactions set forth in the preceding three items.



(Scope of Specified Transactions)

Article 27-7 The transactions specified by Cabinet Order that are provided for in Article 165, item (i) of the Act are as follows:

- (i) the transactions set forth in item (i) to item (iii) of the preceding Article;  
and
- (ii) the transactions specified by Cabinet Office Order as being equivalent to the transactions set forth in the preceding item.

(Organizations Similar to Partnerships)

Article 27-8 The organizations specified by Cabinet Order that are provided for in Article 165-2, paragraph (1) of the Act are organizations established under the laws and regulations of a foreign state which are similar to the following partnerships:

- (i) a partnership established under the partnership contract provided in Article 667, paragraph (1) of the Civil Code;
- (ii) the Investment LPS prescribed in Article 2, paragraph (2) of the Limited Partnership Act for Investment (Act No. 90 of 1998); and
- (iii) the Limited Liability Partnership prescribed in Article 2 of the Limited Liability Partnership Act (Act No. 40 of 2005).

(Material Facts Regarding the Decisions Made by the Organ Responsible for Making Decisions on the Execution of Operations of a Listed Company)

Article 28 The particulars specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (i), (p) of the Act are as follows:

- (i) a business alliance or cancellation of a business alliance;
- (ii) the transfer or acquisition of shares or equity involving changes in a Subsidiary Company (meaning a Subsidiary Company as defined in Article 166, paragraph (5) of the Act; hereinafter the same applies in this Article to Article 30);
- (iii) the transfer or acquisition of Fixed Assets (meaning the Fixed Assets prescribed in Article 2, item (xxii) of the Companies Tax Act; the same applies in Article 29, item (iii));
- (iv) the suspension or discontinuation of business in whole or in part;
- (v) an application for the delisting of share certificates (including Preferred Equity Securities; the same applies in the following item and item (vii)) made to a Financial Instruments Exchange;
- (vi) an application for rescission of the registration of share certificates made to an Authorized Financial Instruments Firms Association;
- (vii) an application for rescission of the Designation as Tradable Securities (meaning an Authorized Financial Instruments Firms Association's

- designation of the Securities as the Tradable Securities pursuant to the rules thereof; the same applies in this Chapter and Article 43-3, paragraph (4)) for the share certificates which are Tradable Securities made to an Authorized Financial Instruments Firms Association;
- (viii) the filing of a petition for the commencement of bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings;
  - (ix) the commencement of new business (including the sales of new products or the commercialization of the provision of new services; the same applies in Article 29, item (vi));
  - (x) a request set forth in Article 166, paragraph (6), item (iv) or Article 167, paragraph (5), item (v) of the Act; and
  - (xi) a report under Article 74, paragraph (5) of the Deposit Insurance Act.

(Material Facts Arising at a Listed Company)

Article 28-2 The facts specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (ii), (d) of the Act are as follows:

- (i) an action involving a claim based on a property right has been filed, a judgment regarding the action has been made, or the suit connected with that action has concluded in whole or in part other than by judicial decision;
- (ii) a petition seeking an injunction against the business or a provisional disposition order seeking a disposition equivalent thereto has been filed, or a judicial decision regarding the petition has been made or the procedures connected with the petition have concluded in whole or in part other than by judicial decision;
- (iii) a rescission of license, suspension of business, or any other disposition equivalent thereto given under laws and regulations by an administrative agency;
- (iv) changes in a Parent Company (meaning a Parent Company as defined in Article 166, paragraph (5) of the Act; the same applies in item (vii));
- (v) the filing of a Petition for Commencement of Bankruptcy Proceedings, etc. by the creditor or persons other than the Listed Company, etc.;
- (vi) Dishonor, etc.;
- (vii) a filing of a Petition, etc. for Commencement of Bankruptcy Proceedings, etc. concerning a Parent Company;
- (viii) due to Dishonor, etc., filing of a Petition, etc. for Commencement of Bankruptcy Proceedings, etc. or occurrence of any other facts equivalent thereto with regard to the obligor or the principal obligor of the guarantee obligations, a risk of default has arisen with regard to accounts receivable, loaned money, any other claims held against the obligor, or the rights to obtain reimbursement held against the principal obligor if the guarantee obligations have been performed;

- (ix) a suspension of a transaction with the Major Trading Partner (meaning the trading partner for which the sales or purchases of the previous business year are not less than ten percent of the total amount of sales or purchases; the same applies in Article 29-2, item (viii));
- (x) exemption from obligation by the creditor or assumption or performance of obligations by a third party;
- (xi) discovery of resources;
- (xii) particulars which are the cause for rescission of the Designation as Tradable Securities for Specified Securities or Options on Specified Securities; and
- (xiii) the fact that a Special Controlling Shareholder (meaning the Special Controlling Shareholder prescribed in Article 179, paragraph (1) of the Companies Act, and if the Special Controlling Shareholder is a corporation, it means the organ that is responsible for making decisions about the execution of its operations; the same applies in Article 29-2-5, item (vi)) has made a decision to make a demand for a share, etc. cash-out involving the Listed Company, etc. or the fact that the Special Controlling Shareholder has made a decision not to make a demand for a share, etc. cash-out in connection with that decision (limited to a decision that has been publicized (meaning publicized as prescribed in Article 166, paragraph (4) of the Act; the same applies in that item)).

(Material Facts about the Decision of the Organ Responsible for Making Decisions on the Execution of Operations of a Subsidiary Company of a Listed Company)

Article 29 The particulars specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (v), (i) of the Act are as follows:

- (i) a business alliance or cancellation of a business alliance;
- (ii) the transfer or acquisition of shares or equity involving changes in a Second-Tier Subsidiary Company (meaning a company specified by Cabinet Office Order as a company controlled by a Subsidiary Company; the same applies in item (vi) of the following Article);
- (iii) the transfer or acquisition of Fixed Assets;
- (iv) the suspension or discontinuation of business in whole or in part;
- (v) the filing of a petition for commencement of bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings;
- (vi) commencement of new business;
- (vii) a report under Article 74, paragraph (5) of the Deposit Insurance Act;
- (viii) payment of dividends of surplus (limited to the shares issued by a Listed Company, etc. set forth in Article 163, paragraph (1) of the Act in connection with a specific Subsidiary Company, for which the Listed Company's, etc.

articles of incorporation specify that the payment of dividends of surplus will be decided based on the payment of dividends of surplus of the specific Subsidiary Company).

(Material Facts Arising at a Subsidiary Company of a Listed Company)

Article 29-2 The facts specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (vi), (b) of the Act are as follows:

- (i) an action involving a claim based on a property right has been filed, a judgment regarding the action has been made, or a suit connected with that action has concluded in whole or in part other than by judicial decision;
- (ii) a petition seeking an injunction against the business or a provisional disposition order seeking a disposition equivalent thereto has been filed, a judicial decision regarding the petition has been made, or the procedures for the petition have been completed in whole or in part other than by judicial decision;
- (iii) a rescission of license, suspension of business, or any other disposition equivalent thereto given under laws and regulations by an administrative agency;
- (iv) a filing of a Petition, etc. for Commencement of Bankruptcy Proceedings by creditors or persons other than the Subsidiary Company;
- (v) a Dishonor, etc.;
- (vi) the filing of a Petition, etc. for Commencement of Bankruptcy Proceedings for a Second-Tier Subsidiary Company;
- (vii) due to Dishonor, etc., filing of a Petition, etc. for Commencement of Bankruptcy Proceedings or occurrence of any other facts equivalent thereto with regard to the obligor or the principal obligor of the guarantee obligations, a risk of default has arisen with regard to the accounts receivable, loaned money, any other claims held against the obligor, or the rights to obtain reimbursement held against the principal obligor if the guarantee obligations have been performed;
- (viii) the suspension of transactions with the Major Trading Partner;
- (ix) an exemption from obligation by the creditor or assumption or performance of obligations by a third party; and
- (x) discovery of resources.

(Material Facts About the Decisions Made by the Organ Responsible for Making Decisions on the Execution of Operations of a Listed Investment Corporation)

Article 29-2-2 The particulars specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (ix), (i) of the Act are as follows:

- (i) the reduction to the minimum net assets as prescribed in Article 67,

paragraph (4) of the Act on Investment Trusts and Investment Corporations which is made pursuant to the provisions of Article 142, paragraph (1) of that Act;

- (ii) an application for the delisting of Investment Securities (meaning the Investment Securities as prescribed in the Act on Investment Trusts and Investment Corporations; hereinafter the same applies in this Article) made to a Financial Instruments Exchange;
- (iii) an application for rescission of the registration of Investment Securities made to an Authorized Financial Instruments Firms Association;
- (iv) an application for rescission of the Designation as Tradable Securities for the Investment Securities which are designated as Tradable Securities, made to an Authorized Financial Instruments Firms Association;
- (v) a petition for commencement of bankruptcy proceedings or rehabilitation proceedings; and
- (vi) a request set forth in Article 166, paragraph (6), item (iv) or Article 167, paragraph (5), item (v) of the Act.

(Material Facts Arising at a Listed Investment Corporation)

Article 29-2-3 The facts specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (x), (c) of the Act are as follows:

- (i) an action involving a claim based on a property right has been filed, a judgment regarding the action has been made, or a suit connected with that action has concluded in whole or in part other than by judicial decision;
- (ii) a petition seeking an injunction against the asset investment or a provisional disposition order seeking a disposition equivalent thereto has been filed, or a judicial decision regarding the petition has been made or the procedures connected with that petition have concluded in whole or in part other than by judicial decision;
- (iii) a rescission of the registration under Article 187 of the Act on Investment Trusts and Investment Corporations pursuant to Article 216, paragraph (1) of that Act or any other disposition equivalent thereto given under laws and regulations by an administrative agency;
- (iv) the filing of a petition for commencement of bankruptcy proceedings or rehabilitation proceedings by the creditor or persons other than the Listed Company, etc. (limited to the Listed Investment Corporation, etc. as prescribed in Article 163, paragraph (1) of the Act; hereinafter the same applies in this Article to Article 29-2-5);
- (v) Dishonor, etc.;
- (vi) due to Dishonor, etc., filing of a Petition, etc. for Commencement of Bankruptcy Proceedings, etc. or occurrence of any other facts equivalent thereto with regard to the obligor or the principal obligor of the guarantee

- obligations, a risk of default has arisen with regard to accounts receivable, loaned money, any other claims held against the obligor, or the rights to obtain reimbursement held against the principal obligor if the guarantee obligations have been performed;
- (vii) a suspension of a transaction with the Major Trading Partner (meaning the trading partner for which the operating revenues or operating expenses of the previous business period are not less than ten percent of the total amount of operating revenues or operating expenses (in the case of a Listed Company, etc. specified by Cabinet Office Order as a Listed Company, etc. whose business period is set as six months or shorter, the trading partner specified by Cabinet Office Order));
  - (viii) exemption from obligation by the creditor or assumption or performance of obligations by a third party;
  - (ix) discovery of resources; and
  - (x) particulars which are the cause for rescission of the Designation as Tradable Securities for Specified Securities or Options on Specified Securities.

(Material Facts about the Decisions Made by the Organ Responsible for Making Decisions on the Execution of Operations of the Asset Management Company of a Listed Investment Corporation)

Article 29-2-4 The particulars specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (xii), (h) of the Act are as follows:

- (i) company split;
- (ii) business transfer;
- (iii) the suspension or discontinuation of the business relating to the asset investment entrusted by the Listed Company, etc.;
- (iv) the asset investment conducted under entrustment from the Listed Company, etc., which is to be suspended or discontinued in whole or in part;
- (v) the filing of a petition for commencement of bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings; and
- (vi) the asset investment conducted under entrustment from the Listed Company, etc., which is to be commenced.

(Material Facts Arising at the Asset Management Company of a Listed Investment Corporation)

Article 29-2-5 The facts specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (xiii), (d) of the Act are as follows:

- (i) an action involving a claim based on a property right involved in the asset investment entrusted by the Listed Company, etc. has been filed, a judgment regarding the action has been made, or a suit connected with that action has

- concluded in whole or in part other than by judicial decision;
- (ii) a petition seeking an injunction against the business relating to the asset investment entrusted by the Listed Company, etc. or a provisional disposition order seeking a disposition equivalent thereto has been filed, or a judicial decision regarding that petition has been made or the procedures connected with the petition have concluded in whole or in part other than by judicial decision;
  - (iii) the filing of a Petition for Commencement of Bankruptcy Proceedings, etc. by the creditor or persons other than the Asset Management Company (meaning the Asset Management Company as prescribed in Article 2, paragraph (21) of the Act on Investment Trusts and Investment Corporations; hereinafter the same applies) of the Listed Company, etc.;
  - (iv) Dishonor, etc.;
  - (v) the filing of a Petition for Commencement of Bankruptcy Proceedings, etc. for a Corporation in Specified Relationship (meaning the Corporation in Specified Relationship as prescribed in Article 166, paragraph (5) of the Act); and
  - (vi) the fact that a Special Controlling Shareholder has made a decision to make a demand for a share, etc. cash-out to the Asset Management Company of the Listed Company, etc. or the fact that the Special Controlling Shareholder has made a decision not to make a demand for a share, etc. cash-out in connection with the aforementioned decision (limited to a decision that has been publicized).

(Parent Company)

- Article 29-3 (1) The company specified by Cabinet Order as having control over another company, referred to in Article 166, paragraph (5) of the Act, is the company stated or recorded as the Parent Company in the latest of the statements under Article 5, paragraph (1) of the Act, the Annual Securities Reports under Article 24, paragraph (1) of the Act, the Quarterly Securities Reports under Article 24-4-7, paragraphs (1) and (2) of the Act, or the Semiannual Securities Reports under Article 24-5, paragraph (1) of the Act which have been submitted by another company (including Cooperative Structured Financial Institutions) and made available for public inspection pursuant to Article 25, paragraph (1) of the Act, the Specified Information on Securities defined in Article 27-31, paragraph (1) of the Act which has been publicized pursuant to Article 27-31, paragraph (2) of the Act, or the Issuer's Information prescribed in Article 27-32, paragraph (1) of the Act which has been publicized pursuant to Article 27-32, paragraph (1) or (2) of the Act.
- (2) The company specified by Cabinet Order as one that controls the Asset Management Company of a Listed Investment Corporation, etc., as referred to

in Article 166, paragraph (5), item (i) of the Act, is a company specified by Cabinet Office Order as one that controls the organ that decides the financial and operational or business policies (meaning the shareholders meeting or other equivalent organ) of the Asset Management Company of a Listed Investment Corporation, etc. (meaning the Listed Investment Corporation, etc. as prescribed in Article 163, paragraph (1) of the Act; hereinafter the same applies).

- (3) The Interested Person, etc. specified by Cabinet Order as a corporation that conducts or has conducted transactions that have a material impact on the value of Specified Assets, as referred to in Article 166, paragraph (5), item (ii) of the Act, is an Interested Person, etc. of the Asset Management Company of a Listed Investment Corporation, etc. (meaning the Interested Person, etc. as prescribed in Article 201, paragraph (1) of the Act on Investment Trusts and Investment Corporations), which conducts or has conducted any of the following transactions (limited to transactions that satisfy the criteria specified by Cabinet Office Order as being those having a material impact on the value of Specified Assets (meaning the Specified Assets as prescribed in Article 2, paragraph (1) of the Act on Investment Trusts and Investment Corporations; the same applies in item (iv)) to be invested by the Asset Management Company under entrustment from the Listed Investment Corporation, etc.):
- (i) a transaction with the Listed Investment Corporation, etc. for the acquisition or transfer of real property, right of lease to real property or superficies right (referred to as "Real Property, etc." in the following item);
  - (ii) a transaction with the Listed Investment Corporation, etc. for the acquisition or transfer of a beneficial interest in a trust in which Real Property, etc. is entrusted;
  - (iii) a transaction with the Listed Investment Corporation, etc. for the lease of Real Property, etc.; or
  - (iv) a transaction with the trustee of the trust regarding the beneficial interest in a trust as prescribed in item (ii), which is included in the Specified Assets of the Listed Investment Corporation, etc., for the lease of the Real Property that is the trust property of the trust.

(Measures for Publication)

Article 30 (1) The fact that the measures specified by Cabinet Order as those for making information available to a large number of persons are being taken as referred to in Article 166, paragraph (4) or Article 167, paragraph (4) of the Act is that any of the following measures have been taken:

- (i) a director, executive officer or corporate officer that is to represent a Listed Company, etc. as defined in Article 163, paragraph (1) of the Act, the Subsidiary Company of the Listed Company, etc. or the Asset Management



Company of the Listed Company, etc. (including officers that are to represent a Cooperative Structured Financial Institution; hereinafter the same applies in this paragraph), or a person that has been entrusted by the director, executive officer or corporate officer to publicize the Material Facts, etc. (meaning the particulars set forth in Article 166, paragraph (4) of the Act; hereinafter the same applies in this paragraph), or the Tender Offeror, etc. defined in Article 167, paragraph (1) of the Act (if the Tender Offeror, etc. is a corporation (including an organization without legal personality for which the representative person or administrator has been designated), a person to represent the corporation or the administrator thereof) or a person that has been entrusted by the Tender Offeror, etc. to disclose the Facts of the Tender Offer, etc. as defined in Article 167, paragraph (3) of the Act (hereinafter referred to as the "Facts of the Tender Offer, etc." in this paragraph) has disclosed the Material Facts, etc. or the Facts of a Tender Offer, etc. to journalistic organizations including two or more of the following journalistic organizations and the period necessary for the disclosed Material Facts, etc. or Facts of the Tender Offer, etc. to become known has elapsed:

- (a) newspaper publishers engaged in the sale of daily newspapers that collectively report information on current affairs in Japan in the course of trade, and the communications agencies engaged in the comprehensive transmission of information on current affairs to the newspaper publishers in the course of trade;
- (b) newspaper publishers engaged in the sale of daily newspapers that report on general industrial and economic matters in Japan in the course of trade; and
- (c) NHK (Japan Broadcasting Corporation) and Private Broadcasters;

(ii) the Listed Company, etc. defined in Article 163, paragraph (1) of the Act or the Asset Management Company of the Listed Company, etc. has given notice, pursuant to the rules of each Financial Instruments Exchange on which the Listed Company, etc. lists the Securities issued thereby (if the Securities are Over-the-Counter Traded Securities, the rules of each Authorized Financial Instruments Firms Association that registers the Securities and if the Securities are Tradable Securities, the rules of each Authorized Financial Instruments Firms Association that makes the Designation as Tradable Securities for the Securities; hereinafter the same applies in this paragraph), of the Material Facts, etc. or Facts of the Tender Offer, etc. (limited to those concerning a Tender Offer, etc. in which the Listed Company, etc. is to be the Tender Offeror, etc. (meaning the Tender Offeror, etc. as prescribed in Article 167, paragraph (1) of the Act; hereinafter the same applies in this paragraph); hereinafter the same applies in this item and the following item) to the relevant Financial Instruments

- Exchange and the Material Facts, etc. or Facts of the Tender Offer, etc. for which notification has been given have been made available for public inspection at the relevant Financial Instruments Exchange in Japanese, pursuant to the provisions of Cabinet Office Order;
- (iii) the Listed Company, etc. defined in Article 163, paragraph (1) of the Act which falls under any of the following (a) to (c) or the Asset Management Company of the Listed Company, etc. has given notice, pursuant to the rules of each Financial Instruments Exchange on which the Listed Company, etc. lists the Securities issued thereby, of the facts specified in (a) to (c) to the relevant Financial Instruments Exchanges and the facts of which notification has been given have been made available for public inspection at the relevant Financial Instruments Exchange in English, pursuant to the provisions of Cabinet Office Order:
- (a) a person that issues Securities set forth in the items of Article 27-2, all of which are Securities for Professional Investors: the Material Facts, etc.;
- (b) a person that makes a Tender Offer, etc. as prescribed in Article 27-22-2, paragraph (1) of the Act for Listed Share Certificates, etc. (meaning the Listed Share Certificates, etc. as prescribed in Article 24-6, paragraph (1) of the Act; hereinafter the same applies in this item) (limited to a person that issues Listed Share Certificates, etc., all of which are Securities for Professional Investors): Facts of the Tender Offer, etc.; and
- (c) a person that makes a Tender Offer, etc. as prescribed in Article 167, paragraph (1) of the Act (excluding the Tender Offer, etc. as prescribed in Article 27-22-2, paragraph (1) of the Act for Listed Share Certificates, etc., and limited to cases in which all of the Listed or Other Share Certificates, etc. (meaning the Listed or Other Share Certificates, etc. as prescribed in Article 167, paragraph (1) of the Act; hereinafter the same applies in this paragraph) issued by the issuer of the Listed or Other Share Certificates, etc. subject to the Tender Offer, etc. are Securities for Professional Investors): Facts of the Tender Offer, etc.;
- (iv) a Tender Offeror, etc. (excluding a Tender Offeror, etc. which is a Listed Company, etc. as prescribed in Article 163, paragraph (1) of the Act; the same applies in the following item) has requested the company which is the issuer of the Listed or Other Share Certificates, etc. subject to the Tender Offer, etc. (meaning the Tender Offer, etc. as prescribed in Article 167, paragraph (1) of the Act; the same applies in the following item) or the Parent Company (meaning the Parent Company as prescribed in Article 166, paragraph (5) of the Act, and limited to one that is a Listed Company, etc. as prescribed in Article 163, paragraph (1) of the Act; hereinafter the same applies in this paragraph) to give notice of the Facts of the Tender Offer, etc. to each Financial Instruments Exchange on which the issuer or the Parent

Company lists the Securities issued thereby; the issuer or the Parent Company, based on that request, has given notice of the Facts of the Tender Offer, etc. to each Financial Instruments Exchange pursuant to the rules of the relevant Financial Instruments Exchange; and the Facts of the Tender Offer, etc. have been made available for public inspection at the relevant Financial Instruments Exchange in Japanese, pursuant to the provisions of Cabinet Office Order; and

(v) if all of the Listed or Other Share Certificates, etc. issued by the company which is the issuer of the Listed or Other Share Certificates, etc. subject to a Tender Offer, etc. are Securities for Professional Investors, the Tender Offeror, etc. has requested the issuer or the Parent Company of the Tender Offeror, etc. to give notice of the Facts of the Tender Offer, etc. to each Financial Instruments Exchange on which the issuer or the Parent Company lists the Securities issued thereby; the issuer or the Parent Company, based on that request, has given notice of the Facts of the Tender Offer, etc. to each Financial Instruments Exchange pursuant to the rules of the relevant Financial Instruments Exchange; and the Facts of the Tender Offer, etc. have been made available for public inspection at the relevant Financial Instruments Exchange in English, pursuant to the provisions of Cabinet Office Order.

(2) The period necessary to have the disclosed facts become known, referred to in item (i) of the preceding paragraph, is 12 hours from the time when those facts have been disclosed to at least two of the journalistic organizations among the journalistic organizations set forth in (a), (b), or (c) of that item.

(Acts Equivalent to a Tender Offer)

Article 31 The acts specified by Cabinet Order as being equivalent to a Tender Offer as referred to in Article 166, paragraph (6), item (iv) and Article 167, paragraph (1) of the Act are, with regard to the person that buys up share certificates (including instruments or certificates issued by a foreign person which have the nature of share certificates and excluding those specified by Cabinet Office Order), share option certificates (including instruments or certificates issued by a foreign person which have the nature of share option certificates and excluding those specified by Cabinet Office Order), corporate bond certificates with share options (including instruments or certificates issued by a foreign person which have the nature of corporate bond certificates with share options and excluding those specified by Cabinet Office Order), Investment Securities, etc. (excluding those specified by Cabinet Office Order), Investment Equity Subscription Right Certificates, etc. (excluding those specified by Cabinet Office Order) or any other Securities specified by Cabinet Office Order (hereinafter these are collectively referred to as the "Share

Certificates, etc." in this Article) of the issuer of share certificates (including instruments and certificates issued by a foreign person which have the nature of share certificates) or Investment Securities, etc. which are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities (if there is another person that jointly buys up those Share Certificates, etc. with the former person, the person that jointly buys up the Share Certificates, etc. is included; hereinafter the same applies in this Article), and if the total number of the voting rights associated with Share Certificates, etc. (meaning: with regard to share certificates (including instruments or certificates issued by a foreign person which have the nature of share certificates), the number of voting rights from shares (including voting rights from shares that cannot be asserted against the issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of the Act on the Book-Entry Transfer of Corporate Bonds, Shares, etc.); with regard to Investment Securities, etc., the number of voting rights from Investment Equity (including the voting rights from Investment Equity that cannot be asserted against the Issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 228, paragraph (1) of that Act); and with regard to other Securities, the number of voting rights from shares or Investment Equity which have been converted pursuant to the provisions of Cabinet Office Order; hereinafter the same applies in this Article) bought up by that person in the person's own name or in another person's name (or under a fictitious name; hereinafter the same applies in this Article) is not less than five percent of the number of Voting Rights Held by All the Shareholders, etc. of the issuer of the relevant Share Certificates, etc., the act of buying up Share Certificates, etc. (excluding the act of buying up Share Certificates, etc. by making a demand for a share, etc. cash-out; hereinafter these acts are referred to as "Buying Up" in this Article); provided, however, that if the Share Certificates, etc. Holding Rate (meaning the rate obtained by dividing the total number of voting rights associated with Share Certificates, etc. which are held in the person's own name or in another person's name by the number of Voting Rights Held by All the Shareholders, etc. of the issuer; hereinafter the same applies in this Article) of the person that buys up the Share Certificates, etc. immediately prior to the commencement of the Buying Up is less than five percent, Buying Up are limited to that associated with the part exceeding five percent of the Share Certificates, etc. Holding Rate.

(Organ Equivalent to the Board of Directors)

Article 31-2 The organ specified by Cabinet Order as being equivalent to the board of directors of a Listed Company, etc., referred to in Article 166,

paragraph (6), item (iv) of the Act, is the board of officers of the Listed Company, etc. (limited to a Listed Investment Corporation, etc.)

(Securities Excluded from Being the Subject of Transactions of Specified or Related Securities by Corporate Insiders)

Article 32 The Securities specified by Cabinet Order that are provided for in Article 166, paragraph (6), item (iv)-2 of the Act are as follows:

- (i) share certificates (including instruments or certificates issued by a foreign person which have the nature of share certificates; hereinafter the same applies in this Article);
- (ii) the Securities set forth in Article 2, paragraph (1), item (xx) of the Act which indicate rights associated with share certificates;
- (iii) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are share certificates;
- (iv) Investment Securities, etc.;
- (v) Securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with Investment Securities, etc.; and
- (vi) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are Investment Securities, etc.

Article 32-2 The Securities specified by Cabinet Order that are provided for in Article 166, paragraph (6), item (vi) of the Act are as follows:

- (i) corporate bond certificates (including those issued by a mutual company and excluding corporate bond certificates with share options; hereinafter the same applies in this Article) or instruments or certificates issued by a foreign person which have the nature of corporate bond certificates (hereinafter referred to as "Corporate Bond Certificates, etc." in this Article);
- (i)-2 investment corporation bond certificates set forth in Article 2, paragraph (1), item (xi) of the Act (hereinafter referred to as "Investment Corporation Bond Certificates" in this item) or foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act which are similar to Investment Corporation Bond Certificates (hereinafter referred to as "Investment Corporation Bond Certificates, etc." in this Article);
- (ii) among the Securities set forth in Article 27-4, item (i), those related to an Investment Trust or Foreign Investment Trust similar thereto which has provided in the basic terms and conditions for the investment trust that the trust property will only be invested into the Corporate Bond Certificates, etc. or Investment Corporation Bond Certificates, etc. of the Listed Company, etc.;
- (iii) among the Securities set forth in Article 27-4, item (ii), Investment Securities, etc. issued by an Investment Corporation or by a Foreign

Investment Corporation similar thereto that has provided in its certificate of incorporation to the effect that the assets will only be invested into the Corporate Bond Certificates, etc. or Investment Corporation Bond Certificates, etc. of the Listed Company, etc.;

- (iv) among the Securities set forth in Article 27-4, item (v) of the Act, those of which the Entrusted Securities are the Corporate Bond Certificates, etc. or Investment Corporation Bond Certificates, etc. of the Listed Company, etc.

(Scope of Specified Share Certificates)

Article 33 The share certificates, corporate bond certificates with share options or other Securities specified by Cabinet Order issued by a company issuing Listed or Other Share Certificates, etc., or Listed Share Certificates, etc. (hereinafter collectively referred to as the "Specified Share Certificates, etc."), referred to in Article 167, paragraph (1) of the Act, are as follows:

- (i) share certificates, share option certificates, and corporate bond certificates with share options;
- (ii) Investment Securities and Investment Equity Subscription Right Certificates prescribed in the Act on Investment Trusts and Investment Corporations;
- (iii) the instruments or certificates issued by a foreign person which have the nature of the Securities set forth in item (i) or the foreign investment securities prescribed in the Act on Investment Trusts and Investment Corporations which are similar to Investment Securities or Investment Equity Subscription Right Certificates, if these Securities are listed on a Financial Instruments Exchange or which fall under the category of Over-the-Counter Traded Securities or Tradable Securities;
- (iv) the instruments or certificates issued by a foreign person which have the nature of the Securities set forth in item (i) (excluding those set forth in the preceding item) or the foreign investment securities prescribed in the Act on Investment Trusts and Investment Corporations which are similar to Investment Securities or Investment Equity Subscription Right Certificates (excluding those set forth in the preceding item), if the Certificates of a beneficial interest in a securities trust whose Entrusted Securities constitute any of these Securities are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities;
- (v) the instruments or certificates issued by a foreign person which have the nature of the Securities set forth in item (i) (excluding those set forth in the preceding two items) or the foreign investment securities prescribed in the Act on Investment Trusts and Investment Corporations which are similar to Investment Securities or Investment Equity Subscription Right Certificates,

if the Securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the relevant Securities are listed on a Financial Instruments Exchange or fall under the category of Over-the-Counter Traded Securities or Tradable Securities.

(Scope of Related Share Certificates)

Article 33-2 The Securities specified in Article 2, paragraph (1), item (xix) of the Act that indicate Options associated with Specified Share Certificates, etc. or other Securities specified by Cabinet Order (hereinafter collectively referred to as "Related Share Certificates, etc."), referred to in Article 167, paragraph (1) of the Act, are as follows:

- (i) the Securities specified in Article 2, paragraph (1), item (x) of the Act which are related to an Investment Trust or a Foreign Investment Trust similar thereto of which the basic terms and conditions of the trust provide to the effect that the trust property will only be invested in Specified Share Certificates, etc. related to a Tender Offer, etc.;
- (ii) the Securities specified in Article 2, paragraph (1), item (xi) of the Act which are Investment Securities, etc. issued by an Investment Corporation or by a Foreign Investment Corporation similar thereto which provides in its certificate of incorporation that the assets will only be invested in the Specified Share Certificates, etc. related to a Tender Offer, etc.;
- (iii) Securities as specified in Article 2, paragraph (1), item (xix) of the Act that indicate Options associated with Specified Share Certificates, etc. involved in the Tender Offer, etc.;
- (iv) Securities as specified in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the Specified Share Certificates, etc. involved in the Tender Offer, etc.;
- (v) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are the Specified Share Certificates, etc. involved in the Tender Offer, etc.;
- (vi) corporate bond certificates issued by a company other than the company issuing Specified Share Certificates, etc. related to a Tender Offer, etc. (excluding corporate bond certificates with share options) with a special provision that allows the redemption of those corporate bond certificates through the Specified Share Certificates, etc. related to the Tender Offer, etc. (limited to those in connection with which the person that holds the corporate bond certificates has the right to have the issuer company of the corporate bond certificates redeem those corporate bond certificates through Specified Share Certificates, etc.); and
- (vii) instruments or certificates issued by a foreign person which have the nature of the Securities set forth in the preceding item.

(Scope of Purchase of Share Certificates)

Article 33-3 The purchase of Specified Share Certificates, etc. and Related Share Certificates, etc. (hereinafter collectively referred to as "Share Certificates, etc." in the following Article, Article 33-15, Article 33-16, Article 33-20, and Article 33-21) and other transactions designated by Cabinet Order that are provided for in Article 167, paragraph (1) of the Act are as follows:

- (i) the purchase or other acquisition for value of Specified Share Certificates, etc.;
- (ii) succeeding to Specified Share Certificates, etc. through a merger or split;
- (iii) the purchase or other acquisition for value of Related Share Certificates, etc. (for Related Share Certificates, etc. that indicate an Option to effect a purchase and sale of Specified Share Certificates, etc., this is limited to if the exercise of that Option would cause the person exercising it to acquire the position of buyer in the purchase and sale);
- (iv) succeeding to Related Share Certificates, etc. through a merger or company split (for Related Share Certificates, etc. that indicate an Option to effect a purchase and sale of Specified Share Certificates, etc., this is limited to if the exercise of that Option would cause the person exercising it to acquire the position of buyer in the purchase and sale);
- (v) the sale or other transfer for value of Related Share Certificates, etc. that indicate an Option to effect a purchase and sale of Specified Share Certificates, etc., if the exercise of that Option would cause the person exercising it to acquire the position of seller in the purchase and sale;
- (vi) causing another person to succeed to Related Share Certificates, etc. that indicate an Option to effect a purchase and sale of Specified Share Certificates, etc. through a merger or company split, if the exercise of that Option would cause the person exercising it to acquire the position of seller in the purchase and sale; and
- (vii) any other transactions specified by Cabinet Office Order as being equivalent to the transactions set forth in the preceding items.

(Scope of Sales of Share Certificates)

Article 33-4 The sales of Share Certificates, etc. and other transactions specified by Cabinet Order that are provided for in Article 167, paragraph (1) of the Act are as follows:

- (i) the sale and other type of transfer for value of Specified Share Certificates, etc.;
- (ii) having another succeed to Specified Share Certificates, etc. through a merger or split;
- (iii) the sale or other transfer for value of Related Share Certificates, etc. (for



- Related Share Certificates, etc. that indicate an Option to effect a purchase and sale of Specified Share Certificates, etc., this is limited to if the exercise of that Option would cause the person exercising it to acquire the position of buyer in the purchase and sale);
- (iv) causing another person to succeed to Related Share Certificates, etc. through a merger or company split (for Related Share Certificates, etc. that indicate an Option to effect a purchase and sale of Specified Share Certificates, etc., this is limited to if the exercise of that Option would cause the person exercising it to acquire the position of buyer in the purchase and sale);
  - (v) the purchase or other acquisition for value of Related Share Certificates, etc. that indicate an Option to effect a purchase and sale of Specified Share Certificates, etc., if the exercise of that Option would cause the person exercising it to acquire the position of seller in the purchase and sale;
  - (vi) succeeding to Related Share Certificates, etc. that indicate an Option to effect a purchase and sale of Specified Share Certificates, etc., if the exercise of that Option would cause the person exercising it to acquire the position of seller in the purchase and sale; and
  - (vii) any other transactions specified by Cabinet Office Order as being equivalent to the transactions set forth in the preceding items.

(Rights Equivalent to Share Options)

Article 33-4-2 The rights specified by Cabinet Order as being equivalent to share options, referred to in Article 167, paragraph (5), item (ii) of the Act, are Investment Equity Subscription Rights prescribed in the Act on Investment Trusts and Investment Corporations, and the Securities specified by Cabinet Order as being equivalent to shares, referred to in Article 167, paragraph (5), item (ii) of the Act, are Investment Securities prescribed in that Act.

(Demand under Other Laws and Regulations Equivalent to Demand for Purchase of Shares)

Article 33-4-3 The demand specified by Cabinet Order as a demand under other laws and regulations that is equivalent to the demand for the purchase of shares prescribed in Article 167, paragraph (5), item (iii) of the Act is the demand for the purchase of Investment Equity prescribed in Article 141, paragraph (1), Article 149-3, paragraph (1), Article 149-8, paragraph (1) or Article 149-13, paragraph (1) of the Act on Investment Trusts and Investment Corporations.

(Acts Equivalent to Sales or Intermediary or Agency Therefor, or Handling of Public Offering or Secondary Distribution)

Article 33-4-4 The act specified by Cabinet Order that is provided for in Article 171-2, paragraph (1) of the Act is handling of Secondary Distribution or Private Placement.

(Unlisted Securities)

Article 33-4-5 (1) The Securities specified by Cabinet Order for which it is particularly necessary to ensure appropriate transactions, referred to in Article 171-2, paragraph (2) of the Act, are the following Securities:

- (i) corporate bond certificates;
- (ii) share certificates;
- (iii) share option certificates;
- (iv) instruments or certificates issued by a foreign person which have the nature of the Securities set forth in the preceding three items; and
- (v) the rights to be indicated on the Securities set forth in the preceding items which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act.

(2) The Securities specified by Cabinet Order that are provided for in Article 171-2, paragraph (2), item (iii) of the Act are the following Securities (excluding those set forth in Article 171-2, paragraph (2), item (i) or (ii) of the Act):

- (i) any of the following Securities, in respect of which the submitter of either the statement under Article 5, paragraph (1) of the Act or the Annual Securities Report under Article 24, paragraph (1) or (3) of the Act, which has been made available for public inspection pursuant to Article 25, paragraph (1) of the Act, is the issuer:
  - (a) corporate bond certificates (excluding corporate bond certificates with share options);
  - (b) instruments or certificates issued by a foreign person which have the nature of the Securities set forth in (a); and
  - (c) the rights to be indicated on the Securities set forth in (a) or (b) which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act; and
- (ii) Securities listed on a Designated Foreign Financial Instruments Exchange.

## **Chapter VI-2 Administrative Monetary Penalties**

(Securities Equivalent to Share Certificates and Preferred Equity Securities)

Article 33-5 The Securities specified by Cabinet Order that are provided for in Article 172, paragraph (1), item (i) of the Act are as follows:

- (i) the Securities specified in Article 2-8 (excluding those which the principal (limited to the principal fixed at the time of issuance of the Securities) may be redeemed);

- (ii) the Securities specified in Article 2, paragraph (1), item (iv) of the Act which are those other than Convertible Specified Corporate Bond Certificates (meaning Convertible Specified Corporate Bond Certificates as provided in the Asset Securitization Act; the same applies in item (iv)) or Specified Corporate Bond Certificates with Rights to Subscribe for Preferred Equity (excluding those for which the principal (limited to the principal fixed at the time of issuance of the Securities) may be redeemed);
- (iii) the Securities specified in Article 2, paragraph (1), item (v) of the Act which are those other than corporate bond certificates or corporate bond certificates with share options for which the government guarantees the redemption of the principal or the payment of interest as referred to in Article 3 of the Act (excluding those for which the principal (limited to the principal fixed at the time of issuance of the Securities) may be redeemed);
- (iv) corporate bond certificates with share options, Convertible Specified Corporate Bond Certificates, or Specified Corporate Bond Certificates with Rights to Subscribe for Preferred Equity;
- (v) the Securities specified in Article 2, paragraph (1), items (viii) and (ix) of the Act (excluding share certificates);
- (vi) the Securities specified in Article 2, paragraph (1), item (x) of the Act;
- (vii) the Securities which are specified in Article 2, paragraph (1), item (xi) of the Act and are investment corporation bond certificates or Foreign Investment Securities which are securities similar to investment corporation bond certificates (excluding those for which the principal (limited to the principal fixed at the time of issuance of the investment corporation bond certificates) may be redeemed) or Investment Securities, etc. or Investment Equity Subscription Right Certificates, etc. provided in the Act on Investment Trusts and Investment Corporations;
- (viii) the Securities specified in Article 2, paragraph (1), item (xiii) of the Act (excluding those for which the principal (limited to the principal fixed at the time of issuance of the Securities) may be redeemed);
- (ix) the Securities specified in Article 2, paragraph (1), item (xiv) of the Act (excluding those set forth in the following item and those for which the principal (limited to the principal fixed at the time of issuance of the Securities) may be redeemed);
- (x) Certificates of a beneficial interest in a securities trust (limited to those of which the Entrusted Securities are share certificates, Preferred Equity Securities, or the Securities set forth in the preceding items or the following item to item (xvii));
- (xi) the Securities specified in Article 2, paragraph (1), item (xvi) of the Act (excluding those for which the principal (limited to the principal fixed at the time of issuance of the Securities) may be redeemed);

- (xii) the Securities specified in Article 2, paragraph (1), item (xvii) of the Act (excluding the bonds set forth in Article 2-11) which have the nature of share certificates, Preferred Equity Securities, or the Securities set forth in the preceding items (excluding item (vi) and item (vii));
- (xiii) the Securities specified in Article 2, paragraph (1), item (xviii) of the Act (excluding those for which the principal (limited to the principal fixed at the time of issuance of the Securities) may be redeemed);
- (xiv) Securities as set forth in Article 2, paragraph (1), item (xix) of the Act that indicate Options associated with share certificates, Preferred Equity Securities, the Securities set forth in the preceding items, the following item or item (xvi), or the rights set forth in the items of Article 2, paragraph (2) of the Act which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act (limited to rights falling under the category of Rights in Securities Investment Business, etc. or Electronically Recorded Transferable Rights (excluding those falling under Certificates of a beneficial interest in a securities trust) and excluding those for which the principal (limited to the principal fixed at the time of issuance of the rights) may be redeemed; the same applies in item (xviii));
- (xv) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with share certificates, Preferred Equity Securities, or the Securities set forth in the preceding items;
- (xvi) Securities as set forth in Article 1, item (ii) (excluding those for which the principal (limited to the principal fixed at the time of issuance of the Securities) may be redeemed);
- (xvii) the rights to be indicated on share certificates, Preferred Equity Securities, or the Securities set forth in the preceding items which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act; and
- (xviii) the rights set forth in the items of Article 2, paragraph (2) of the Act which are deemed to be Securities pursuant to that paragraph.

(Index Securities for Calculation)

Article 33-5-2 The Securities specified by Cabinet Order that are provided for in Article 172-4, paragraph (1), item (ii), (a) of the Act are any of the following Securities issued by the issuer, if applicable:

- (i) the Securities specified in Article 2, paragraph (1), item (viii) of the Act (excluding the securities that indicate the Rights to Subscribe for Preferred Equity);
- (ii) the Securities specified in Article 2, paragraph (1), items (x) and (xi) of the Act (excluding investment corporation bond certificates and the Foreign Investment Securities which are securities similar to investment corporation

- bond certificates and Investment Equity Subscription Right Certificates, etc. provided in the Act on Investment Trusts and Investment Corporations);
- (iii) the Securities specified in Article 2, paragraph (1), item (xiii) of the Act;
- (iv) the Securities specified in Article 2, paragraph (1), item (xiv) of the Act (excluding those set forth in the following item);
- (v) Certificates of a beneficial interest in a securities trust (limited to those of which the Entrusted Securities are share certificates, Preferred Equity Securities, or the Securities set forth in the following item to item (x));
- (vi) Securities as set forth in Article 2, paragraph (1), item (xvii) of the Act that have the nature of share certificates, Preferred Equity Securities, or the Securities set forth in item (i) or the preceding three items;
- (vii) Securities as set forth in Article 2, paragraph (1), item (xviii) of the Act;
- (viii) Securities as set forth in Article 2, paragraph (1), item (xix) of the Act that indicate Options associated with share certificates, Preferred Equity Securities, the Securities set forth in the preceding items or the following item, or the rights set forth in the items of Article 2, paragraph (2) of the Act which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act (limited to the rights that fall under the category of Rights in a Securities Investment Business, etc. or Electronically Recorded Transferable Rights (excluding those falling under Certificates of a beneficial interest in a securities trust); the same applies in item (xi));
- (ix) Securities as set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with share certificates, Preferred Equity Securities, or the Securities set forth in the preceding items;
- (x) the rights to be indicated on share certificates, Preferred Equity Securities, or the Securities set forth in the preceding items which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act; and
- (xi) the rights set forth in the items of Article 2, paragraph (2) of the Act which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act.

(Amount Calculated in the Absence of a Market Value for Index Securities for Calculation and Other Cases)

Article 33-5-3 The amount calculated pursuant to the methods specified by Cabinet Order that is provided for in Article 172-4, paragraph (1), item (ii), (a) and Article 172-11, paragraph (1), item (i), (b), 1. of the Act is the amount obtained by deducting the total amount of liabilities from the total amount of stated capital included in the balance sheet specified by Cabinet Office Order.

(Price Immediately Preceding the Violation)

Article 33-6 The price specified by Cabinet Order that is provided for in Article 173, paragraph (1), item (iii), (b) of the Act is the price specified in the relevant of the following items for the category of case set forth in that item:

- (i) if the Securities subject to the Violation (meaning a Violation as defined in Article 173, paragraph (1) of the Act; hereinafter the same applies in this Article to Article 33-9) are Securities listed on a Financial Instruments Exchange, Over-the-Counter Traded Securities, or Tradable Securities (hereinafter collectively referred to as the "Listed Securities, etc." in this Article), or if the Violator (meaning a Violator as defined in Article 173, paragraph (1) of the Act; hereinafter the same applies in this Article to Article 33-9) has concluded an agreement for the transactions set forth in Article 2, paragraph (21), items (ii) to (v) of the Act: the price publicized by a Financial Instruments Exchange or an Authorized Financial Instruments Firms Association immediately before the Violation; provided, however, that if the sale referred to in Article 33-8-2, item (i) has been made on a Financial Instruments Market other than a Financial Instruments Exchange Market or Over-the-Counter Securities Market with regard to those Listed Securities, etc., unless the Prime Minister finds it inappropriate to use the price on that Financial Instruments Market because the number of transactions of an issue of the Listed Securities, etc. for which the sales have been made on the Financial Instruments Market is extremely small or due to any other special circumstances, the price on the Financial Instruments Market immediately before the Violation; and
- (ii) if the Securities subject to the Violation are Securities other than Listed Securities, etc. (hereinafter referred to as the "Unlisted Securities, etc." in this item) or if the Violator concludes an agreement for the transactions set forth in Article 2, paragraph (22), items (ii) to (vi) or a Foreign Market Derivatives Transaction: the price calculated by a reasonable method based on the price publicized by a Financial Instruments Exchange or Authorized Financial Instruments Firms Association immediately before the Violation with regard to the Securities, etc. (meaning Securities, etc. defined in Article 158 of the Act, the same applies in Article 33-8-2 to Article 33-9) listed on a Financial Instruments Exchange, Over-the-Counter Traded Securities, or Tradable Securities which are subject to the Violation; provided, however, that if the sale referred to in Article 33-8-2, item (i) has been made on a Financial Instruments Market with regard to those Unlisted Securities, etc., unless the Prime Minister finds it inappropriate to use the price on that Financial Instruments Market because the number of transactions of an issue of Unlisted Securities, etc. for which sales have been made on the Financial Instruments Market is extremely small or due to any other special circumstances, the price on the Financial Instruments Market immediately

before the Violation.

(Securities for the Calculation of the Administrative Monetary Penalty for Spreading Rumors or Using Fraudulent Means)

Article 33-7 The transactions specified by Cabinet Order referred to in Article 173, paragraph (2) of the Act are the following transactions:

- (i) the sale of Securities or Commodities (in the case of Commodities, limited to the sale thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) a transaction as set forth in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to pay the money if the Actual Figure (meaning the Actual Figure defined in Article 2, paragraph (21), item (ii) of the Act; the same applies hereinafter) exceeds the Agreed Figure);
- (iii) a transaction as set forth in Article 2, paragraph (21), item (iii) of the Act (limited to one wherein the person in question is the party to grant Options);
- (iv) a transaction as set forth in Article 2, paragraph (21), item (iv) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with a Violation (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to);
- (iv)-2 a transaction as set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in a Financial Indicator connected with a Violation, in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to);
- (v) a transaction as set forth in Article 2, paragraph (21), item (v) of the Act (limited to one in which the person in question will be the party to pay the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) of the Act that the parties have stipulated advance occurs);
- (vi) a Foreign Market Derivatives Transaction (limited to one similar to a transaction as set forth in item (ii) to item (iv) or the preceding item);
- (vii) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act

- (limited to one in which the person in question will be the party to pay the money if the Actual Figure exceeds the Agreed Figure, or any other transaction similar thereto);
- (viii) a transaction as set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to grant an Option or any other transaction similar thereto);
- (ix) a transaction as set forth in Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with a Violation (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or anything similar thereto); and
- (x) a transaction as set forth in Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to pay the money if the cause set forth in Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated in advance occurs; or anything similar thereto).

(Securities Purchase for the Calculation of the Administrative Monetary Penalty for Spreading Rumors or Using Fraudulent Means)

Article 33-8 The transactions specified by Cabinet Order that are provided for in Article 173, paragraph (3) of the Act are the following transactions:

- (i) the purchase of Securities or Commodities (in the case of Commodities, limited to the purchase thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) a transaction as specified in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure);
- (iii) a transaction as set forth in Article 2, paragraph (21), item (iii) of the Act (limited to one in which the person in question will be the party to acquire an Option);
- (iv) a transaction as set forth in Article 2, paragraph (21), item (iv) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial



- Instrument, or a Financial Indicator, that is connected with a Violation (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) in which the person in question will be the party to receive the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to);
- (iv)-2 a transaction as set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in a Financial Indicator connected with a Violation in which the person in question will be the party to receive the money if the Financial Indicator goes up during the period they have agreed to);
  - (v) a transaction as set forth in Article 2, paragraph (21), item (v) of the Act (limited to one in which the person in question will be the party to receive the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) of the Act that the parties have stipulated advance occurs);
  - (vi) Foreign Market Derivatives Transactions (limited to those similar to the transactions set forth in item (ii) to item (iv) or the preceding item);
  - (vii) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure or anything similar thereto);
  - (viii) a transaction as set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to acquire Options or anything similar thereto);
  - (ix) a transaction as set forth in Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with a Violation (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to receive the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or anything similar thereto); and
  - (x) a transaction as set forth in Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to receive

the money if the cause set forth in Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated in advance occurs; or anything similar thereto).

(Administrative Monetary Penalties Imposed on Persons Spreading Rumors If They Are Deemed to Have Been Conducting Securities Sales on Their Own Accounts)

Article 33-8-2 The cases specified by Cabinet Order that are provided for in Article 173, paragraph (6) of the Act are the following cases:

- (i) if the Violator, at the time of commencement of a Violation, is conducting the sale of the Securities subject to the Violation which are not in the Violator's possession or through the borrowing of the Securities or conducting the sale of the Commodities subject to the Violation which are not in the Violator's possession (limited to the sale thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on the Violator's own account or on the account of the person specified in the items of Article 173, paragraph (5) of the Act (hereinafter such a person is referred to as the "Person with a Specified Relationship" in this Article and the following Article) (in these cases, if the Person with a Specified Relationship has conducted the same Violation as the Violator, cases in which the Person with a Specified Relationship has conducted the relevant sales on the person's own account are excluded); and
- (ii) if the Violator, at the time of commencement of a Violation, has concluded an agreement for the transactions set forth in Article 33-7, items (ii) to (x) with regard to the Securities subject to the Violation on the Violator's own account or on the account of a Person with a Specified Relationship (if the Person with a Specified Relationship has conducted the same Violation as the Violator, cases in which the Person with a Specified Relationship has concluded an agreement for those transactions on the person's own account are excluded).

(Administrative Monetary Penalties Imposed on Persons Spreading Rumors If They Are Deemed to Have Been Conducting Securities Purchases on Their Own Accounts)

Article 33-8-3 The cases specified by Cabinet Order that are provided for in Article 173, paragraph (7) of the Act are the following cases:

- (i) if a Violator or a Person with a Specified Relationship (excluding a Person with a Specified Relationship that has conducted the same Violation as the Violator) owns the Securities or Commodities subject to the Violation at the time of commencement of the Violation; and
- (ii) if the Violator, at the time of commencement of a Violation, has conducted

- the purchase of the Commodities subject to the Violation (limited to the purchase thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) (if the Person with a Specified Relationship has conducted the same Violation as the Violator, cases in which the Person with a Specified Relationship has conducted the purchase on the person's own account are excluded);
- (iii) if the Violator, at the time of commencement of a Violation, has concluded an agreement for the transactions set forth in Article 33-8, items (ii) to (x) on the Violator's own account or on the account of a Person with a Specified Relationship with regard to the Securities, etc. subject to the Violation (if the Person with a Specified Relationship has conducted the same Violation as the Violator, cases in which the Person with a Specified Relationship has concluded an agreement for those transactions on the person's own account are excluded).

(Matters Necessary for the Calculation of the Administrative Monetary Penalty for Spreading Rumors or Using Fraudulent Means)

Article 33-9 (1) When the Sales, etc. of Securities (meaning the Securities Sales prescribed in Article 173, paragraph (2) of the Act; hereinafter the same applies in this Article) or the Securities Purchase, etc. (meaning the Purchase, etc. of Securities prescribed in Article 173, paragraph (3) of the Act; hereinafter the same applies in this Article) are any of the following transactions, the prices for the transactions set forth in the following items are those specified in that item:

- (i) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (including Foreign Market Derivatives Transactions similar thereto): the Agreed Figure (in cases of a Foreign Market Derivatives Transaction, that equivalent to the Agreed Figure);
- (ii) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (including Foreign Market Derivatives Transactions similar thereto) or the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act: the amount receivable for Options;
- (iii) the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (including Foreign Market Derivatives Transactions similar thereto) or the transactions set forth in Article 2, paragraph (22), item (v) of the Act: the Interest Rates, etc. of a Financial Instrument or the Financial Indicator at the time of commencement of the agreed period related to the calculation of the rate of change in those transactions or anything similar thereto;
- (iii)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the Financial Indicator at the time of commencement of the agreed period related to the calculation of the rate of change in those transactions;

- (iv) the transactions set forth in Article 2, paragraph (21), item (v) of the Act (including Foreign Market Derivatives Transactions similar thereto) or the transactions set forth in Article 2, paragraph (22), item (vi) of the Act: the amount receivable for the rights to receive money when the causes agreed by the parties in advance and set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act occur, or any amount similar thereto; and
  - (v) transactions set forth in Article 2, paragraph (22), item (ii) of the Act: the Agreed Figure or anything similar thereto.
- (2) In the case referred to in the preceding paragraph, the volume of the Securities Sales, etc. or Purchase, etc. of Securities is that which is specified in the relevant of the following items for the category of transaction set forth in that item:
- (i) the transactions set forth in item (i) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Agreed Figure set forth in that item and the Actual Figure by the volume, or any other volume similar thereto;
  - (ii) the transactions set forth in item (ii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for Options referred to in that item by the volume;
  - (iii) the transactions set forth in item (iii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Interest Rates, etc. of a Financial Instrument or the Financial Indicator set forth in that item and the Interest Rates, etc. of a Financial Instruments or the Financial Indicator at the end of the agreed period by the volume or any other volume similar thereto;
  - (iii)-2 the transactions set forth in item (iii)-2 of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Financial Indicator set forth in that item and the Financial Indicator at the end of the agreed period by the volume;
  - (iv) the transactions set forth in item (iv) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for the rights to receive money when the causes set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act as referred to in item (iv) of the preceding paragraph occur by the volume, or any other volume similar thereto; and

- (v) the transactions set forth in item (v) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Agreed Figure referred to in that item and the Actual Figure by the volume, or any other volume similar thereto.
- (3) With regard to the calculation of the Administrative Monetary Penalty referred to in Article 173, paragraph (1) of the Act, in the following cases, it is deemed that a Reversing Trade (meaning the Securities Purchase, etc. in cases of the Sales, etc. of Securities and the Sales, etc. of Securities in cases of the Purchase, etc. of Securities; the same applies in the following paragraph) has been conducted at the price specified in that item:
- (i) if the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (including Foreign Market Derivatives Transactions similar thereto) have been settled by payment and receipt of money based on an Actual Figure or any other cases similar thereto: the Actual Figure or anything similar thereto;
  - (ii) if the payment and receipt of money has been made based on the rate of change of the Interest Rates, etc. of a Financial Instrument or the Financial Indicator subject to a Violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (including Foreign Market Derivatives Transactions similar thereto) or the transactions set forth in Article 2, paragraph (22), item (v) of the Act: the Interest Rates, etc. of a Financial Instrument or the Financial Indicator at the end of the agreed period related to the calculation of the rate of change, or anything similar thereto;
  - (ii)-2 if the payment and receipt of money has been made based on the rate of change of the Financial Indicator connected with a Violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the Financial Indicator at the end of the agreed period related to the calculation of the rate of change;
  - (iii) if the transactions set forth in Article 2, paragraph (22), item (ii) of the Act have been settled by the payment and receipt of money based on an Actual Figure or any other cases similar thereto: the Actual Figure or anything similar thereto; and
  - (iv) with regard to the transactions set forth in Article 2, paragraph (22), item (iv) of the Act, if the payment and receipt of money have been made by the manifestations of intention of the parties or any other cases similar thereto: the amount receivable for Options at the time when the manifestations were made.
- (4) With regard to the calculation of the Administrative Monetary Penalty under Article 173, paragraph (1) of the Act, in the cases referred to in the following

items, it is deemed that a Reversing Trade has been conducted at the time specified in that item. In this case, the price for the Reversing Trade is zero:

- (i) if the Options in the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (including Foreign Market Derivatives Transaction similar thereto) or the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act have extinguished (excluding the extinguishment by the cause set forth in item (iv) of the preceding paragraph; hereinafter the same applies in this item): the time when the Option have extinguished; or
  - (ii) if the Rights (meaning the rights to receive money when the causes agreed upon by the parties in advance and set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act have occurred, or any other rights similar thereto) to undertake the transactions set forth in Article 2, paragraph (21), item (v) of the Act (including Foreign Market Derivatives Transactions similar thereto) or the transactions set forth in Article 2, paragraph (22), item (vi) of the Act have extinguished: the time when the Rights have extinguished.
- (5) With regard to the calculation of the amount set forth in Article 173, paragraph (1), item (i), (a) and (b) of the Act, the Securities Sales, etc. made by the Violator on the Violator's own account for the Securities subject to the Violation during the Duration of the Violation (meaning the Duration of the Violation defined in Article 173, paragraph (1), item (i) of the Act; the same applies in the following paragraph) are to be allocated as the Sales, etc. of Securities set forth in (a) of that item, in order starting from the latest of the Sales, etc. until the volume reaches that set forth in (a) of that item.
- (6) With regard to the calculation of the amount set forth in Article 173, paragraph (1), item (ii), (a) and (b) of the Act, the Securities Purchase, etc. made by the Violator on the Violator's own account for the Securities subject to the Violation during the Duration of the Violation are to be allocated as the Purchase, etc. of Securities set forth in (b) of that item, in order starting from the latest of the Purchases, etc. until the volume reaches that set forth in (b) of that item.

(Securities Sales for the Calculation of the Administrative Monetary Penalty for Market Manipulation by Wash Sale)

Article 33-9-2 The transactions specified by Cabinet Order that are provided for in Article 174, paragraph (2) of the Act are the following transactions:

- (i) the sale of Securities or Commodities (in the case of Commodities, limited to the sale thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) a transaction as specified in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to pay the

- money if the Actual Figure exceeds the Agreed Figure);
- (iii) a transaction as set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to grant the Option; or anything similar thereto);
  - (iv) a transaction as set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with Violation (meaning a Violation as defined in Article 174, paragraph (1) of the Act; the same applies in the following Article to Article 33-9-6) (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or any transaction similar thereto);
  - (iv)-2 a transaction as set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in a Financial Indicator connected with a Violation, in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to);
  - (v) a transaction as set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to pay the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated advance occurs; or anything similar thereto); and
  - (vi) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act (limited to one in which the person in question will be the party to pay the money if the Actual Figure exceeds the Agreed Figure; or anything similar thereto).

(Securities Purchase for the Calculation of the Administrative Monetary Penalty for Market Manipulation by Wash Sale)

Article 33-9-3 The transactions specified by Cabinet Order that are provided for in Article 174, paragraph (3) of the Act are the following transactions:

- (i) the purchase of Securities or Commodities (in the case of Commodities, limited to the purchase thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) a transaction as specified in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure);
- (iii) a transaction as set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to acquire the Option; or anything similar thereto);
- (iv) a transaction as set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with a Violation (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to receive the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or anything similar thereto);
- (iv)-2 a transaction as set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in a Financial Indicator connected with a Violation in which the person in question will be the party to receive the money if the Financial Indicator goes up during the period they have agreed to);
- (v) a transaction as set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to receive the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated advance occurs; or anything similar thereto); and
- (vi) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure; or anything similar thereto).



(Administrative Monetary Penalties Imposed on Persons Engaged in Market Manipulation by Wash Sale If They Are Deemed to Have Been Conducting Securities Sales on Their Own Accounts)

Article 33-9-4 The cases specified by Cabinet Order that are provided for in Article 174, paragraph (6) of the Act are the following cases:

- (i) if the Violator (meaning a Violator as defined in Article 174, paragraph (1) of the Act; hereinafter the same applies in this Article to Article 33-9-6), at the time of commencement of a Violation, is conducting the sale of the Securities subject to the Violation which are not in the Violator's possession or through the borrowing of the Securities or conducting the sale of the Commodities subject to the Violation which are not in the Violator's possession (limited to the sale thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on the Violator's own account or on the account of a person specified in the items of Article 174, paragraph (5) of the Act (hereinafter such persons are referred to as the "Person with a Specified Relationship" in this Article and the following Article) (in these cases, if the Person with a Specified Relationship has conducted the same Violation as the Violator, cases in which the Person with a Specified Relationship has conducted the relevant sales on the person's own account are excluded); and
- (ii) if the Violator, at the time of commencement of a Violation, has concluded an agreement for the transactions set forth in Article 33-9, items (ii) to (vi) with regard to the Securities, etc. (meaning the Securities, etc. prescribed in Article 174, paragraph (1), item (i) of the Act; the same applies in the following Article to Article 33-13) subject to the Violation on the Violator's own account or on the account of a Person with a Specified Relationship (if the Person with a Specified Relationship has conducted the same Violation as the Violator, cases in which the Person with a Specified Relationship has concluded an agreement for those transactions on the person's own account are excluded).

(Administrative Monetary Penalties Imposed on Persons Engaged in Market Manipulation by Wash Sale If They Are Deemed to Have Been Conducting Securities Purchases on Their Own Accounts)

Article 33-9-5 The cases specified by Cabinet Order that are provided for in Article 174, paragraph (7) of the Act are the following cases:

- (i) if a Violator or a Person with a Specified Relationship (excluding a Person with a Specified Relationship that has conducted the same Violation as the Violator) owns the Securities or Commodities subject to the Violation at the time of commencement of the Violation; and
- (ii) if the Violator, at the time of commencement of a Violation, has conducted

the purchase of the Commodities subject to the Violation (limited to the purchase thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) (if the Person with a Specified Relationship has conducted the same Violation as the Violator, cases in which the Person with a Specified Relationship has conducted the purchase on the person's own account are excluded);

(iii) if the Violator, at the time of commencement of a Violation, has concluded an agreement for the transactions set forth in Article 33-9-3, items (ii) to (vi) on the Violator's own account or on the account of a Person with a Specified Relationship for the Securities, etc. subject to the Violation (if the Person with a Specified Relationship has conducted the same Violation as the Violator, cases in which the Person with a Specified Relationship has concluded an agreement for those transactions on the person's own account are excluded).

(Matters Necessary for the Calculation of the Administrative Monetary Penalty for Market Manipulation by Wash Sale)

Article 33-9-6 (1) When the Securities Sale, etc. (meaning the Securities Sale, etc. prescribed in Article 174, paragraph (2) of the Act; hereinafter the same applies in this Article) or the of Securities Purchase, etc. (meaning the Securities Purchase, etc. prescribed in Article 174, paragraph (3) of the Act; hereinafter the same applies in this Article) are any of the following transactions, the prices for the transactions set forth in the following items are those specified in that item:

- (i) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act: the Agreed Figure;
- (ii) the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act: the amount receivable for Options;
- (iii) the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act: the Interest Rates, etc. of a Financial Instrument or the Financial Indicator at the time of commencement of the agreed period related to the calculation of the rate of change in those transactions or anything similar thereto;
- (iii)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the Financial Indicator at the time of commencement of the agreed period related to the calculation of the rate of change in those transactions;
- (iv) the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act: the amount receivable for the rights to receive the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the

- parties have stipulated advance occurs, or any amount similar thereto; and
- (v) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act: the Agreed Figure or anything similar thereto.
- (2) In the case referred to in the preceding paragraph, the volume of the Securities Sale, etc. or Securities Purchase, etc. is that which is specified in the relevant of the following items for the category of transaction set forth in that item:
- (i) the transaction set forth in item (i) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Agreed Figure set forth in that item and the Actual Figure by the volume;
- (ii) the transactions set forth in item (ii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for Options referred to in that item by the volume;
- (iii) the transactions set forth in item (iii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Interest Rates, etc. of a Financial Instrument or the Financial Indicator set forth in that item and the Interest Rates, etc. of a Financial Instrument or the Financial Indicator at the end of the agreed period by the volume, or any other volume similar thereto;
- (iii)-2 the transactions set forth in item (iii)-2 of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Financial Indicator set forth in that item and the Financial Indicator at the end of the agreed period by the volume;
- (iv) the transactions set forth in item (iv) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for the rights to receive money when the causes set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act as referred to in item (iv) of the preceding paragraph occur by the volume, or any other volume similar thereto; and
- (v) the transactions set forth in item (v) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Agreed Figure referred to in that item and the Actual Figure by the volume, or any other volume similar thereto.
- (3) With regard to the calculation of the Administrative Monetary Penalty referred to in Article 174, paragraph (1) of the Act, in the cases referred to in

- the following items, it is deemed that a Reversing Trade (meaning the of Securities Purchase, etc. in cases of the Securities Sales, etc. and the Securities Sales, etc. in cases of the Securities Purchase, etc.; the same applies in the following paragraph) has been conducted at the price specified in that item:
- (i) if the transactions set forth in Article 2, paragraph (21), item (ii) of the Act have been settled by the payment and receipt of money based on an Actual Figure: the Actual Figure;
  - (ii) if the payment and receipt of money have been made based on the rate of change of the Interest Rates, etc. of a Financial Instrument or the Financial Indicator subject to a Violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act: the Interest Rates, etc. of the Financial Instrument or the Financial Indicator at the end of the agreed period related to the calculation of the rate of change, or anything similar thereto;
  - (ii)-2 if the payment and receipt of money has been made based on the rate of change of the Financial Indicator connected with a Violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the Financial Indicator at the end of the agreed period related to the calculation of the rate of change;
  - (iii) if the transactions set forth in Article 2, paragraph (22), item (ii) of the Act have been settled by the payment and receipt of money based on an Actual Figure or any other cases similar thereto: the Actual Figure or anything similar thereto; and
  - (iv) with regard to the transactions set forth in Article 2, paragraph (22), item (iv) of the Act, if the payment and receipt of money has been made by the manifestations of intention of the parties or any other cases similar thereto: the amount receivable for Options at the time when the manifestations were made.
- (4) With regard to the calculation of the Administrative Monetary Penalty under Article 174, paragraph (1) of the Act, in the cases referred to in the following items, it is deemed that a Reversing Trade has been conducted at the time specified in that item. In this case, the price for the Reversing Trade is zero:
- (i) if the Options to undertake the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act have extinguished (excluding the extinguishment by the cause set forth in item (iv) of the preceding paragraph; hereinafter the same applies in this item): the time when the Options have extinguished; or
  - (ii) if the Rights (meaning the rights to receive money when the causes agreed by the parties in advance and set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act occur) to undertake the transactions set forth in Article 2, paragraph (21), item (v) or

Article 2, paragraph (22), item (vi) of the Act have extinguished: the time when the Rights have extinguished.

- (5) With regard to the calculation of the amount set forth in Article 174, paragraph (1), item (i), (a) and (b) of the Act, the Sales, etc. of Securities made by the Violator on the Violator's own account for the Securities subject to the Violation during the Duration of the Violation (meaning the Duration of the Violation as defined in Article 174, paragraph (1), item (i) of the Act; the same applies in the following paragraph) are to be allocated as the of Securities Sales, etc. set forth in (a) of that item, in order starting from the latest of the Sales, etc. until the volume reaches that set forth in (a) of that item.
- (6) With regard to the calculation of the amount set forth in Article 174, paragraph (1), item (ii), (a) and (b) of the Act, the Securities Purchase, etc. made by the Violator on the Violator's own account for the Securities subject to the Violation during the Duration of the Violation is allocated as the Securities Purchase, etc. set forth in (b) of that item, in order starting from the latest of the Purchase, etc. until the volume reaches that set forth in (b) of that item.

(Securities Sales for the Calculation of the Administrative Monetary Penalty for Market Manipulation through Actual Transactions)

Article 33-10 The transactions specified by Cabinet Order that are provided for in Article 174-2, paragraph (2) of the Act are the following transactions:

- (i) the sale of Securities or Commodities (in the case of Commodities, limited to the sale thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) a transaction as set forth in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to pay the money if the Actual Figure exceeds the Agreed Figure);
- (iii) a transaction as set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to grant the Option; or anything similar thereto);
- (iv) a transaction as set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with a Violation (meaning a Violation defined in Article 174-2, paragraph (1) of the Act; the same applies in the following Article to Article 33-14) (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the

- amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or anything similar thereto);
- (iv)-2 a transaction as set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in a Financial Indicator connected with a Violation, in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to);
- (v) a transaction as set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to pay the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated advance occurs; or anything similar thereto); and
- (vi) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act (limited to one in which the person in question will be the party to pay the money if the Actual Figure exceeds the Agreed Figure; or anything similar thereto).

(Securities Purchase for the Calculation of the Administrative Monetary Penalty for Market Manipulation through Actual Transactions)

Article 33-11 The transactions specified by Cabinet Order that are provided for in Article 174-2, paragraph (3) of the Act are the following transactions:

- (i) the purchase of Securities or Commodities (in the case of Commodities, limited to the purchase thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) a transaction as set forth in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure);
- (iii) a transaction as set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to acquire the Option; or anything similar thereto);
- (iv) a transaction as set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator,

that is connected with a Violation (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to receive the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or anything similar thereto);

- (iv)-2 a transaction as set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in a Financial Indicator connected with a Violation in which the person in question will be the party to receive the money if the Financial Indicator goes up during the period they have agreed to);
- (v) a transaction as set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to receive the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated advance occurs; or anything similar thereto); and
- (vi) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure; or anything similar thereto).

(Administrative Monetary Penalties Imposed on Persons Engaged in Market Manipulation through Actual Transactions If They Are Deemed to Have Been Conducting Securities Sales on Their Own Accounts)

Article 33-12 The cases specified by Cabinet Order that are provided for in Article 174-2, paragraph (7) of the Act are the following cases:

- (i) if the Violator (meaning a Violator as defined in Article 174-2, paragraph (1) of the Act; hereinafter the same applies in this Article to Article 33-14), at the time of commencement of a Violation, is conducting the sale of the Securities subject to the Violation which are not in the Violator's possession or through the borrowing of the Securities or conducting the sale of the Commodities subject to the Violation which are not in the Violator's possession (limited to the sale thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on the Violator's own account or on the account of the person specified in the items of Article 174-2, paragraph (6) of the Act (hereinafter

- such a person is referred to as the "Persons with a Specified Relationship" in this Article and the following Article) (in these cases, if the Person with a Specified Relationship has conducted the same Violation as the Violator, cases in which the Person with a Specified Relationship has conducted the relevant sale on the person's own account are excluded); and
- (ii) if the Violator, at the time of commencement of a Violation, has concluded an agreement for the transactions set forth in Article 33-10, items (ii) to (vi) with regard to the Securities subject to the Violation on the Violator's own account or on the account of a Person with a Specified Relationship (if the Person with a Specified Relationship has conducted the same Violation as the Violator, cases in which the Person with a Specified Relationship has concluded an agreement for those transactions on the person's own account are excluded).

(Administrative Monetary Penalties Imposed on Persons Engaging in Market Manipulation through Actual Transactions If They Are Deemed to Have Been Conducting Securities Purchases on Their Own Accounts)

Article 33-13 The cases specified by Cabinet Order that are provided for in Article 174-2, paragraph (8) of the Act are the following cases:

- (i) if a Violator or a Person with a Specified Relationship (excluding a Person with a Specified Relationship that has conducted the same Violation as the Violator) owns the Securities or Commodities subject to the Violation at the time of commencement of the Violation; and
- (ii) if the Violator, at the time of commencement of a Violation, has conducted the purchase of the Commodities subject to the Violation (limited to the purchase thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) (if the Person with a Specified Relationship has conducted the same Violation as the Violator, cases in which the Person with a Specified Relationship has conducted the purchase on the person's own account are excluded);
- (iii) if the Violator, at the time of commencement of an Violation, has concluded an agreement for the transactions set forth in Article 33-11, items (ii) to (vi) on the Violator's own account or on the account of a Person with a Specified Relationship with regard to the Securities, etc. subject to the Violation (if the Person with a Specified Relationship has conducted the same Violation as the Violator, cases in which the Person with a Specified Relationship has concluded an agreement for those transactions on the person's own account are excluded).

(Matters Necessary for the Calculation of the Administrative Monetary Penalty for Conducting Market Manipulation through Actual Transactions)



Article 33-14 (1) When the Securities Sales, etc. (meaning the Securities Sales, etc. prescribed in Article 174-2, paragraph (2) of the Act; hereinafter the same applies in this Article) or the Securities Purchase, etc. (meaning the Securities Purchase, etc. prescribed in Article 174-2, paragraph (3) of the Act; hereinafter the same applies in this Article) are any of the following transactions, the prices for the transactions set forth in the following items are those specified in that item:

- (i) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act: the Agreed Figure;
- (ii) the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act: the amount receivable for Options;
- (iii) the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act: the Interest Rates, etc. of a Financial Instrument or the Financial Indicator at the time of commencement of the agreed period for the calculation of the rate of change in those transactions or anything similar thereto;
- (iii)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the Financial Indicator at the time of commencement of the agreed period for the calculation of the rate of change in those transactions;
- (iv) the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act: the amount receivable for the rights to receive the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated advance occurs, or any amount similar thereto; and
- (v) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act: the Agreed Figure or anything similar thereto.

(2) In the case referred to in the preceding paragraph, the volume of the of Securities Sales, etc. or Securities Purchase, etc. is that which is specified in the relevant of the following items for the category of transaction set forth in that item:

- (i) the transactions set forth in item (i) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Agreed Figure set forth in that item and the Actual Figure by the volume;
- (ii) the transactions set forth in item (ii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for Options referred to in that item by the volume;
- (iii) the transactions set forth in item (iii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is

- calculated by multiplying the difference between the Interest Rates, etc. of a Financial Instrument or the Financial Indicator set forth in that item and the Interest Rates, etc. of a Financial Instruments or the Financial Indicator at the end of the agreed period by the volume, or any other volume similar thereto;
- (iii)-2 the transactions set forth in item (iii)-2 of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Financial Indicator set forth in that item and the Financial Indicator at the end of the agreed period by the volume;
- (iv) the transactions set forth in item (iv) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for the rights to receive money when the causes set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act as referred to in item (iv) of the preceding paragraph occur by the volume, or any other volume similar thereto; and
- (v) the transactions set forth in item (v) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Agreed Figure referred to in that item and the Actual Figure by the volume, or any other volume similar thereto.
- (3) With regard to the calculation of the Administrative Monetary Penalty referred to in Article 173, paragraph (1) of the Act, in the following cases, it is deemed that a Reversing Trade (meaning the Securities Purchase, etc. in cases of the Securities Sales, etc. and the Securities Sales, etc. in cases of the Securities Purchase, etc.; the same applies in the following paragraph) has been conducted at the price specified in the respective item:
- (i) if the transactions set forth in Article 2, paragraph (21), item (ii) of the Act have been settled by the payment and receipt of money based on an Actual Figure: the Actual Figure;
- (ii) if the payment and receipt of money have been made based on the rate of change of the Interest Rates, etc. of a Financial Instrument or the Financial Indicator subject to a Violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv) of the Act or Article 2, paragraph (22), item (v) of the Act, or any other cases similar thereto: the Interest Rates, etc. of a Financial Instrument or the Financial Indicator at the end of the agreed period related to the calculation of the rate of change, or anything similar thereto;
- (ii)-2 if the payment and receipt of money have been made based on the rate of change of the Financial Indicator subject to a Violation with regard to the

- transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the Financial Indicator at the end of the agreed period related to the calculation of the rate of change;
- (iii) if the transactions set forth in Article 2, paragraph (22), item (ii) of the Act have been settled by the payment and receipt of money based on an Actual Figure, or any other cases similar thereto: the Actual Figure or anything similar thereto; and
- (iv) with regard to the transactions set forth in Article 2, paragraph (22), item (iv) of the Act, if the payment and receipt of money have been made by the manifestations of intention of the parties or any other cases similar thereto: the amount receivable for Options at the time when the manifestations were made.
- (4) With regard to the calculation of the Administrative Monetary Penalty under Article 173, paragraph (1) of the Act, in the cases referred to in the following items, it is deemed that a Reversing Trade has been conducted at the time specified in that item. In this case, the price for the Reversing Trade is zero:
- (i) if the Options to undertake the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act have extinguished (excluding the extinguishment by the cause set forth in item (iv) of the preceding paragraph; hereinafter the same applies in this item): the time when the Options have extinguished; or
- (ii) if the Rights (meaning the rights to receive money when the causes agreed upon by the parties in advance and set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act occur) to undertake the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act have extinguished: the time when the Rights have extinguished.
- (5) With regard to the calculation of the amount set forth in Article 174-2, paragraph (1), item (i), (a) and (b) of the Act, when the volume of Securities Sales, etc. or Securities Purchase, etc. made on the person's own account which are subject to the Violation exceeds the Volume of Corresponding Purchase and Sales (meaning the Volume of Corresponding Purchase and Sales prescribed in Article 174-2, paragraph (4) of the Act; hereinafter the same applies in this paragraph), the Securities Sales, etc. or the Securities Purchase, etc. made on the person's own account subject to the Violation are to be allocated as the Sales, etc. of Securities or the Purchase, etc. of Securities under (a) of that item, in order starting from the latest of the Sales, etc. or the Purchase, etc. until the volume reaches the Volume of Corresponding Purchase and Sales;
- (6) With regard to the calculation of the amounts set forth in Article 174-2, paragraph (1), item (ii), (a), 1. and 2. of the Act, among the Securities Sales, etc. made on the person's own account subject to the Violation, those which are not

allocated under the preceding paragraph are to be allocated as the Securities Sales, etc. under Article 174-2, paragraph (1), item (ii), (a), 1. of the Act.

(7) With regard to the calculation of the amounts set forth in Article 174-2, paragraph (1), item (ii), (b), 1. and 2. of the Act, the Securities Purchase, etc. made on the person's own account subject to the Violation which are not allocated under paragraph (5) are to be allocated as the Securities Purchase, etc. under Article 174-2, paragraph (1), item (ii), (b), 2. of the Act.

(Securities Sales for the Calculation of the Administrative Monetary Penalty for Stabilizing Transactions)

Article 33-14-2 The transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (2) of the Act are the following transactions:

- (i) the sale of Securities or Commodities (in the case of Commodities, limited to the sale thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) a transaction as set forth in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to pay the money if the Actual Figure exceeds the Agreed Figure);
- (iii) a transaction as set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to grant the Option; or anything similar thereto);
- (iv) a transaction as set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with a Violation (meaning a Violation as defined in Article 174, paragraph (3) of the Act; the same applies in the following Article to Article 33-14-8) (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or anything similar thereto);
- (iv)-2 a transaction as set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in a Financial Indicator connected with a Violation, in which the person in question will be the party to pay the money

- if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to);
- (v) a transaction as set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to pay the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated advance occurs; or anything similar thereto); and
  - (vi) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act (limited to one in which the person in question will be the party to pay the money if the Actual Figure exceeds the Agreed Figure; or anything similar thereto).

(Securities Purchase for the Calculation of the Administrative Monetary Penalty for Stabilizing Transactions)

Article 33-14-3 The transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (3) of the Act are the following transactions:

- (i) the purchase of Securities or Commodities (in the case of Commodities, limited to the purchase thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) a transaction as specified in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure);
- (iii) a transaction as set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to acquire the Option; or anything similar thereto);
- (iv) a transaction as set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with a Violation (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to receive the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or anything similar thereto);
- (iv)-2 a transaction as set forth in Article 2, paragraph (21), item (iv)-2 of the

Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in a Financial Indicator connected with a Violation in which the person in question will be the party to receive the money if the Financial Indicator goes up during the period they have agreed to);

- (v) a transaction as set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to receive the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated advance occurs; or anything similar thereto); and
- (vi) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure; or anything similar thereto).

(Volume of Sales)

Article 33-14-4 (1) The cases in which the transactions specified by Cabinet Order are conducted, referred to in Article 174-3, paragraph (5) of the Act, are cases in which the Violator (meaning a Violator as defined in Article 174-3, paragraph (1) of the Act; hereinafter the same applies in this Article to Article 33-14-8) is conducting the sale of the Securities which are not in the Violator's possession or through the borrowing of the Securities or conducting the sale of the Commodities which are not in the Violator's possession (limited to the sale thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on the Violator's own account or on the account of a Person with a Specified Relationship (meaning the persons set forth in the items of Article 174-3, paragraph (7) of the Act; hereinafter the same applies in this Article to Article 33-14-7).

- (2) The transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (5) of the Act are the transactions set forth Article 33-14-2, items (ii) to (vi) for which the Violator has concluded an agreement on the Violator's own account or on the account of a Person with a Specified Relationship.
- (3) The volume calculated pursuant to the provisions of Cabinet Order, referred to in Article 174-3, paragraph (5) of the Act, is the volume specified in the relevant of the items of Article 33-14-8, paragraph (2) for the category of transaction set forth in that item.

(Volume of Purchase)

Article 33-14-5 (1) The Commodities specified by Cabinet Order that are provided for in Article 174-3, paragraph (6) of the Act are the Commodities which the Violator has purchased (limited to the purchase thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on the Violator's own account or on the account of the Person with a Specified Relationship.

(2) The transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (6) of the Act are the transactions set forth in Article 33-14-3, items (ii) to (vi) for which the Violator has concluded an agreement on the Violator's own account or on the account of a Person with a Specified Relationship.

(3) The volume calculated pursuant to the provisions of Cabinet Order, referred to in Article 174-3, paragraph (6) of the Act, is the volume specified in the relevant of the items of Article 33-14-8, paragraph (2) for the category of transaction set forth in that item.

(Transactions Excluded from the Volume of Sales)

Article 33-14-6 (1) The cases in which the transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (8) of the Act are conducted are the cases in which a Person with a Specified Relationship is conducting the sale of the Securities which are not in person's possession or through the borrowing of the Securities or conducting the sale of the Commodities subject to the Violation which are not in the person's possession (limited to the sale thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on the person's own account.

(2) The transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (8) of the Act are the transactions set forth in Article 33-14-2, items (ii) to (vi) for which a Person with a Specified Relationship has concluded an agreement on the person's own account.

(3) The volume calculated pursuant to the provisions of Cabinet Order, referred to in Article 174-3, paragraph (8) of the Act, is the volume specified in the relevant of the items of Article 33-14-8, paragraph (2) for the category of transaction set forth in that item.

(Transactions Excluded from the Volume of Purchase)

Article 33-14-7 (1) The Commodities specified by Cabinet Order that are provided for in Article 174-3, paragraph (9) of the Act are the Commodities which the Person with a Specified Relationship has purchased (limited to the purchase thereof in Market Derivatives Transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on the

person's own account.

- (2) The transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (9) of the Act are the transactions set forth in Article 33-14-3, items (ii) to (vi) for which the Person with a Specified Relationship has concluded an agreement on the person's own account.
- (3) The volume calculated pursuant to the provisions of Cabinet Order, referred to in Article 174-3, paragraph (9) of the Act, is the volume specified in the relevant of the items of paragraph (2) of the following Article for the category of transaction set forth in that item.

(Matters Necessary for the Calculation of the Administrative Monetary Penalty for Stabilizing Transactions)

Article 33-14-8 (1) When the Securities Sale, etc. (meaning Securities Sale, etc. prescribed in Article 174-3, paragraph (2) of the Act; hereinafter the same applies in this Article) or the Securities Purchase, etc. (meaning Securities Purchases, etc. prescribed in Article 174-3, paragraph (3) of the Act; hereinafter the same applies in this Article) are any of the following transactions, the prices for the transactions set forth in the following items are those specified in that item:

- (i) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act: the Agreed Figure;
  - (ii) the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act: the amount receivable for Options;
  - (iii) the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act: the Interest Rates, etc. of a Financial Instrument or the Financial Indicator at the time of commencement of the agreed period for the calculation of the rate of change in those transactions or anything similar thereto;
  - (iii)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the Financial Indicator at the time of commencement of the agreed period for the calculation of the rate of change in those transactions;
  - (iv) the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act: the amount receivable for the rights to receive the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated advance occurs, or any amount similar thereto; and
  - (v) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act: the Agreed Figure or anything similar thereto.
- (2) In the case referred to in the preceding paragraph, the volume of the Securities Sale, etc. or Securities Purchase, etc. is that which is specified in the



relevant of the following items for the category of transaction set forth in that item:

- (i) the transactions set forth in item (i) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Agreed Figure set forth in that item and the Actual Figure by the volume;
  - (ii) the transactions set forth in item (ii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for Options referred to in that item by the volume;
  - (iii) the transactions set forth in item (iii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Interest Rates, etc. of a Financial Instrument or the Financial Indicator set forth in that item and the Interest Rates, etc. of a Financial Instruments or the Financial Indicator at the end of the agreed period by the volume, or any other volume similar thereto;
  - (iii)-2 the transactions set forth in item (iii)-2 of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Financial Indicator set forth in that item and the Financial Indicator at the end of the agreed period by the volume;
  - (iv) the transactions set forth in item (iv) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for the rights to receive money when the causes set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act as referred to in item (iv) of the preceding paragraph occur by the volume, or any other volume similar thereto; and
  - (v) the transactions set forth in item (v) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Agreed Figure referred to in that item and the Actual Figure by the volume, or any other volume similar thereto.
- (3) With regard to the calculation of the Administrative Monetary Penalty referred to in Article 174-3, paragraph (1) of the Act, in the following cases, it is deemed that a Reversing Trade (meaning the Securities Purchase, etc. in cases of the Securities Sale, etc. and the Securities Sale, etc. in cases of the Securities Purchase, etc.; the same applies in the following paragraph) has been conducted at the price specified in the respective item:
- (i) if the transactions set forth in Article 2, paragraph (21), item (ii) of the Act

- have been settled by the payment and receipt of money based on an Actual Figure: the Actual Figure;
- (ii) if the payment and receipt of money has been made based on the rate of change of the Interest Rates, etc. of a Financial Instrument or the Financial Indicator subject to a Violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act: the Interest Rates, etc. of a Financial Instrument or the Financial Indicator at the end of the agreed period related to the calculation of the rate of change, or anything similar thereto;
  - (ii)-2 if the payment and receipt of money has been made based on the rate of change of the Financial Indicator subject to a Violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the Financial Indicator at the end of the agreed period related to the calculation of the rate of change;
  - (iii) if the transactions set forth in Article 2, paragraph (22), item (ii) of the Act have been settled by the payment and receipt of money based on an Actual Figure or any other cases similar thereto: the Actual Figure or anything similar thereto; and
  - (iv) with regard to the transactions set forth in Article 2, paragraph (22), item (iv) of the Act, if the payment and receipt of money have been made by the manifestations of intention of the parties or any other cases similar thereto: the amount receivable for Options at the time when the manifestations were made.
- (4) With regard to the calculation of the Administrative Monetary Penalty under Article 174-3, paragraph (1) of the Act, in the cases referred to in the following items, it is deemed that a Reversing Trade has been conducted at the time specified in that item. In this case, the price for the Reversing Trade is zero:
- (i) if the Options to undertake the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act have extinguished (excluding the extinguishment by the cause set forth in item (iv) of the preceding paragraph; hereinafter the same applies in this item): the time when the Options have extinguished; or
  - (ii) if the Rights (meaning the rights to receive the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated advance occurs) to undertake the transaction set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act have extinguished: the time when the Rights have extinguished.
- (5) With regard to the calculation of the amounts set forth in Article 174-3, paragraph (1), item (i), (a) and (b) of the Act, the Securities Sale, etc. (if the volume obtained by adding up the volume of the Securities Sale, etc. and the

volume of the Securities Sale, etc. made on the person's own account subject to the Violation exceeds the volume of Securities Purchase, etc. made on the person's own account subject to the Violation, the Securities Sale, etc. related to the exceeding volume is excluded) or the Securities Purchase, etc. (if the volume obtained by adding up the volume of the Securities Purchase, etc. and the volume of the Securities Purchase, etc. made on the person's own account subject to the Violation exceeds the volume of Securities Sale, etc. made on the person's own account subject to the Violation, the Securities Purchase, etc. related to the exceeding volume is excluded) conducted by the Violator on the person's own account with regard to the Listed Financial Instruments, etc. (meaning the Listed Financial Instruments, etc. prescribed in Article 174-3, paragraph (1), item (ii), (a) of the Act) or Over-the-Counter Traded Securities subject to the Violation within one month after the day on which the Violation has ended is deemed to be subject to the Violation.

- (6) With regard to the calculation of the amount set forth in Article 174-3, paragraph (1), item (i), (a) or (b) of the Act, among the Securities Sale, etc. or the Securities Purchase, etc. made on the person's own account subject to a Violation, those related to the volume which exceeds the volume of Securities Sale, etc. or the volume of the Securities Purchase, etc., whichever is smaller, made on the Violator's own account subject to the Violation are not deemed to fall under the category of Securities Sale, etc. or Purchase, etc. subject to the Violation.

(Securities Sale for the Calculation of the Administrative Monetary Penalty for Transactions Conducted by Company Insiders That Have Come to Know a Material Fact)

Article 33-15 The transactions specified by Cabinet Order that are provided for in Article 175, paragraph (3) of the Act are the following transactions:

- (i) the sale and any other transfer for value of Securities;
- (ii) having another succeed to Securities through a merger or split;
- (iii) a transaction as set forth in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to pay the money if the Actual Figure exceeds the Agreed Figure);
- (iv) a transaction as set forth in Article 2, paragraph (21), item (iii) of the Act (limited to one in which the person in question will be the party to grant the Option);
- (v) a transaction as set forth in Article 2, paragraph (21), item (iv) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with Specified or

- Related Securities or Share Certificates, etc. (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to);
- (vi) a transaction as set forth in Article 2, paragraph (21), item (v) of the Act (limited to one in which the person in question will be the party to pay the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) of the Act that the parties have stipulated advance occurs);
  - (vii) Foreign Market Derivatives Transactions (limited to those similar to the transactions set forth in item (iii) to the preceding item);
  - (viii) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act (limited to one in which the person in question will be the party to pay the money if the Actual Figure exceeds the Agreed Figure; or anything similar thereto);
  - (ix) a transaction as set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to grant the Option; or anything similar thereto);
  - (x) a transaction as set forth in Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with Specified or Related Securities or the Share Certificates, etc. (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or anything similar thereto); and
  - (xi) a transaction as set forth in Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to pay the money if the cause set forth in Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated in advance occurs; or anything similar thereto).

(Securities Purchase for the Calculation of the Administrative Monetary Penalty for Transactions Conducted by Company Insiders That Have Come to

Know a Material Fact)

Article 33-16 The transactions specified by Cabinet Order that are provided for in Article 175, paragraph (4) of the Act are the following transactions:

- (i) the purchase or other acquisition for value of Securities;
- (ii) succeeding to Securities through a merger or split;
- (iii) a transaction as specified in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure);
- (iv) a transaction as set forth in Article 2, paragraph (21), item (iii) of the Act (limited to one in which the person in question will be the party to acquire the Option);
- (v) a transaction as set forth in Article 2, paragraph (21), item (iv) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with Specified or Related Securities or Share Certificates, etc. (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) in which the person in question will be the party to receive the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to);
- (vi) a transaction as set forth in Article 2, paragraph (21), item (v) of the Act (limited to one in which the person in question will be the party to receive the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) of the Act that the parties have stipulated advance occurs);
- (vii) Foreign Market Derivatives Transactions (limited to those similar to the transactions set forth in item (iii) to the preceding item);
- (viii) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure; or anything similar thereto);
- (ix) a transaction as set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to acquire Options; or anything similar thereto);
- (x) a transaction as set forth in Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with Specified or

Related Securities or Share Certificates, etc. (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to receive the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or anything similar thereto); and

- (xi) a transaction as set forth in Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to receive the money if the cause set forth in Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated in advance occurs; or anything similar thereto).

(Matters Necessary for the Calculation of the Administrative Monetary Penalty for Transactions Conducted by Company Insiders That Have Come to Know a Material Fact)

- Article 33-17 (1) When the Securities Sale, etc. set forth in Article 175, paragraph (3) of the Act or the Securities Purchase, etc. set forth in paragraph (4) of that Article are any of the following transactions, the prices for the transactions set forth in the following items are those specified in that item:
- (i) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (including Foreign Market Derivatives Transactions similar thereto): the Agreed Figure (in cases of a Foreign Market Derivatives Transaction, that equivalent to the Agreed Figure);
  - (ii) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (including Foreign Market Derivatives Transactions similar thereto) or the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act: the amount receivable for Options;
  - (iii) the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (including Foreign Market Derivatives Transactions similar thereto) or the transactions set forth in Article 2, paragraph (22), item (v) of the Act: the Interest Rates, etc. of a Financial Instrument or the Financial Indicator at the time of commencement of the agreed period related to the calculation of the rate of change in those transactions or anything similar thereto;
  - (iv) the transactions set forth in Article 2, paragraph (21), item (v) of the Act (including Foreign Market Derivatives Transactions similar thereto) or the transactions set forth in Article 2, paragraph (22), item (vi) of the Act: the amount receivable for the rights to receive the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated advance occurs or

- any amount similar thereto; and
- (v) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act: the Agreed Figure or anything similar thereto.
- (2) In the case referred to in the preceding paragraph, the volume of the Securities Sale, etc. or Securities Purchase, etc. is that which is specified in the relevant of the following items for the category of transaction set forth in that item:
- (i) the transactions set forth in item (i) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Agreed Figure set forth in that item and the Actual Figure by the volume, or any other volume similar thereto;
- (ii) the transactions set forth in item (ii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for Options referred to in that item by the volume;
- (iii) the transactions set forth in item (iii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Interest Rates, etc. of a Financial Instrument or the Financial Indicator set forth in that item and the Interest Rates, etc. of a Financial Instruments or the Financial Indicator at the end of the agreed period by the volume, or any other volume similar thereto;
- (iv) the transactions set forth in item (iv) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for the rights to receive money when the causes set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act as referred to in item (iv) of the preceding paragraph occur by the volume or any other volume similar thereto; and
- (v) the transaction set forth in item (v) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Agreed Figure referred to in that item and the Actual Figure by the volume, or any other volume similar thereto.

(Sale of Specified or Related Securities for the Calculation of the Administrative Monetary Penalty for Providing Information on Unpublished Material Facts)

Article 33-18 The transactions specified by Cabinet Order that are provided for in Article 175-2, paragraph (5) of the Act are the following transactions:

- (i) the sale or other transfer for value of Specified or Related Securities;
- (ii) having another person succeed to Specified or Related Securities through a merger or split;
- (iii) a transaction as set forth in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to pay the money if the Actual Figure exceeds the Agreed Figure);
- (iv) a transaction as set forth in Article 2, paragraph (21), item (iii) of the Act (limited to one in which the person in question will be the party to grant the Option);
- (v) a transaction as set forth in Article 2, paragraph (21), item (iv) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with Specified or Related Securities (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to);
- (vi) a transaction as set forth in Article 2, paragraph (21), item (v) of the Act (limited to one in which the person in question will be the party to pay the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) of the Act that the parties have stipulated advance occurs);
- (vii) Foreign Market Derivatives Transactions (limited to those similar to the transactions set forth in item (iii) to the preceding item);
- (viii) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act (limited to one in which the person in question will be the party to pay the money if the Actual Figure exceeds the Agreed Figure; or anything similar thereto);
- (ix) a transaction as set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to grant the Option; or anything similar thereto);
- (x) a transaction as set forth in Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with Specified or Related Securities (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay



- or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or anything similar thereto); and
- (xi) a transaction as set forth in Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to pay the money if the cause set forth in Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated in advance occurs; or anything similar thereto).

(Purchase of Specified or Related Securities for the Calculation of the Administrative Monetary Penalty for Providing Information on Unpublished Material Facts)

Article 33-19 The transactions specified by Cabinet Order that are provided for in Article 175-2, paragraph (7) of the Act are the following transactions:

- (i) the purchase or other acquisition for value of Specified or Related Securities;
- (ii) succeeding to Specified or Related Securities through a merger or split;
- (iii) a transaction as set forth in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure);
- (iv) a transaction as set forth in Article 2, paragraph (21), item (iii) of the Act (limited to one in which the person in question will be the party to acquire the Option);
- (v) a transaction as set forth in Article 2, paragraph (21), item (iv) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with Specified or Related Securities (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) in which the person in question will be the party to receive the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to);
- (vi) a transaction as set forth in Article 2, paragraph (21), item (v) of the Act (limited to one in which the person in question will be the party to receive the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) of the Act that the parties have stipulated advance occurs);

- (vii) Foreign Market Derivatives Transactions (limited to those similar to the transactions set forth in item (iii) to the preceding item);
- (viii) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure; or anything similar thereto);
- (ix) a transaction as set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to acquire the Option; or anything similar thereto);
- (x) a transaction as set forth in Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with Specified or Related Securities (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to receive the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or anything similar thereto); and
- (xi) a transaction as set forth in Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to receive the money if the cause set forth in Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated in advance occurs; or anything similar thereto).

(Sale of Share Certificates for the Calculation of the Administrative Monetary Penalty for Providing Information on Unpublished Facts of the Tender Offer)  
 Article 33-20 The transactions specified by Cabinet Order that are provided for in Article 175-2, paragraph (9) of the Act are the following transactions:

- (i) the sale or other transfer for value of Share Certificates, etc.;
- (ii) having another person succeed to Share Certificates, etc. through a merger or split;
- (iii) a transaction as set forth in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to pay the money if the Actual Figure exceeds the Agreed Figure);
- (iv) a transaction as set forth in Article 2, paragraph (21), item (iii) of the Act (limited to one in which the person in question will be the party to grant the Option; or anything similar thereto);
- (v) a transaction as set forth in Article 2, paragraph (21), item (iv) of the Act

- (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with Share Certificates, etc. (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to);
- (vi) a transaction as set forth in Article 2, paragraph (21), item (v) of the Act (limited to one in which the person in question will be the party to pay the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) of the Act that the parties have stipulated advance occurs);
  - (vii) a Foreign Market Derivatives Transaction (limited to one that is similar to a transaction as set forth in item (iii) to the preceding item);
  - (viii) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act (limited to one in which the person in question will be the party to pay the money if the Actual Figure exceeds the Agreed Figure; or anything similar thereto);
  - (ix) a transaction as set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to grant the Option; or anything similar thereto);
  - (x) a transaction as set forth in Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with Share Certificates, etc. (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to pay the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or anything similar thereto); and
  - (xi) a transaction as set forth in Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to pay the money if the cause set forth in Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated in advance occurs; or anything similar thereto).

(Purchase of Share Certificates for the Calculation of the Administrative Monetary Penalty for Providing Information on Unpublished Facts of the Tender Offer)

Article 33-21 The transactions specified by Cabinet Order that are provided for in Article 175-2, paragraph (11) of the Act are the following transactions:

- (i) the purchase or other acquisition for value of Share Certificates, etc.;
- (ii) succeeding to Share Certificates, etc. through a merger or split;
- (iii) a transaction as set forth in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure);
- (iv) a transaction as set forth in Article 2, paragraph (21), item (iii) of the Act (limited to one in which the person in question will be the party to acquire the Option);
- (v) a transaction as set forth in Article 2, paragraph (21), item (iv) of the Act (limited to one involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with Share Certificates, etc. (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) in which the person in question will be the party to receive the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to);
- (vi) a transaction as set forth in Article 2, paragraph (21), item (v) of the Act (limited to one in which the person in question will be the party to receive the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) of the Act that the parties have stipulated advance occurs);
- (vii) a Foreign Market Derivatives Transaction (limited to one similar to a transaction as set forth in item (iii) to the preceding item);
- (viii) a transaction as set forth in Article 2, paragraph (22), item (ii) of the Act (limited to one in which the person in question will be the party to receive the money if the Actual Figure exceeds the Agreed Figure; or anything similar thereto);
- (ix) a transaction as set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to one in which the person in question will be the party to acquire the Option; or anything similar thereto);
- (x) a transaction as set forth in Article 2, paragraph (22), item (v) of the Act (limited to one involving a transaction comprising the parties' promises to

pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the Interest Rate, etc. of a Financial Instrument, or in a Financial Indicator, that is connected with Share Certificates, etc. (including a transaction wherein the parties promise that, in addition to paying and receiving that amount of money, they will also pay or deliver and receive money or Financial Instruments equivalent to the amount they have set as the principal) or anything similar thereto, in which the person in question will be the party to receive the money if the Interest Rate, etc. of the Financial Instrument or the Financial Indicator goes up during the period they have agreed to; or anything similar thereto); and (xi) a transaction as set forth in Article 2, paragraph (22), item (vi) of the Act (limited to one in which the person in question will be the party to receive the money if the cause set forth in Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated in advance occurs; or anything similar thereto).

(Matters Necessary for the Calculation of the Administrative Monetary Penalty for Providing Information on Unpublished Material Facts)

Article 33-22 (1) When the Sale, etc. of Specified or Related Securities set forth in Article 175-2, paragraph (5) of the Act or the Purchase, etc. of Specified or Related Securities set forth in paragraph (7) of that Article, or the Sale, etc. of Share Certificates, etc. set forth in paragraph (9) of that Article or the Purchase, etc. of Share Certificates, etc. set forth in paragraph (11) of that Article are any of the following transactions, the prices for the transactions set forth in the following items are those specified in that item:

- (i) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (including Foreign Market Derivatives Transactions similar thereto): the Agreed Figure (in cases of a Foreign Market Derivatives Transaction, that equivalent to the Agreed Figure);
- (ii) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (including Foreign Market Derivatives Transactions similar thereto) or the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act: the amount receivable for Options;
- (iii) the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (including Foreign Market Derivatives Transactions similar thereto) or the transactions set forth in Article 2, paragraph (22), item (v) of the Act: the Interest Rates, etc. of a Financial Instrument or the Financial Indicator at the time of commencement of the agreed period related to the calculation of the rate of change in those transactions or anything similar thereto;
- (iv) the transactions set forth in Article 2, paragraph (21), item (v) of the Act (including Foreign Market Derivatives Transactions similar thereto) or the

- transactions set forth in Article 2, paragraph (22), item (vi) of the Act: the amount receivable for the rights to receive the money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act that the parties have stipulated advance occurs or any amount similar thereto; and
- (v) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act: the Agreed Figure or anything similar thereto.
- (2) In the case referred to in the preceding paragraph, the volume of the Sale, etc. of Specified or Related Securities or Purchase, etc. of Specified or Related Securities, or of the Sale, etc. of Share Certificates, etc. or Share Certificates Purchase, etc., etc. is that which is specified in the relevant of the following items for the category of transaction set forth in that item:
- (i) the transactions set forth in item (i) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Agreed Figure set forth in that item and the Actual Figure by the volume, or any other volume similar thereto;
- (ii) the transactions set forth in item (ii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for Options referred to in that item by the volume;
- (iii) the transactions set forth in item (iii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Interest Rates, etc. of a Financial Instrument or the Financial Indicator set forth in that item and the Interest Rates, etc. of a Financial Instrument or the Financial Indicator at the end of the agreed period by the volume, or any other volume similar thereto;
- (iv) the transactions set forth in item (iv) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for the rights to receive money when the causes set forth in Article 2, paragraph (21), item (v), (a) or (b) or Article 2, paragraph (22), item (vi), (a) or (b) of the Act as referred to in item (iv) of the preceding paragraph occur by the volume or any other volume similar thereto; and
- (v) the transaction set forth in item (v) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the Agreed Figure referred to in that item and the Actual Figure by the volume, or any other volume similar thereto.

## Chapter VII Miscellaneous Provisions

(Consultation)

Article 34 Before taking the measures referred to in Article 189, paragraph (4) of the Act, the Minister of Justice, the Minister of Foreign Affairs, the National Public Safety Commission and the Commissioner of the Financial Services Agency are to hold a consultation with regard to those measures.

(Things Similar to Money)

Article 34-2 That which is specified by Cabinet Order as provided in Article 192, paragraph (1), item (ii) of the Act means the things set forth in the items of Article 1-3.

(Persons Required to Obtain Audit Certification by a Certified Public Accountant)

Article 35 (1) The persons specified by Cabinet Order that are provided for in Article 193-2, paragraph (1) of the Act are the following persons (excluding the issuer of the Securities specified in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the Securities set forth in Article 2, paragraph (1), items (i) to (iii) or item (vi) of the Act):

(i) a person that seeks to make a notification under the provisions of Article 4, paragraphs (1) to (3) of the Act; and

(ii) the issuer of the Securities set forth in the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act).

(2) The Securities specified by Cabinet Order that are provided for in Article 193-2, paragraph (1), item (i) of the Act are as follows:

(i) the beneficiary securities of a foreign investment trust set forth in Article 2, paragraph (1), item (x) of the Act;

(ii) the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act;

(iii) beneficiary securities of beneficiary securities issuing trusts set forth in Article 2, paragraph (1), item (xiv) of the Act (limited to those issued by a foreign person);

(iv) the Securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the Securities set forth in Article 2, paragraph (1), items (iv), (v), (vii) to (ix) or items (xii) to (xvi) of the Act;

(v) the Securities set forth in Article 2, paragraph (1), item (xviii) of the Act;

(vi) the Securities set forth in Article 2, paragraph (1), item (xix) or (xx) of the Act (limited to those issued by a foreign person);

(vii) the instruments or certificates set forth in Article 1, item (i); and

(viii) the rights set forth in Article 2, paragraph (2), item (ii), (iv) or (vi) of the Act which are deemed to be Securities pursuant to the provisions of Article 2, paragraph (2) of the Act.

(Audit Certification for Internal Control Reports)

Article 35-2 The persons specified by Cabinet Order that are provided for in Article 193-2, paragraph (2) of the Act are the issuers of the Securities set forth in Article 24, paragraph (1), item (i) or (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) (limited to the Securities set forth in the items of Article 4-2-7, paragraph (1)).

(First Day for the Calculation of the Period During Which the Listed Company Is Exempted from the Audit Certification for Internal Control Reports)

Article 35-3 The day specified by Cabinet Order that is provided for in Article 193-2, paragraph (2), item (iv) of the Act is the day on which the Listed Company, etc. first became the Issuer of the Securities (limited to those set forth in the items of Article 4-2-7, paragraph (1)) set forth in Article 24, paragraph (1), item (i) or (ii) (including as applied mutatis pursuant to Article 27 of the Act) (if that day is within three months from the start of the business year of the Issuer, the day on which three months have elapsed from the start of the business year).

(Period for Rectification of the Violation of Laws and Regulations or Any Other Measures in Relation to the Fact Constituting a Violation of Laws and Regulations)

Article 36 The period specified by Cabinet Order that is provided for in Article 193-3, paragraph (2) of the Act is a period from the day on which the notification under paragraph (1) of that Article has been made (hereinafter such a day is referred to as the "Notification Day" in this Article) until any of the following days, whichever arrives first, after the Notification Day:

- (i) the day six weeks prior to the deadline for the submission of an Annual Securities Report set forth in Article 24, paragraph (1) of the Act, or the day on which two weeks have elapsed from the Notification Day, whichever comes later (if such a day is the day on or after the deadline for submission, the day immediately preceding the deadline for submission); and
- (ii) the day immediately preceding the deadline for submitting a Quarterly Securities Report set forth in Article 24-4-7, paragraph (1) of the Act or a Semiannual Securities Report set forth in Article 24-5, paragraph (1) of the Act.

(Solicitation to Exercise Voting Rights of Listed Shares by Proxy)



Article 36-2 (1) A person that seeks to make the Solicitation to Exercise Voting Rights of Listed Shares by Proxy (meaning, with regard to the shares of a company issuing shares listed on a Financial Instruments Exchange as referred to in Article 194 of the Act, solicitation for having the person or a third party exercise voting rights by proxy; the same applies in Article 36-4 to Article 36-6) (hereinafter such a person is referred to as the "Solicitor" in this Article to Article 36-4) must deliver a proxy card and documents containing the particulars specified by Cabinet Office Order as being helpful for granting the authority of representation (hereinafter such documents are referred to as the "Reference Documents" in this Article to Article 36-5) to the other party (hereinafter referred to as the "Solicited Person" in this Article to Article 36-6) in making the solicitation.

(2) A Solicitor may, in lieu of delivering the proxy card or Reference Documents under the preceding paragraph, provide the particulars to be contained in the proxy card or Reference Documents by means of using an electronic data processing system or any other application of information and communications technology and that is specified by Cabinet Office Order (hereinafter referred to as "electronic or magnetic means" in this Article) with the consent of the Solicited Person. In this case, the Solicitor is deemed to have delivered the proxy card or the Reference Documents.

(3) When seeking to provide the particulars set forth in the preceding paragraph pursuant to the first sentence of that paragraph, a Solicitor, in advance and pursuant to the provisions of Cabinet Office Order, must indicate to the Solicited Person the type and substance of the electronic or magnetic means it will use and obtain consent for this in written form or by electronic or magnetic means.

(4) If a Solicitor that has obtained consent under the preceding paragraph receives a notice from the Solicited Person, either in written form or by electronic or magnetic means, indicating that the Solicited Person is not willing to be provided with particulars by electronic or magnetic means, the Solicitor must not use electronic or magnetic means to provide the Solicited Person with the particulars set forth in paragraph (2); provided, however, that this does not apply if the Solicited Person has once again given consent under the preceding paragraph.

(5) The form of the proxy card under paragraph (1) is specified by Cabinet Office Order.

(Submission of the Proxy Card and Reference Documents)

Article 36-3 When the Solicitor has delivered the proxy card and Reference Documents under paragraph (1) of the preceding Article (excluding the cases specified by Cabinet Office Order), it must immediately submit a copy of these

documents (including any electronic or magnetic record as specified by Cabinet Office Order, if an electronic or magnetic record has been prepared in lieu of the preparation of those documents, or the documents containing the particulars recorded in the electronic or magnetic record; the same applies in Article 43-11) to the Commissioner of the Financial Services Agency.

(Prohibition of Solicitation by Using Documents Containing False Statements)

Article 36-4 A Solicitor must not make a Solicitation to Exercise Voting Rights of Listed Shares by Proxy by using a proxy card, Reference Documents or any other documents, or an electronic or magnetic record (hereinafter collectively referred to as the "Proxy Card, etc." in Article 36-6, paragraph (1)) which contains a false statement about a material particular, omits a statement as to a material particular that is required to be stated, or omits a statement of material fact that is necessary to prevent it from being misleading.

(Request of Delivery of Reference Documents)

Article 36-5 (1) If the Solicitation to Exercise Voting Rights of Listed Shares by Proxy is made by or for the company issuing shares, the shareholders of the company may request the company to deliver the Reference Documents by paying the costs fixed by the company.

(2) The provisions of Article 36-2, paragraphs (2) to (4) apply mutatis mutandis to the delivery of Reference Documents in the case referred to in the preceding paragraph.

(Exclusion from Application)

Article 36-6 (1) In the following cases, the provisions of Article 36-2 to the preceding Article do not apply:

(i) a Solicitation to Exercise Voting Rights of Listed Shares by Proxy made by persons other than the company issuing the respective shares or the officers thereof and in which the Solicited Persons are less than 10 persons;

(ii) a Solicitation to Exercise Voting Rights of Listed Shares by Proxy made through an advertisement in a daily newspaper that publishes information on current affairs which indicates only the name of the issuer company, the reason for the advertisement, the subject matter of the shareholders meeting, and the place where the Proxy Card, etc. is provided; and

(iii) if the person that holds shares in another person's name makes a Solicitation to Exercise Voting Rights of Listed Shares by Proxy to the other person with regard to the voting rights of shares.

(2) With regard to the calculation of the number of Solicited Persons in the case referred to in item (i) of the preceding paragraph, the Solicited Persons in the case of item (iii) of the preceding paragraph are excluded.

(Application of This Act to Transactions on Foreign Financial Instruments Markets)

Article 36-7 With regard to the application of this Act, the standardized instruments created by standardizing the interest rate, the maturity period, and other conditions for transactions similar to Market Derivatives Transactions (limited to transactions comprising the parties' promises to pay and receive an amount of money based on the Agreed Figure and Actual Figure) on a Foreign Financial Instruments Market are deemed to be a Financial Instrument.

(Consultation with the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry)

Article 37 (1) The rights specified by Cabinet Order that are provided for in Article 194-6, paragraph (1) of the Act are those which are any of the following:

- (i) rights in investment to be conducted by way of Commodities Investment;
- (ii) rights in investment to be conducted by way of acquisition (including production), transfer, or use of the goods set forth in any of the following, or by way of having those goods used:

- (a) Specified Commodities (meaning the Specified Commodities set forth in Article 2, paragraph (1), item (i) of the Act on Regulation of Commodity Investment);
- (b) racehorses;
- (c) movies;
- (d) paintings; and
- (e) mining rights.

(2) The Cabinet Office Order specified by Cabinet Order that is provided for in Article 194-6, paragraph (1) of the Act is those set forth in the following items provided with regard to the business referred to in Article 194-6, paragraph (1) of the Act (hereinafter such business is referred to as the "Business Related to Commodities Investment" in this Article):

- (i) the Cabinet Office Order under Article 37, paragraph (1) of the Act;
- (ii) the Cabinet Office Order under Article 37, paragraph (2) of the Act;
- (iii) the Cabinet Office Order under the main clause of Article 37-3, paragraph (1) of the Act;
- (iv) the Cabinet Office Order under the proviso to Article 37-3, paragraph (1) of the Act;
- (v) the Cabinet Office Order under Article 37-3, paragraph (1), item (iv) of the Act;
- (vi) the Cabinet Office Order under Article 37-3, paragraph (1), item (vii) of the Act;

- (vii) the Cabinet Office Order under the main clause of Article 37-4, paragraph (1) of the Act;
  - (viii) the Cabinet Office Order under the proviso to Article 37-4, paragraph (1) of the Act; and
  - (ix) the Cabinet Office Order under Article 40-3 of the Act.
- (3) The order or other disposition specified by Cabinet Order under Article 194-6, paragraph (1) of the Act is the following orders or dispositions given in relation to the Business Related to Commodities Investment:
- (i) the order based on the provisions of Article 51 of the Act;
  - (ii) the order based on the provisions of Article 51-2 of the Act;
  - (iii) the disposition based on the provisions of Article 52, paragraph (1) of the Act;
  - (iv) the order based on the provisions of Article 52, paragraph (2) of the Act;
  - (v) the disposition based on the provisions of Article 52-2, paragraph (1) of the Act; and
  - (vi) the order based on the provisions of Article 52-2, paragraph (2) of the Act.
- (4) The notification specified by Cabinet Order that is provided for in Article 194-6, paragraph (1) of the Act is based on the following provisions in relation to the Business Related to Commodities Investment:
- (i) Article 31, paragraph (1) of the Act;
  - (ii) Article 31, paragraph (3) of the Act;
  - (iii) Article 33-6, paragraph (1) of the Act;
  - (iv) Article 33-6, paragraph (3) of the Act;
  - (v) Article 50, paragraph (1) of the Act; and
  - (vi) Article 50-2, paragraph (1) of the Act.
- (5) Before prescribing the Cabinet Office Order set forth in the items of paragraph (2), with regard to the Business Related to Commodities Investment, the Prime Minister is to consult with the relevant of the Ministers specified in the following items for the category of Cabinet Office Order set forth in that item:
- (i) the Cabinet Office Order for the particulars concerning solely Business Related to Investment in Agriculture, Forestry and Fisheries Goods, etc. (meaning Business Related to Commodities Investment that covers only the goods set forth in paragraph (1), item (ii), (b) or the Goods, etc. Related to Agriculture, Forestry and Fisheries prescribed in Article 11, paragraph (2), item (i) of the Order for Enforcement of the Act on Regulation of Commodity Investment (Order No. 45 of 1992); the same applies hereinafter): the Minister of Agriculture, Forestry and Fisheries;
  - (ii) the Cabinet Office Order for particulars concerning solely Business Related to Investment in Economy, Trade and Industry Goods, etc. (meaning the Business Related to Commodities Investment that covers only the goods set

- forth in paragraph (1), item (ii), (c) to (e) or the Goods, etc. Related to Economy, Trade and Industry defined in the proviso to Article 11, paragraph (1) of the Order for Enforcement of the Act on Regulation of Commodity Investment; the same applies hereinafter): the Minister of Economy, Trade and Industry; and
- (iii) the Cabinet Office Order for particulars concerning Business Related to Commodities Investment for goods other than those set forth in the preceding two items: the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry.
- (6) Before reaching a disposition set forth in the items of paragraph (3), the Commissioner of the Financial Services Agency must first consult with the relevant of the Ministers specified in the following items for the category of disposition set forth in that item:
- (i) a disposition made for Business Related to Investment in Agriculture, Forestry and Fisheries Goods, etc.: the Minister of Agriculture, Forestry and Fisheries;
- (ii) a disposition made for Business Related to Investment in Economy, Trade and Industry Goods, etc.: the Minister of Economy, Trade and Industry; and
- (iii) a disposition made for Business Related to Commodities Investment other than those set forth in the preceding two items: the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry.
- (7) If a notification under the items of paragraph (4), an application for registration under Article 29 or Article 33 of the Act, or the registration of changes under Article 31, paragraph (4) of the Act has been made with regard to Business Related to Commodities Investment, the Commissioner of the Financial Services Agency is to notify the relevant of the Ministers specified in the following items for the category of notification or application set forth in that item:
- (i) a notification, or an application for registration or for registration of changes, for Business Related to Investment in Agriculture, Forestry and Fisheries Goods, etc.: the Minister of Agriculture, Forestry and Fisheries;
- (ii) a notification, or an application for registration or for registration of changes, for Business Related to Investment in Economy, Trade and Industry Goods, etc.: the Minister of Economy, Trade and Industry; and
- (iii) a notification, or an application for registration or for registration of changes, for Business Related to Commodities Investment other than those set forth in the preceding two items: the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry.

(Consultation with the Minister Having Jurisdiction Over a Commodity Market)

Article 37-2 (1) The particulars specified by Cabinet Order that are provided for in Article 194-6-2, item (ii), (c) of the Act are as follows:

- (i) the commencement and end of the transaction; and
- (ii) particulars relating to limitations of the fluctuations in the quotations or the volume of transactions for which settlement has not been completed.

(2) The orders specified by Cabinet Order that are provided for in Article 194-6-2, item (ii), (e) of the Act are as follows:

- (i) an order to change the operational rules concerning the commencement and end of the transaction; and
- (ii) an order to change the operational rules concerning particulars relating to limitations of the fluctuations in the quotations or the volume of transactions for which settlement has not been completed, or detailed regulations thereof.

### **Chapter VIII Delegation of Authority**

(Authority Excluded from the Authorities Delegated to the Commissioner of the Financial Services Agency)

Article 37-3 The authority specified by Cabinet Order that is provided for in Article 194-7, paragraph (1) of the Act is as follows:

- (i) the authorization under Article 67-2, paragraph (2) and Article 79-31, paragraph (2) of the Act;
- (ii) the rescission of the authorization under Article 67-2, paragraph (2) of the Act pursuant to the provisions of Article 67-6 and Article 74, paragraph (1) of the Act;
- (iii) the rescission of the authorization under Article 79-31, paragraph (2) of the Act pursuant to Article 79-76 of the Act;
- (iv) the license under Article 80, paragraph (1) of the Act;
- (v) the authorization under the provisions of Article 106-10, paragraph (1) of the Act and the proviso to paragraph (3) of that Article;
- (vi) the rescission of the authorization under Article 106-10, paragraph (1) of the Act or the proviso to paragraph (3) of that Article pursuant to the provisions of Article 106-26 and Article 106-28, paragraph (1) of the Act;
- (vii) the rescission of the license under Article 80, paragraph (1) of the Act pursuant to the provisions of Article 148 and Article 152, paragraph (1), item (i) of the Act;
- (viii) the order for suspension of all or part of business following a cabinet decision pursuant to Article 152, paragraph (1), item (ii) of the Act;
- (ix) the authorization under Article 155, paragraph (1) of the Act;
- (x) the rescission of the authorization under Article 155, paragraph (1) of the Act pursuant to the provisions of Article 155-6 and Article 155-10, paragraph (1) of the Act;

- (xi) the license under Article 156-2 of the Act;
- (xii) the rescission of the license under Article 156-2 of the Act pursuant to the provisions of Article 156-17 of the Act and the rescission of the approval under Article 156-19, paragraph (1) of the Act pursuant to the provisions of Article 156-17, paragraph (2) of the Act;
- (xiii) the approval under Article 156-19, paragraph (1) of the Act;
- (xiv)-1 the rescission of the approval under Article 156-19, paragraph (1) of the Act pursuant to the provisions of Article 156-20, paragraph (1) of the Act;
- (xiv)-2 the license under Article 156-20-2 of the Act;
- (xiv)-3 the rescission of the license under Article 156-20-2 of the Act pursuant to the provisions of Article 156-20-14 of the Act;
- (xiv)-4 the authorization under Article 156-20-16, paragraph (1) of the Act;
- (xiv)-5 the rescission of the authorization under Article 156-20-16, paragraph (1) of the Act pursuant to the provisions of Article 156-20-20 and Article 156-20-22 of the Act;
- (xv) the license under Article 156-24, paragraph (1) of the Act;
- (xvi) the rescission of the license under Article 156-24, paragraph (1) of the Act pursuant to the provisions of Article 148 of the Act as applied mutatis mutandis pursuant to Article 156-26 of the Act or the provisions of Article 156-32, paragraph (1) of the Act;
- (xvii) the notice under Article 194-4, paragraph (1), items (x), (xi), (xv), (xix), (xxiii), (xxv), (xxviii), (xxxi) to (xxxiii), (xxxv), (xxxvi), (xxxviii)-2, (xxxviii)-3, (xxxviii)-6, (xxxviii)-7, (xxxix), and (xl) of the Act; and
- (xviii) the notice under Article 194-6-3, items (ii) and (iv) of the Act.

(Delegation of the Authority of Inspection for Securing Fairness in

Transactions to the Securities and Exchange Surveillance Commission)

Article 38 (1) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (i) of the Act are the provisions of Article 30-2, paragraph (1) of the Act (limited to the part related to the conditions concerning the restriction on business for securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc. (meaning the Derivatives Transactions, etc. defined in Article 33, paragraph (3) of the Act; hereinafter the same applies in this Article and Article 45)), Article 35-3 (limited to those for securing fairness in purchase and sales or other transactions of Securities), Article 36, paragraph (2), Article 37 to Article 37-6, Article 38 to Article 39, and Article 40 of the Act (with regard to Article 40, item (ii), limited to those for securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc.), Article 40-2, Article 40-4 to Article 40-6, Article 41-2, Article 42-2, Article 42-7, Article 44 to Article 44-4, Article 133, paragraph (1), Article 157 to Article 159, Article 162

and Article 163 to Article 171, and Article 185-22 to Article 185-24 (limited to the part pertaining to the cryptoassets-related derivatives transactions, etc. prescribed in Article 185-22, paragraph (1), item (i) of the Act; hereinafter the same applies in this Article) of the Act, and the provisions of Cabinet Office Order based on the provisions of Article 161, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 161, paragraph (2) of the Act) and Article 162-2 of the Act.

- (2) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (ii) of the Act are the provisions of Article 60, paragraph (2) of the Act (limited to the part related to the conditions concerning the restriction on business for securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc., and including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act), Article 35-3 of the Act (limited to those for securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc.), Article 38 of the Act (limited to the part that involves items (viii) and (ix)) and Article 40 of the Act (limited to the part that involves item (ii) and which is for securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc.) as applied mutatis mutandis pursuant to Article 60-13 of the Act, the provisions of Article 133, paragraph (1), Article 157 to Article 159, Article 162, Article 163 to Article 171, and Article 185-22 to Article 185-24 of the Act, and the provisions of Cabinet Office Order based on the provisions of Article 161, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (2) of that Article) and Article 162-2 of the Act.
- (3) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (ii)-2 of the Act are the provisions of Article 37, Article 37-3, Article 37-4, Article 38 (limited to the part that involves items (i), (ii), and (ix)), Article 39 (excluding paragraphs (4) and (6)), Article 40 (with regard to Article 40, item (ii) of the Act, limited to those for securing fairness in the acts set forth in the items of Article 63, paragraph (1) of the Act), Article 42-2, Article 42-7, Article 43-6, Article 157 to Article 159, Article 162, Article 163 to Article 171, and Article 185-22 to Article 185-24 of the Act.
- (4) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (ii)-3 are the provisions of Article 35-3 (limited to those for securing fairness in the acts set forth in the items of Article 63-8, paragraph (1) of the Act), Article 37, Article 37-3, Article 37-4, Article 38 (limited to the part that involves items (i), (ii), and (ix)), Article 39 (excluding paragraphs (4) and (6)), Article 40 (with regard to item (ii) of that Article, limited to those for securing fairness in the acts set forth in the items of Article 63-8, paragraph (1) of the Act), Article 42-2, Article 42-7, Article 43-6, Article



157 to Article 159, Article 162, Article 163 to Article 171, and Article 185-22 to Article 185-24 of the Act.

- (5) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (iii) of the Act are the provisions of Article 66-10 and Article 66-11 of the Act (limited to those for securing fairness in Intermediation for Financial Instruments), Article 66-12, Article 66-14, Article 66-14-2 of the Act, and the provisions of Article 38-2, Article 39, Article 40 (with regard to Article 40, item (ii) of the Act, limited to those for securing fairness in Intermediation for Financial Instruments) and Article 43-6 of the Act as applied mutatis mutandis pursuant to Article 66-15 of the Act.
- (6) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (iii)-2 of the Act are the provisions of Article 66-35 of the Act.
- (7) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (iii)-3 of the Act are the provisions of Article 66-55 (limited to those for securing fairness in the acts set forth in the items of Article 2, paragraph (41) of the Act), Article 66-57 (with regard to Article 66-57, item (ii) of the Act, limited to those for securing fairness in the acts set forth in the items of Article 2, paragraph (41) of the Act), Article 157 to Article 159, Article 162, Article 163 to Article 171, and Article 185-22 to Article 185-24 of the Act.
- (8) The business specified by Cabinet Order that is provided for in Article 194-7, paragraph (2), item (iv) of the Act is business concerning the investigation set forth in Article 67-8, paragraph (1), item (xiv) of the Act which is related to the recognition of whether or not the acts conducted by a Member Firm or a Financial Instruments Intermediary Service Provider which has the Member Firm as its Entrusting Financial Instruments Business Operator, etc. fall under the following acts, or business concerning the measures prescribed in Article 68-2 of the Act as provided in the articles of incorporation pursuant to Article 68-2 of the Act which is related to the following acts conducted by a Member Firm or a Financial Instruments Intermediary Service Provider which has the Member Firm as its Entrusting Financial Instruments Business Operator, etc.:
  - (i) acts in violation of the provisions of Article 35-3 (limited to those for securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc.), Article 36, paragraph (2), Article 37 to Article 37-6, Article 38, Article 38-2 or Article 39 of the Act (including as applied mutatis mutandis pursuant to Article 66-15 of the Act), Article 40 of the Act (with regard to Article 40, item (ii) of the Act, limited to those for securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc. and including as applied mutatis mutandis

- pursuant to Article 66-15 of the Act), Article 40-2, Article 40-4 to Article 40-6, Article 41-2, Article 42-2, Article 42-7, Article 43-5, Article 43-6 (including as applied mutatis mutandis pursuant to Article 66-15 of the Act), Article 44 to Article 44-4, Article 66-10, and Article 66-11 of the Act (limited to those for securing fairness in Intermediation for Financial Instruments), Article 66-12, Article 66-14, Article 66-14-2, Article 133, paragraph (1), Article 157 to Article 159, Article 162, Article 163 to Article 167, Article 168 to Article 171, or Article 185-22 to Article 185-24 of the Act, or the provisions of Cabinet Office Order based on the provisions of Article 161, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 161, paragraph (2) of the Act) or Article 162-2 of the Act;
- (ii) acts in violation of the conditions attached pursuant to the provisions of Article 30-2, paragraph (1) of the Act (limited to those involving a restriction on business for securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc.); and
- (iii) acts in violation of or contrary to the articles of incorporation or any other rules of an Authorized Financial Instruments Firms Association, the fair and equitable principles of transactions provided in the articles of incorporation, or any other rules (among these, limited to those related to securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc.).
- (9) The business specified by Cabinet Order that is provided for in Article 194-7, paragraph (2), item (v) of the Act is business connected with an investigation as set forth in Article 78, paragraph (2), item (iii) of the Act for the recognition of whether the acts conducted by a member or a Financial Instruments Intermediary Service Provider that has that member as its Entrusting Financial Instruments Business Operator, etc. fall under the following acts, or business related to the measures prescribed in Article 79-2 of the Act as provided in the articles of incorporation pursuant to Article 79-2 of the Act concerning the following acts conducted by a member of a Financial Instruments Intermediary Service Provider that has the member as the Entrusting Financial Instruments Business Operator, etc. thereof:
- (i) acts in violation of the provisions of Article 35-3 (limited to those for securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc.), Article 36, paragraph (2), Article 37 to Article 37-6, Article 38, Article 38-2, or Article 39 of the Act (including as applied mutatis mutandis pursuant to Article 66-15 of the Act), Article 40 of the Act (with regard to Article 40, item (ii), limited to those for securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc. and including as applied mutatis mutandis pursuant to Article 66-15 of the Act), Article 40-2, Article 40-4 to Article 40-6,

- Article 41-2, Article 42-2, Article 42-7, Article 43-5, Article 43-6 (including as applied mutatis mutandis pursuant to Article 66-15 of the Act), Article 44 to Article 44-4, Article 66-10, and Article 66-11 of the Act (limited to those for securing fairness in Intermediation for Financial Instruments), Article 66-12, Article 66-14, Article 66-14-2, Article 133, paragraph (1), Article 157 to Article 159, Article 162, Article 163 to Article 167, Article 168 to Article 171, or Article 185-22 to Article 185-24 of the Act, or the provisions of Cabinet Office Order based on the provisions of Article 161, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 161, paragraph (2) of the Act) or Article 162-2 of the Act;
- (ii) acts in violation of the conditions attached pursuant to the provisions of Article 30-2, paragraph (1) of the Act (limited to those involving a restriction on business for securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc.); and
- (iii) acts in violation or contrary to the articles of incorporation or any other rules of a Certified Financial Instruments Business Association as defined in Article 78, paragraph (2) of the Act, the fair and equitable principles of transactions provided in the articles of incorporation, or any other rules (among these, limited to those related to securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc.).
- (10) The business specified by Cabinet Order that is provided for in Article 194-7, paragraph (2), item (vi) of the Act is business prescribed in Article 84, paragraph (2), item (ii) of the Act for the recognition of whether the acts conducted by a Member, etc. fall under the category of the acts set forth in items (i) to (iii), business related to the measures prescribed in Article 87 of the Act as provided in the articles of incorporation pursuant to the provisions of Article 87 concerning the acts set forth in items (i) to (iii) conducted by the Member, etc., business related to the investigation referred to in Article 85-5, paragraph (1) of the Act for the recognition of whether the acts conducted by a person engaged in High-Speed Trading fall under the category of the acts set forth in item (iv), and business related to the measures prescribed in that paragraph concerning the acts set forth in that item conducted by a person engaged in High-Speed Trading:
- (i) acts in violation of the provisions of Article 35-3 (limited to those for securing fairness in purchase and sales of Securities or Market Derivatives Transactions conducted on a Financial Instruments Exchange Market, and including as applied mutatis mutandis pursuant to Article 60-13 of the Act), Article 36, paragraph (2), Article 37 to Article 37-6, Article 38 (including as applied mutatis mutandis pursuant to Article 60-13 of the Act), Article 38-2, Article 39, and Article 40 of the Act (with regard to Article 40, item (ii) of the Act, limited to those for securing fairness in purchase and sales of Securities

- or Market Derivatives Transactions conducted on a Financial Instruments Exchange Market, and including as applied mutatis mutandis pursuant to Article 60-13 of the Act), Article 40-2, Article 40-4 to Article 40-6, Article 41-2, Article 42-2, Article 42-7, Article 43-6 to Article 44-4, Article 133, paragraph (1), Article 157 to Article 159, Article 162, Article 163 to Article 167, Article 168 to Article 171, or Article 185-22 to Article 185-24 of the Act, or the provisions of Cabinet Office Order based on the provisions of Article 161, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 161, paragraph (2) of the Act) or Article 161, paragraph (3) of the Act or Article 162-2 of the Act;
- (ii) acts in violation of the conditions attached pursuant to the provisions of Article 30-2, paragraph (1) or Article 60, paragraph (2) of the Act (limited to those involving a restriction on business for securing fairness in purchase and sales of Securities or Market Derivatives Transactions conducted on a Financial Instruments Exchange Market);
- (iii) acts in violation of or contrary to the articles of incorporation, operational rules or any other rules of a Financial Instruments Exchange, the fair and equitable principles of transactions provided in the articles of incorporation, or any other rules (among these, limited to those related to securing fairness in purchase and sales of Securities or Market Derivatives Transactions conducted on a Financial Instruments Exchange Market); and
- (iv) acts in violation of the provisions of Article 66-55 (limited to those for securing fairness in purchase and sales of Securities or Market Derivatives Transactions conducted on a Financial Instruments Exchange Market), Article 66-57 (with regard to Article 66-57, item (ii) of the Act, limited to those for securing fairness in purchase and sales of Securities or Market Derivatives Transactions conducted on a Financial Instruments Exchange Market), Article 157 to Article 159, Article 162, Article 163 to Article 167, Article 168 to Article 171, or Article 185-22 to Article 185-24 of the Act.
- (11) The business specified by Cabinet Order that is provided for in Article 194-7, paragraph (2), item (vii) of the Act is business related to the measures prescribed in Article 155-3, paragraph (1), item (ii) of the Act concerning the following acts conducted by the Participants of Foreign Financial Instruments Exchange (meaning Participants of Foreign Financial Instruments Exchange as prescribed in Article 155-2, paragraph (1), item (vi) of the Act; the same applies hereinafter):
- (i) acts in violation of the provisions of Article 35-3 (limited to those for securing fairness in purchase and sales of Securities or Foreign Market Derivatives Transactions conducted on a Foreign Financial Instruments Market), Article 36, paragraph (2), Article 37 to Article 37-6, Article 38 to Article 39, and Article 40 of the Act (with regard to Article 40, item (ii) of the

- Act, limited to those for securing fairness in purchase and sales of Securities or Foreign Market Derivatives Transactions conducted on a Foreign Financial Instruments Market), Article 40-2 to Article 41-3, Article 42-2, Article 42-7, Article 43-6 to Article 44-4, Article 133, paragraph (1), Article 157 to Article 159, Article 162, Article 163 to Article 167, Article 168 to Article 171, or Article 185-22 to Article 185-24 of the Act, or the provisions of Cabinet Office Order based on the provisions of Article 161, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 161, paragraph (2) of the Act) or Article 162-2 of the Act;
- (ii) acts in violation of the conditions attached pursuant to the provisions of Article 30-2, paragraph (1) of the Act (limited to those involving a restriction on business for securing fairness in purchase and sales of Securities or Foreign Market Derivatives Transactions conducted on a Foreign Financial Instruments Market); and
- (iii) acts in violation of or contrary to the Operational Regulations of a Foreign Financial Instruments Exchange (meaning Operational Regulations as defined in Article 155-2, paragraph (2), item (i) of the Act and limited to those that are for ensuring fairness in purchase and sales of Securities or Foreign Market Derivatives Transactions conducted on a Foreign Financial Instruments Market).
- (12) The authority specified by Cabinet Order referred to in Article 194-7, paragraph (2), item (ix) of the Act is the following authority:
- (i) the acceptance of the report under Article 185-7, paragraph (14) of the Act; and
- (ii) within the scope of authority under Article 189, paragraph (1) of the Act, the authority to order the submission of reports or materials (limited to that which is associated with the authority delegated to the Securities and Exchange Surveillance Commission (hereinafter referred to as the "Commission") pursuant to the provisions of Article 194-7, paragraph (2) (excluding item (ix)) of the Act).

(Delegation of the Authority of Inspection Other Than Inspection for Securing Fairness in Transactions to the Commission)

Article 38-2 (1) Within the scope of authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of Article 194-7, paragraph (1) of the Act or the authority of the Commissioner of the Financial Services Agency under this Cabinet Order (hereinafter such authority is collectively referred to as the "Authority of the Commissioner"), the authority under the provisions of Article 26 of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), Article 27-22, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2,

paragraph (2) of the Act), Article 27-22, paragraph (2), Article 27-22, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act), Article 27-30, Article 27-35, and Article 27-37 of the Act, and the authority under Article 193-2, paragraph (6) of the Act (excluding the acceptance of documents specified by Cabinet Office Order as referred to in paragraph (2), item (i) of the following Article) is, except for those set forth in the following items, delegated to the Commission; provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising the authority to order the submission of reports or materials under the provisions, the authority to request a report or the authority for inspection if an urgent necessity is found for the public interest or protection of investors (excluding the authority for inspection in a case concerning the Administrative Monetary Penalty under the provisions of Article 172, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to Article 172, paragraph (4) of the Act), Article 172, paragraph (3) and Article 172-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 172-2, paragraph (4) of the Act), Article 172-2, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 172-2, paragraph (5) of the Act), Article 172-2, paragraph (6) and the paragraphs of Article 172-3 and Article 172-4, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to Article 172-4, paragraph (3) of the Act), Article 172-5 and Article 172-6, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 172-6, paragraph (2) of the Act), Article 172-7 to Article 172-9, the paragraphs of Article 172-10, and Article 172-11, paragraph (1) of the Act) by itself:

- (i) the authority under Article 26, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) exercised against the person submitting the statement under Article 5, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) before the day on which the statement comes into effect as prescribed in Article 8, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) (excluding the authority related to the inspection in a case concerning the Administrative Monetary Penalty under the provisions of Article 172-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 172-2, paragraph (4) of the Act), Article 172-2, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 172-2, paragraph (5) of the Act), and Article 172-2, paragraph (6) of the Act);
- (ii) the authority under Article 26, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) exercised against

- the person that submits the Shelf Registration Statements under Article 23-3, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) before the day on which the Shelf Registration comes into effect as prescribed in Article 8, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) as applied mutatis mutandis pursuant to Article 23-5, paragraph (1) of the Act following the deemed replacement of terms (excluding the authority related to the inspection in a case concerning the Administrative Monetary Penalty under the provisions of Article 172-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 172-2, paragraph (4) of the Act), Article 172-2, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 172-2, paragraph (5) of the Act), and Article 172-2, paragraph (6) of the Act); and
- (iii) the authority under Article 27-22, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act) exercised against the Tender Offeror or the Persons with a Specified Relationship thereof or any other persons concerned or witness during the Tender Offer Period prescribed in the main clause of Article 27-5 of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act), or the authority under Article 27-22, paragraph (2) of the Act exercised against the person submitting the Subject Company's Position Statement, the persons concerned or a witness thereof (excluding the authority related to the inspection in a case concerning the Administrative Monetary Penalty under the provisions of Article 172-6, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 172-6, paragraph (2) of the Act)).
- (2) Within the scope of the Authority of the Commissioner (excluding the authority delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2) of the Act), the authority under the provisions of Article 56-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 65-3, paragraph (3) of the Act) to Article 56-2, paragraph (4) of the Act, Article 57-10, paragraph (1), Article 57-23, Article 57-26, paragraph (2), Article 60-11 of the Act (including as applied mutatis mutandis pursuant to Article 60-12, paragraph (3) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act) and Article 60-14, paragraph (2) of the Act) and Article 63-6 (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), Article 63-14 (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act), Article 66-22, Article 66-45, paragraph (1), Article 66-67, Article 75, Article 79-4, Article 79-77, Article 103-4, Article 106-6, paragraph (1) (including as applied mutatis mutandis pursuant to Article 106-6, paragraph (2) of the Act), Article

106-16, Article 106-20, paragraph (1) (including as applied mutatis mutandis pursuant to Article 106-20, paragraph (2) of the Act), Article 106-27 (including as applied mutatis mutandis pursuant to Article 109 of the Act), Article 151 of the Act (including as applied mutatis mutandis pursuant to Article 153-4 of the Act), Article 155-9, Article 156-5-4, Article 156-5-8, Article 156-15, Article 156-20-12, Article 156-34, Article 156-58 and Article 156-80 of the Act, and the authority under the provisions of Article 156-89 of the Act (excluding the authority concerning specified financial indexes which are interest rates of the claims prescribed in Article 6, paragraph (1), item (xiii) of the Foreign Exchange and Foreign Trade Act (limited to those that arise from loan of money) and which are designated by the Commissioner of the Financial Services Agency) are delegated to the Commission; provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority to order the submission of reports or materials under the provisions or the authority for inspection if an urgent necessity is found for the public interest or protection of investors or if it is found to contribute especially to the effective and efficient implementation of the inspection.

- (3) When the Commissioner of the Financial Services Agency has made the designation under the preceding paragraph, the Commissioner is to give public notice to that effect. The same applies when the Commissioner has canceled the designation.
- (4) Within the scope of the Authority of the Commissioner, the authority under the provisions of Article 192-2 of the Act (excluding the authority against a person that has committed an act in violation of a law or regulation (meaning the act in violation of a law or regulation as prescribed in Article 192-2 of the Act; the same applies in Article 44-4-2) regarding any of the facts set forth in the items of Article 178, paragraph (1) of the Act if that fact is found to exist; hereinafter the same applies in this paragraph) is delegated to the Commission; provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising that authority personally if an urgent necessity is found for the public interest or protection of investors.

(Delegation of Authority Related to the Disclosure of Corporate Affairs and Other Related Matters to the Director-General of the Local Finance Bureau)  
Article 39 (1) Within the scope of the Authority of the Commissioner, with regard to the authority listed in the following items, such authority concerning Domestic Companies (meaning corporations that have their head offices or principal offices in Japan; hereinafter the same applies) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the



locality of the head office or principal office of the relevant Domestic Company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and as it concerns persons other than a Domestic Company, that authority is delegated to the Director-General of the Kanto Finance Bureau:

- (i) the acceptance of the written notice under Article 4, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 23-8, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act)), the Shelf Registration Documents and the documents attached thereto under Article 23-8, paragraphs (1) and (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and the documents associated with the application under Article 25, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article) (limited to those related to the Supplements to Shelf Registration Documents and the documents attached thereto); and
  - (ii) the approval for not making the documents available for public inspection under Article 25, paragraph (4) of the Act (limited to those related to the Supplements to Shelf Registration Documents and the documents attached thereto).
- (2) Within the scope of the Authority of the Commissioner, with regard to the authority set forth in the following items, the authority concerning a Domestic Company whose amount of stated capital, total amount of funds, or total amount of investment (if the Domestic Company has yet to be established, meaning the amount of stated capital, the total amount of funds, or the total amount of investment after the establishment thereof; the same applies in Article 41-2, paragraph (2) and Article 44-3, paragraph (1)) is less than five billion yen, or a Domestic Company for which any of the Securities issued thereby are not listed on a Financial Instruments Exchange (excluding those specified by Cabinet Office Order) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant Domestic Company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau), and the authority concerning any other persons is delegated to the Director-General of the Kanto Finance Bureau:
- (i) the acceptance of the statement and the documents attached thereto under Article 5, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 5, paragraph (5) of the Act and including as applied mutatis mutandis pursuant to Article 27 of the Act) and Article 5, paragraph

(13) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the documents and Supplementary Documents attached thereto under Article 5, paragraphs (6) and (7) of the Act (including as applied mutatis mutandis pursuant to Article 7, paragraph (2), Article 9, paragraph (2) and Article 10, paragraph (2) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), the Document Containing Matters related to Public Offering, etc. under Article 5, paragraph (10) (including as applied mutatis mutandis pursuant to Article 27 of the Act), the Shelf Registration Statements and the documents attached thereto under Article 23-3, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the Written Withdrawal of Shelf Registration under Article 23-7, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the Annual Securities Report and the documents attached thereto under the provisions of Article 23-3, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), Article 24, paragraphs (1) and (3) of the Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), and Article 24, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the written application for approval and the documents attached thereto under Article 4, paragraph (1) of this Order (including as applied mutatis mutandis pursuant to Article 4-2, paragraph (1) of this Order) based on the proviso to Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act; the same applies in item (xiii)), the documents under Article 4, paragraph (3) of this Order (including as applied mutatis mutandis pursuant to Article 4-2, paragraph (1) of this Order), the documents and the Supplementary Documents thereof under Article 24, paragraphs (8) and (9) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-2, paragraph (4) and Article 24-4-2, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (1) and Article 24-5-2, paragraph (1) of the Act), Article 24-4-3, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (2) and Article 24-5-2, paragraph (2) of the Act), Article 24-4-4, paragraph (6), Article 24-4-5, paragraph (3), and Article 24-7, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act), and as applied mutatis mutandis pursuant to Article 27 of the Act), the documents under Article 24, paragraph (13) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-2, paragraph (6) of the

Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (1) and Article 24-5-2, paragraph (1) of the Act), Article 24-4-4, paragraph (6) of the Act and Article 24-7, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act), and as applied mutatis mutandis pursuant to Article 27 of the Act), the Documents Substituted for Part of an Annual securities Report under Article 24, paragraph (14) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the Confirmation Letter under Article 24-4-2, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-2, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-2, paragraph (4), Article 24-4-8, paragraph (1), and Article 24-5-2, paragraph (1) of the Act), Article 24-4-2, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (1) and Article 24-5-2, paragraph (1) of the Act), Article 24-4-8, paragraph (1), and Article 24-5-2, paragraph (1) of the Act, and as applied mutatis mutandis pursuant to Article 27 of the Act), the Internal Control Report and the documents attached thereto under Article 24-4-4, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-4, paragraph (3) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) and Article 24-4-4, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the Quarterly securities Report under Article 24-4-7, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-7, paragraph (3) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), the Foreign Company Quarterly Securities Report and Supplementary Documents and the amendment reports therefor under Article 24-4-7, paragraphs (6) and (7) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-7, paragraph (11) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), the Quarterly Securities Report under Article 24-4-7, paragraph (10) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the Documents Substituted for Part of a Quarterly Securities Report under Article 24-4-7, paragraph (12) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the Semiannual Securities Report under Article 24-5, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24-5, paragraph (3) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), the Extraordinary Report under Article 24-5, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the Foreign Company Semiannual Securities Report and Supplementary

- Documents and the amendment reports therefor under the provisions of the Act and Article 24-5, paragraphs (7) and (8) of the Act (including as applied mutatis mutandis pursuant to Article 24-5, paragraph (12) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), the Semiannual Securities Report under Article 24-5, paragraph (11) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the Documents Substituted for Part of a Semiannual securities Report under Article 24-5, paragraph (13) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the Foreign Company Extraordinary Report under Article 24-5, paragraph (15) of the Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (19) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), the Documents Substituted for Part of an Ad-hoc Report under Article 24-5, paragraph (20) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the Report on Repurchase under Article 24-6, paragraph (1) of the Act, the documents associated with the application under Article 25, paragraph (4) of the Act (excluding the documents set forth in item (i) of the preceding paragraph), and the documents under Article 193-2, paragraph (6) of the Act (limited to those specified by Cabinet Office Order);
- (i)-2 the approval under Article 2-12-4, paragraph (1);
  - (i)-3 the notice under Article 5, paragraph (9) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) and a hearing associated with that notice;
  - (ii) the designation of the effective period and the notice to the effect that the notification is to come into effect pursuant to Article 8, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 23-5, paragraph (1) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act);
  - (iii) the order for submission of the documents and the hearing related to the order under the provisions of Article 9, paragraph (1) and Article 10, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-2, paragraph (1) and Article 24-4-3, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (2) and Article 24-5-3, paragraph (2) of the Act), Article 24-4-5, paragraph (1), Article 24-4-7, paragraph (4), Article 24-5, paragraph (5), and Article 24-6, paragraph (2) of the Act and the cases in which these provisions (excluding Article 24-6, paragraph (2) of the Act) are applied mutatis mutandis pursuant to Article 27 of the Act);
  - (iv) the designation of the effective period pursuant to Article 9, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 10, paragraph (3) of the Act and as applied mutatis mutandis pursuant to Article

- 27 of the Act);
- (v) the designation of the effective period and the notice to the effect that the notification is to come into effect pursuant to Article 8, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 9, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 10, paragraph (3) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act);
  - (vi) the order for suspension of the effectiveness under the provisions of Article 10, paragraph (1) and Article 23-10, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this item) and the hearing related to the order under Article 10, paragraph (1) of the Act;
  - (vii) the cancellation of the order for suspension under the provisions of Article 10, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) and Article 23-10, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act);
  - (viii) the order for suspension of the effectiveness, extension of the effective period and the hearing related to the dispositions under the provisions of Article 11, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24-3 of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) and Article 23-11, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
  - (ix) the cancellation of the disposition under the provisions of Article 11, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 24-3 of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) and Article 23-11, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
  - (x) the order for suspension of the effectiveness under Article 23-5, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
  - (xi) the order for submission of Amended Shelf Registration Statement and the hearing related to the order under the provisions of Article 23-9, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) and Article 23-10, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act);
  - (xii) the designation of the effective period pursuant to Article 23-9, paragraphs (2) and (4) of the Act (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (2) of the Act, if Article 23-10,

- paragraph (2) of the Act is applied mutatis mutandis pursuant to Article 23-10, paragraph (5) of the Act, and as applied mutatis mutandis pursuant to Article 27 of the Act);
- (xii)-2 the approval for the deadline for the submission of Annual Securities Report, Quarterly Securities Report, or Semiannual Securities Report under the provisions of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), Article 24-4-7, paragraph (1), and Article 24-5, paragraph (1) of the Act;
- (xiii) the acknowledgement that an Annual Securities Report need not be submitted under the proviso to Article 24, paragraph (1) of the Act;
- (xiii)-2 the notice and the hearing related to the notice under the provisions of Article 24, paragraph (12) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-2, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (1) and Article 24-5-2, paragraph (1) of the Act), Article 24-4-4, paragraph (6), and Article 24-7, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act), and as applied mutatis mutandis pursuant to Article 27 of the Act), Article 24-4-7, paragraph (9) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and Article 24-5, paragraphs (10) and (17) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
- (xiii)-3 the approval of the submission of the Documents Substituted for Part of an Annual securities Report under Article 24, paragraph (14) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the Documents Substituted for Part of a Quarterly securities Report under Article 24-4-7, paragraph (12) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the Documents Substituted for Part of a Semiannual securities Report under Article 24-5, paragraph (13) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and the Documents Substituted for Part of an Extraordinary Report under Article 24-5, paragraph (20) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
- (xiv) the approval for not making the documents available for public inspection under Article 25, paragraph (4) of the Act (excluding the approval set forth in item (ii) of the preceding paragraph);
- (xiv)-2 the decision not to make available for public inspection all or part of the Public Documents (meaning the Public Documents defined in Article 25, paragraph (1) of the Act) under Article 25, paragraph (6) of the Act and the notice under Article 25, paragraph (7) of the Act;

- (xv) the approval under Article 4-2-4, paragraph (3);
  - (xvi) the order for submission of reports and materials under Article 26, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) (excluding the orders related to the case concerning an Administrative Monetary Penalty under the provisions of Article 172, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to Article 172, paragraph (4) of the Act), Article 172, paragraph (3) and Article 172-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 172-2, paragraph (4) of the Act), Article 172-2, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 172-2, paragraph (5) of the Act), Article 172-2, paragraph (6) of the Act, the paragraphs of Article 172-3 and Article 172-4, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to Article 172-4, paragraph (3) of the Act)), and the inspection (excluding those delegated to the Commission under paragraph (1) of the preceding Article), and the request for a report under Article 26, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) (excluding those delegated to the Commission under paragraph (1) of the preceding Article);
  - (xvii) the acknowledgement that an audit certification is not needed, under the proviso to Article 193-2, paragraph (1) of the Act and the proviso to paragraph (2) of that Article;
  - (xviii) the authority under Article 193-2, paragraph (6) of the Act (excluding the authority delegated by the Commission pursuant to paragraph (1) of the preceding Article and the authority to accept documents specified by Cabinet Office Order as prescribed in item (i)); and
  - (xix) the decision of the period in which the Registration Statements, Annual Securities Reports (including the amendment reports thereof), or Internal Control Reports (including the amendment reports thereof) will not be accepted, the decision to the effect that they will not be accepted and the hearing associated with the dispositions under Article 193-2, paragraph (7) of the Act, and the notice and publication to the effect that the decisions have been made pursuant to paragraph (8) of that Article.
- (3) Within the scope of the Authority of the Commissioner, the authority set forth in the following items is delegated to the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau to whom the Subsidiary Company Submitting Annual Securities Reports submits its Annual securities Report:
- (i) the acceptance of a Parent Company, etc. Status Report and the documents attached thereto under Article 24-7, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act and as applied mutatis mutandis pursuant to Article 27 of the

- Act);
- (ii) the acceptance of the documents related to the amendment of the documents prescribed in the preceding item pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1), and Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-7, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) which are submitted to the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau (these documents are referred to as the "Amendment Reports" in the following item);
  - (iii) the order for submission of Amendment Reports and the hearing related to the order under the provisions of Article 9, paragraph (1) and Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-7, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act); and
  - (iv) the approval for the deadline for submitting the Parent Company, etc. Status Report under the proviso to Article 4-5.
- (4) Within the scope of the Authority of the Commissioner, the authority to accept documents related to the amendment of the documents prescribed in paragraph (2), item (i) of this Order pursuant to the provisions of Article 7, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-2, paragraph (1) and Article 24-4-3, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (2) and Article 24-5-2, paragraph (2) of the Act), Article 24-4-5, paragraph (1), Article 24-4-7, paragraph (4), and Article 24-5, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and Article 24-6, paragraph (2) of the Act), Article 9, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-2, paragraph (1) and Article 24-4-3, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (2) and Article 24-5-2, paragraph (2) of the Act), Article 24-4-5, paragraph (1), Article 24-4-7, paragraph (4), and Article 24-5, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and Article 24-6, paragraph (2) of the Act), Article 10, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-2, paragraph (1) and Article 24-4-3, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (2) and Article 24-5-2, paragraph (2) of the Act), Article 24-4-5, paragraph (1), Article 24-4-7, paragraph (4) and Article 24-5,



paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and Article 24-6, paragraph (2) of the Act), Article 23-4 of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), Article 23-9, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and Article 23-10, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) which are submitted to the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau is delegated to the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau.

- (5) Within the scope of the Authority of the Commissioner, those authorities set forth in the following items are delegated to the Director-General of the Kanto Finance Bureau:
- (i) the acceptance of the written notice under Article 4, paragraph (6) of the Act (limited to those specified by Cabinet Office Order);
  - (ii) the approval for the deadline for the submission of Annual Securities Reports under the proviso to Article 3-4;
  - (iii) the approval for the deadline for the submission of Foreign Company Reports under the proviso to Article 4-2-2; and
  - (iv) the designation of the issuer under Article 5.
- (6) Within the scope of the authority set forth in the preceding paragraphs, the authority if an urgent necessity is found for the public interest or protection of investors or the authority if it is found to contribute especially to the expeditious and appropriate disclosure of corporate affairs and other related particulars may be exercised by the Commissioner of the Financial Services Agency, beyond the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in those paragraphs.

(Delegation of Authority Related to Disclosure of a Tender Offer to the Director-General of the Local Finance Bureau)

Article 40 (1) Within the scope of the Authority of the Commissioner, the authority set forth in the following items is delegated to the Director-General of the Kanto Finance Bureau:

- (i) the acceptance of the Tender Offer Statement under Article 27-3, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act), the notice made under Article 27-5, item (ii) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 27-22-2, paragraph (5) and Article 27-22-3, paragraph (5) of the Act), the Target Company's Position Statement under Article 27-10,

- paragraph (1) of the Act, the Tender Offeror's Answer under Article 27-10, paragraph (11) of the Act, the Written Notice of the Withdrawal of a Tender Offer under Article 27-11, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act), the Tender Offer Report under Article 27-13, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act), and documents related to the amendment of the above-mentioned documents under Article 27-8, paragraphs (1) to (4) of the Act (including as applied mutatis mutandis pursuant to Article 27-10, paragraphs (8) and (12), Article 27-13, paragraph (3), and Article 27-22-2, paragraphs (2) and (7) of the Act);
- (ii) the order for public notice or public announcement of the amendments for the Public Notice for the Commencement of the Tender Offer under Article 27-7, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 27-8, paragraph (12) and Article 27-22-2, paragraphs (2) and (6) of the Act) and for the Public Notice of a Request for a Period Extension under Article 27-10, paragraph (6) of the Act, the setting of a deadline and order for submission of amendments under Article 27-8, paragraphs (3) and (4) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 27-10, paragraphs (8) and (12), Article 27-13, paragraph (3), and Article 27-22-2, paragraphs (2) and (7) of the Act), the hearing related to the disposition under Article 27-8, paragraph (4) of the Act, the decision not to make available for public inspection all or part of the Public Documents (meaning Public Documents defined in Article 27-14, paragraph (2) of the Act) under Article 27-14, paragraph (5) of the Act, and the notice under Article 27-14, paragraph (6) of the Act;
- (iii) the order for submission of reports or materials and the inspection under Article 27-22, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act) and Article 27-22, paragraph (2) of the Act (excluding the order related to the case concerning an Administrative Monetary Penalty under the provisions of Article 172-5 and Article 172-6, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 172-6, paragraph (2) of the Act)) (excluding those delegated to the Commission under Article 38-2, paragraph (1) of this Order), and the request for a report under Article 27-22, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act) (excluding those delegated to the Commission under Article 38-2, paragraph (1)); and
- (iv) the approval under Article 4-2-4, paragraph (3) as applied mutatis mutandis pursuant to the provisions of Article 9-3, paragraph (5) and Article 14-3-4, paragraph (5).

(2) Within the scope of the authority set forth in the preceding paragraph, the authority if an urgent necessity is found for the public interest or protection of investors or the authority if it is found to contribute especially to the appropriate implementation of tender offer may be exercised by the Commissioner of the Financial Services Agency, beyond the Director-General of the Kanto Finance Bureau.

(Delegation of Authority Related to Disclosure of Status of Large Volume Holding of Share Certificates to the Director-General of the Local Finance Bureau)

Article 41 (1) Within the scope of the Authority of the Commissioner, with regard to the authority set forth in the following items, the authority concerning Residents is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant Resident (if the Resident is an individual, that individual's domicile or residence; the same applies hereinafter) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau), and the authority concerning Non-Residents is delegated to the Director-General of the Kanto Finance Bureau:

(i) the acceptance of the Statements of Large-Volume Holdings under the provisions of Article 27-23, paragraph (1) and Article 27-26, paragraphs (1) and (4) of the Act, the Statement of Changes under the provisions of Article 27-25, paragraph (1) and Article 27-26, paragraphs (2) and (5) of the Act, and the notification under Article 27-26, paragraph (3) of the Act;

(ii) the order for submission of amendments and the hearing related to the order under the provisions of Article 9, paragraph (1) and Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 27-29 of the Act, the decision not to make available for public inspection all or part of the Public Documents (meaning the Public Documents defined in Article 27-28, paragraph (2) of the Act) under Article 27-28, paragraph (4) of the Act, and the notice under Article 27-28, paragraph (5) of the Act; and

(iii) the order for submission of reports and materials (excluding the order related to a case concerning an Administrative Monetary Penalty under the provisions of Article 172-7 and Article 172-8 of the Act), and the inspection under Article 27-30, paragraphs (1) and (2) of the Act (excluding those delegated to the Commission pursuant to Article 38-2, paragraph (1) of this Order), and the request for a report under Article 27-30, paragraph (3) of the Act (excluding those delegated to the Commission under Article 38-2, paragraph (1)).

(2) Within the scope of the Authority of the Commissioner, the acceptance of the

documents related to the amendment of documents set forth in item (i) of the preceding paragraph under the provisions of Article 27-25, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 27-26, paragraph (6)) and the provisions of Article 9, paragraph (1) and Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 27-29, paragraph (1) of the Act which are submitted to the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau is delegated to the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau.

- (3) The Authority of the Commissioner which is set forth in paragraph (1), item (iii) and which is related to a Resident may be exercised by the Director-General of the Kanto Finance Bureau beyond the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau referred to in paragraph (1),.
- (4) Within the scope of the authority set forth in the preceding three paragraphs, the authority if an urgent necessity is found for the public interest or protection of investors or the authority if it is found to contribute especially to the appropriate disclosure of status of large volume holding may be exercised by the Commissioner of the Financial Services Agency, beyond the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in those paragraphs.

(Delegation of Authority for Special Rules on Procedures Undertaken Using an Electronic Data Processing System for Disclosure to the Director-General of the Local Finance Bureau)

- Article 41-2 (1) Within the scope of the Authority of the Commissioner, with regard to the Authority of Approval, etc. related to the documents set forth in Article 39, paragraph (1), item (i) (meaning the authority of approval under Article 27-30-4, paragraphs (1) and (2) of the Act, the authority of approval under Article 27-30-5 of the Act, the authority to accept the notification under Article 14-10, paragraph (2) and the authority to accept the documents under Article 14-11, paragraph (1); hereinafter the same applies in this Article), the authority concerning Domestic Companies is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant Domestic Company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning persons other than a Domestic Company is delegated to the Director-General of the Kanto Finance Bureau.
- (2) Within the scope of the Authority of the Commissioner, with regard to the Authority of Approval, etc. for the documents set forth in Article 39, paragraph

- (2), item (i) (excluding the authority of approval under Article 27-30-4, paragraph (2) of the Act), the authority concerning a Domestic Company whose amount of stated capital, total amount of funds, or total amount of investment is less than five billion yen, or a Domestic Company for which any of the Securities issued thereby are not listed on a Financial Instruments Exchange (excluding the Domestic Company specified by Cabinet Office Order) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant Domestic Company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau), and the authority concerning any other persons is delegated to the Director-General of the Kanto Finance Bureau.
- (3) Within the scope of the Authority of the Commissioner, the Authority of Approval, etc. for the documents under Article 39, paragraph (3) (excluding the authority of approval under Article 27-30-4, paragraph (2) of the Act) is delegated to the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau to whom a Subsidiary Company Submitting Annual securities Reports submits its Annual Securities Report;
- (4) Within the scope of the Authority of the Commissioner, the Authority of Approval, etc. (excluding the authority of approval under Article 27-30-4, paragraph (2) of the Act) for documents related to the amendment of documents which have been submitted to the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau as prescribed in Article 39, paragraph (4) is delegated to Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau
- (5) Within the scope of the Authority of the Commissioner, the Authority of Approval, etc. related to the written notice under Article 39, paragraph (5), item (i) and the documents set forth in Article 40, paragraph (1), item (i) is delegated to the Director-General of the Kanto Finance Bureau.
- (6) Within the scope of the Authority of the Commissioner, with regard to the Authority of Approval, etc. related to the documents under paragraph (1), item (i) of the preceding Article (excluding the authority of approval under the provisions of Article 27-30-4, paragraph (1) and Article 27-30-5 of the Act), the authority concerning Residents is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant Resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the

authority concerning Non-Residents is delegated to the Director-General of the Kanto Finance Bureau.

- (7) Within the scope of the Authority of the Commissioner, the Authority of Approval, etc. for documents related to the amendment of documents submitted to the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau as prescribed in paragraph (2) of the preceding Article (excluding the authority of approval under the provisions of Article 27-30-4, paragraph (1) and Article 27-30-5 of the Act) is delegated to the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau.
- (8) Within the scope of the Authority of the Commissioner, with regard to the authority for public inspection and notice under Article 27-30-7, paragraphs (4) and (5) of the Act, the authority concerning Residents is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant Resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau), and the authority concerning Non-Residents is delegated to the Director-General of the Kanto Finance Bureau.

(Delegation of Authority Concerning Disclosure of Material Information to the Director-General of the Local Finance Bureau)

Article 41-3 (1) Within the scope of the Authority of the Commissioner, with regard to the authority set forth in the following items, the authority concerning a Domestic Company whose amount of stated capital or total amount of investment (if the Domestic Company has yet to be established, meaning the amount of stated capital or the total amount of investment after the establishment thereof) is less than five billion yen or a Domestic Company for which any of the Securities issued thereby are not listed on a Financial Instruments Exchange (excluding the Domestic Company specified by Cabinet Office Order) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of head office or principal office of the relevant Domestic Company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning any other person is delegated to the Director-General of the Kanto Finance Bureau:

- (i) the order for submission of reports and materials, and the inspection, under Article 27-37, paragraph (1) of the Act (excluding those delegated to the Commission pursuant to Article 38-2, paragraph (1) of the Act) and the request for a report under Article 27-37, paragraph (2) of the Act (excluding

those delegated to the Commission pursuant to Article 38-2, paragraph (1) of the Act); and

(ii) the instruction under Article 27-38, paragraph (1) of the Act and the order under paragraph (2) of that Article.

(2) Within the scope of the authority set forth in the preceding paragraph, the authority if an urgent necessity is found for the public interest or protection of investors or the authority if it is found to contribute especially to the appropriate disclosure of Material Information may be exercised by the Commissioner of the Financial Services Agency, beyond the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in that paragraph.

(Delegation of Authority Related to a Financial Instruments Business Operator to a Director-General of the Local Finance Bureau)

Article 42 (1) Within the scope of the Authority of the Commissioner, the authorities set forth in the following items (excluding the authority concerning a Registered Financial Institution) are delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the head office or any other principal business office or office of the applicant, Financial Instruments Business Operator, Notifier of Specially Permitted Services or Notifier of Specially Permitted Services for Foreign Investors, etc. (in cases of a foreign corporation or an individual domiciled in a foreign state, the principal business office or office in Japan; hereinafter such offices are collectively referred to as the "Head Office, etc.") (with regard to the authority set forth in item (vi), the location of the business office or office where the Problematic Conduct related to the confirmation referred to in item (vi) has taken place) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau and if the applicant, Financial Instruments Business Operator, or Notifier of Specially Permitted Services has no business office or office in Japan, to the Director-General of the Kanto Finance Bureau); provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising the authority set forth in item (xiii) personally:

- (i) the acceptance of the written application for registration under Article 29-2, paragraph (1) of the Act;
- (ii) the registration under Article 29-3, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 31, paragraph (5) of the Act) and Article 31, paragraph (2) of the Act;
- (iii) the public inspection of the Financial Instruments Business Operators register under Article 29-3, paragraph (2) of the Act (including as applied

- mutatis mutandis pursuant to Article 31, paragraph (5) of the Act);
- (iv) the refusal of registration under Article 29-4, paragraph (1) of the Act;
  - (v) the supplementary note of authorization under Article 30, paragraph (2) of the Act;
  - (vi) the confirmation under the proviso to Article 39, paragraph (3) of the Act and the acceptance of the written application under paragraph (7) of that Article;
  - (vii) the deletion of registration under Article 55, paragraph (1) of the Act and the deletion of the supplementary note of authorization under paragraph (2) of that Article;
  - (viii) the hearing under Article 57, paragraph (1) of the Act (limited to one connected with a refusal of registration under Article 29 of the Act);
  - (ix) the notice under Article 57, paragraph (3) of the Act (limited to one connected with a registration under Article 29 of the Act);
  - (x) the supplementary note of Special Financial Instruments Business Operator under Article 57-2, paragraph (7) of the Act;
  - (xi) the deletion of registration under Article 57-8, paragraph (1) of the Act and the deletion of the supplementary note of Special Financial Instruments Business Operator under paragraph (2) of that Article;
  - (xii) the acceptance of the notification under Article 63, paragraph (2) and Article 63-9, paragraph (1) of the Act;
  - (xiii) the public inspection under Article 63, paragraph (5) of the Act; and
  - (xiv) the disposition under Article 187, paragraph (1) of the Act and the request for a report under paragraph (2) of that Article, which are related to the hearing set forth in item (viii).
- (2) Within the scope of the Authority of the Commissioner, the authority set forth in the following items (excluding the authority concerning a Registered Financial Institution, Special Financial Instruments Business Operator and the Financial Instruments Business Operator, an Authorized Firm for On-Exchange Transactions, a Notifier of Specially Permitted Services, and Notifier of Specially Permitted Services for Foreign Investors, etc. designated by the Commissioner of the Financial Services Agency) are delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the locality or address of the Head Office, etc. of a Financial Instruments Business Operator, Notifier of Specially Permitted Services, or Notifier of Specially Permitted Services for Foreign Investors, etc. or the representative person of an Authorized Firm for On-Exchange Transactions in Japan (if that locality or address is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau and if the applicant, Financial Instruments Business Operator or Specially Permitted Business Notifying Person has no business office or office



in Japan, to the Director-General of the Kanto Finance Bureau); provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority set forth in item (x) (limited to the part that involves the disposition under Article 63-5, paragraphs (1) to (3) and Article 63-13, paragraphs (1) to (3) of the Act), item (xi) (limited to the part that involves the public notice under Article 63-5, paragraph (6) and Article 63-13, paragraph (6) of the Act), item (xii), item (xiv) (limited to the part that involves the hearing under Article 63-5, paragraph (4) and Article 63-13, paragraph (4) of the Act), item (xv) (limited to the part that involves the notice under Article 63-5, paragraph (5) and Article 63-13, paragraph (5) of the Act), and item (xix):

- (i) the authorization under the provisions of Article 30, paragraph (1) and Article 31, paragraph (6) of the Act;
- (ii) the attachment of conditions for authorization under Article 30-2, paragraph (1) of the Act;
- (iii) the acceptance of the written application for authorization under Article 30-3, paragraph (1) of the Act;
- (iv) the acceptance of the notification under the provisions of Article 31, paragraphs (1) and (3), Article 31-2, paragraphs (3), (5), and (8), Article 31-4, paragraphs (1) and (2), Article 35, paragraphs (3) and (6), Article 37-3, paragraph (3), Article 42-7, paragraph (3), Article 46-6, paragraph (1), Article 50, paragraph (1), Article 50-2, paragraphs (1) and (7), Article 60-5, Article 60-7, Article 63, paragraphs (8) and (13) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), Article 63-2, paragraph (2) of the Act, paragraph (3) of that Article (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and paragraph (4) of that Article, Article 63-3, paragraph (1), Article 63-9, paragraphs (7) and (10) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act), Article 63-10, paragraph (2) of the Act, paragraph (3) of that Article (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act), and paragraph (4) of that Article, and Article 63-11, paragraph (1) of the Act;
- (v) the acceptance of the written application for registration of change under Article 31, paragraph (4) of the Act;
- (vi) the refusal of the registration of change under Article 29-4, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 31, paragraph (5) of the Act;
- (vii) the order under the provisions of Article 31-2, paragraph (4) and Article 46-3, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 60-6 of the Act), Article 56-3, Article 63, paragraph (12) of the Act (including as applied mutatis mutandis pursuant to Article 63-3,

- paragraph (2) of the Act), and Article 63-9, paragraph (9) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act);
- (viii) the approval under the provisions of Article 35, paragraph (4), the proviso to Article 44-3, paragraph (1), and Article 49-4, paragraph (2) of the Act;
- (ix) the acceptance of documents and reports under the provisions of Article 46-3, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to Article 60-6 of the Act), Article 47-2, Article 49-3, Article 63-4, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and Article 63-12, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act);
- (x) the disposition under the provisions of Article 51, Article 52, paragraphs (1), (2) and (4), Article 53, Article 54, and Article 60-8, paragraph (1) of the Act (excluding the part related to the rescission of the permission under Article 60, paragraph (1) of the Act), Article 60-8, paragraph (2), Article 63-5, paragraphs (1) to (3) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and Article 63-13, paragraphs (1) to (3) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act);
- (xi) the public notice under the provisions of Article 54-2, Article 60-8, paragraph (3) of the Act (excluding the part related to the rescission of the permission under Article 60, paragraph (1) of the Act), Article 63-5, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and Article 63-13, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act);
- (xii) the order for submission of reports and materials and the inspection under the provisions of Article 56-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 65-3, paragraph (3) of the Act), Article 56-2, paragraphs (3) and (4) and Article 60-11 of the Act (including as applied mutatis mutandis pursuant to Article 60-12, paragraph (3) of the Act), Article 63-6 of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and Article 63-14 of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act) (excluding the authority delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), items (i) to (ii)-3 of the Act and Article 38-2, paragraph (2) of this Order);
- (xiii) the hearing under Article 57, paragraph (1) of the Act (excluding those related to the refusal of registration under Article 29 of the Act);
- (xiv) the hearing under the provisions of Article 57, paragraph (2) of the Act,

- Article 60-8, paragraph (5) of the Act (excluding those related to the rescission of permission under Article 60, paragraph (1) of the Act), Article 63-5, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and Article 63-13, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act);
- (xv) the notice under the provisions of Article 57, paragraph (3) of the Act (excluding those related to the registration under Article 29 of the Act), Article 60-8, paragraph (4) of the Act (excluding those related to the rescission of permission under Article 60, paragraph (1) of the Act), Article 63-5, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and Article 63-13, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act);
- (xvi) the appointment of the Acting Representative under the provisions of Article 60-4, paragraph (1) and Article 65, paragraph (1) of the Act;
- (xvii) the order of payment under the provisions of Article 60-4, paragraph (2) and Article 65, paragraph (2) of the Act;
- (xviii) the acceptance of a copy of a contract under Article 63, paragraphs (9) and (10) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act);
- (xix) the inspection under Article 63, paragraph (5) of the Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act, and Article 63-9, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act);
- (xx) the acceptance of the request under Article 65-3, paragraph (1) of the Act;
- (xxi) the statement of opinions under Article 65-3, paragraph (2) of the Act;
- (xxii) the disposition under Article 187, paragraph (1) of the Act and the request for a report under paragraph (2) of that Article, which are related to the hearing under item (xiii) or the hearing under item (xiv);
- (xxiii) the notice under Article 194-6, paragraphs (2) to (4) of the Act;
- (xxiv) the approval under the provisions of Article 15-13, item (iii), Article 15-15, the proviso to Article 16-17, the proviso to Article 16-18, the proviso to Article 16-19, the proviso to Article 17-10, paragraph (1), the proviso to Article 17-10, paragraph (3), the proviso to Article 17-13-3, the proviso to Article 17-13-4, the proviso to Article 17-13-8, and the proviso to Article 17-13-9;
- (xxv) the acceptance of the petition, public notice, notice, investigation, granting of opportunity to state opinions, preparation of a distribution list, and conversion under Article 15-14;
- (xxvi) the consultation under Article 37, paragraph (6); and

(xxvii) the notice under Article 37, paragraph (7).

- (3) The authority set forth in item (xii) of the preceding paragraph which is related to the branch office or any other business office, office, or facilities of a Financial Instruments Business Operator, Notifier of Specially Permitted Services or Notifier of Specially Permitted Services for Foreign Investors, etc. which are other than the Head Office, etc. thereof, the office or other facilities of an Authorized Firm for On-Exchange Transactions (excluding those which are located at the address of the representative person in Japan), a person that conducts transactions with the Financial Instruments Business Operator, Authorized Firm for On-Exchange Transactions, Notifier of Specially Permitted Services or Notifier of Specially Permitted Services for Foreign Investors, etc., the Specified Subsidiary Corporation defined in Article 56-2, paragraph (1) of the Act, a Holding Company (meaning a Holding Company as prescribed in Article 29-4, paragraph (3) of the Act; the same applies hereinafter) which has the Financial Instruments Business Operator as its Subsidiary Company (meaning a Subsidiary Company as prescribed in Article 29-4, paragraph (4) of the Act; the same applies in paragraph (4) of the following Article, Article 43, paragraph (3) and Article 44, paragraphs (7) and (8)), a person that has been entrusted with business by the Financial Instruments Business Operator, Authorized Firm for On-Exchange Transactions, Notifier of Specially Permitted Services or Notifier of Specially Permitted Services for Foreign Investors, etc. (including a person that has been entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph), the Parent Financial Institution, etc. or Subsidiary Financial Institution, etc. prescribed in Article 56-2, paragraph (3) of the Act of the Financial Instruments Business Operator (limited to Specified Financial Instruments Business Operator, etc. set forth in Article 56-2, paragraph (3) of the Act), or the Parent Bank, etc. or Subsidiary Bank, etc. set forth in Article 56-2, paragraph (4) of the Act of the Financial Instruments Business Operator (hereinafter collectively referred to as the "Branch Office, etc." in this Article) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Branch Office, etc. (if the person that conducts the transaction or the person entrusted with the business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, by the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, by the Director-General of the Kanto Finance Bureau) beyond the Director-General of the Local Finance Bureau and Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.
- (4) The authority referred to in paragraph (2), item (xii) concerning a Special Financial Instruments Business Operator or the Financial Instruments

Business Operator, Authorized Firm for On-Exchange Transactions, Notifier of Specially Permitted Services or Notifier of Specially Permitted Services for Foreign Investors, etc. designated by the Commissioner of the Financial Services Agency as prescribed in paragraph (2) (hereinafter referred to as "Special Financial Instruments Business Operator, etc." in this paragraph and the following paragraph) which is related to the Branch Office, etc. of the Special Financial Instruments Business Operator, etc. and, within the Authority of the Commissioner, the authority under the provisions of Article 57-10, paragraph (1) of the Act (excluding those delegated to the Commission pursuant to Article 38-2, paragraph (2)) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Branch Office, etc. (including Subsidiary Company, etc. (meaning Subsidiary Company, etc. prescribed in Article 57-10, paragraph (2) of the Act; the same applies in Article 43-2, paragraph (1) and Article 44, paragraphs (5) and (22)) of a Special Financial Instruments Business Operator; the same applies in the following paragraph) (if a person that conducts transactions with the Special Financial Instruments Business Operator, etc., or the person that has been entrusted with business by the Special Financial Instruments Business Operator, etc. (including a person that has been entrusted by that person (including entrustment via two or more layers)) is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, by the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, by the Director-General of the Kanto Finance Bureau); provided, however that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising that authority personally.

- (5) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has given the order for submission of reports or materials to, or conducted the inspection of the Branch Office, etc. pursuant to the provisions of the preceding two paragraphs (hereinafter collectively referred to as the "Inspection, etc." in this Article to Article 44) finds the necessity for an Inspection, etc. of the Head Office, etc. or of a Branch Office, etc. other than the aforementioned Branch Office, etc. of the relevant Special Financial Instruments Business Operator, etc. (in cases of an Authorized Firm for On-Exchange Transactions, the representative person in Japan; hereinafter the same applies in this paragraph and Article 44, paragraphs (3) and (4)), the Director-General may conduct the Inspection, etc. of the Head Office, etc. or the Branch Office, etc. other than the aforementioned Branch Office, etc.
- (6) Having made a designation as referred to in paragraph (2), the Commissioner of the Financial Services Agency is to give public notice to that effect. The

same applies if the commissioner has canceled that designation.

- (7) Within the scope of the Authority of the Commissioner, the authority set forth in the following items (limited to the authority concerning a Financial Instruments Business Operator and with regard to the authority set forth in item (i) to item (ix), if the Association (meaning the Association prescribed in Article 64-7, paragraph (1) of the Act; the same applies in Article 43 to Article 43-3 and Article 44) is made to conduct Registration Work under Article 64-7, paragraph (1) or (2) of the Act, the authority concerning that work is excluded) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Head Office, etc. of a Financial Instruments Business Operator to which a Sales Representative belongs (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau):
- (i) the acceptance of the written application for registration under Article 64, paragraph (3) of the Act;
  - (ii) the registration under Article 64, paragraph (5) of the Act;
  - (iii) the notice under the provisions of Article 64, paragraph (6), Article 64-2, paragraph (3), and Article 64-5, paragraph (3) of the Act;
  - (iv) the refusal of registration under Article 64-2, paragraph (1) of the Act;
  - (v) the hearing under Article 64-2, paragraph (2) of the Act;
  - (vi) the acceptance of notification under Article 64-4 of the Act;
  - (vii) the rescission of registration or the order for suspension of business under Article 64-5, paragraph (1) of the Act;
  - (viii) the hearing under Article 64-5, paragraph (2) of the Act;
  - (ix) the deletion of registration under Article 64-6 of the Act; and
  - (x) the disposition under Article 187, paragraph (1) of the Act and the request for a report under paragraph (2) of that Article, which are related to the hearing under item (v) or the hearing under item (viii).

(Delegation of Authority Concerning a Major Shareholder of a Financial Instruments Business Operator to the Director-General of the Local Finance Bureau)

Article 42-2 (1) Within the scope of the Authority of the Commissioner, with regard to the authority set forth in the following items, the authority concerning Residents is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of head office or principal office of the relevant Resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning Non-Residents is delegated to the Director-General of the Kanto Finance Bureau; provided, however, that the foregoing sentence does not preclude the

Commissioner of the Financial Services Agency from exercising the authority set forth in item (iii) by personally:

- (i) the acceptance of the Notification of Holding Subject Voting Rights under Article 32, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 32-4 and Article 57-26, paragraph (1) of the Act);
  - (ii) the acceptance of the notification under Article 32, paragraph (3), Article 32-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 32-4 and Article 57-26, paragraph (1) of the Act) and Article 32-3, paragraph (2) of the Act; and
  - (iii) the order for submission of reports and materials and the inspection under Article 56-2, paragraph (2) and Article 57-26, paragraph (2) of the Act (excluding those delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2) of this Order).
- (2) Within the scope of the Authority of the Commissioner, the authority of the order under Article 32-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 32-4 of the Act) and Article 32-2, paragraphs (2) and (3) of the Act (excluding the authority concerning a Special Financial Instruments Business Operator and Financial Instruments Business Operator designated by the Commissioner of the Financial Services Agency) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Head Office, etc. of a Financial Instruments Business Operator, etc. (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau).
- (3) The authority set forth in paragraph (1), item (iii) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Head Office, etc. of a Financial Instruments Business Operator (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, by the Director-General of the Fukuoka Local Finance Branch Bureau) beyond the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in paragraph (1),
- (4) The authority set forth in paragraph (1), item (iii) which is related to the business office or office of a Financial Instruments Business Operator that is a Resident or of a Major Shareholder (meaning Major Shareholder prescribed in Article 29-4, paragraph (2) of the Act) of the Holding Company that has a Financial Instruments Business Operator as its Subsidiary Company or the Designated Parent Company (meaning Designated Parent Company prescribed in Article 57-12, paragraph (3) of the Act; the same applies hereinafter), which are other than the head office or principal office thereof (hereinafter such offices are collectively referred to as the "Secondary Office, etc." in this

paragraph) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Secondary Office, etc. (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau, and if the location is outside Japan, the Director-General of the Kanto Finance Bureau), beyond the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in paragraph (1) and the preceding paragraph.

(Delegation of Authority Concerning Financial Institutions to a Director-General of the Local Finance Bureau)

Article 43 (1) Within the scope of the Authority of the Commissioner, the authorities set forth in the following items (limited to the authority concerning a Registered Financial Institution) are delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Head Office, etc. of a Bank, a cooperative financial institution, and the Financial Institutions set forth in the items of Article 1-9 (in cases of the authority set forth in item (vi), the location of the business office or office where the Problematic Conduct related to the confirmation set forth in item (vi) has taken place) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau):

- (i) the acceptance of the written application for registration under Article 33-3, paragraph (1) of the Act;
- (ii) the registration in a registry of Financial Institutions under the provisions of Article 33-4, paragraph (1) and Article 33-6, paragraph (2) of the Act;
- (iii) the public inspection of the registry of Financial Institutions under Article 33-4, paragraph (2) of the Act;
- (iv) the refusal of registration under Article 33-5, paragraph (1) of the Act;
- (v) the attachment of conditions for registration under Article 33-5, paragraph (2) of the Act;
- (vi) the confirmation under the proviso to Article 39, paragraph (3) of the Act and the acceptance of the written application under paragraph (7) of that Article;
- (vii) the deletion of registration under Article 55, paragraph (1) of the Act;
- (viii) the hearing under Article 57, paragraph (1) of the Act;
- (ix) the notice under Article 57, paragraph (3) of the Act (limited to those related to the registration under Article 33-2 of the Act); and
- (x) the disposition under Article 187, paragraph (1) of the Act and the request for a report under paragraph (2) of that Article, which are related to the hearing set forth in item (viii).



- (2) Within the scope of the Authority of the Commissioner, the authorities set forth in the following items (limited to the authority concerning a Registered Financial Institution and excluding that concerning a Registered Financial Institution designated by the Commissioner of the Financial Services Agency) are delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Head Office, etc. of a Registered Financial Institution (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising the authority set forth in items (vi) and (ix) personally:
- (i) the acceptance of notification under the provisions of Article 33-6, paragraphs (1) and (3), Article 37-3, paragraph (3), Article 42-7, paragraph (3), Article 50, paragraph (1), Article 50-2, paragraphs (1) and (7), and Article 63-3, paragraph (1), and the provisions of Article 63, paragraphs (8) and (13) and Article 63-2, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act;
  - (ii) the acceptance of the documents and reports under Article 48-2, paragraphs (1) and (2) of the Act and under Article 63-4, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act;
  - (iii) the order under the provisions of Article 48-2, paragraph (3) of the Act and Article 63, paragraph (12) of the Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act;
  - (iv) the disposition under Article 51-2, Article 52-2, paragraphs (1) to (3), and Article 54 of the Act and under Article 63-5, paragraphs (1) to (3) of the Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act;
  - (v) the public notice under Article 54-2 of the Act (excluding item (ii)) and under Article 63-5, paragraph (6) of the Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act;
  - (vi) the order for submission of reports and materials and the inspection under Article 56-2, paragraphs (1) and (3) of the Act and under Article 63-3 of the Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act (excluding those delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), items (i) and (ii)-2 of the Act and Article 38-2, paragraph (2) of this Order);
  - (vii) the hearing under Article 57, paragraph (2) of the Act and under Article 63-5, paragraph (4) of the Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act;
  - (viii) the notice under Article 57, paragraph (3) of the Act (excluding those related to the registration under Article 33-2 of the Act) and under Article

- 63-5, paragraph (5) of the Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act;
- (ix) the public inspection under Article 63, paragraph (5) of the Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act;
  - (x) the acceptance of a copy of a contract under Article 63, paragraphs (9) and (10) of the Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act;
  - (xi) the appointment of an Acting Representative under Article 65, paragraph (1) of the Act;
  - (xii) the order of payment under Article 65, paragraph (2) of the Act;
  - (xiii) the disposition under Article 187, paragraph (1) of the Act and the request for a report under paragraph (2) of that Article, which are related to the hearing under item (vii);
  - (xiv) the notice under Article 194-6, paragraph (2) of the Act;
  - (xv) the approval under the proviso to Article 16-18, the proviso to Article 17-13-3, and the proviso to Article 17-13-4;
  - (xvi) the consultation under Article 37, paragraph (6); and
  - (xvii) the notice under Article 37, paragraph (7).
- (3) The authority set forth in item (vi) of the preceding paragraph related to the branch office or other business office or office of a Registered Financial Institution which is other than the Head Office, etc. thereof, a person that conducts transaction with the Registered Financial Institution, a Holding Company that has the Registered Financial Institution as its Subsidiary Company, a person that has been entrusted with business by the Registered Financial Institution (including a person that has been entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph), or the Parent Financial Institution, etc. or Subsidiary Financial Institution, etc. prescribed in Article 56-2, paragraph (3) of the Act of the Registered Financial Institution (limited to Specified Financial Instruments Business Operator, etc. set forth in Article 56-2, paragraph (3) of the Act) (hereinafter collectively referred to as the "Branch Office, etc." in this Article) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the relevant Branch Office, etc. (if the person that conducts transaction or the person entrusted with business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that location is outside Japan, the Director-General of the Kanto Finance Bureau) beyond the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.

- (4) The authority referred to in paragraph (2), item (vi) connected with a Registered Financial Institution designated by the Commissioner of the Financial Services Agency as prescribed in paragraph (2) which is related to the Branch Office, etc. of the Registered Financial Institution is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Branch Office, etc. (if a person that conducts transactions with the Registered Financial Institution or a person that has been entrusted with business by the Registered Financial Institution (including a person that has been entrusted by that person (including entrustment via two or more layers)) is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that location is outside Japan, the Director-General of the Kanto Finance Bureau); provided, however that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising that authority personally.
- (5) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an Inspection, etc. of the Branch Office, etc. pursuant to the provisions of the preceding two paragraphs finds the necessity for an Inspection, etc. of the Head Office, etc. or of a Branch Office, etc. other than the aforementioned Branch Office, etc. of the relevant Registered Financial Institution, the Director-General may conduct the Inspection, etc. of the Head Office, etc. or the Branch Office, etc. other than the aforementioned Branch Office, etc. of the Registered Financial Institution.
- (6) Having made a designation as referred to in paragraph (2), the Commissioner of the Financial Services Agency is to give public notice to that effect. The same applies if the commissioner has canceled that designation.
- (7) Within the scope of the Authority of the Commissioner, the authorities set forth in the following items (limited to the authority concerning a Registered Financial Institution and with regard to the authority set forth in item (i) to item (ix), if the Association is made to conduct Registration Work under Article 64-7, paragraphs (1) and (2) of the Act, the authority related to that work is excluded) are delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Head Office, etc. of a Registered Financial Institution to which a Sales Representative belongs (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau):
- (i) the acceptance of the written application for registration under Article 64, paragraph (3) of the Act;

- (ii) the registration under Article 64, paragraph (5) of the Act;
- (iii) the notice under the provisions of Article 64, paragraph (6), Article 64-2, paragraph (3) and Article 64-5, paragraph (3) of the Act;
- (iv) the refusal of registration under Article 64-2, paragraph (1) of the Act;
- (v) the hearing under Article 64-2, paragraph (2) of the Act;
- (vi) the acceptance of notification under Article 64-4 of the Act;
- (vii) the rescission of registration or the order for suspension of business under Article 64-5, paragraph (1) of the Act;
- (viii) the hearing under Article 64-5, paragraph (2) of the Act;
- (ix) the deletion of registration under Article 64-6 of the Act; and
- (x) the disposition under Article 187, paragraph (1) of the Act and the request for a report under paragraph (2) of that Article, which are related to the hearing under item (v) or the hearing under item (viii).

(Delegation of Authority Concerning a Designated Parent Company to the Director-General of the Local Finance Bureau)

- Article 43-2-1 (1) Within the Authority of the Commissioner, the authority under the provisions of Article 57-23 of the Act (excluding those delegated to the Commission pursuant to Article 38-2, paragraph (2)) which is related to the branch office or business office or office of a Designated Parent Company other than the head office or principal office thereof, a person that conducts transactions with the Designated Parent Company or a person that has been entrusted with business by Subsidiary Company, etc. of the Designated Parent Company or by the Designated Parent Company (including a person that has been entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph) (hereinafter collectively referred to as the "Branch Office, etc." in this Article) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Branch Office, etc. (if the person that conducts the transactions or the person that has been entrusted with the business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau); provided, however that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising that authority by personally.
- (2) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an Inspection, etc. of the Branch Office, etc. pursuant to the preceding paragraph finds the necessity for an Inspection, etc. of the head office or principal office or of a Branch Office, etc. other than the aforementioned Branch Office, etc. of the

relevant Designated Parent Company, the Director-General may conduct the Inspection, etc. of the head office or principal office or of the Branch Office, etc. other than the aforementioned Branch Office, etc.

(Delegation of Authority Concerning a Financial Instruments Intermediary Service Provider to the Director-General of the Local Finance Bureau)

Article 43-2-2 (1) Within the scope of the Authority of the Commissioner, the authority set forth in the following items are delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the Head Office, etc. of the applicant or a Financial Instruments Intermediary Service Provider (with regard to the authority set forth in item (vi), the location of the business office or office where the Problematic Conduct related to the confirmation referred to in item (vi) has taken place) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau, and if the applicant, Financial Instruments Business Operator, or Notifier of Specially Permitted Services has no business office or office in Japan, to the Director-General of the Kanto Finance Bureau); provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising the authority set forth in item (x) personally:

- (i) the acceptance of the written application for registration under Article 66-2, paragraph (1) of the Act;
- (ii) the registration under the provisions of Article 66-3, paragraph (1) and Article 66-5, paragraph (2) of the Act;
- (iii) the public inspection of the Financial Instruments Intermediary Service Providers register under Article 66-3, paragraph (2) of the Act;
- (iv) the refusal of registration under Article 66-4 of the Act;
- (v) the acceptance of the notification under the provisions of Article 66-5, paragraphs (1) and (3) and Article 66-19, paragraph (1) of the Act;
- (vi) the confirmation under the proviso to Article 39, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 66-15 of the Act, and the acceptance of the written application under Article 39, paragraph (7) of the Act;
- (vii) the acceptance of documents under Article 66-17, paragraph (1) of the Act;
- (viii) the disposition under Article 66-20 of the Act;
- (ix) the deletion of registration under Article 66-21 of the Act;
- (x) the order for submission of reports and materials, and the inspection under Article 66-22 of the Act (excluding those delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), item (iii) of the Act and Article 38-2, paragraph (2) of this Order);
- (xi) the hearing under Article 57, paragraph (1) of the Act as applied mutatis

- mutandis pursuant to Article 66-23 of the Act;
- (xii) the hearing under Article 57, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 66-23 of the Act;
- (xiii) the notice under Article 57, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 66-23 of the Act; and
- (xiv) the disposition under Article 187, paragraph (1) of the Act and the request for a report under paragraph (2) of that Article, which are related to the hearing referred to in item (xi) and the hearing referred to in item (xii).
- (2) The authority set forth in item (x) of the preceding paragraph which is related to the branch office, other business office or, office of a Financial Instruments Intermediary Service Provider which is other than the Head Office, etc. thereof, or a person that conducts transactions with the Financial Instruments Intermediary Service Provider (hereinafter collectively referred to as the "Branch Office, etc." in this Article) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Branch Office, etc. (if the person that conducts the transactions is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau), beyond the Director-General of the Local Finance Bureau and Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.
- (3) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an Inspection, etc. of the Branch Office, etc. pursuant to the provisions of the preceding paragraph finds the necessity for an Inspection, etc. of the Head Office, etc. or of a Branch Office, etc. other than the aforementioned Branch Office, etc. of the relevant Financial Instruments Intermediary Service Provider, the Director-General may conduct the Inspection, etc. of the Head Office, etc. or the Branch Office, etc. other than the aforementioned Branch Office, etc. of the Financial Instruments Intermediary Service Provider.
- (4) Within the scope of the Authority of the Commissioner, the authorities set forth in the following items (with regard to the authority set forth in item (i) to item (ix), if the Association is made to conduct Registration Work under Article 64-7, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act, the authority related to that work is excluded) are delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Head Office, etc. of a Financial Instruments Intermediary Service Provider to which a Sales Representative belongs (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau):

- (i) the acceptance of the written application for registration under Article 64, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (ii) the registration under Article 64, paragraph (5) of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (iii) the notice under the provisions of Article 64, paragraph (6), Article 64-2, paragraph (3), and Article 64-5, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (iv) the refusal of registration under Article 64-2, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (v) the hearing under Article 64-2, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (vi) the acceptance of notification under Article 64-4 of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (vii) the rescission of registration or the order for suspension of business under Article 64-5, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (viii) the hearing under Article 64-5, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (ix) the deletion of registration under Article 64-6 of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act; and
- (x) the disposition under Article 187, paragraph (1) of the Act and the request for a report under paragraph (2) of that Article, which are related to the hearing under item (v) or the hearing under item (viii).

(Delegation of Authority Concerning High-Speed Traders to the Director-General of the Local Finance Bureau)

Article 43-2-3 (1) Within the scope of the Authority of the Commissioner, the authority set forth in the following items is delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the Head Office, etc. of the applicant or a High-Speed Trader (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau; if the applicant or High-Speed Trader has no business office or office in Japan, to the Director-General of the Kanto Finance Bureau):

- (i) the acceptance of the written application for registration under Article 66-51, paragraph (1) of the Act;
- (ii) the registration under Article 66-52, paragraph (1) and Article 66-54, paragraph (2) of the Act;
- (iii) the public inspection of the High-Speed Traders register under Article 66-52, paragraph (2) of the Act;

- (iv) the refusal of registration under Article 66-53 of the Act;
  - (v) the deletion of registration under Article 66-66 of the Act;
  - (vi) the hearing under Article 57, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 66-69 of the Act;
  - (vii) the notice under Article 57, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 66-69 of the Act (limited to those related to the registration referred to in Article 66-50 of the Act); and
  - (viii) the disposition under Article 187, paragraph (1) of the Act and the request for a report under paragraph (2) of that Article, which are related to the hearing set forth in item (vi).
- (2) Within the scope of the Authority of the Commissioner, the authority set forth in the following items (excluding the authority concerning a High-Speed Trader designated by the Commissioner of the Financial Services Agency) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Head Office, etc. of a High-Speed Trader (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau; if the High-Speed Trader has no business office or office in Japan, to the Director-General of the Kanto Finance Bureau); provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising the authority set forth in item (v) personally:
- (i) the acceptance of the notification under Article 66-54, paragraphs (1) and (3), Article 66-60, and Article 66-61, paragraph (1) of the Act;
  - (ii) the acceptance of documents under Article 66-59 of the Act;
  - (iii) the disposition under Article 66-62, Article 66-63, paragraphs (1) to (3), and Article 66-64 of the Act;
  - (iv) the public notice under Article 66-65 of the Act;
  - (v) the order for submission of reports and materials, and the inspection, under Article 66-67 of the Act (excluding those delegated to the Commission pursuant to Article 194-7, paragraph (2), item (iii)-3 of the Act and Article 38-2, paragraph (2) of this Order);
  - (vi) the hearing under Article 57, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 66-69 of the Act;
  - (vii) the notice under Article 57, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 66-69 of the Act (excluding those related to the registration referred to in Article 66-50 of the Act);
  - (viii) the disposition under Article 187, paragraph (1) of the Act and the request for a report under paragraph (2) of that Article, which are related to the hearing set forth in item (vi); and
  - (ix) the approval under the proviso to Article 18-41.
- (3) The authority set forth in item (v) of the preceding paragraph related to the



branch office or other business office or office of a High-Speed Trader which is other than the Head Office, etc. thereof, a person that conducts transaction with the High-Speed Trader, or a person that has been entrusted with business by the High-Speed Trader (including a person that has been entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph) (hereinafter collectively referred to as the "Branch Office, etc." in this Article) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the relevant Branch Office, etc. (if the person that conducts transaction or the person entrusted with business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau) beyond the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.

- (4) The authority referred to in paragraph (2), item (v) connected with a High-Speed Trader designated by the Commissioner of the Financial Services Agency as prescribed in paragraph (2) which is related to the Branch Office, etc. of the High-Speed Trader is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Branch Office, etc. (if a person that conducts transactions with the High-Speed Trader or a person that has been entrusted with business by the High-Speed Trader (including a person that has been entrusted by that person (including entrustment via two or more layers)) is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, to the Director-General of the Kanto Finance Bureau); provided, however that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising that authority personally.
- (5) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an Inspection, etc. of the Branch Office, etc. pursuant to the provisions of the preceding two paragraphs finds the necessity for an Inspection, etc. of the Head Office, etc. or of a Branch Office, etc. other than the aforementioned Branch Office, etc. of the relevant High-Speed Trader, the Director-General may conduct the Inspection, etc. of the Head Office, etc. or the Branch Office, etc. other than the aforementioned Branch Office, etc. of the High-Speed Trader.
- (6) Having made a designation as referred to in paragraph (2), the Commissioner

of the Financial Services Agency is to give a public notice to that effect. The same applies if the commissioner has canceled that designation.

(Delegation of Authority Concerning Associations to the Director-General of the Local Finance Bureau)

Article 43-3 (1) Within the scope of the Authority of the Commissioner, the authorities set forth in the following items are delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality specified in that item (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau):

- (i) the acceptance of notification under Article 64-7, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 66-25 of the Act): the location of the Head Office, etc. of a Financial Instruments Business Operator, Registered Financial Institution, or Financial Instruments Intermediary Service Provider to which the Sales Representative related to the notification belongs;
  - (ii) the order under Article 64-7, paragraph (7) of the Act (including as applied mutatis mutandis pursuant to Article 66-25 of the Act): the location of the Head Office, etc. of a Financial Instruments Business Operator, Registered Financial Institution, or Financial Instruments Intermediary Service Provider to which a Sales Representative that falls under any of the items of Article 64-5, paragraph (1) of the Act belongs;
  - (iii) the hearing under Article 64-7, paragraph (8) of the Act (including as applied mutatis mutandis pursuant to Article 66-25 of the Act): the location of the Head Office, etc. of a Financial Instruments Business Operator, Registered Financial Institution, or Financial Instruments Intermediary Service Provider to which a Sales Representative that falls under any of the items of Article 64-5, paragraph (1) of the Act belongs; and
  - (iv) the disposition under Article 187, paragraph (1) of the Act and the request for a report under paragraph (2) of that Article, which are related to the hearing referred to in the preceding item: the location of the Head Office, etc. of a Financial Instruments Business Operator, Registered Financial Institution, or Financial Instruments Intermediary Service Provider to which a Sales Representative that falls under Article 64-5, paragraph (1), item (i) or (ii) of the Act belongs.
- (2) Within the scope of the Authority of the Commissioner, the authority under Article 67-13 of the Act is delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the principal office of an Authorized Financial Instruments Firms Association (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the

Director-General of the Fukuoka Local Finance Branch Bureau).

- (3) Within the scope of the Authority of the Commissioner, the authorities under the provisions of Article 75 and Article 79-4 of the Act (excluding those delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), items (iv) and (v) of the Act and Article 38-2, paragraph (2) of this Order) are delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the principal office of an Association (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising that authority personally.
- (4) The authority set forth in the preceding paragraph which is related to the office of an Association which is other than the principal office thereof, the person that has been entrusted with business by the Association (including a person that has been entrusted by that person (including entrustment via two or more layers)) or the issuer of the Over-the-Counter Traded Securities registered by an Authorized Financial Instruments Firms Association or the Securities for which the Authorized Financial Instruments Firms Association makes the Designation as Tradable Securities (hereinafter collectively referred to as the "Secondary Office, etc." in this Article) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Secondary Office, etc. (if the person entrusted with business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau) beyond the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.
- (5) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an Inspection, etc. of the Secondary Office, etc. pursuant to the provisions of the preceding paragraph finds the necessity for an Inspection, etc. of the principal office or of a Secondary Office, etc. other than the aforementioned Secondary Office, etc. of the relevant Association, the Director-General may conduct the Inspection, etc. of the principal office or the Secondary Office, etc. other than the aforementioned Secondary Office, etc.

(Delegation of Authority Concerning Certified Investor Protection  
Organizations to the Director-General of the Local Finance Bureau)

- Article 43-3-2 (1) Within the scope of the Authority of the Commissioner, the authority under Article 79-16 of the Act is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the principal office of a Certified Investor Protection Organization (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising that authority personally
- (2) The authority set forth in the preceding paragraph which is related to the office of a Certified Investor Protection Organization which is other than the principal office thereof (hereinafter referred to as the "Secondary Office" in this Article) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Secondary Office (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, by the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau) beyond the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.
- (3) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an Inspection, etc. of the Secondary Office pursuant to the provisions of the preceding paragraph finds the necessity for an Inspection, etc. of the principal office or of a Secondary Office other than the aforementioned Secondary Office of the relevant Certified Investor Protection Organization, the Director-General may conduct the Inspection, etc. of the principal office or the Secondary Office other than the aforementioned Secondary Office.

(Delegation of Authority Concerning Financial Instruments Exchanges to the Director-General of the Local Finance Bureau)

- Article 43-4 (1) Within the scope of the Authority of the Commissioner, the authorities to accept the notification under the provisions of Article 121 and Article 126, paragraph (1) of the Act are delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of a Financial Instruments Exchange (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau).
- (2) Within the scope of the Authority of the Commissioner, the authority under Article 151 of the Act (excluding those particulars delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), item (vi) of the Act and Article 38-2, paragraph (2) of this Order) is delegated to the Director-

General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the Financial Instruments Exchange (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising that authority personally.

(3) The authority set forth in the preceding paragraph which is related to the branch office, other business office, or office of a Financial Instruments Exchange which is other than the head office or principal office thereof, the Subsidiary Company of the Financial Instruments Exchange, the Commodity Trading Participant (meaning the Commodity Trading Participant as prescribed in Article 151 of the Act; the same applies in Article 44, paragraph (15)) of the Financial Instruments Exchange, the issuer of the Securities which are listed on the Financial Instruments Exchange, or a person entrusted with business by the Financial Instruments Exchange (including a person that has been entrusted by that person (including entrustment via two or more layers)) (hereinafter collectively referred to as the "Branch Office, etc." in this paragraph) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Branch Office, etc. (if the person entrusted with the business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau) beyond the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.

(4) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an Inspection, etc. of the Branch Office, etc. pursuant to the preceding paragraph finds the necessity for an Inspection, etc. of the head office or principal office or of a Branch Office, etc. other than the aforementioned Branch Office, etc. of the relevant Financial Instruments Exchange, the Director-General may conduct the Inspection, etc. of the head office or principal office or of the Branch Office, etc. other than the aforementioned Branch Office, etc.

(Delegation of Authority Related to the Shareholders of an Incorporated Financial Instruments Exchange to the Director-General of the Local Finance Bureau)

Article 43-5 (1) Within the scope of the Authority of the Commissioner, with regard to the authority set forth in the following items, the authority

concerning Residents is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of head office or principal office of the relevant Resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning Non-Residents is delegated to the Director-General of the Kanto Finance Bureau; provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising the authority set forth in item (ii) personally:

- (i) the acceptance of notification under the provisions of Article 103-3, paragraph (1) and Article 106-15 of the Act; and
  - (ii) the order for submission of reports and materials or the inspection under the provisions of Article 103-4, Article 106-6, paragraph (1) (including as applied mutatis mutandis pursuant to Article 106-6, paragraph (2) of the Act), Article 106-16 and Article 106-20, paragraph (1) (including as applied mutatis mutandis pursuant to Article 106-20, paragraph (2) of the Act) of the Act (excluding those delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2) of this Order).
- (2) The authority set forth in item (ii) of the preceding paragraph which is related to the business office or office of a Resident which is other than the head office or principal office thereof (hereinafter collectively referred to as the "Secondary Office, etc." in this paragraph) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Secondary Office, etc. (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau) beyond the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.

(Delegation of Authority Related to a Financial Instruments Exchange Holding Company to the Director-General of the Local Finance Bureau)

Article 43-6 (1) Within the scope of the Authority of the Commissioner, the authority under Article 106-27 of the Act (including as applied mutatis mutandis pursuant to Article 109 of the Act) (excluding those delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2) of this Order) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the Financial Instruments Exchange Holding Company, etc. (meaning Financial Instruments Exchange Holding Company, Parent Commodity Exchange, etc. (meaning Parent Commodity Exchange, etc. as defined in Article 102-3,

paragraph (1) of the Act) or Commodity Exchange (excluding those which are Financial Instruments Exchanges) which has a Financial Instruments Exchange Holding Company as its Subsidiary Company; hereinafter the same applies in this Article and Article 44) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising that authority personally.

- (2) The authority set forth in the preceding paragraph which is related to the branch office or business office or office of a Financial Instruments Exchange Holding Company, etc. which is other than the head office or principal office thereof or the Subsidiary Company of the Financial Instruments Exchange Holding Company, etc. (hereinafter collectively referred to as the "Branch Office, etc." in this Article) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Branch Office, etc. (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau) beyond the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.
- (3) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an Inspection, etc. of the Branch Office, etc. pursuant to the preceding paragraph, finds the necessity for an Inspection, etc. of the head office or principal office or of a Branch Office, etc. other than the aforementioned Branch Office, etc. of the relevant Financial Instruments Exchange Holding Company, etc., the Director-General may conduct the Inspection, etc. of the head office or principal office or of the Branch Office, etc. other than the aforementioned Branch Office, etc.

(Delegation of Authority Related to Self-Regulatory Organizations to the Director-General of the Local Finance Bureau)

Article 43-6-2 (1) Within the scope of the Authority of the Commissioner, the authority under Article 151 of the Act as applied mutatis mutandis pursuant to Article 153-4 of the Act (excluding those particulars delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), item (vi) of the Act and Article 38-2, paragraph (2) of this Order) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the principal office of the Self-Regulatory Organization (meaning the Self-Regulatory Organization prescribed in Article 85 of the Act; hereinafter the same applies in this Article and Article 44) (or, if that locality is within the

jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising that authority personally.

- (2) The authority set forth in the preceding paragraph which is related to the office of a Self-Regulatory Organization which is other than the principal office thereof or the person entrusted with business by the Self-Regulatory Organization (including a person that has been entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph) (hereinafter collectively referred to as the "Secondary Office, etc." in this Article) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Secondary Office, etc. (if the person entrusted with business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau) beyond the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.
- (3) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an Inspection, etc. of the Secondary Office, etc. pursuant to the preceding paragraph, finds the necessity for an Inspection, etc. of the principal office or of a Secondary Office, etc. other than the aforementioned Secondary Office, etc. of the relevant Self-Regulatory Organization, the Director-General may conduct the Inspection, etc. of the principal office or of the Secondary Office, etc. other than the aforementioned Secondary Office, etc.

(Delegation of Authority Concerning Foreign Financial Instruments Exchanges to the Director-General of the Local Finance Bureau)

Article 43-7 (1) Within the scope of the Authority of the Commissioner, the authority under Article 155-9 of the Act (excluding those particulars delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), item (vii) of the Act and Article 38-2, paragraph (2) of this Order) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the address of the representative person of a Foreign Financial Instruments Exchange (if the address is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising that authority personally.



(2) The authority set forth in the preceding paragraph which is related to the office of a Foreign Financial Instruments Exchange in Japan or a person entrusted with business by Participants of Foreign Financial Instruments Exchange or the Foreign Financial Instruments Exchange (including a person that has been entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph) (hereinafter collectively referred to as the "Office, etc." in this Article) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Office, etc. (if the person entrusted with business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau) beyond the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.

(3) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an Inspection, etc. of the Office, etc. pursuant to the preceding paragraph, finds the necessity for an Inspection, etc. of the representative person of the relevant Foreign Financial Instruments Exchange in Japan or of an Office, etc. other than the aforementioned Office, etc. thereof, the Director-General may conduct the Inspection, etc. of the representative person in Japan or of the Office, etc. other than the aforementioned Office, etc.

(Delegation of Authority Related to Securities Finance Company to the Director-General of the Local Finance Bureau)

Article 43-8 (1) Within the scope of the Authority of the Commissioner, the authority under Article 156-34 of the Act (excluding those delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2) of this Order) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office of a Securities Finance Company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising that authority personally.

(2) The authority set forth in the preceding paragraph which is related to the branch office or a business office or office of a Securities Finance Company which is other than the head office thereof or a person that has been entrusted with business by the Securities Finance Company (including a person that has

been entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph) (hereinafter collectively referred to as the "Branch Office, etc." in this Article) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Branch Office, etc. (if the person entrusted with business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau), beyond the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.

- (3) Having conducted an Inspection, etc. of a Securities Finance Company's Branch Office, etc. pursuant to the preceding paragraph and upon finding it to be necessary to conduct an Inspection, etc. at the head office of the relevant Securities Finance Company or at a Branch Office, etc. other than the one in question, a Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau may conduct an Inspection, etc. at that head office or at a Branch Office, etc. other than the one in question.

(Delegation of Authority Related to Stabilizing Transactions to the Director-General of the Local Finance Bureau)

Article 43-9 Within the scope of the Authority of the Commissioner, the authorities set forth in the following items are delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of head office of the Financial Instruments Business Operator that has conducted the Stabilizing Transaction prescribed in Article 20, paragraph (1) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau):

- (i) the acceptance of a Written Notification of a Stabilizing Transaction under Article 23; and
- (ii) the acceptance of a Stabilizing Transaction Report under Article 25.

(Delegation of Authority Concerning Purchase and Sales of Specified or Related Securities to the Director-General of the Local Finance Bureau)

Article 43-10 (1) Within the scope of the Authority of the Commissioner, with regard to the authority to accept reports under the provisions of Article 163, paragraph (1) or Article 165-2, paragraph (1) of the Act, the authority concerning Residents is delegated to the Director-General of the Local Finance

Bureau who has jurisdiction in the locality of the head office or principal office of the relevant Resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning Non-Resident is delegated to the Director-General of the Kanto Finance Bureau:

- (2) Notwithstanding the provisions of the preceding paragraph, if the reports referred to in that paragraph are submitted via a Financial Instruments Business Operator or a Registered Financial Institution pursuant to the provisions of Article 163, paragraph (2) or Article 165-2, paragraph (2) of the Act, the authority to accept those reports is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Head Office, etc. of the Financial Instruments Business Operator or Registered Financial Institution (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau), and if those reports are submitted via an Authorized Firm for On-Exchange Transactions, the authority to accept reports is delegated to the Director-General of the Kanto Finance Bureau.
- (3) Within the scope of the Authority of the Commissioner, the authority set forth in the following items is delegated to the Director-General of the Kanto Finance Bureau:
- (i) sending copies of the Documents Related to Profits under Article 164, paragraph (4) of the Act or copies of the Documents Related to Partnership Profits under Article 165-2, paragraph (9) of the Act; and
  - (ii) the acceptance of a petition under the provisions of Article 164, paragraph (5) and Article 165-2, paragraph (10) of the Act.

(Delegation of Authority Related to the Exercise of Voting Rights by Proxy to the Director-General of the Local Finance Bureau)

Article 43-11 Within the scope of the Authority of the Commissioner, with regard to the authority to accept documents under Article 36-3, paragraph (1), the authority concerning Residents is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant Resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau), and the authority concerning Non-Residents is delegated to the Director-General of the Kanto Finance Bureau:

(Delegation of Authority Concerning a Financial Instruments Business

Operator of a Commission to the Director-General of the Local Finance Bureau)

Article 44 (1) Within the scope of the Authority of the Commissioner, the authorities set forth in the following items are delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the location or address of the Head Office, etc., or the representative person in Japan of a Financial Instruments Business Operator, Registered Financial Institution, Authorized Firm for On-Exchange Transactions, Notifier of Specially Permitted Services, Notifier of Specially Permitted Services for Foreign Investors, etc., Financial Instruments Intermediary Service Provider, High-Speed Trader, Association, Financial Instruments Exchange, Financial Instruments Exchange Holding Company, etc., Self-Regulatory Organization, Foreign Financial Instruments Exchange, or Securities Finance Company (hereinafter collectively referred to as the "Financial Instruments Business Operator, etc." in this Article) (if the address is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that the foregoing sentence does not preclude the Commission from exercising that authority itself:

(i) the authority set forth in the items of Article 194-7, paragraph (2) of the Act (excluding item (viii)) which has been delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2) of the Act; and

(ii) the authority under the provisions of Article 56-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 65-3, paragraph (3) of the Act), Article 56-2, paragraphs (3) and (4) and Article 60-11 of the Act (including as applied mutatis mutandis pursuant to Article 60-12, paragraph (3) of the Act), Article 63-6 (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), Article 63-14 (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act), Article 66-22, Article 66-67, Article 75, Article 79-4, Article 106-27 (including as applied mutatis mutandis pursuant to Article 109 of the Act) and Article 151 of the Act (including as applied mutatis mutandis pursuant to Article 153-4 of the Act), Article 155-9 and Article 156-34 of the Act which has been delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2) of this Order.

(2) The authority of Commission set forth in the items of the preceding paragraph which is related to the Branch Office, etc. of a Financial Instruments Business Operator, Branch Office, etc. of a Registered Financial Institution, Secondary Office, etc. of an Authorized Firm for On-Exchange Transactions, Branch Office, etc. of a Notifier of Specially Permitted Services, Branch Office, etc. of a Notifier of Specially Permitted Services for Foreign Investors, etc., Branch Office, etc. of a Financial Instruments Intermediary

Service Provider, Branch Office, etc. of a High-Speed Trader, Secondary Office, etc. of an Association, Secondary Office, etc. of a Financial Instruments Exchange, Branch Office, etc. of a Financial Instruments Exchange Holding Company, Secondary Office, etc. of a Self-Regulatory Organization, Secondary Office, etc. of a Foreign Financial Instruments Exchange, or Branch Office, etc. of a Securities Finance Company of a Financial Instruments Business Operator, etc. (hereinafter collectively referred to as the "Subject Branch Office, etc." in this Article) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Subject Branch Office, etc. (if a person that conducts business with the Financial Instruments Business Operator, etc. or a person entrusted with business by the Financial Instruments Business Operator, etc. (including a person that has been entrusted by that person (including entrustment via two or more layers)) is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau) beyond the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.

- (3) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an Inspection, etc. of the Subject Branch Office, etc. of a Financial Instruments Business Operator, etc. pursuant to the provisions of the preceding paragraph, finds the necessity for an Inspection, etc. of the Head Office, etc. or of a Subject Branch Office, etc. other than the aforementioned Subject Branch Office, etc. of the relevant Financial Instruments Business Operator, etc., the Director-General may conduct the Inspection, etc. of the Head Office, etc. or Subject Branch Office, etc. other than the aforementioned Subject Branch Office, etc.
- (4) When the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of a Financial Instruments Exchange (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau) finds, with regard to the purchase and sales of Securities or Market Derivatives Transactions conducted on the Financial Instruments Exchange Market established by the Financial Instruments Exchange for the Financial Instruments, etc. (meaning Financial Instruments, etc. defined in Article 84, paragraph (2) of the Act; hereinafter the same applies in this paragraph) listed on the Financial Instruments Exchange, the necessity to order the Head Office, etc. of a Financial Instruments Business Operator, a Registered Financial Institution, an Authorized Firm for On-

Exchange Transactions, or a Financial Instruments Intermediary Service Provider, Branch Office, etc. of a Financial Instruments Business Operator, Branch Office, etc. of a Registered Financial Institution, Secondary Office, etc. of an Authorized Firm for On-Exchange Transactions, Branch Office, etc. of a Financial Instruments Intermediary Service Provider, or Branch Office, etc. of a High-Speed Trader that conducts purchase and sales of Securities or Market Derivatives Transactions related to the Financial Instruments, etc., or intermediation, brokerage, or agency therefor or High-Speed Trading (hereinafter collectively referred to as the "Trading Financial Instruments Business Operator, etc." in this paragraph) to submit reports and materials, the Director-General of the Local Finance Bureau may order the relevant Trading Financial Instruments Business Operator, etc. to submit reports and materials, beyond the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau set forth in paragraph (1) and paragraph (2).

- (5) The provisions of paragraph (1) do not apply to the authority of the Commission set forth in the items of that paragraph which are related to a Special Financial Instruments Business Operator and the Financial Instruments Business Operator, Registered Financial Institution, Authorized Firm for On-Exchange Transactions, Notifier of Specially Permitted Services, Notifier of Specially Permitted Services for Foreign Investors, etc., and High-Speed Trader designated by the Commission. In this case, with regard to the application of the provisions of the preceding three paragraphs, the phrases "the Branch Office, etc. of Financial Instruments Business Operator, Branch Office, etc. of a Registered Financial Institution, Secondary Office, etc. of an Authorized Firm for On-Exchange Transactions, Branch Office, etc. of a Notifier of Specially Permitted Services, Branch Office, etc. of a Specially Permitted Services for Foreign Investors, etc., Branch Office, etc. of a Financial Instruments Intermediary Service Provider, Branch Office, etc. of a High-Speed Trader, Secondary Office, etc. of an Association, Secondary Office, etc. of a Financial Instruments Exchange, Branch Office, etc. of a Financial Instruments Exchange Holding Company, Secondary Office, etc. of a Self-Regulatory Organization, Secondary Office, etc. of a Foreign Financial Instruments Exchange, or Branch Office, etc. of a Securities Finance Company of a Financial Instruments Business Operator, etc.", "The authority of Commission set forth in the items of the preceding paragraph which is related to", "the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph", "Subject Branch Office, etc.", and "the Financial Instruments Business Operator, etc." in paragraph (2) is deemed to be replaced with "the Branch Office, etc. of a Financial Instruments Business Operator,

Branch Office, etc. of Registered Financial Institution, Secondary Office, etc. of an Authorized Firm for On-Exchange Transactions, Branch Office, etc. of a Notifier of Specially Permitted Services, Branch Office, etc. of a Notifier of Specially Permitted Services for Foreign Investors, etc., or Branch Office, etc. of a High-Speed Trader of a Financial Instruments Business Operator, Registered Financial Institution, Authorized Firm for On-Exchange Transactions, Notifier of Specially Permitted Services, Notifier of Specially Permitted Services for Foreign Investors, etc., or High-Speed Trader" "Within the Commissioner's authority, the authority under the provisions of Article 57-10, paragraph (1) of the Act delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2), and the authority of Commission set forth in the items of the preceding paragraph which is related to", "the Commission", "Subject Branch Office, etc. (including Subsidiary Company, etc. of a Special Financial Instruments Business Operator; the same applies in the following paragraph)" and "the Financial Instruments Business Operator, Registered Financial Institution, Authorized Firm for On-Exchange Transactions, Notifier of Specially Permitted Services, Notifier of Specially Permitted Services for Foreign Investors, etc., or High-Speed Trader", respectively; the phrases "the Subject Branch Office, etc. of a Financial Instruments Business Operator, etc." and "the relevant Financial Instruments Business Operator, etc." in paragraph (3) are deemed to be replaced with "the Subject Branch Office, etc. of a Financial Instruments Business Operator, Registered Financial Institution, Authorized Firm for On-Exchange Transactions, Notifier of Specially Permitted Services, Notifier of Specially Permitted Services for Foreign Investors, etc., or High-Speed Trader" and "the relevant Financial Instruments Business Operator, Registered Financial Institution, Authorized Firm for On-Exchange Transactions, Notifier of Specially Permitted Services, Notifier of Specially Permitted Services for Foreign Investors, etc., or High-Speed Trader" respectively; and the phrase "the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau set forth in paragraph (1) and paragraph (2)" in the preceding paragraph is deemed to be replaced with "the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau set forth in paragraph (2)".

(6) Having made a designation as referred to in the preceding paragraph, the Commission is to give a public notice to that effect. The same applies if it has cancelled that designation.

(7) The term "Branch Office, etc. of a Financial Instruments Business Operator" as used in paragraph (2) and paragraph (4) means the branch office or business office or office of a Financial Instruments Business Operator which is other than the Head Office, etc. thereof, a person that conducts transactions with the

Financial Instruments Business Operator, a Specified Subsidiary Corporation as defined in Article 56-2, paragraph (1) of the Act, the Holding Company that has the Financial Instruments Business Operator as its Subsidiary Company, a person entrusted with business by the Financial Instruments Business Operator (including a person that has been entrusted by that person (including entrustment via two or more layers)), the Parent Financial Institution, etc. or Subsidiary Financial Institution, etc. prescribed in Article 56-2, paragraph (3) of the Act of the Financial Instruments Business Operator (limited to Specified Financial Instruments Business Operator, etc. set forth in Article 56-2, paragraph (3) of the Act) or the Parent Bank, etc. or Subsidiary Bank, etc. as defined in Article 56-2, paragraph (4) of the Act of the Financial Instruments Business Operator.

- (8) The term "Branch Office, etc. of a Registered Financial Institution" as used in paragraph (2) and paragraph (4) means the branch office or any business office or office of a Registered Financial Institution which is other than the Head Office, etc. thereof, a person that conducts transactions with the Registered Financial Institution, the Holding Company that has the Registered Financial Institution as its Subsidiary Company, a person entrusted with business by the Registered Financial Institution (including a person that has been entrusted by that person (including entrustment via two or more layers)), or the Parent Financial Institution, etc. or Subsidiary Financial Institution, etc. prescribed in Article 56-2, paragraph (3) of the Act of the Registered Financial Institution (limited to Specified Financial Instruments Business Operator, etc. set forth in Article 56-2, paragraph (3) of the Act).
- (9) The term "Secondary Office, etc. of an Authorized Firm for On-Exchange Transactions" as used in paragraph (2) and paragraph (4) means the office and any other facilities of an Authorized Firm for On-Exchange Transactions in Japan (excluding the facilities which are located at the address of the representative person in Japan), a person that conducts transactions with the Authorized Firm for On-Exchange Transactions, or a person entrusted with business by the Authorized Firm for On-Exchange Transactions (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (10) The term "Branch Office, etc. of a Notifier of Specially Permitted Services" as used in paragraph (2) means the branch office, business office or office, and any other facilities of a Notifier of Specially Permitted Services which are other than the Head Office, etc. thereof, a person that conducts transactions with the Notifier of Specially Permitted Services or a person entrusted with business by the Notifier of Specially Permitted Services (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (11) The term "Branch Office, etc. of a Notifier of Specially Permitted Services for



Foreign Investors, etc." as used in paragraph (2) means the branch office, business office or office, and any other facilities of a Notifier of Specially Permitted Services for Foreign Investors, etc. which are other than the Head Office, etc. thereof, a person that conducts transactions with the Notifier of Specially Permitted Services for Foreign Investors, etc. or a person entrusted with business by the Notifier of Specially Permitted Services for Foreign Investors, etc. (including a person that has been entrusted by that person (including entrustment via two or more layers)).

- (12) The term "Branch Office, etc. of a Financial Instruments Intermediary Service Provider" as used in paragraph (2) and paragraph (4) means the branch office or any other business office or office of a Financial Instruments Intermediary Service Provider which is other than the Head Office, etc. thereof, or a person that conducts transactions with the Financial Instruments Intermediary Service Provider.
- (13) The term "Branch Office, etc. of a High-Speed Trader" as used in paragraph (2) and paragraph (4) means the branch office, business office or office of a High-Speed Trader which is other than the Head Office, etc. thereof, a person that conducts transactions with the High-Speed Trader or a person entrusted with business by the High-Speed Trader (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (14) The term "Secondary Office, etc. of an Association" as used in paragraph (2) means the office of an Association other than its principal office, the issuer of Over-the-Counter Traded Securities or Tradable Securities, or a person entrusted with business by the Association (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (15) The term "Secondary Office, etc. of a Financial Instruments Exchange" as used in paragraph (2) means the branch office or any business office or office of a Financial Instruments Exchange which is other than the Head Office, etc. or principal office thereof, the Subsidiary Company of the Financial Instruments Exchange, the Commodity Trading Participant of the Financial Instruments Exchange, the issuer of the Securities which are listed on the Financial Instruments Exchange, or a person entrusted with business by the Financial Instruments Exchange (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (16) The term "Branch Office, etc. of a Financial Instruments Exchange Holding Company" as used in paragraph (2) means the branch office or any business office or office of a Financial Instruments Exchange Holding Company, etc. which is other than the Head Office or principal office thereof or the Subsidiary Company of the Financial Instruments Exchange Holding Company, etc.
- (17) The term "Secondary Office, etc. of a Self-Regulatory Organization" as used in paragraph (2) means the offices of a Self-Regulatory Organization which are

- those other than the principle office thereof or a person entrusted with business by the Self-Regulatory Organization (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (18) The term "Secondary Office, etc. of a Foreign Financial Instruments Exchange" as used in paragraph (2) means the business office of a Foreign Financial Instruments Exchange in Japan (excluding the address of the representative person in Japan), the Participants of a Foreign Financial Instruments Exchange, or a person entrusted with business by the Foreign Financial Instruments Exchange (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (19) The term "Branch Office, etc. of a Securities Finance Company" as used in paragraph (2) means the branch office or any business office of a Securities Finance Company which is other than the head office thereof, or a person entrusted with business by the Securities Finance Company (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (20) Within the Authority of the Commissioner, the authority under the provisions of Article 57-23 of the Act delegated to the Commission pursuant to Article 38-2, paragraph (2) which is related to the Branch Office, etc. of a Designated Parent Company is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Branch Office, etc. of the Designated Parent Company (if the person that conducts transactions with the Designated Parent Company or the person that has been entrusted with business by the Designated Parent Company (including a person that has been entrusted by that person (including entrustment via two or more layers)) is an individual, that individual's domicile or residence) (if the locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau, and if the location is outside Japan, the Director-General of the Kanto Finance Bureau); provided, however that the foregoing sentence does not preclude the Commissioner of the Financial Services Agency from exercising that authority personally.
- (21) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an Inspection, etc. of the Branch Office, etc. of a Designated Parent Company pursuant to the preceding paragraph finds the necessity for an Inspection, etc. of the head office or principal office of the relevant Designated Parent Company or of a Branch Office, etc. the relevant Designated Parent Company other than the aforementioned Branch Office, etc. of the relevant Designated Parent Company, the Director-General may conduct the Inspection, etc. of the head office or principal office or of the Branch Office, etc. of the relevant

Designated Parent Company other than the aforementioned Branch Office, etc. (22) "Branch Office, etc. of a Designated Parent Company" referred to in the preceding two paragraphs means a branch office or business office or office of a Designated Parent Company other than the head office or principal office thereof, a person that conducts transactions with the Designated Parent Company or a person that has been entrusted with business by Subsidiary Company, etc. of the Designated Parent Company or by the Designated Parent Company (including a person that has been entrusted by that person (including entrustment via two or more layers)).

(Delegation of Authority Related to Investigations Concerning the Administrative Monetary Penalty of the Commission to the Director-General of the Local Finance Bureau)

Article 44-2 (1) Within the scope of the Authority of the Commissioner, the authority set forth in Article 194-7, paragraph (2), item (viii) of the Act which has been delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2) of the Act is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the address of the person concerned with a case or a witness of a case concerning the Administrative Monetary Penalty under Article 177, paragraph (1) of the Act (such a case is referred to as an "Administrative Monetary Penalty Case" in paragraph (4) and paragraph (5)) (hereinafter such persons are collectively referred to as the "Person Concerned, etc. with a Case" in this Article) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Office, the Director-General of the Fukuoka Local Finance Branch Office); provided, however, that the foregoing sentence does not preclude the Commission from exercising that authority itself.

(2) The authority of the Commission prescribed in the preceding paragraph (limited to those related to Article 177, paragraph (1), items (i) and (ii) and paragraph (2) of that Article of the Act) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the residence of the Person Concerned, etc. with a Case (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau), beyond the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.

(3) The authority of the Commission prescribed in paragraph (1) (limited to those related to Article 177, paragraph (1), item (iii) and paragraph (2) of that Article of the Act) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the business office or any other

necessary places of the person concerned with a case set forth in Article 177, paragraph (1), item (iii) of the Act (such a business office and places are collectively referred to as the "Business Office, etc. of a Person Concerned with a Case" in the following paragraph and paragraph (5)) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Office, the Director-General of the Fukuoka Local Finance Branch Office), beyond the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau set forth in paragraph (1),.

(4) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has asked questions to the Person Concerned, etc. with a Case or collected opinions or reports from those persons, has or conducted an inspection of the Business Office, etc. of a Person Concerned with a Case pursuant to the provisions of the preceding two paragraphs finds the necessity for an inspection of a Business Office, etc. of a Person Concerned with a Case related to the same Administrative Monetary Penalty Case which is located outside the jurisdictional district thereof, the Director-General of the Local Finance Bureau or Director-General of the Fukuoka Local Finance Branch Bureau may conduct an inspection of the Business Office, etc. of a Person Concerned with a Case.

(5) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has asked questions to a Person Concerned, etc. with a Case or collected opinions or reports from those persons or conducted an inspection of the Business Office, etc. of a Person Concerned with a Case pursuant to the provisions of paragraph (2) and paragraph (3) finds the necessity to ask questions to or collect opinions or reports from a Person Concerned, etc. with a Case related to the same Administrative Monetary Penalty Case that is other than the aforementioned Person Concerned, etc. with a Case, the Director-General of the Local Finance Bureau or Director-General of the Fukuoka Local Finance Branch Bureau may ask questions to or collect opinions or reports from the Person Concerned, etc. with a Case related to the same Administrative Monetary Penalty Case that is other than the aforementioned Person Concerned, etc. with a Case.

(Delegation of Authority of the Commission Related to the Disclosure of Corporate Affairs and Other Matters to the Director-General of the Local Finance Bureau)

Article 44-3 (1) Within the scope of the Authority of the Commissioner, with regard to the authority under Article 26 of the Act (including as applied *mutatis mutandis* pursuant to Article 27 of the Act) which has been delegated to the Commission under Article 38-2, paragraph (1), the authority concerning a Domestic Company whose amount of stated capital, total amount of funds, or

the total amount of investment is less than five billion yen, or a Domestic Company for which any of the Securities issued thereby are not listed on a Financial Instruments Exchange (excluding the Domestic Company specified by Cabinet Office Order) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant Domestic Company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau), and the authority concerning any other persons is delegated to the Director-General of the Kanto Finance Bureau; provided, however, that the foregoing sentence does not preclude the Commission from exercising that authority itself.

- (2) Within the scope of the Authority of the Commissioner, the authority under the provisions of Article 27-22, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act), Article 27-22, paragraph (2) of the Act, and Article 27-22, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act) which has been delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (1) of this Order is delegated to the Director-General of the Kanto Finance Bureau; provided, however, that the foregoing sentence does not preclude the Commission from exercising that authority itself.
- (3) Within the scope of the Authority of the Commissioner, with regard to the authority under Article 27-30, Article 27-35, and Article 27-37 of the Act and the authority under Article 27-35 of the Act which has been delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (1) of this Order, the authority concerning Residents are delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant Resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning Non-Residents is delegated to the Director-General of the Kanto Finance Bureau; provided, however, that the foregoing sentence does not preclude the Commission from exercising that authority by itself.
- (4) Within the scope of the authority set forth in the preceding paragraph, the authority related to Residents may be exercised by the Director-General of the Kanto Finance Bureau beyond the Director-General of the Local Finance Bureau or Director-General of the Fukuoka Local Finance Branch Bureau set forth in that paragraph.

(Delegation of Authority of the Commission Concerning Major Shareholders of a Financial Instruments Exchange to the Director-General of the Local

Finance Bureau)

- Article 44-4 (1) Within the scope of the Authority of the Commissioner, with regard to the authority under the provisions of Article 56-2, paragraph (2), Article 57-26, paragraph (2), Article 103-4, Article 106-6, paragraph (1) (including as applied mutatis mutandis pursuant to Article 106-6, paragraph (2) of the Act), Article 106-16, and Article 106-20, paragraph (1) (including as applied mutatis mutandis pursuant to Article 106-20, paragraph (2) of the Act) of the Act which has been delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2) of this Order, the authority concerning Residents is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant Resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning Non-Residents is delegated to the Director-General of the Kanto Finance Bureau; provided, however, that the foregoing sentence does not preclude the Commission from exercising that authority itself.
- (2) Within the scope of authority set forth in the preceding paragraph, the authority under the provisions of Article 56-2, paragraph (2) of the Act may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the Head Office, etc. of a Financial Instruments Business Operator (excluding a Special Financial Instruments Business Operator and the Financial Instruments Business Operator designated by the Commission) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau), beyond the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.
- (3) Within the scope of authority set forth in paragraph (1), the authority under the provisions of Article 103-4 and Article 106-6, paragraph (1) (including as applied mutatis mutandis pursuant to Article 106-6, paragraph (2) of the Act) of the Act may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office of a Financial Instruments Exchange (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau), beyond the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau set forth in paragraph (1).
- (4) Within the scope of authority set forth in paragraph (1), the authority under the provisions of Article 106-16 and Article 106-20, paragraph (1) (including as applied mutatis mutandis pursuant to Article 106-20, paragraph (2) of the Act)

of the Act may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office a Financial Instruments Exchange Holding Company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau), beyond the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau set forth in paragraph (1).

- (5) The authority of the Commission set forth in paragraph (1) which is related to the business office or office of a Resident which is other than the head office or principal office thereof (hereinafter such an office is referred to as the "Secondary Office, etc." in this paragraph) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the relevant Secondary Office, etc. (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside Japan, the Director-General of the Kanto Finance Bureau), beyond the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraphs.

(Delegation of the Commission's Authority to Make Public the Name of the Person Who Has Committed an Act in Violation of a Law or Regulation to the Director-General of the Local Finance Bureau)

Article 44-4-2 Within the scope of the Authority of the Commissioner, the authority under Article 192-2 of the Act delegated to the Commission pursuant to Article 38-2, paragraph (4) is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the domicile or residence of the person that has committed an act in violation of a law or regulation or the place where an act in violation of a law or regulation has been committed (if the location or place is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau; and if the location or place is outside Japan, to the Director-General of the Kanto Finance Bureau); provided, however, that the foregoing sentence does not preclude the Commission from exercising that authority itself.

(Delegation of Authority of the Commission Concerning Petition for Prohibition Order or Order for Suspension by Court to the Director-General of the Local Finance Bureau)

Article 44-5 (1) Within the scope of the Authority of the Commissioner, the authority set forth in Article 194-7, paragraph (4), item (i) of the Act which has been delegated to the Commission pursuant to the provisions of Article 194-7,

paragraph (4) of the Act is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the domicile or residence of the person concerned or witness (hereinafter referred to as "Person Concerned, etc." in this Article) in connection with the petition under the provisions of Article 192 of the Act (referred to as "Petition for Prohibition order, etc." in paragraphs (3) and (4)) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that the foregoing sentence does not preclude the Commission from exercising that authority itself.

- (2) Authority of the Commission referred to in the preceding paragraph related to the business office or any other necessary places of the Person Concerned, etc. (hereinafter referred to as "Business Office, etc. of the Person Concerned, etc." in this paragraph and the following paragraph) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction over the Business Office, etc. of the Person Concerned, etc. (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau), beyond the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau set forth in the preceding paragraph.
- (3) The Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has taken the disposition prescribed in Article 187, paragraph (1) of the Act against a Person Concerned, etc. pursuant to the provisions of the preceding paragraph (hereinafter referred to as "Disposition for Investigation" in this Article) may take the Disposition for Investigation against the Person Concerned, etc. if it is deemed necessary to take Disposition for Investigation relating to the Business Office, etc. of the Person Concerned, etc. in connection with the same Petition for Prohibition order, etc. outside the jurisdictional district thereof.
- (4) The Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has taken the Disposition for Investigation against a Person Concerned, etc. pursuant to the provisions of paragraph (2) may take a Disposition for Investigation against a Person Concerned, etc. in connection with the same Petition for Prohibition order, etc. other than the Person Concerned, etc., if it is deemed necessary to take Disposition for Investigation against the Person Concerned, etc. in connection with the same Petition for Prohibition order, etc. other than the Person Concerned, etc.
- (5) Within the scope of the Authority of the Commissioner, the authority set forth in Article 194-7, paragraph (4), item (ii) of the Act which has been delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (4) of



the Act is delegated to the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the address of the respondent or the place where any of the acts provided for in the items of Article 192, paragraph (1) of the Act was conducted or is to be conducted (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that the foregoing sentence does not preclude the Commission from exercising that authority itself.

- (6) The Commission's Authority referred to in the preceding paragraph may be exercised by the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has taken Disposition for Investigation against a Person Concerned, etc. pursuant to the provisions of paragraph (1) or (2), beyond the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau set forth in that paragraph.

## **Chapter IX Investigation into Criminal Cases**

(Scope of Criminal Cases)

Article 45 (1) The crimes specified by Cabinet Order that are provided for in Article 210 of the Act are the following crimes:

- (i) a crime under Article 197, paragraph (1), items (i) to (v) or paragraph (2), item (i) of the Act;
  - (ii) a crime under Article 197-2, items (i) to (x)-3, item (x)-7 or items (xiii) to (xv) of the Act;
  - (iii) a crime under Article 198-3 of the Act;
  - (iv) a crime under Article 198, items (ii)-2 to (ii)-4 of the Act;
  - (v) a crime under Article 198-3 of the Act;
  - (vi) a crime under Article 198-6, item (ii) or (ii)-2 of the Act;
  - (vii) a crime under the provisions of Article 200, items (i) to (xii)-2, item (xiv), (xv), (xx), or (xxi) of the Act;
  - (viii) a crime under Article 201, item (ii) of the Act (limited to the violation of conditions for restriction on business which have been attached for securing fairness in purchase and sales or other transactions of Securities or Derivatives Transactions, etc.); and
  - (ix) a crime under the provisions of Article 205, items (i) to (iv), (vi)-2 to (vi)-4, item (xi), (xii), (xiv), or items (xviii) to (xx) of the Act.
- (Special Rules on the "Specially Permitted Services for the Transitional Period")

- (3) The employee specified by Cabinet Order that is provided for in Article 3-3, paragraph (1), item (iv) (including as applied mutatis mutandis pursuant to

- paragraph (7) of that Article) of the Supplementary Provisions of the Act is an employee of a person that intends to make a notification of "specially permitted services for the transitional period" (meaning the "specially permitted services for the transitional period" prescribed in paragraph (5) of that Article, and in the case as applied mutatis mutandis pursuant to paragraph (7) of that Article, the services related to the act prescribed in that paragraph; hereinafter the same applies in this paragraph), who falls under any of the following items:
- (i) a person that supervises the function of providing guidance to ensure that Laws and Regulations, etc. are observed with regard to "specially permitted services for the transitional period", or any other persons specified by Cabinet Office Order as being equivalent thereto; or
  - (ii) a person that supervises the department conducting investments with regard to "specially permitted services for the transitional period" and any other person specified by Cabinet Office Order as being equivalent thereto.
- (4) The period specified by Cabinet Order that is provided for in Article 3-3, paragraph (3), item (i), (b) of the Supplementary Provisions of the Act is three years.
- (5) The cases specified by Cabinet Order that are provided for in Article 3-3, paragraph (3), item (i), (b) of the Supplementary Provisions of the Act mean, if the relevant period has been calculated for the foreign investment management business operator by deeming the period that has elapsed since one of the following persons commenced the investment management business in a foreign state (meaning the foreign state prescribed in (a) of that item) in compliance with laws and regulations of the foreign state to be the period that has elapsed since the foreign investment management business operator commenced that business, a case in which that period is three years or more:
- (i) a person that has been merged or consolidated with or into the foreign investment management business operator;
  - (ii) a person that has had the foreign investment management business operator assume the investment management business in whole or in part (limited to the cases specified by Cabinet Office Order) through a company split;
  - (iii) a person that has transferred the investment management business in whole or in part to the foreign investment management business operator (limited to the cases specified by Cabinet Office Order); and
  - (iv) the persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding three items.
- (6) The Securities specified by Cabinet Order that are provided for in Article 3-3, paragraph (3), item (i), (f) of the Supplementary Provisions of the Act are the following Securities (excluding share certificates associated with shares that do not allow voting rights to be exercised with regard to all matters that can be

resolved at a shareholders meeting (including voting rights for Securities which cannot be asserted against the issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of the Act on Book-Entry Transfer of Corporate Bonds and Shares) or other Securities specified by Cabinet Office Order):

(i) share certificates, share option certificates and corporate bond certificates with share options;

(ii) Certificates of a beneficial interest in a securities trust of which the Entrusted Securities are the Securities set forth in the preceding item; or

(iii) Securities specified by Cabinet Office Order as being equivalent to the Securities set forth in the preceding two items.

(7) With regard to the application of the provisions of Article 38, paragraph (4) in the case where the provisions of Article 194-7, paragraph (7), item (ii)-3 of the Act are applied pursuant to the provisions of Article 3-3, paragraph (4) of the Supplementary Provisions of the Act following the deemed replacement of terms, in Article 38, paragraph (4), the phrase "items of Article 63-8, paragraph (1)" is deemed to be replaced with "items of Article 3-3, paragraph (5) of the Supplementary Provisions," and the term "Article 39" is deemed to be replaced with "Article 38-2, Article 39."

(8) The things specified by Cabinet Order that are provided for in Article 3-3, paragraph (5), item (i), (c) of the Supplementary Provisions of the Act are those set forth in the items of Article 1-3.

(9) The public offering or private placement specified by Cabinet Order as having little likelihood of allowing persons that are not foreign investors, etc. to acquire these securities that is provided in Article 3-3, paragraph (5), item (ii), (a) of the Supplementary Provisions of the Act is what is specified in the following items for the category of Securities set forth therein:

(i) the beneficiary certificates of a foreign investment trust prescribed in Article 2, paragraph (1), item (x) of the Act or the foreign investment securities prescribed in item (xi) of that paragraph: those for which the acquisition is conditional upon the conclusion of a contract between the issuer of the beneficiary certificates or foreign investment securities and the person that seeks to acquire the beneficiary certificates or foreign investment securities in response to the solicitation for acquisition them (hereinafter referred to as the "Acquirer" in this item) as well as between the person that makes the solicitation for acquisition and the Acquirer, which provides that the Acquirer will not transfer the beneficiary certificates or foreign investment securities acquired thereby to persons other than a foreign investor, etc. (meaning the foreign investor, etc. prescribed in Article 3-3, paragraph (6) of the Supplementary Provisions of the Act, and limited to those that do not fall under any of paragraph (5), item (i), (a) 1. through 3. of

- that Article; the same applies hereinafter) and provides for any other particulars specified by Cabinet Office Order; and
- (ii) the rights set forth in Article 2, paragraph (2), item (vi) of the Act: those for which a restriction prohibiting the transfer of rights other than transfer to a foreign investor, etc. is imposed under the contract for the rights or by other juridical acts.
- (10) The public offering or private placement specified by Cabinet Order as having little likelihood of allowing persons that are not foreign investors, etc. to acquire the beneficiary certificates that is provided in Article 3-3, paragraph (5), item (ii), (b) of the Supplementary Provisions of the Act is such act for which the acquisition is conditional upon the conclusion of a contract between the issuer of the beneficiary certificates and the person that seeks to acquire the beneficiary certificates in response to the solicitation for acquisition them (hereinafter referred to as the "Acquirer" in this paragraph), which provides that the Acquirer will not transfer the beneficiary certificates acquired thereby to persons other than a foreign investor, etc. and provides for any other particulars specified by Cabinet Office Order.
- (11) The public offering or private placement specified by Cabinet Order as having little likelihood of allowing persons that are not foreign investors, etc. to acquire the rights that is provided in Article 3-3, paragraph (5), item (ii), (c) of the Supplementary Provisions of the Act is such act for which a restriction prohibiting the transfer of rights other than transfer to a foreign investor, etc. is imposed under the contract for the rights or by other juridical acts.
- (12) The person specified by Cabinet Order as being closely related to a foreign investment management business operator that is provided for in Article 3-3, paragraph (6), item (ii) of the Supplementary Provisions of the Act is the following persons:
- (i) an Officer (meaning an Officer set forth in Article 3-3, paragraph (1), item (iii) of the Supplementary Provisions of the Act) of the foreign investment management business operator;
- (ii) an employee of the foreign investment management business operator;
- (iii) the Parent Company, etc. (meaning a Parent Company, etc. set forth in Article 15-16, paragraph (3)) of the foreign investment management business operator; and
- (iv) the persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding three items.
- (13) The provisions of paragraph (7) of the Supplementary Provisions apply mutatis mutandis to cases in which the provisions of Article 3-3, paragraph (4) of the Supplementary Provisions of the Act are applied mutatis mutandis pursuant to paragraph (7) of that Article. In this case, in paragraph (7) of the Supplementary Provisions, the phrase "items of Article 63-8, paragraph (1)" is

deemed to be replaced with "acts set forth in the items of Article 63-8, paragraph (1)" and the phrase "items of Article 3-3, paragraph (5) of the Supplementary Provisions" is deemed to be replaced with "acts set forth in the items of Article 3-3, paragraph (7) of the Supplementary Provisions."