Financial Instruments and Exchange Act (Tentative translation)

(Act No. 25 of April 13, 1948)

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Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to ensure fairness in, inter alia, the issuance of securities and transactions of financial instruments, etc. and to facilitate the smooth distribution of securities, as well as to achieve fair price formation for financial instruments, etc. through the full utilization of the functions of the capital markets, by, inter alia, streamlining systems for the disclosure of corporate affairs, specifying the necessary particulars relevant to persons conducting financial instruments business, and ensuring the appropriate operation of financial instruments exchanges, thereby contributing to the sound development of the national economy and the protection of investors.

(Definitions)

Article 2 (1) The term "securities" as used in this Act means the following:

(i) national government bonds;

(ii) municipal bonds;

(iii) debentures issued by a corporation pursuant to a special Act (excluding those set forth in the following item and item (xi));

(iv) specified corporate bonds prescribed in the Act on the Securitization of Assets (Act No. 105 of 1998);

(v) corporate bond certificates (including those issued by a mutual company; the same applies hereinafter);

(vi) investment securities issued by a corporation incorporated pursuant to a special Act (excluding those set forth in the following item, item (viii) and item (xi));

(vii) preferred equity investment certificates prescribed in the Act on Preferred Equity Investment by Cooperative Financial Institutions (Act No. 44 of 1993; hereinafter referred to as the "Act on Preferred Equity Investment");

(viii) preferred equity securities and securities indicating a right to subscribe for preferred equity which are prescribed in the Act on the Securitization of Assets;

(ix) share certificates and share option certificates;

(x) beneficiary certificates of an investment trust or foreign investment trust which are prescribed in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951);

(xi) investment securities, investment equity subscription right certificates, or

investment corporation bond certificates or foreign investment securities prescribed in the Act on Investment Trusts and Investment Corporations;

(xii) beneficiary certificates of loan trusts;

(xiii) beneficiary certificates of special purpose trusts prescribed in the Act on the Securitization of Assets;

(xiv) beneficiary certificates of beneficiary certificate-issuing trusts prescribed in the Trust Act (Act No. 108 of 2006);

(xv) promissory notes specified by Cabinet Office Order which have been issued by a corporation in order to raise the funds necessary for business;

(xvi) mortgage securities prescribed in the Mortgage Securities Act (Act No. 15 of 1931);

(xvii) instruments or certificates issued by a foreign country or foreign person, and which have the nature of the instruments and certificates set forth in items (i) through (ix) or item (xii) through the preceding item (excluding those specified in the following item);

(xviii) instruments or certificates which are specified by Cabinet Office Order, which are issued by a foreign person, and which indicate a beneficial interest in a trust that holds the loan claims of a person operating in the banking business or a person otherwise providing money loans on a regular basis, or indicate any other similar rights;

(xix) instruments or certificates that indicate the right to a transaction specified in paragraph (21), item (iii) which is conducted on a financial instruments market, in accordance with the standards and means prescribed by the person operating the financial instruments market, right to a transaction that is conducted on a foreign financial instruments market (meaning a foreign financial instruments market provided for in paragraph (8), item (iii), (b); hereinafter the same applies in this item) and which is similar to the transaction specified in paragraph (21), item (iii) (excluding those associated with financial instruments (limited to those listed in paragraph (24), item (iii)-3) or financial indexes (limited to the prices of the relevant financial instruments and the figures calculated based thereon), or the right to a transaction specified in paragraph (22), item (iii) or (iv) which is conducted in neither a financial instruments market nor a foreign financial instruments market (such rights are hereinafter referred to as "options");

(xx) instruments or certificates which the person with whom instruments or certificates set forth in the preceding items has been deposited issues in a state other than the state in which the deposited instruments or certificates were issued, and which indicate a right to the deposited instruments or certificates; and

(xxi) instruments or certificates other than those set forth in the preceding

items, which are specified by Cabinet Order as those with regard to which, in consideration of transferability and other factors, it is found to be necessary to ensure the public interest or the protection of investors.

(2) The rights that must be indicated on securities set forth in items (i) through (xv) of the preceding paragraph, on securities set forth in item (xvii) of that paragraph (excluding those with the nature of securities set forth in item (xvi) of that paragraph), and on securities set forth in item (xviii) of that paragraph (in the case of the rights that must be indicated on securities set forth in item (xiv) of that paragraph and securities set forth in item (xvii) of that paragraph (limited to those that have the nature of securities set forth in item (xiv) of that paragraph), excluding rights which fall under Article 2, paragraph (5), item (iii) or (iv) of the Payment Services Act (Act No. 59 of 2009), and which are specified by Cabinet Order as rights that are found not to compromise the public interest or the protection of investors even if they are not deemed to be securities); and the rights that must be indicated on the securities set forth in item (xvi) of the preceding paragraph, securities set forth in item (xvii) of that paragraph (limited to those with the nature of securities set forth in item (xvi) of that paragraph), and securities set forth in items (xix) through (xxi) of that paragraph which are specified by Cabinet Office Order (hereinafter collectively referred to as "rights that must be indicated on securities" in this and the following paragraphs) are deemed to be the securities indicating these rights even if securities indicating these rights have not been issued; the electronically recorded monetary claims (meaning the electronically recorded monetary claims set forth in Article 2, paragraph (1) of the Electronically Recorded Monetary Claims Act (Act No. 102 of 2007); hereinafter the same applies in this paragraph) specified by Cabinet Order as those which, in consideration of transferability and other circumstances, it is found to be necessary to deem corporate bond certificates or any other securities specified in the items of the preceding paragraph (referred to as the "specified electronically recorded monetary claims" in item (vii) and the following paragraph), are deemed to be such securities; the rights set forth in the following items are deemed to be the relevant securities even if they are not rights which must be indicated on instruments or certificates; and the provisions of this Act apply:

(i) a beneficial interest in a trust (excluding a beneficial interest that must be indicated on the beneficiary certificates of an investment trust specified in item (x) of the preceding paragraph and a beneficial interest that must be indicated on securities set forth in any of items (xii) through (xiv) of that paragraph, and a beneficial interest which falls under Article 2, paragraph (5), item (iii) or (iv) of the Payment Services Act and is specified by Cabinet Order as a beneficial interest that is found not to compromise the public

interest or the protection of investors even if it is not deemed to be securities);

(ii) rights that are claimable against a foreign person and which have the nature of the rights specified in the preceding item (excluding rights that must be indicated on the beneficiary certificates of a foreign investment trust specified in item (x) of the preceding paragraph and rights that must be indicated on securities set forth in item (xvii) or item (xviii) of that paragraph);

(iii) the membership rights of a general partnership company or limited partnership company (limited to rights specified by Cabinet Order) or membership rights of a limited liability company;

(iv) the membership rights of a foreign corporation which have the nature of rights specified in the preceding item;

(v) among the rights based on a partnership contract provided for in Article 667, paragraph (1) of the Civil Code (Act No. 89 of 1896), a silent partnership agreement provided for in Article 535 of the Commercial Code (Act No. 48 of 1899), a limited partnership agreement for investment provided for in Article 3, paragraph (1) of the Limited Partnership Act for Investment (Act No. 90 of 1998), or a limited liability partnership agreement provided for in Article 3, paragraph (1) of the Limited Liability Partnership Act (Act No. 40 of 2005), membership rights in an incorporated association or other rights (excluding rights based on foreign laws and regulations) the holder of which (hereinafter referred to as an "equity holder" in this item) can receive dividends of profits arising from business that is conducted using the money (including anything specified by Cabinet Order as being similar to money) invested or contributed by the equity holder (such business is hereinafter referred to as "business subject to investment" in this item) or a distribution of the assets of the business subject to investment, which do not fall under any of the following categories (excluding rights that must be indicated on securities set forth in the items of the preceding paragraph and rights deemed to be securities pursuant to the provisions of this paragraph (excluding this item)):

(a) rights of an equity holder in cases specified by Cabinet Order as those in which all of the equity holders participate in the business subject to investment;

(b) rights of an equity holder, if it is provided that equity holders will not receive dividends of profits or a distribution of the assets of the business subject to investment in an amount exceeding the amount invested or contributed by them (excluding rights set forth in (a));

(c) rights based on an insurance contract in which a person that engages in the insurance business prescribed in Article 2, paragraph (1) of the

Insurance Business Act (Act No. 105 of 1995) is the insurer, a mutual aid contract concluded with a cooperative prescribed in Article 44 of the Agricultural Cooperatives Act (Act No. 132 of 1947) which engages in the services prescribed in Article 10, paragraph (1), item (x) of that Act, a mutual aid contract concluded with a cooperative prescribed in Article 4 of the Consumer Cooperatives Act (Act No. 200 of 1948) which engages in the mutual aid services prescribed in Article 10, paragraph (2) of that Act, a mutual aid contract concluded with a cooperative prescribed in Article 2 of the Fisheries Cooperatives Act (Act No. 242 of 1948) which engages in the services prescribed in Article 11, paragraph (1), item (xii), Article 93, paragraph (1), item (vi)-2 or Article 100-2, paragraph (1), item (i) of that Act, a mutual aid contract concluded with a cooperative prescribed in Article 3 of the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of 1949) which engages in the mutual aid services prescribed in Article 9-2, paragraph (7) of that Act, or a specified joint real estate venture contract prescribed in Article 2, paragraph (3) of the Act on Specified Joint Real Estate Ventures (Act No. 77 of 1994) (excluding a specified joint real estate venture contract concluded with the special enterprise operator prescribed in paragraph (99) of that Article and a specified joint real estate venture contract under which the rights based on the specified joint real estate venture contract are indicated on a financial value (limited to one that is recorded on an electronic device or any other such object by electronic means) which can be transferred by using an electronic data processing system) (excluding rights set forth in sub-item (a) and (b)); or

(d) rights other than those set forth in (a) through (c), which are specified by Cabinet Order as rights in connection with which there is found to be no compromise to the public interest or to the protection of equity holders even if the rights are not deemed to be securities;

(vi) rights based on foreign laws and regulations which are similar to those specified in the preceding item; or

(vii) rights other than specified electronically recorded monetary claims and the rights set forth in the preceding items, which are specified by Cabinet Order as rights in connection with which it is found that, in consideration of their economic nature being similar to securities prescribed in the preceding paragraph and rights set forth in the preceding items and in consideration of other circumstances, it is necessary and appropriate to ensure the public interest or the protection of investors, by deeming these rights to be securities.

(3) The term "public offering of securities" as used in this Act means, among solicitations of offers to acquire newly issued securities (including acts

specified by Cabinet Office Order as being similar to such solicitation (such acts are referred to as "acts similar to solicitation for acquisition" in the following paragraph); hereinafter referred to as "solicitation for acquisition"), the solicitation for acquisition in cases provided for in item (i) or item (ii) below, which is issued with regard to securities set forth in the items of paragraph (1), rights that must be indicated on securities, specified electronically recorded monetary claims, or the rights set forth in the items of that paragraph (but only if they are indicated on a financial value (limited to one that is recorded on an electronic device or any other such object by electronic means) which can be transferred by using an electronic data processing system (excluding the cases that are specified by Cabinet Office Order in consideration of transferability and other circumstances); hereinafter referred to as "electronically recorded transferable rights") that are deemed to be securities under the preceding paragraph (such securities or rights are referred to as the "paragraph (1) securities" in the following paragraph, paragraph (6) of this Article, Article 2-3, paragraphs (4) and (5), and Article 23-13, paragraph (4)); and the solicitation for acquisition in cases provided for in item (iii) below, which is issued with regard to rights that are deemed to be securities under the items of the preceding paragraph (excluding electronically recorded transferable rights; such rights are referred to as the "paragraph (2) securities" in the following paragraph, Article 2-3, paragraphs (4) and (5), and Article 23-13, paragraph (4)); the term "private placement of securities" means solicitation for acquisition which does not come within the purview of a public offering of securities:

(i) cases specified by Cabinet Order as those in which the solicitation for acquisition is issued (unless the solicitation is issued only to professional investors) to a large number of persons (other than qualified institutional investors (meaning persons specified by Cabinet Office Order as having expert knowledge of and experience with investment in securities; the same applies hereinafter), if qualified institutional investors are included in the persons to which the solicitation for acquisition is issued, and the solicitation for acquisition constitutes a case specified by Cabinet Order as one in which there is little likelihood of the relevant securities being transferred from the qualified institutional investor that acquires them to any person other than a qualified institutional investor);

(ii) cases in which the solicitation for acquisition is other than as specified in the preceding item, and in which it does not fall under any of the following:

(a) a solicitation for acquisition issued only to qualified institutional investors and constituting a case specified by Cabinet Order as one in which there is little likelihood of the relevant securities being transferred from the person that acquires them to any person other than a qualified

institutional investor; and

(b) a solicitation for acquisition issued only to professional investors and falling under all of the following requirements (excluding the cases specified in (a)):

1. the other party to the solicitation for acquisition is not the State, the Bank of Japan, or a qualified institutional investor, and the solicitation for acquisition is issued by a financial instruments business operator, etc. (meaning a financial instruments business operator, etc. as prescribed in Article 34; the same applies in the following paragraph, Article 4, paragraph (1), item (iv) and paragraph (3), Article 27-32-2, and Article 27-34-2) based on entrustment by customers or on its own behalf;

2. the solicitation for acquisition comes under the purview of cases specified by Cabinet Order as those in which there is little likelihood of the relevant securities being transferred from the person that acquires them to any person other than a professional investor, etc. (meaning a professional investor or non-resident (meaning a non-resident as defined in Article 6, paragraph (1), item (vi) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949)), and limited to those specified by Cabinet Order; the same applies hereinafter);

(c) a solicitation for acquisition falling under neither the case specified in the preceding item, nor (a) and (b) of this item (except if the solicitation for acquisition meets the requirements that are specified by Cabinet Order in consideration of the status, etc. of the issuance and solicitation of securities of the same class as the relevant securities), and constituting a case specified by Cabinet Order as one in which there is little likelihood of the relevant securities being held by a large number of persons;

(iii) cases specified by Cabinet Order as those in which, in response to the solicitation for acquisition, a considerably large number of persons will come to hold the securities connected with the solicitation.

(4) The term "secondary distribution of securities" as used in this Act means, among offers to sell and solicitation of offers to purchase already-issued securities (excluding offers and solicitation coming under the purview of Acts similar to the solicitation for acquisition and any other offer or solicitation specified by Cabinet Office Order; hereinafter referred to as a "solicitation for selling, etc."), offers to sell, etc. in cases provided for in item (i) or item (ii), which are made with regard to the paragraph (1) securities; and offers to sell, etc. in cases provided for in item (iii), which are made with regard to the paragraph (2) securities (excluding a solicitation for selling, etc. that involves the purchase and sale of securities on a financial instruments exchange market, a transaction equivalent thereto, and any other securities transactions

specified by Cabinet Order):

(i) cases specified by Cabinet Order as those in which the solicitation for selling, etc. is made (unless the offer is made only to professional investors) to a large number of persons (other than qualified institutional investors, if qualified institutional investors are included in the persons to which the solicitation for selling, etc. is made, and if the solicitation for selling, etc. constitutes a case specified by Cabinet Order as one in which there is little likelihood of the relevant securities being transferred from the qualified institutional investor that acquires them to any person other than a qualified institutional investor);

(ii) cases in which the solicitation for selling, etc. is other than as specified in the preceding item, and in which it does not fall under any of the following:

(a) a solicitation for selling, etc. made only to qualified institutional investors and constituting a case specified by Cabinet Order as one in which there is little likelihood of the relevant securities being transferred from the person that acquires them to any person other than a qualified institutional investor;

(b) a solicitation for selling, etc. made only to professional investors and falling under all of the following requirements (excluding the cases specified in (a)):

1. the other party to the solicitation for selling, etc. is not the State, the Bank of Japan, or a qualified institutional investor, and the solicitation for selling, etc. is made by a financial instruments business operator, etc. based on entrustment by a customer or on its own behalf;

2. the solicitation for selling, etc. comes under the purview of cases specified by Cabinet Order as those in which there is little likelihood of the relevant securities being transferred from the person that acquires them to any person other than a professional investor, etc.;

(c) a solicitation for selling, etc. falling under neither the case specified in the preceding item, nor (a) and (b) of this item (except if the solicitation for selling, etc. meets the requirements that are specified by Cabinet Order in consideration of the status, etc. of the issuance and solicitation of securities of the same class as the relevant securities), and constituting a case specified by Cabinet Order as one in which there is little likelihood of the relevant securities being held by a large number of persons;

(iii) cases specified by Cabinet Order as those in which, in response to the solicitation for selling, etc., a considerably large number of persons will come to hold the securities connected with the offer.

(5) The term "issuer" as used in this Act means the person that issues, or seeks to issue, securities (or the person specified by Cabinet Office Order with regard to the securities specified by Cabinet Office Order); and rights other than those

which must be indicated on instruments or certificates, but which are deemed to be securities pursuant to paragraph (2), are deemed to have been issued as securities by the person specified by Cabinet Office Order for each kind of right, at the time specified by Cabinet Office Order.

(6) The term "underwriter" as used in this Act (excluding Chapter V) means a person that, at the time of a public offering, secondary distribution, or private placement of securities, or the time of solicitation for selling, etc. only for professional investors (meaning a solicitation for selling, etc. the paragraph (1) securities which falls under paragraph (4), item (ii), (b) (excluding a solicitation for selling, etc. involving the purchase and sale of securities on a financial instruments exchange market, an equivalent transaction, and any other transaction of securities specified by Cabinet Order; the same applies hereinafter) involving securities, does one of the things set forth in the following items:

(i) acquires all or part of the relevant securities with the aim of having other persons acquire them;

(ii) concludes a contract stipulating that if no person acquires all or part of the relevant securities, the underwriter will acquire the remaining securities;

(iii) concludes a contract, in the event that the relevant securities are share option certificates (including the securities specified by Cabinet Office Order as being equivalent thereto; hereinafter the same applies in this item), stipulating that if the person that has acquired the share option certificates does not exercise the share options (including the rights specified by Cabinet Office Order as being equivalent thereto; hereinafter the same applies in this item) associated with all or part of those share option certificates, the underwriter will acquire the share option certificates associated with the unexercised share options and that it or a third party will exercise them.

(7) The term "securities registration statement" as used in this Act means the statement referred to in Article 5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 5, paragraph (5); the same applies hereinafter), documents accompanying it pursuant to Article 5, paragraph (13), and any amended statement as under Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1).

(8) The term "financial instruments business" as used in this Act means performance of any of the following acts (excluding those that are specified by Cabinet Order as acts which, in consideration of their content and other factors, are found not to compromise the protection of investors, and the acts set forth in item (xii), (xiv), and (xv) of this paragraph and in the items of Article 28, paragraph (8), when performed by a bank, a cooperative financial institution defined in Article 2, paragraph (1) of the Act on Preferred Equity Investment (hereinafter referred to as a "cooperative financial institution") or

other financial institutions specified by Cabinet Order) on a regular basis:
(i) the purchase and sale of securities (excluding those falling under the category of derivatives transactions; the same applies hereinafter), market derivatives transactions (excluding market derivatives transactions associated with financial instruments (limited to those listed in paragraph (24), item (iii)-3) or financial indexes (limited to the prices of those financial instruments and the figures calculated based on the prices) (hereinafter referred to as "commodity-related market derivatives transactions")) or foreign market derivatives transactions (excluding the purchase and sale of securities falling under item (x));
(ii) intermediation, brokerage (excluding brokerage for clearing of securities, etc.), or agency for the purchase and sale of securities, market derivatives transactions, or foreign market derivatives transactions (excluding intermediation, brokerage, or agency for the purchase and sale of securities which falls under item (x));
(iii) intermediation, brokerage, or agency for entrustment of the following transactions:
  (a) the purchase and sale of securities or market derivatives transactions on a financial instruments exchange market;
  (b) the purchase and sale of securities or foreign market derivatives transactions on a foreign financial instruments market (meaning a market in a foreign country which is similar to a financial instruments exchange market; the same applies hereinafter);
(iv) over-the-counter derivatives transactions or intermediation, brokerage (excluding brokerage for clearing of securities, etc.), or agency for them (hereinafter referred to as "over-the-counter derivatives transactions, etc.");
(v) brokerage for clearing of securities, etc.;
(vi) the underwriting of securities (meaning doing any of the things set forth in an item of paragraph (6) at the time of a public offering, secondary distribution, private placement of securities, or solicitation for selling, etc. only for professional investors);
(vii) the public offering or private placement of securities (limited to those set forth in the following items):
  (a) beneficiary certificates of investment trusts specified in paragraph (1), item (x) which are connected to the beneficial interest in an investment trust managed under instructions from the settlor provided for in Article 2, paragraph (1) of the Act on Investment Trusts and Investment Corporations;
  (b) beneficiary certificates of foreign investment trusts specified in paragraph (1), item (x);
  (c) securities specified in paragraph (1), item (xvi);

(d) securities specified in paragraph (1), item (xvii) which have the nature of securities specified in item (xvi) of that paragraph;
(e) rights that must be indicated on the securities specified in (a) or (b) above, or rights that must be indicated on the securities under (c) or (d) above which are specified by Cabinet Office Order, which are deemed to be securities pursuant to paragraph (2);
(f) rights specified in paragraph (2), item (v) or item (vi) which are deemed to be securities pursuant to that paragraph; and
(g) the securities other than those set forth in (a) through (f) which are specified by Cabinet Order;

(viii) secondary distribution of securities or solicitation for selling, etc. only for professional investors;

(ix) the handling of a public offering or secondary distribution of securities, or the handling of a private placement of securities or solicitation for selling, etc. only for professional investors;

(x) the purchase and sale of securities or intermediation, brokerage, or agency for it, using an electronic data processing system, conducted through any of the following methods for deciding the trading price or other similar methods, with a large number of persons participating simultaneously as parties on one side of the transaction or as parties on both sides of the transaction (excluding those specified by Cabinet Order as transactions that are found to be inappropriate in terms of investor protection if conducted outside a financial instruments exchange market or an over-the-counter securities market (meaning an over-the-counter securities market provided for in Article 67, paragraph (2))):
(a) by auction (but only if the trading volume of Securities satisfies the criteria specified by Cabinet Order);
(b) for securities listed on a financial instruments exchange, by using the trading price of the securities on the financial instruments exchange market that is operated by the relevant financial instruments exchange;
(c) for securities registered under Article 67-11, paragraph (1) (hereinafter referred to as "over-the-counter traded securities"), by using the trading price of the securities which is published by the authorized financial instruments firms association to which the securities are registered;
(d) by using the price decided by negotiation between the customers; and
(e) methods other than those set forth in (a) through (d), which are specified by Cabinet Office Order;

(xi) conclusion of a contract in which one of the parties promises to provide the other party with oral, written (excluding newspapers, magazines, books, or any other written work that is issued for sale to many and unspecified persons and which many and unspecified persons can buy as needed), or any

other form of advice about the following things, and the other party promises to pay remuneration for this (such a contract is hereinafter referred to as an "investment advisory contract"), and provision of advice under such investment advisory contract:

(a) the value, etc. of securities (meaning the value of securities, the amount receivable for options on securities (meaning the right to conduct a transaction provided for in Article 28, paragraph (8), item (iii), (c) on a financial instruments market in accordance with the standards and means prescribed by the person operating the financial instruments market, the right to conduct a transaction similar to the transaction provided for in Article 28, paragraph (8), item (iii), (c) on a foreign financial instruments market, or the right to conduct a transaction set forth in item (iv), (c) or (d) of that paragraph without using a financial instruments market or foreign financial instruments market), and the movement of securities indicators (meaning the price or interest rate of securities and anything else specified by Cabinet Office Order as being equivalent thereto, or figures calculated based thereon)); or

(b) investment decisions (meaning decisions on the classes, issues, volumes, or prices of securities targeted for investment, as well as whether the securities are purchased or sold and by what method and at what timing, and decisions on what should be the content and timing of any derivatives transactions that are conducted; the same applies hereinafter) based on an analysis of the values, etc. of financial instruments (meaning the value of financial instruments (in the case of those listed in paragraph (24), item (iii)-3, limited to those listed on a financial instruments exchange), amount receivable for options, and trends of financial indexes (in the case of those associated with the financial instruments set forth in that item, limited to those listed on a financial instruments exchange); the same applies hereinafter);

(xii) conclusion of the following contracts, and the management of money or any other property (including instructions for that management; the same applies hereinafter), based on such contract, as an investment in securities or in rights connected with derivatives transactions, based on investment decisions that are grounded in an analysis of the values, etc. of Financial Instruments:

(a) an entrustment contract for the asset management provided for in Article 188, paragraph (1), item (iv) of the Act on Investment Trusts and Investment Corporations, concluded with a registered investment corporation as defined in Article 2, paragraph (13) of that Act; or

(b) a contract other than what is set forth in (a), in which one of the parties is fully or partly entrusted by the other party with the discretion to make

investment decisions based on an analysis of the values, etc. of financial instruments, and is also entrusted with the authority necessary to make investments on behalf of the other party based on such investment decisions (such a contract is hereinafter referred to as a "discretionary investment contract");

(xiii) agency or intermediation for the conclusion of an investment advisory contract or a discretionary investment contract;

(xiv) the management (excluding management that falls under the category of act set forth in (xii)) of money or other property contributed by a person that holds rights indicated on the securities specified in paragraph (1), item (x) or other rights specified by Cabinet Order, as an investment in securities or in rights connected with derivatives transactions, based on investment decisions that are grounded in an analysis of the values, etc. of financial instruments;

(xv) the management (excluding management that falls under the category of act set forth in (xii)) of money or other property invested or contributed by a person that holds the following rights or other rights specified by Cabinet Order, as an investment mainly in securities or in rights connected with derivatives transactions, based on investment decisions that are grounded in an analysis of the values, etc. of financial instruments:

(a) rights indicated on the securities specified in paragraph (1), item (xiv) or securities specified in item (xvii) of that paragraph (limited to those that have the nature of the securities specified in item (xiv) of that paragraph);

(b) rights set forth in paragraph (2), item (i) or (ii); or

(c) rights set forth in paragraph (2), item (v) or (vi);

(xvi) the acceptance of deposits of money, the instruments or certificates set forth in the items of paragraph (1), or electronically recorded transferable rights from customers, in connection with an act set forth in items (i) through (x) of this paragraph (in the case of conducting the acts set forth in item (ii), (iii) or (v) in connection with commodity-related market derivatives transactions, including acceptance from the customer of deposits of commodities (meaning those set forth in paragraph (24), item (iii)-3; hereinafter the same applies in this item), or instruments or certificates issued in connection with the deposited commodity in relation to these acts);

(xvii) the transfer of bonds, etc. in response to the opening of an account in order to carry out a transfer of the bonds, etc. defined in Article 2, paragraph (1) of the Act on Book-Entry Transfer of Corporate Bonds and Shares (Act No. 75 of 2001); or

(xviii) acts specified by Cabinet Order as being similar to the acts set forth in the preceding items.

(9) The term "financial instruments business operator" as used in this Act means

a person registered by the Prime Minister pursuant to Article 29.

(10) The term "prospectus" as used in this Act means a document describing the business and other particulars of an issuer of securities, which is prepared for a public offering or secondary distribution of securities, a general solicitation for involving securities acquired by a qualified institutional investor as defined in Article 4, paragraph (2) (excluding those falling under the category of secondary distribution of securities), or a general solicitation involving securities acquired by a professional investor as set forth in Article 4, paragraph (3) (excluding those falling under the category of a secondary distribution of securities), and which is delivered, or is to be delivered upon request, to the other party to the public offering or secondary distribution.

(11) The term "financial instruments intermediary service" as used in this Act means services that fall under the category of any of the following acts (excluding the act provided for in item (iv) below if performed by a person engaged in investment management business as defined in Article 28, paragraph (4)), which are provided for and under entrustment from a financial instruments business operator (limited to a person that engages in the type-I financial instruments business provided for in Article 28, paragraph (1) (excluding the type-I small amount electronic public offering service as defined in Article 29-4-2, paragraph (9) and the specially permitted intermediary service for unlisted securities as defined in Article 29-4-4, paragraph (8)) or investment management business provided for in Article 28, paragraph (4) (excluding the investment management business for qualified investors as defined in Article 29-5, paragraph (1))) or a registered financial institution (meaning a bank, cooperative financial institution, or other financial institution specified by Cabinet Order, which is registered as under Article 33-2; the same applies hereinafter):

(i) intermediation for the purchase and sale of securities (excluding intermediation set forth in paragraph (8), item (x));

(ii) the intermediation set forth in paragraph (8), item (iii);

(iii) the act set forth in paragraph (8), item (ix); or

(iv) the intermediation set forth in paragraph (8), item (xiii).

(12) The term "financial instruments intermediary service provider" as used in this Act means a person registered by the Prime Minister pursuant to Article 66.

(13) The term "authorized financial instruments firms association" as used in this Act means a person incorporated based on the provisions of Chapter IV, Section 1, Subsection 1.

(14) The term "financial instruments market" as used in this Act means a market on which the purchase and sale of securities or market derivatives transactions are conducted (excluding a market in which only commodity-related market

derivatives transactions are conducted).

(15) The term "financial instruments membership corporation" as used in this Act means a membership association incorporated based on the provisions of Chapter V, Section 2, Subsection 1 for the purpose of operating a financial instruments market.

(16) The term "financial instruments exchange" as used in this Act means a financial instruments membership corporation or stock company which operates a financial instruments market after being licensed by the Prime Minister pursuant to Article 80, paragraph (1).

(17) The term "financial instruments exchange market" as used in this Act means a financial instruments market operated by a financial instruments exchange.

(18) The term "financial instruments exchange holding company" as used in this Act means a stock company whose subsidiary companies (meaning a subsidiary company as set forth in Article 87-3, paragraph (3)) include a stock company that operates a financial instruments exchange market (hereinafter referred to as a "incorporated financial instruments exchange"), which is incorporated after obtaining the authorization of the Prime Minister pursuant Article 106-10, paragraph (1) or which has obtained the authorization of the Prime Minister pursuant to that paragraph or the proviso to paragraph (3) of that Article.

(19) The term "trading participant" as used in this Act means a person that is allowed to participate in the purchase and sale of securities or market derivatives transactions on a financial instruments exchange market, based on a trading license under Article 112, paragraph (1) paragraph (2), or Article 113, paragraph (1) or paragraph (2).

(20) The term "derivatives transactions" as used in this Act means market derivatives transaction, over-the-counter derivatives transactions, or foreign market derivatives transaction.

(21) The term "market derivatives transactions" as used in this Act means the following transactions as conducted on a financial instruments market in compliance with the standards and means prescribed by the person that operates the financial instruments market:

(i) a transaction comprising a purchase and sale in which the parties promise to deliver and take delivery of a financial instrument and its value at a fixed time in the future, which the parties may settle by delivering and taking delivery of the difference in values if they sell or buy back the underlying financial instrument;

(ii) 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 index upon which the parties agree in advance (hereinafter referred to as the "agreed figure") and the actual numerical

value of the financial index at a fixed time in the future (hereinafter referred to as the "actual figure");

(iii) a transaction comprising the first party's promise to grant the second party the option of effecting any of the following transactions between them by a unilateral manifestation of the second party's intention alone, and the second party's promise to pay the value of that option:

(a) the purchase and sale of financial instruments (excluding a transaction provided for in item (i)); or

(b) a transaction provided for in any of the preceding two items or in the following item to item (vi) (including any transaction designated by the financial instruments exchange that is equivalent to a transaction specified in the preceding item or item (iv)-2);

(iv) a transaction comprising the parties' mutual promise that, for the amount of money they have set as the principal, the first party will pay money to the second based on the rate of change in the interest rate, etc. (meaning the interest rate or any other rate specified by Cabinet Office Order as being equivalent to interest rate; the same applies hereinafter) of an agreed-upon financial instrument (excluding those set forth in Article 2, paragraph (24), item (iii) and item (iii)-3) or based on the rate of change in an agreed-upon financial index (excluding interest rates, etc. of financial instruments (excluding those set forth in Article 2, paragraph (24), item (iii) and item (iii)-3) and figures calculated based on them; hereinafter the same applies in this item and item (v) of the following paragraph) during the period they have agreed to, and the second party will pay money to the first based on the rate of change in the interest rate, etc. of an agreed-upon financial instrument (excluding those set forth in these items) or based on the rate of change in an agreed-upon financial index during the period they have agreed to (including transactions in which the parties promise that, in addition to paying those amounts, they will also pay or deliver and receive money or financial instruments equivalent to the amount they have set as the principal);

(iv)-2 transactions wherein the parties mutually promise that, for the financial instruments (limited to those listed in paragraph (24), item (iii)-3; hereinafter the same applies in this item) of the quantity the parties have agreed to, one of the parties will pay the amount of money calculated based on the rate of change in the agreed period of a financial index associated with the financial instruments agreed with the other party, and the other party will pay the amount of money calculated based on the rate of change in the agreed period of the financial index agreed with the former party;

(v) a transaction comprising the first party's promise to pay money to the second, and the second party's promise to pay money to the first if any of the

following causes that the parties have stipulated in advance occurs (including transactions comprising the first party's promise to transfer a financial instrument, the rights connected to a financial instrument, or a monetary claim (other than a claim that constitutes a financial instrument or the rights connected to a financial instrument), but excluding transactions set forth in item (ii) to the preceding item):

(a) a cause involving the credit status of a corporation or other similar causes specified by Cabinet Order; or

(b) a cause on whose occurrence it is impossible or extremely difficult for either party to exert an influence, and which is specified by Cabinet Order as a thing that may have a material impact on the business activities of the parties or other business persons or firms (excluding causes specified in (a));

(vi) transactions similar to a transaction set forth in the preceding items and specified by Cabinet Order.

(22) The term "over-the-counter derivatives transactions" as used in this Act means the following transactions as conducted neither on a financial instruments market nor on a foreign financial instruments market (except those that are specified by Cabinet Order as transactions which, in consideration of their content and other related factors, are found not to compromise the public interest or the protection of investors):

(i) 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 (other than one set forth in paragraph (24), item (iii)-3 and item (v); the same applies in item (iii) and item (vi)) 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 other actions specified by Cabinet Order;

(ii) a transaction comprising the parties' promises to pay and receive an amount of money calculated based on the difference between the agreed figure (excluding a figure of a financial index associated with the financial instruments set forth in paragraph (24), item (iii)-3 or item (v)) and the actual figure (excluding a figure of a financial indicator associated with the financial instruments set forth in those items) or any transaction similar thereto; and

(iii) a transaction comprising the first party's promise to grant the second party the option of effecting any of the following transactions between them by a unilateral manifestation of the second party's intention alone, and the second party's promise to pay the value of that option, or any transaction similar thereto:

(a) the purchase and sale of financial instruments (excluding the transactions specified in item (i)); or

(b) a transaction provided for in the preceding two items or items (v) through (vii);

(iv) a transaction comprising the first party's promise to grant the second party the option of effecting a transaction by a unilateral manifestation of the second party's intention alone, in which the parties pay and receive the amount of money calculated based on the difference between the numerical value that they have agreed in advance to use as the agreed figure for the relevant financial index if the second party manifests the intention to effect the transaction, and the actual figure of the financial index (excluding a financial indicator associated with the financial instruments set forth in paragraph (24), item (iii)-3 or item (v)) at the time the second party manifests that intention, and the second party's promise to pay the value of that option, or any transaction similar thereto;

(v) a transaction comprising the parties' mutual promise that, for the amount they have set as the principal, the first party will pay money to the second party based on the interest rate, etc. of an agreed-upon financial instrument (excluding one as set forth in Article 2, paragraph (24), item (iii), item (iii)-3 and item (v)) or based on the rate of change in an agreed-upon financial index during the period they have agreed to, and the second party will pay money to the first party based on the interest rate, etc. of an agreed-upon financial instrument (excluding those set forth in these items) or based on the rate of change in an agreed-upon financial index during the period they have agreed to (including transactions in which the parties promise that, in addition to paying those amounts, they will also pay or deliver and receive money or financial instruments (excluding those listed in item (iii)-3 and item (v) of that paragraph) equivalent to the amount they have set as the principal), or any transaction similar thereto;

(vi) a transaction comprising the first party's promise to pay money to the second, and the second party's promise to pay money to the first if any of the following causes that the parties have stipulated in advance occurs (including transactions comprising the first party's promise to transfer a financial instrument, the rights connected to a financial instrument, or a monetary claim (other than a claim that constitutes a financial instrument or the rights connected to a financial instrument), but excluding the transactions set forth in item (ii) to the preceding item), or any transaction similar thereto:

(a) a cause involving the credit status of a corporation or other similar cause as specified by Cabinet Order; or

(b) a cause on whose occurrence it is impossible or extremely difficult for

either party to exert an influence, and which is specified by Cabinet Order as a thing that may have a material impact on the business activities of the parties or other persons or firms (excluding causes specified in (a));

(vii) a transaction other than what is set forth in the preceding items, but which has an economic nature similar thereto and is specified by Cabinet Order as a transaction regarding which it is found to be necessary to ensure the public interest or the protection of investors.

(23) The term "foreign market derivatives transaction" as used in this Act means a transaction that is conducted on a foreign financial instruments market and is similar to a market derivatives transaction (excluding those associated with the financial instruments (limited to those set forth in item (iii)-3 of the following paragraph) or financial indexes (limited to the prices of the financial instruments and the figures calculated based on them)).

(24) The term "financial instruments" as used in this Act means the following:

(i) securities;

(ii) rights such as claims based on a deposit contract, or instruments or certificates indicating such rights, which are specified by Cabinet Order (excluding those specified in the preceding item);

(iii) currencies;

(iii)-2 crypto-and other assets (meaning the cryptoassets prescribed in Article 2, paragraph (5) of the Payment Services Act or what is set forth in paragraph (5), item (iv) of that Article which is specified by Cabinet Office Order as anything for which it is found necessary to ensure the public interest or the protection of investors; the same applies hereinafter);

(iii)-3 commodities (meaning commodities prescribed in Article 2, paragraph (1) of the Commodity Derivatives Transaction Act (Act No. 239 of 1950) specified by Cabinet Order as those which are deemed unlikely to be adversely affected, in terms of proper price formation, by the market derivatives transactions involving those commodities and are deemed conducive to the national economy if the market derivatives transactions involving those commodities are conducted in a financial instruments exchange market, by taking into consideration the existence or non-existence of measures for the stabilization of the price of those commodities in accordance with the provisions of laws and regulations and other conditions of price formation and supply and demand of those commodities; the same applies hereinafter);

(iv) assets other than what is set forth in each of the preceding items, of which there are many of the same kind, which have substantial price volatility, and which are specified by Cabinet Order as assets for with which the necessity to secure the protection of investors with regard to derivatives transactions (including similar transactions) is found (excluding commodities as defined in Article 2, paragraph (1) of the Commodity Derivatives Transaction Act);

and

(v) standardized instruments used by a financial instruments exchange for the purpose of facilitating market derivatives transactions by standardizing interest rates, the maturity period, or other conditions of financial Instruments set forth in item (i), item (ii), or item (iii)-2 or the preceding item and specified by Cabinet Office Order.

(25) The term "financial index" as used in this Act means the following:

(i) the price of a financial instrument or the interest rate, etc. of a financial instrument (excluding those specified in item (iii) and item (iii)-3 of the preceding paragraph);

(ii) the numerical values associated with the results of meteorological observations published by the meteorological agency and others;

(iii) among indexes on whose fluctuation it is impossible or extremely difficult for a person to exert an influence and which may have material impact on the business activities of business firms (excluding indicators provided for in the preceding item) and statistical values associated with social or economic conditions, the indicators and values specified by Cabinet Order as those which are found to be necessary to ensure protection for investors with regard to derivatives transactions (or other similar transactions) related to them (excluding commodity indices as defined in Article 2, paragraph (2) of the Commodity Derivatives Transaction Act which are calculated based on the prices of commodities defined in paragraph (1) of that Article other than commodities); and

(iv) numerical values calculated based on anything provided for in the preceding three items.

(26) The term "foreign financial instruments exchange" as used in this Act means a person that has obtained the authorization of the Prime Minister pursuant to Article 155, paragraph (1).

(27) The term "brokerage for clearing of securities, etc." as used in this Act means a subject transaction (meaning a "subject transaction" as defined in the following paragraph; hereinafter the same applies in this paragraph) that is conducted by a financial instruments business operator or registered financial institution under entrustment from a customer and for the account of the customer in accordance with the business rules of the financial instruments clearing organization or foreign financial instruments clearing organization, which is conducted on the condition that the obligation that arises from the subject transaction will be assumed by the financial instruments clearing organization (if such financial instruments clearing organization performs collaborative financial instruments obligation assumption services prescribed in Article 156-20-16, paragraph (1), this includes the collaborating clearing organization, etc. set forth in that paragraph) or the foreign financial

instruments clearing organization, and which satisfies either of the following requirements:

(i) the subject transaction is closed by the customer on behalf of the financial instruments business operator or registered financial institution; or

(ii) the customer specifies the other party to the subject transaction and other particulars specified by Cabinet Office Order in advance, at the time of the entrustment.

(28) The term "financial instruments obligation assumption services" as used in this Act means taking over, novating, or in any other way bearing, on a regular basis, the obligations of a financial instruments business operator, registered financial institution, or securities finance company (hereinafter referred to as a "business counterparty to financial instruments obligation assumption services" in this paragraph) which arise from subject transactions (meaning the purchase and sale of securities, derivatives transactions (except those that are specified by Cabinet Order as transactions which are, taking into account of the status of the transactions, the impact exerted on Japan's capital market, and other circumstances, found not to compromise the public interest or the protection of investors), or transactions specified by Cabinet Order as incidental or related to them) conducted by, a business counterparty to financial instruments obligation assumption services.

(29) The term "financial instruments clearing organization" as used in this Act means a person that engages in financial instruments obligation assumption services after being licensed by the Prime Minister or obtaining the approval of the Prime Minister pursuant to Article 156-2 or Article 156-19, paragraph (1), and the term "foreign financial instruments clearing organization" as used in this Act means a person that engages in financial instruments obligation assumption service after being licensed by the Prime Minister pursuant to Article 156-20-2.

(30) The term "securities finance company" as used in this Act means a person that has been licensed by the Prime Minister pursuant to Article 156-24.

(31) The term "professional investor" as used in this Act means the following:

(i) qualified institutional investors;

(ii) the State;

(iii) the Bank of Japan; and

(iv) investor protection funds prescribed in Article 79-21 and other corporations specified by Cabinet Office Order beyond those set forth in the preceding three items.

(32) The term "specified financial instruments exchange market" as used in this Act means a financial instruments exchange market on which, pursuant to the provisions of Article 117-2, paragraph (1), it is prohibited to make a purchase for a general investor as defined in that paragraph.

(33) The term "specified listed securities" as used in this Act means securities listed only on a specified financial instruments exchange market.
(34) The term "credit rating" as used in this Act means a grade which indicates, through symbols or figures (including anything specified by Cabinet Office Order as being similar thereto), the results of an assessment of the credit status of a financial instrument or a corporation (including anything specified by Cabinet Office Order as being similar thereto) (such assessment is hereinafter referred to as "creditworthiness" in this paragraph) (such grade excludes grades specified by Cabinet Office Order as being determined mainly in consideration of any particular other than creditworthiness).
(35) The term "credit rating services" as used in this Act means engagement in the act of determining credit ratings and providing them or making them available for inspection (excluding acts specified by Cabinet Office Order as those that are found to have little likelihood of resulting in insufficient investor protection, in light of the scope of the other party to the act and any other circumstances) on a regular basis.
(36) The term "credit rating agency" as used in this Act means a person registered by the Prime Minister pursuant to Article 66-27.
(37) The term "financial instruments exchange engaged in the operation of a commodity market" as used in this Act means an incorporated financial instruments exchange that operates the necessary market for effecting commodity futures transactions (meaning futures transactions as defined in Article 2, paragraph (3) of the Commodity Derivatives Transaction Act; the same applies hereinafter), with the authorization referred to in the proviso to Article 87-2, paragraph (1).
(38) The term "commodity exchange" as used in this Act means an incorporated association-operated commodity exchange operated as an (meaning an incorporated association–operated commodity exchange as defined in Article 2, paragraph (5) of the Commodity Derivatives Transaction Act) or an incorporated commodity exchange (meaning a stock company-operated commodity exchange as prescribed in paragraph (6) of that Article and limited to those specified by Cabinet Order as being subject to restrictions that are found to be of the same level as restrictions on an incorporated financial instruments exchange).
(39) The term "commodity exchange holding company" as used in this Act means a commodity exchange holding company as defined in Article 2, paragraph (11) of the Commodity Derivatives Transaction Act (limited to those specified by Cabinet Order as being subject to restrictions that are found to be of the same level as restrictions on a financial instruments exchange holding company).
(40) The term "specified financial index" as used in this Act means a financial index specified by the Prime Minister as a financial index for which the

decrease in its credibility is likely to have a material impact on Japan's capital market, in light of the type of derivatives transactions or securities trading related to that financial index.

(41) The term "high-speed trading" as used in this Act means any of the following acts for which the determination on performance of the act is automatically made by an electronic data processing system, and the provision of information necessary for conducting the purchase and sale of securities or a market derivatives transaction based on that determination to a financial instruments exchange or any other person specified by Cabinet Office Order is made by means of information and communications technology, which is specified by Cabinet Office Order as a means of shortening the time normally required for the provision of information (excluding acts specified by Cabinet Order as those which, in consideration of their content and other factors, are found not to compromise the protection of investors):

(i) the purchase and sale of securities or a market derivatives transaction;

(ii) entrustment of the act set forth in the preceding item; and

(iii) beyond what is set forth in the preceding item, an act performed in connection with the act set forth in item (i), which is specified by Cabinet Order as an act equivalent to the acts set forth in the preceding two items.

(42) The term "high-speed trader" as used in this Act means a person registered by the Prime Minister pursuant to Article 66-50.

(43) The term "investment management-related service" as used in this Act means any of the following services conducted in relation to the investment management business, etc. (meaning the investment management business (meaning the investment management business defined in Article 28, paragraph (4)), the specially permitted services for qualified institutional investors, etc. (meaning the specially permitted services for qualified institutional investors, etc. defined in Article 63, paragraph (2), and limited to such service in which the act set forth in paragraph (1), item (ii) of that Article is conducted) or the specially permitted services for foreign investors, etc. (meaning the specially permitted services for foreign investors, etc. defined in Article 63-8, paragraph (1), and limited to such service in which the act set forth in item (i) of that paragraph is conducted); the same applies in item (i) and the following paragraph, and in Article 66-80, paragraph (2)):

(i) the service pertaining to evaluation of the property subject to investment (meaning money or other properties invested by a person that is allowed to engage in the investment management business, etc. pursuant to the provisions of this Act on behalf of the right holders prescribed in Article 42, paragraph (1)) based onthe securities and other assets that constitute the property subject to investment and interest or dividends arising from those assets and the remuneration and other fees for the investment of the

property subject to investment); or

(ii) the service pertaining to guidance for ensuring compliance with laws and regulations, etc.(meaning laws and regulations, dispositions of aa government agency based on laws and regulations, or the articles of incorporation andany other rules).

(44) The term " investment management-related service entrusted business " as used in this Act means the performance of any of the services set forth in the items of the preceding paragraph, as entrusted by a person that is allowed to engage in the investment management business, etc. pursuant to the provisions of this Act, on behalf of the person that has thus entrusted the services.

(45) The term " investment management-related service entrusted business operator" as used in this Act means a person registered by the Prime Minister pursuant to Article 66-71.

(Assets Deemed to be Money)

Article 2-2 Crypto-and other assets are deemed to be money as referred to in paragraph (2), item (v) of the preceding Article; money associated with a purchase and sale as referred to in paragraph (8), item (i) of that Article; money referred to in the provisions specified by Cabinet Order; or money associated with a transaction as referred to in those provisions; and the provisions of this Act (and of orders based on this Act) apply.

Chapter II Disclosure of Corporate Affairs

(Corporate Reorganization and Other Terms)

Article 2-3 (1) The term "corporate reorganization" as used in this Chapter means merger, company split, share exchange, or other act involving the organization of a company which is specified by Cabinet Order.

(2) The term "procedures related to the issuance of securities during a corporate reorganization" as used in this Chapter means the keeping of documents, etc. (meaning the keeping of the documents or electronic or magnetic records under Article 782, paragraph (1) of the Companies Act (Act No. 86 of 2005) or the keeping of the documents or electronic or magnetic records under Article 803, paragraph (1) of that Act; the same applies in the following paragraph) connected with a corporate reorganization in which new securities are issued (including cases specified by Cabinet Office Order as being similar thereto (the cases are referred to as "procedures for cases similar to the issuance of securities during a corporate reorganization" in the following paragraph)), and other acts specified by Cabinet Order.

(3) The term "procedures related to the delivery of securities during a corporate

reorganization" as used in this Chapter means the keeping of documents, etc. connected to a corporate reorganization in which existing securities are delivered (excluding cases that fall under the category of procedures for cases similar to the issuance of securities during a corporate reorganization), and other acts specified by Cabinet Order.

(4) The term "specified procedures related to the issuance of securities during a reorganization" as used in this Chapter means, among procedures related to the issuance of securities during a corporate reorganization, those that fall under cases set forth in item (i) or (ii) if the procedures related to the issuance of securities during a corporate reorganization involve the paragraph (1) securities, and those that fall under cases specified in item (iii) if the procedures related to the issuance of securities during a corporate reorganization involve the paragraph (2) securities:

(i) cases specified by Cabinet Order as those in which a large number of persons are holders of share certificates (including share option certificates and other securities specified by Cabinet Order) whose issuer is a company that, due to a corporate reorganization, will become a company disappearing in an absorption-type merger (meaning a company disappearing in an absorption-type merger as defined in Article 749, paragraph (1), item (i) of the Companies Act), or a wholly owned subsidiary company in a share exchange (meaning the wholly owned subsidiary company in a share exchange as defined in Article 768, paragraph (1), item (i) of that Act), or whose issuer is any other company specified by Cabinet Order (referred to as the "reorganizing company" in Article 4, paragraph (1), item (ii), (a)) (hereinafter the holders are referred to as the "reorganizing company's shareholders, etc.") (excluding cases in which the reorganizing company's shareholders, etc. consist only of qualified institutional investors);

(ii) cases other than those provided for in the preceding item, which do not fall under any of the following:

(a) cases in which the reorganizing company's shareholders, etc. consist exclusively of qualified institutional investors, and which are specified by Cabinet Order as those in which there is little likelihood of the securities that are subject to the procedures related to the issuance of securities during a corporate reorganization being transferred from a person that acquires them to any person other than a qualified institutional investor; or

(b) cases other than those specified in the preceding item (i) or in (a) (excluding cases satisfying the requirements that are specified by Cabinet Order in consideration of the status, etc. of issuance and delivery of securities of the same class as the securities subject to the procedures related to the issuance of securities during the corporate reorganization),

which are specified by Cabinet Order as those in which there is little likelihood of the securities that are subject to those procedures related to the issuance of securities during the corporate reorganization being held by a large number of persons;

(iii) cases specified by Cabinet Order as those in which the reorganizing company's shareholders, etc. constitute a considerably large number of persons.

(5) The term "specified procedures related to the delivery of securities during a corporate reorganization" as used in this Chapter means, among the procedures related to the delivery of securities during a corporate reorganization, those that fall under cases specified in item (i) and item (ii) if the procedures related to the delivery of securities during a corporate reorganization involve the paragraph (1) securities, and those that fall under cases specified in item (iii) if the procedures related to the delivery of securities during a corporate reorganization involve the paragraph (2) securities:

(i) cases specified by Cabinet Order as those in which the reorganizing company's shareholders, etc. constitute a large number of persons (excluding cases in which the reorganizing company's shareholders, etc. consist only of qualified institutional investors); and

(ii) cases other than those provided for in the preceding item, which do not fall under any of the following:

(a) cases in which the reorganizing company's shareholders, etc. consist only of qualified institutional investors, and which are specified by Cabinet Order as those in which there is little likelihood of the securities that are subject to the procedures related to the delivery of securities during a corporate reorganization being transferred from a person that acquires them to any person other than a qualified Institutional Investor; and

(b) cases other than those specified in the preceding item or in (a) (excluding cases satisfying the requirements that are specified by Cabinet Order in consideration of the status, etc. of issuance and delivery of securities of the same class as the securities subject to the procedures related to the delivery of securities during a corporate reorganization), which are specified by Cabinet Order as those in which there is little likelihood of the securities that are subject to those procedures related to the delivery of securities during a corporate reorganization being held by a large number of persons; and

(iii) cases specified by Cabinet Order as those in which the reorganizing company's shareholders, etc. constitute a considerably large number of persons.

(Exempted Securities)

Article 3 The provisions of this Chapter do not apply to the following securities:
(i) securities set forth in Article 2, paragraph (1), items (i) and (ii);
(ii) securities set forth in Article 2, paragraph (1), items (iii), (vi), and (xii) (excluding securities that are specified by Cabinet Order as securities with regard to which the public interest or the protection of investors makes it necessary and appropriate for corporate affairs to be disclosed); and
(iii) rights set forth in the items of Article 2, paragraph (2) which are deemed to be securities pursuant to the provisions of Article 2, paragraph (2) (excluding the following rights):
(a) the following rights (excluding those that fall under the category specified in (b); referred to as "rights in a securities investment business, etc." in Article 24, paragraph (1)):
1. among the rights set forth in Article 2, paragraph (2), item (v), those specified by Cabinet Order as a right in business subject to investment (meaning business subject to investment as defined in Article 2, paragraph (2), item (v)) that is mainly conducted through investment in securities;
2. among the rights set forth in Article 2, paragraph (2), items (i) through (iv), (vi), or (vii), those specified by Cabinet Order as being similar to the rights set forth in 1. above;
3. other rights specified by Cabinet Order; and
(b) electronically recorded transferable rights;
(iv) corporate bond certificates for which the government guarantees the redemption of the principal or the payment of interest; and
(v) securities specified by Cabinet Order other than those set forth in the preceding items.

(Notification of Public Offering or Secondary Distribution)
Article 4 (1) It is not permitted for a person to conduct a public offering of securities (including specified procedures related to the issuance of securities during a corporate reorganization; the same applies hereinafter in this Chapter and the following Chapter, except in Article 13 and Article 15, paragraphs (2) through (6)) or a secondary distribution of securities (excluding those falling under the category of general solicitation involving for securities acquired by a qualified institutional investor as defined in the following paragraph or of General solicitation involving securities acquired by a professional investor as defined in paragraph (3), but including specified procedures related to the delivery of securities during a corporate reorganization; hereinafter the same applies in this paragraph) unless the issuer has filed a notification of the public offering or secondary distribution of securities with the Prime Minister; provided, however, that this does not apply to a public offering or secondary

distribution of securities that falls under any of the following items:

(i) a public offering or secondary distribution of securities in a case specified by Cabinet Order as one in which the other parties thereto have already obtained or can easily obtain information about the particulars set forth in the items of paragraph (1) of the following Article for the relevant securities;

(ii) a public offering or secondary distribution of securities for which the procedures related to the issuance of securities during a corporate reorganization or procedures related to the delivery of securities during a corporate reorganization fall under either of the following cases (excluding a public offering or secondary distribution as specified in the preceding item):

(a) cases not falling under a case in which disclosure has been made with regard to share certificates (including share option certificates and other securities specified by Cabinet Order) whose issuer is the reorganizing company; or

(b) a case in which disclosure has been made with regard to the securities that will be newly issued in connection with the procedures related to the issuance of securities during a corporate reorganization, or a case in which disclosure has been made with regard to previously issued securities subject to the procedures related to the delivery of securities during a corporate reorganization;

(iii) a secondary distribution of securities in a case in which disclosure has been made with regard to the securities (excluding a secondary distribution provided for in the preceding two items);

(iv) a secondary distribution of securities that have already been issued in a foreign country or of securities specified by Cabinet Order as being equivalent thereto (limited to those conducted by a financial instruments business operator, etc.), which satisfies the requirement that information on the trading price of the securities in Japan can be easily obtained and any other requirements specified by Cabinet Order (excluding a secondary distribution provided for in the preceding three items); or

(v) a public offering or secondary distribution of securities with a total issue value or total distribution value of less than 100 million yen, which is specified by Cabinet Office Order (excluding those specified in the preceding items).

(2) It is not permitted for a person to issue a solicitation with a view to delivering existing securities (meaning a solicitation for selling, etc. or procedures related to the delivery of securities during a corporate reorganization; the same applies hereinafter) that involves securities that have been involved in a solicitation with a view to issuing new securities (meaning the solicitation for acquisition or the procedures related to the issuance of securities during a corporate reorganization; the same applies hereinafter) or a solicitation with a view to

delivering existing securities falling under any of the following cases (in the case set forth in item (ii), limited to the securities acquired by qualified institutional investors that have been excluded from the large number of persons pursuant to Article 2, paragraph (3), item (i), and in the case set forth in item (iv), limited to the securities acquired by qualified institutional investors that have been excluded from the large number of persons pursuant to paragraph (4), item (i) of that Article), and that involves a qualified institutional investor soliciting persons other than qualified institutional investors (such a solicitation is hereinafter referred to as a "general solicitation involving securities acquired by a qualified institutional investor"), unless the issuer of the securities has filed a notification of the relevant general solicitation involving securities acquired by the a qualified institutional investor with the Prime Minister; provided, however, that this does not apply to a case in which disclosure has been made with regard to the securities, or to a case in which the general solicitation involving securities acquired by the qualified institutional investor will be issued for a compelling reason specified by Cabinet Office Order, or satisfies other requirements specified by Cabinet Office Order:

(i) the case set forth in Article 2, paragraph (3), item (ii), (a);

(ii) the case set forth in Article 2, paragraph (3), item (ii), (c) (but only if it comes to no longer fall under the case set forth in item (i) of that paragraph due to the qualified institutional investors' being excluded from the large number of persons pursuant to that item);

(iii) the case set forth in Article 2, paragraph (4), item (ii), (a);

(iv) the case set forth in Article 2, paragraph (4), item (ii), (c) (but only if it comes to no longer fall under the case set forth in item (i) of that paragraph due to the qualified institutional investors' being excluded from the large number of persons pursuant to that item);

(v) the case set forth in Article 2-3, paragraph (4), item (ii), (a); and

(vi) the case set forth in Article 2-3, paragraph (5), item (ii), (a).

(3) It is not permitted for a person to issue a solicitation with a view to delivering existing securities that involves securities falling under any of the following items (excluding securities falling under any of the items of Article 24, paragraph (1) or securities specified by Cabinet Order as those which it is found are unlikely to be held by a large number of professional investors; hereinafter referred to as the "securities for professional investors"), but that does not involve a financial instruments business operator, etc. being entrusted to solicit professional investors, etc. (with the exception of a solicitation issued to the State, the Bank of Japan, or qualified institutional investors, and also with the exception of solicitation specified by Cabinet Order; hereinafter referred to as a "general solicitation involving securities acquired by a

professional investor"), unless the issuer of securities has filed a notification of the relevant general solicitation involving securities acquired by a professional investor with the Prime Minister; provided, however, that this does not apply in a case in which disclosure has been made with regard to the securities for professional investors and in any other case that is specified by Cabinet Office Order as one in which the non-filing of a notification for a general solicitation involving securities acquired by a professional investor does not damage the public interest or result in insufficient investor protection:

(i) securities for which the solicitation for acquisition fell under the case specified in Article 2, paragraph (3), item (ii), (b) (hereinafter referred to as a "solicitation for acquisition only for professional investors");

(ii) securities for which the solicitation for selling, etc. was a solicitation for selling, etc. only for professional investors;

(iii) securities issued by an issuer of the securities provided for in either of the preceding two items, which are specified by Cabinet Office Order as being the same class of securities as those provided for in either of the preceding two items; or

(iv) specified listed securities and other securities specified by Cabinet Order as having equivalent distribution statuses thereto.

(4) If a public offering or secondary distribution of securities (including a general solicitation involving securities acquired by a qualified institutional investor (excluding those falling under the category of a secondary distribution of securities), a general solicitation involving securities acquired by a professional investor (excluding those falling under the category of a secondary distribution of securities), and procedures related to the delivery of securities during a corporate reorganization; hereinafter the same applies in this Chapter and the following Chapter, except in the following paragraph and paragraph (6) of this Article, Article 13, and Article 15, paragraphs (2) through (6)) will be made for the shareholders (including preferred equity investors provided for in the Act on preferred equity investment) that have been stated or recorded in the shareholder register (including the preferred equity investor register provided for in the Act on Preferred Equity Investment) on a certain date, the notification for the public offering or secondary distribution under the preceding three paragraphs must be made 25 days prior to that date; provided, however, that this does not apply in the cases that are specified by Cabinet Office Order in consideration of the issue price or distribution price of the securities or other factors.

(5) Materials that are used for a public offering or secondary Distribution of securities specified in paragraph (1), item (v), for a general solicitation for involving securities acquired by a qualified institutional investor which is excluded from the application of the main clause of paragraph (2) pursuant to

the proviso to that paragraph, or for a general solicitation involving securities acquired by a professional investor which is excluded from the application of the main clause of paragraph (3) pursuant to the proviso to that paragraph, which falls under the category of a secondary distribution of securities, or which does not fall under the category of a secondary distribution of securities and does not fall under a case in which disclosure has been made (hereinafter referred to as a "specified public offering" in this paragraph and the following paragraph), and materials that are used in causing the securities in a specified public offering to be acquired or in selling such securities, must indicate that the main clause of paragraph (1), the main clause of paragraph (2) or the main clause of paragraph (3) does not apply to that specified public offering.

(6) When a specified public offering or secondary distribution of securities set forth in paragraph (1), item (iii) (hereinafter collectively referred to as a "specified public offering, etc." in this paragraph) is conducted, the issuer of the securities in the specified public offering, etc. must submit a written notice of the specified public offering, etc. to the Prime Minister pursuant to the provisions of Cabinet Office Order, before the specified public offering, etc. begins; provided, however, that this does not apply to a secondary distribution of securities as set forth in paragraph (4) whose total distribution value is less than 100 million yen in a case in which disclosure has been made, nor to a secondary distribution of securities as set forth in paragraph (1), item (iii) conducted by a person other than the issuer of those securities or a person specified by Cabinet Office Order, nor to a public offering or secondary distribution of securities as set forth in item (v) of that paragraph whose total issue value or total distribution value is less than the amount specified by Cabinet Office Order.

(7) As set forth in paragraph (1), item (ii), (a) and (b) and item (iii), paragraph (2), paragraph (3) and the preceding two paragraphs, a case in which disclosure has been made means any of the following cases:

(i) a notification under paragraph (1) is in effect for a public offering or secondary distribution which has already been conducted with regard to the relevant securities (excluding one that falls under the category of a general solicitation involving securities acquired by a qualified institutional investor or a general solicitation involving securities acquired by a professional investor); a notification under paragraph (2) is in effect for a general solicitation involving securities acquired by a qualified institutional investor which has already been conducted with regard to those securities; or a notification under paragraph (3) is in effect for a general solicitation involving securities acquired by a professional investor which has already been conducted with regard to those securities (unless the proviso to Article 24, paragraph (1) is applicable (including as applied mutatis mutandis

pursuant to Article 24, paragraph (5) and as these provisions apply mutatis mutandis pursuant to Article 27) to the issuer of the securities); or

(ii) cases specified by Cabinet Office Order as being equivalent to the cases provided for in the preceding item.

(Submission of Securities Registration Statements)

Article 5 (1) If an issuer seeking to file a notification for a public offering or secondary distribution of securities under paragraphs (1) through (3) of the preceding Article (excluding a public offering or secondary distribution of securities for regulated securities (meaning securities specified by Cabinet Order as those for which the information materially influencing investors' investment decisions is information on asset management or other similar business that the issuer conducts; hereinafter the same applies in this paragraph, paragraph (5), paragraph (10) and paragraph (11) of this Article, Article 7, paragraph (4), Article 24, and Article 24-7, paragraph (1)); hereinafter the same applies in this paragraph and the following paragraph) is a company (including a foreign company; the same applies hereinafter, except in Article 50-2, paragraph (9), Article 66-40, paragraph (5) and Article 156-3, paragraph (2), item (iii)) (including if the company will be incorporated by the issuance of those securities (excluding regulated securities; hereinafter the same applies in this paragraph to paragraph (4))), it must submit a statement to the Prime Minister in which it states the following particulars, pursuant to the provisions of Cabinet Office Order; provided, however, that, if it is necessary to conduct the public offering of securities before deciding their issue price or in other cases specified by Cabinet Office Order, the issuer may submit the statement without giving the issue price or other particulars in item (i) that are specified by Cabinet Office Order:

(i) the particulars of the public offering or secondary distribution; and

(ii) the trade name of the company, the financial condition of the corporate group (meaning the group consisting of the relevant company and persons (limited to companies and other entities specified by Cabinet Office Order) satisfying the requirements that Cabinet Office Order specifies, as other companies in which the relevant company holds majority voting rights or as persons that are otherwise closely related to the relevant company; the same applies hereinafter) to which the company belongs and the company's own financial condition and other material particulars about the company's business, and other particulars that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors.

(2) In its statement, a person not falling under any of the following items which seeks to submit a statement set forth in the preceding paragraph for a public

offering or a secondary distribution of securities to which the main clause of paragraph (1), the main clause of paragraph (2), or the main clause of paragraph (3) of the preceding Article applies, the total issue value or the total distribution value of which is less than 500 million yen and which is specified by Cabinet Office Order for this purpose (such a public offering or secondary distribution of securities is referred to as "low value public offering, etc." in Article 24, paragraph (2)), may state the particulars set forth in Article 24, paragraph (2), item (ii) which is specified by Cabinet Office Order as being pertinent with regard to the relevant company, instead of stating the particulars set forth in that item:

(i) an issuer of securities that fall under any of the categories specified in Article 24, paragraph (1), item (i), (ii) or (iv);

(ii) a person that submits or is required to submit a statement under the preceding paragraph in which it states the particulars set forth in item (ii) of the preceding paragraph for a public offering or secondary distribution of securities to which the main clause of paragraph (1), the main clause of paragraph (2), or the main clause of paragraph (3) of the preceding Article has been applied (excluding the persons specified in the preceding item); or

(iii) a person that has already submitted an annual securities report (meaning a report as set forth in Article 24, paragraph (1); hereinafter the same applies in this Article and Article 7) in which it states the particulars set forth in the main clause of Article 24, paragraph (1), or a semiannual securities report (meaning a semiannual securities report as set forth in Article 24-5, paragraph (1); hereinafter the same applies in this Article, Article 7, paragraph (4) and Article 24, paragraph (2)) which it states the particulars set forth in the middle column of each item of the table under Article 24-5, paragraph (1) (excluding a person provided for in the preceding two items).

(3) If a person that has continuously filed annual securities reports as specified by Cabinet Office Order during the period specified by Cabinet Office Order seeks to file a notification under paragraphs (1) through (3) of the preceding Article, instead of stating the particulars set forth in paragraph (1), item (ii), such person, pursuant to the provisions of Cabinet Office Order, may interfile a copy of its latest annual securities report and the accompanying documents, a copy of any semiannual securities report submitted after the submission of the annual securities report, and a copy of any amended report connected with the foregoing reports in the statement set forth in paragraph (1), and enter in that statement any facts specified by Cabinet Office Order which come into play after the submission of the annual securities report.

(4) If a person that satisfies all of the requirements set forth below seeks to file a notification under paragraphs (1) through (3) of the preceding Article, and the

person enters in the statement set forth in paragraph (1), pursuant to the provisions of Cabinet Office Order, that reference should be made to the latest Annual securities report and accompanying documents, the or extraordinary report (meaning a report as set forth in Article 24-5, paragraph (4)) submitted after the submission of the annual securities report, or any amended report connected with them (hereinafter collectively referred to as "reference documents"), the person is deemed to have stated the particulars set forth in paragraph (1), item (ii) in the statement:

(i) the person must have continuously filed annual securities reports as specified by Cabinet Office Order during the period specified by Cabinet Office Order; and

(ii) the person must satisfy the criteria specified by Cabinet Office Order as a person with regard to which information about the particulars set forth in paragraph (1), item (ii) is widely available to the public, with regard to the status of transactions on financial instruments exchange markets in issued securities of which the person is the issuer.

(5) The provisions of paragraph (1) to the preceding paragraph apply mutatis mutandis if the securities for which the notification set forth in paragraph (1) is filed are regulated securities. In this case, in paragraph (1), the phrase "excluding a public offering or secondary distribution of securities" is deemed to be replaced with "limited to a public offering or secondary distribution of securities" and the phrase "the relevant securities (excluding regulated securities; hereinafter the same applies in this paragraph to paragraph (4))" is deemed to be replaced with "the relevant securities"; in item (ii) of that paragraph, the phrase "trade name of the company, the financial condition of the corporate group (meaning the group consisting of the relevant company and persons (limited to companies and other entities specified by Cabinet Office Order) satisfying the requirements that Cabinet Office Order specifies, as other companies in which the relevant company holds majority voting rights or as persons that are otherwise closely related to the relevant company; the same applies hereinafter) to which the company belongs and the company's own financial condition and other material particulars of the company's business" is deemed to be replaced with "financial condition of its asset management or other similar business conducted by the company and other material particulars of the company's assets"; in paragraph (2), the phrase "a public offering or secondary distribution of securities" is deemed to be replaced with "a public offering or secondary distribution of regulated securities"; in item (i) of that paragraph, the phrase "securities falling under any of the categories" is deemed to be replaced with "regulated securities falling under any of the categories of securities"; in item (ii) of that paragraph, the phrase "public offering or secondary distribution of securities" is deemed to be replaced with

"public offering or secondary distribution of regulated securities"; in item (iii) of that paragraph, the phrase "the main clause of Article 24, paragraph (1)" is deemed to be replaced with "the main clause of Article 24, paragraph (1) as applied mutatis mutandis pursuant to Article 24, paragraph (5)", and the phrase "the particulars set forth in the middle column of each item of the table under Article 24-5, paragraph (1)" is deemed to be replaced with "the particulars set forth in the middle column of item (iii) of the table under Article 24-5, paragraph (1) as applied mutatis mutandis pursuant to Article 24-5, paragraph (3)"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(6) In the cases specified by Cabinet Office Order as cases where the public interest or protection of investors would not be impaired, a foreign company required to submit a statement under paragraph (1) (hereinafter referred to as "statement-filing foreign company") may submit, instead of the statement set forth in that paragraph, the following documents pursuant to the provisions of Cabinet Office Order:

(i) a document containing the matters set forth in paragraph (1), item (i); and

(ii) reference documents disclosed in a foreign country (meaning that the subject content has been made available for public inspection based on laws and regulations under the relevant foreign country (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, paragraph (8and Article 24-5, paragraph (7)) or documents similar to the statement set forth in paragraph (1) which are prepared in English.

(7) When the documents set forth in item (ii) of the preceding paragraph are submitted, Japanese translations of the summary of the matters specified by Cabinet Office Order as those necessary and appropriate for the public interest or protection of investors among the matters stated in those documents, 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 those documents, and other documents specified by Cabinet Office Order (such documents are hereinafter collectively referred to as "supplementary documents" in the following paragraph and Article 13, paragraph (2), item (i)) must be attached to those documents pursuant to the provisions of Cabinet Office Order.

(8) The provisions of this Act or orders given based on this Act (hereinafter referred to as the "regulations related to Financial Instruments and Exchange Act" in this Chapter through Chapter II-4) apply to cases in which a statement-filing foreign company submits the documents set forth in the items of paragraph (6) (hereinafter referred to as "foreign company statements" in this

Chapter) and their supplementary documents pursuant to the provisions of the preceding two paragraphs, by deeming the foreign company statements and their supplementary documents to be the statement referred to in paragraph (1) and deeming the submission of these documents to be the submission of the statement referred to in that paragraph.

(9) If the Prime Minister finds that a statement-filing foreign company which a submitted foreign company statement does not fall under a company that may a submit foreign company statement pursuant to the provisions of paragraph (6), the Prime Minister must notify the statement-filing foreign company of that fact. In this case, a hearing must be held irrespective of the category of the procedures for hearing statements of opinion under the provisions of Article 13, paragraph (1) of the Administrative Procedure Act (1993 Act No. 88).

(10) With regard to a public offering or secondary distribution of regulated securities (limited to those specified by Cabinet Office Order by taking into consideration the status of their public offering or secondary distribution; hereinafter the same applies in this Article and Article 7, paragraph (4)), if a public offering or secondary distribution of the regulated securities has already been being conducted continuously for the period specified by Cabinet Office Order, a company required to submit a statement pursuant to paragraph (1) (hereinafter referred to as a "company submitting a regulated securities registration statement" in this Article and Article 7) may submit, instead of the statement set forth in that paragraph, a document containing the matters listed in item (i) of that paragraph (hereinafter referred to as a "document stating particulars related to public offering, etc." in this Article and Article 7, paragraph (3)) pursuant to the provisions of Cabinet Office Order; provided, however, that this is limited to the case where the public offering or secondary distribution has been being conducted until immediately preceding the submission of the document stating particulars related to public offering, etc.

(11) A company submitting a regulated securities registration statement which is to submit a document stating particulars related to public offering, etc. pursuant to the preceding paragraph must submit the document stating particulars related to public offering, etc. together with the annual securities report and documents attached thereto in respect of the specified period (meaning a specified period as defined in Article 24, paragraph (1) as applied mutatis mutandis pursuant to paragraph (5) of that Article following the deemed replacement of terms; hereinafter the same applies in this paragraph and Article 7, paragraph (4)) immediately preceding the specific period for the regulated securities that includes the day of the submission.

(12) The provisions of the Financial Instruments and Exchange Act and related regulations apply to cases where a company submitting a regulated securities

registration statement submits a document stating particulars related to public offering, etc. and an annual securities report and documents attached thereto under the provisions of the preceding two paragraphs, by deeming the document stating particulars related to public offering, etc. and the annual securities report to be the statement set forth in paragraph (1) and deeming submission of the former to be submission of the latter.

(13) The articles of incorporation or other documents that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors must accompany the statement set forth in paragraph (1).

(Submission of Statements and Other Documents to a Financial Instruments Exchange)

Article 6 An issuer of the securities set forth in the following items must submit a copy of the statement and other documents set forth in paragraph (1) and paragraph (133) of the preceding Article to the person specified in the relevant item without delay after filing the notification under Article 4, paragraphs (1) to (3):

(i) securities listed on a financial instruments exchange: that financial instruments exchange; and

(ii) securities specified by Cabinet Order as having equivalent distribution statuses to the securities referred to in the preceding item: the Authorized financial instruments firms association specified by Cabinet Order.

(Voluntary Submission of Amended Statements)

Article 7 (1) If, on or after the day on which a notification under Article 4, paragraphs (1) through (3) is filed and before the day on which that notification comes into effect, a material particular that is required to be stated in a statement or other document under Article 5, paragraph (1) or paragraph (13) changes or any other circumstance arises that is specified by Cabinet Office Order as necessitating that the content of such documents be amended in the public interest or for the protection of investors, the person filing the notification (or, if it is after a company is incorporated through the issuance of the Securities for which the notification was filed, the company; the same applies hereinafter) must submit an amended statement to the Prime Minister. The same also applies in the absence of such a reason, if the person filing the notification finds there to be something in the statement or other document that necessitates an amendment.

(2) The provisions of Article 5, paragraphs (6) through (9) apply mutatis mutandis to cases where a statement-filing foreign company submits an amendment of the foreign company statements under the provisions of the

preceding paragraph.

(3) The provisions of the Financial Instruments and Exchange Act and related regulations apply to cases where a company submitting a regulated securities registration statement (limited to cases where it submits a document stating particulars related to public offering, etc. and an annual securities report and documents attached thereto under the provisions of Article 5, paragraphs (10) and (11); the same applies in the following paragraph and paragraph (5)) submits an amendment report for the annual securities report pursuant to the provisions of paragraph (1) as applied mutatis mutandis pursuant to Article 24-2, paragraph (1) following the deemed replacement of terms, by deeming the amendment report to be the amendment report set forth in paragraph (1) for a document that has been deemed to be the statement set forth in Article 5, paragraph (1) pursuant to paragraph (12) of that Article, and deeming submission of the former to be submission of the latter.

(4) The provisions of the Financial Instruments and Exchange Act and related regulations apply to cases where a company submitting a regulated securities registration statement submits, with regard to regulated securities associated with a document that has been deemed to be the statement set forth in Article 5, paragraph (1) pursuant to paragraph (12) of that Article (limited to those for which public offering or secondary distribution has already been being conducted continuously), a semiannual securities report (or an annual securities report, in cases where the specific period for the regulated securities does not exceed six months) (hereinafter referred to as a "semiannual securities report, etc." in this paragraph and the following paragraph), by deeming the semiannual securities report, etc. to be the amendment report set forth in paragraph (1) for the statement, and deeming submission of the former to be submission of the latter.

(5) The provisions of paragraph (3) apply mutatis mutandis to cases where a company submitting a regulated securities registration statement (limited to one that has submitted the semiannual securities report, etc. set forth in the preceding paragraph) submits an amendment report for the semiannual securities report, etc. pursuant to the provisions of paragraph (1) as applied mutatis mutandis pursuant to Article 24-5, paragraph (5) (Article 24-2, paragraph (1) in cases where the semiannual securities report, etc. is an Annual securities report) following the deemed replacement of terms.

(Effective Date of Notifications)

Article 8 (1) A notification under Article 4, paragraphs (1) through (3) comes into effect on the day on which 15 days have elapsed since the day on which the Prime Minister accepted the statement under Article 5, paragraph (1) (or, if the particulars referred to in the proviso to Article 5, paragraph (1) are not

stated in the statement, the amended statement under paragraph (1) of the preceding Article which is connected with those particulars; the same applies in the following paragraph).

(2) With regard to the application of the preceding paragraph if an amended statement under paragraph (1) of the preceding Article is submitted within the period set forth in the preceding paragraph, the statement set forth in Article 5, paragraph (1) is deemed to be accepted by the Prime Minister on the day that the Prime Minister accepts the amended statement.

(3) If the Prime Minister finds that the statement or other documents under Article 5, paragraph (1) or paragraph (13) or paragraph (1) of the preceding Article are easily understandable to the public or finds that information about the particulars set forth in Article 5, paragraph (1), item (ii) with regard to the person that submitted the statement and other documents is already widely available to the public, the Prime Minister may designate a period for the person which is shorter than that referred to in paragraph (1), or may notify the person that the notification under Article 4, paragraphs (1) through (3) will become effective immediately or on the day after the day on which the Prime Minister accepts the statement referred to in paragraph (1). In such a case, a notification under Article 4, paragraphs (1) through (3) becomes effective on the day on which the shorter period has elapsed if a shorter period has been designated, or immediately or on the following day if the person has been so notified.

(4) The provisions of paragraph (2) apply mutatis mutandis if a shorter period is designated as under the preceding paragraph.

(Order to Submit an Amended Statement Due to a Formal Deficiency)

Article 9 (1) If the Prime Minister finds a formal deficiency in a statement or other document under Article 5, paragraph (1) or paragraph (13) or Article 7, paragraph (1) or finds such statement or other document to insufficiently state a material particular that is required to be stated, the Prime Minister may order the person that submitted it to submit an amended statement. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(2) The provisions of Article 5, paragraphs (6) through (8) apply mutatis mutandis to cases where a statement-filing foreign company submits an amendment of the foreign company statements under the provisions of the preceding paragraph.

(3) Notwithstanding the provisions of Article, if the disposition under the preceding paragraph (1) has been reached, the notification under Article 4, paragraphs (1) through (3) becomes effective on the day on which the period

designated by the Prime Minister has elapsed.

(4) The provisions of paragraphs (2) through (4) of the preceding Article apply mutatis mutandis in the case referred to in the preceding paragraph.

(5) The disposition under paragraph (1) may not be reached on or after the day on which the notification under Article 4, paragraphs (1) through (3) becomes effective; provided, however, that this does not apply to any amended statement submitted pursuant to Article 7, paragraph (1) on or after that day.

(Order to Submit an Amended Statement and Order Suspending the Validity of a Notification Due to a False Statement)

Article 10 (1) If the Prime Minister discovers that a securities registration statement contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading, the Prime Minister, at any time, may order the person submitting the securities registration statement to submit an amended statement, and if the Prime Minister finds it to be necessary, the Prime Minister may order the suspension of the validity of a notification under Article 4, paragraphs (1) through (3). In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(2) The provisions of Article 5, paragraphs (6) through (8) apply mutatis mutandis to cases where a statement-filing foreign company submits an amendment of the foreign company statements under the provisions of the preceding paragraph.

(3) The provisions of paragraphs (33) and (44) of the preceding Article apply mutatis mutandis if an order to submit an amended statement under paragraph (1) is issued before the notification under Article 4, paragraphs (1) through (3) comes into effect.

(4) If an order for suspension under paragraph (1) is issued and an amended statement under that paragraph is submitted, and if the Prime Minister finds the amended statement to be appropriate, the Prime Minister is to cancel the order for suspension under that paragraph.

(Suspension of the Validity of Notifications Made Within One Year After the Submission of a Securities Registration Statement Containing a False Statement)

Article 11 (1) If a securities registration statement contains a false statement regarding a material particular and the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may issue an order against the person submitting the

securities registration statement with regard to that securities registration statement or with regard to any other statement as set forth in Article 5, paragraph (1), shelf registration statement as set forth in Article 23-3, paragraph (1), or shelf registration supplements as set forth in Article 23-8, paragraph (1) which the person submitting the relevant securities registration statement submits within one year of the day on which the person submitted that securities registration statement, ordering the suspension of the validity of the notification or of the shelf registration under the relevant shelf registration statement or shelf registration supplements, or may extend the period stipulated in Article 8, paragraph (1) (including as applied mutatis mutandis pursuant to Article 23-5, paragraph (1)), for the period that the Prime Minister considers appropriate in the public interest or for the protection of investors. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(2) If a disposition under the preceding paragraph is reached and the Prime Minister finds that the content of an amended statement submitted pursuant to Article 7, paragraph (1) or paragraph (1) of the preceding Article in relation to the false statement referred to in the preceding paragraph is appropriate, and that allowing the acquisition or sale of securities issued by the person that submitted the securities registration statement through a public offering or secondary distribution will not compromise the public interest or the protection of investors, the Prime Minister may cancel the disposition under the preceding paragraph.

(Submission of a Copy of an Amended Statement to a Financial Instruments Exchange)

Article 12 The provisions of Article 6 apply mutatis mutandis when an amended statement is submitted pursuant to Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1).

(Preparation of the Prospectus and Prohibition against the Use of a Prospectus Containing a False Statement)

Article 13 (1) The issuer of securities whose public offering or secondary distribution (including General Solicitation Involving Securities Acquired by a qualified institutional investor (excluding anything falling under the category of a secondary distribution of securities) and also including general solicitation involving securities acquired by a professional investor excluding anything falling under the category of a secondary distribution of securities); hereinafter the same applies in this Article and Article 15, paragraphs (2) through (4) and paragraph (6)) is subject to the main clause of Article 4, paragraph (1), the

main clause of Article 4, paragraph (2) or the main clause of Article 4, paragraph (3), must prepare a prospectus for such public offering or secondary distribution. The same applies to an issuer of securities whose secondary distribution (excluding one with a total distribution value of less than 100 million yen or one that falls under the categories specified by Cabinet Office Order) falls under a case in which disclosure has been made (meaning a case in which disclosure has been made as referred to in Article 4, paragraph (7); hereinafter the same applies in this Chapter) (such securities are hereinafter referred to as "securities for which disclosure has already been made" in this Chapter); provided, however, that this does not apply to cases where the public offering of those securities is conducted by public offering of share option certificates (limited to those conducted by allotment of share options without contribution specified in Article 277 of the Companies Act to which the main clause of Article 4, paragraph (1), the main clause of paragraph (2) of that Article or the main clause of paragraph (3) of that Article is applicable) which satisfies all of the following requirements:

(i) the share option certificates are listed on a financial instruments exchange, or are scheduled to be listed after they are issued, without delay; and

(ii) the fact that a notification under the main clause of Article 4, paragraph (1), the main clause of paragraph (2) of that Article or the main clause of paragraph (3) of that Article had been made in relation to the share option certificates and any other matters specified by Cabinet Office Order are published in a daily newspaper that publishes matters on current affairs after the notification was made without delay.

(2) For the category of cases set forth in the following items, the details of the particulars that are specified in that item must be stated in the prospectus referred to in the preceding paragraph; provided, however, that if a statement under the main clause of Article 5, paragraph (1) has been submitted pursuant to the proviso to Article 5, paragraph (1), without the issue price or any other particular specified by Cabinet Office Order being stated among those in item (i) of that paragraph (hereinafter referred to as the "issue price, etc." in this paragraph and Article 15, paragraph (5)), the prospectus in the case set forth in item (i), below, is not required to state the issue price, etc.:

(i) if the prospectus must be delivered pursuant to the main clause of Article 15, paragraph (2): for a category of securities specified in the following (a) or (b), the particulars set forth in (a) or (b):

(a) securities whose public offering or secondary distribution is subject to the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2), or the main clause of Article 4, paragraph (3): the following particulars:

1. among the particulars set forth in the items of Article 5, paragraph (1)

(if foreign company statements and their supplementary documents are submitted pursuant to the provisions of paragraphs (6) and (7) of that Article for the public offering or the secondary distribution, the particulars that are required be stated in those documents pursuant to the those provisions; hereinafter the same applies in this paragraph), the particulars specified by Cabinet Office Order as having a very material influence on investors' investment decisions; and

2. particulars specified by Cabinet Office Order other than those set forth in the items of Article 5, paragraph (1);

(b) securities for which disclosure has already been made: the following particulars:

1. the particulars set forth in (a), 1., above; and

2. particulars specified by Cabinet Office Order other than those set forth in the items of Article 5, paragraph (1);

(ii) if the prospectus must be delivered pursuant to Article 15, paragraph (3): for a category of securities specified in the following (a) or (b), the particulars specified in (a) or (b):

(a) securities whose public offering or secondary distribution is subject to the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2), or the main clause of Article 4, paragraph (3): the following particulars:

1. among those set forth in the items of Article 5, paragraph (1), the particulars specified by Cabinet Office Order as having a material influence on investors' investment decisions; and

2. particulars specified by Cabinet Office Order other than those set forth in the items of Article 5, paragraph (1);

(b) securities for which disclosure has already been made: the following particulars:

1. the particulars set forth in (a), 1., above; and

2. particulars specified by Cabinet Office Order other than those set forth in the items of Article 5, paragraph (1);

(iii) if the prospectus must be delivered pursuant to the main clause of Article 15, paragraph (4): the particulars stated in the amended statement under Article 7, paragraph (1).

(3) If, in a prospectus under item (i) or (ii) of the preceding paragraph that a person submitting a notification to which the provisions of Article 5, paragraph (4) apply (including as applied mutatis mutandis pursuant to paragraph (5) of that Article; the same applies hereinafter) is required to prepare or that a person satisfying all of the requirements specified in the items of Article 5, paragraph (4) is required to prepare in connection with securities for which disclosure Has already been made, the relevant person has stated that

reference should be made to the reference documents, that person is deemed to have stated the particulars set forth in Article 5, paragraph (1), item (ii).

(4) It is prohibited for any person to use a prospectus referred to in paragraph (1) that contains a false statement or omits a statement as to a detail that is required to be stated, for a public offering or secondary distribution of securities that is subject to the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2), or the main clause of Article 4, paragraph (3), or for a public offering or secondary distribution of securities for which disclosure has already been made.

(5) It is prohibited for any person to make a false or misleading representation in documents, drawings, sounds, or other materials (this includes anything that shows the contents of information that has been recorded in electronic or magnetic records (meaning records used in computer data processing which are created in electronic form, magnetic form, or any form that is otherwise impossible to perceive through the human senses alone; the same applies hereinafter), if such materials have been prepared as electronic or magnetic records; the same applies in Article 17) other than the prospectus referred to in paragraph (1), which are used for the purpose of a public offering or secondary distribution of securities that is subject to the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2), or the main clause of Article 4, paragraph (3) or for a public offering or secondary distribution securities for which disclosure has already been made.

Article 14 Deleted

(Prohibition of Transactions in Securities Prior to a Notification Coming into Effect, and Delivery of Prospectus)

Article 15 (1) It is prohibited for an issuer, person that conducts a secondary distribution of securities, underwriter (including a person that, with regard to a general solicitation involving securities acquired by a qualified institutional investor (except in a case in which disclosure has been made with regard to the securities for which the general solicitation is issued) or with regard to a general solicitation involving securities acquired by a professional investor (except in a case in which disclosure has been made with regard to the securities for which the general solicitation is issued), conducts any of the acts specified in the items of Article 2, paragraph (6); hereinafter the same applies in this Chapter), financial instruments business operator, registered financial institution or financial instruments intermediary service provider, or a financial service intermediary (meaning the financial service intermediary prescribed in Article 11, paragraph (6) of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (Act No.

101 of 2000), and limited to those that engage in securities, etc. intermediary business operations (meaning the securities, etc. intermediary business operations provided for in paragraph (4) of that Article; the same applies hereinafter); the same applies hereinafter) to cause securities to be acquired whose public offering or secondary distribution is subject to the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2), or the main clause of Article 4, paragraph (3), nor may it sell such securities through a public offering or secondary distribution, unless the notification under the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2), or the main clause of Article 4, paragraph (3) has become effective.

(2) When an issuer, person that conducts a secondary distribution of securities, underwriter, financial instruments business operator, registered financial institution, financial instruments intermediary service provider or financial service intermediary causes securities referred to in the preceding paragraph, or securities for which disclosure has already been made, to be acquired through a public offering or secondary distribution, or when it sells such securities through a public offering or secondary distribution, it must deliver a prospectus that states the particulars specified in Article 13, paragraph (2), item (i) to the other person in advance or at the same time; provided, however, that this does not apply in the following cases:

(i) the securities are acquired by or sold to a qualified institutional investor (unless the qualified institutional investor requests to be delivered the prospectus by the time it acquires or is sold the securities through the public offering or secondary distribution); or

(ii) the securities are acquired by or sold to a person set forth in the following, and such person has consented not to be delivered the prospectus (unless the consenting person requests to be delivered the prospectus by the time it acquires or is sold the securities through the public offering or secondary distribution):

(a) a person that already holds the same issue of securities as the relevant securities; or

(b) a person living with the consenting person has already received the prospectus or is reliably expected to receive the prospectus;

(iii) cases referred to in the proviso to Article 13, paragraph (1).

(3) When an issuer, person that conducts a secondary distribution of securities, underwriter, financial instruments business operator, registered financial institution or financial instruments intermediary service provider, or financial service intermediary causes securities referred to in paragraph (1) (limited to those specified by Cabinet Order; hereinafter the same applies in this paragraph), or securities for which disclosure has already been made, to be acquired through a public offering or secondary distribution, or when it sells

such securities through a public offering or secondary distribution, if the counterparty requests to be delivered a prospectus that states the particulars specified in Article 13, paragraph (2), item (ii) by the time the counterparty acquires or is sold the securities through the public offering or secondary distribution, the issuer, person that conducts the secondary distribution of securities, underwriter, financial instruments business operator, registered financial institution, or financial instruments intermediary service provider must deliver that prospectus immediately.

(4) When an issuer, person that conducts a secondary distribution of securities, underwriter, financial instruments business operator, registered financial institution or financial instruments intermediary service provider, or financial service intermediary causes securities referred to in paragraph (1) or securities for which disclosure has already been made to be acquired through a public offering or secondary distribution, or when it sells such securities through a public offering or secondary distribution, if an amended statement under Article 7, paragraph (1) has been submitted in connection with the statement referred to in the main clause of Article 5, paragraph (1) for the relevant securities, the issuer, person that conducts the secondary distribution of securities, underwriter, financial instruments business operator registered financial institution, or financial instruments intermediary service provider must deliver a prospectus that states the particulars specified in Article 13, paragraph (2), item (iii) in advance, or at the same time; provided, however, that this does not apply in the cases specified in the items of paragraph (2).

(5) The main clause of the preceding paragraph does not apply if an indication that the issue price, etc. will be announced separately and the means of its announcement (limited to means specified by Cabinet Office Order) are stated in a prospectus referred to under paragraph (2) which has been delivered without the issue price, etc. being stated pursuant to the proviso to Article 13, paragraph (2), and if the issue price, etc. has actually been announced by those means.

(6) The provisions of paragraph (2) to the preceding paragraph apply mutatis mutandis if the remainder of the securities referred to in paragraph (1) that are not acquired by any person through a public offering or secondary distribution (excluding securities that fall under any of the categories specified in Article 24, paragraph (1), items (i) and (ii)) is caused to be acquired or is sold other than through a public offering or secondary distribution within three months (excluding, if an order for suspension under Article 10, paragraph (1) or Article 11, paragraph (1) has been issued, the period from the day on which the order for suspension was issued until the day on which the order was canceled) from the day on which the notification under Article 4, paragraphs (1) through (3) for the public offering or secondary distribution came into

effect.

(Compensatory Liability of Violators)

Article 16 A person violates the preceding Article in causing securities to be acquired is liable to compensate the person that acquires the securities for damage arising from the violation.

(Compensatory Liability of a Person Using a Prospectus Containing a False Statement)

Article 17 A person that, in a public offering or secondary distribution of securities that is subject to the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2) or the main clause of Article 4, paragraph (3) or of securities for which disclosure has already been made, causes securities to be acquired while using a prospectus referred to in Article 13, paragraph (1) that contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of material fact that is necessary to prevent it from being misleading, or while using materials that contain a false or misleading representation about a material particular, or that lack a representation of material fact that is necessary to prevent them from being misleading, is liable to compensate for damage sustained by a person that acquires the securities without knowing that the statement is false or has been omitted, that the representation is false or misleading, or that a representation has been omitted; provided, however, that this does not apply if the person that would be liable to compensate proves it did not know, and in the exercise of reasonable care could not have known, that the statement was false or had been omitted, or that the representation was false or misleading.

(Compensatory Liability of the Person Submitting a Securities Registration Statement Containing a False Statement)

Article 18 (1) If a securities registration statement contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading, the person that submitted the securities registration statement is liable to compensate for damage sustained by a person that acquires the securities through the public offering or secondary distribution; provided, however, that this does not apply if the person that acquires the securities knows that the statement is false or has been omitted at the time the person offers to acquire the securities.

(2) The preceding paragraph applies mutatis mutandis if a prospectus referred to in Article 13, paragraph (1) contains a false statement regarding a material

particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading. In this case, in the preceding paragraph, the phrase "the person that submitted the securities registration statement" is deemed to be replaced with "the issuer that prepared the prospectus" and the phrase "through the public offering or secondary distribution" is deemed to be replaced with "through the public offering or secondary distribution after receiving the prospectus".

(Amount of Compensatory Liability Person Submitting a Securities Registration Statement That Contains a False Statement)

Article 19 (1) The amount of compensation for which a person is liable pursuant to the preceding Article is the amount calculated by deducting the amount specified in each of the following items from the amount that the claimant paid to acquire the securities:

(i) the market value of the securities at the time the claimant claims damages pursuant to the preceding Article (or, if they have no market value, their estimated disposal value at such time); or

(ii) the disposal value of the securities, if they were disposed of before the time referred to in the preceding item.

(2) If the person that would be liable to compensate pursuant to the preceding Article proves that all or part of the damage sustained by the claimant is due to circumstances other than the decline in the value of the securities that would have arisen from the securities registration statement or the prospectus containing a false statement regarding a material particular, lacking a statement of a material particular that is required to be stated, or lacking a statement of a material fact that is necessary to prevent it from being misleading, the person is not liable for the whole or such part of the compensation.

(Prescription of the Right to Claim Compensation from the Person Submitting a Securities Registration Statement That Contains a False Statement)

Article 20 A claim for compensation under the provisions of Article 18 extinguishes by prescription in the following cases:

(i) when compensation is not claimed for three years startingstarting from the time when the claimant comes to know, or in exercise of reasonable care could have come to know, that the securities registration statement or the prospectus includes a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading; or

(ii) when compensation is not claimed for seven years (excluding, if an order for suspension under Article 10, paragraph (1) or Article 11, paragraph (1) has been issued, the period from the day on which the order for suspension is issued to the day on which the order is canceled) from the time when the notification under the provisions of Article 4, paragraphs (1) through (3) for the public offering or secondary distribution of the securities becomes effective or the prospectus is delivered.

(Compensatory Liability of the Officers of a Company Submitting a Statement That Contains a False Statement)

Article 21 (1) If a securities registration statement contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of material fact that is necessary to prevent it from being misleading, the following persons are liable to compensate a person that acquires the relevant securities through a public offering or secondary distribution, for damage arising from the statement being false or having been omitted; provided, however, that this does not apply if the person that acquires the securities knows that the statement is false or has been omitted at the time the person offers to acquire the securities:

(i) a person that, at the time of submission of the securities registration statement, is an officer (meaning a director, accounting advisor, company auditor, executive officer, or a person equivalent thereto; the same applies hereinafter, except in Article 163 to Article 167) of the company that submitted the securities registration statement, or an incorporator of that company (limited to cases in which the securities registration statement was submitted before the incorporation of the company);

(ii) the holder of the securities subject to the secondary distribution (or, if the holder had acquired the securities from their previous holder by entering into a contract specifying that the securities would be sold through a secondary distribution, the previous holder that is the other party to the contract);

(iii) a certified public accountant or the audit corporation that, in the audit certification provided for in Article 193-2, paragraph (1) in connection with the securities registration statement, certifies a statement in the documents under the audit certification which is false or has been omitted, as not being false or as not having been omitted; and

(iv) the financial instruments business operator or registered financial institution that concludes the wholesale underwriting contract with the issuer of the securities subject to the public offering or with either person specified in item (ii).

(2) In the case referred to in the preceding paragraph, a person set forth in any of

the following items is not liable for the compensation set forth in that paragraph, if that person proves the particular set forth in the relevant item:

(i) the person specified in item (i) or (ii) of the preceding paragraph: it did not know, and in the exercise of reasonable care could not have known, that the statement was false or had been omitted;

(ii) a person or firm specified in item (iii) of the preceding paragraph: it did not intentionally or negligently provide such inappropriate certification; and

(iii) the person or firm specified in item (iv) of the preceding paragraph: it did not know, and, with respect to parts other than the part involving documents related to financial accounting provided for in Article 193-2, paragraph (1), in the exercise of reasonable care it could not have known, that the statement was false or had been omitted.

(3) The provisions of paragraph (1), items (i) and (ii), and item (i) of the preceding paragraph apply mutatis mutandis if a prospectus referred to in Article 13, paragraph (1) contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading. In this case, in paragraph (1), the phrase "through the relevant public offering or secondary distribution" is deemed to be replaced with "through the relevant public offering or secondary distribution after receipt of the prospectus", the phrase "the company that submitted the securities registration statement" is deemed to be replaced with "the company that prepared the prospectus", the phrase "at the time of submission" is deemed to be replaced with "at the time of preparation", and the phrase "was submitted" is deemed to be replaced with "was prepared".

(4) The term "wholesale underwriting contract" as used in paragraph (1), item (iv) means one of the following contracts concluded on the occasion of a public offering or secondary distribution of securities:

(i) a contract stipulating that the underwriter will acquire all or part of the relevant securities from the issuer or holder (excluding a financial instruments business operator or registered financial institution; the same applies in the following item and item (iii)), with the aim of having other persons acquire them; or

(ii) a contract stipulating that if no other person acquires all or part of the relevant securities, the underwriter will acquire those that remain from the issuer or holder;

(iii) if the relevant securities are share option certificates (including the securities specified by Cabinet Office Order as being equivalent to them; hereinafter the same applies in this item), a contract stipulating that if the person that has acquired those share option certificates does not exercise the share options (including the rights specified by Cabinet Office Order as being

equivalent to them; hereinafter the same applies in this item) associated with all or part of those share option certificates, the underwriter themselves or a third party will acquire the share option certificates associated with the unexercised share options from the issuer or holder and exercise them.

(Compensatory Liability of a Person Submitting a Document That Contains a False Statement)

Article 21-2 (1) If a document set forth in the items of Article 25, paragraph (1) (excluding items (iv) and (viivi)) (hereinafter referred to as a "document" in this Article) contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading, the person submitting the document is liable to compensate a person that, during the period the document is being made available for public inspection as required by Article 25, paragraph (1), acquires or disposes of securities issued by the person submitting the document (excluding a document set forth in Article 25, paragraph (1), item (x)) or by a person whose parent company, etc. (meaning a parent company, etc. as defined by Article 24-7, paragraph (1)) is the person submitting the document (limited to a document set forth in Article 25, paragraph (1), item (xii)) other than through a public offering or secondary distribution, for damage arising from the statement being false or having been omitted (hereinafter collectively referred to as being a "false statement, etc." in this Article), to an extent not exceeding the amount calculated in accordance with the rule provided in Article 19, paragraph (1); provided, however, that this does not apply if the person that acquires or disposes of the securities knows of the false statement, etc. at the time of the acquisition or disposal.

(2) In the case referred to in the preceding paragraph, if the person that would be liable to compensate proves that they did not intentionally or negligently make the false statement, etc. in the relevant document, that person is not liable for the compensation under the provisions of that paragraph.

(3) In the case referred to in the main clause of paragraph (1), if the fact that a false statement, etc. in the relevant document is contained is disclosed, a person that has acquired the relevant securities within the one year prior to the day of the disclosure of the existence of the false statement, etc. (hereinafter referred to as the "disclosure date" in this paragraph) and that continues to hold the securities on the disclosure date, may assert the amount calculated by deducting the average market value (or, if no market value exists, the estimated disposal value; hereinafter the same applies in this paragraph) during the one month after the disclosure date from the average market value during one month prior to the disclosure date, to be the amount

of damage arising from the document's false statement, etc.

(4) The term "disclosure of the existence of a false statement, etc." as used in the preceding paragraph means that the person submitting the document or a person that has statutory authority over the person submitting the document has taken measures to put the material particular that is required to be stated and that the document's false statement, etc. concerns or the material fact that is necessary to prevent the document from being misleading in connection with the same, into a form that allows for a large number of persons to learn of it through public inspection provided in Article 25, paragraph (1) or through other means.

(5) In the case referred to in paragraph (3), if the person that would be liable to compensate proves that the whole or part of the damage sustained by the claimant was due to circumstances other than the decline in the value of the securities that could have arisen from the document's false statement, etc., the person is not liable for the whole or such part of the compensation.

(6) In a case referred to in paragraph (3) other than one referred to in the preceding paragraph, if the court finds that the whole or part of the damage sustained by the claimant was due to circumstances other than the decline in the value of the securities that could have arisen from the document's false statement, etc., but that it is extremely difficult to prove the amount of damage arising from such other circumstances due to the nature, based on the entire import of oral arguments and the results of an examination of evidence, the court may determine an appropriate amount as the amount of damage for which the relevant person is not liable to compensate.

(Prescription of the Right to Claim Compensation from a Person Submitting a Document That Contains a False Statement)

Article 21-3 The provisions of Article 20 apply mutatis mutandis to a claim for compensation under the preceding Article. In this case, in Article 20, the term "Article 18" is deemed to be replaced with "Article 21-2", in item (i) of that Article, the phrase "the securities registration statement or the prospectus" is deemed to be replaced with "a document set forth in one of the items of Article 25, paragraph (1) (excluding items (iv) and (viivi))", the term "three years" is deemed to be replaced with "two years", and in item (ii) of that Article, the phrase "for seven years (excluding, if an order for suspension under Article 10, paragraph (1) or Article 11, paragraph (1) has been issued, the period from the day on which the order for suspension is issued to the day on which the order is canceled) from the time when that the notification under the provisions of Article 4, paragraphs (1) through (3) for the public offering or secondary distribution of the securities becomes effective or the prospectus is delivered" is deemed to be replaced with "for five years from the time when the document is

submitted".

(Compensatory Liability of the Officers of a Company Submitting a Statement That Contains a False Statement)

Article 22 (1) If a securities registration statement contains a false statement regarding a material particular, omits a statement of a material particular that is required to be stated, or lacks a statement of material fact that is necessary to prevent it from being misleading, persons set forth in Article 21, paragraph (1), items (i) and (iii) are liable to compensate a person that, without knowing that the statement is false or has been omitted, acquires or disposes of securities issued by the person submitting the securities registration statement other than through a public offering or secondary distribution, for damage arising from the statement being false or having been omitted.

(2) The provisions of Article 21, paragraph (2), items (i) and (ii) apply mutatis mutandis to a person that would be liable for the compensation set forth in the preceding paragraph.

(Prohibition on Presuming the Veracity of a Securities Registration Statement)

Article 23 (1) No person may deem, based on a notification under Article 4, paragraphs (1) to (3) for a public offering or secondary distribution of securities having been made and having come into effect, nor based on the an order for suspension under Article 10, paragraph (1) or Article 11, paragraph (1) having been canceled, that the Prime Minister certifies a statement contained in the securities registration statement submitted for the notification to be true and accurate, that the Prime Minister certifies that the securities registration statement does not omit a statement as to a material particular, or that the Prime Minister guarantees or recognizes the value of the securities.

(2) No person may make a representation that is in violation of the provisions of the preceding paragraph.

(Replacement of Terms for Application of Relevant Provisions When Reference Should Be Made to Reference Documents)

Article 23-2 With regard to the application of Article 7, Articles 9 through 11, Articles 17 through 21, Article 22, and the preceding Article if a statement to which Article 5, paragraph (4) is applicable is submitted or an amended statement is submitted in connection with such a statement, or if a prospectus to which Article 13, paragraph (3) is applicable is prepared, in Article 7 paragraph (1), the phrase "a statement or other document under Article 5, paragraph (1) or paragraph (6)" is deemed to be replaced with "a statement or other document under Article 5, paragraph (1) or paragraph (6) (including the

reference documents for the statement, if it is one to which Article 5, paragraph (4) is applicable (including as applied mutatis mutandis pursuant to Article 5, paragraph (5); the same applies in Articles 9 through 11); the same applies in this paragraph)"; in Article 9, paragraph (1), the phrase "a statement or other document under Article 5, paragraph (1) or paragraph (6) or Article 7, paragraph (1)", is deemed to be replaced with "a statement or other document under Article 5, paragraph (1) or paragraph (6) or Article 7 (including the reference documents for the statement or amended statement, if it is a statement to which Article 5, paragraph (4) is applicable or an amended statement under Article 7, paragraph (1), that has been submitted in connection with such a statement)"; in Article 10, paragraph (1), the term "securities registration statement" is deemed to be replaced with " securities registration statement (including the reference documents for the statement or amended statement, if it is a statement to which Article 5, paragraph (4) is applicable or an amended statement under Article 7, paragraph (1), paragraph (1) of the preceding Article or this paragraph which has been submitted in connection with such a statement)"; in Article 10, paragraph (4), the term "amended statement" is deemed to be replaced with "amended statement (including the reference documents for the amended statement, if it is connected with a statement to which Article 5, paragraph (4) is applicable)"; in Article 11, paragraph (1), the phrase "a securities registration statement contains" is deemed to be replaced with "a securities registration statement (or a securities registration statement or reference documents for that securities registration statement, if it is a statement to which Article 5, paragraph (4) is applicable or an amended statement under Article 7 paragraph (1), Article 9, paragraph (1) or paragraph (1) of the preceding Article which has been submitted in connection with such a statement) contains"; in Article 11, paragraph (2), the term "amended statement" is deemed to be replaced with "amended statement (including the reference documents for the amended statement, if it is connected with a statement to which Article 5, paragraph (4) is applicable)"; in Article 17, the term "prospectus" is deemed to be replaced with "prospectus (including the reference documents for the prospectus, if it is a prospectus to which Article 13, paragraph (3) is applicable)"; in Article 18, paragraph (1), the phrase "a securities registration statement contains" is deemed to be replaced with "a securities registration statement (or a securities registration statement or reference documents for that securities registration statement, if it is a statement to which Article 5, paragraph (4) is applicable or an amended statement under Article 7, Article 9, paragraph (1) or Article 10, paragraph (1) which has been submitted in connection with such a statement) contains"; in Article 18, paragraph (2), the phrase "a prospectus referred to in Article 13, paragraph (1) contains" is deemed to be replaced with "a prospectus

referred to in Article 13, paragraph (1) (or a prospectus or reference documents for that prospectus, if it is a prospectus to which Article 13, paragraph (3) is applicable) contains"; in Article 19, paragraph (2) and Article 20, item (i), the term "securities registration statement" is deemed to be replaced with "securities registration statement (including the reference documents for the securities registration statement, if it is a statement to which Article 5, paragraph (4) is applicable or an amended statement under Article 7 paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) which has been submitted in connection with such a statement)" and the term "prospectus" is deemed to be replaced with "prospectus (or a prospectus or reference documents for that prospectus, if it is a prospectus to which Article 13, paragraph (3) is applicable)"; in Article 21, paragraph (1), the phrase "a securities registration statement contains" is deemed to be replaced with "a securities registration statement (or a securities registration statement or reference Documents for that securities registration statement, if it is a statement to which Article 5, paragraph (4) is applicable or an amended statement under Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) which has been submitted in connection with such a statement) contains"; in Article 21, paragraph (3), the phrase "a prospectus referred to in Article 13, paragraph (1) contains" is deemed to be replaced with "a prospectus referred to in Article 13, paragraph (1) (or a prospectus or reference documents for the prospectus, if it is a prospectus to which Article 13, paragraph (3) is applicable) contains"; in Article 22, paragraph (1), the phrase "a securities registration statement contains" is deemed to be replaced with "a securities registration statement (or a securities registration statement or reference documents for that securities registration statement, if it is a statement to which Article 5, paragraph (4) is applicable or an amended statement under Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) which has been submitted in connection with such a statement) contains"; and in paragraph (1) of the preceding Article, the term " securities registration statement" is deemed to be replaced with "registration statement (including the reference documents for the statement or amended statement, if it is a statement to which Article 5, paragraph (4) is applicable or an amended statement under Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) which has been submitted in connection with such a statement)".

(Submission of a Shelf Registration Statement)

Article 23-3 (1) If an issuer of securities that is planning a public offering or secondary distribution satisfies the requirements specified in Article 5, paragraph (4) and the total issue value or the total distribution value of the securities for which the issuer is planning the public offering or secondary

distribution (hereinafter referred to as the "planned amount of issuance") is 100 million yen or more (if the securities for which the issuer is planning the public offering or secondary distribution are share option certificates, this includes when the amount calculated by adding the total amount to be paid in upon the exercise of share options under those share option certificates to the planned amount of issuance is 100 million yen or more), the issuer of securities may register that public offering or secondary distribution of securities by submitting a document that, pursuant to the provisions of Cabinet Office Order, states the particulars that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors, including the period for which the issuer is planning the public offering or secondary distribution of the securities (hereinafter referred to as the "planned issuance period"), the class of the securities, the planned amount of issuance or the maximum outstanding balance, and the names of principal Financial instruments business operators and registered financial institution Institutions that plan to underwrite the securities (such document is hereinafter referred to as a "shelf registration statement") to the Prime Minister; provided, however, that this does not apply if the issuer is planning a secondary distribution or securities that have been the subject of a solicitation with a view to issuing new securities or a solicitation with a view to delivering existing securities that fell under the category of an exclusive solicitation to qualified institutional investors set forth in Article 23-13, paragraph (1) (limited to an exclusive solicitation to qualified institutional investors to which the main clause of Article 23-13, paragraph (1) is applicable) (excluding a case in which disclosure has been made with regard to the securities), a secondary distribution of securities for professional investors (excluding a case in which disclosure has been made with regard to the securities), or a secondary distribution of securities that have been the subject of a solicitation with a view to issuing new securities or solicitation with a view to delivering existing securities that fell under the category of a solicitation to a small number of investors set forth in Article 23-13, paragraph (4) (limited to a solicitation to a small number of investors to which the main clause of Article 23-13, paragraph (4) is applicable) (excluding a case in which disclosure has been made for the securities).

(2) The preceding paragraph applies only if, beyond the particulars specified by Cabinet Office Order which are referred to in that paragraph, the shelf registration statement referred to in that paragraph states, pursuant to the provisions of Cabinet Office Order, that reference should be made to the latest reference documents for the relevant issuer with regard to the particulars set forth in Article 5, paragraph (1), item (ii), and only if such shelf registration statement is accompanied by the documents that are specified by Cabinet

Office Order as necessary and appropriate in the public interest or for the protection of investors.

(3) The provisions of Article 4, paragraphs (1) through (3) do not apply to a public offering or secondary distribution of the securities for which a registration under paragraph (1) (hereinafter referred to as a "shelf registration") has been made.

(4) A company that is the issuer of securities for which a shelf registration has been made may continue to submit annual securities reports and accompanying documents under Article 24, paragraph (1) (including as applied mutatis mutandis pursuant to Article 24, paragraph (5); hereinafter the same applies in this paragraph), even after the obligation to submit an annual securities report under Article 24, paragraph (1) extinguishes, if their submission is necessary to satisfy the requirements set forth in Article 5, paragraph (4).

(Submission of an Amended Shelf Registration Statement)

Article 23-4 If, on or after the day on which a shelf registration was made and before the day on which the shelf registration ceases to be effective, new documents are submitted that are of the same type as the reference documents to which the shelf registration statement states, pursuant to paragraph (2) of the preceding Article, that reference should be made (excluding cases in which the shelf registration statement states the due date for the submission of those same type of documents and those same type of documents are submitted by the due date) or any other circumstance arises that is specified by Cabinet Office Order as necessitating that the content of the shelf registration statement and accompanying documents (hereinafter referred to as "shelf registration documents" in this Article) be amended in the public interest or for the protection of investors, the person that made the shelf registration (hereinafter referred to as the "shelf registrant") must submit an amended shelf registration statement to the Prime Minister pursuant to the provisions of Cabinet Office Order. The same also applies in the absence of such a circumstance, if the shelf registrant finds there to be something in the shelf registration documents that necessitates an amendment. In this, the shelf registrant may not make an amendment in order to increase the planned amount of issuance or the maximum outstanding balance, change the planned issuance period, or change any other particular specified by Cabinet Office Order.

(Effective Date of a Shelf Registration Statement)

Article 23-5 (1) The provisions of Article 8 apply mutatis mutandis to effectuation of a shelf registration statement. In this case, in Article 8, paragraph (1), the phrase "the statement under Article 5, paragraph (1) (or, if

the particulars referred to in the proviso to Article 5, paragraph (1) are not stated in the statement, the amended statement under the paragraph (1) of preceding Article which is connected with those particulars; the same applies in the following paragraph)" is deemed to be replaced with "shelf registration statement provided for in Article 23-3, paragraph (1) (hereinafter referred to as a 'shelf registration statement' in this Article to Article 23)"; in Article 8, paragraph (2), the phrase "an amended statement under paragraph (1) of the preceding Article" is deemed to be replaced with "an amended shelf registration statement under Article 23-4" and the phrase "the statement set forth Article 5, paragraph (1)" is deemed to be replaced with "the shelf registration statement"; and in Article 8, paragraph (3), the phrase "statement or other document under Article 5, paragraph (1) or, paragraph (13) or paragraph (1) of the preceding Article" is deemed to be replaced with "shelf registration statement and accompanying documents or an amended shelf registration statement under Article 23-4 submitted before the day on which the shelf registration prescribed in Article 23-3, paragraph (3) (hereinafter referred to as a 'shelf registration' in this Article to Article 23) comes into effect" and the phrase "person submitting the statement and other documents" is deemed to be replaced with "person submitting that document".

(2) If, pursuant to the preceding Article, an amended shelf registration statement is submitted on or after the day on which a shelf registration comes into effect and the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order the suspension of the validity of the shelf registration during a fixed period of no longer than 15 days designated thereby.

(Planned Issuance Period for Securities under Shelf Registration)

Article 23-6 (1) The planned issuance period for securities under shelf registration is the period that is specified by Cabinet Office Order of up to two years from the day on which the shelf registration comes into effect.

(2) A shelf registration ceases to be effective on the day on which the planned issuance period under the preceding paragraph has elapsed.

(Submission of a Written Withdrawal of Shelf Registration)

Article 23-7 (1) If a public offering or secondary distribution has ended for securities comprising the entire planned amount of issuance before the day on which the planned issuance period set forth in paragraph (1) of the preceding Article elapses, the shelf registrant must withdraw the shelf registration by submitting a written withdrawal of shelf registration in which it indicates this to the Prime Minister, pursuant to the provisions of Cabinet Office Order.

(2) Notwithstanding the provisions of paragraph (2) of the preceding Article, in a

case referred to in the preceding paragraph, the shelf registration ceases to be effective on the day on which the Prime Minister accepts the written withdrawal of shelf registration.

(Submission of Shelf Registration Supplements)

Article 23-8 (1) It is prohibited for an issuer, person that engages in the secondary distribution of securities, underwriter, financial instruments business operator, registered financial institution or financial instruments intermediary service provider, or financial service intermediary to cause securities whose public offerings or secondary distributions have been registered in advance through a shelf registration to be acquired through public offerings or secondary distributions, or to sell such securities through public offerings or secondary distributions, unless the shelf registration has come into effect and a document stating the total issue value or total distribution value, conditions of issuance or distribution of the securities, and any other particulars that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors (hereinafter referred to as "shelf registration supplement") has been submitted to the Prime Minister for each public offering or secondary distribution, pursuant to the provisions of Cabinet Office Order; provided however, that this does not apply to public offerings or secondary distributions specified by Cabinet Office Order if the total issue value or total distribution value of each public offering or secondary distribution is less than 100 million.

(2) Notwithstanding the provisions of the preceding paragraph, the issuer, person that engages in the secondary distribution of securities, underwriter, financial instruments business operator, or registered financial institution may cause short-term corporate bonds provided for in Article 66, item (i) of the Act on Book-Entry Transfer of Corporate Bonds and Shares or any other bonds, etc. specified by Cabinet Order that are among the book-entry transfer bonds set forth in Article 278278, paragraph (1) of that Act (limited to those with an outstanding balance that is made available for public inspection by the book-entry transfer institution (meaning a book-entry transfer institution provided for in Article 2, paragraph (2) of that Act) that deals in the relevant book-entry bonds, etc.), whose public offerings or secondary distributions have been registered in advance through a shelf registration, to be acquired through public offerings or secondary distributions or to sell such bonds, etc. through public offerings or secondary distributions, if the shelf registration has come into effect.

(3) If a public offering or secondary distribution of securities will be made only to shareholders that are stated or recorded in the shareholder register as of a certain date, the shelf registration supplement for that public offering or

secondary distribution must be submitted by 10 days prior to that date; provided, however, that this does not apply in the cases that are specified by Cabinet Office Order in consideration of the issue price or distribution price or other circumstances.

(4) The provisions of Article 4, paragraphs (5) and (6) apply mutatis mutandis to a public offering or secondary distribution of securities to which the proviso to paragraph (1) is applicable. In this case, in Article 4, paragraph (5), the phrase "in a specified public offering" is deemed to be replaced with "in a public offering or secondary distribution" and the phrase "apply to the relevant specified public offering" is deemed to be replaced with "apply to the relevant public offering or secondary distribution"; and in Article 4, paragraph (6), the phrase "the securities in the specified public offering, etc." is deemed to be replaced with "the relevant securities", the phrase "the specified public offering, etc. begins" is deemed to be replaced with "the public offering or secondary distribution begins", the phrase "a written notice of the specified public offering, etc." is deemed to be replaced with "a written notice of the public offering or secondary distribution", and the phrase "a secondary distribution of securities set forth in paragraph (4) whose total distribution value is less than 100 million yen in a case in which disclosure has been made, nor to a secondary distribution of securities as set forth in paragraph (1), item (iii) conducted by a person other than the issuer of the relevant securities or a person specified by Cabinet Office Order, nor to a Public offering or secondary distribution of securities as set forth in item (v) of that paragraph whose total issue value" is deemed to be replaced with "a public offering or secondary distribution whose total issue value".

(5) As well as stating, pursuant to the provisions of Cabinet Office Order and in addition to the particulars specified by Cabinet Office Order which are referred to in paragraph (1), that reference should be made to the latest reference documents on the issuer with regard to the particulars set forth in Article 5, paragraph (1), item (ii), the shelf registration supplements referred to in paragraph (1) must be accompanied by the documents that are specified by Cabinet Office Order as necessary and appropriate in the public interest for the protection of investors.

(Order to Submit an Amended Shelf Registration Statement Due to a Formal Deficiency)

Article 23-9 (1) If the Prime Minister finds a formal deficiency in a shelf registration statement (including reference documents for that registration statement) or accompanying document or in an amended shelf registration statement under Article 23-4 (including reference documents for that amended registration statement), or finds any of these documents to insufficiently state

a material particular that is required to be stated therein, the Prime Minister may order the person submitting the document to submit an amended shelf registration statement. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(2) Notwithstanding the provisions of Article 8 as applied mutatis mutandis pursuant to Article 23-5, paragraph (1), if a disposition under the preceding paragraph is reached before the day on which the shelf registration comes into effect, the shelf registration comes into effect on the day on which the period designated by the Prime Minister elapses following the day on which the Prime Minister accepts the shelf registration statement for that shelf registration.

(3) In a case referred to in the preceding paragraph, if an amended shelf registration statement under Article 23-4 is submitted during the period designated by the Prime Minister, the shelf registration statement is deemed to have been accepted by the Prime Minister on the day on which the Prime Minister accepts the amended shelf registration statement.

(4) In a case referred to in the preceding paragraph, if the Prime Minister finds that an amended shelf registration statement under Article 23-4 is easily understandable to the public or finds that information about the particulars set forth in Article 5, paragraph (1), item (ii) with regard to the person that submitted the amended shelf registration statement is already widely available to the public, the Prime Minister may designate a period that is shorter than that which the Prime Minister has designated as under paragraph (2). In such a case, the shelf registration comes into effect on the day on which the shorter period has elapsed.

(5) The provisions of paragraph (3) apply mutatis mutandis if the shorter period under the preceding paragraph is designated and an amended shelf registration statement under Article 23-4 is submitted during that shorter period.

(Order to Submit an Amended Shelf Registration Statement Due to a False Statement)

Article 23-10 (1) If the Prime Minister finds that a shelf registration statement (including reference documents for that shelf registration statement) or accompanying document, an amended shelf registration statement under Article 23-4 or paragraph (1) of the preceding Article (including reference documents for that amended shelf registration statement), or a shelf registration supplement (including a reference document for a shelf registration supplement) or accompanying document contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is

necessary to prevent it from being misleading, the Prime Minister, at any time, may order the person submitting the document to submit an amended shelf registration statement. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(2) The provisions of paragraphs (2) through (5) of the preceding Article apply mutatis mutandis if an order is issued to submit an amended shelf registration statement under the preceding paragraph before the day on which the shelf registration comes into effect.

(3) If the Prime Minister finds it to be necessary upon reaching a disposition under paragraph (1) on or after the day that a shelf registration comes into effect the Prime Minister may order the suspension of the validity of the shelf registration.

(4) If an order for suspension under the preceding paragraph is issued and an amended shelf registration statement under paragraph (1) is submitted, and if the Prime Minister finds the amended shelf registration statement to be appropriate, the Prime Minister cancels the order for suspension under the preceding paragraph.

(5) The provisions of the preceding paragraphs apply mutatis mutandis if the Prime Minister finds that an amended shelf registration statement submitted pursuant to paragraph (1) (including reference documents referenced therein) contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading.

(Suspension of the Validity of a Shelf Registration Due to a False Statement)

Article 23-11 (1) If a shelf registration statement or an accompanying document, an amended shelf registration statement under Article 23-4, Article 23-9, paragraph (1) or paragraph (1) of the preceding Article (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (5)), a shelf registration supplement or an accompanying document, or a reference document for any of those documents, contains a false statement regarding a material particular and the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may issue an order against the person submitting that document, with regard to any shelf registration statement or accompanying document, amended shelf registration statement, or shelf registration supplement or accompanying document (hereinafter collectively referred to as a "shelf registration document, etc." in this Article), or with regard to any statement as set forth in Article 5, paragraph (1), shelf registration statement, or shelf registration supplement, that the person submitting the relevant shelf

registration document, etc. submits within one year of the day on which the person submits that shelf registration document, etc., ordering the suspension of the validity of the shelf registration under the shelf registration document, etc., the validity of the notification under such a statement, or the validity of the shelf registration under such a shelf registration statement or shelf registration supplement, or may extend the period stipulated in Article 8, paragraph (1) (including as applied mutatis mutandis pursuant to Article 23-5, paragraph (1)), for the period that the Prime Minister considers appropriate in the public interest or for the protection of investors. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(2) If a disposition under the preceding paragraph is reached and the Prime Minister finds that the content of an amended shelf registration statement (including reference documents referenced therein) submitted pursuant to Article 23-4 or paragraph (1) of the preceding Article (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (5)) in relation to the false statement referred to in the preceding paragraph is appropriate, and that allowing the acquisition or sale of securities issued by the person that submitted the shelf registration documents through a public offering or secondary distribution will not compromise the public interest or the protection of investors, the Prime Minister may cancel the disposition under the preceding paragraph.

(Mutatis Mutandis Application of Relevant Provisions for Shelf Registration Statements)

Article 23-12 (1) The provisions of Article 6 apply mutatis mutandis if a shelf registration statement and accompanying documents, an amended shelf registration statement under Article 23-4, Article 23-9, paragraph (1) or Article 23-10, paragraph (1) (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (5)) or shelf registration supplements and accompanying documents are submitted.

(2) The provisions of Article 13, paragraph (1) apply mutatis mutandis to the issuer of securities for which a shelf registration is filed, the main clause of Article 13, paragraph (2) applies mutatis mutandis to the prospectus prepared by the issuer of securities for which a shelf registration is filed, and the provisions of Article 13, paragraphs (4) and (5) apply mutatis mutandis to a public offering or secondary distribution of securities for which a shelf registration is filed. In this case, in the main clause of Article 13, paragraph (2), the phrase "For the category of cases set forth in the following items, the details of the particulars that are specified in that item" is deemed to be

replaced with "The details that are required to be stated in a shelf registration statement, an amended shelf registration statement under Article 23-4, or shelf registration supplements, and the details specified by Cabinet Office Order".

(3) The provisions of Article 15, paragraphs (2) and (6) apply mutatis mutandis to a public offering or secondary distribution of securities for which a shelf registration is filed. In this case, in Article 15, paragraph (2), the phrase "a prospectus that states the particulars specified in Article 13, paragraph (2), item (i)" is deemed to be replaced with "the prospectus referred to in Article 13, paragraph (1) as applied mutatis mutandis pursuant to Article 23-12, paragraph (2)"; and in Article 15, paragraph (6), the phrase "paragraph (2) to the preceding paragraph" is deemed to be replaced with "paragraph (2)", the phrase "Article 10, paragraph (1) or Article 11, paragraph (1)" is deemed to be replaced with "Article 23-10, paragraph (3) or Article 23-11, paragraph (1)", and the phrase "the notification under Article 4, paragraphs (1) through (3) for the public offering or secondary distribution came into effect" is deemed to be replaced with "the shelf registration supplements are submitted for a shelf registration that has been filed for the public offering or secondary distribution and has already come into effect".

(4) The provisions of Article 16 apply mutatis mutandis to a person that violates the provisions of Article 23-8, paragraph (1) or (2), or Article 15, paragraph (2) or (6) as applied mutatis mutandis pursuant to the preceding paragraph in causing securities to be acquired.

(5) The provisions of Articles 17 through 21, Article 22, and Article 23 apply mutatis mutandis to a public offering or secondary distribution of securities for which a shelf registration is filed. In this case, in Article 17, the phrase "prospectus referred to in Article 13, paragraph (1)" is deemed to be replaced with "prospectus referred to in Article 13, paragraph (1) as applied mutatis mutandis pursuant to Article 23-12, paragraph (2) (including reference documents referenced therein)"; in Article 18, paragraph (1), the phrase "a securities registration statement contains" is deemed to be replaced with "shelf registration documents, an amended shelf registration statement under Article 23-4, Article 23-9, paragraph (1) or Article 23-10, paragraph (1) (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (5)) (hereinafter referred to as an 'amended shelf registration statement'), shelf registration supplements and accompanying documents, or reference documents for any of these documents (hereinafter referred to as 'shelf registration documents, etc.') contain", the phrase "the securities registration statement" is deemed to be replaced with "shelf registration documents, amended shelf registration statement, shelf registration supplements, or accompanying documents for any of these", the phrase "a prospectus referred to

in Article 13, paragraph (1) contains" in Article 18, paragraph (2) is deemed to be replaced with "a prospectus referred to in Article 13, paragraph (1) (including reference documents for that prospectus) contains"; in Article 19, paragraph (2), the phrase "the securities registration statement" is deemed to be replaced with "the shelf registration documents, etc." and the phrase "the prospectus" is deemed to be replaced with "the prospectus (including reference documents for that prospectus)"; in Article 20, item (i), the phrase "the securities registration statement" is deemed to be replaced with "the shelf registration documents, etc.", and the phrase "the prospectus contains" is deemed to be replaced with "the prospectus (including reference documents for that prospectus) contains", the phrase "Article 10, paragraph (1) or Article 11, paragraph (1)" is deemed to be replaced with "Article 23-10, paragraph (3) or Article 23-11, paragraph (1)", and in item (ii) of that Article, the phrase "from the time when the notification under Article 4, paragraphs (1) through (3) for the relevant public offering or secondary distribution of the securities comes into effect" is deemed to be replaced with "from the time when the shelf registration supplements are submitted for a shelf registration that has been filed for the relevant public offering or secondary distribution and has already come into effect"; in the non-itemized part of Article 21, paragraph (1), the phrase "a securities registration statement contains" is deemed to be replaced with "shelf registration documents, etc. contain"; in Article 21, paragraph (1), items (i) and (iii), the phrase "the securities registration statement" is deemed to be replaced with "the shelf registration documents, amended shelf registration statement, shelf registration supplements, or accompanying documents for any of these"; in Article 21, paragraph (3), the phrase "a prospectus referred to in Article 13, paragraph (1) contains" is deemed to be replaced with "prospectus referred to in Article 13, paragraph (1) (including reference documents for that prospectus)"; in Article 22, paragraph (1), the phrase "a securities registration statement contains" is deemed to be replaced with "the shelf registration documents, etc. contain" and the phrase "the securities registration statement" is deemed to be replaced with "the shelf registration documents, amended shelf registration statement, shelf registration supplements, or accompanying documents for any of these"; and in Article 23, the phrase "a notification under Article 4, paragraphs (1) through (3) for a public offering or secondary distribution of securities having been made and having come into effect" is deemed to be replaced with "a shelf registration having come into effect and shelf registration supplements for it having been submitted (or, for a public offering or secondary distribution of securities referred to in Article 23-8, paragraph (2), based on the shelf registration for it having come into effect)", the phrase "Article 10, paragraph (1) or Article 11, paragraph (1)" is deemed to be replaced with "Article 23-10,

paragraph (3) or Article 23-11, paragraph (1)", the phrase "the securities registration statement" is deemed to be replaced with "the shelf registration documents, etc."; and the term "the notification" is deemed to be replaced with "the shelf registration".

(6) The provisions of paragraphs (2) and (3) and the provisions of Article 17, Article 18, paragraph (2) and Article 21, paragraph (3) as applied mutatis mutandis pursuant to the preceding paragraph do not apply to securities referred to in Article 23-8, paragraph (2).

(7) If the issuer, a person that engages in secondary distribution of securities, an underwriter, a financial instruments business operator, a registered financial institution or a financial instruments intermediary service provider, or a financial service intermediary has another person acquire the securities for which a shelf registration is filed through public offering or secondary distribution, or sells those securities to another person, after the submission of a shelf registration statement related to those securitiessecurities or shelf registration statement and amended shelf registration statement under the provisions of Article 23-4 related to those securities, when a document stating the particulars that are required to be stated in the shelf registration statement, its amended shelf registration statement, and its shelf registration supplements pursuant to the provisions of Article 23-3, paragraphs (1) and (2), Article 23-4, and Article 23-8, paragraph (1) (excluding issue price and other particulars specified by Cabinet Office Order (hereinafter referred to as the "issue price, etc." in this paragraph) among the conditions for issuance) as well as the fact that the issue price, etc. will be publicized and the means of publication (limited to those specified by Cabinet Office Order) has been delivered in advance, and the issue price, etc. is publicized by the means stated in the document, that document is deemed to be the prospectus referred to in Article 13, paragraph (1) as applied mutatis mutandis pursuant to paragraph (2), and the publicationpublication of the issue price, etc. is deemed to be the delivery referred to in Article 15, paragraph (2) as applied mutatis mutandis pursuant to paragraph (3), notwithstanding the provisions of Articles 15, paragraphs (2) and (6) as applied mutatis mutandis pursuant to paragraph (3).

(Notification of Exclusive Solicitation to Qualified Institutional Investors)

Article 23-13 (1) A person that issues a solicitation with a view to issuing new securities or a solicitation with a view to delivering existing securities which falls under a case set forth in the following items (in item (ii), limited to a solicitation issued to qualified institutional investors that are excluded from the large number of persons pursuant to the provisions of Article 2, paragraph (3), item (i), and in a case set forth in item (iv), limited a solicitation issued to qualified institutional investors that are excluded from the large number of

persons pursuant to paragraph (4), item (i) of that Article; hereinafter collectively referred to as "exclusive solicitation to qualified institutional investors" in this Article), must notify the solicited persons that the exclusive solicitation to qualified institutional investors falls under any of the following cases and that therefore the notification under Article 4, paragraph (1) has not been made for the exclusive solicitation to qualified institutional investors, and of any other particular that is specified by Cabinet Office Order; provided, however, that this does not apply to a case in which disclosure has been made with regard to the securities that are subject to the exclusive solicitation to qualified institutional investors nor does it apply to a case specified by Cabinet Office Order that constitutes an exclusive solicitation to qualified institutional investors with a total issue value or transfer value of less than 100 million yen:

(i) a case set forth in Article 2, paragraph (3), item (ii), (a);

(ii) a case set forth in Article 2, paragraph (3), item (ii), (c) (but only if it comes to no longer fall under the category of case set forth in item (i) of that paragraph, due to the qualified institutional investors' being excluded from the large number of persons pursuant to that item);

(iii) a case set forth in Article 2, paragraph (4), item (ii), (a);

(iv) a case set forth in Article 2, paragraph (4), item (ii), (c) (but only if it comes to no longer fall under the category of case set forth in item (i) of that paragraph, due to the qualified institutional investors' being excluded from the large number of persons pursuant to that item);

(v) a case set forth in Article 2-3, paragraph (4), item (ii), (a); or

(vi) a case set forth in Article 2-3, paragraph (5), item (ii), (a).

(2) If a person that issues an exclusive solicitation to qualified institutional investors to which the main clause of the preceding paragraph is applicable causes securities to be acquired or sells securities through that exclusive solicitation to qualified institutional investors, such person must deliver a document stating the particulars for which notice is required to be given pursuant to the preceding paragraph to the other party in advance of, or at the same time as, the acquisition or sale.

(3) A person performing an act set forth in the following items must notify the person solicited of the particulars provided for in the relevant item, pursuant to the provisions of Cabinet Office Order; provided, however, that this does not apply to a case in which disclosure has been made for the securities with regard to which such act was performed:

(i) the solicitation for acquisition only for professional investors or a solicitation for selling, etc. only for professional investors: that a notification under Article 4, paragraph (1) has not been given for the solicitation for acquisition only for professional investors or solicitation for selling, etc. only for professional investors, and any other particular specified by Cabinet

Office Order; and

(ii) solicitation with a view to delivering existing securities which is connected with securities for professional investors and which does not fall under the category of either a solicitation for selling, etc. only for professional investors or a general solicitation involving securities acquired by a professional investor (limited to those to which the main clause of Article 4, paragraph (3) is applicable): that the solicitation does not fall under a case in which disclosure has been made in connection with the securities for professional investors, and any other particular specified by Cabinet Office Order.

(4) A person that issues a solicitation with a view to issuing new securities or solicitation with a view to delivering existing securities that falls under a case set forth in any of the following items for the class of securities set forth in the relevant item (excluding a case that falls under the category of a solicitation with a view to issuing new securities or solicitation with a view to delivering existing securities for the securities set forth in Article 2, paragraph (1), item (ix) or those specified by Cabinet Order, and in the case set forth in item (i), (a) or (b), exclusive solicitation to qualified institutional investors is excluded; hereinafter collectively referred to as the "solicitation to a small number of investors" in this Article) must notify the solicited persons that the solicitation with a view to issuing new securities falls under a case set forth in any of the following items (for item (i), (a) or (b), this excludes a case in which the solicitation to a small number of investors falls under the category of an exclusive solicitation to qualified institutional investors) for the class of securities set forth in the relevant item and therefore the notification under Article 4, paragraph (1) has not been given for the solicitation with a view to issuing new securities, and of any other particular that is specified by Cabinet Office Order; provided, however, that this does not apply to a case in which disclosure has been made with regard to the securities that are subject to the relevant solicitation to a small number of investors, nor does it apply in a case specified by Cabinet Office Order that constitutes a solicitation to a small number of investors with a total issue value or transfer value of less than 100 million yen:

(i) the paragraph (1) securities: any of the following cases:

(a) one that falls under Article 2, paragraph (3), item (ii), (c);

(b) one that falls under Article 2, paragraph (4), item (ii), (c);

(c) one that falls under Article 2-3, paragraph (4), item (ii), (b);

(d) one that falls under Article 2-3, paragraph (5), item (ii), (b);

(ii) the paragraph (2) securities: any of the following cases:

(a) one that does not fall under the category of cases set forth in Article 2, paragraph (3), item (iii);

(b) one that does not fall under the category of cases set forth in Article 2-3,

paragraph (4), item (iii).

(5) If a person that issues a solicitation to a small number of investors to which the main clause of the preceding paragraph is applicable causes securities to be acquired or sells the same through the solicitation to a small number of investors, such person must deliver a document stating the particulars for which notice is required to be given pursuant to the preceding paragraph to the other party in advance of, or at the same time as, the acquisition or sale.

(Submission of Annual Securities Reports)

Article 24 (1) If securities issued by a company (excluding regulated securities; hereinafter the same applies in this Article, except in the following items) fall under any of the categories set forth in the following items, the company that is the issuer of the securities must submit, for each business year, a report stating the trade name of the company, the financial condition of the corporate group to which the company belongs and the company's own financial condition, other material particulars of the company's business, and other particulars specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors (hereinafter referred to as an "annual securities report") to the Prime Minister, within three months after the end of that business year (or, if there is a compelling reason that the company cannot submit the document within such period, within a period approved in advance by the Prime Minister pursuant to the provisions of Cabinet Office Order), for a domestic company, or within the period that is specified by Cabinet Order as necessary and appropriate in the public interest or for the protection of investors, for a foreign company, pursuant to the provisions of Cabinet Office Order; provided however, that this does not apply if the securities issued by the company fall under the category of securities specified in item (iii) below (limited to share certificates and other securities specified by Cabinet Order) and the numbers of holders of the securities on the last day of that business year and on the last days of each of the business years that began within four years before the day on which the relevant business year began are smaller than the number calculated pursuant to the provisions of Cabinet Order, and the company receives the acknowledgement of the Prime Minister, pursuant to the provisions of Cabinet Office Order, as a company whose non-submission of an annual securities report does not damage the public interest or result in insufficient investor protection (limited to a company that has already had five years elapse since the end of the first year of report submission (meaning the business year that includes the day on which the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2), the main clause of Article 4, paragraph (3), or the main clause of Article 23-8, paragraph (1) or (2) became applicable to the public offering or

secondary distribution of securities, and if there are two or more first years of report submission, this means the most recent one); nor does it apply if the securities issued by the company fall under the category of Securities specified in item (iv) below, and the stated capital is less than 500 million yen (or, if the securities are rights in a securities investment business, etc. or electronically recorded transferable rights that are deemed to be Securities pursuant to Article 2, paragraph (2), and the amount that is specified by Cabinet Order as the amount of assets is less than the amount specified by Cabinet Order on the last day of that business year) or the number of holders of the securities on the last day of that business year is smaller than the number specified by Cabinet Order; nor does it apply if the securities issued by the company fall under the category of securities specified in item (iii) or (iv) below, and the company receives the acknowledgement of the Prime Minister, pursuant to the provisions of Cabinet Order, as a company whose non-submission of an annual securities report does not damage the public interest or result in insufficient investor protection:

(i) securities listed on a financial instruments exchange (excluding specified listed securities);

(ii) securities specified by Cabinet Order as having equivalent distribution statuses to the securities set forth in the preceding item (excluding securities specified by Cabinet Order as having equivalent distribution statuses to specified listed securities);

(iii) securities to whose public offering or secondary distribution the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2), the main clause of Article 4, paragraph (3), or the main clause of Article 23-8, paragraph (1) or (2) applies (excluding those specified in the preceding two items); or

(iv) securities (limited to share certificates, rights in a securities investment business, etc. and electronically recorded transferable rights that are deemed to be securities pursuant to Article 2, paragraph (2), and other securities specified by Cabinet Order) that are issued by the company, for which the number of holders on the last day of the relevant business year or on the last day of any of the business years that began within four years before the day on which the relevant business year began is at least the number specified by Cabinet Order (or, for rights in a securities investment business, etc. or electronically recorded transferable rights that are deemed to be securities pursuant to Article 2, paragraph (2), if the number of holders on the last day of the relevant business year is at least the number specified by Cabinet Order) (excluding securities specified in the preceding three items).

(2) In the annual securities report that a company must submit pursuant to the main clause of the preceding paragraph, a company that is an issuer of

securities that fall under the category of securities specified in item (iii) of the preceding paragraph, which has submitted a statement provided for in Article 5, paragraph (1) stating the particulars specified in Article 5, paragraph (2) with regard to a low-value public offering, etc., and which does not fall under any of the following categories, may state the particulars set forth in the main clause of the preceding paragraph that are specified by Cabinet Office Order as being relevant to that company, instead of stating the particulars set forth in the main clause of the preceding paragraph:

(i) a person that has already submitted an annual securities report stating the particulars set forth in the main clause of the preceding paragraph or a semiannual securities report stating the particulars set forth in the middle column of each item of the table under Article 24-5, paragraph (1); and

(ii) a person that has submitted or is required to submit a statement provided for in Article 5, paragraph (1) stating the particulars set forth in Article 5, paragraph (1), item (ii) for a public offering or secondary distribution of securities to which the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2), or the main clause of Article 4, paragraph (3) applies (other than a person specified in the preceding item).

(3) If the securities issued by a company to which the main clause of paragraph (1) does not apply, come to fall under a category of securities specified in items (i) to (iii) of that paragraph (except in the cases specified by Cabinet Office Order), the company must submit an annual securities report to the Prime Minister without delay for the business year immediately prior to the business year that includes the day on which the securities come to fall under such category, pursuant to the provisions of Cabinet Office Order.

(4) Necessary particulars relevant to the calculation of the number of holders set forth in paragraph (1), item (iv) are specified by Cabinet Office Order.

(5) The provisions of the preceding paragraphs apply mutatis mutandis if regulated securities issued by a company fall under a category specified in an item of paragraph (1). In this case, in the main clause paragraph (1), the phrase "the company that is the issuer of the securities" is deemed to be replaced with "the company that is the issuer of the securities (other than a person specified by Cabinet Office Order, for securities that are specified by Cabinet Office Order)", the phrase "excluding regulated securities" is deemed to be replaced with "limited to regulated securities", the phrase "the trade name of the company, the financial condition of the corporate group to which the company belongs and the company's own financial condition, other material particulars of the company's business" is deemed to be replaced with "the status of the company's asset accounting in connection with asset management and other similar business conducted by the company, other material particulars of the company's assets", the phrase "for each business year" is

deemed to be replaced with "for each of the periods of time specified by Cabinet Office Order for the regulated securities (hereinafter referred to as a "specified period" in this Article)", and the phrase "that business year" is deemed to be replaced with "that specified period"; in the proviso to that paragraph, the phrase "this does not apply if the securities issued by the company fall under the category of securities specified in item (iii) below (limited to share certificates and other securities specified by Cabinet Order) and the numbers of holders of the securities on the last day of that business year and on the last days of each of the business years that began within four years before the day on which that business year began are smaller than the number calculated pursuant to the provisions of Cabinet Order, and the company receives the acknowledgement of the Prime Minister, pursuant to the provisions of Cabinet Office Order, as a company whose non-submission of an annual securities report does not damage the public interest or result in insufficient investor protection (limited to a company that has already had five years elapse since the end of the first year of report submission (meaning the business year that includes the day on which the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2), the main clause of Article 4, paragraph (3), or the main clause of Article 23-8, paragraph (1) or (2) became applicable to the public offering or secondary distribution of securities, and if there are two or more first years of report submission, this means the most recent one); nor does it apply if the securities issued by the company fall under the category of securities specified in item (iv) below" is deemed to be replaced with "this does not apply if the regulated securities issued by the company fall under the category of securities specified in item (iv) below" and the phrase "or the number of holders of the securities on the last day of that business year is smaller than the number specified by Cabinet Order; nor" is deemed to be replaced with "; nor"; in paragraph (1), item (iv), the phrase "share certificates, rights in a securities investment business, etc. that are deemed to be securities pursuant to Article 2, paragraph (2)" is deemed to be replaced with "rights in a securities investment business, etc. that are deemed to be securities pursuant to Article 2, paragraph (2)" and the phrase "for which the number of holders on the last day of the relevant business year or on the last day of any of the business years that began within four years before the day on which the relevant business year began is at least the number specified by Cabinet Order (or, for rights in a securities investment business, etc. or electronically recorded transferable rights that are deemed to be securities pursuant to Article 2, paragraph (2), if the number of holders on the last day of the relevant business year is at least the number specified by Cabinet Order)" is deemed to be replaced with "for which the number of holders on the last day of the relevant specified period is at least the number specified by Cabinet Order"; in

paragraph (2), the phrase "securities that fall" is deemed to be replaced with "regulated securities that fall"; in paragraph (3), the phrase "the main clause of paragraph (1)" is deemed to be replaced with "the main clause of paragraph (1) as applied mutatis mutandis pursuant to paragraph (5)", the phrase "issuer" is deemed to be replaces with "issuer (other than a person specified by Cabinet Office Order, for securities that are specified by Cabinet Office Order)", the phrase "securities" is deemed to be replaced with "regulated securities", the phrase "the day on which the securities came to fall under" is deemed to be replaced with "the day on which the regulated securities came to fall under", and the phrase "business year" is deemed to be replaced with "specified period"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(6) The articles of incorporation or other documents that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors must accompany an annual securities report.

(7) The provisions of Article 6 apply mutatis mutandis if an annual securities report and accompanying documents are submitted pursuant to paragraphs (1) to (3) (including as applied mutatis mutandis pursuant to paragraph (5)) and the preceding paragraph.

(8) In a case that is specified by Cabinet Office Order as one in which this does not damage the public interest or result in insufficient investor protection, instead of an annual securities report under paragraph (1) and the documents that are required to accompany it pursuant to paragraph (6) (hereinafter collectively referred to as an "annual securities report, etc." in this Article), a foreign company that is required to submit an annual securities report pursuant to paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph to paragraph (13)) (including a foreign company that has submitted an annual securities report pursuant to Article 23-3, paragraph (4); hereinafter referred to as a "reporting foreign company"), may submit a document that is similar to an annual securities report, etc., but that has been prepared in English and disclosed in a foreign country (such a document is hereinafter referred to as a "foreign company report" in this Chapter).

(9) A Japanese translation of the summary of the particulars stated in a foreign company report that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors, as well as documents stating the particulars not stated in a foreign company report that are specified by Cabinet Office Order as necessary and appropriate for the public interest or for the protection of investors, and other documents specified by Cabinet Office Order (such documents are hereinafter collectively referred to as "supplementary documents" in this Article and paragraph (4) of the

following Article) must accompany a foreign company report, pursuant to the provisions of Cabinet Office Order.

(10) If a reporting foreign company submits a foreign company report and its supplementary documents instead of an annual securities report, etc. pursuant to the preceding two paragraphs, in paragraph (1), the phrase "within three months after the end of that business year (or, if there is a compelling reason that the company cannot submit the document within such period, within a period approved in advance by the Prime Minister pursuant to the provisions of Cabinet Office Order), for a domestic company, or within the period that is specified by Cabinet Order as necessary and appropriate in the public interest or for the protection of investors, for a foreign company" is deemed to be replaced with "within the period that is specified by Cabinet Order as necessary and appropriate in the public interest or for the protection of investors" and in paragraph (5), the phrase "in the main clause of paragraph (1), the term 'that business year' is deemed to be replaced with 'that Specified Period' " is deemed to be replaced with "the phrase 'within three months after the end of that business year (or, if there is a compelling reason that the company cannot submit the document within such period, within a period approved in advance by the Prime Minister pursuant to the provisions of Cabinet Office Order), for a domestic company, or within the period that is specified by Cabinet Order as necessary and appropriate in the public interest or for the protection of investors, for a foreign company' is deemed to be replaced with 'within the period that is specified by Cabinet Order as necessary and appropriate in the public interest or for the protection of investors following the specified period has elapsed' ".

(11) If a reporting foreign company submits a foreign company report and its supplementary documents pursuant to paragraphs (8) and (9), the foreign company report and supplementary documents are deemed to be an annual securities report, their submission is deemed to be the submission of an annual securities report, etc., and the provisions of this Act and orders based on Financial Instruments and Exchange Act and related regulations apply.

(12) If the Prime Minister finds that a reporting foreign company that has submitted a foreign company report does not satisfy the requirements referred do in the provisions of paragraph (8) for being allowed to submit a foreign company report, the Prime Minister must notify the reporting foreign company of this. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(13) Notwithstanding the provisions of paragraph (1), if a reporting foreign company receives a notice under the preceding paragraph, it must submit an annual securities report under the provisions of paragraph (1) within the

period that is specified by Cabinet Order as necessary and in the public interest or for the protection of investors, with the day on which the notice is made as the first day for the calculation of that period.

(14) If, pursuant to the provisions of Cabinet Office Order, a company that is required to submit an annual securities report pursuant to paragraph (1) (but only as applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this Article) submits the documents stating a part of the particulars specified by Cabinet Office Order that are provided for in paragraph (1) (limited to documents prepared based on laws and regulations or the rules of a financial instruments exchange (including anything specified by Cabinet Office Order as being similar to such rules); such documents are hereinafter referred to as "documents substituted for part of an annual securities report" in this paragraph and the following paragraph) together with an annual securities report to the Prime Minister, with regard to the application of paragraphs (1) and (2) to cases in which a company receives the acknowledgement of the Prime Minister, pursuant to the provisions of Cabinet Office Order, as one whose doing so does not damage the public interest or result in insufficient investor protection, in paragraph (1), the phrase "other particulars that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors" is deemed to be replaced with "other particulars that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors (other than the particulars stated in the documents substituted for part of the annual securities report prescribed in paragraph (14))" and in paragraph (2), the phrase "the particulars set forth in the main clause of the preceding paragraph" is deemed to be replaced with "the particulars set forth in the main clause of the preceding paragraph (other than the particulars stated in documents substituted for part of the annual securities report provided for in paragraph (14))".

(15) If documents substituted for part of an annual securities report are submitted together with an annual securities report referred to in paragraph (1) as applied pursuant to the provisions of the preceding paragraph following the deemed replacement of terms, the documents substituted for part of the annual securities report are deemed to form a part of the annual securities report, the submission of the documents substituted for part of the annual securities report is deemed to be the submission of the documents substituted for part of the annual securities report as a part of the annual securities report, and the provisions of the Financial Instruments and Exchange Act and related regulations apply.

(Mutatis Mutandis Application of Provisions on Amended Statements)

Article 24-2 (1) The provisions of Article 7, paragraph (1),Article 9, paragraph (1), and Article 10, paragraph (1) apply mutatis mutandis to an annual securities report and accompanying documents. In this case, in Article 7, paragraph (1), the phrase "If, on or after the day on which a notification under Article 4, paragraphs (1) through (3) is filed and before the day on which that notification comes into effect, a material particular that is required to be stated in a statement or other document under Article 5, paragraph (1) or paragraph (13) changes" is deemed to be replaced with "If a material particular that is required to be stated in an annual securities report or accompanying document changes", the phrase "the person filing the notification" is deemed to be replaced with "the person submitting the annual securities report", and the term "amended statement" is deemed to be replaced with "amended report"; in Article 9, paragraph (1), the phrase "the person that submitted it" is deemed to be replaced with "the person that submitted the annual securities report" and the term "amended statement" is deemed to be replaced with "amended report"; and in Article 10, paragraph (1), the phrase "the person submitting the securities registration statement" is deemed to be replaced with "the person submitting the amended report" and the phrase "to submit an amended statement, and if the Prime Minister finds it to be necessary, the Prime Minister may order the suspension of the validity of a notification under Article 4, paragraphs (1) through (3)" is deemed to be replaced with "to submit an amended report".

(2) If a company that is an issuer of securities submits an amended report, pursuant to Article 7, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to the preceding paragraph, with regard to a material particular for inclusion in its annual securities report, it must give public notice of this pursuant to the provisions of Cabinet Order.

(3) The provisions of Article 6 apply mutatis mutandis if an amended report is submitted in connection with an annual securities report or accompanying document, pursuant to Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to paragraph (1).

(4) The provisions of paragraphs (8), (9) and (11) of the preceding Article apply mutatis mutandis if a reporting foreign company submits an amended report in connection with the foreign company report and supplementary documents that the company has submitted pursuant to Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to paragraph (1) following the deemed replacement of terms.

(Suspension of the Validity of Notifications Made Within One Year After the Submission of an Annual Securities Report Containing a False Statement)

Article 24-3 The provisions of Article 11 apply mutatis mutandis to any statement specified in Article 5, paragraph (1), shelf registration statement, or shelf registration supplements that a person that has submitted an annual securities report (including any amended report in connection with it; the same applies in the following Article) that contained a false statement regarding a material particular, submits within one year from the day on which that person submits an amended report in connection with that false statement pursuant to Article 7, paragraph (1) as applied mutatis mutandis pursuant to paragraph (1) of the preceding Article, or is ordered to submit an amended report in connection with that false statement pursuant to Article 10, paragraph (1) as applied mutatis mutandis pursuant to paragraph (1) of the preceding Article.

(Compensatory Liability of the Officers of a Company Submitting an Annual Securities Report That Contains a False Statement)

Article 24-4 The provisions of Article 22 apply mutatis mutandis if an annual securities report contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading. In this case, in Article 22, paragraph (1), the phrase "has acquired securities issued by the person submitting the securities registration statement other than through a public offering or secondary distribution" is deemed to be replaced with "has acquired securities issued by the person submitting the securities registration statement".

(Submission of a Confirmation Letter for the Content of Statements in an Annual Securities Report)

Article 24-4-2 (1) A company that is required to submit an annual securities report under Article 24, paragraph (1) (including a company that has submitted an annual securities report under Article 23-3, paragraph (4); the same applies in the following paragraph) and which is the issuer of securities set forth in Article 24, paragraph (1), item (i), or any other company specified by Cabinet Order, must submit a letter to the Prime Minister in which it confirms that the content of statements in the annual securities report is appropriate and in accordance with the Financial Instruments and Exchange Act and related regulations (hereinafter referred to as a "confirmation letter" in this and the following Articles), together with the relevant annual securities report (or a foreign company report, if the company submits a foreign company report instead of the annual securities report, etc. set forth in Article 24, paragraph (8), pursuant to that paragraph), pursuant to the provisions of Cabinet Office Order.

(2) A company that is required to submit an annual securities report under Article 24, paragraph (1) may submit the confirmation letter provided for in the preceding paragraph voluntarily, even if it is not a company that is required to submit a confirmation letter together with an annual securities report (excluding companies as specified by Cabinet Order) pursuant to the preceding paragraph.

(3) The provisions of the preceding two paragraphs apply mutatis mutandis to a company specified by Cabinet Order that is required to submit an Annual securities report under Article 24, paragraph (1) as applied mutatis mutandis pursuant to Article 24, paragraph (5) (including a company that has submitted an annual securities report under Article 23-3, paragraph (4)).

(4) The provisions of the preceding three paragraphs apply mutatis mutandis if an amended report is submitted pursuant to Article 7, paragraph (1), Article 9, paragraph (1) and Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-2, paragraph (1) following the deemed replacement of terms. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(5) The provisions of Article 6 apply mutatis mutandis if a confirmation letter is submitted pursuant to paragraph (1) or (2) (including as applied mutatis mutandis pursuant to paragraph (3) (including as applied mutatis mutandis pursuant to the preceding paragraph) or the preceding paragraph; hereinafter the same applies in this Article). In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(6) The provisions of Article 24, paragraphs (8), (9) and (11) through (13) apply mutatis mutandis if a reporting foreign company submits a confirmation letter pursuant to paragraph (1) or (2) of this Article (limited to if a reporting foreign company submits a foreign company report). In this case, in Article 24, paragraph (8), the phrase "a foreign company that is required to submit an annual securities report pursuant to paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph to paragraph (13)) (including a foreign company that has submitted an annual securities report pursuant to Article 23-3, paragraph (4); hereinafter referred to as a 'reporting foreign company')" is deemed to be replaced with "a foreign company that is required to submit an annual securities report pursuant to paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph to paragraph (13))", the phrase "an annual securities report under paragraph (1) and the documents are required to accompany it pursuant to paragraph (6) (hereinafter collectively referred to as an 'annual securities report, etc.' in this Article)" is deemed to be replaced with "a confirmation letter under Article 24-4-2, paragraph (1) or (2) (including as applied mutatis

mutandis pursuant to Article 24-4-2, paragraph (3) (including as applied mutatis mutandis pursuant to Article 24-4-2, paragraph (4)) or Article 24-4-2, paragraph (4))", and the phrase "similar to an annual securities report, etc., but that has been prepared in English and disclosed in a foreign country is deemed to be replaced with "in which it has stated the particulars that are required to be stated in a confirmation letter"; in Article 24, paragraph (9), the phrase "documents stating the particulars not stated in the foreign company report that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors, and other" is deemed to be replaced with "other"; in Article 24, paragraph (11), the term "an annual securities report, etc." is deemed to be replaced with "a confirmation letter under Article 24-4-2, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to Article 24-4-2, paragraph (3) (including as applied mutatis mutandis pursuant to Article 24-4-2, paragraph (4)) or Article 24-4-2, paragraph (4))"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Submission of an Amended Confirmation Letter)

Article 24-4-3 (1) The provisions of Article 7, paragraph (1), Article 9, paragraph (1), and Article 10, paragraph (1) apply mutatis mutandis to a confirmation letter. In this case, in Article 7, paragraph (1), the phrase "If, on or after the day on which a notification under Article 4, paragraphs (1) through (3) is filed and before the day on which that notification comes into effect, a material particular that is required to be stated in a statement or other document under Article 5, paragraph (1) or paragraph (13) changes" is deemed to be replaced with "If a material particular that is required to be stated in a confirmation letter changes", the phrase "the person filing the notification" is deemed to be replaced with "the person submitting the confirmation letter", and the term "amended statement" is deemed to be replaced with "amended confirmation letter"; in Article 9, paragraph (1), the phrase "the person that submitted it" is deemed to be replaced with "the person submitting the confirmation letter" and the term "amended statement" is deemed to be replaced with "amended confirmation letter"; in Article 10, paragraph (1)), the phrase "the person submitting the securities registration statement" is deemed to be replaced with "the person submitting the confirmation letter" and the phrase "to submit an amended statement, and if the Prime Minister finds it to be necessary, the Prime Minister may order the suspension of the validity of a notification under Article 4, paragraphs (1) through (3)" is deemed to be replaced with "to submit an amended confirmation letter"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(2) The provisions of Article 6 apply mutatis mutandis if an amended

confirmation letter is submitted for a confirmation letter pursuant to Article 7, paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1), as applied mutatis mutandis pursuant to the preceding paragraph. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(3) The provisions of Article 24, paragraphs (8), (9), and (11) apply mutatis mutandis if an amended confirmation letter is submitted for a confirmation letter that a foreign company has submitted pursuant to Article 7, paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1) as applied mutatis mutandis pursuant to paragraph (1) following the deemed replacement of terms. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Evaluation of the System for Ensuring the Appropriateness of Documents and Other Information Related to Financial Accounting)

Article 24-4-4 (1) For each business year, a company required to submit an annual securities report under Article 24, paragraph (1) (including one that has submitted an annual securities report under Article 23-3, paragraph (4); the same applies in the following paragraph) which is the issuer of securities set forth in Article 24, paragraph (1), item (i) or which is any other company specified by Cabinet Order, must submit a report to the Prime Minister in which the system specified by Cabinet Office Order as necessary for ensuring the appropriateness of documents and other information related to the financial accounting of the corporate group to which the company belongs and of the company is evaluated pursuant to the provisions of Cabinet Office Order (hereinafter referred to as an "internal control report"), together with its annual securities report (or a foreign company report, if the company submits a foreign company report instead of the annual securities report, etc. set forth in Article 24, paragraph (8), pursuant to that paragraph), pursuant to the provisions of Cabinet Office Order.

(2) A company that is required to submit an annual securities report under Article 24, paragraph (1) but that is not required to submit an internal control report together with an annual securities report pursuant to the preceding paragraph (except a company specified by Cabinet Order), may voluntarily submit the internal control report provided for in the preceding paragraph.

(3) The provisions of the preceding two paragraphs apply mutatis mutandis to a company specified by Cabinet Order that is required to submit an annual securities report under Article 24, paragraph (1) as applied mutatis mutandis pursuant to paragraph (5) of that Article (including a company that has submitted an annual securities report pursuant to Article 23-3, paragraph (4)). In this case, in paragraph (1), the phrase "or any other company specified by Cabinet Order" is deemed to be replaced with "or any other company specified

by Cabinet Order (limited to one that is the issuer of regulated securities (meaning regulated securities provided for in Article 5, paragraph (1); hereinafter the same applies in this paragraph)", the term "business year" is deemed to be replaced with "specified period (meaning the specified period provided for in Article 24, paragraph (1) as applied mutatis mutandis pursuant to Article 24, paragraph (5)) designated for the regulated securities", the phrase "of the corporate group to which the company belongs and of the company" is deemed to be replaced with "for assets connected with the asset management and other similar business conducted by the company"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(4) A document stating the particulars of the system specified by Cabinet Office Order which is referred to in paragraph (1), and other documents that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors, must accompany an internal control report.

(5) The provisions of Article 6 apply mutatis mutandis if an internal control report and accompanying documents are submitted pursuant to paragraph (1) or (2) (including as applied mutatis mutandis pursuant to paragraph (3); hereinafter the same applies in this Article) and the preceding paragraph. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(6) The provisions of Article 24, paragraphs (8), (9), and (11) through (13) apply mutatis mutandis if a reporting foreign company submits the internal control report under paragraph (1) or (2) of this Article (but only if the reporting foreign company submits foreign company reports). In this case, in Article 24, paragraph (8), the phrase "a foreign company that is required to submit an annual securities report pursuant to paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph to paragraph (13)) (including a foreign company that has submitted an annual securities report pursuant to Article 23-3, paragraph (4); hereinafter referred to as a 'reporting foreign company')" is deemed to be replaced with "a foreign company that is required to submit an annual securities report pursuant to paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph to paragraph (13))", the phrase "an annual securities report under paragraph (1) and the documents that are required to accompany it pursuant to paragraph (6) (hereinafter collectively referred to as an "annual securities report, etc." in this Article)" is deemed to be replaced with "an internal control report under Article 24-4-4, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to Article 24-4-4, paragraph (3)) and documents that are required to accompany it pursuant to Article 24-4-4, paragraph (4) (hereinafter

collectively referred to as an 'internal control report, etc.')", and the phrase "similar to an annual securities report, etc., but that has been prepared in English and disclosed in a foreign country is deemed to be replaced with "in which it has stated the particulars that are required to be stated in an internal control report, etc."; in Article 24, paragraph (9), the phrase "documents stating the particulars not stated in the foreign company report that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors, and other" is deemed to be replaced with "other"; in Article 24, paragraph (11), the phrase "an annual securities report, etc." is deemed to be replaced with "an internal control report, etc."; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Submission of an Amended Internal Control Report)

Article 24-4-5 (1) The provisions of Article 7, paragraph (1), Article 9, paragraph (1), and Article 10, paragraph (1) apply mutatis mutandis to an internal control report and accompanying documents. In this case, in Article 7, paragraph (1), the phrase "If, on or after the day on which a notification under Article 4, paragraphs (1) through (3) is filed and before the day on which that notification comes into effect, a material particular that is required to be stated in a statement or other document under Article 5, paragraph (1) or paragraph (13) changes" is deemed to be replaced with "If a material particular that is required to be stated in an internal control report or accompanying document changes", the phrase "the person filing the notification" is deemed to be replaced with "the person submitting the internal control report", and the term "amended statement" is deemed to be replaced with "amended report"; in Article 9, paragraph (1), the phrase "the person that submitted it" is deemed to be replaced with "the person that submitted the internal control report" and the term "amended statement" is deemed to be replaced with "amended report"; in Article 10, paragraph (1)), the phrase "the person submitting the securities registration statement" is deemed to be replaced with "the person submitting the internal control report" and the phrase "to submit an amended statement, and if the Prime Minister finds it to be necessary, the Prime Minister may order the suspension of the validity of a notification under Article 4, paragraphs (1) through (3)" is deemed to be replaced with "to submit an amended report"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(2) The provisions of Article 6 apply mutatis mutandis if an amended report is submitted pursuant to Article 7, paragraph (1), Article 9, paragraph (1) and Article 10, paragraph (1) as applied mutatis mutandis pursuant to the preceding paragraph in connection with an internal control report or

accompanying document. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(3) The provisions of Article 24, paragraphs (8), (9), and (11) apply mutatis mutandis if an amended report is submitted in connection with an internal control report that has been submitted by a foreign company pursuant to Article 7, paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1) as applied mutatis mutandis pursuant to paragraph (1) following the deemed replacement of terms. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Mutatis Mutandis Application of Provisions on Compensatory Liability)

Article 24-4-6 The provisions of Article 22 apply mutatis mutandis if an internal control report (including any accompanying document) contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading. In this case, in Article 22, paragraph (1), the phrase "a person that, without knowing that the statement is false or has been omitted, acquires securities issued by the person submitting the securities registration statement other than through a public offering or secondary distribution" is deemed to be replaced with "a person that, without knowing that the statement is false or has been omitted, acquires securities issued by the person submitting the internal control report (including any amended report in connection with this)", and any other necessary technical replacement of terms is specified by Cabinet Order.

(Submission of Semiannual Securities Reports and Extraordinary Reports)

Article 24-5 (1) Each business year,a company that is required to submit the annual securities report set forth in Article 24, paragraph (1) (including one that has submitted an annual securities report under Article 23-3, paragraph (4); the same applies in paragraph (4))must submit, pursuant to the provisions of Cabinet Office Order, a semiannual securities report(meaning a report to be submitted pursuant to this paragraph; the same applies hereinafter) stating) the particulars set forth in the middle column of the following table respectively for the category set forth in the left column of that table to the Prime Minister within the period set forth in the right column of that table (if there is a compelling reason that the company cannot submit it within such period, within the period approved in advance by the Prime Minister pursuant to the provisions of Cabinet Office Order), if six months have passed since the day on which that business year commenced; provided, however, that, instead of submitting this semiannual securities, a company set forth in the left column of item (iii) of that table (hereinafter referred to as a "unlisted

company" in this paragraph) that engages in the business specified by Cabinet Office Order as prescribed in the left column of item (ii) of that table may submit a semiannual securities report stating the particulars set forth in the middle column of item (ii) of that table within the period set forth in the right column of that item, and an unlisted company other than those engaging in that business may submit a semiannual securities report stating the particulars set forth in the middle column of item (i) of that table within the period set forth in the right column of that item.

(i) Company that is the issuer of securities set forth in Article 24, paragraph (1), item (i) or other securities for which the state of distribution is equivalent to these (hereinafter referred to as a "listed company, etc." in this table), other than the company set forth in the left column of the following item	The financial condition of the corporate group to which the relevant company belongs and other particulars that are specified by Cabinet Office Order as necessary and appropriate for the public interest or for the protection of investors for the six months following the day on which the relevant business year commenced (hereinafter referred to as the "common particulars for inclusion in a semiannual securities report" in this table)	Within a period specified by Cabinet Order not exceeding 45 days from the day on which the six-month period expires
(ii) A listed company, etc. engaging in a business specified by Cabinet Office Order as a business for which it is necessary to secure soundness of its services in order to ensure the stability of the financial system	Common particulars for inclusion in a semiannual securities report for the six months following the day on which the relevant business year commenced, and particulars specified by Cabinet Office Order as similar particulars concerning the relevant company	Within a period specified by Cabinet Order not exceeding 60 days from the day on which the six-month period expires
(iii) A company other than a listed company, etc.	Common particulars for inclusion in a semiannual securities report for the six months following the day on which the relevant business year commenced, and particulars specified by Cabinet Office Order as similar particulars concerning the relevant	Within 30 days from the day on which the six-month period expires

	company, as well as particulars supplementary to them	

(2) Unless it falls under any of the categories of persons specified in the following items, a company submitting or seeking to submit an annual securities report under Article 24, paragraph (1) that states the particulars specified in paragraph (2) of that Article, may state the particulars set forth in the middle column of item (iii) of the table under preceding paragraph that are specified by Cabinet Office Order as being relevant to that company, instead of stating all of the particulars set forth in that columncolumn, in the semiannual securities report:

(i) a person that has already submitted an annual securities report stating the particulars specified in the main clause of Article 24, paragraph (1) or a semiannual securities report stating the particulars set forth in the middle column of each item of the table under the preceding paragraph; and

(ii) a person that has submitted or is required to submit a statement under Article 5, paragraph (1) stating the particulars set forth in Article 5, paragraph (1), item (ii) for a public offering or secondary distribution of securities to which the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2), or the main clause of Article 4, paragraph (3) applies (excluding a person set forth in the preceding item).

(3) The provisions of paragraph (1) (excluding the proviso and items (i) and (ii) of the table under that paragraph; hereinafter the same applies in this paragraph) and the preceding paragraph apply mutatis mutandis to a company that is required to submit the annual securities report under Article 24, paragraph (1) as applied mutatis mutandis pursuant to paragraph (5) of that Article (including a company that submits the annual securities report under Article 23-3, paragraph (4); the same applies in the following paragraph and paragraph (20)). In this case, in paragraph (1), the phrase "Each business year, a company...(including one that has submitted an annual securities report under Article 23-3, paragraph (4); the same applies in paragraph (4)) must, ...if six months have passed since the day on which that business year commenced" is deemed to be replaced with "ForFor each specified period (meaning a specified period provided for in Article 24, paragraph (1) as applied mutatis mutandis pursuant to paragraph (5) of that Article; hereinafter the same applies in this paragraph), company... (including one that has submitted an annual securities report under Article 23-3, paragraph (4)) and that is the issuer of regulated securities (meaning regulated securities as defined in Article 5, paragraph (1); hereinafter the same applies in this paragraph and the following paragraph) must,... if six months have passed since the day on

which the specified period for the regulated securities commenced", the phrase "the middle column of the following table respectively for the category set forth in the left column of that table" is deemed to be replaced with "the middle column of item (iii) of the following table," and the phrase "right column of that table" is replaced with "right column of that item"; in the middle column of item (iii) of the table under paragraph (1), the phrase "common particulars for inclusion in a semiannual securities report for the six months following the day on which that business year commenced and particulars to them concerning the relevant company, as well as particulars supplementary to them" is replaced with "material particulars concerning the status of accounting of assets relating to asset management and other similar business conducted by the company for the six months following the day on which the relevant specified period commenced, and other details of assets, and other particulars necessary and appropriate for the public interest or protection of investors"; in item (i) of the preceding paragraph, the phrase "middle column of each item of the table under the preceding paragraph" is deemed to be replaced with "middle column of item (iii) of the table under the preceding paragraph"; and in item (ii) of that paragraph, term "of securities" is deemed to be replaced with "of regulated securities".

(4) If a public offering or secondary distribution of securities issued by a company that is required to submit the annual securities report under Article 24, paragraph (1) (including as applied mutatis mutandis pursuant to Article 24, paragraph (5)) is conducted in a foreign country or in other cases that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors, that company, pursuant to the provisions of Cabinet Office Order, must submit a report stating the details of it (hereinafter referred to as an "extraordinary report") to the Prime Minister without delay.

(5) The provisions of Article 7, paragraph (1), Article 9, paragraph (1), and Article 10, paragraph (1) apply mutatis mutandis to semiannual securities reports and extraordinary reports, and the provisions of Article 22 apply mutatis mutandis if a semiannual securities report, extraordinary report, or any amended report in connection with either of these contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading. In this case, in Article 7,paragraph (1), the phrase "If, on or after the day on which a notification under Article 4, paragraphs (1) through (3) is filed and before the day on which that notification comes into effect, a material particular that is required to be stated in a statement or other document under Article 5, paragraph (1) or paragraph (13) changes" is deemed to be replaced with "If a material particular

that is required to be stated in a semiannual securities report (meaning a semiannual securities report as set forth in Article 24-5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 24-5, paragraph (3)); hereinafter the same applies in this Article, Article 9, paragraph (1), Article 10, paragraph (1), and Article 22) or an extraordinary report (meaning an extraordinary report as set forth in Article 24-5, paragraph (4); hereinafter the same applies in this Article, Article 9, paragraph (1), Article 10, paragraph (1), and Article 22) changes", the phrase "the person filing the notification" is deemed to be replaced with "the person submitting the semiannual securities report or extraordinary report", and the term "amended statement" is deemed to be replaced with "amended report"; in Article 9, paragraph (1), the phrase "the person that submitted it" is deemed to be replaced with "the person that submitted the semiannual securities report or extraordinary report" and the phrase "amended statement" is deemed to be replaced with "amended report"; in Article 10, paragraph (1), the phrase "the person submitting the securities registration statement" is deemed to be replaced with "the person submitting the semiannual securities report or extraordinary report"; in Article 10, paragraph (1), the phrase "to submit an amended statement, and if the Prime Minister finds it to be necessary, the Prime Minister may order the suspension of the validity of a notification under Article 4, paragraphs (1) through (3)" is deemed to be replaced with "to submit an amended report"; in Article 22, paragraph (1), the phrase "a person that, without knowing that the statement is false or has been omitted, acquires securities issued by the person submitting the securities registration statement other than through a public offering or secondary distribution" is deemed to be replaced with "a person that, without knowing that the statement is false or has been omitted, acquires securities issued by the person submitting the semiannual securities report or extraordinary report, or any amended report in connection with these"; and in Article 22, paragraph (2), the phrase "the preceding paragraph" is deemed to be replaced with "the preceding paragraph as applied mutatis mutandis pursuant to Article 24-5, paragraph (5)".

(6) The provisions of Article 6 apply mutatis mutandis if a semiannual securities report or extraordinary report is submitted pursuant to paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (3); the same applies in the following paragraph to paragraph (12)) or paragraph (4) and an amended report is submitted in connection with it pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1), as applied mutatis mutandis pursuant to the preceding paragraph.

(7) In a case that is specified by Cabinet Office Order as one in which this does not damage the public interest or result in insufficient investor protection, instead of a semiannual securities report under paragraph (1), a reporting

foreign company that is required to submit a semiannual securities report pursuant to the relevant paragraph may submit a document that is similar to a semiannual securities report, but that has been prepared in English and disclosed in a foreign country (such documents are hereinafter referred to as a "foreign company semiannual securities report" in this Article).

(8) A Japanese translation of the summary of the particulars stated in a Foreign company semiannual securities report that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors, as well as documents stating the particulars not stated in a foreign company semiannual securities report that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors, and other documents that are specified by Cabinet Office Order (such documents are hereinafter collectively referred to as "supplementary documents" in this Article) must accompany a foreign company semiannual securities report, pursuant to the provisions of Cabinet Office Order.

(9) If a reporting foreign company submits a foreign company semiannual securities report and supplementary documents pursuant to the preceding two paragraphs, the foreign company semiannual securities report and supplementary documents are deemed to be a semiannual securities report, the submission of the former is deemed to be the submission of the latter, and the provisions of the Financial Instruments and Exchange Act and related regulations apply.

(10) If the Prime Minister finds that a reporting foreign company that has submitted a foreign company semiannual securities report does not satisfy the requirements for being allowed to submit a foreign company semiannual securities report under the provisions of paragraph (7), the Prime Minister must notify the reporting foreign company of this. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(11) Notwithstanding the provisions of paragraph (1), if a reporting foreign company receives a notice under the preceding paragraph, it must submit a semiannual securities report under paragraph (1) within the period that is specified by Cabinet Order as necessary and appropriate in the public interest or for the protection of investors, with the day on which the notice is made as the first day for the calculation of that period.

(12) The provisions of paragraphs (7) through (9) apply mutatis mutandis if an amended report is submitted to amend a foreign company semiannual securities report and supplementary documents for it that has have submitted by a reporting foreign company pursuant to Article 7, paragraph (1), Article 9,

paragraph (1), or Article 10, paragraph (1) as applied mutatis mutandis pursuant to paragraph (5) following the deemed replacement of terms.

(13) If, pursuant to the provisions of Cabinet Office Order, a company that is required to submit the semiannual securities report under paragraph (1) (limited to as applied mutatis mutandis pursuant to paragraph (3); hereinafter the same applies in this paragraph and following paragraph) submits the documents stating a part of the particulars specified by Cabinet Office Order in the middle column of item (iii) of the table under paragraph (1) (limited to documents prepared based on laws and regulations or the rules of a financial instruments exchange (including anything specified by Cabinet Office Order as being similar to such rules); such documents are hereinafter referred to as "documents substituted for part of a semiannual securities report" in this paragraph and the following paragraph) together with a semiannual securities report to the Prime Minister, with regard to the application of paragraphs (1) and (2) to cases in which a company receives the acknowledgement of the Prime Minister, pursuant to the provisions of Cabinet Office Order, as one whose doing so does not damage the public interest or result in insufficient investor protection, in that column,column the phrase "other particulars that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors" is deemed to be replaced with "other particulars that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors (excluding particulars stated in documents substituted for part of a semiannual securities Report as defined in paragraph (13))" and in paragraph (2), the term "of the particulars set forth..." is deemed to be replaced with "of the particulars set forth... (excluding particulars stated in the documents substituted for part of a semiannual securities report as defined in paragraph (13))".

(14) If documents substituted for part of a semiannual securities report are submitted together with the semiannual securities report referred to in paragraph (1) as applied pursuant to the provisions of the preceding paragraph following the deemed replacement of terms, the documents substituted for part of the semiannual securities report are deemed to form a part of the semiannual securities report, the submission of the documents substituted for part of the semiannual securities report is deemed to be the submission of the documents substituted for part of the semiannual securities report as a part of the semiannual securities report, and the provisions of the Financial Instruments and Exchange Act and related regulations apply.

(15) In cases where a reporting foreign company is required to submit an extraordinary report under paragraph (4) and falls under cases specified by Cabinet Office Order as those which would not hinder the public interest or the protection of investors, in lieu of the extraordinary report under the provisions

of the relevant paragraph, a document stating in English the matters to be stated under the provisions of that paragraph (hereinafter referred to as "foreign company extraordinary report" in this Article) may be submitted, pursuant to the provisions of Cabinet Office Order.

(16) The provisions of the Financial Instruments and Exchange Act and related regulations apply to cases where a reporting foreign company submits a foreign company extraordinary report under the provisions of the preceding paragraph, by deeming that foreign company extraordinary report to be the extraordinary report, and deeming submission of the former to be submission of the latter.

(17) If the Prime Minister finds that a reporting foreign company which submitted a foreign company extraordinary report does not fall under a company that may submit a foreign company extraordinary report pursuant to the provisions of paragraph (15), the Prime Minister must notify the reporting foreign company of that fact. In this case, a hearing must be held irrespective of the category of procedures for hearing statements of opinion under the provisions of Article 13, paragraph (1) of the Administrative Procedure Act.

(18) Notwithstanding the provisions of paragraph (4), a reporting foreign company, when receiving a notice made under the preceding paragraph, must submit an extraordinary report set forth in that paragraph without delay.

(19) The provisions of paragraphs (15) through (18) apply mutatis mutandis to cases where amendment reports are submitted to amend a foreign company extraordinary report submitted by a reporting foreign company pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to paragraph (5) following the deemed replacement of terms.

(20) If, pursuant to the provisions of Cabinet Office Order, a company that is required to submit an extraordinary report pursuant to paragraph (4) (limited to a company that is required to submit the annual securities report under Article 24, paragraph (1) as applied mutatis mutandis pursuant to Article 24, paragraph (5)) submits documents stating a part of the contents that are required to be stated in an extraordinary report set forth in paragraph (4) (limited to documents prepared based on laws and regulations or rules of a financial instruments exchange (including anything specified by Cabinet Office Order as being similar to such rules); such documents are hereinafter referred to as "documents substituted for part of an extraordinary report" in this paragraph and the following paragraph) together with an extraordinary report to the Prime Minister, with regard to the application of paragraph (4) to cases in which a company receives the acknowledgement of the Prime Minister, pursuant to the provisions of Cabinet Office Order, as one whose doing so does not damage the public interest or result in insufficient investor protection, in paragraph (4), the phrase "a report stating the details of it" is deemed to be

replaced with "a report stating the details of it (excluding the details stated in documents substituted for part of an extraordinary report as defined in paragraph (20)".

(21) If documents substituted for part of an extraordinary report are submitted together with the extraordinary report referred to in paragraph (4) as applied pursuant to the provisions of the preceding paragraph following the deemed replacement of terms, the documents substituted for part of the extraordinary report are deemed to form a part of the extraordinary report, the submission of the documents substituted for part of the extraordinary report is deemed to be the submission of the documents substituted for part of the extraordinary report as a part of the extraordinary report, and the provisions of the financial Instruments and Exchange Act and related regulations apply.

(Mutatis Mutandis Application of Provisions on Confirmation Letters to Semiannual Securities Reports)

Article 24-5-2 (1) The provisions of Article 24-4-2 apply mutatis mutandis if a semiannual securities report is submitted pursuant to paragraph (1) of the preceding Article (including as applied mutatis mutandis pursuant to Article 24-5, paragraph (3)) or if an amended report is submitted pursuant to Article 7, paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-5, paragraph (5) following the deemed replacement of terms. In this case, in Article 24-4-2, paragraph (1), the phrase "a foreign company report" is deemed to be replaced with "a foreign company semiannual securities report", the phrase "foreign company report instead of the annual securities report, etc." is deemed to be replaced with "foreign company semiannual securities report instead of the semiannual securities report", and the phrase "the content of statements in the annual securities report" is deemed to be replaced with "the content of statements in the semiannual securities report (including any amended report in connection with this; hereinafter the same applies in this Article)"; in Article 24-4-2, paragraph (2), the phrase "together with an annual securities report" is deemed to be replaced with "together with a semiannual securities report"; in Article 24-4-2, paragraph (6), the phrase "a confirmation letter under Article 24-4-2, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to Article 24-4-2, paragraph (3) (including as applied mutatis mutandis pursuant to Article 24-4-2, paragraph (4)) or Article 24-4-2, paragraph (4))" is deemed to be replaced with "a Confirmation Letter under Article 24-4-2, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to Article 24-4-2, paragraph (3) (including as applied mutatis mutandis pursuant to Article 24-4-2, paragraph (4)) or Article 24-4-2, paragraph (4)) as applied mutatis mutandis pursuant to Article 24-5-2 following the deemed replacement of terms"; and

any other necessary technical replacement of terms is specified by Cabinet Order.

(2) The provisions of Article 24-4-3 apply mutatis mutandis if an amended confirmation letter is submitted for a confirmation letter that has been submitted pursuant to the preceding paragraph. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Submission of Reports on Repurchase)

Article 24-6 (1) An issuer of share certificates listed in a financial instruments exchange, share certificates specified by Cabinet Order as those whose state of distribution can be regarded as being equivalent to share certificates listed in a financial instruments exchange, or other securities specified by Cabinet Order (hereinafter collectively referred to as "listed share certificates, etc." in this Article, Articles 27-22-2 through 27-22-4 and Article 167) must, when a resolution at a shareholders meeting or board of directors' meeting set forth in Article 156, paragraph (1) of the Companies Act (including as applied pursuant to the provisions of Article 165, paragraph (3) of that Act following the deemed replacement of terms) or a decision of an organization specified by Cabinet Order as being equivalent thereto is made (hereinafter referred to as the "resolution, etc." in this paragraph), submit a report which, pursuant to the provisions of Cabinet Office Order, states the particulars of the status of buyback of listed share certificates, etc. for its own shares or equity conducted based on the resolution, etc. of the shareholders meeting or board of directors' meeting or a meeting specified by Cabinet Order as being equivalent thereto (hereinafter referred to as the "shareholders meeting, etc." in this paragraph) during each month from the month which includes the day when the shareholders meeting, etc. in which the resolution, etc. was made was concluded to the month which includes the day when the period set forth in Article 156, paragraph (1), item (iii) of that Act is to expire or the day specified by Cabinet Order as being equivalent thereto (each month is referred to as the "reporting month" in this paragraph) (including the cases where no buyback is conducted) and other particulars specified by Cabinet Office Order as necessary and appropriate for the public interest or protection of investors to the Prime Minister by the 15th day of the month following each reporting month.

(2) The provisions of Article 7, paragraph (1), Article 9, paragraph (1), and Article 10, paragraph (1) apply mutatis mutandis to a report set forth in the preceding paragraph (hereinafter referred to as a "report on repurchase"), and the provisions of Article 22 apply mutatis mutandis if a report on repurchase contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a

material fact that is necessary to prevent it from being misleading. In this case, in Article 7, paragraph (1), the phrase "If, on or after the day on which a notification under Article 4, paragraphs (1) through (3) is filed and before the day on which that notification comes into effect, a material particular that is required to be stated in a statement or other document under Article 5, paragraph (1) or paragraph (13) changes" is deemed to be replaced with "If a material particular that is required to be stated in a report on repurchase (meaning a report set forth in Article 24-6, paragraph (1); hereinafter the same applies in this Article, Article 9, paragraph (1), Article 10, paragraph (1), and Article 22) changes", the phrase "the person filing the notification" is deemed to be replaced with "the person submitting the report on repurchase", and the term "amended statement" is deemed to be replaced with "amended report"; in Article 9, paragraph (1) the phrase "the person that submitted it" is deemed to be replaced with "the person that submitted the report on repurchase" and the term "amended statement" is deemed to be replaced with "amended report"; in Article 10, paragraph (1), the phrase "the person submitting the securities registration statement" is deemed to be replaced with "the person submitting the report on repurchase" and the phrase "to submit an amended statement, and if the Prime Minister finds it to be necessary, the Prime Minister may order the suspension of the validity of a notification under Article 4, paragraphs (1) through (3)" is deemed to be replaced with "to submit an amended report"; in Article 22, paragraph (1), the phrase "persons set forth in Article 21, paragraph (1), items (i) and (iii)" is deemed to be replaced with "person that, at the time of submission of the report on repurchase, is an officer of the issuer that submitted that report", and the phrase "a person that, without knowing that the statement is false or has been omitted, acquires securities issued by the person submitting the securities registration statement other than through a public offering or secondary distribution" is deemed to be replaced with "a person that, without knowing that the statement is false or has been omitted, acquires securities issued by the person submitting the report on repurchase"; and in Article 22, paragraph (2), the phrase "Article 21, paragraph (2), items (i) and (ii)" is deemed to be replaced with "Article 21, paragraph (2), item (i)" and the phrase "the preceding paragraph" is deemed to be replaced with "the preceding paragraph as applied mutatis mutandis pursuant to Article 24-6, paragraph (2)".

(3) The provisions of Article 6 apply mutatis mutandis if a report on repurchase is submitted pursuant to paragraph (1) and if an amended report is submitted in connection with a report on repurchase, pursuant to Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to the preceding paragraph.

(Submission of a Parent Company Status Report)

Article 24-7 (1) A company that holds the majority of voting rights in a company that is required to submit an annual securities report pursuant to Article 24, paragraph (1) (but only one that is the issuer of securities set forth in Article 24, paragraph (1), item (i) or (ii); such a company is referred to as a "subsidiary company submitting an annual securities report" in paragraph (4) of this Article, paragraph (5) of the following Article, Article 27-30-10 and Article 27-30-11, paragraph (1)), or which is otherwise specified by Cabinet Order as being closely related to a company that is required to submit an annual securities report (excluding a company that is required to submit an annual securities report pursuant to Article 24, paragraph (1) (including as applied mutatis mutandis pursuant to Article 24, paragraph (5); the same applies in the items of paragraph (4) of this Article) (including a company that has submitted an annual securities report pursuant to Article 23-3, paragraph (4) or that is otherwise specified by Cabinet Office Order); hereinafter, a company that holds the majority of voting rights in, or is otherwise closely related to, such a company, is referred to as a "parent company, etc." in this Article, paragraphs (2), (4), and (5) of the following Article, and Article 27-30-11, paragraph (1)) must submit a report that, pursuant to the provisions of Cabinet Office Order, states the particulars of persons that hold shares in the parent company, etc. and other particulars that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors, for each business year of the parent company, etc. (or for each period specified by Cabinet Office Order, if the parent company, etc. is an issuer of regulated securities; hereinafter the same applies in this paragraph and the following paragraph) (hereinafter referred to as a "parent company, etc. status report") to the Prime Minister within three months after the end of each business year (or, if the parent company, etc. is a foreign company, within the period that is specified by Cabinet Order as necessary and appropriate in the public interest or for the protection of investors); provided, however, that this does not apply if a company receives the acknowledgement of the Prime Minister, pursuant to the provisions of Cabinet Order, as a company whose non-submission of a parent company, etc. status report does not damage the public interest or result in insufficient investor protection.

(2) If a company that is excluded from the application of the main clause of the preceding paragraph becomes a parent company, etc., the company that has become a parent company, etc. must submit a parent company, etc. status report to the Prime Minister without delay, pursuant to the provisions of Cabinet Office Order, for the business year immediately prior to the business year that includes the day on which the company becomes a parent company, etc.; provided, however, that this does not apply if the company has received

the acknowledgment of the Prime Minister, pursuant to the provisions of Cabinet Order, as a company whose non-submission of a parent company, etc. status report does not damage the public interest or result in insufficient investor protection.

(3) The provisions of Article 7,paragraph (1), Article 9, paragraph (1), and Article 10, paragraph (1) apply mutatis mutandis to a parent company, etc. status report. In this case, in Article 7,paragraph (1), the phrase "If, on or after the day on which a notification under Article 4, paragraphs (1) to (3) is filed and before the day on which that notification comes into effect, a material particular that is required to be stated in a statement or other document under Article 5, paragraph (1) or paragraph (13) changes" is deemed to be replaced with "If a material particular that is required to be stated in a parent company, etc. status report (meaning a parent company, etc. status report as provided for in Article 24-7, paragraph (1); the same applies hereinafter) changes", the phrase "the person filing the notification" is deemed to be replaced with "the person submitting the parent company, etc. status report", and the term "amended statement" is deemed to be replaced with "amended report"; in Article 9, paragraph (1) the phrase "the person that submitted it" is deemed to be replaced with "the person submitting the parent company, etc. status report" and the term "amended statement" is deemed to be replaced with "amended report"; in Article 10, paragraph (1)), the phrase "the person submitting the securities registration statement" is deemed to be replaced with "the person submitting the parent company, etc. status report" and the phrase "to submit an amended statement, and if the Prime Minister finds it to be necessary, the Prime Minister may order the suspension of the validity of a notification under Article 4, paragraphs (1) to (3)" is deemed to be replaced with "to submit an amended report"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(4) A parent company, etc. that has submitted a parent company, etc. status report pursuant to the main clause of paragraph (1) or the main clause of paragraph (2), or that has submitted an amended report in connection with a parent company, etc. status report pursuant to Article 7,paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1), as applied mutatis mutandis pursuant to the preceding paragraph, must send a copy of it to the subsidiary company submitting annual securities reports without delay, and must also submit a copy of it to the person specified in the relevant of following items for the category of securities set forth in the relevant item that were issued by the subsidiary company submitting annual securities reports:

(i) securities set forth in Article 24, paragraph (1), item (i): the financial instruments exchange referred to in Article 24, paragraph (1), item (i); or

(ii) securities set forth in Article 24, paragraph (1), item (ii): the authorized

financial instruments firms association specified by Cabinet Order.

(5) The provisions of Article 24, paragraphs (8), (9), and (11) through (13) apply mutatis mutandis if a parent company, etc. that is a foreign company submits a parent company, etc. status report. In this case, in Article 24, paragraph (8), the phrase "a foreign company that is required to submit an annual securities report pursuant to paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph to paragraph (13)) (including a foreign company that has submitted an annual securities report pursuant to Article 23-3, paragraph (4); hereinafter referred to as a 'reporting foreign company')" is deemed to be replaced with "a parent company, etc. (meaning parent company, etc. as defined by Article 24-7, paragraph (1); hereinafter the same applies in this Article) which is a foreign company that is required to submit an annual securities report pursuant to paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph to paragraph (13))" and the phrase "similar to an annual securities report, etc., but that has been prepared in English and disclosed in a foreign country is deemed to be replaced with "in which it has stated the particulars that are required to be stated in the parent company, etc. status report"; in Article 24, paragraph (9), the phrase "documents stating the particulars not stated in the foreign company report that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors, and other" is deemed to be replaced with "other"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(6) The provisions of the preceding paragraphs apply mutatis mutandis if the parent company, etc. is a person other than a company. In this case, in paragraph (1), the phrase "A company that holds the majority of voting rights" is deemed to be replaced with "A person that is other than a company and that holds the majority of voting rights", the phrase "which is otherwise specified by Cabinet Order as being closely related to" is deemed to be replaced with "that is otherwise specified by Cabinet Order as being a person that is other than a company and that is closely related to", and the phrase "persons that hold shares in the parent company, etc." is deemed to be replaced with "equity holders in the parent company, etc. and other persons"; in paragraph (2), the term "company" is deemed to be replaced with "person that is other than a company and"; in the preceding paragraph the phrase "that is a foreign company" is deemed to be replaced with "that is a foreign person"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Public Inspection of Registration Statements)

Article 25 (1) The Prime Minister must make the documents set forth in each of

the following items (hereinafter referred to as "public documents" in this Article and paragraph (1) of the following Article) available for public inspection pursuant to the provisions of Cabinet Office Order, for the period specified in the relevant item from the day on which the Prime Minister receives the public document (or for an amended statement, amended shelf registration statement, amended report, or amended confirmation letter set forth in any of the following items, the period specified in the relevant item from the day on which the Prime Minister receives the statement and accompanying documents under Article 5, paragraphs (1) and (13), shelf registration statement and accompanying documents, annual securities report and accompanying documents, confirmation letter, internal control report and accompanying documents, semiannual securities report, extraordinary report, report on repurchase, or parent company, etc. status report subject to that amendment; for shelf registration supplements and accompanying documents set forth in item (ii), the period specified in the relevant item from the day on which the Prime Minister receives the shelf registration statement on the shelf registration concerning the shelf registration supplements and accompanying documents; and for a confirmation letter set forth in item (iv) or (viivi) (but only if the subject of the confirmation letter is an amended report connected with an annual securities report and accompanying documents or an amended report connected with a semiannual securities report), the period specified in the relevant item from the day on which the Prime Minister receives the annual securities report and accompanying documents or semiannual securities report that is subject to that amendment):

(i) a statement and accompanying documents under Article 5, paragraphs (1) and (13), as well as any amended statement connected with them: five years;

(ii) a shelf registration statement and accompanying documents or shelf registration supplements and accompanying documents, as well as any amended shelf registration statement connected with them: five yearsyears;

(iii) an annual securities report and accompanying documents, as well as any amended report connected with them: five years;

(iv) a confirmation letter under Article 24-4-2 and any amended confirmation letter connected with it: five years;

(v) an internal control report and accompanying documents, as well as any amended report connected with them: five years;

(vi) a semiannual securities report and any amended report connected with it: five years;

(vii) a confirmation letter under Article 24-4-2 as applied mutatis mutandis pursuant to 5-2, and any amended confirmation letter connected with it: five years;

(viii) an extraordinary report and any amended report connected with it: five

years;

(ix) a report on repurchase and any amended report connected with it: one year; and

(x) a parent company, etc. status report and any amended report connected with it: five years.

(2) An issuer of securities that has submitted a document set forth in any of the items (i) through (ixi) of the preceding paragraph, or an issuer of securities whose parent company, etc. has submitted the document set forth in item (x) of the preceding paragraph, must keep a copy of such document at its head office and principal branch offices, and make the document available for public inspection for the period from the day on which the document is submitted to the Prime Minister to the day on which the period specified in the relevant item of the preceding paragraph has elapsed, pursuant to the provisions of Cabinet Office Order.

(3) Pursuant to the provisions of Cabinet Office Order, financial instruments exchanges and the authorized financial instruments firms associations specified by Cabinet Order must keep copies of the documents submitted pursuant to Article 6 (including as applied mutatis mutandis pursuant to Article 12; Article 23-12, paragraph (1); Article 24, paragraph (7); Article 24-2, paragraph (3); Article 24-4-2, paragraph (5) (including as applied mutatis mutandis pursuant to 5-2, paragraph (1)); Article 24-4-3, paragraph (2) (including as applied mutatis mutandis pursuant to 5-2, paragraph (2)); Article 24-4-4, paragraph (5); Article 24-4-5, paragraph (2); 5, paragraph (6); and Article 24-6, paragraph (3); the same applies in paragraph (5)) and paragraph (4) of the preceding Article at their office, and make copies of the public documents available for public inspection for the period from the day on which the copies of these documents are submitted to the day on which the period specified in the relevant item of paragraph (1) has elapsed.

(4) Notwithstanding the provisions of the preceding three paragraphs, if, due to a need to maintain the confidentiality of a trade secret, an issuer of securities that has submitted a document set forth in any of paragraph (1), items (i) through (viiiviii), or a parent company, etc. that has submitted a document set forth in item (x) of that paragraph, files a petition with the Prime Minister for a part of the documents referred to in the preceding three paragraphs not to be made available for public inspection and the Prime Minister approves it, that part of the documents is not to be made available for public inspection.

(5) When an issuer of securities or parent company, etc. that has obtained the approval referred to in the preceding paragraph sends a copy of a Public document to a subsidiary company submitting annual securities reports or submits a copy of such documents to a financial instruments exchange or to an authorized financial instruments firms association specified by Cabinet Order

pursuant to Article 6 or paragraph (4) of the preceding Article, before sending or submitting the copy of such documents, it may remove or delete from them the part that, pursuant to the preceding paragraph, it has been decided will not be made available for public inspection.

(6) Notwithstanding the provisions of paragraph (1), if the Prime Minister issues any of the following dispositions, the Prime Minister may decide that all or part of the public documents that are connected with the disposition are not to be made available for public inspection:

(i) an order to submit an amended statement under the provisions of Article 9, paragraph (1) or Article 10, paragraph (1);

(ii) an order to submit an amended shelf registration statement under Article 23-9, paragraph (1) or Article 23-10, paragraph (1), or under Article 23-10, paragraph (1) as applied mutatis mutandis pursuant to Article 23-10, paragraph (5);

(iii) an order to submit an amended report under Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-2, paragraph (1); Article 24-4-5, paragraph (1); 5, paragraph (5); Article 24-6, paragraph (2); or paragraph (3) of the preceding Article (including as applied mutatis mutandis pursuant to paragraph (6) of that Article); or

(iv) an order to submit an amended confirmation letter under Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-4-3, paragraph (1).

(7) In the case referred to in the preceding paragraph, the Prime Minister is to notify a person that makes copies of public documents available for public inspection pursuant to paragraph (2) (or the person submitting such public documents and the person that makes copies of them available for public inspection, if the public documents comprise a parent company, etc. status report or an amended report in connection with one; such a person is referred to as the "submitter, etc." in the following paragraph), as well as the financial instruments exchange or the authorized financial instruments firms association specified by Cabinet Order which is referred to in paragraph (3), which makes copies of those public documents available for public inspection pursuant to the provisions of paragraph (3), that the Prime Minister has decided that all or part of those public documents will not be made available for public inspection.

(8) If the submitter, etc. or a financial instruments exchange or authorized financial instruments firms association has been notified by the Prime Minister pursuant to the provisions of the preceding paragraph, the provisions of paragraphs (2) and (3) do not apply thereafter to the copies of the public documents for which the notice was made.

(Collection of Reports and Inspection of a Person Submitting a Securities Registration Statement)

Article 26 (1) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a person that has submitted public documents, a person that is found to be required to submit such documents, an underwriter of securities, or any other concerned party or witnesses, to submit reports or materials that should serve as a reference, and may have the relevant officials inspect that person's books, documents, and any other articles.

(2) When the Prime Minister finds it necessary with regard to the order for report or submission of materials or the inspection under the preceding paragraph, the Prime Minister may make inquiries to public offices or public or private organizations and request them to report necessary matters.

(Mutatis Mutandis Application of Provisions for an Issuer That Is Not a Company)

Article 27 The provisions of Article 2-3; Articles 5 through 13; Articles 15 through 24-5-2; and Article 24-7 through the preceding Article apply mutatis mutandis if the issuer is a person other than a company (with regard to the mutatis mutandis application of Article 5, paragraphs (6) through (9), Article 7, paragraph (2), Article 9, paragraph (2), Article 10, paragraph (2), Article 24, paragraphs (8) through (13); Article 24-2, paragraph (4); Article 24-4-2, paragraph (6) (including as applied mutatis mutandis pursuant to 5-2, paragraph (1)); Article 24-4-3, paragraph (3); Article 24-4-4, paragraph (6); Article 24-4-5, paragraph (3); and Article 24-5, paragraphs (7) through (12) and paragraphs (15) through (19), this is limited to if the issuer is a foreign person). In this case, in Article 5, paragraph (6) and Article 24, paragraph (8), the phrase "a foreign company that is required to submit" is deemed to be replaced with "a foreign person other than a company which is required to submit"; the term "statement-filing foreign company" in Article 5, paragraphs (6), (8) and (9), Article 7, paragraph (2), Article 9, paragraph (2) and Article 10, paragraph (2) is deemed to be "statement-filing foreign person"; in Article 5, paragraphs (10) through (12) and Article 7, paragraphs (3) through (5) the term "company submitting a regulated securities registration statement" is deemed to be "person submitting a regulated securities registration statement"; in Article 24, paragraphs (8) and (10) through (13); Article 24-2, paragraph (4); Article 24-4-2, paragraph (6), Article 24-4-4, paragraph (6); and Article 24-5, paragraphs (7), paragraphs (9) through (12) and paragraphs (15) through (19), the phrase "reporting foreign company" is deemed to be replaced with "reporting foreign person"; and any other necessary technical replacement of terms or other necessary particulars relevant to the application of these

provisions is specified by Cabinet Order.

Chapter II-2 Disclosure in a Tender Offer

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

(Tender Offers for Share Certificates by Persons Other Than the Issuer)

Article 27-2 (1) A purchase, etc. of share certificates, corporate bond certificates with share options, or other securities specified by Cabinet Order (hereinafter referred to as "share certificates, etc." in this Chapter and Article 27-30-11 (excluding paragraph (5))) (a purchase, etc. means a purchase or other acquisition for compensation of share certificates, etc., and includes acts specified by Cabinet Order as being similar to this; hereinafter the same applies in this Section) whose issuer is required to submit an annual securities report, or of the share certificates, etc. of an issuer of specified listed securities (including those specified by Cabinet Order as having equivalent distribution statuses to these, and limited to share certificates, etc.), which is conducted by a person other than the issuer and which falls under any of the following, must be conducted by means of a tender offer; provided, however, that this does not apply to a purchase, etc. excluded from application (meaning a purchase, etc. of share certificates, etc. that the holder of share options (excluding those allotted under the provisions of Article 277 of the Companies Act and specified by Cabinet Office Order as those which would not compromise the protection of investors even if acquired by means other than a tender offer by ensuring the exercise of that share option; hereinafter the same applies in this paragraph) effects by exercising those share options, to a purchase, etc. of share certificates, etc. that the person effecting the purchase, etc. makes from its specially related party (limited to a person set forth in paragraph (7), item (i) and specified by Cabinet Office Order), or to any other purchase, etc. of share certificates, etc. that is specified by Cabinet Order):

(i) a purchase, etc. of share certificates, etc., ifthe ownership ratio of share certificates, etc. after that purchase, etc.. in terms of the share certificates, etc. that the relevant person holds (including cases specified by Cabinet Order as equivalent to them; hereinafter the same applies in this Section) (or, if the person has a specially related party (for person set forth in paragraph (7), item (i), excluding persons specified by Cabinet Office Order), the ownership ratio of share certificates, etc. with the ownership ratio of share certificates, etc. of the specially related parties to that of the person added; hereinafter the same applies in this paragraph)comes to exceed 3030 percent, or if the ownership ratio of share certificates, etc. before that purchase, etc. in terms of the share certificates, etc. that the relevant person

holds has already exceeded 30 percent (excluding a purchase, etc. of share certificates, etc. if the ownership ratio of share certificates, etc. before that purchase, etc. in terms of the share certificates, etc. that the relevant person holds has already exceeded 30 percent, and that purchase, etc. falls under cases specified by Cabinet Order as cases where the number of share certificates, etc. subject to a purchase, etc. or the total amount of the price for a purchase, etc. is extremely small, and the ownership ratio of share certificates, etc. after that purchase, etc. in terms of the share certificates, etc. that the relevant person holds does not become equal to or higher than the percentage specified by Cabinet Order (limited to a purchase, etc. of share certificates, etc. that does not fall within the category of specified off-market purchase, etc. defined in the following item));

(ii) a specified off-market purchase, etc. (meaning a purchase, etc. of share certificates, etc. made outside a financial instruments exchange market (excluding a purchase, etc. of share certificates, etc. conducted through a transaction specified by Cabinet Order as being equivalent to the purchase and sale, etc. of securities on a financial instruments exchange market and a purchase, etc. of share certificates, etc. that is specified by Cabinet Order as a purchase, etc. made from an extremely small number of persons); hereinafter the same applies in this item), if the ownership ratio of share certificates, etc. after that specified off-market purchase, etc. in terms of the share certificates, etc. that the relevant person holds comes to exceed five percentpercent, or if the ownership ratio of share certificates, etc. before that specified off-market purchase, etc. in terms of the share certificates, etc. that the relevant person holds has already exceeded five percent, and the ownership ratio of share certificates, etc. after that specified off-market purchase, etc. in terms of the share certificates, etc. that the relevant person holds becomes 30 percent or less; and

(iii) any other purchase, etc. of share certificates, etc. specified by Cabinet Order as being equivalent to a purchase, etc. of share certificates, etc. set forth in the preceding two items.

(2) A purchase, etc. of share certificates, etc. through a tender offer provided for in the main clause of the preceding paragraph, must be made by setting a period that is within the scope of the period specified by Cabinet Order.

(3) If a purchase, etc. of share certificates, etc. is made through a tender offer provided for in the main clause of paragraph (1), the price for purchase, etc. (for cases other than a purchase, etc., what is specified by Cabinet Order as being equivalent to the price for purchase, etc.; hereinafter the same applies in this Section) must be based on a single set of conditions, pursuant to the provisions of Cabinet Order.

(4) If a purchase, etc. of share certificates, etc. is conducted through a tender

offer, as provided in the main clause of paragraph (1), a financial instruments business operator (limited to one engaged in type-I financial instruments business as defined in Article 28, paragraph (1); the same applies in Article 27-12, paragraph (3)) or a bank, etc. (meaning a bank, cooperative financial institution, or other financial institution specified by Cabinet Order; the same applies in Article 27-12, paragraph (3)) must be made to manage the share certificates, etc., effect payment for the purchase, etc., and conduct other affairs specified by Cabinet Order.

(5) If a purchase, etc. of share certificates, etc. is made through a tender offer provided for in the main clause of paragraph (1), it must be in accordance with the conditions and methods specified by Cabinet Order, in addition to those prescribed in the preceding three paragraphs and other provisions of this Section.

(6) The term "tender offer" as used in this Article means solicitation of offers for purchase, etc. or offers for sale, etc. of share certificates, etc. to and from many and unspecified persons through a public notice (meaning a sale or other transfer for value; hereinafter the same applies in this Chapter), and making the purchase, etc. of share certificates, etc. outside of a financial instruments exchange market.

(7) The term "specially related party" as used in paragraph (1) means any of the following persons:

(i) a person with a shareholding relationship or other special relationship specified by Cabinet Order to the person effecting the purchase, etc. of share certificates, etc.; and

(ii) a person with which a person effecting a purchase, etc. of share certificates, etc. has agreed to jointly acquire or transfer the share certificates, etc. or to jointly exercise voting rights or other rights as shareholders in the issuer of the share certificates, etc., or to transfer or acquire the share certificates, etc. to or from each other after the purchase, etc. of the share certificates, etc.

(8) The term "ownership ratio of share certificates, etc." as used in paragraph (1) means either of the following:

(i) in terms of the person effecting a purchase, etc. of share certificates, etc., the ratio arrived at, pursuant to the provisions of Cabinet Office Order, when the total number of voting rights (meaning the number of voting rights represented by shares calculated pursuant to the provisions of Cabinet Office Order, for share certificates, or the number of voting rights specified by Cabinet Office Order, for securities other than share certificates; hereinafter the same applies in this paragraph) with respect to the share certificates, etc. that the person holds (excluding those that are specified by Cabinet Office Order in consideration of the manner in which they are held or other

circumstances; hereinafter the same applies in this paragraph), are divided by the number arrived at when the total number of voting rights issued by the issuer is added to the number of voting rights with respect to corporate bond certificates with share options and other securities specified by Cabinet Order issued by the issuer and held by that person and specially related parties of that person; or

(ii) for specially related parties as defined in the preceding paragraph (excluding persons that fall under the category specified in item (ii) of the preceding paragraph and that purchase, etc. any share certificates, etc. issued by the issuer of the share certificates, etc.), the rate arrived at, pursuant to the provisions of Cabinet Office Order, when the number of voting rights with respect to the share certificates, etc. that the party holds, is divided by the number arrived at when the total of the number of voting rights issued by the issuer is added to the number of voting rights with respect to corporate bond certificates with share options and other securities specified by Cabinet Order issued by the issuer and held by that party and the person effecting a purchase, etc. of share certificates, etc. that is set forth in the preceding item.

(Public Notice of the Commencement of a Tender Offer and Submission of a Tender Offer Statement)

Article 27-3 (1) A person that, pursuant to the main clause of paragraph (1) of the preceding Article, is required to effect any purchase, etc. of share certificates, etc. through a tender offer as prescribed in Article 27-2, paragraph (1) (hereinafter referred to as a "tender offer" in this Section) must, pursuant to the provisions of Cabinet Order, issue public notice of the purpose of the tender Offer, the purchase, etc. price, the number of share certificates, etc. sought for purchase (meaning the number of shares, for share certificates, or the number of shares specified by Cabinet Office Order for securities other than share certificates; hereinafter the same applies in this Section), the purchase, etc. period, and other particulars specified by Cabinet Office Order. In this case, if the purchase, etc. period is shorter than the period specified by Cabinet Order, it must be clearly indicated in the public notice that the purchase, etc. period may be extended pursuant to Article 27-10, paragraph (3).

(2) A person that issues the public notice under the preceding paragraph (hereinafter referred to as a "public notice of the commencement of a tender offer" in this Section) (such a person is hereinafter referred to as a "tender offeror" in this Section) must submit a document stating the following particulars and the accompanying documents specified by Cabinet Office Order (hereinafter collectively referred to as the "tender offer statement" in this Section and Article 197, paragraph (1), item (iii) and Article 197-2, paragraph

(1), item (v)) to the Prime Minister on the day on which it issues the public notice of the commencement of the tender offer, pursuant to the provisions of Cabinet Office Order; provided, however, that, if the day on which the person is required to submit the tender offer statement (hereinafter referred to as the "date of submission" in this paragraph) falls on a Sunday or other day specified by Cabinet Office Order (hereinafter referred to as "Sunday, etc." in this paragraph), that person is to submit the tender offer statement on the first day that comes after the date of submission, other than Sunday, etc.:.

(i) the purchase, etc. price, the number of share certificates, etc. sought for purchase, the purchase, etc. period (including the detail indicated in the public notice pursuant to the second sentence of the preceding paragraph), the terms of delivery in connection with the purchase, etc., and other terms of settlement and purchase, etc. set by the tender offeror (hereinafter collectively referred to as the "terms of purchase, etc." in this Section);

(ii) the details of any contract to purchase, etc. the share certificates, etc. that are subject to the tender offer, other than through that tender offer, on or after the day on which the tender offeror issues the public notice of the commencement of the tender offer; and

(iii) the purpose of the tender offer, the particulars of the tender offeror, and other particulars specified by Cabinet Office Order.

(3) It is prohibited for a tender offeror, the specially related party of a tender offeror (meaning a specially related party as defined in Article 27-2, paragraph (7); hereinafter the same applies in this Section), or any other relevant party specified by Cabinet Order (hereinafter collectively referred to as the "tender offeror, etc." in this Section) to solicit offers to sell, etc. share certificates, etc. or to perform other acts specified by Cabinet Office Order in connection with a tender offer, on or after the day following the day on which the public notice of the commencement of the tender offer is issued, unless the tender offeror has submitted the tender offer statement to the Prime Minister.

(4) Immediately after the submission of a tender offer statement, the tender offeror must send a copy of the tender offer statement to the issuer of the share certificates, etc. involved in the tender offer (and to any person that has already submitted a tender offer statement for the share certificates, etc. of that issuer as of the day on which the tender offeror submits the tender offer statement), and, if the share certificates, etc. involved in the tender offer fall under a category set forth in any of the following items, the tender offeror must also send a copy of the tender offer statement to the person specified in the relevant item for the category of share certificates, etc. set forth in that item. The necessary particulars relevant to the sending of the copies are specified by Cabinet Office Order:

(i) share certificates, etc. listed on a financial instruments exchange: the

financial instruments exchange; and

(ii) share certificates, etc. specified by Cabinet Order as having equivalent distribution statuses to the share certificates, etc. referred to in the preceding item: the authorized financial instruments firms association specified by Cabinet Order.

(Purchases in Which Securities Are Delivered as the Consideration)

Article 27-4 (1) Except in a case provided for in the following paragraph, if a tender offeror, etc. makes securities the consideration for its purchases, etc. in a tender offer, and a public offering or secondary distribution of the relevant securities is subject to the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2), or the main clause of Article 4, paragraph (3), the tender offeror, etc. must not solicit offers to sell, etc. or perform other acts specified by Cabinet Office Order in connection with the tender offer unless the issuer of the securities provides the Prime Minister with the notification under those provisions at the same time as the submission of the tender offer statement or an amended statement.

(2) In a case referred to in the preceding paragraph, if a shelf registration has been made for the securities referred to in that paragraph, the tender offeror, etc. must not solicit offers to sell, etc. or perform other acts specified by Cabinet Office Order in connection with the tender offer unless the shelf registration has come into effect and the shelf registrant of the Securities submits shelf registration supplements to the Prime Minister at the same time as the submission of the tender offer statement or an amended statement.

(3) Notwithstanding the provisions of paragraph (2) of the preceding Article, in a tender offer that has securities as the consideration for purchase, etc., if the notification under Article 4, paragraphs (1) through (3) has been made or the shelf registration supplements have been submitted for the securities, part of the particulars that are required to be included in a tender offer statement and some of its accompanying documents may be omitted from the tender offer statement to be submitted for the relevant tender offer if that part of the particulars and those accompany documents are specified by Cabinet Office Order.

(Prohibition of Purchases Not through a Tender Offer)

Article 27-5 A tender offeror, etc. must not purchase, etc. share certificates, etc. that are issued by the issuer of the share certificates, etc. involved in the relevant tender offer, other than through that tender offer, during the tender offer period (meaning the period from the day on which it issues the public notice of the commencement of the tender offer to the last day of the purchase, etc. period, and including the extended period, if any; hereinafter the same

applies in this Section); provided, however, that this does not apply in the following cases:

(i) if the contract for effecting a purchase, etc. of share certificates, etc. that are issued by the issuer of the relevant share certificates, etc., other than through that tender offer, is concluded before the public notice of the commencement of the tender offer, and the existence and details of that contract are stated in the tender offer statement;

(ii) if a person set forth in Article 27-2, paragraph (7), item (i) (except one that also falls under the category of persons specified in Article 27-2, paragraph (7), item (ii)) notifies the Prime Minister, pursuant to the provisions of Cabinet Office Order, that the person does not fall under the category of persons specified in Article 27-2, paragraph (7), item (ii); or

(iii) other cases specified by Cabinet Order.

(Changes to the Terms of Purchase for a Tender Offer)

Article 27-6 (1) A tender offeror may not make any of the following changes to the terms of purchase, etc.:

(i) the lowering of the purchase, etc. price (excluding what is implemented if the public notice of the commencement of the tender offer and the tender offer statement states, as one of the terms of purchase, etc., that the purchase, etc. price may be lowered according to the standards specified by Cabinet Office Order if the target company (meaning a target company provided for in Article 27-10, paragraph (1)) conducts a share split or performs any other act specified by Cabinet Order during the tender offer period);

(ii) reduction of the number of share certificates, etc. sought for purchase;

(iii) shortening of the purchase, etc. period; or

(iv) any other changes in the terms of purchase, etc. specified by Cabinet Order.

(2) A tender offeror may make any change to the terms of purchase, etc. other than one that is specified in the items of the preceding paragraph. In this, a tender offeror seeking to make such a change must issue public notice of the details of the change to the terms of purchase, etc. (excluding an extension of the purchase, etc. period, if it is extended pursuant to Article 27-10, paragraph (3)) and other particulars specified by Cabinet Office Order during the tender offer period, pursuant to the provisions of Cabinet Order.

(3) If it is difficult for a tender offeror to issue the public notice under the preceding paragraph by the last day of the tender offer period, the tender offeror must publicly announce the details and the particulars specified in the preceding paragraph pursuant to the provisions of Cabinet Office Order, and issue a public notice based on the rules provided for in the preceding

paragraph immediately after that.

(Amendment of a Public Notice of the Commencement of a Tender Offer)

Article 27-7 (1) If a tender offeror that has issued a public notice of the commencement of a tender offer (including a public notice under paragraph (2) or (3) of the preceding Article and a public announcement under Article 27-6, paragraph (3); the same applies in the following paragraph) finds a formal deficiency in the content of the relevant notice or finds that the content of the notice conflicts with the facts of the matter, the tender offeror must amend its content and issue a public notice or a public announcement pursuant to the provisions of Cabinet Office Order.

(2) If the Prime Minister finds it to be necessary for a public notice of the Commencement of a tender offer to be amended, the Prime Minister may order the tender offeror that issued the public notice of the commencement of the tender offer to issue a public notice or a public announcement of the details of the amendment pursuant to the provisions of Cabinet Office Order, within the time limit designated by the Prime Minister.

(3) A disposition under the preceding paragraph may not be reached after the last day of the tender offer period (including the period by which it is required to be extended pursuant to paragraph (8) of the following Article).

(Submission of an Amended Statement in Connection with a Tender Offer Statement)

Article 27-8 (1) If a tender offeror that has submitted a tender offer statement (including any amended statement in connection with it; hereinafter the same applies in this Article) finds that there is a formal deficiency in the tender offer statement, that its content conflicts with the facts of the matter, that it insufficiently states or omits a statement as to a particular that is required to be stated, or that it insufficiently states or omits a statement as to a fact that is necessary to prevent it from being misleading, the tender offeror must submit an amended statement to the Prime Minister, pursuant to the provisions of Cabinet Office Order.

(2) If, on or after the day on which a tender offer statement is submitted and before the last day of the tender offer period, the terms of purchase, etc. change (other than an extension of the purchase, etc. period under Article 27-10, paragraph (3)), any other material particular that is required to be stated in a tender offer statement changes, or any other circumstance specified by Cabinet Office Order arises that requires the tender offer statement to be amended, the tender offeror that submitted the tender offer statement must immediately submit an amended statement to the Prime Minister pursuant to the provisions of Cabinet Office Order.

(3) If Prime Minister finds it to be clear that any of the following facts have occurred, the Prime Minister may order the tender offeror that submitted the tender offer statement to submit an amended statement within the time limit designated by the Prime Minister:
(i) the tender offer statement contains a formal deficiency;
(ii) the terms of purchase, etc. stated in the tender offer statement do not comply with the provisions of this Section;
(iii) the change in the terms of purchase, etc. that is stated in the amended statement violates Article 27-6, paragraph (1); or
(iv) the tender offer statement insufficiently states particulars that are required to be stated in a tender offer statement.

(4) Except in a case under the provisions of the preceding paragraph, on discovering any of the following facts to have occurred, the Prime Minister may order a tender offeror that has submitted a tender offer statement to submit an amended statement within the time limit designated by the Prime Minister. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing:
(i) the tender offer statement contains a false statement regarding a material particular; or
(ii) the tender offer statement lacks a statement of a material particular that is required to be stated or lacks a statement of a material fact that is necessary to prevent it from being misleading.

(5) A disposition under paragraph (3) may not be reached after the last day of the tender offer period (including the period by which it is required to be extended pursuant to paragraph (8); the same applies in paragraph (7)) (or, for a disposition resulting in an amended statement being submitted after the last day of the tender offer period, after the day on which five years have elapsed since the day following the last day of the tender offer period), and a disposition under the preceding paragraph may not be reached after the day on which five years have elapsed since the day following the last day of the tender offer period.

(6) The provisions of Article 27-3, paragraph (4) apply mutatis mutandis if an amended statement is submitted pursuant to the provisions of paragraphs (1) through (4).

(7) If a disposition under paragraph (3) or (4) is reached during the tender offer period, the tender offeror, etc. must not solicit offers to sell, etc. or perform any other act specified by Cabinet Office Order for the tender offer until the amended statement required by the disposition is submitted.

(8) If an amended statement under paragraph (1) or (2) is submitted or an order to submit an amended statement under paragraph (3) or (4) is issued during

the tender offer period, except in a case specified by Cabinet Office Order, the tender offeror must extend the purchase, etc. period in that tender offer by a period specified by Cabinet Office Order and immediately issue public notice of this or publicly announce it, pursuant to the provisions of Cabinet Office Order.

(9) If the purchase, etc. period in a tender offer is required to be extended pursuant to the preceding paragraph, the tender offeror must not acquire the share certificates, etc. subject to the tender offer or conduct other settlement procedures for the tender offer until the last day of the required period of extension.

(10) If the purchase, etc. period in a tender offer is required to be extended pursuant to paragraph (8), the provisions of Article 27-5 apply mutatis mutandis until the last day of the required period of extension.

(11) If a tender offeror submits an amended statement pursuant to the provisions of paragraphs (1) through (4), it must issue public notice of the contents stated in the amended statement that pertain to the contents stated in the tender offer statement, pursuant to the provisions of Cabinet Order, or publicly announce them pursuant to the provisions of Cabinet Office Order; provided, however, that this does not apply if the tender offeror has issued the public notice under Article 27-6, paragraph (2) or issued a public notice and public announcement under Article 27-6, paragraph (3), nor does it apply if the tender offeror has submitted an amended statement under paragraph (1) that is specified by Cabinet Office Order as one whose content is of minor importance.

(12) The preceding Article applies mutatis mutandis to a public notice or public announcement under paragraph (8) or the preceding paragraph.

(Preparation and Delivery of a Tender Offer Explanation)

Article 27-9 (1) A tender offeror must prepare a document that states the particulars specified by Cabinet Office Order from among the particulars that are required to be stated in a tender offer statement and the particulars that are specified by Cabinet Office Order as necessary and appropriate in the public interest or for the protection of investors (hereinafter referred to as a "tender offer explanation" in this Section and Articles 197-2 and 200), pursuant to the provisions of Cabinet Office Order.

(2) If, with regard to particulars that are stated in a tender offer statement (excluding particulars required to be stated in a public notice of the commencement of a tender offer; hereinafter the same applies in this paragraph) among particulars that are required to be stated in a tender offer explanation based on the preceding paragraph, a tender offeror states in a tender offer explanation that reference should be made to the tender offer statement and also states particulars specified by Cabinet Office Order as

those necessary for investors when inspecting the particulars stated in the tender offer statement, the tender offeror is deemed to have stated in a tender offer explanation those particulars stated in the tender offer statement.

(3) When effecting a purchase, etc. of share certificates, etc. through a tender offer, the tender offeror must deliver a tender offer explanation to a person seeking to sell, etc. those share certificates, etc., pursuant to the provisions of Cabinet Office Order.

(4) If a tender offeror has submitted an amended statement pursuant to the provisions of paragraphs (1) through (4) of the preceding Article, it must immediately amend the tender offer explanation pursuant to the provisions of Cabinet Office Order and deliver the amended tender offer explanation to any person to which the tender offer explanation has already been delivered, except in cases specified by Cabinet Office Order as where the amended statement has only a minor influence on investors' investment decision.

(Submission of a Target Company's Position Statement and Tender Offeror's Answer)

Article 27-10 (1) The issuer of the share certificates, etc. involved in a tender offer (hereinafter referred to as the "target company" in this Section and Article 27-30-11, paragraph (4)), pursuant to the provisions of Cabinet Office Order, must submit a document that states its opinion about the tender offer and other particulars specified by Cabinet Office Order (hereinafter referred to as the "target company's position statement") to the Prime Minister within a period specified by Cabinet Order from the date on which the public notice of the commencement of the tender offer is issued.

(2) The target company may include the following particulars in the target company's position statement, in addition to its opinion about the tender offer:

(i) questions for the tender offeror; or

(ii) a request for an extension of the purchase, etc. period indicated in the public notice of the commencement of the tender offer to the period specified by Cabinet Order (but only if the purchase, etc. period is shorter than the period specified by Cabinet Order).

(3) If the request set forth in item (ii) of the preceding paragraph has been included in the target company's position statement pursuant to the preceding paragraph and the Prime Minister makes the target company's position statement available for public inspection pursuant to Article 27-14, paragraph (1), the tender offeror must extend the purchase, etc. period to the period specified by Cabinet Order.

(4) If a target company makes the request set forth in paragraph (2), item (ii) in the target company's position statement under paragraph (2), the target company, pursuant to the provisions of Cabinet Order, must issue public notice

of the purchase, etc. period after the extension under the preceding paragraph, and of the other particulars specified by Cabinet Office Order, by the day following the last day of the period set forth in paragraph (1).

(5) If a target company that issues the public notice under the preceding paragraph (hereinafter referred to as the "public notice of a request for a period extension" in the following paragraph) finds a formal deficiency in the content of that public notice or finds that its content conflicts with the facts of the matter, the target company must amend this content and issue a public notice or a public announcement pursuant to the provisions of Cabinet Office Order.

(6) If the Prime Minister finds it to be necessary for the public notice of a request for a period extension to be amended, the Prime Minister, pursuant to the provisions of Cabinet Office Order, may order the target company that issued that public notice to issue a public notice or public announcement of the details of the amended statement within the time limit designated by the Prime Minister.

(7) A disposition under the preceding paragraph may not be reached after the last day of the tender offer period (including the period by which it is required to be extended pursuant to Article 27-8, paragraph (8)).

(8) The provisions of Article 27-8, paragraphs (1) through (5) (excluding Article 27-8, paragraph (3), items (ii) and (iii)) apply mutatis mutandis to a target company's position statement. In this case, in Article 27-8, paragraph (1), the term "tender offeror" is deemed to be replaced with "target company as defined in Article 27-10, paragraph (1)" and the term "amended statement" is deemed to be replaced with "amended report"; in Article 27-8, paragraph (2), the phrase "the terms of purchase, etc. change" is deemed to be replaced with "opinion about the tender offer changes", the term "tender offeror" is deemed to be replaced with "target company defined in Article 27-10, paragraph (1)", and the term "amended statement" is deemed to be replaced with "amended report"; in Article 27-8, paragraphs (3) and (4), the term "tender offeror" is deemed to be replaced with "target company defined in Article 27-10, paragraph (1)" and the term "amended statement" is deemed to be replaced with "amended report"; and in Article 27-8, paragraph (5), the phrase "A disposition under paragraph (3)" is deemed to be replaced with "A disposition under paragraph (3) as applied mutatis mutandis pursuant to Article 27-10, paragraph (8)", the term "amended statement" is deemed to be replaced with "amended report", and the phrase "disposition under the preceding paragraph" is deemed to be replaced with "disposition under the preceding paragraph as applied mutatis mutandis pursuant to Article 27-10, paragraph (8)".

(9) Immediately after submitting a target company's position statement, the target company in a tender offer must send a copy of the target company's

position statement to the tender offeror involved in the tender offer (and to any person that has already submitted a tender offer statement for share certificates, etc. of which the target company is the issuer as of the day on which it submits the target company's position statement), and, if the share certificates, etc. involved in the tender offer fall under a category set forth in any of the items of Article 27-3, paragraph (4), the target company must also send a copy of the target company's position statement to the person specified in the relevant item for the category of share certificates, etc. set forth in that item.

(10) The preceding paragraph applies mutatis mutandis if an amended report is submitted pursuant to Article 27-8, paragraphs (1) through (4) as applied mutatis mutandis pursuant to paragraph (8).

(11) If a question referred to in paragraph (2), item (i) has been included in a target company's position statement, a tender offeror that receives a copy of the target company's position statement pursuant to paragraph (9) must submit a document, pursuant to the provisions of Cabinet Office Order, stating an answer to the question (or, if it finds that it is not necessary to answer the question, the reason why it finds this to be so) and other particulars specified by Cabinet Office Order (hereinafter referred to as the "tender offeror's answer") to the Prime Minister within a period specified by Cabinet Order from the date on which it receives the copy of the target company's position statement.

(12) The provisions of Article 27-8, paragraphs (1) through (5) (excluding Article 27-8, paragraph (3), items (ii) and (iii)) apply mutatis mutandis to a tender offeror's answer. In this case, in Article 27-8, paragraph (1), the term "amended statement" is deemed to be replaced with "amended report"; in Article 27-8, paragraph (2), the phrase "terms of purchase, etc. change" is deemed to be replaced with "answer changes" and the term "amended statement" is deemed to be replaced with "amended report"; in Article 27-8, paragraphs (3) and (4), the term "amended statement" is deemed to be replaced with "amended report"; and in Article 27-8, paragraph (5), the phrase "A disposition under paragraph (3)" is deemed to be replaced with "A disposition under paragraph (3) as applied mutatis mutandis pursuant to Article 27-10, paragraph (12)", the term "amended statement" is deemed to be replaced with "amended report", and the phrase "disposition under the preceding paragraph" is deemed to be replaced with "disposition under the preceding paragraph as applied mutatis mutandis pursuant to Article 27-10, paragraph (12)".

(13) Immediately after submitting a tender offeror's answer, the tender offeror must send a copy of the tender offeror's answer to the target company (and to any person that has already submitted a tender offer statement for share certificates, etc. of which the target company is the issuer as of the day on

which it submits the tender offeror's answer), and, if the share certificates, etc. involved in the tender offer fall under a category set forth in any of the items of Article 27-3, paragraph (4), the tender offeror must also send a copy of the tender offeror's answer to the person specified in the relevant item for the category of share certificates, etc. set forth in that item.

(14) The provisions of the preceding paragraph apply mutatis mutandis if an amended report is submitted pursuant to Article 27-8, paragraphs (1) through (4) as applied mutatis mutandis pursuant to paragraph (12).

(Tender Offer Withdrawal and Cancellation of Contracts by the Tender Offeror)

Article 27-11 (1) A tender offeror may not withdraw offers or cancel contracts in connection with a tender offer (hereinafter collectively referred to as "tender offer withdrawal, etc." in this Section) after having issued public notice of the commencement of the tender offer; provided, however, that this does not apply if the tender offeror states as one of the terms of purchase, etc. in the public notice of the commencement of the tender offer and in the tender offer statement that the tender offer may be withdrawn if a material change occurs in the business or property of the issuer of the share certificates, etc. that are involved in the tender offer or in its subsidiary (meaning a subsidiary as defined in Article 2, item (iii) of the Companies Act) or any other circumstance occurs that would significantly compromise its ability to achieve the purpose of the tender offer (limited to circumstances specified by Cabinet Order), or if an order to commence bankruptcy proceedings is issued against the tender offeror or any other material change in circumstances specified by Cabinet Order occurs.

(2) If the tender offeror seeks to effect a tender offer withdrawal, etc. under the proviso to the preceding paragraph, the tender offeror must issue a public notice indicating that it will effect a tender offer withdrawal, etc., the reason for this, and other particulars specified by Cabinet Office Order by the last day of the tender offer period, pursuant to the provisions of Cabinet Order; provided, however, that if it is difficult for the tender offeror to issue such a public notice by the last day of the tender offer period, the tender offeror is to issue a public announcement of the details that are required to be stated in the public notice, pursuant to the provisions of Cabinet Office Order, and issue the public notice immediately following.

(3) A person issuing a public notice or public announcement under the preceding paragraph must submit a document to the Prime Minister, pursuant to the provisions of Cabinet Office Order, in which it states the details that are required to be stated in the public notice provided for in the preceding paragraph and other particulars specified by Cabinet Office Order (hereinafter referred to as a "written tender offer withdrawal notice" in this Section and

Articles 197 and 197-2) on the day on which that person issues the public notice or public announcement.

(4) The provisions of Article 27-3, paragraph (4) apply mutatis mutandis to a written tender offer withdrawal notice. In this case, in Article 27-3, paragraph (4), the phrase "the issuer of the share certificates, etc. involved in the tender offer is made (and to any person that has already submitted a tender offer statement for the share certificates, etc. of that issuer as of the day on which the tender offeror submits the tender offer statement)" is deemed to be replaced with "the issuer of the share certificates, etc. involved in the tender offer".

(5) A tender offer withdrawal, etc. comes into effect only if public notice is given pursuant to paragraph (2). In this, the tender offer withdrawal, etc. comes into effect at the time at which the public notice is given (or at the time when the public announcement is made, if the public announcement and the public notice are given pursuant to the proviso to paragraph (2)).

(Cancellation of a Contract by a Tendering Shareholder)

Article 27-12 (1) A tendering shareholder, etc. (meaning a person that accepts an offer to purchase, etc. the share certificates, etc. involved in a tender offer or that offers to sell, etc. them; hereinafter the same applies in this Section) may cancel a contract involving a tender offer at any time during the tender offer period (including the period that is required to be extended pursuant to Article 27-8, paragraph (8); the same applies in paragraphs (1) and (4) of the following Article, Article 27-14, paragraph (1), and Article 27-21, paragraph (1), item (ii) and paragraph (2), item (ii)).

(2) If a public notice of the commencement of a tender offer and a tender offer statement includes the condition that any cancellation of a contract connected with the tender offer be done by a means specified by Cabinet Order, a tendering shareholder, etc. that cancels a contract pursuant to the preceding paragraph must do so by that means. In this, the cancellation of the contract comes into effect at the time specified by Cabinet Order.

(3) If a tendering shareholder, etc. cancels a contract pursuant to paragraph (1), the tender offeror may not request the tendering shareholder, etc. to pay damages or penalties, and if the tender offeror is having a financial instruments business operator or a bank, etc. manage the tendered share certificates, etc. (meaning share certificates, etc. that the tendering shareholders, etc. sell, etc. in response to the tender offer; hereinafter the same applies in this Section), the tender offeror bears the cost required to return them.

(Public Notice of the Number of Tendered Share Certificates in a Tender Offer

and Submission of a Tender Offer Report)

Article 27-13 (1) A tender offeror, pursuant to the provisions of Cabinet Order, must issue a public notice or public announcement of the number of tendered share certificates, etc. and other particulars specified by Cabinet Office Order on the day following the last day of the tender offer period; provided, however, that this does not apply if a public notice has been issued pursuant to Article 27-11, paragraph (2).

(2) A Tender offeror issuing a public notice or public announcement under the main clause of the preceding paragraph must submit a document to the Prime Minister, pursuant to the provisions of Cabinet Office Order, in which it states the details of that public notice or public announcement and other particulars specified by Cabinet Office Order (hereinafter referred to as a "tender offer report" in this Section and Article 197, paragraph (1), item (iii) and Article 197-2, paragraph (1), item (v)) on the day on which it issues the public notice or public announcement; provided, however, that if the day on which the person is required to submit the tender offer report (hereinafter referred to as the "date of submission" in this paragraph) falls on a Sunday or other day specified by Cabinet Office Order (hereinafter referred to as "Sunday, etc." in this paragraph), that person is to submit the tender offer report on the first day that comes after the date of submission, other than Sunday, etc.

(3) The provisions of Article 27-3, paragraph (4) and Article 27-8, paragraphs (1) through (6) apply mutatis mutandis to a tender offer report. In this case, in Article 27-3, paragraph (4), the phrase "the tender offeror is to send a copy of the tender offer statement to the issuer of the share certificates, etc. involved in the tender offer (and to any person that has already submitted a tender offer statement for the share certificates, etc. of that issuer as of the day on which the tender offeror submits the tender offer statement)" is deemed to be replaced with "the issuer of the share certificates, etc. involved in the tender offer"; in Article 27-8, paragraph (1), the term "amended statement" is deemed to be replaced with "amended report"; in Article 27-8, paragraph (2), the phrase "submitted and before the last day of the tender offer period, the terms of purchase, etc. change (other than an extension of the purchase, etc. period under Article 27-10, paragraph (3)), any other material particular that is required to be stated in a tender offer statement changes, or any other circumstance specified by Cabinet Office Order arises that requires the tender offer statement to be amended" is deemed to be replaced with "submitted, the number of share certificates, etc. for which a purchase, etc. will be made is fixed by the pro rata method set forth in Article 27-13, paragraph (5)" and the term "amended statement" is deemed to be replaced with "amended report"; in Article 27-8, paragraph (3), the term "amended statement" is deemed to be replaced with "amended report", the term "terms of purchase, etc." is deemed to

be replaced with "delivery and other settlement methods", the phrase "the provisions of this section" is deemed to be replaced with "Article 27-13, paragraphs (4) and (5)", the phrase "the change in the terms of purchase, etc. that is stated in the amended statement violates Article 27-6, paragraph (1)" is deemed to be replaced with "the result of calculations for deciding the number of share certificates, etc. being purchased, etc. contravenes the pro rata method specified by Cabinet Office Order that is stipulated in Article 27-13, paragraph (5)"; in Article 27-8, paragraph (4), the term "amended statement" is deemed to be replaced with "amended report"; in Article 27-8, paragraph (5), the phrase "disposition under paragraph (3)" is deemed to be replaced with "disposition under paragraph (3) and the preceding paragraph as applied mutatis mutandis pursuant to Article 27-13, paragraph (3)" and the phrase "the last day of the tender offer period (including the period by which it is required to be extended pursuant to paragraph (8); the same applies in paragraph (7)) (or, for a disposition resulting in an amended statement being submitted after the last day of the tender offer period, after the day on which five years have elapsed since the day following the last day of the tender offer period), and the disposition under the preceding paragraph may not be reached after the day on which five years have elapsed since the day following the last day of the tender offer period" is deemed to be replaced with "the day on which five years have elapsed since the day following the last day of the tender offer period"; and in Article 27-8, paragraph (6), the term "amended statement" is deemed to be replaced with "amended report" and the phrase "paragraphs (1) through (4)" is deemed to be replaced with "paragraphs (1) through (4) as applied mutatis mutandis pursuant to Article 27-13, paragraph (3)".

(4) Unless a tender offeror, during the tender offer period, effects a tender offer withdrawal, etc. pursuant to the proviso to Article 27-11, paragraph (1) for all of the tendered share certificates, etc., or unless the tender offeror has included one of the following conditions in the public notice of the commencement of the tender offer and in the tender offer statement (if the tender offeror has included the condition referred to in item (ii), this is only if the ownership ratio of share certificates, etc. (meaning ownership ratio of share certificates, etc. as defined in Article 27-2, paragraph (8)), in terms of the share certificates, etc. that the tender offeror will hold after the tender offer (if the tender offeror has a specially related party as specified in Article 27-2, paragraph (1), item (i), the ownership ratio of share certificates, etc. as defined in Article 27-2, paragraph (8), in terms of the share certificates, etc. that specially related party holds, is added to calculate this) will be below the proportion specified by Cabinet Order), the tender offeror must acquire or otherwise effect settlement procedures for its purchase, etc. based on the terms of purchase, etc. it has stated in the public notice of the commencement of the tender offer and in the

tender offer statement (or, if it has changed the terms of purchase, etc. in accordance with a public notice under Article 27-6, paragraph (2) or a public announcement and public notice under Article 27-6, paragraph (3), based on the terms of purchase, etc. after the change) for all tendered share certificates, etc.:

(i) that if the total number of tendered share certificates, etc. does not reach the number of share certificates, etc. designated in advance in the public notice of the commencement of the tender offer and in the tender offer statement as the whole number of share certificates, etc. sought for purchase or a portion of them, the tender offeror will not purchase, etc. any of the tendered share certificates, etc.; or

(ii) that if the total number of tendered share certificates, etc. exceeds the number of share certificates, etc. sought for purchase, the tender offeror will not purchase, etc. tendered share certificates, etc. in excess of the number of share certificates, etc. sought for purchase.

(5) If the condition specified in item (ii) of the preceding paragraph has been given, and the total number of tendered share certificates, etc. exceeds the number of share certificates, etc. sought for purchase, the tender offeror must acquire share certificates, etc. and effect other settlement procedures for their purchase, etc. using the pro rata method specified by Cabinet Office Order (hereinafter referred to as the "pro rata method" in this Section).

(Public Inspection of a Tender Offer Statement)

Article 27-14 (1) The Prime Minister must make a tender offer statement (including any amended statement in connection with it; the same applies in paragraph (1) of the following Article), written tender offer withdrawal notice, tender offer report, target company's position statement, and tender offeror's answer (including any amended report in connection with them; the same applies in paragraph (1) of the following Article) available for public inspection, pursuant to the provisions of Cabinet Office Order, during the period from the day that the Prime Minister accepts them to the day on which five years have elapsed since the day following the last day of the tender offer period in the relevant tender offer.

(2) Pursuant to the provisions of Cabinet Office Order, a person that has submitted a document prescribed in the preceding paragraph (hereinafter referred to as a " document for public inspection" in this Article) (such a person is hereinafter referred to as the "submitter" in this Article) must keep a copy of that document for public inspection at its head office or principal office and make it available for public inspection during the period that the Prime Minister makes that public document available for public inspection pursuant to the preceding paragraph.

(3) Pursuant to the provisions of Cabinet Office Order, financial instruments exchanges and the authorized financial instruments firms associations specified by Cabinet Order must keep copies of the documents for public inspection that have been sent pursuant to Article 27-3, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27-8, paragraph (6), Article 27-11, paragraph (4) and paragraph (3) of the preceding Article), Article 27-10, paragraph (9) (including as applied mutatis mutandis pursuant to Article 27-10, paragraph (10)), and Article 27-10, paragraph (13) (including as applied mutatis mutandis pursuant to Article 27-10, paragraph (14)) at their offices and make them available for public inspection during the period that the Prime Minister makes those documents available for public inspection pursuant to the provisions of paragraph (1).

(4) Beyond what is provided for in the preceding three paragraphs, the necessary matters relevant to the public inspection referred to in paragraph (1) are specified by Cabinet Office Order.

(5) Notwithstanding the provisions of paragraph (1), if the Prime Minister issues any of the following dispositions, the Prime Minister may decide not to make all or part of the documents for public inspection that are connected with the disposition available for public inspection:

(i) an order to submit an amended statement under the provisions of Article 27-8, paragraph (3) or (4);

(ii) an order to submit an amended report under Article 27-8, paragraph (3) or (4) as applied mutatis mutandis pursuant to Article 27-10, paragraph (8) or (12), or paragraph (3) of the preceding Article.

(6) In a case referred to in the preceding paragraph, the Prime Minister is to notify the submitter that makes the copies of the documents for public inspection available for public inspection pursuant to paragraph (2), as well as the financial instruments exchanges or the authorized financial instruments firms associations specified by Cabinet Order which are referred to in paragraph (3), which make copies of the documents for public inspection available for public inspection pursuant to the provisions of paragraph (3), that the Prime Minister has decided that all or part of the documents for public inspection will not be made available for public inspection.

(7) If a submitter or a financial instruments exchange or authorized financial instruments firms association has been notified by the Prime Minister pursuant to the provisions of the preceding paragraph, the provisions of paragraphs (2) and (3) do not apply after that time to the copies of the documents for public inspection to which the notice concerns.

(Prohibition on Presuming the Veracity of a Tender Offer Statement)

Article 27-15 (1) No person may deem, due to the fact that a tender offer

statement, written tender offer withdrawal notice, tender offer report, target company's position statement, or tender offeror's answer has been accepted, that the Prime Minister has certified a statement contained in these documents to be true and accurate, or that the Prime Minister has certified that these documents has not omitted a statement of a material particular.

(2) It is not permitted for the tender offeror, etc. or the target company to make a representation that is in violation of the preceding paragraph.

(Compensatory Liability for Violations Connected with a Tender Offer)

Article 27-16 The provisions of Article 16 apply mutatis mutandis to a person that violates the provisions of Article 27-3, paragraph (3) or Article 27-8, paragraph (7) in performing an act specified by Cabinet Office Order, or that violates the provisions of Article 27-9, paragraph (33) or (44) in effecting a purchase, etc. of share certificates, etc. In this case, in Article 16, the phrase "the person that acquires the securities" is deemed to be replaced with "the person that conducts a salesale, etc. (meaning a sale, etc. provided for in Article 27-2, paragraph (6)) of share certificates, etc. (meaning share certificates, etc. provided for in Article 27-2, paragraph (1)) in response to a tender offer (meaning a tender offer provided for in Article 27-3, paragraph (1))".

Article 27-17 (1) A tender offeror, etc. that violates the provisions of Article 27-5 (including as applied mutatis mutandis pursuant to Article 27-8, paragraph (10); hereinafter the same applies in this paragraph) in effecting a purchase, etc. of share certificates, etc. is liable to compensate for damage sustained by a person that sells, etc. its share certificates, etc. in response to the tender offer (excluding persons that sell, etc. share certificates, etc. to which Article 27-5 is applicable and the part of the persons that are prescribed in paragraph (2), item (i) of the following Article).

(2) The amount of compensation for which the tender offeror, etc. is liable pursuant to the preceding paragraph is the price that the tender offeror, etc. pays at the time it effects a purchase, etc. referred to in the preceding paragraph (this includes providing a benefit equivalent to such a price, and if prices are not the same for all purchases, etc., the most favorable of them is used) less the tender offer price (meaning the purchase, etc. price stated in the public notice of the commencement of the tender offer and tender offer statement, or, if the tender offeror, etc. changes the purchase, etc. price pursuant to a public notice or public announcement under Article 27-6, paragraph (2) or (3), this means the purchase, etc. price after the change; hereinafter the same applies in this Section), multiplied by the number of tendered share certificates, etc. of a claimant under the preceding paragraph

(excluding tendered share certificates, etc. that could not have been sold, etc. through the pro rata method; the same applies in paragraph (2) of the following Article and Article 27-20, paragraph (2)).

Article 27-18 (1) A person that, in acquiring share certificates, etc. or effecting other settlement procedures for a purchase, etc. of share certificates, etc. through a tender offer (hereinafter referred to as a "tender offer purchaser" in this Article) violates the provisions of Article 27-13, paragraph (4), is liable to compensate for damage sustained by a person that sells, etc. its share certificates, etc. in response to the tender offer (in a case set forth in item (i) of the following paragraph, this excludes a person that sells, etc. its share certificates, etc. at a price that is more favorable than the tender offer price (this includes being provided with a benefit equivalent to such a price; hereinafter the same applies in this Article); and in a case set forth in item (ii) of the following paragraph, it includes a person that could not sell, etc. its share certificates, etc. due to the tender offer purchaser's use of the different method referred to in item (ii)).

(2) In the following cases, the amount of compensation for which a tender offer purchaser is liable pursuant to the preceding paragraph is the amount specified in the relevant of the following items for the category set forth in that item:

(i) if the tender offer purchaser only purchases, etc. share certificates, etc. at a price that is more favorable than the tender offer price from a part of the persons that sell, etc. their share certificates, etc. in response to the tender offer: the favorable price (if two or more favorable prices are used for the purchases, etc., the most favorable price) less the tender offer price, multiplied by the number of tendered share certificates, etc. of a claimant under the preceding paragraph; and

(ii) if the tender offer purchaser purchases, etc. share certificates, etc. through a method that is different from the pro rata method stated in the tender offer statement: the number of share certificates, etc. that should have been purchased, etc. from a claimant under the preceding paragraph, as calculated using that pro rata method, less the number of share certificates, etc. that the tender offer purchaser actually purchased, etc. from the claimant (or, if the tender offer purchaser did not purchase, etc. any share certificates, etc. from the claimant, the number of the share certificates, etc. that should have been purchased, etc. from the claimant, as calculated using that pro rata method), multiplied by the difference between the tender offer price (or the price paid by the tender offeror as specified in Article 27-17, paragraph (2), in a case to which paragraph (1) of the preceding Article is also applicable; the favorable price referred to in the preceding item, in a case to which the

preceding item is also applicable; or the more favorable of these prices, in a case to which both Article 27-17, paragraph (1) and the preceding item are also applicable) and the market price of the share certificates, etc. at the time the claimant claims damages under the preceding paragraph (this is the estimated disposal price, if there is no market price for the share certificates, etc., or the disposal price, if the share certificates, etc. are disposed of prior to the claim being filed).

(Compensatory Liability of a Person Using a Tender Offer Explanation That Contains a False Statement)

Article 27-19 The provisions of Article 17 apply mutatis mutandis to a person that has caused a person to sell, etc. share certificates, etc. through the use of a tender offer explanation (including a tender offer statement if it is stated in the tender offer explanation pursuant to Article 27-9, paragraph (2) that reference should be made to the tender offer statement (including its amended statement; the same applies in the following Article and Article 27-21, paragraph (2), item (i))) or other representation that contains a false statement regarding a material particular, lacks a representation of a material particular that is required to be represented, or lacks a representation of a material fact that is necessary to prevent it from being misleading. In this case, in Article 17, the phrase "a person that acquires the securities" is deemed to be replaced with "a person that conducts a salesale, etc. (meaning a sale, etc. provided for in Article 27-2, paragraph (6)) of share certificates, etc. (meaning share certificates, etc. provided for in Article 27-2, paragraph (1)) in response to a tender offer (meaning a tender offer provided for in Article 27-3, paragraph (1))".

(Compensatory Liability of a Person Issuing a Public Notice of the Commencement of a Tender Offer Which Contains a False Statement)

Article 27-20 (1) The provisions of Article 18, paragraph (1) apply mutatis mutandis to the following persons. In this case, in Article 18, paragraph (1),the phrase "person that acquires the securities through the public offering or secondary distribution" is deemed to be replaced with "person that conducts a sale, etc. (meaning a sale, etc. provided for in Article 27-2, paragraph (6); hereinafter the same applies in this paragraph) of share certificates, etc. (meaning share certificates, etc. provided for in Article 27-2, paragraph (1) hereinafter the same applies in this paragraph) in response to a tender offer (meaning a tender offer provided for in Article 27-3, paragraph (1) hereinafter the same applies in this paragraph)", and in the proviso to that paragraph, the phrase "person that acquires the securities"is deemed to be replaced with "person that sells, etc. its share certificates, etc. in response to the tender

offer", and the phrase "at the time the person offers to acquire the securities" is deemed to be replaced with "at the time the person sells, etc. its share certificates, etc.":

(i) a person that issues a public notice of the commencement of the tender offer or a public notice or public announcement under Article 27-6, paragraph (2) or (3), Article 27-7, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to Article 27-8, paragraph (12)) or Article 27-8, paragraph (8) or (11) (hereinafter collectively referred to as "public notice of the commencement of a tender offer, etc." in this and the following Article) that contains a false representation regarding a material particular, lacks a representation of a material particular that is required to be represented, or lacks a representation of a material fact that is necessary to prevent it from being misleading;

(ii) a person that submits a tender offer statement that contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading;

(iii) a person that prepares a tender offer explanation (including a tender offer explanation amended pursuant to Article 27-9, paragraph (44); hereinafter the same applies in this Article and paragraph (2), item (i) of the following Article) that contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading; and

(iv) a person that submits a tender offeror's answer (including any amended report in connection with this; hereinafter the same applies in this and the following Articles) that contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading.

(2) If the provisions of the preceding paragraph (excluding items (i) and (iv)) are applicable and, in spite of having concluded a contract to purchase, etc., after the last day of the tender offer period, share certificates, etc. that are subject to the tender offer other than through that tender offer, the tender offeror does not state this in the tender offer statement or tender offer explanation but then effects the purchase, etc. under the contract after the last day of the tender offer period, the amount of compensation that the tender offer is liable for to a person that sells, etc. its share certificates, etc. in response to the tender offer (excluding a person that sells, etc. share certificates, etc. pursuant to such a contract, a person that sells, etc. share certificates, etc. to which Article 27-5 is applicable, and the part of the persons referred to in Article 27-18, paragraph

(2), item (i)) is the price at which the tender offeror, etc. purchases, etc. them (this includes providing a benefit equivalent to such a price, and if prices are not the same for all purchases, etc., the most favorable of them is used) less the tender offer price, multiplied by the number of tendered share certificates, etc. of the claimant under Article 18, paragraph (1) as applied mutatis mutandis pursuant to the preceding paragraph.

(3) Except for cases to which the preceding paragraph is applicable, the persons specified in the following items are jointly and severally liable for compensation under paragraph (1) with the persons set forth in the items of paragraph (1); provided, however, that this does not apply if the person specified in the following items proves that it did not know, and in the exercise of reasonable care could not have known, that the statement was false or had been omitted:

(i) the specially related party (limited to a person specified in Article 27-2, paragraph (7), item (ii)) of a person set forth in any of the items of paragraph (1); and

(ii) if a person set forth in any of the items of paragraph (1) is a corporation or other organization, its director, accounting advisor, company auditor, executive officer, board member, auditor, or person equivalent thereto, at the time it submitted the public notice of the commencement of the tender offer, etc., the tender offer statement, or the tender offeror's answer, or at the time it prepared the tender offeror explanation.

(Prescription of the Right to Claim Compensation Due to a Violation of Provisions Relevant to a Tender Offer)

Article 27-21 (1) A claim under the provisions of Article 27-17, paragraph (1) or a claim under the provisions Article 27-18, paragraph (1) in a case to which the provisions of Article 27-18, paragraph (2) is applicable extinguishes by prescription in the following cases:

(i) when the claim is not exercised for one year from the time when the claimant comes to know, or in exercise of reasonable care could have come to know, of the presence of the violation; or

(ii) when the claim is not exercised for five years that runs from the day following the last day of the tender offer period for the relevant tender offer.

(2) A claim under Article 27-20, paragraph (1) in a case to which paragraph (2) of the preceding Article is applicable extinguishes by prescription in the following cases:

(i) when the claim is not exercised for one year starting from the time when the claimant comes to know, or in exercise of reasonable care could have come to know, that the public notice of the commencement of the tender offer, etc., tender offer statement, tender offer explanation, or tender offeror's answer

contains a false statement or false representation regarding a material particular, lacks a statement of a material particular that is required to be stated or represented, or lacks a statement of a material fact that is necessary to prevent it from being misleading; or

(ii) when the claim is not exercised for a period of five years that runs from the day following the last day of the tender offer period for the relevant tender offer.

(Collection of Reports and Inspection of a Tender Offeror)

Article 27-22 (1) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a tender offeror, a person that is found to be required to purchase, etc. share certificates, etc. through a tender offer pursuant to the main clause of Article 27-2, paragraph (1), a specially related party of either of these persons, or any other concerned party or witness, to submit reports or materials that should serve as a reference, and may have the relevant officials inspect these persons' books, documents, and any other articles.

(2) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a person that has submitted a target company's position statement, a person that is found to be required to submit the same, or any other concerned party or witness, to submit reports or materials that should serve as a reference, and may have the relevant officials inspect these persons' books, documents, and any other articles.

(3) If the Prime Minister finds it necessary with regard to the order for report or submission of materials or the inspection under the preceding two paragraphs, the Prime Minister may make inquiries to public offices or public or private organizations and request them to report necessary matters.

Section 2 Tender Offers for Listed Share Certificates by the Issuer

(Tender Offers for Listed Share Certificates by the Issuer)

Article 27-22-2 (1) A purchase, etc. (meaning a purchase or other acquisition for value; hereinafter the same applies in this Article and the following Article) of listed share certificates, etc. made outside a financial instruments exchange market by the issuer of those listed share certificates, etc. must be conducted through tender offer, if the purchase, etc. falls under any of the following purchases; provided, however, that this does not apply to a purchase, etc. made through a transaction specified by Cabinet Order as being equivalent to a purchase and sale, etc. of securities on a financial instruments exchange market:

(i) a purchase, etc. under Article 156, paragraph (1) of the Companies Act (including as applied pursuant to Article 165, paragraph (3) of that Act following the deemed replacement of terms; hereinafter the same applies in this item) or under the provisions of other laws and regulations specified by Cabinet Order as being equivalent to Article 156, paragraph (1) of that Act (unless the issuer gives the notice under Article 158, paragraph (1) of that Act as provided in Article 160, paragraph (1) of that Act); or

(ii) a purchase, etc. made by an issuer of listed share certificates, etc. that is a foreign company, which is specified by Cabinet Order as a purchase, etc. made by a method that enables a large number of persons to learn the particulars concerning the purchase, etc.

(2) The provisions of Article 27-2, paragraphs (2) through (6); Article 27-3 (excluding the second sentence of paragraph (1) and paragraph (2), item (ii)); Article 27-4; Article 27-5 (limited to the part other than those listed in each item; the same applies in paragraph (5) and Article 27-22-3, paragraph (5)); Articles 27-6 through 27-9 (excluding Article 27-8, paragraphs (6), (10), and (12)); Articles 27-11 through 27-15 (excluding Article 27-11, paragraph (4) and Article 27-13, paragraph (3) and paragraph (4), item (i)); Article 27-17; Article 27-18; Article 27-21, paragraph (1); and the preceding Article (excluding paragraph (2)) apply mutatis mutandis if a purchase, etc. is conducted through a tender offer pursuant to the preceding paragraph. In this case, in these provisions (excluding Article 27-3, paragraph (4) and the proviso to Article 27-11, paragraph (1)), the term "share certificates, etc." is deemed to be replaced with "listed share certificates, etc."; in Article 27-2, paragraph (6), the phrase "sell, etc. them (meaning effecting a sale or other transfer for consideration; hereinafter the same applies in this Chapter)" is deemed to be replaced with "sell, etc. them"; in Article 27-3, paragraph (2), the phrase "the following particulars" is deemed to be replaced with "the particulars set forth in items (i) and (iii) below"; in Article 27-3, paragraph (2), item (i), the phrase "purchase, etc. period (including the detail indicated in the public notice pursuant to the second sentence of the preceding paragraph)" is deemed to be replaced with "purchase, etc. period"; in Article 27-3, paragraph (3), the phrase "a tender offeror, the specially related party of a tender offeror (meaning a specially related party as defined in Article 27-2, paragraph (7); hereinafter the same applies in this Section), or any other relevant party specified by Cabinet Order" is deemed to be replaced with "a tender offeror or any other relevant party specified by Cabinet Order"; in the first sentence of Article 27-3, paragraph (4), the phrase "the tender offeror must send a copy of the tender offer statement to the issuer of the share certificates, etc. involved in the tender offer (and to any person that has already submitted a tender offer statement for the share certificates, etc. of that issuer as of the day on which the tender offeror submits

the tender offer statement), and, if the share certificates, etc. involved in the tender offer fall under a category set forth in any of the following items, the tender offeror must also send a copy of the tender offer statement to the person specified in the relevant item for the category of share certificates, etc. set forth in that item" is deemed to be replaced with "the tender offeror, for the categories of listed share certificates, etc. set forth in the following items, is to send the person set forth in the relevant item a copy of the tender offer statement, and is to also send a copy of the tender offer statement to any person that has already submitted a tender offer statement for share certificates, etc. of which the tender offeror is the issuer, as of the day on which it submits the tender offer statement"; in the items of Article 27-3, paragraph (4), the term "share certificates, etc." is deemed to be replaced with "listed share certificates, etc."; in the proviso to Article 27-5, the phrase "the following cases" is deemed to be replaced with "the cases specified by Cabinet Order"; in Article 27-6, paragraph (1), item (i), the phrase "the lowering of the purchase, etc. price (excluding what is implemented if the public notice of the commencement of the tender offer and the tender offer statement states, as one of the terms of purchase, etc., that the purchase, etc. price may be lowered according to the standards specified by Cabinet Office Order if the target company (meaning a target company provided for in Article 27-10, paragraph (1)) conducts a share split or performs any other act specified by Cabinet Order during the tender offer period)" is deemed to be replaced with "the lowering of the purchase, etc. price"; in Article 27-6, paragraph (2), the phrase "the details of the change to the terms of purchase, etc. (excluding the extension of the purchase, etc. period, if it is extended pursuant to Article 27-10, paragraph (3))" is deemed to be replaced with "the details of the change to the terms of purchase, etc."; in Article 27-8, paragraph (2), the phrase "the terms of purchase, etc. change (other than an extension of the purchase, etc. period under Article 27-10, paragraph (3))" is deemed to be replaced with "the terms of purchase, etc. change"; in the proviso to Article 27-11, paragraph (1), the phrase "the tender offeror states as one of the terms of purchase, etc. in the public notice of the commencement of the tender offer and in the tender offer statement that the tender offer may be withdrawn if a material change occurs in the business or property of the issuer of the share certificates, etc. that are involved in the tender offer or in its subsidiary (meaning a subsidiary as defined in Article 2, item (iii) of the Companies Act) or any other circumstance occurs that would significantly compromise its ability to achieve the purpose of the tender offer (limited to circumstances specified by Cabinet Order), or if an order to commence bankruptcy proceedings is issued against the tender offeror or any other material change in circumstances specified by Cabinet Order occurs" is deemed to be replaced with "effecting a purchase, etc. of listed share

certificates, etc. through the tender offer would violate any other law or regulation, or if any circumstance occurs that is specified by Cabinet Order as involving a risk of violation of any other law or regulation"; in Article 27-13, paragraph (4), the phrase "has included one of the following conditions in the public notice of the commencement of the tender offer and in the tender offer statement (if the tender offeror has included the condition referred to in item (ii), this is only if the ownership ratio of share certificates, etc. (meaning ownership ratio of share certificates, etc. as defined in Article 27-2, paragraph (8)), in terms of the share certificates, etc. that the tender offeror will hold after the tender offer (if the tender offeror has a specially related party as specified in Article 27-2, paragraph (1), item (i), the ownership ratio of share certificates, etc. as defined in Article 27-2, paragraph (8) in terms of the share certificates, etc. that specially related party holds is added to calculate this) will be below the proportion specified by Cabinet Order)" is deemed to be replaced with "has included the condition specified in item (ii) below in the public notice of the commencement of the tender offer and in the tender offer statement"; in Article 27-14, paragraph (1), the phrase "tender offer report, the target company's position statement, and the tender offeror's answer (including any amended report in connection with them" is deemed to be replaced with "and a tender offer report (including any amended report in connection with it"; in Article 27-14, paragraph (3), the phrase ", Article 27-10, paragraph (9) (including as applied mutatis mutandis pursuant to Article 27-10, paragraph (10)) and Article 27-10, paragraph (13) (including as applied mutatis mutandis pursuant to Article 27-10, paragraph (14)) at" is deemed to be replaced with "at"; in Article 27-14, paragraph (5), item (i), the phrase "Article 27-8, paragraph (3)" is deemed to be replaced with "Article 27-8, paragraph (3) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)"; in Article 27-14, paragraph (5), item (ii), the phrase "Article 27-10, paragraph (8) or (12), or paragraph (3) of the preceding Article" is deemed to be replaced with "Article 27-22-2, paragraph (7)"; in Article 27-15, paragraph (1), the phrase ", tender offer report, target company's position statement, or tender offeror's answer" is deemed to be replaced with "or tender offer report"; in Article 27-15, paragraph (2), the phrase "tender offeror, etc. and the target company" is deemed to be replaced with "tender offeror, etc."; and in paragraph (1) of the preceding Article, the phrase "a person that is found to be required to purchase, etc. share certificates, etc. through a tender offer pursuant to the main clause of Article 27-2, paragraph (1), a specially related party of either of these persons" is deemed to be replaced with "a person that is found to be required to purchase, etc. listed share certificates, etc. through a tender offer pursuant to the main clause of Article 27-22-2, paragraph (1)"; and the term "the preceding two paragraphs" in paragraph (3) of that Article is deemed to be

replaced with "paragraph (1) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)".

(3) The provisions of Article 27-3, paragraph (4) apply mutatis mutandis if an amended statement is submitted pursuant to Article 27-8, paragraphs (1) through (4) as applied mutatis mutandis pursuant to the preceding paragraph. In this case, in the first sentence of Article 27-3, paragraph (4), the phrase "the tender offeror is to send a copy of the tender offer statement to the issuer of the share certificates, etc. involved in the tender offer (and to any person that has already submitted a tender offer statement for the share certificates, etc. of that issuer as of the day on which the tender offeror submits the tender offer statement), and, if the share certificates, etc. involved in the tender offer fall under a category set forth in any of the following items, the tender offeror must also send a copy of the tender offer statement to the person specified in the relevant item for the category of share certificates, etc. set forth in that item" is deemed to be replaced with "the tender offeror, for the categories of listed share certificates, etc. set forth in the following items, is to send the person set forth in the relevant item a copy of the tender offer statement, and is also to send a copy of the tender offer statement to any person that has already submitted a tender offer statement for share certificates, etc. of which the tender offeror is the issuer, as of the day on which it submits the amended statement"; and in the items of Article 27-3, paragraph (4), the term "share certificates, etc." is deemed to be replaced with "listed share certificates, etc."

(4) A tender offeror (meaning tender offeror as defined in Article 27-3, paragraph (2) as applied mutatis mutandis pursuant to paragraph (2); hereinafter the same applies in this Section), immediately after submitting a written tender offer withdrawal notice (meaning a written tender offer withdrawal notice as defined in Article 27-11, paragraph (3) as applied mutatis mutandis pursuant to paragraph (2); hereinafter the same applies in this Section) or tender offer report (meaning a tender offer report as defined in Article 27-13, paragraph (2) as applied mutatis mutandis pursuant to paragraph (2); hereinafter the same applies in this Section), must send a copy of the written tender offer withdrawal notice or tender offer report to the person specified in the relevant item of Article 27-3, paragraph (4) for the category of listed share certificates, etc. set forth in that item. The necessary particulars relevant to the sending of those copies in such a case are specified by Cabinet Office Order.

(5) If the purchase, etc. period in a tender offer is required to be extended pursuant to Article 27-8, paragraph (8) as applied mutatis mutandis pursuant to paragraph (2), the provisions of Article 27-5 apply mutatis mutandis until the last day of the required period of extension. In this case, in Article 27-5, the term "share certificates, etc." is deemed to be replaced with "listed share certificates, etc." and the phrase "the following cases" is deemed to be replaced

with "the cases specified by Cabinet Order".

(6) The provisions of Article 27-7 apply mutatis mutandis to a public notice or public announcement under Article 27-8, paragraphs (8) and (11) as applied mutatis mutandis pursuant to paragraph (2).

(7) The provisions of Article 27-8, paragraphs (1) through (5) apply mutatis mutandis to a tender offer report. In this case, in Article 27-8, paragraph (1), the term "amended statement" is deemed to be replaced with "amended report"; in Article 27-8, paragraph (2), the phrase "submitted and before the last day of the tender offer period, the terms of purchase, etc. change (other than an extension of the purchase, etc. period under Article 27-10, paragraph (3)), any other material particular that is required to be stated in a tender offer statement changes, or any other circumstance specified by Cabinet Office Order arises that requires the tender offer statement to be amended" is deemed to be replaced with "submitted, the number of listed share certificates, etc. for which a purchase, etc. will be made is fixed by the pro rata method set forth in Article 27-13, paragraph (5) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) on or after the day on which the tender offer statement is submitted" and the term "amended statement" is deemed to be replaced with "amended report"; in Article 27-8, paragraph (3), the term "amended statement" is deemed to be replaced with "amended report", the phrase "the terms of purchase, etc. stated in the tender offer statement do not comply with the provisions of this Section" is deemed to be replaced with "the delivery and other settlement methods for the purchase, etc. stated in the tender offer statement do not comply with Article 27-13, paragraph (4) (excluding 27-13, paragraph (4), item (i)) and Article 27-13, paragraph (5) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)", and the phrase "the change in the terms of purchase, etc. that is stated in the amended statement violates Article 27-6, paragraph (1)" is deemed to be replaced with "the result of calculation stated in the amended statement for deciding the number of listed share certificates, etc. to purchase, etc., contravenes the pro rata method specified by Cabinet Office Order set forth in Article 27-13, paragraph (5) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)"; in Article 27-8, paragraph (4), the term "amended statement" is deemed to be replaced with "amended report"; in Article 27-8, paragraph (5), the phrase "disposition under paragraph (3)" is deemed to be replaced with "disposition under paragraph (3) or the preceding paragraph as applied mutatis mutandis pursuant to Article 27-22, paragraph (7)", and the phrase "the last day of the tender offer period (including the period by which it is required to be extended under paragraph (8); the same applies in paragraph (7)) (or, for a disposition resulting in an amended statement being submitted after the last day of the tender offer period, after the day on which five years have elapsed since the

day following the last day of the tender offer period), and the disposition under the preceding paragraph may not be reached after the day on which five years have elapsed since the day following the last day of the tender offer period" is deemed to be replaced with "the day on which five years have elapsed since the day following the last day of the tender offer period".

(8) The provisions of paragraph (4) apply mutatis mutandis to an amended report provided for in Article 27-8, paragraphs (1) through (4) as applied mutatis mutandis pursuant to the preceding paragraph. In this case, in Article 27-8, paragraph (4), the phrase "written tender offer withdrawal notice (meaning a written tender offer withdrawal notice as defined in Article 27-11, paragraph (3) as applied mutatis mutandis pursuant to paragraph (2); hereinafter the same applies in this Section) or tender offer report (meaning a tender offer report as defined in Article 27-13, paragraph (2) as applied mutatis mutandis pursuant to paragraph (2); hereinafter the same applies in this Section)" is deemed to be replaced with "amended report (meaning an amended report provided for in Article 27-8, paragraphs (1) through (4) as applied mutatis mutandis pursuant to paragraph (7)" and the phrase "the written tender offer withdrawal notice or tender offer report" is deemed to be replaced with "the amended report".

(9) The provisions of Article 16 apply mutatis mutandis to a person that violates the provisions of Article 27-3, paragraph (3) or Article 27-8, paragraph (7) as applied mutatis mutandis pursuant to paragraph (2) in performing the act specified by Cabinet Office Order or that violates the provisions of Article 27-9, paragraph (33) or (44) as applied mutatis mutandis pursuant to paragraph (2) in effecting a purchase, etc. of listed share certificates, etc. In this case, in Article 16, the term "the person that acquires the securities" is deemed to be replaced with "the person that conducts a salesale, etc. (meaning a sale, etc. provided for in Article 27-2, paragraph (6)) of listed share certificates, etc. (meaning listed share certificates, etc. provided for in Article 24-6, paragraph (1)) in response to a tender offer (meaning a tender offer provided for in Article 27-3, paragraph (1) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2))".

(10) The provisions of Article 17 apply mutatis mutandis to a person that has caused a person to sell, etc. its listed share certificates, etc. through the use of a tender offer explanation (meaning tender offer explanation as defined in Article 27-9, paragraph (1) as applied mutatis mutandis pursuant to paragraph (2), and including a tender offer statement if it is stated in the tender offer explanation pursuant to Article 27-9, paragraph (2) as applied mutatis mutandis pursuant to paragraph (2) that reference should be made to the tender offer statement (including its amended statement; the same applies in item (ii) of the following Article and paragraph (12))))) or other representation

that contains a false statement regarding a material particular, lacks a representation of a material particular that is required to be represented, or lacks a representation of a material fact that is necessary to prevent it from being misleading. In this case, in Article 17, the phrase "the person that acquires the securities" is deemed to be replaced with "the person that conducts a salesale, etc. (meaning a sale, etc. provided for in Article 27-2, paragraph (6)) of listed share certificates, etc. (meaning listed share certificates, etc. provided for in Article 24-6, paragraph (1)) in response to a tender offer (meaning a tender offer provided for in Article 27-3, paragraph (1) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2))".

(11) The provisions of Article 18, paragraph (1) apply mutatis mutandis to the following persons. In this case, in Article 18, paragraph (1), the phrase "person that acquires the securities through the public offering or secondary distribution" is deemed to be replaced with "person that conducts a sale, etc. (meaning a sale, etc. provided for in Article 27-2, paragraph (6); hereinafter the same applies in this paragraph) of listed share certificates, etc. (meaning listed share certificates, etc. provided for in Article 24-6, paragraph (1); hereinafter the same applies in this paragraph) in response to a tender offer (meaning a tender offer as defined in Article 27-3, paragraph (1) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2); hereinafter the same applies in this paragraph)", and in the proviso to that paragraph, the phrase "person that acquires the securities" are deemed to be replaced with "person that sells, etc. its listed share certificates, etc. in response to the tender offer", and the term "at the time the person offers to acquire the securities" is deemed to be replaced with "at the time the person sells, etc. its listed share certificates":

(i) a person that issues a public notice of the commencement of a tender offer as defined in Article 27-3, paragraph (2) as applied mutatis mutandis pursuant to paragraph (2), or a public notice or public announcement under Article 27-6, paragraph (2) or (3); Article 27-7, paragraph (1) or (2); or Article 27-8, paragraph (8) or (11) as applied mutatis mutandis pursuant to paragraph (2); or Article 27-7, paragraph (1) or (2) as applied mutatis mutandis pursuant to paragraph (6) (collectively referred to as a "public notice of the commencement of the tender offer, etc." in the following paragraph) that contains a false representation regarding a material particular, lacks a representation of a material particular that is required to be represented, or lacks a representation of a material fact that is necessary to prevent it from being misleading;

(ii) a person that submits a tender offer statement as defined in Article 27-3, paragraph (2) as applied mutatis mutandis pursuant to paragraph (2) that contains a false statement regarding a material particular, lacks a statement

of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading; or

(iii) a person that prepares a tender offer explanation (meaning a tender offer explanation as defined in Article 27-9, paragraph (1) as applied mutatis mutandis pursuant to paragraph (2) and including a tender offer explanation amended pursuant to Article 27-9, paragraph (44) as applied mutatis mutandis pursuant to paragraph (2); the same applies in the following paragraph) that contains a false statement regarding a material particular, lacks a statement of a material particular that is required to be stated, or lacks a statement of a material fact that is necessary to prevent it from being misleading.

(12) In a case to which Article 18, paragraph (1) is applicable as applied mutatis mutandis pursuant to the preceding paragraph, an officer of the Issuer at the time of its submission of a public notice of the commencement of the tender offer, etc. or tender offer statement, or at the time of the preparation of the tender offer explanation is jointly and severally liable with the issuer for compensation under the preceding paragraph; provided, however, that this does not apply if the officer proves that officer did not know, and in the exercise of reasonable care could not have known, that the statement was false or had been omitted.

(13) In a case referred to in paragraphs (2), (3), and (5) through (11), beyond what is provided for in those provisions, any other necessary technical replacement of terms is specified by Cabinet Order.

(Disclosure of a Material Fact about Business)

Article 27-22-3 (1) If a material fact has occurred with regard to an issuer that seeks to purchase, etc. listed share certificates, etc. through a tender offer provided for in paragraph (1) of the preceding Article (meaning a material fact about its business which is provided for in Article 166, paragraph (1) (excluding those specified by Cabinet Office Order); hereinafter the same applies in this and the following Articles), and this has not been disclosed as provided for in Article 166, paragraph (1), the issuer must disclose that material fact pursuant to the provisions of Cabinet Office Order before the day on which it submits the tender offer statement (meaning a tender offer statement as defined in Article 27-3, paragraph (2) as applied mutatis mutandis pursuant to paragraph (2) of the preceding Article; hereinafter the same applies in this and the following Articles).

(2) If a purchase, etc. of listed share certificates, etc. is conducted through a tender offer as provided for in paragraph (1) of the preceding Article, and a new material fact occurs for the issuer that is the tender offeror (including if it is discovered that a material fact had occurred before the day on which the

tender offeror submitted the tender offer statement, but the disclosure provided for in Article 166, paragraph (1) has not been made) between the day on which the issuer submits the tender offer statement and the last day of the tender offer period (including the period that is required to be extended pursuant to Article 27-8, paragraph (8) as applied mutatis mutandis pursuant to paragraph (4) of this Article; the same applies in the following Article) provided for in Article 27-5 as applied mutatis mutandis pursuant to paragraph (2) of the preceding Article, the issuer must immediately disclose the material fact and notify persons that have accepted the offer to purchase, etc. listed share certificates, etc. through the tender offer, persons that have offered to sell, etc. their listed share certificates, etc. in connection with the tender offer, and persons seeking to sell, etc. the listed share certificates, etc., of the content of what it has disclosed, pursuant to the provisions of Cabinet Office Order.

(3) Once the period specified by Cabinet Order has elapsed after the disclosure under the preceding two paragraphs is made, the disclosure prescribed in Article 166, paragraph (1) is deemed to have been made.

(4) The provisions of Article 27-8, paragraphs (8) and (9) apply mutatis mutandis to the disclosure under paragraph (2). In this case, in Article 27-8, paragraph (8), the phrase "If an amended statement under paragraph (1) or (2) is submitted or an order to submit an amended statement under paragraph (3) or (4) is issued during the tender offer period, except in a case specified by Cabinet Office Order" is deemed to be replaced with "If a material fact is required to be disclosed pursuant to Article 27-22-3, paragraph (2)"; and in Article 27-8, paragraph (9), the phrase "the preceding paragraph" is deemed to be replaced with "the preceding paragraph as applied mutatis mutandis pursuant to Article 27-22-3, paragraph (4)" and the term "share certificates, etc." is deemed to be replaced with "listed share certificates, etc.".

(5) If the purchase, etc. period in a tender offer is required to be extended pursuant to Article 27-8, paragraph (8) as applied mutatis mutandis pursuant to the preceding paragraph, the provisions of Article 27-5 apply mutatis mutandis until the last day of the required period of extension. In this case, in Article 27-5, the term "share certificates, etc." is deemed to be replaced with "listed share certificates, etc." and the phrase "the following cases" is deemed to be replaced with "the cases specified by Cabinet Order".

(6) The provisions of Article 18, paragraph (1) apply mutatis mutandis to an issuer that issues a public notice or public announcement under Article 27-8, paragraph (8) as applied mutatis mutandis pursuant to paragraph (4), which contains a false representation regarding a material particular, lacks a representation of a material particular that is required to be represented, or lacks a representation of a material fact that is necessary to prevent it from

being misleading. In this case, in Article 18, paragraph (1), both the phrase "person that acquires the securities through the public offering or secondary distribution" and the phrase "person that acquires the securities" are deemed to be replaced with "person that sells, etc. the listed share certificates, etc. in response to the tender offer", and the phrase "at the time the person offers to acquire the securities" is deemed to be replaced with "at the time the person sells, etc. the listed share certificates".

(7) In a case to which Article 18, paragraph (1) is applicable as applied mutatis mutandis pursuant to the preceding paragraph, an officer of an issuer at the time the issuer issues a public notice or public announcement provided for in the preceding paragraph is jointly and severally liable with the issuer for compensation under the preceding paragraph; provided, however, that this does not apply if the officer proves that the officer did not know, and in the exercise of reasonable care could not have known, that the statement was false or had been omitted.

(8) The provisions of Article 27-17 apply mutatis mutandis if a person violates the provisions of Article 27-5 as applied mutatis mutandis pursuant to paragraph (5) in purchasing, etc. listed share certificates, etc. In this case, in Article 27-17, the term "share certificates, etc." is deemed to be replaced with "listed share certificates, etc.", and any other necessary technical replacement of terms is specified by Cabinet Order.

(Compensatory Liability for Damage Due to Failure to Disclose or False Disclosure)

Article 27-22-4 (1) An issuer that fails to make a disclosure or issue a notice under paragraph (1) or (2) of the preceding Article (hereinafter collectively referred to as "disclosure" in this Article) with regard to a material fact requiring disclosure, or an issuer that makes a false disclosure with regard to such a fact, is liable to compensate a person that sells, etc. its listed share certificates, etc. in response to the tender offer, for damage arising from the company's failure to make disclosure or from its false disclosure; provided, however, that this does not apply in the following cases:

(i) the person that sells, etc. the listed share certificates, etc. in response to the tender offer knows that the material fact has occurred at the issuer or knows that the content of the disclosure is false; or

(ii) the issuer proves that it did not know that the material fact had occurred at that issuer or that the content of the disclosure was false, and that in the exercise of reasonable care it could not have known this at the time of the tender offer (meaning when the public notice of the commencement of the tender offer is submitted, in terms of disclosure under paragraph (1) of the preceding Article, or the period between when the public notice of the

commencement of the tender offer is submitted and the last day of the tender offer period, in terms of the disclosure or notice under Article 27-22-3, paragraph (2); the same applies in the following paragraph).

(2) In a case to which the main clause of the preceding paragraph is applicable, an officer of an issuer at the time of a tender offer is jointly and severally liable with the issuer for compensation under the preceding paragraph; provided, however, that this does not apply if the officer proves that the officer did not know that the material fact had occurred at the issuer or that the content of the disclosure was false, and in the exercise of reasonable care could not have known this at the time of the tender offer.

Chapter II-3 Disclosure of the Status of Large-Volume Holdings in Share Certificates

(Submission of Statements of Large-Volume Holdings)

Article 27-23 (1) A holder of subject securities (including what is specified by Cabinet Order as indicating a right connected to securities set forth in Article 2, paragraph (1), item (xix) and other securities specified by Cabinet Order that indicate an option on subject securities (limited to an option that causes the person that exercises it to acquire the position of the buyer in a purchase and sale of the subject securities linked to the option (hereinafter collectively referred to as "share certificates, etc." in this Chapter and Article 27-30-11, paragraph (5))) issued by a corporation (or, with regard to the securities specified by Cabinet Office Order, a person specified by Cabinet Office Order; hereinafter the same applies in this Chapter and Article 27-30-11, paragraph (5), except for Article 27-30, paragraph (2)) that is the issuer of share certificates, corporate bond certificates with share options, and other securities specified by Cabinet Order (hereinafter referred to as the "share-related securities" in this paragraph) that are listed on a financial instruments exchange (including the share-related securities specified by Cabinet Order as having equivalent distribution statuses to those securities), and whose ownership ratio of share certificates, etc. with respect to the relevant share certificates, etc. exceeds five percent (such a holder is hereinafter referred to as a "large-volume holder" in this Chapter) must submit a statement in which it states the particulars of its ownership ratio of share certificates, etc., the particulars of the funds for the acquisition, the purpose of the holdings, and any other particulars specified by Cabinet Office Order (such a statement is hereinafter referred to as a "statement of large-volume holdings") to the Prime Minister, pursuant to the provisions of Cabinet Office Order, within five days from the date on which it becomes a large-volume holder (Sundays and other holidays specified by Cabinet Order are not included for the purpose of

counting days; the same applies in Article 27-25, paragraph (1) and Article 27-26); provided, however, that this does not apply if the total number of share certificates, etc. held which are provided for in paragraph (4) does not increase, nor does it apply in any other case specified by Cabinet Office Order.

(2) The term "subject securities" as used in the preceding paragraph means the share certificates, corporate bond certificates with share options, and other securities specified by Cabinet Order.

(3) The holder referred to in paragraph (1) includes the following persons, in addition to persons that own share certificates, etc. in their own names or in the name of another person (or under a fictitious name) (including a person that holds the right to request the delivery of share certificates, etc. under a purchase and sale contract or any other contract, or any other person specified by Cabinet Order as being equivalent); provided, however, that the person set forth in item (i) is deemed to become a holder on the day on which that person comes to know that the person has the authority prescribed in that item, only within the scope of the share certificates, etc. (including the securities set forth in Article 2, paragraph (1), item (xx) indicating the rights to share certificates, etc., and other securities specified by Cabinet Office Order; hereinafter the same applies in this paragraph and the following Article) regarding which the person comes to know the person has that authority, and the person set forth in item (iii) is deemed to become a holder regarding the share certificates, etc. in the number calculated by the calculation method specified by Cabinet Office Order as the calculation method for calculating the number of share certificates, etc. that are underlying assets of derivatives transactions provided for in that item:

(i) a person that has the authority to exercise voting rights or any other rights as a shareholder in the issuer of the share certificates, etc., or to give instructions as to the exercise of those voting rights or any other rights, based on a money trust contract or any other contract or the provisions of the law (except for a person that falls under the following item), and that has the aim of controlling the business activities of that Issuer;

(ii) a person that has the necessary authority to invest in share certificates, etc., based on a discretionary investment contract or any other contract or the provisions of the law; or

(iii) a person that has rights relating to derivatives transactions involving share certificates, etc. (excluding the persons falling under the preceding two items) and has the aim of acquiring the share certificates, etc. from the other party to the derivatives transactions or any other aim specified by Cabinet Order.

(4) The term "ownership ratio of share certificates, etc." as used in paragraph (1) means the ratio arrived at when the number of share certificates, etc. issued by

the issuer of the relevant share certificates, etc., which the holder (meaning a holder as set forth in paragraph (1); hereinafter the same applies in this Chapter) is obligated to transfer (excluding those that the holder is obligated to transfer to a joint holder) due to having transferred them through a margin transaction provided for in Article 161-2, paragraph (1) or any other transaction method specified by Cabinet Office Order, is deducted from the total number of share certificates, etc. (excluding treasury shares (meaning treasury shares as defined in Article 113, paragraph (4) of the Companies Act) and the share certificates, etc. that are specified by Cabinet Office Order in consideration of the manner in which they are held or any other circumstance; hereinafter the same applies in this paragraph) held by the holder of the relevant share certificates, etc. (meaning the number of represented shares as calculated pursuant to the provisions of Cabinet Office Order, if they are share certificates, or the number specified by Cabinet Office Order, if they are other securities; hereinafter the same applies in this Chapter) (this includes if the holder has the authority set forth in item (i) or (ii) of the preceding paragraph or the rights set forth in item (iii) of that paragraph with regard to those share certificates, etc.; hereinafter the same applies in this Chapter) (the number of share certificates, etc. after this deduction is hereinafter referred to as the "number of share certificates, etc. held" in this paragraphparagraph and paragraph (6)); the number of share certificates, etc. held by joint holders of the share certificates, etc. issued by that issuer (excluding the number of share certificates, etc. for which a right to request delivery or any other right specified by Cabinet Order exists between the holder and a joint holder) is added (the number of share certificates, etc. after this addition is hereinafter referred to as the "total number of share certificates, etc. held" in Article 27-25, paragraph (1));) and this is divided by the sum of either the total number of the issuer's issued shares or the number specified by Cabinet Office Order as being equivalent to this, and the number of share certificates, etc. that are held by the holder and the joint holders (excluding share certificates and other securities that are specified by Cabinet Office Order).

(5) The term "joint holder" as used in the preceding paragraph means the other holder of the relevant share certificates, etc., in a case in which the holder of share certificates, etc. has agreed to jointly acquire or transfer that share certificates, etc., or to jointly exercise voting rights and other rights as the issuer's shareholder, together with another holder of share certificates, etc. issued by the issuer of the relevant share certificates, etc. (excluding a case that satisfies all of the following requirements):

(i) the holder and the other holder are financial instruments business operators (limited to those engaging in the type-I financial instruments business as defined in Article 28, paragraph (1) or those engaging in the investment

management business as defined in paragraph (4) of that Article), banks or other persons specified by Cabinet Office Order;

(ii) the agreement between the holders is not intended to jointly make a material proposal as defined in Article 27-26, paragraph (1); and

(iii) the agreement between the holders is to jointly exercise voting rights and other rights as the issuer's shareholders (limited to an agreement specified by Cabinet Order as an agreement reached for each exercise of rights).

(6) If a first holder of share certificates, etc. and another holder of share certificates, etc. that are issued by the issuer of the relevant share certificates, etc. are related to each other through a shareholding relationship or other special relationship specified by Cabinet Order, the other holder is deemed to be a joint holder referred to in paragraph (4) in relation to that holder; provided, however, that this does not apply if the number of share certificates, etc. held by either the first holder or the other holder is the number specified by Cabinet Office Order or less.

(Preparation and Delivery of a Written Notice of Shareholding Status)

Article 27-24 A person set forth in paragraph (3), item (ii) of the preceding Article, pursuant to the provisions of Cabinet Office Order, must prepare a written notice that accounts for the status of holdings in the relevant share certificates, etc. and deliver it to customers that have the authority to exercise their voting rights or any other rights as shareholders in the issuer of those share certificates, etc. or to give instructions as to the exercise of their voting rights or any other rights, at least once a month.

(Submission of a Statement of Changes to a Statement of Large-Volume Holdings)

Article 27-25 (1) If, after the day on which a person that is required to submit a statement of large-volume holdings has become a large-volume holder, the ownership ratio of share certificates, etc. (meaning the ownership ratio of share certificates, etc. set forth in Article 27-23, paragraph (4); hereinafter the same applies in this Chapter) has increased or decreased by one percent or more (unless this is not linked to an increase or decrease in the total number of share certificates, etc. held by that person; hereinafter the same applies in this Chapter), or if there has been any other change that is specified by Cabinet Order as a change in a material particular that is required to be stated in the statement of large-volume holdings, such person must submit a report on the particulars of the change (hereinafter referred to as a "statement of changes") to the Prime Minister, within five days after the day of the change, pursuant to the provisions of Cabinet Office Order; provided, however, that this does not apply that this does not apply to cases where a change report reporting that

the holding ratio of share certificates, etc. are five percent or less has already been submitted or to other cases specified by Cabinet Office Order.

(2) In a case that falls under the criteria specified by Cabinet Order as a case in which a large number of share certificates, etc. have been transferred within a short period, a person that submits a statement of changes due to a decrease in the ownership ratio of share certificates, etc. must also state in that statement of changes the particulars of the party to which the share certificates, etc. have been transferred and the consideration received (with regard to a person specified by Cabinet Order as a person to whom an insignificant number of share certificates, etc. have been transferred, limited to the particulars of the consideration received), pursuant to the provisions of Cabinet Office Order.

(3) If a person that has submitted a statement of large-volume holdings or a statement of changes finds that its content conflicts with the facts of the matter, that such a document insufficiently states or omits a statement as to a material particular that is required to be stated, or that such a document insufficiently states or omits a statement as to a material fact that is necessary to prevent it from being misleading, that person must submit an amended report to the Prime Minister.

(Special Provisions on Reports by Large-Volume Holders of Share Certificates Subject to Special Provisions)

Article 27-26 (1) Notwithstanding the provisions of the main clause of Article 27-23, paragraph (1), a statement of large-volume holdings in share certificates, etc. that a financial instruments business operator (limited to one that engages in type-I financial instruments business provided for in Article 28, paragraph (1), or that engages in investment management business provided for in paragraph (4) of that Article; hereinafter the same applies in this Article), a bank, or any other person specified by Cabinet Office Order (limited to one that has notified the Prime Minister of the reference date provided for in paragraph (3)) holds, but which it does not hold for the purpose of performing an act specified by Cabinet Order as a thing that materially changes or has a material impact on the business activities of the issuer of the share certificates, etc. (such an act is referred to as a "material proposal" in paragraphs (4) and (5)) (unless the ownership ratio of share certificates, etc. exceeds the number specified by Cabinet Office Order and excluding any other cases that are specified by Cabinet Office Order in consideration of the manner in which the share certificates, etc. are held and other circumstances), or which are held by the State, local government, or any other person specified by Cabinet Office Order (limited to those that have notified the Prime Minister of the reference date provided for in paragraph (3)) (such share certificates, etc. are hereinafter referred to as "share certificates, etc. subject to special provisions" in this

Article) must be submitted to the Prime Minister with a statement of the particulars specified by Cabinet Office Order with regard to the status of share certificate, etc. holdings as of the reference date on which the ownership ratio of share certificates, etc. comes to exceed five percent for the first time, within five days from the reference date, pursuant to the provisions of Cabinet Office Order.

(2) Notwithstanding the provisions of the main clause of paragraph (1) of the preceding Article, a statement of changes for share certificates, etc. subject to special rules (excluding a statement of changes for a change that occurs if the share certificates, etc. come to fall under share certificates other than share certificates, etc. subject to special provisions) must be submitted to the Prime Minister by the date that is specified in each of the following items in accordance with the category of cases set forth in that item, pursuant to the provisions of Cabinet Office Order:

(i) if the ownership ratio of share certificates, etc. as of the reference date that comes after the reference date of the statement of large-volume holdings set forth in the preceding paragraph increases or decreases by one percent or more from the ownership ratio of share certificates, etc. that is stated in that statement of large-volume holdings, or if there has been any other change that is specified by Cabinet Order as a change in a material particular that is required to be stated in the statement of large-volume holdings: within five days from the later reference date;

(ii) if the ownership ratio of share certificates, etc. as of the reference date that comes after the reference date of the statement of changes increases or decreases by one percent or more from the ownership ratio of share certificates, etc. that was stated in that statement of changes, or if there has been any other change that is specified by Cabinet Order as a change in a material particular that is required to be stated in the statement of large-volume holdings: within five days from the later reference date;

(iii) if the ownership ratio of share certificates, etc. falls below the number specified by Cabinet Office Order, and the relevant share certificates, etc. have become share certificates, etc. subject to special rules: within five days from the date on which the share certificates, etc. become share certificates, etc. subject to special provisions; and

(iv) a case specified by Cabinet Office Order as being equivalent to any of the preceding three items: the date specified by Cabinet Office Order.

(3) The reference date referred to in the preceding two paragraphs means the date on which a holder of share certificates, etc. subject to special provisions notifies the Prime Minister pursuant to the provisions of Cabinet Office Order, from among the combinations of two or more days in each month designated pursuant to the provisions of Cabinet Order.

(4) Notwithstanding the provisions of paragraph (1), if the financial instruments business operator, bank, or other person specified by Cabinet Office Order provided for in that paragraph makes a material proposal within a period specified by Cabinet Order from the date on which the ownership ratio of share certificates, etc. comes to exceed five percent, it must submit the statement of large-volume holdings referred to in that paragraph to the Prime Minister by five days prior to the date on which it makes the material proposal, pursuant to the provisions of Cabinet Office Order.

(5) Notwithstanding the provisions of paragraph (2), if the ownership ratio of share certificates, etc. of the financial instruments business operator, bank, or other person specified by Cabinet Office Order provided for in paragraph (1) increases by one percent or more after the submission of the statement of large-volume holdings referred to in that paragraph or the statement of changes referred to in paragraph (2), and if it makes a material proposal within the period specified by Cabinet Order from the date of the increase, it must submit the statement of changes referred to in that paragraph to the Prime Minister by five days prior to the date on which it makes the material proposal, pursuant to the provisions of Cabinet Office Order.

(6) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis to the statement of large-volume holdings referred to in paragraph (1) or (4), or the statement of changes referred to in paragraph (2) or the preceding paragraph.

(Submission of a Copy of a Statement of Large-Volume Holdings to a Financial Instruments Exchange)

Article 27-27 If a holder of share certificates, etc. has submitted a statement of large-volume holdings, statement of changes, or amended reports in connection with them, that holder must send the copies of these documents without delay to the issuer of the relevant share certificates, etc., and to the person specified in the relevant of the following items for the category of share certificates, etc. set forth in that item:

(i) share certificates, etc. issued by an issuer of share certificates, etc. listed on a financial instruments exchange: that financial instruments exchange; and

(ii) share certificates, etc. issued by an issuer of share certificates, etc., which are specified by Cabinet Order as having equivalent distribution statuses to the share certificates, etc. set forth in the preceding item: the authorized financial instruments firms association specified by Cabinet Order.

(Public Inspection of Statements of Large-Volume Holdings)

Article 27-28 (1) The Prime Minister, pursuant to the provisions of Cabinet Office Order, must make statements of large-volume holdings and statements of

changes, as well as amended reports in connection with them, available for public inspection for five years from the day on which the Prime Minister receives these documents (or for an amended report, the day on which the Prime Minister receives the statement of large-volume holdings or statement of change that is subject to that amendment).

(2) Pursuant to the provisions of Cabinet Office Order, financial instruments exchanges and the authorized financial instruments firms associations specified by Cabinet Order must keep at their offices the copies of the documents prescribed in the preceding paragraph that have been sent to them pursuant to the provisions of the preceding Article (hereinafter referred to as "public documents" in this Article), and must make copies of them available for public inspection for five years from the day on which they receive those copies of the public documents (in the case of a copy of an amended report, the day on which they receive copies of the statement of large-volume holdings or statement of changes that is subject to that amendment).

(3) Notwithstanding the provisions of paragraph (1), with regard to the particulars of funds for acquisition as stated in a public document, if those funds have been borrowed from a bank, cooperative financial institution, or any other financial institution specified by Cabinet Order (hereinafter collectively referred to as a "bank, etc." in this paragraph) (excluding the cases specified by Cabinet Office Order), the Prime Minister is not to make the name of the bank, etc. available for public inspection, and the person that has submitted the public documents is to delete the name of the bank, etc. before sending the copy of the public document.

(4) Notwithstanding the provisions of paragraph (1), if the Prime Minister issues a submission order for an amended report under Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to paragraph (1) of the following Article, the Prime Minister may decide not to make all or part of the public document that is connected with the order available for public inspection.

(5) In a case referred to in the preceding paragraph, the Prime Minister is to notify a large-volume holder, and the financial instruments exchange or the authorized financial instruments firms association specified by Cabinet Order that is referred to in paragraph (2), that makes copies of public documents available for public inspection pursuant to the provisions of paragraph (2), that the Prime Minister has decided that all or part of the public document will not be made available for public inspection.

(6) If a financial instruments exchange or an authorized financial instruments firms association receives a notice from the Prime Minister pursuant to the provisions of the preceding paragraph, the provisions of paragraph (2) do not apply after that time to the public document to which the notice pertains.

(Order to Submit an Amended Report in Connection with a Statement of Large-Volume Holdings)

Article 27-29 (1) The provisions of Article 9, paragraph (1) and Article 10, paragraph (1) apply mutatis mutandis to statements of large-volume holdings and statements of changes. In this case, in Article 10, paragraph (1), the phrase "to submit an amended statement, and if the Prime Minister finds it to be necessary, the Prime Minister may order the suspension of the validity of a notification under Article 4, paragraphs (1) through (3)" is deemed to be replaced with "to submit an amended statement".

(2) The provisions of the preceding two Articles apply mutatis mutandis if an amended report in connection with a statement of large-volume holdings or a statement of changes has been submitted pursuant to the provisions of Article 9, paragraph (1) or Article 10, paragraph (1), as applied mutatis mutandis pursuant to the preceding paragraph.

(Collection of Reports and Inspection of a Person Submitting a Statement of Large-Volume Holdings)

Article 27-30 (1) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a person that has submitted a statement of large-volume holdings, a person that is found to be required to submit the same, a joint holder (meaning a joint holder as prescribed in Article 27-23, paragraph (5)) of either of such persons, or any other concerned party or witness to submit reports or materials that should serve as a reference, and may have the relevant officials inspect that person's books, documents, and any other articles.

(2) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order the issuer of share certificates, etc. to which a statement of large-volume holdings pertains or a witness, to submit reports or materials that should serve as a reference.

(3) If the Prime Minister finds it necessary with regard to the order for submission of reports or materials or the inspection under paragraph (1) or the order for submission of reports or materials under the preceding paragraph, the Prime Minister may make inquiries to public offices or public or private organizations and request that those offices or organizations report necessary matters.

Chapter II-4 Special Provisions on Procedures Taken Using an Electronic Data Processing System for Disclosure

(Definition of Electronic Data Processing Systems for Disclosure)

Article 27-30-2 The term "electronic data processing system for disclosure" as used in this Chapter means an electronic data processing system through which a computer used by the Cabinet Office (including its input and output devices; hereinafter the same applies in this Chapter), and the input and output devices used by a person that carries out the procedures under the provisions of Article 5, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5) of that Article (including as applied mutatis mutandis pursuant to Article 27) and Article 27); Article 7,paragraph (1), (including as applied mutatis mutandis pursuant to Article 24-2, paragraph (1); Article 24-4-3, paragraph (1) (including as applied mutatis mutandis pursuant to5-2, paragraph (2)); Article 24-4-5, paragraph (1); 5, paragraph (5) and Article 24-7, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27); Article 24-6, paragraph (2); and Article 27)); Article 9, paragraph (1) (excluding the second sentence of that paragraph, and including as applied mutatis mutandis pursuant to Article 24-2, paragraph (1); Article 24-4-3, paragraph (1) (including as applied mutatis mutandis pursuant to 5-2, paragraph (2)); Article 24-4-5, paragraph (1);5, paragraph (5) and Article 24-7, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27); Article 24-6, paragraph (2); and Article 27); Article 10, paragraph (1) (excluding the second sentence of that paragraph, and including as applied mutatis mutandis pursuant to Article 24-2, paragraph (1); Article 24-4-3, paragraph (1) (including as applied mutatis mutandis pursuant to 5-2, paragraph (2)); Article 24-4-5, paragraph (1Article 24-5, paragraph (5) and Article 24-7, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27); Article 24-6, paragraph (2); and Article 27); Article 23-3, paragraph (1) and (4) (including as applied mutatis mutandis pursuant to Article 27); Article 23-4 (including as applied mutatis mutandis pursuant to Article 27); Article 23-7, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); Article 23-8, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); Article 23-9, paragraph (1) (excluding the second sentence of that paragraph, and including as applied mutatis mutandis pursuant to Article 27); Article 23-10, paragraph (1) (excluding the second sentence of that paragraph, and including as applied mutatis mutandis pursuant to Article 23-10, paragraph (5) (including as applied mutatis mutandis pursuant to Article 27); and Article 27), Article 24, paragraphs (1) and (3) (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) (including as applied mutatis mutandis pursuant to Article 27) and Article 27); Article 24-4-2, paragraphs (1) and (2) (including as applied mutatis mutandis pursuant to Article 24-2, paragraph (3) (including as applied

mutatis mutandis pursuant to Article 24-2, paragraph (4)) and Article 24-2, paragraph (4) (including as applied mutatis mutandis pursuant to 5-2, paragraph (1), and including as applied mutatis mutandis pursuant to Article 27) and Article 27); Article 24-4-4, paragraphs (1) and (2) (including as applied mutatis mutandis pursuant to Article 24-4-4, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27) and Article 27);Article 24-5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 24-5, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27); Article 24-5, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27); Article 24-6, paragraph (1); Article 24-7, paragraphs (1) and (2) (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27); and Article 27); Article 25, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27); Article 27-3, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); Article 27-8, paragraphs (1) through (4) (excluding the second sentence of paragraph (4), and 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)); Article 27-10, paragraphs (1) and (11); Article 27-11, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); Article 27-13, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); Article 27-23, paragraph (1); Article 27-25, paragraph (1) or (3); the paragraphs of Article 27-26; or the provisions of Article 9, paragraph (1) (excluding the second sentence of that paragraph) and Article 10, paragraph (1) (excluding the second sentence of that paragraph) as applied mutatis mutandis pursuant to Article 27-29, paragraph (1) (including the submission of anything that must accompany documents if they are submitted via these procedures; hereinafter referred to as "electronic disclosure" in this Chapter); or the procedures under Article 4, paragraph (6) (including as applied mutatis mutandis pursuant to Article 23-8, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27)), the procedures prescribed in Article 27-5, item (ii), and other procedures specified by Cabinet Order (including the submission of anything that must accompany documents if they are submitted through these procedures; hereinafter referred to as "voluntary electronic disclosure" in this Chapter) are connected over a telecommunications line, or an electronic data processing system through which a computer used by the Cabinet Office and the input and output devices used by a financial instruments exchange or by an authorized financial instruments firms association designated by Cabinet Order are connected over a telecommunications line.

(Use of an Electronic Data Processing System for Disclosure for Electronic Disclosure Procedures)

Article 27-30-3 (1) A person that carries out electronic disclosure procedures must use an electronic data processing system for disclosure to do so, pursuant to the provisions of Cabinet Order.

(2) A person that carries out voluntary electronic disclosure procedures may use an electronic data processing system for disclosure to do so, pursuant to the provisions of Cabinet Order.

(3) Electronic disclosure procedures or voluntary electronic disclosure procedures that are carried out pursuant to the provisions of the preceding two paragraphs are deemed to reach the Cabinet Office when they are recorded in a file stored on the computer referred to in the preceding Article (hereinafter simply referred to as the "file" in this Chapter).

(4) Electronic disclosure procedures or voluntary electronic disclosure procedures that are carried out pursuant to the provisions of paragraph (1) or (2) are deemed to have been carried out using the paper documents specified in the provisions of the Financial Instruments and Exchange Act and related regulations which prescribe that these procedures are to be carried out using paper documents, and the provisions of the Financial Instruments and Exchange Act and related regulations apply.

(Special Provisions on Cases for Which an Electronic Data Processing System for Disclosure Is Unusable)

Article 27-30-4 (1) Notwithstanding the provisions of paragraph (1) of the preceding Article, if a person that carries out electronic disclosure procedures is unable to carry out electronic disclosure procedures through the use of an electronic data processing system for disclosure due to a failure in telecommunication lines or any other cause, the person may carry out electronic disclosure procedures by submitting a magnetic disk (including anything on which it is possible to reliably record specific particulars through use of a similar means; hereinafter the same applies in this Chapter), instead of using an electronic data processing system for disclosure, with the approval of the Prime Minister and pursuant to the provisions of Cabinet Order.

(2) If a person that carries out voluntary electronic disclosure procedures by use of an electronic data processing system for disclosure is unable to carry out voluntary electronic disclosure procedures using an electronic data processing system for disclosure due to a failure in telecommunication lines or any other cause, that person may carry out voluntary electronic disclosure procedures by submitting a magnetic disk, instead of using an electronic data processing system for disclosure, with an approval of the Prime Minister and pursuant to the provisions of Cabinet Order.

(3) If electronic disclosure procedures or voluntary electronic disclosure procedures are carried out through the submission of a magnetic disk pursuant to the provisions of the preceding two paragraphs, the Prime Minister must immediately record the particulars recorded on that magnetic disk into a file, pursuant to the provisions of Cabinet Office Order. In this case, the particulars recorded on the magnetic disk are deemed to reach the Cabinet Office when those particulars are recorded into the file.

(4) The provisions of paragraph (4) of the preceding Article apply mutatis mutandis to electronic disclosure or voluntary electronic disclosure carried out pursuant to the provisions of the preceding three paragraphs.

(Special Provisions on Cases When an Electronic Data Processing System for Disclosure Malfunctions)

Article 27-30-5 (1) The provisions of Article 27-30-3, paragraph (1) do not apply to a case that falls under any of the following items, if the Prime Minister gives approval:

(i) it is found that there has been a malfunction in the computer referred to in Article 27-30-2 or there are otherwise found to be grounds specified by Cabinet Order; or

(ii) it is found to be extremely difficult for the relevant person to carry out electronic disclosure procedures using an electronic data processing system for disclosure.

(2) The procedures for the approval referred to in the preceding paragraph are specified by Cabinet Office Order.

(Notice in Lieu of the Submission of Copies of Documents to a Financial Instruments Exchange)

Article 27-30-6 (1) Notwithstanding the provisions of Article 6 (including as applied mutatis mutandis pursuant to Article 12; Article 23-12, paragraph (1); Article 24, paragraph (7); Article 24-2, paragraph (3); Article 24-4-2, paragraph (5) (including as applied mutatis mutandis pursuant to 5-2, paragraph (1)); Article 24-4-3, paragraph (2) (including as applied mutatis mutandis pursuant to 5-2, paragraph (2)); Article 24-4-4, paragraph (5); Article 24-4-5, paragraph (2);Article 24-5, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27); Article 24-6, paragraph (3); and Article 27)); Article 24-7, paragraph (4) (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27) and Article 27); Article 27-3, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27-8, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27-13, paragraph (3)); Article 27-11, paragraph (4); Article 27-13, paragraph (3); and Article 27-22-2, paragraphs (2) and (3));

Article 27-10, paragraph (9) (including as applied mutatis mutandis pursuant to Article 27-10, paragraph (10)); and Article 27-10, paragraph (13) (including as applied mutatis mutandis pursuant to Article 27-10, paragraph (14)); Article 27-22-2, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (8)); and Article 27-27 (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2)); if a person that carries out electronic disclosure or voluntary electronic disclosure has carried out such procedures using an electronic data processing system for disclosure (including if the person has carried out those procedures by submission of a magnetic disk), in lieu of copies of the documents that are required to be submitted or sent to a financial instruments exchange or to an authorized financial instruments firms association specified by Cabinet Order pursuant to the provisions referred to above, that person is to notify these persons of the particulars, as per the copies of those documents (excluding the parts that are not to be made available for public inspection pursuant to the provisions of Article 27-28, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2)), that are required to be stated in the documents set forth in the items of Article 25, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) or the documents prescribed in Article 27-14, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) or Article 27-27 (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2)); provided, however, that the person may elect not to notify these persons of a part that is not to be made available for public inspection pursuant to the provisions of Article 25, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27).

(2) The notice under the provisions of the preceding paragraph is deemed to have been sent by a person that has carried out the electronic disclosure or voluntary electronic disclosure referred to in that paragraph at the time it is recorded in the file, and is presumed to have reached the addressee of the notice at the time that the period normally required to output it has elapsed after its recording.

(3) If a holder of share certificates, etc. as prescribed in Article 27-27 (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2); hereinafter the same applies in this paragraph) has followed the procedure for submitting any of the documents prescribed in Article 27-27 (hereinafter referred to as the "statement of large-volume holdings, etc." in this paragraph) by using an electronic data processing system for disclosure (including the case of having followed that procedure by submitting a magnetic disk), the holder of share certificates, etc. is not required to send a copy of the relevant statement of large-volume holdings, etc. to the issuer as required under that Article.

(Public Inspection When Procedures Are Carried Out by Use of an Electronic Data Processing System for Disclosure)

Article 27-30-7 (1) If electronic disclosure procedures or voluntary electronic disclosure procedures have been carried out by use of an electronic data processing system for disclosure (including if such procedures have been carried out through the submission of a magnetic disk), the Prime Minister is to make the particulars (excluding the parts that are not to be made available for public inspection pursuant to the provisions of Article 25, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27) or Article 27-28, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2)) and also excluding the specified part) that have been recorded into the file in connection with the documents prescribed in Article 25, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); Article 27-14, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); or Article 27-28, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2)), or documents stating those particulars, available for public inspection, pursuant to the provisions of Cabinet Order.

(2) The term "specified part" as used in the preceding paragraph means the part of a document that is not to be made available for public inspection pursuant to the provisions of Article 25, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27), Article 27-14, paragraph (5) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) following the deemed replacement of terms), or Article 27-28, paragraph (4).

(3) If the particulars that have been recorded into the file set forth in paragraph (1) or documents stating those particulars are made available for public inspection pursuant to the provisions of paragraph (1), the documents prescribed in Article 25, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); Article 27-14, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); and Article 27-28, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2)) are deemed to have been made available for public inspection pursuant to those provisions, and the provisions of the Financial Instruments and Exchange Act and related regulations apply.

(4) In a case referred to in paragraph (1), if the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may make an indication of having rendered a disposition set forth in any of the items of Article 25, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27) or in any of the items of Article 27-14, paragraph (5) (including as applied mutatis mutandis pursuant

to Article 27-22-2, paragraph (2) following the deemed replacement of terms), an indication of having issued a submission order under Article 27-28, paragraph (4), or any other information with a bearing on the particulars set forth in paragraph (1), which has a material influence on investors' investment decisions (hereinafter referred to as "material reference information" in the following paragraph) available for public inspection, together with the relevant particulars.

(5) In a case referred to in the preceding paragraph, the Prime Minister is to notify the financial instruments exchange or the authorized financial instruments firms association specified by Cabinet Order referred to in paragraph (1) of the following Article, that makes the particulars set forth in that paragraph that involve material reference information available for public inspection pursuant to the provisions of that paragraph, and the person that makes the particulars set forth in the relevant Article that involve material reference information available for public inspection pursuant to the provisions of Article 25, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27) and Article 27-14, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) or Article 27-30-10, that the material reference information has been made available for public inspection pursuant to the provisions of the preceding paragraph.

(Public Inspection by a Financial Instruments Exchange)

Article 27-30-8 (1) A financial instruments exchange or an authorized financial instruments firms association specified by Cabinet Order which has been notified pursuant to the provisions of Article 27-30-6 is to make the particulars (excluding the parts that are not to be made available for public inspection pursuant to the provisions of Article 25, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27) and also excluding the specified portion (meaning the specified portion prescribed in paragraph (2) of the preceding Article; the same applies in Article 27-30-10) of which it has been notified pursuant to the provisions of Article 27-30-6 in connection with the copies of documents prescribed in Article 25, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27); Article 27-14, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); or Article 27-28, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2)), or the documents stating those particulars, available for public inspection, pursuant to the provisions of Cabinet Order.

(2) If particulars provided for in the preceding paragraph that have been notified or a document stating those particulars is made available for public inspection pursuant to the provisions of that paragraph, the documents prescribed in

Article 25, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27); Article 27-14, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); and Article 27-28, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2)) are deemed to have been made available for public inspection pursuant to those provisions, and the provisions of the Financial Instruments and Exchange Act and related regulations apply.

(Providing Persons with the Particulars Stated in a Prospectus by Means of Using an Electronic Data Processing System or by Other Means)

Article 27-30-9 (1) In the cases specified by Cabinet Office Order, in lieu of delivering a prospectus, a person that is required to deliver a prospectus pursuant to the provisions of Article 15, paragraphs (2) through (4) (including as applied mutatis mutandis pursuant to Article 15, paragraph (6) (including as applied mutatis mutandis pursuant to Article 23-12, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27) and Article 27); or a person that delivers the document prescribed in Article 23-12, paragraph (7) (including as applied mutatis mutandis pursuant to Article 27)) may provide the relevant persons with the particulars that have been stated in the prospectus or the document by means of using an electronic data processing system or by any other means of using information and communications technology that Cabinet Office Order specifies. In such a case, the person that provides the other person with those particulars is deemed to have delivered the prospectus or the document.

(2) The provisions of the preceding paragraph apply mutatis mutandis to documents that are required to be delivered pursuant to the provisions of Article 23-133, paragraph (2) or (5); to a tender offer explanation (meaning a tender offer explanation provided for in Article 27-9, paragraph (33) or (4) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), and also including an amended tender offer explanation) that is required to be delivered pursuant to the provisions of Article 27-9, paragraph (2) or (3) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); and to a written notice that is required to be delivered pursuant to the provisions of Article 27-24.

(Public Inspection by the Issuer)

Article 27-30-10 In a case specified by Cabinet Office Order, in lieu of making the copies of the documents that are required to be made available for public inspection pursuant to the provisions of Article 25, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27) or Article 27-14, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2,

paragraph (2)) available for public inspection, the subsidiary company submitting annual securities reports of a person that has carried out electronic disclosure for the documents set forth in Article 25, paragraph (1), items (i) through (ixi) (including as applied mutatis mutandis pursuant to Article 27); the subsidiary company submitting annual securities reports of a person that has carried out electronic disclosure for the documents set forth in Article 25, paragraph (1), item (x) (including as applied mutatis mutandis pursuant to Article 27); or a person that has carried out electronic disclosure for the document prescribed in Article 27-14, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) may make the particulars, as per the copies of those documents (excluding the parts that are not to be made available for public inspection pursuant to the provisions of Article 25, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27) and also excluding the specified portion), that are required to be stated in the documents set forth in each item of Article 25, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) or the documents prescribed in Article 27-14, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) available for public inspection by displaying those particulars on the screen of an output device or by any other means specified by Cabinet Office Order. In such a case, the person that makes those particulars available for public inspection is deemed to have made the copies of those documents available for public inspection.

(Providing Persons with the Particulars Stated in a Parent Company, etc. Status Report by Means of Using an Electronic Data Processing System or by Other Means)

Article 27-30-11 (1) In the cases specified by Cabinet Office Order, in lieu of sending the copies of the documents that a parent company, etc. is required to send to its subsidiary company submitting annual securities reports pursuant to the provisions of Article 24-7, paragraph (4) (including as applied mutatis mutandis pursuant to paragraph (6) of that Article (including as applied mutatis mutandis pursuant to Article 27) and Article 27), the parent company, etc. may provide the subsidiary company submitting annual securities reports with the particulars that are required to be stated in a parent company, etc. status report (including its amended report), related to the copies of the documents, by means of using an electronic data processing system or by any other means using information and communications technology that Cabinet Office Order specifies. In such a case, the parent company, etc. is deemed to have sent the copies of those documents.

(2) In the cases specified by Cabinet Office Order, in lieu of sending the copies of

the documents that a tender offeror (meaning a tender offeror as prescribed in Article 27-3, paragraph (2); hereinafter the same applies in this paragraph and paragraph (4)) is required to send to the issuer (and to any person that has already submitted a tender offer statement for the share certificates, etc. of that issuer as of the day on which the tender offeror submits the tender offer statement in connection with the relevant tender offer (meaning a tender offer statement as prescribed in Article 27-3, paragraph (2) and including any amended statement in connection with it; hereinafter the same applies in this paragraph and paragraph (4))) of the share certificates, etc. that are subject to the tender offer (meaning a tender offer as prescribed in Article 27-3, paragraph (1); hereinafter the same applies in this paragraph and paragraph (3)), pursuant to the provisions of Article 27-3, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27-8, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27-13, paragraph (3)); Article 27-11, paragraph (4); and Article 27-13, paragraph (3)) or Article 27-10, paragraph (13) (including as applied mutatis mutandis pursuant to Article 27-10, paragraph (14)), the tender offeror may provide the issuer with the particulars, as per the copies of those documents, that are required to be stated in the tender offer notification, written tender offer withdrawal notice (meaning a written tender offer withdrawal notice as prescribed in Article 27-11, paragraph (3)), tender offer report (meaning a tender offer report as prescribed in Article 27-13, paragraph (2) and including any amended report in connection with it), and tender offeror's answer, by means of using an electronic data processing system or by any other means using information and communications technology that Cabinet Office Order specifies. In such a case, the tender offeror is deemed to have sent the copies of those documents.

(3) In the cases specified by Cabinet Office Order, in lieu of sending the copies of the documents that a tender offeror (meaning a tender offeror as prescribed in Article 27-3, paragraph (2) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2); hereinafter the same applies in this paragraph) is required to send pursuant to the provisions of Article 27-3, paragraph (4) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) or (3) if a person has already submitted a tender offer statement (meaning a tender Offer statement as prescribed in Article 27-3, paragraph (2)) for share certificates, etc. issued by the issuer that is the tender offeror, as of the date on which the tender offeror submits the tender offer statement (meaning a tender offer statement as prescribed in Article 27-3, paragraph (2) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2), and including any amended statement in connection with it) in the relevant tender offer (meaning a tender offer as prescribed in Article 27-3, paragraph (1) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2); hereinafter the same

applies in this paragraph), the tender offeror may provide the relevant person with the particulars for that tender offer that are required to be stated in the tender offer statement (meaning the tender offer statement prescribed in Article 27-3, paragraph (2) as applied mutatis mutandis to Article 27-22-2, paragraph (2), and including any amended statement in connection with it) by means of using an electronic data processing system or by any other means using information and communications technology that Cabinet Office Order specifies. In such a case, the tender offeror is deemed to have sent the copies of those documents.

(4) In the cases specified by Cabinet Office Order, in lieu of sending the copies of the documents that the target company of a tender offer is required to send to the tender offeror that is involved in the relevant tender offer pursuant to the provisions of Article 27-10, paragraph (9) (including as applied mutatis mutandis pursuant to Article 27-10, paragraph (10)) (and to any person other than the tender offeror that has already submitted a tender offer statement for the share certificates, etc. of the issuer that are subject to that tender offer as of the day on which the target company submits the target company's position statement in connection with the relevant tender offer (including any amended reports in connection with it; hereinafter the same applies in this paragraph)),the target company may provide the tender offeror with the particulars that are required to be stated in the target company's position statement by means of using an electronic data processing system or by any other means using information and communications technology that Cabinet Office Order specifies. In such a case, the target company of the tender offer is deemed to have sent the copies of those documents.

(5) In the cases specified by Cabinet Office Order, in lieu of sending the copies of the documents that the holder of share certificates, etc. is required to send to the issuer of those share certificates, etc. pursuant to the provisions of Article 27-27 (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2)), the holder of the share certificates, etc. may provide the company with the particulars, as per the copies of those documents, that are required to be stated in the documents prescribed in Article 27-27 (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2)) (excluding parts that are not to be made available for public inspection pursuant to the provisions of Article 27-28, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2))) by means of using an electronic data processing system or by any other means using information and communications technology that Cabinet Office Order specifies. In such a case, the holder of share certificates, etc. is deemed to have delivered the copies of those documents.

Chapter II-5 Provision or Disclosure of Specified Information on Securities

(Provision or Disclosure of Specified Information on Securities)

Article 27-31 (1) An issuer may not issue a solicitation for acquisition only for professional investors or any other category of solicitation with a view to issuing new securities specified by Cabinet Order which is not subject to the application of the main clause of Article 4, paragraph (1) (hereinafter referred to as "exclusive solicitation for acquisition" in this Article and Chapter VI-2) or a solicitation for selling, etc. only for professional investors (unless the securities subject to the relevant solicitation for selling, etc. only for professional investors fall under the category of securities for professional investors, and the solicitation for selling, etc. only for professional investors falls under the category of a case specified by Cabinet Order as one in which a small number of persons are the other parties) or any other category of solicitation with a view to delivering existing securities specified by Cabinet Order that is not subject to the application of the main clause of Article 4, paragraph (1), the main clause of Article 4, paragraph (2), or the main clause of Article 4, paragraph (3) (hereinafter referred to as a "specified solicitation for selling, etc. " in this Article and Chapter VI-2) unless the issuer of the securities that are subject to the exclusive solicitation for acquisition or the specified solicitation for selling, etc. (hereinafter collectively referred to as "specified solicitation, etc.") has provided to the solicited person, or has disclosed, information specified by Cabinet Office Order as the basic information about the securities and the issuer that must be disclosed to investors (hereinafter referred to as "specified information on securities"), prior to the specified solicitation, etc. and pursuant to the provisions of the following paragraph.

(2) An issuer seeking to provide or disclose specified information on securities must provide the specified information on securities itself or entrust another party to do so, or must disclose such information using the internet or through other means, pursuant to the provisions of Cabinet Office Order.

(3) When an issuer that has been disclosing information on the issuer (meaning information on the issuer as prescribed in paragraph (1) of the following Article; hereinafter the same applies in this paragraph) continuously for the period specified by Cabinet Office Order pursuant to the provisions of paragraph (1) of the following Article seeks to provide or disclose specified information on securities pursuant to the provisions of the preceding paragraph, and the issuer has indicated in the specified information on securities, pursuant to the provisions of Cabinet Office Order, that reference should be made to the latest information on the issuer and to the amended information on the issuer set forth in paragraph (3) of that Article with respect

that issuer (hereinafter referred to as "reference information"), the issuer is deemed to have provided or disclosed the information specified by Cabinet Office Order as information about the issuer that is part of the specified information on securities.

(4) If, between the day on which an issuer that provides or discloses specified information on securities pursuant to the provisions of paragraph (2), provides or discloses that information and the day on which one year has elapsed since that day (or, in the cases specified by Cabinet Office Order as those in which it is found not to damage the public interest or result in insufficient investor protection, within the period specified by Cabinet Office Order), there is a particular requiring amendment in the specified information on securities, the issuer must provide or disclose information indicating that it is amending that particular (hereinafter referred to as "amended specified information on securities"), pursuant to the provisions of Cabinet Office Order.

(5) An issuer that has disclosed specified information on securities pursuant to the provisions of paragraph (2) must continue to disclose such specified information on securities (if any amended specified information on securities has been disclosed, such amended specified information on securities is included), until one year has elapsed since the date that it disclosed the specified information on securities (or, in the cases specified by Cabinet Office Order as those in which it is found not to damage the public interest or result in insufficient investor protection, for the period specified by Cabinet Office Order).

(Provision or Disclosure of Information on the Issuer)

Article 27-32 (1) The issuer set forth in each of the following items, pursuant to the provisions of Cabinet Office Order, must provide the holders of the securities set forth in the relevant item with the information about that issuer that is specified by Cabinet Office Order (hereinafter referred to as "information on the issuer") or disclose the same, at least once each business year (if the issuer is not a company or in any other cases specified by Cabinet Office Order, the period specified by Cabinet Office Order; the same applies in paragraph (4), Article 172-11, paragraph (1) and Article 185-7, paragraph (31), item (iv)); provided, however, that this does not apply in the cases that are specified by Cabinet Office Order as those in which, in consideration of liquidity and other circumstances, not doing so is found not to damage the public interest or result in insufficient investor protection:

(i) an issuer of securities for professional investors: securities for professional investors issued by the issuer; or

(ii) an issuer that has provided or disclosed specified information on securities pursuant to the provisions of paragraph (2) of the preceding Article

(excluding the issuer specified in the preceding item): the securities to which the provided or disclosed specified information on securities pertains.

(2) If securities that did not fall under the category of securities for professional investors have come to fall under this category (except in a case specified by Cabinet Office Order), the issuer of such securities must provide the holder of such securities with the information on the issuer or disclose the same, without delay, pursuant to the provisions of Cabinet Office Order.

(3) If there is a particular that is required to be amended in the information on the issuer, an issuer set forth in any of the items of paragraph (1) must provide or disclose information indicating that it is amending that particular (hereinafter referred to as the "amended information on the issuer"), pursuant to the provisions of Cabinet Office Order.

(4) An issuer that has disclosed the information on the issuer pursuant to the provisions of paragraph (1) or (2) must continue to disclose such information on the issuer (if any amended information on the issuer has been disclosed, such amended information on the issuer is included), from the date on which it discloses that information on the issuer until the date on which it provides or discloses the information on the issuer for the business year following that in which it discloses the relevant information on the issuer (if securities for professional investors to which the information on the issuer pertains come to no longer fall under the category of securities for professional investors or in any other case specified by Cabinet Office Order, for the period specified by Cabinet Office Order).

(Provision or Disclosure of Foreign Securities Information)

Article 27-32-2 (1) If a financial instruments business operator, etc. sells securities through a secondary distribution of securities falling under Article 4, paragraph (1), item (iv) (hereinafter referred to as a "secondary distribution of foreign securities"), the financial instruments business operator, etc., in advance of selling of, or at the same time as it sells such securities, must provide the other party with the information specified by Cabinet Office Order as information about the securities and about the issuer of the securities (hereinafter collectively referred to as the "foreign securities information"), or must disclose such information; provided, however, that this does not apply if the issuer of the securities has already disclosed specified information on securities, etc. for the relevant Securities, nor does it apply in any other case specified by Cabinet Office Order.

(2) If a financial instruments business operator, etc. making a secondary distribution of foreign securities is so requested by a person that acquires the securities through the secondary distribution of foreign securities and entrusts those securities to the custody of the financial instruments business operator,

etc.; if it is so requested by a person specified by Cabinet Office Order as being equivalent thereto; or in a case specified by Cabinet Office Order as one in which a fact has occurred that may have a material influence on the investors' investment decisions, the financial instruments business operator, etc. must provide the foreign securities information to that person or must disclose such information; provided, however that this does not apply in the cases that are specified by Cabinet Office Order as those in which, in light of the availability of information on the relevant securities, the status of holding of the securities, and other considerations, not doing so is found not to damage the public interest or result in insufficient investor protection.

(3) A financial instruments business operator, etc. seeking to provide or disclose foreign securities information pursuant to the preceding two paragraphs must provide the foreign securities information personally or entrust another party to do so, or must disclose the same using the internet or through any other means, pursuant to the provisions of Cabinet Office Order.

(Compensatory Liability in Connection with False Specified Information on Securities)

Article 27-33 The provisions of Article 18, paragraph (1), Article 19, Article 20, and Article 21 (excluding paragraph (1), item (iii), paragraph (2), items (ii) and (iii), and paragraph (3)) apply mutatis mutandis to the specified information on securities, etc. (meaning the specified information on securities, the reference information in connection with specified information on securities to which Article 27-31, paragraph (3) is applicable, or the amended specified information on securities (including reference information in connection with the amended specified information on securities; the same applies hereinafter)). In this case, in Article 18, paragraph (1), the term "a securities registration statement" is deemed to be replaced with "any specified information on securities, etc. (meaning the specified information on securities, etc. prescribed in Article 27-33; the same applies hereinafter)", the phrase "false statement" is deemed to be replaced with "false information", the phrase "that is required to be stated" is deemed to be replaced with "that is required to be provided or disclosed", the phrase "omits a statement of material fact" is deemed to be replaced with "omits to give information concerning a material fact", the phrase "the person that submitted the securities registration statement" is deemed to be replaced with "the issuer that provided or disclosed the specified information on securities, etc.", the phrase "person that acquires the securities through the public offering or secondary distribution" is deemed to be replaced with "person that acquires the securities through a specified solicitation, etc. (meaning a specified solicitation, etc. prescribed in Article 27-31, paragraph (1); the same applies hereinafter) to which the specified information on securities, etc.

pertains (if the specified information on securities, etc. has not been disclosed, this is limited to a person that has been provided with the specified information on securities, etc.; hereinafter the same applies in this paragraph and Article 21 as applied mutatis mutandis pursuant to Article 27-33 following the deemed replacement of terms), and the phrase "statement was false" is deemed to be replaced with the "information was false"; in Article 19, paragraph (2), the phrase "the securities registration statement or the prospectus" is deemed to be replaced with the "specified information on securities, etc.", the phrase "false statement" is deemed to be replaced with "false information", the phrase "that is required to be stated" is deemed to be replaced with "that is required to be provided or disclosed", and the phrase "omits a statement of material fact" is deemed to be replaced with "omits to give information concerning a material fact"; in Article 20, the term "Article 18" is deemed to be replaced with "Article 18, paragraph (1) as applied mutatis mutandis pursuant to Article 27-33 following the deemed replacement of terms", in item (i) of that Article, the phrase "the securities registration statement or the prospectus" is deemed to be replaced with "the specified information on securities, etc.", the phrase "false statement" is deemed to be replaced with "false information", the phrase "that is required to be stated" is deemed to be replaced with "that is required to be provided or disclosed", the phrase "omits a statement of material fact" is deemed to be replaced with "omits to give information concerning a material fact", and in item (ii) of that Article, the phrase "for seven years (excluding, if an order for suspension under Article 10, paragraph (1) or Article 11, paragraph (1) has been issued, the period from the day on which the order for suspension is issued to the day on which the order is canceled) from the time when the notification under Article 4, paragraphs (1) through (3) for the relevant public offering or secondary distribution of the securities becomes effective or the prospectus is delivered" is deemed to be replaced with "for seven years from the time when the specified information on securities, etc. is provided or disclosed"; in the non-itemized part of Article 21, paragraph (1), the term " securities registration statement" is deemed to be replaced with "specified information on securities, etc.", the phrase "false statement" is deemed to be replaced with "false information", the phrase "that is required to be stated" is deemed to be replaced with "that is required to be provided or disclosed", the phrase "omits a statement of material fact" is deemed to be replaced with "omits to give information concerning a material fact", the phrase "public offering or secondary distribution" is deemed to be replaced with "specified solicitation, etc.", and the phrase "statement was false" is deemed to be replaced with "information was false"; in Article 21, paragraph (1), item (i), the phrase "company that submitted the securities registration statement" is deemed to be replaced with "issuer that has provided

or disclosed the specified information on securities, etc.", the phrase "at the time of submission of the securities registration statement" is deemed to be replaced with "at the time that the specified information on securities, etc. was provided or disclosed", the phrase "incorporator of the company" is deemed to be replaced with "incorporator of the issuer or any other person that can be regarded as equivalent thereto", and the phrase "the securities registration statement was submitted before the incorporation of the company" is deemed to be replaced with "the specified information on securities, etc. was provided or disclosed before the establishment or inauguration of the issuer"; in Article 21, paragraph (1), item (ii), the phrase "for which the secondary distribution was made" is deemed to be replaced with "for which the specified solicitation, etc. (limited to specified solicitation, etc. falling under the category of a specified solicitation for selling, etc. (meaning a specified solicitation for selling, etc. as prescribed in Article 27-31, paragraph (1); hereinafter the same applies in this item) was made" and the phrase "through a secondary distribution" is deemed to be replaced with "through a specified solicitation for selling, etc. "; in Article 21, paragraph (1), item (iv), the phrase "the public offering" is deemed to be replaced with "the specified solicitation, etc. (limited to specified solicitation, etc. falling under the category of an exclusive solicitation for acquisition (meaning an exclusive solicitation for acquisition as prescribed in Article 27-31, paragraph (1)); in Article 21, paragraph (2), item (i), the phrase "or (ii)" is deemed to be replaced with ", (ii), or (iv)"; in Article 21, paragraph (2), item (i), the phrase "statement was false" is deemed to be replaced with "information was false"; in Article 21, paragraph (4), the phrase "public offering or secondary distribution of securities" is deemed to be replaced with "specified solicitation, etc."; in item (i) of that paragraph, the term "securities" is deemed to be replaced with "securities for which the specified solicitation, etc. was made"; in Article 21, paragraph (4), item (ii), the term "securities" is deemed to be replaced with "Securities for which the specified solicitation, etc. was made"; the term "securities" in Article 21, paragraph (4), item (iii) is deemed to be replaced with "securities for which the specified solicitation, etc. was made"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Compensatory Liability in Connection with False Specified Information)

Article 27-34 The provisions of Articles 21-2 through 22 apply mutatis mutandis to specified information (meaning specified information on securities, etc. or information on the issuer, etc. (meaning information on the issuer or amended information on the issuer; the same applies hereinafter); the same applies in Article 27-35, paragraph (1)). In this case, in Article 21-2, paragraph (1), the phrase "a document set forth in any of the items of Article 25, paragraph (1)

(excluding items (iv) and (viivi)) (hereinafter referred to as a 'document' in this Article)" is deemed to be replaced with "the specified information (meaning the specified information prescribed in Article 27-34; the same applies hereinafter) disclosed pursuant to the provisions of Article 27-31, paragraph (2), (4), or (5) or Article 27-32 (hereinafter referred to as 'disclosed information')", the phrase "false statement" is deemed to be replaced with "false information", the phrase "that is required to be stated" is deemed to be replaced with "that is required to be provided or disclosed", the phrase "omits a statement of material fact" is deemed to be replaced with "omits to give information concerning a material fact", the phrase "the person submitting the document" is deemed to be replaced with "the issuer disclosing the disclosed information", the phrase "a person that, during the period that the document is being made available for public inspection as required by Article 25, paragraph (1), acquires securities issued by the person submitting that document (excluding a document set forth in Article 25, paragraph (1), item (x)) or by a person whose parent company, etc. (meaning a parent company, etc. as defined by Article 24-7, paragraph (1)) is the person submitting the document (limited to a document set forth in Article 25, paragraph (1), item (xii))" is deemed to be replaced with "a person that, during the period that the document is being disclosed pursuant to any of these provisions, acquires securities issued by that issuer", the phrase "or secondary distribution" is deemed to be replaced with ", secondary distribution, or specified solicitation, etc. (meaning the specified solicitation, etc. prescribed in Article 27-31, paragraph (1); the same applies hereinafter)", the phrase "statement being false" is deemed to be replaced with "information being false", and the phrase "false statement, etc." is deemed to be replaced with "false information, etc."; in Article 21-2, paragraph (2), the phrase "false statement, etc. in the relevant document" is deemed to be replaced with "false information, etc. that pertains to the relevant disclosed information"; in Article 21-2, paragraph (3), the phrase "false statement, etc. in the relevant document" is deemed to be replaced with "false information, etc. that pertains to the relevant disclosed information" and the phrase "the day of the disclosure of the false statement, etc." is deemed to be replaced with "the day of the disclosure of the false information, etc."; in Article 21-2, paragraph (4), the phrase "disclosure of a false statement, etc." is deemed to be replaced with "disclosure of false information, etc.", the phrase "means that the person submitting the document" is deemed to be replaced with "means that the issuer disclosing the disclosed information", the phrase "over the person submitting the document" is deemed to be replaced with "over the issuer", the phrase "that the document's false statement, etc. concerns" is deemed to be replaced with "that the false statement, etc. in the disclosed information concerns", the phrase "that is required to be stated" is deemed to be replaced with "that is required to

be provided or disclosed", and the phrase "through public inspection provided for in Article 25, paragraph (1) or through other means" is deemed to be replaced with "pursuant to the provisions of Cabinet Office Order"; in Article 21-2, paragraphs (5) and (6), the phrase "the document's false statement, etc." is deemed to be replaced with "the false information, etc. in the disclosed information"; in Article 21-3, the phrase "Article 21-2" is deemed to be replaced with "Article 21-2 as applied mutatis mutandis pursuant to Article 27-34 following the deemed replacement of terms", the phrase "a document set forth in any of the items of Article 25, paragraph (1) (excluding Article 25, paragraph (1), items (iv) and (viivi))" is deemed to be replaced with "the disclosed information (meaning the disclosed information prescribed in Article 21-2, paragraph (1) as applied mutatis mutandis pursuant to Article 27-34 following the deemed replacement of terms; the same applies hereinafter))", the phrase "the phrase 'three years' is deemed to be replaced with 'two years' " is deemed to be replaced with "the phrase 'false statement' is deemed to be replaced with 'false information', the phrase 'that is required to be stated' is deemed to be replaced with 'that is required to be provided or disclosed', the phrase 'omits a statement as to a material particular' is deemed to be replaced with 'omits to give information concerning a material fact', the phrase 'three years' is deemed to be replaced with 'two years' ", and the phrase "within five years of the time that the document is submitted" is deemed to be replaced with "within five years of the day on which the disclosed information is disclosed"; in Article 22, paragraph (1), the phrase "If a securities registration statement contains" is deemed to be replaced with "If specified information contains", the phrase "a false statement" is deemed to be replaced with "false information", the phrase "that is required to be stated" is deemed to be replaced with "that is required to be provided or disclosed", the phrase "omits a statement as to a material particular" is deemed to be replaced with "omits to give information concerning a material fact", the phrase "persons set forth in Article 21, paragraph (1), items (i) and (iii)" is deemed to be replaced with "a person that, at the time of the provision or disclosure of the specified information, is an officer (meaning an officer as prescribed in Article 21, paragraph (1), item (i)) of the issuer that provided or disclosed that specified information, or an incorporator or founder of the issuer or any other person equivalent thereto (but only if the specified information, etc. is provided or disclosed before the incorporation or inauguration of the issuer)", the phrase "statement is false" is deemed to be replaced with the "information is false" and the phrase "acquires or disposes of securities issued by the person submitting the securities registration statement other than through a public offering or secondary distribution" is deemed to be replaced with "acquires (if the specified information has not been disclosed, this is limited to a person that has been provided with the specified

information; and, if the specified information falls under the category of specified information on securities, etc. (meaning the specified information on securities, etc. prescribed in Article 27-33), this is limited to a person that has acquired such securities other than through a public offering, secondary distribution, or specified solicitation, etc.) or disposes (if the specific information has not been disclosed, this is limited to a person that has been provided with the specified information) of securities of the issuer that provided or disclosed the specified information"; in Article 22, paragraph (2), the phrase "Article 21, paragraph (2), items (i) and (ii)" is deemed to be replaced with "Article 21, paragraph (2), item (i)"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Compensatory Liability of a Violator in Connection with Foreign Securities Information)

Article 27-34-2 (1) A financial instruments business operator, etc. that violates the provisions of Article 27-32-2, paragraph (1) in selling securities is liable to compensate a person that purchases those securities, for damage arising from the violation.

(2) A financial instruments business operator, etc. that sells securities through a secondary distribution of foreign securities, using foreign securities information that contains false information regarding a material particular, lacks information about a material particular that is required to be provided or disclosed, or lacks information concerning a material fact that is necessary to prevent it from being misleading, is liable to compensate for damage sustained by a person that purchases the relevant securities without knowing that the information is false or has been omitted; provided, however, that this does not apply if the financial instruments business operator, etc. that would be liable for such compensation proves that it did not know, and in the exercise of reasonable care could not have known, that the information was false or had been omitted.

(3) If foreign securities information that is disclosed pursuant to the provisions of Article 27-32-2, paragraph (3) (hereinafter referred to as "disclosed information" in this paragraph) contains false information about a material particular, lacks information about a material particular that is required to be provided or disclosed, or lacks information concerning a material fact that is necessary to prevent it from being misleading, the financial instruments business operator, etc. that discloses the disclosed information is liable to compensate a person that, without knowing that the information is false or has been omitted, acquires or disposes of securities to which the disclosed information pertains from the financial instruments business operator other than through a public offering or secondary distribution or exclusive

solicitation for acquisition, etc., during the period in which the disclosed information is being disclosed pursuant to paragraph (3) of that Article, for damage arising from the information being false or having been omitted; provided, however, that this does not apply if the financial instruments business operator, etc. that would be liable for such damages proves that it did not know, and in the exercise of reasonable care could not have known, that the information was false or had been omitted.

(Collection of Reports and Inspection of a Provider of Specified Information)

Article 27-35 (1) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order an issuer that has provided or disclosed specified information, an issuer that is found to be required to provide or disclose specified information, the underwriter of securities to which specified information pertains, or any other concerned party or witness to submit reports or materials that should serve as a reference, and may have the relevant officials inspect that person's books, documents, and any other articles of theirs.

(2) If the Prime Minister finds it necessary with regard to an order for a report or submission of materials or the inspection under the preceding paragraph, the Prime Minister may make inquiries to public offices or public or private organizations and request a report on necessary particulars.

Chapter II-6 Disclosure of Material Information

(Disclosure of Material Information)

Article 27-36 (1) When an issuer of the securities set forth in Article 2, paragraph (1), item (v), (vii), (ix) or (xi) (excluding those specified by Cabinet Order) which are listed in a financial instruments exchange or fall under the category of over-the-counter traded securities or any other securities specified by Cabinet Order (hereinafter referred to as a "listed company, etc." in this Article) or an asset management company (meaning an asset management company as prescribed in Article 2, paragraph (21) of the Act on Investment Trusts and Investment Corporations) of a listed company, etc. which is an investment corporation (meaning an investment corporation as prescribed in Article 2, paragraph (12) of that Act; the same applies in item (i)) (hereinafter referred to as an "asset management company of a listed investment corporation, etc." in this paragraph and the following paragraph) or an officer (if the accounting advisor is a corporation, its staff member), agent, employee, or any other worker (hereinafter referred to as an "officer, etc." in item (i) and the following paragraph) of such company provides, with regard to the

company's business, undisclosed material information about the operations, business, or assets of the listed company, etc. which has a material influence on investors' investment decisions (hereinafter referred to as "material information" in this Chapter) to the following persons (hereinafter referred to as "business associates" in this Article) (if the person that provides the material information is an agent, employee, or any other worker of a listed company, etc. or an asset management company of a listed investment corporation, etc., the provision of information by a person in the listed company, etc. or the asset management company of a listed investment corporation, etc. that has been assigned the duty to provide information to business associates; hereinafter the same applies in this Article), the listed company, etc. must disclose the material information at the same time as the provision of information; provided, however, that this does not apply if a business associate has an obligation under laws, regulations, or contract to the effect that the business associate must not divulge a secret concerning the material information and must not effect a purchase and sale, or any other transfer or acquisition for value, or succession upon a merger or company split (meaning to cause the other party to succeed or to succeed upon merger or company split) of the securities issued by the listed company, etc. which fall under any of the categories of securities set forth in Article 2, paragraph (1), item (v), (vii), (ix), or (xi) (excluding those specified by Cabinet Order), securities set forth in item (xix) of that paragraph which indicate options involving these securities, or other securities specified by Cabinet Order (hereinafter referred to as "listed securities, etc." in this paragraph and paragraph (3)), nor effect a derivatives transaction (excluding transactions in which a person that has acquired an option on listed securities, etc. acquires listed securities, etc. by exercising that option or other transactions specified by Cabinet Office Order) connected with the same (hereinafter referred to as "purchase and sale, etc." in item (ii) and paragraph (3)), before the disclosure of the material information:

(i) financial instruments business operators, registered financial institutions, credit rating agencies, investment corporations, and any other persons specified by Cabinet Office Order, or their officers, etc. (excluding the person specified by Cabinet Office Order as a person that is not engaged in a financial instruments business in an entity that has taken the measures specified by Cabinet Office Order as those necessary for appropriately managing material information); and

(ii) the persons specified by Cabinet Office Order as those that receive material information concerning services involving public relations aimed at investors in the listed company, etc. and that have a high probability of effecting purchase and sale, etc. of listed securities, etc. of the listed company, etc.

based on investment decisions that are grounded in the material information.

(2) The provisions of the main clause of the preceding paragraph do not apply to the cases specified by Cabinet Office Order as cases in which a listed company, etc., an asset management company of a listed investment corporation, etc., or an officer, etc. of such company did not know, with regard to the company's business, that the information provided constituted material information at the time of providing material information to business associates, or cases in which it is difficult to disclose the material information at the same time as the provision of the information to business associates. In this case, the listed company, etc. must disclose the material information promptly after learning that the information was provided to business associates.

(3) In the case referred to in the proviso to paragraph (1), if the listed company, etc. learns that a business associate that has received the material information has divulged a secret concerning the material information to another business associate or made a purchase and sale, etc. of listed securities, etc. of the listed company, etc. before the disclosure of the material information in violation of laws, regulations, or a contract, the listed company, etc. must promptly disclose the material information; provided, however, that this does not apply if the material information cannot be disclosed due to a compelling reason or any other cases specified by Cabinet Office Order.

(4) A listed company, etc. seeking to disclose material information pursuant to the provisions of the preceding three paragraphs must disclose the material information using the internet or through other means, pursuant to the provisions of Cabinet Office Order.

(Collection of Reports and Inspection of a Discloser)

Article 27-37 (1) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a person that has disclosed material information, a person that is found to be required to disclose material information, or a witness to submit reports or materials that should serve as a reference, and may have the relevant officials inspect that person's books, documents, and any other articles of theirs.

(2) If the Prime Minister finds it necessary with regard to an order for a report or submission of materials or the inspection under the preceding paragraph, the Prime Minister may make inquiries to public offices or public or private organizations and request a report on necessary particulars.

(Instruction to Disclose)

Article 27-38 (1) When the Prime Minister finds that material information that is required to be disclosed pursuant to Article 27-36, paragraphs (1) through (3)

has not been disclosed, the Prime Minister may instruct a person that is found to be required to disclose the material information to disclose the material information or to take any other appropriate measure.

(2) If a person that has received an instruction under the provisions of the preceding paragraph fails to take a measure that the instruction involves without just cause, the Prime Minister may order that person to take the measure that the instruction involves.

Chapter III Financial Instruments Business Operators

Section 1 General Provisions

Subsection 1 General Rules

Article 28 (1) The term "type-I financial instruments business" as used in this Chapter means the performance of any of the following acts on a regular basis, as part of financial instruments business:

(i) an act set forth in Article 2, paragraph (8), items (i) through (iii), item (v), item (viii), or item (ix) with regard to securities (excluding rights set forth in the items of Article 2, paragraph (2) that are deemed to be securities pursuant to the provisions of that paragraph (excluding electronically recorded transferable rights; the same applies in item (ii) of the following paragraph and Article 64, paragraph (1), item (i));

(i)-2 acts listed in Article 2, paragraph (8), item (ii), (iii) or (v) with regard to commodity-related market derivatives transactions;

(ii) an act set forth in Article 2, paragraph (8), item (iv), or an act set forth in item (v) of that paragraph in relation to over-the-counter derivatives transactions;

(iii) an act falling under any of the following (a) through (c):

(a) the wholesale underwriting of securities that is specified by Cabinet Order as involving a high necessity to manage the risk of loss;

(b) the wholesale underwriting of securities other than that which is set forth in (a); or

(c) an act set forth in Article 2, paragraph (8), item (vi) other than the wholesale underwriting of securities;

(iv) an act set forth in Article 2, paragraph (8), item (x); or

(v) an act set forth in Article 2, paragraph (8), item (xvi) or (xvii).

(2) The term "type-II financial instruments business" as used in this Chapter means the performance of any of the following acts on a regular basis, within the financial instruments business:

(i) an act set forth in Article 2, paragraph (8), item (vii);

(ii) an act set forth in Article 2, paragraph (8), items (i) through (iii), item (v), item (viii), or item (ix) with regard to rights set forth in the items of Article

2, paragraph (2) that are deemed to be securities pursuant to the provisions of that paragraph;

(iii) an act set forth in Article 2, paragraph (8), items (i) through (iii) or item (v) (other than one that is set forth in item (i), (i)-2 or (ii) of the preceding paragraph or the preceding item); or

(iv) an act set forth in Article 2, paragraph (8), item (xviii).

(3) The term "investment advisory and agency business" as used in this Chapter means the performance of any of the following acts on a regular basis, within the financial instruments business:

(i) an act set forth in Article 2, paragraph (8), item (xi); or

(ii) an act set forth in Article 2, paragraph (8), item (xiii).

(4) The term "investment management business" as used in this Chapter means the performance of any of the following acts on a regular basis, within the financial instruments business, and includes the performance of such an act by a bank, by a cooperative financial institution, or by any other financial institution specified by Cabinet Order, on a regular basis:

(i) an act set forth in Article 2, paragraph (8), item (xii);

(ii) an act set forth in Article 2, paragraph (8), item (xiv); or

(iii) an act set forth in Article 2, paragraph (8), item (xv).

(5) The term "securities, etc. management" as used in this Chapter means services within the type-I financial instruments business which are connected with the act set forth in paragraph (1), item (v).

(6) The term "investment advisory business" as used in this Chapter means services within investment advisory and agency business which are connected with the act set forth in paragraph (3), item (i).

(7) The term "wholesale underwriting of securities" as used in this Chapter means the underwriting of securities prescribed in Article 2, paragraph (8), item (vi) which falls under a category set forth in any of the following items:

(i) the acquisition of all or part of the relevant securities from the issuer or holder (excluding financial instruments business operators and registered financial institutions; the same applies in the following item and item (iii)) with the aim of having other persons acquire those securities;

(ii) the conclusion of a contract stipulating that if no other person acquires all or part of the relevant securities, the underwriter will acquire those that remain from the issuer or holder;

(iii) the conclusion of a contract, if the relevant securities are share option certificates (including the securities specified by Cabinet Office Order as being equivalent to them; hereinafter the same applies in this item), stipulating that when the person that has acquired the share option certificates does not exercise the share options (including the rights specified by Cabinet Office Order as being equivalent to them; hereinafter the same

applies in this item) associated with all or part of those share option certificates, the underwriter themselves or a third party will acquire the share option certificates associated with the unexercised share options from the issuer or the holder of those certificates and will exercise them.

(8) The term "securities services" as used in this Chapter means the performance of any of the following acts on a regular basis:

(i) the purchase and sale of securities, or intermediation, brokerage (excluding brokerage for clearing of securities, etc.), or agency for the same;

(ii) intermediation, brokerage, or agency for entrustment of the purchase and sale of securities on a financial instruments exchange market or foreign financial instruments market;

(iii) the following transactions, among market derivatives 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 security (including a standardized instrument as set forth in Article 2, paragraph (24), item (v) which is connected with a security, other than one that is specified by Cabinet Order; 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 or buy back the underlying Security;

(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 securities indicator upon which the parties agree in advance (hereinafter referred to as the "agreed figure for the securities" in this Chapter) and the actual numerical value of the securities indicator at a fixed time in the future (hereinafter referred to as the "actual figure for the securities" in this Chapter);

(c) a transaction comprising the first party's promise to grant the second party the option of effecting any of the following transactions between them by a unilateral manifestation of the second party's intention alone, and the second party's promise to pay the value of that option:

1. a purchase and sale of securities; and

2. a transaction set forth in any of (a), (b), (d), or (e) (including a transaction equivalent to the transaction set forth in (b) that is prescribed by the financial instruments exchange);

(d) a transaction comprising the parties' mutual promise that, for the amount of money they have set as the principal, the first party will pay money to the second based on the interest rate, etc. of agreed-upon securities or based on the rate of change in an agreed-upon securities indicator (excluding the interest rate, etc. of securities and numerical values calculated based on them; the same applies in this (d) and (e) of the

following item) during the period they have agreed to, and the second party will pay money to the first based on an agreed-upon money rate or the interest rate, etc. of agreed-upon securities, or based on the value of an agreed-upon currency or the rate of change in an agreed-upon securities indicator during the period they have agreed to (including transactions in which the parties promise that, in addition to paying such amounts, they will also deliver and take delivery of money or securities equivalent to the amount they have set as the principal); and

(e) a transaction specified by Cabinet Order which is similar to any of the transactions set forth in (a) through (d);

(iv) the following transactions, among over-the-counter derivatives 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 security (other than one specified by Cabinet Order; 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 security or if they take some other action that is specified by Cabinet Order;

(b) a transaction comprising the parties' promises to pay and receive an amount of money calculated based on the difference between the agreed figure for the securities and the actual figure for the securities, or a transaction similar thereto;

(c) a transaction comprising the first party's promise to grant the second party the option of effecting any of the following transactions between them by a unilateral manifestation of the second party's intention alone, and the other party's promise to pay the value of that option, or any transaction similar thereto:

1. a purchase and sale of securities; and

2. a transaction set forth in (a), (b), (e), and (f);

(d) a transaction comprising, on one side, the first party's promise to grant the second party the option of effecting a transaction by a unilateral manifestation of the second party's intention alone, in which the parties pay and receive the amount of money calculated based on the difference between the numerical value that they have agreed in advance to use as the agreed figure for the relevant securities indicator if the second party manifests the intention to effect the transaction, and the actual figure of the securities indicator at the time the second party manifests that intention, and, on the other side, the second party's promise to pay the value of that option, or any transaction similar thereto;

(e) a transaction comprising the parties' mutual promise that, for the amount

of money they have set as the principal, the first party will pay money to the second based on the interest rate, etc. of agreed-upon securities or based on the rate of change in an agreed-upon securities indicator during the period they have agreed to, and the second party will pay money to the first based on an agreed-upon money rate or the interest rate, etc. of agreed-upon securities, or based on the value of agreed-upon currencies or the rate of change in an agreed-upon securities indicator during the period they have agreed to (including transactions comprising the parties' promise that, in addition to paying such amounts, they will also deliver and take delivery of money or securities equivalent to the amount they have set as the principal), or any transaction similar thereto; and

(f) a transaction, other than what is set forth in (a) through (e), that has an economic nature similar to these, and that is specified by Cabinet Order as a transaction regarding which it is found to be necessary to ensure the public interest or the protection of investors;

(v) a transaction conducted on a foreign financial instruments market that is similar to a transaction set forth in item (iii);

(vi) intermediation, brokerage (excluding brokerage for clearing of securities, etc.), or agency for a transaction set forth in any of the preceding three items (hereinafter referred to as a "securities-related derivatives transactions") or intermediation, brokerage, or agency for the entrustment of a transaction set forth in item (iii) or the preceding item;

(vii) an act set forth in Article 2, paragraph (8), item (v) that is connected with the purchase and sale of a security, securities-related derivatives transactions, or any other transaction specified by Cabinet Order; or

(viii) an act set forth in Article 2, paragraph (8), item (vi), (viii), or (ix).

Subsection 2 Financial Instruments Business Operators

(Registration)

Article 29 A person may not engage in financial instruments business if that person has not been registered by the Prime Minister.

(Application for Registration)

Article 29-2 (1) A person seeking the registration referred to in the preceding Article must submit a written application for registration to the Prime Minister, in which it states the following particulars:

(i) the person's trade name or name;

(ii) the amount of stated capital or the total amount of contributions, if it is a corporation (or if it is a foreign corporation seeking to engage in type-I financial instruments business, the amount of stated capital or the total

amount of contributions and the amount of brought-in capital (meaning assets corresponding to the stated capital that are brought into Japan; the same applies hereinafter));

(iii) the names of its officers, if it is a corporation (including the domestic representative, if it is a foreign corporation; hereinafter the same applies in this Chapter (excluding Article 29-4, paragraph (1), item (v), (e), 3.) and Section 5) through Chapter III-55);

(iv) if the person has an employee as specified by Cabinet Order, the name of that employee;

(v) the business category (meaning which of the acts set forth in Article 28, paragraph (1), item (i), item (i)-2, item (ii), item (iii), (a) through (c), or item (iv), or which, among securities, etc. management, type-II financial instruments business, investment advisory and agency business, or investment management business, is the business category for which the person seeks registration);

(v)-2 if the person seeks to engage in the investment management business, and the person does not receive a deposit of money or securities from customers and does not have a person specified by Cabinet Order as being closelyclose related to the person receive a deposit of money or securities from customers, inin connection withwith the investment management business that the person seeks to engage in, an indication of this;

(vi) if the person provides an electronic self-offering service (meaning performing the act set forth in Article 2, paragraph (8), item (vii) or (viii) on a regular basis by means of using an electronic data processing system or by any other means using information and communications technology that Cabinet Office Order specifies (excluding the acts specified by Cabinet Order); hereinafter the same applies in this Chapter), or an electronic public offering service (meaning performing the act set forth in item (ix) of that paragraph on a regular basis by means of using an electronic data processing system or by any other means using information and communications technology that Cabinet Office Order specifies; hereinafter the same applies in this Chapter) with regard to securities set forth in the items of Article 3 or securities not listed on a financial instruments exchange (excluding those specified by Cabinet Order), an indication of this;

(vii) the following particulars concerning high-speed trading:

(a) if the person conducts high-speed trading as type-I financial instruments business, type-II financial instruments business, or investment management business (excluding the case prescribed in (b)), an indication of this;

(b) if the person does not conduct type-I financial instruments business and investment management business, but conducts high-speed trading as

type-II financial instruments business, an indication of this; and

(c) beyond the cases provided for in (a) and (b), if the person conducts high-speed trading, an indication of this;

(viii) if the person conducts, on a regular basis, any of the following acts with regard to rights that are deemed to be securities pursuant to the provisions of Article 2, paragraph (2) (limited to those that are specified by Cabinet Office Order as particularly necessary in the public interest or for the protection of investors in consideration of the means of recording or transferring the rights or other circumstances) or derivatives transactions involving those rights or financial indexes (limited to prices and interest rates of those rights and numerical values calculated based on them), an indication of this:

(a) the acts set forth in Article 2, paragraph (8), items (i) through (x) with regard to those rights or the acts set forth in items (i) through (v) of that paragraph with regard to those derivatives transactions; or

(b) the acts set forth in Article 2, paragraph (8), item (xii), (xiv), or (xv);

(ix) if the person conducts, on a regular basis, any of the following acts with regard to derivatives transactions involving crypto-and other assets or financial indexes (limited to prices and interest rates of crypto-and other assets and numerical values calculated based on them), an indication of this:

(a) the acts set forth in Article 2, paragraph (8), items (i) through (v); or

(b) the acts set forth in Article 2, paragraph (8), item (xii), (xiv), or (xv);

(x) if the person conducts, on a regular basis, any of the acts set forth in Article 2, paragraph (8), items (vii) to (ix) with regard to rights in a loan business, etc. (meaning the rights set forth in Article 2, paragraph (2), items (iii) to (vi), for which the business subject to investment (meaning a business that is conducted using the money or other property invested or contributed by a person that holds the rights; the same applies in Article 40-3-3) is the business of mainly lending money or any other business specified by Cabinet Order; hereinafter the same applies in this Chapter), an indication of this;

(xi) the name and location of the head office and other business offices or offices (or if it is a foreign corporation, the head office, and the principal business office or office in Japan, or other business offices or offices in Japan);

(xii) if the person entrusts the investment management-related service, an indication of this, and the trade name or name of the entrusted party, the details of the investment management-related service entrusted to the entrusted party, and other particulars specified by Cabinet Office Order;

(xiii) if the person engages in other business, the business type; and

(xiv) other particulars specified by Cabinet Office Order.

(2) The following documents must accompany the written application for

registration referred to in the preceding paragraph:

(i) a document pledging that the applicant does not fall under any of the items of Article 29-4, paragraph (1) (other than item (i), (d) through (f), item (i)-2, item (iii), (a), item (iv), (d), item (v), (c), or item (vii) (limited to the part related to Article 66-53, item (vi), (c)));

(ii) a document stating the things specified by Cabinet Office Order as constituting the business outline and business methods, and any other documents specified by Cabinet Office Order; and

(iii) beyond what is set forth in the preceding two items, if the person is a corporation, its articles of incorporation, its certificate of registered information, and any other document specified by Cabinet Office Order.

(3) As concerns the documents set forth in item (iii) of the preceding paragraph accompanying a written application for registration, if the articles of incorporation have been prepared as electronic or magnetic records, such electronic or magnetic records (limited to those specified by Cabinet Office Order) may accompany the written application in lieu of paper documents.

(4) Calculation of brought-in capital is specified by Cabinet Order.

(Registration in the Register)

Article 29-3 (1) When an application is filed for the registration referred to in Article 29, unless the Prime Minister refuses the registration pursuant to the provisions of paragraph (1) of the following Article, the Prime Minister must register the following particulars in the financial instruments business operators' register:

(i) the particulars set forth in the items of paragraph (1) of the preceding Article; and

(ii) the date of registration and the registration number.

(2) The Prime Minister must make the financial instruments business operators register available for public inspection.

(Refusal of Registration)

Article 29-4 (1) The Prime Minister must refuse to effect a registration if the applicant for registration falls under any of the following items, or if the written application for registration or a document or electronic or magnetic record that is required to accompany it contains a false statement or record or omits a statement or record of a material fact:

(i) a person falling under any of the following:

(a) a person that has had the registration referred to in Article 29 rescinded pursuant to the provisions of Article 52, paragraph (1), Article 53, paragraph (3), or Article 57-6, paragraph (3), has had the permission referred to in Article 60, paragraph (1) rescinded pursuant to the

provisions of Article 60-8, paragraph (1), has had the permission under Article 60-14, paragraph (1) rescinded under the provisions of Article 60-8, paragraph (1) as applied mutatis mutandis pursuant to Article 60-14, paragraph (2), has been ordered to discontinue specially permitted services for qualified institutional investors, etc. (meaning the specially permitted services for qualified institutional investors, etc. prescribed in Article 63, paragraph (2); hereinafter the same applies in this item and item (ii)) pursuant to the provisions of Article 63-5, paragraph (3) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)), has been ordered to discontinue specially permitted services for foreign investors, etc. (meaning the specially permitted services for foreign investors, etc. prescribed in Article 63-8, paragraph (1); hereinafter the same applies in this item anditem (ii)) pursuant to the provisions of Article 63-13, paragraph (3) (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)), has had the registration referred to in Article 66 rescinded pursuant to the provisions of Article 66-20, paragraph (1), or has had the registration referred to in Article 66-27 rescinded pursuant to the provisions of Article 66-42, paragraph (1), or has had the registration referred to in Article 66-50 rescinded pursuant to the provisions of Article 66-63, paragraph (1), or has had the registration referred to in Article 66-71 rescinded pursuant to the provisions of Article 66-85, paragraph (1), or has had the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment TheretoThereto (limited to the registration related to the type of securities, etc. intermediary business operations) rescinded pursuant to the provisions of Article 38, paragraph (1) of that Act (excluding items (ii), (iii), and (v)), for whom five years have not passed since the date of the rescission; or a person that had a registration or license of the same kind obtained in a foreign country rescinded pursuant to the provisions of a foreign law or regulation that is equivalent to this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment TheretoThereto (including authorization or any other administrative disposition similar to such a license or registration), or a person that has been ordered to discontinue services of the same kind as specially permitted services for qualified institutional investors, etc. or specially permitted services for foreign investors, etc., for whom five years have not passed since the date of the rescission or order;

(b) a person falling under any of the following:

1. a person that has made a notification under Article 50-2, paragraph (1) to the effect that the person falls under item (ii), (vi) or (vii) of that paragraph, within the period from the day on which a notice was made

under Article 15 of the Administrative Procedure Act with regard to rescission of the registration set forth in Article 29 under Article 52, paragraph (1), Article 53, paragraph (3) or Article 57-6, paragraph (3) to the day on which the relevant disposition is made or the day on which the disposition is decided not to be made (excluding a person that had made, before the day on which the relevant notice was made, a decision (if the person is a corporation, a decision by the organ that is responsible for making decisions about the execution of its operations) about discontinuing its financial instruments business, having the whole of its business linked with financial instruments business succeeded to through a company split, or transferring the whole of its business linked with financial instruments business), for whom five years have not passed since the date of the notification;

2. in the case where, within the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to rescission of the permission set forth in Article 60, paragraph (1) under Article 60-8, paragraph (1) to the day on which the relevant disposition is made or the day on which the disposition is decided not to be made, a notification has been made under Article 60-7 to the effect that a person falls under the case prescribed in the relevant Article as a result of discontinuing its on-exchange transaction services (meaning the on-exchange transaction services prescribed in Article 60, paragraph (1); hereinafter the same applies in this item, item (ii), (f), 2., and Article 38, item (viii)), the authorized firm for on-exchange transactions (meaning the authorized firm for on-exchange transactions prescribed in Article 60-4, paragraph (1); hereinafter the same applies in this item, item (ii), and Article 38, item (viii)) related to that notification (excluding a person that has made, before the day on which that notice was made, a decision (meaning a decision by the organ that is responsible for making decisions about the execution of operations of the relevant authorized firm for on-exchange transactions) about discontinuing its on-exchange transaction services), for whom five years have not passed since the date of the notification;

3. in the case where, within the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to rescission of the permission set forth in Article 60-14, paragraph (1) under Article 60-8, paragraph (1) as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) to the day on which the disposition is made or the day on which the disposition is decided not to be made, a notification has been made under Article 60-7 to the

effect that a person falls under the case prescribed in that Article as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) as a result of discontinuing its business of conducting electronic over-the-counter derivatives transactions, etc. (meaning the business of conducting electronic over-the-counter derivatives transactions, etc. prescribed in Article 60-14, paragraph (1); hereinafter the same applies in this item and item (ii), (f), 3.), the business operator authorized to conduct electronic over-the-counter derivatives transactions, etc.. (meaning the business operator authorized to conduct electronic over-the-counter derivatives transactions, etc.. prescribed in Article 60-14, paragraph (2); hereinafter the same applies in this item and item (ii)) related to the notification (excluding a person that has made, before the day on which the notice was made, a decision (meaning a decision by the organ that is responsible for making decisions about the execution of operations of the business operator authorized to conduct electronic over-the-counter derivatives transactions, etc.) about discontinuing its business of conducting electronic over-the-counter derivatives transactions, etc.), for whom five years have not passed since the date of the notification;

4. a person that has made a notification under Article 63-2, paragraph (2) to the effect that the person has succeeded to the position of a notifier of specially permitted services (meaning a person that has made a notification under Article 63, paragraph (2); hereinafter the same applies in this item and item (ii)) pursuant to the provisions of Article 63-2, paragraph (1) or a notification under Article 63-2, paragraph (3) to the effect that a person falls under item (ii) of that paragraph, within the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to a disposition of discontinuation of specially permitted services for qualified institutional investors, etc. under Article 63-5, paragraph (3) to the day on which the disposition is made or the day on which the disposition is decided not to be made (in the case of having made a notification under Article 63-2, paragraph (2) to the effect that the person has succeeded to the position of a notifier of specially permitted services pursuant to the provisions of paragraph (1) of that Article, such person is a person that was the notifier of specially permitted services related to the notification, excluding a person that had made, before the day on which the notice was made, a decision (if the person is a corporation, a decision by the organ that is responsible for making decisions about the execution of its operations) about transferring the whole of its business linked with specially permitted services for

qualified institutional investors, etc., having the whole of its business linked with specially permitted services for qualified institutional investors, etc. succeeded to through a company split, or discontinuing its specially permitted services for qualified institutional investors, etc.), for whom five years have not passed since the date of the notification;

5. a person that has made a notification under Article 50-2, paragraph (1) to the effect that the person falls under item (vi) or (vii) of that paragraph or a notification under Article 63-2, paragraph (3) to the effect that the person falls under item (ii) of that paragraph as applied mutatis mutandis pursuant to Article 63-3, paragraph (2), within the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to a disposition of discontinuation of specially permitted services for qualified institutional investors, etc. under Article 63-5, paragraph (3) as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) to the day on which the disposition is made or the day on which the disposition is decided not to be made (excluding a person that had made, before the day on which the notice was made, a decision (if the person is a corporation, a decision by the organ that is responsible for making decisions about the execution of its operations) about having the whole of its business linked with specially permitted services for qualified institutional investors, etc. succeeded to through a company split, transferring the whole of its business linked with specially permitted services for qualified institutional investors, etc., or discontinuing its specially permitted services for qualified institutional investors, etc.), for whom five years have not passed since the date of the notification;

6. a person that has made a notification under Article 63-10, paragraph (2) to the effect that the person succeeded to the position of a notifier of specially permitted services for foreign investors, etc. (meaning a person that has made a notification under Article 63-9, paragraph (1); hereinafter the same applies in this item anditem (ii)) pursuant to the provisions of Article 63-10, paragraph (1) or a notification under Article 63-10, paragraph (3) to the effect that the person falls under item (ii) of that paragraph, during the period from the day on which a notice was given under Article 15 of the Administrative Procedure Act with regard to a disposition of discontinuation of specially permitted services for foreign investors, etc. under Article 63-13, paragraph (3) to the day on which the relevant disposition is made or the day on which the disposition is decided not to be made (if a notification under Article

63-10, paragraph (2) to the effect that the person has succeeded to the position of a notifier of specially permitted services for foreign investors, etc. has been given pursuant to the provisions of Article 63-10, paragraph (1), the person is a person that was the notifier of specially permitted services for foreign investors, etc. related to the notification, and excluding a person that had made, before the day on which the relevant notice was given, a decision (if the person is a corporation, a decision by the organ that is responsible for making decisions about the execution of its operations) about transferring all of its business linked with specially permitted services for foreign investors, etc., having all of its business linked with specially permitted services for foreign investors, etc. succeeded to through a company split, or discontinuing its specially permitted services for foreign investors, etc.), for whom five years have not passed since the date of the notification;

7. a person that has made a notification under Article 50-2, paragraph (1) to the effect that the person falls under item (vi) or (vii) of that paragraph or a notification under Article 63-10, paragraph (3) to the effect that the person falls under item (ii) of that paragraph as applied mutatis mutandis pursuant to Article 63-11, paragraph (2), during the period from the day on which a notice was given under Article 15 of the Administrative Procedure Act with regard to a disposition of discontinuation of specially permitted services for foreign investors, etc. under Article 63-13, paragraph (3) as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) to the day on which the relevant disposition is made or the day on which the disposition is decided not to be made (excluding a person that had made, before the day on which the relevant notice was given, a decision (if the person is a corporation, a decision by the organ that is responsible for making decisions about the execution of its operations) about having all of its business linked with specially permitted services for foreign investors, etc. succeeded to through a company split, transferring all of its business linked with specially permitted services for foreign investors, etc., or discontinuing its specially permitted services for foreign investors, etc.), for whom five years have not passed since the date of the notification;
8. a person that has made a notification under Article 66-19, paragraph (1) to the effect that the person falls under item (i) of that paragraph, within the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to rescission of the registration set forth in Article 66 under Article 66-20,

paragraph (1) to the day on which the relevant disposition is made or the day on which the disposition is decided not to be made (excluding a person that had made, before the day on which the relevant notice was made, a decision (if the person is a corporation, a decision by the organ that is responsible for making decisions about the execution of its operations) about discontinuing its financial instruments intermediary service, having the whole of its business linked with financial instruments intermediary service succeeded to through a company split, or transferring the whole of its business linked with financial instruments intermediary service), for whom five years have not passed since the date of the notification;

9. a person that has given a notification under Article 66-40, paragraph (1) to the effect that the person falls under item (i) of that paragraph, within the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to rescission of the registration set forth in Article 66-27 under Article 66-42, paragraph (1) to the day on which the relevant disposition is made or the day on which the disposition is decided not to be made (excluding a person that had made, before the day on which the relevant notice was made, a decision (meaning a decision by the organ that is responsible for making decisions about the execution of operations of that person) about discontinuing its credit rating services, having the whole of its business linked with credit rating services succeeded to through a company split, or transferring the whole of its business linked with credit rating services), for whom five years have not passed since the date of the notification; or
10. a person that has given a notification under Article 66-61, paragraph (1) to the effect that the person falls under item (ii), (vi), or (vii) of that paragraph, during the period from the day on which a notice was given under Article 15 of the Administrative Procedure Act with regard to rescission of the registration set forth in Article 66-50 under Article 66-63, paragraph (1) to the day on which the disposition is made or the day on which the disposition is decided not to be made (excluding a person that had made, before the day on which the notice was given, a decision (if the person is a corporation, a decision by the organ that is responsible for making decisions about the execution of operations of the person) about discontinuing its services related to high-speed trading, having all its business linked with those services succeeded to through a company split, or transferring all of its business linked with those services), for whom five years have not passed since the date of the notification;

11. a person that has given a notification under Article 66-83, paragraph (1) to the effect that the person falls under item (ii), (vi), or (vii) of that paragraph, during the period from the day on which a notice was given under Article 15 of the Administrative Procedure Act with regard to rescission of the registration set forth in Article 66-71 under Article 66-85, paragraph (1) to the day on which the disposition is made or the day on which the disposition is decided not to be made (excluding a person that had made, before the day on which the notice was given, a decision (if the person is a corporation, a decision by the organ that is responsible for making decisions about the execution of operations of the person) about discontinuing its investment management-related service entrusted business, having all its business linked with the investment management-related service entrusted business succeeded to through a company split, or transferring all of its business linked with the investment management-related service entrusted business), for whom five years have not passed since the date of the notification;

2. a person that has given a notification under Article 16, paragraph (3) of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto to the effect that the person falls under item (iii) of that paragraph, during the period from the day on which a notice was given under Article 15 of the Administrative Procedure Act with regard to rescission of the registration set forth in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations) under Article 38, paragraph (1) of that Act (excluding items (ii), (iii) and (v)) to the day on which the disposition is made or the day on which the disposition is decided not to be made (excluding a person that had made, before the day on which the notice was made, a decision (if the person is a corporation, a decision by the organ that is responsible for making decisions about the execution of operations of the person) about discontinuing its financial service intermediary business (meaning the financial service intermediary business prescribed in Article 11, paragraph (1) of that Act; the same applies in 12. and item (ii), (f), 12.),2 having all of its business linked with financial service intermediary business succeeded to through a company split, or transferring all of its business linked with financial service intermediary business), for whom five years have not passed since the date of the notification;

(c) a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of

this Act; the Secured Bonds Trust Act (Act No. 52 of 1905); the Act on Engagement in Trust Business by Financial Institutions (Act No. 43 of 1943); the Commodity Derivatives Transaction Act; the Act on Investment Trusts and Investment Corporations; the Real Estate Brokerage Act (Act No. 176 of 1952); the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates (Act No. 195 of 1954); the Installment Sales Act (Act No. 159 of 1961); the Money Lending Business Act (Act No. 32 of 1983); the Act on the Deposit Transactions (Act No. 62 of 1986); the Act Regulating Business Involving Commodity Investment (Act No. 66 of 1991); the Act on Specified Joint Real Estate Ventures; the Act on the Securitization of Assets; the Act on Issuance, etc. of Corporate Bond for Financial Corporations' Loan Business (Act No. 32 of 1999); the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto; the Trust Business Act (Act No. 154 of 2004); the Payment Services Act; or any other laws specified by Cabinet Order, or for violating the provisions of a foreign law or regulation that is equivalent to any of these Acts, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(d) a person that performs another business which is found to be contrary to the public interest;

(e) a person falling under any of the following:

1. a person that is likely to cause a loss of credibility of the financial instruments business in light of the person's relationship with the organized crime group as defined in Article 2, item (ii) of the Act on Prevention of Unjust Acts by Organized Crime Group Members (Act No, 77 of 1991) or relationship with the organized crime group members as defined in item (vi) of that Article, or other circumstances;

2. any other person that falls under the criteria specified by Cabinet Office Order as a person that does not have sufficient personnel structure to perform financial instruments business in an appropriate manner; or

(f) a person that is found not to have in place the necessary system for performing financial instruments business in an appropriate manner;

(i)-2 a person that is found to fail to secure an officer (including an advisor, consultant, or any other person, irrespective of title, that is found to have at least the same amount of authority over the corporation as a director, executive officer, or any equivalent person; hereinafter the same applies in this item, the following item, Article 33-5, paragraph (1), item (iii), (a), Article 52, paragraph (2); Article 52-2, paragraph (2); Article 57-20, paragraph (1), item (i) and paragraph (3), Article 63, paragraph (7), item (i), (c), Article 63-9, paragraph (6), item (ii), (g), Article 66-53, item (v), (a),

Article 66-63, paragraph (2), Article 66-74, item (vii), (a) and (c), and Article 66-85, paragraph (2)) or an employee who has sufficient knowledge and experience necessary for the execution of each of the services related to the financial instruments business that is subject to the application for registration; provided, however, that with regard to the investment management-related service that is entrusted by the applicant for registration to an investment management-related service entrusted business operator (limited to one that has obtained the registration set forth in Article 66-71 or the registration of change set forth in Article 66-75, paragraph (4) for conducting the investment management-related service), it is sufficient to secure an officer or an employee who has the ability to supervise the service appropriately:

(ii) a person that is a corporation, having an officer or an employee specified by Cabinet Order who falls under any of the following:

(a) a person specified by Cabinet Office Order as being unable to properly perform business related to financial instruments business due to a mental or physical disorder;

(b) a person that has become subject to an order to commence bankruptcy proceedings and has not obtained a restoration of rights, or a person that is treated in the same manner under foreign laws and regulations;

(c) a person that has been sentenced to imprisonment or a heavier punishment (including an equivalent sentence under foreign laws and regulations), and five years have not passed since the day on which that person finished serving the sentence or ceased to be subject to its enforcement;

(d) a person that, during the 30 days prior to the date of rescission or order, was the officer of a corporation, in a case in which the corporation was a financial instruments business operator but has had the registration referred to in Article 29 rescinded pursuant to the provisions of Article 52, paragraph (1), Article 53, paragraph (3), or Article 57-6, paragraph (3); in a case in which the corporation was an authorized firm for on-exchange transactions but has had the permission referred to in Article 60, paragraph (1) rescinded pursuant to the provisions of Article 60-8, paragraph (1); in a case in which a corporation that was a business operator authorized to conduct electronic over-the-counter derivatives transactions, etc.. has had its permission under Article 60-14, paragraph (1) rescinded under the provisions of Article 60-8, paragraph (1) as applied mutatis mutandis pursuant to Article 60-14, paragraph (2); in a case in which the corporation was a notifier of specially permitted services but has been ordered to discontinue specially permitted services for qualified institutional investors, etc. pursuant to the provisions of Article 63-5,

paragraph (3); in a case in which the corporation had given a notification under Article 63-3, paragraph (1) but has been ordered to discontinue specially permitted services for qualified institutional investors, etc. pursuant to the provisions of Article 63-5, paragraph (3) as applied mutatis mutandis pursuant to Article 63-3, paragraph (2); in a case in which the corporation was a notifier of specially permitted services for foreign investors, etc. but has been ordered as to discontinuation of specially permitted services for foreign investors, etc. pursuant to the provisions of Article 63-13, paragraph (3); in a case in which the corporation had made a notification under Article 63-11, paragraph (1) but has been ordered as to discontinuation of specially permitted services for foreign investors, etc. pursuant to the provisions of Article 63-13, paragraph (3) as applied mutatis mutandis pursuant to Article 63-11, paragraph (2); in a case in which the corporation was a financial instruments intermediary service provider but has had the registration referred to in Article 66 rescinded pursuant to the provisions of Article 66-20, paragraph (1); in a case in which the corporation was a credit rating agency but has had the registration referred to in Article 66-27 rescinded pursuant to the provisions of Article 66-42, paragraph (1); in a case in which the corporation was a high-speed trader but has had the registration referred to in Article 66-50 rescinded pursuant to the provisions of Article 66-63, paragraph (1); in a case in which the corporation was an investment management-related service entrusted business operator but has had the registration referred to in Article 66-71 rescinded pursuant to the provisions of Article 66-85, paragraph (1); or in a case in which the corporation was a financial service intermediary but has had the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations) rescinded pursuant to the provisions of Article 38, paragraph (1) of that Act (excluding items (ii), (iii), and (v)); or in a case in which the corporation had obtained a registration or permission of the same kind in a foreign country pursuant to the provisions of a foreign law or regulation that is equivalent to this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (including authorization or any other administrative disposition similar to that registration or permission; hereinafter the same applies in (d)), but has had that registration or permission of the same kind rescinded; or in a case in which the corporation had performed services of the same type as specially permitted services for qualified institutional investors, etc. or specially permitted services for foreign

investors, etc. but has been ordered to discontinue those services; for whom five years have not passed since the date of the rescission or order;

(e) an individual that was a financial instruments business operator but that has had the registration referred to in Article 29 rescinded pursuant to the provisions of Article 52, paragraph (1); an individual that was a notifier of specially permitted services but that has been ordered to discontinue specially permitted services for qualified institutional investors, etc. pursuant to the provisions of Article 63-5, paragraph (3); an individual that has given a notification under Article 63-3, paragraph (1) but that has been ordered to discontinue specially permitted services for qualified institutional investors, etc. pursuant to the provisions of Article 63-5, paragraph (3) as applied mutatis mutandis pursuant to Article 63-3, paragraph (2); an individual that was a notifier of specially permitted services for foreign investors, etc. but that has been ordered to discontinue specially permitted services for foreign investors, etc. pursuant to the provisions of Article 63-13, paragraph (3); an individual that has given a notification under Article 63-11, paragraph (1) but that has been ordered to discontinue specially permitted services for foreign investors, etc. pursuant to the provisions of Article 63-13, paragraph (3) as applied mutatis mutandis pursuant to Article 63-11, paragraph (2); an individual that was a financial instruments intermediary service provider but that has had the registration referred to in Article 66 rescinded pursuant to the provisions of Article 66-20, paragraph (1); an individual that was a high-speed trader but that has had the registration referred to in Article 66-50 rescinded pursuant to the provisions of Article 66-63, paragraph (1); an individual that was an investment management-related service entrusted business operator but that has had the registration referred to in Article 66-71 rescinded pursuant to the provisions of Article 66-85, paragraph (1); or an individual that was a financial service intermediary but that has had the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations) rescinded pursuant to the provisions of Article 38, paragraph (1) of that Act (excluding items (ii), (iii), and (v)); or an individual that had obtained a registration of the same kind in a foreign country pursuant to the provisions of a foreign law or regulation that is equivalent to this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (including permission or any other administrative disposition similar to such a registration; hereinafter the same applies in (e)) or that had obtained permission of the same kind as the permission referred to in Article 60,

paragraph (1) or Article 60-14, paragraph (1) in a foreign country pursuant to the provisions of a foreign law or regulation that is equivalent to this Act (including permission or any other administrative disposition that is similar to that permission), but that has had that registration or permission of the same kind rescinded; or an individual that had performed services of the same type as specially permitted services for qualified institutional investors, etc. or specially permitted services for foreign investors, etc. but that has been ordered to discontinue those services; for whom five years have not passed since the date of the rescission;

(f) a person falling under any of the following:

1. a person that was an officer of a corporation that has made a notification under Article 50-2, paragraph (1) to the effect that the corporation falls under any of items (ii) through (vii) of that paragraph, within the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to rescission of the registration set forth in Article 29 under Article 52, paragraph (1), Article 53, paragraph (3) or Article 57-6, paragraph (3) to the day on which the relevant disposition is made or the day on which the disposition is decided not to be made (in the case of having made a notification under Article 50-2, paragraph (1) to the effect that the corporation falls under any of items (iii) through (v) of that paragraph, such corporation is a corporation that was the financial instruments business operator related to the relevant notification, and such person excludes a person that had made, before the day on which the relevant notice was made, a decision (meaning a decision by the organ that is responsible for making decisions about the execution of operations of the relevant corporation) about discontinuing its financial instruments business, effecting a merger (limited to a merger in the case where the financial instruments business operator disappears as a result of the merger), dissolving, having the whole of its business linked with financial instruments business succeeded to through a company split, or transferring the whole of its business linked with financial instruments business), if five years have not yet passed since the date of the notification;
2. in the case where, within the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to rescission of the permission set forth in Article 60, paragraph (1) under Article 60-8, paragraph (1) to the day on which the relevant disposition is made or the day on which the disposition is decided not to be made, a notification has been made under Article 60-7 to the

effect that a person falls under the case prescribed in the relevant Article, a person that was an officer of the authorized firm for on-exchange transactions related to the relevant notification (excluding a person that has made, before the day on which the relevant notice was made, a decision (meaning a decision by the organ that is responsible for making decisions about the execution of operations of the relevant authorized firm for on-exchange transactions) about dissolving or discontinuing its on-exchange transaction services), if five years have not yet passed since the date of the notification;

3. in the case where, within the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to rescission of the permission set forth in Article 60-14, paragraph (1) under Article 60-8, paragraph (1) as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) to the day on which the disposition is made or the day on which the disposition is decided not to be made, a notification has been made under Article 60-7 to the effect that a person falls under the case prescribed in that Article as applied mutatis mutandis pursuant to Article 60-14, paragraph (2), a person that was an officer of the business operator authorized to conduct electronic over-the-counter derivatives transactions, etc.. related to the notification (excluding a person that has made, before the day on which the notice was made, a decision (meaning a decision by the organ that is responsible for making decisions about the execution of operations of the business operator authorized to conduct electronic over-the-counter derivatives transactions, etc..) about dissolving or discontinuing its business of conducting electronic over-the-counter derivatives transactions, etc.), if five years have not yet passed since the date of the notification;

4. a person that was an officer of a corporation that has made a notification under Article 63-2, paragraph (2) to the effect that the corporation has succeeded to the position of a notifier of specially permitted services pursuant to the provisions of Article 63-2, paragraph (1), a notification under Article 63-2, paragraph (3) to the effect that the corporation falls under item (ii) of that paragraph, or a notification under paragraph (4) of that Article to the effect that the corporation falls under that paragraph, within the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to a disposition of discontinuation of specially permitted services for qualified institutional investors, etc. under Article 63-5, paragraph (3) to the day on which the disposition is made or the day on which the disposition is decided not to be made (in the case of having made a

notification under Article 63-2, paragraph (2) to the effect that the corporation has succeeded to the position of a notifier of specially permitted services pursuant to the provisions of paragraph (1) of that Article, or a notification under paragraph (4) of that Article to the effect that the corporation falls under that paragraph, such corporation is a corporation that was the notifier of specially permitted services related to the notification, excluding a person that had made, before the day on which the notice was made, a decision (a decision by the organ that is responsible for making decisions about the execution of the operations of the corporation) about transferring the whole of its business linked with specially permitted services for qualified institutional investors, etc., effecting a merger (limited to a merger in the case where the notifier of specially permitted services disappears as a result of the merger), having the whole of its business linked with specially permitted services for qualified institutional investors, etc. succeeded to through a company split, discontinuing its specially permitted services for qualified institutional investors, etc., or dissolving), if five years have not yet passed since the date of the notification;

5. a person that was an officer of a corporation that has made a notification under Article 50-2, paragraph (1) to the effect that the corporation falls under any of items (iii) through(vii) of that paragraph, or a notification under Article 63-2, paragraph (3) to the effect that the corporation falls under item (ii) of that paragraph as applied mutatis mutandis pursuant to Article 63-3, paragraph (2), within the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to a disposition of discontinuation of specially permitted services for qualified institutional investors, etc. under Article 63-5, paragraph (3) as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) to the day on which the disposition is made or the day on which the disposition is decided not to be made (in the case of having made a notification under Article 50-2, paragraph (1) to the effect that the corporation falls under any of items (iii) through (v) of that paragraph, such corporation is a corporation that has made the notification under Article 63-3, paragraph (1) related to the notification, excluding a person that had made, before the day on which the notice was made, a decision (a decision by the organ that is responsible for making decisions about the execution of the operations of the corporation) about effecting a merger (limited to a merger in the case where the person that has made the notification under that paragraph disappears as a result of

the merger), dissolving, having the whole of its business linked with specially permitted services for qualified institutional investors, etc. succeeded to through a company split, transferring the whole of its business linked with specially permitted services for qualified institutional investors, etc., or discontinuing its specially permitted services for qualified institutional investors, etc.), if five years have not yet passed since the date of the notification;

6. a person that was an officer of a corporation that has given a notification under Article 63-10, paragraph (2) to the effect that the corporation has succeeded to the position of a notifier of specially permitted services for foreign investors, etc. pursuant to the provisions of paragraph (1) of that Article, a notification under paragraph (3) of that Article to the effect that the corporation falls under item (ii) of that paragraph, or a notification under paragraph (4) of that Article to the effect that the corporation falls under that paragraph, during the period from the day on which a notice was given under Article 15 of the Administrative Procedure Act with regard to a disposition of discontinuation of specially permitted services for foreign investors, etc. under Article 63-13, paragraph (3) to the day on which the disposition is made or the day on which the disposition is decided not to be made (in the case a notification under Article 63-10, paragraph (2) to the effect that the corporation has succeeded to the position of a notifier of specially permitted services for foreign investors, etc. has been given pursuant to the provisions of paragraph (1) of that Article or a notification under paragraph (4) of that Article to the effect that the corporation falls under that paragraph has been given, the corporation is a corporation that was the notifier of specially permitted services for foreign investors, etc. related to the relevant notification, and excluding a corporation that had made, before the day on which the relevant notice was made, a decision (a decision by the organ that is responsible for making decisions about the execution of the operations of the corporation) about transferring all of its business linked with specially permitted services for foreign investors, etc., implementing a merger (limited to a merger in which the notifier of specially permitted services for foreign investors, etc. disappears as a result of the merger), having all of its business linked with specially permitted services for foreign investors, etc. succeeded to through a company split, discontinuing its specially permitted services for foreign investors, etc., or dissolving), for whom five years have not passed since the date of the notification;

7. a person that was an officer of a corporation that has given a notification

under Article 50-2, paragraph (1) to the effect that the corporation falls under any of items (iii) through (vii) of that paragraph or a notification under Article 63-10, paragraph (3) to the effect that the corporation falls under item (ii) of that paragraph as applied mutatis mutandis pursuant to Article 63-11, paragraph (2), during the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to a disposition of discontinuation of specially permitted services for foreign investors, etc. under Article 63-13, paragraph (3) as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) to the day on which the disposition is made or the day on which the disposition is decided not to be made (in the case a notification under Article 50-2, paragraph (1) to the effect that the corporation falls under any of items (iii) through (v) of that paragraph has been given, the corporation is a corporation that has made the notification under Article 63-11, paragraph (1) related to the notification, and excluding a corporation that had made, before the day on which the notice was made, a decision (a decision by the organ that is responsible for making decisions about the execution of the operations of the corporation) about implementing a merger (limited to a merger in the case where the corporation that has made the notification under that paragraph disappears as a result of the merger), dissolving, having all of its business linked with specially permitted services for foreign investors, etc. succeeded to through a company split, transferring all of its business linked with specially permitted services for foreign investors, etc., or discontinuing its specially permitted services for foreign investors, etc.), for whom five years have not passed since the date of the notification;

8. a person that was an officer of a corporation that has given a notification under Article 66-19, paragraph (1) to the effect that the corporation falls under any of item (i) or items (iii) through (v) of that paragraph, during the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to rescission of the registration referred to in Article 66 under Article 66-20, paragraph (1) to the day on which the relevant disposition is made or the day on which the disposition is decided not to be made (in the case a notification under Article 66-19, paragraph (1) to the effect that the corporation falls under any of items (iii) through(v) of that paragraph has been given, the corporation is a corporation that was the financial instruments intermediary service provider related to the relevant notification, and excluding a person that had made, before the day on which the relevant notice was made, a decision (meaning a

decision by the organ that is responsible for making decisions about the execution of operations of the relevant corporation) about discontinuing its financial instruments intermediary service, having all of its business linked with financial instruments intermediary service succeeded to through a company split, transferring all of its business linked with financial instruments intermediary service, implementing a merger (limited to a merger in which the financial instruments intermediary service provider disappears as a result of the merger) or dissolving), for whom five years have not passed since the date of the notification; or

9. a person that was an officer of a corporation that has made a notification under Article 66-40, paragraph (1) to the effect that the corporation falls under any of the items of that paragraph, during the period from the day on which a notice was given under Article 15 of the Administrative Procedure Act with regard to rescission of the registration referred to in Article 66-27 under Article 66-42, paragraph (1) to the day on which the relevant disposition is made or the day on which the disposition is decided not to be made (in the case a notification under Article 66-40, paragraph (1) to the effect that the corporation falls under any of items (ii) through (iv) of that paragraph has been given, the corporation is a corporation that was the credit rating agency related to the relevant notification, and excluding a person that had made, before the day on which the relevant notice was made, a decision (meaning a decision by the organ that is responsible for making decisions about the execution of operations of the relevant corporation) about discontinuing its credit rating services, having all of its business linked with credit rating services succeeded to through a company split, transferring all of its business linked with credit rating services, implementing a merger (limited to a merger in which the credit rating agency disappears as a result of the merger) or dissolving), for whom five years have not passed since the date of the notification;
10. a person that was an officer of a corporation that has given a notification under Article 66-61, paragraph (1) to the effect that the corporation falls under any of items (ii) through (vii) of that paragraph, during the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to rescission of the registration set forth in Article 66-50 under Article 66-63, paragraph (1) to the day on which the disposition is made or the day on which the disposition is decided not to be made (in the case a notification under Article 66-61, paragraph (1) to the effect that the

corporation falls under any of items (iii) through (v) of that paragraph has been given, the corporation is a corporation that was the high-speed trader related to the notification, and excluding a person that had made, before the day on which the notice was made, a decision (a decision by the organ that is responsible for making decisions about the execution of the operations of the corporation) about discontinuing its services related to high-speed trading, implementing a merger (limited to a merger in which the high-speed trader disappears as a result of the merger), dissolving, having all of its business linked with those services succeeded to through a company split, or transferring all of its business linked with those services), for whom five years have not passed since the date of the notification;

11. a person that was an officer of a corporation that has given a notification under Article 66-83, paragraph (1) to the effect that the corporation falls under any of items (ii) through (vii) of that paragraph, during the period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to rescission of the registration set forth in Article 66-71 under Article 66-85, paragraph (1) to the day on which the disposition is made or the day on which the disposition is decided not to be made (in the case a notification under Article 66-83, paragraph (1) to the effect that the corporation falls under any of items (iii) through (v) of that paragraph has been given, the corporation is a corporation that was the investment management-related service entrusted business operator, and excluding a person that had made, before the day on which the notice was made, a decision (a decision by the organ that is responsible for making decisions about the execution of the operations of the corporation) about discontinuing its investment management-related service entrusted business, implementing a merger (limited to a merger in which the investment management-related service entrusted business operator disappears as a result of the merger), dissolving, having all of its business linked with the investment management-related service entrusted business services succeeded to through a company split, or transferring all of its business linked with the investment management-related service entrusted business services), for whom five years have not passed since the date of the notification;
12. a person that was an officer of a corporation that has given a notification under Article 16, paragraph (3) of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto to the effect that the corporation falls under any of item (iii), and items (v) through (vii) of that paragraph, during the

period from the day on which a notice was made under Article 15 of the Administrative Procedure Act with regard to rescission of the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations) under Article 38, paragraph (1) of that Act (excluding items (ii), (iii) and (v)) to the day on which the disposition is made or the day on which the disposition is decided not to be made (in the case a notification under Article 16, paragraph (3) of that Act to the effect that the corporation falls under any of items (v) through (vii) of that paragraph has been given, the corporation is a corporation that was the financial service intermediary related to the notification, and excluding a person that had made, before the day on which the notice was given, a decision (a decision by the organ that is responsible for making decisions about the execution of the operations of the corporation) about discontinuing its financial service intermediary business, having all of its business linked with financial service intermediary business succeeded to through a company split, transferring all of its business linked with financial service intermediary business, implementing a merger (limited to a merger in which the financial service intermediary disappears as a result of the merger), or dissolving), for whom five years have not passed since the date of the notification;

(g) an individual that falls under item (i), (b);

(h) an officer whose dismissal or removal has been ordered pursuant to the provisions of Article 52, paragraph (2), Article 60-8, paragraph (2) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)), Article 66-20, paragraph (2), Article 66-42, paragraph (2), Article 66-63, paragraph (2), or Article 66-85, paragraph (2), or pursuant to Article 38, paragraph (3) (excluding item (ii)) of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto, or an officer whose dismissal or removal has been ordered in a foreign country pursuant to the provisions of a foreign law or regulation that is equivalent to this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto, for whom five years have not passed since the day of the disposition; or

(i) a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of any of the laws prescribed in item (i), (c) or the Act on Prevention of Unjust Acts by Organized Crime Group Members excluding the provisions of Article 32-33, paragraph (7) and Article 32-11, paragraph (1) of that Act),

or for violating the provisions of a foreign law or regulation that is equivalent to any of these laws, or committing a crime referred to in the Penal Code (Act No. 45 of 1907) or the Act on Punishment of Physical Violence and Other Acts (Act No. 60, 1926), and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(iii) an individual that falls under any of the following;

(a) a person that is found to lack sufficient knowledge and experience necessary for the execution of each of the services related to the financial instruments business that is subject to the application for registration; or

(b) a person that falls under any of (a) through (h),) , or (i) (excluding the part that involves the provisions of Acts prescribed in item (i), (c)) of the preceding item, or a person that has an employee specified by Cabinet Order that falls under any of (a) through (i) of the preceding item;

(iv) a person falling under any of the following and seeking to engage in type-I financial instruments business, type-II financial instruments business, or investment management business:

(a) a corporation whose stated capital or contributions in total are less than the amount of money that is specified by Cabinet Order as necessary and appropriate in the public interest or for the protection of investors;

(b) a corporation that does not have a business office or office in Japan;

(c) a foreign corporation that has not designated a domestic representative (limited to one responsible for business at all business offices or offices that the foreign corporation operates in Japan so as to engage in type-I financial instruments business, type-II financial instruments business or investment management business); or

(d) a person that has not joined an association (meaning an authorized financial instruments firms association or certified financial instruments business association prescribed in Article 78, paragraph (2) and limited to one whose main association members or members are persons that conduct the business which the applicant for registration seeks to conduct; hereinafter the same applies in this item and Article 33-5, paragraph (1), item (iv)) and that has not prepared internal rules (meaning rules with which that person or its officers or employees should comply) that have contents equivalent to the articles of incorporation or other rules (limited to those for ensuring fair and smooth purchase and sales and other transactions of securities or ensuring fair and smooth derivatives transactions, etc. as prescribed in Article 33, paragraph (3) or for protecting investors) of the association or that has not established a system for complying with the relevant internal rules;

(v) a person falling under any of the following and seeking to engage in type-I

financial instruments business or investment management business:

(a) a person other than a stock company (limited to one that has a board of directors, company auditors, supervisory committee, or nominating committee, etc. (meaning the nominating committee, etc. as defined in Article 2, item (xii) of the Companies Act; the same applies hereinafter)) or a corporation of the same kind as a company with a board of directors incorporated in compliance with foreign laws and regulations (if a person seeks to engage in type-I financial instruments business, limited to a person that engages in the same kind of business as type-I financial instruments business in a foreign country in compliance with foreign laws and regulations (including a person specified by Cabinet Order as equivalent to such a person));

(b) a person whose net assets (meaning the figure arrived at when the total amount of liabilities is deducted from the total amount of assets pursuant to the provisions of Cabinet Office Order) are less than the amount of money that is specified by Cabinet Order as necessary and appropriate in the public interest or for the protection of investors;

(c) a person engaged in other business that does not fall under any of the categories of business prescribed in Article 35, paragraph (1) or business set forth in the items of Article 35, paragraph (2), and that is found to compromise investor protection due to difficulties in managing the risk of loss in connection with the relevant business;

(d) a corporation (excluding a foreign corporation) that has a person falling under any of the following as an individual major shareholder (if the applicant is a subsidiary company of a holding company, this includes a major shareholder of the relevant holding company; the same applies in (e) and (f)):

1. a person specified by Cabinet Office Order as being unable to properly exercise the right of a shareholder due to a mental or physical disorder (for a person who assigns an agent for the exercise of the right of a shareholder due to a mental or physical disorder, limited to a person whose agent is specified by that Cabinet Office Order or a person falling under any of item (ii), (b) through (i)); or
2. a person falling under any of item (ii), (b) through (i);

(e) a corporation (excluding a foreign corporation) that has a person falling under any of the following as a corporate major shareholder: or

1. a person falling under item (i), (a) or (b);
2. a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of any of the laws prescribed in item (i), (c) or for violating the provisions of a foreign law or regulation that is equivalent to any of

those Acts, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement; or

3. a corporation that has a person falling under any of the following persons among the officers that represent it;

a. a person specified by Cabinet Office Order as being unable to properly exercise the right of a shareholder due to a mental or physical disorder; or

b. a person falling under any of item (ii), (b) through (i);

(f) a foreign corporation for which the foreign regulatory authority (meaning the foreign regulatory authority for financial instruments defined in Article 189, paragraph (1) or any other regulatory authority specified by Cabinet Order that enforces foreign laws and regulations) has not confirmed that a person equivalent to a major shareholder is unlikely to compromise the sound and appropriate operation of financial instruments business;

(vi) a person falling under any of the following if seeking to engage in type-I financial instruments business:

(a) a person whose ratio calculated based on the provisions of Article 46-6, paragraph (1) is less than 120 percent; or

(b) a person seeking to use a trade name that another financial instruments business operator (limited to those engaged in type-I financial instruments business; the same applies in (b)) is already using or a trade name that could give rise to the misconception that it is another financial instruments business operator;

(vii) a person falling under Article 66-53, item (vi), (b) or (c) or item (vii) if seeking to engage in high-speed trading as type-II financial instruments business (excluding the case of engaging in or seeking to engage in type-I financial instruments business or investment management business).

(2) The term "major shareholder" as used in item (v), (d) through (f) of the preceding paragraph means a person that holds voting rights (including voting rights in respect of shares or equity interests 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 Book-Entry Transfer of Corporate Bonds and Shares (including as applied mutatis mutandis pursuant to Article 228, paragraph (1), Article 235, paragraph (1), Article 239, paragraph (1), and Article 276, item (ii) of that Act), and excluding the voting rights that are specified by Cabinet Office Order in consideration of the manner in which they are held and other circumstances; hereinafter referred to as "subject voting rights" in paragraph (5), Article 32, paragraphs (1) and (4)) constituting 20 percent or more (or 15 percent or more, if a fact has occurred that is specified

by Cabinet Office Order as a thing that is presumed to have a material influence on decisions about the company's financial and operational policies) of voting rights held by all of the shareholders, etc. (meaning the voting rights of all shareholders, all members, all partners, and all equity investors, and for a stock company, excluding voting rights in respect of shares that do not allow voting rights to be exercised with regard to all matters that can be resolved at a shareholders meeting, and including voting rights in respect of shares that are deemed to have voting rights pursuant to the provisions of Article 879, paragraph (3) of the Companies Act; the same applies hereinafter) of a company.

(3) The term "holding company" as used in paragraph (1), item (v), (d) means a company for which the ratio of the total amount of the acquisition value (or any other value if it is so listed in the latest balance sheet) of shares or equity in subsidiary companies (limited to domestic companies) to the amount calculated by deducting the amount of assets specified by Cabinet Office Order (meaning the amount calculated pursuant to the provisions of Cabinet Office Order) from the total asset value (meaning the total monetary value of assets calculated by a method specified by Cabinet Office Order) exceeds 50 percent.

(4) The term "subsidiary company" as used in paragraph (1), item (v), (d) and the preceding paragraph means a second company in which a first company holds the majority of the voting rights held by all the shareholders, etc. In such a case, a second company in which a first company and one or more of its subsidiary companies hold the majority of the voting rights held by all the shareholders, etc., or in which one or more of a first company's subsidiary companies hold the majority of the voting rights held by all the shareholders, etc., is deemed to be the subsidiary company of the relevant first company.

(5) With regard to the application of the provisions of paragraph (2) in a case set forth in any of the following items, the person set forth in the relevant item is deemed to hold the subject voting rights prescribed in that item:

(i) if a person has the authority to exercise the company's subject voting rights or the authority to give instructions on the exercise of the relevant voting rights based on a money trust contract or other contract or based on the provisions of the law: the relevant subject voting rights; and

(ii) if a person that is related to the relevant person through a shareholding relationship, familial relationship, or other special relationship specified by Cabinet Order, holds subject voting rights in a corporation: the subject voting rights held by the person with the special relationship to the relevant person.

(6) The necessary particulars relevant to the application of the provisions of paragraph (2) and the preceding paragraph are specified by Cabinet Order.

(Special Provisions on Registration of Type-I Small Amount Electronic Public Offering Service Providers)

Article 29-4-2 (1) With regard to the application of the provisions of Article 29-2, paragraph (1), item (vi) and paragraph (2), item (i) to type-I small amount electronic public offering service in cases where a person that seeks to obtain the registration set forth in Article 29 seeks to only engage in type-I small amount electronic public offering service from among type-I financial instruments businesses, the term "a statement to that effect" in Article 29-2, paragraph (1), item (vi) is deemed to be replaced with "a statement to that effect (in the case of only engaging in the type-I small amount electronic public offering service prescribed in Article 29-4-2, paragraph (99) from among type-I financial instruments businesses, including a statement to that effect)" and the term "item (v), (c)" in paragraph (2), item (i) of that Article is deemed to be replaced with ", item (v), (c), item (vi), (a)".

(2) The provisions of paragraph (1), item (v), (c) and item (vi), (a) of the preceding Article (including the cases where these provisions are applied mutatis mutandis pursuant to Article 31, paragraph (5)) do not apply to type-I small amount electronic public offering service in the case referred to in the preceding paragraph or in the case where a person that seeks to obtain the registration of change set forth in Article 31, paragraph (4) seeks to only engage in type-I small amount electronic public offering service from among type-I financial instruments businesses.

(3) A type-I small amount electronic public offering service provider (excluding a person that engages in investment management business; hereinafter the same applies in the following paragraph) is not required to notify the Prime Minister to the effect that it will start to engage in any of the businesses listed in the items of Article 35, paragraph (2), notwithstanding the provisions of Article 35, paragraph (3).

(4) When a type-I small amount electronic public offering service provider conducts a business other than financial instruments business and the businesses prescribed in Article 35, paragraphs (1) and (2), the service provider is not required to obtain approval from the Prime Minister, notwithstanding the provisions of paragraph (4) of that Article.

(5) The provisions of Article 36-2, paragraph (1) do not apply to the case where a type-I small amount electronic public offering service provider engages in type-I small amount electronic public offering service.

(6) The provisions of Articles 46-5 and 46-6 do not apply to a type-I small amount electronic public offering service provider.

(7) With regard to the application of the provisions of 27-2, paragraph (4) (including the cases where applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), Article 27-26, paragraph (1) and Article 66-2, paragraph (1),

item (iv) in cases where a type-I small amount electronic public offering service provider engages in type-I small amount electronic public offering service, the term "type-I financial instruments business" in these provisions is deemed to be replaced with "type-I financial instruments business (excluding the type-I small amount electronic public offering service prescribed in Article 29-4-2, paragraph (99))" and the term "paragraph (4) of that Article" in 27-26, paragraph (1) is deemed to be replaced with "Article 28, paragraph (4)".

(8) The term "type-I small amount electronic public offering service provider" as used in paragraph (3) to the preceding paragraph means a person that has obtained the registration set forth in Article 29 or the registration of change set forth in Article 31, paragraph (4) by stating in the written application for registration to the effect that the person will only engage in type-I small amount electronic public offering service from among type-I financial instruments businesses.

(9) The term "type-I small amount electronic public offering service" as used in paragraphs (1), (2), and (5) the preceding two paragraphs means electronic public offering service (limited to handling of public offering or handling of private placement of the following securities (limited to securities not listed on a financial instruments exchange and excluding those specified by Cabinet Order; hereinafter the same applies in this paragraph) which satisfies the requirements specified by Cabinet Order as being such handling where the total issue value of the securities and the amount to be paid by the person that acquires the securities are small; hereinafter the same applies in this paragraph) or receiving of a deposit of money from customers in relation to electronic public offering service:

(i) the securities set forth in Article 2, paragraph (1), item (ix); and

(ii) the rights set forth in Article 2, paragraph (2), item (v) or (vi) which are deemed to be securities pursuant to that paragraph (limited to those that fall under the category of electronically recorded transferable rights).

(Special Provisions on Registration of Type-II Small Amount Electronic Public Offering Service Providers)

Article 29-4-3 (1) With regard to the application of the provisions of Article 29-2, paragraph (1), item (vi) to type-II small amount electronic public offering service in cases where a person that seeks to obtain the registration set forth in Article 29 seeks to only engage in type-II small amount electronic public offering service from among type-II financial instruments businesses, the term "a statement to that effect" in Article 29-2, paragraph (1), item (vi) is deemed to be replaced with "a statement to that effect (in the case of only engaging in the type-II small amount electronic public offering service prescribed in Article 29-4-3, paragraph (33) from among type-II financial instruments businesses,

including a statement to that effect)".

(2) The provisions of Article 36-2, paragraph (1) do not apply to the case where a type-II small amount electronic public offering service provider (meaning a person that has obtained the registration set forth in Article 29 or the registration of change set forth in Article 31, paragraph (4) by stating in the written application for registration to the effect that the person will only engage in type-II small amount electronic public offering service from among type-II financial instruments businesses) engages in type-II small amount electronic public offering service.

(3) The term "type-II small amount electronic public offering service" as used in the preceding two paragraphsmeans, among electronic public offering service, handling of public offering or handling of private placement of securities (limited to rights set forth in item Article 2, paragraph (2), item (v) or (vi) which are deemed to be securities pursuant to that paragraph (excluding those that fall under the category of electronically recorded transferable rights) and which are set forth in Article 3, item (iii) or which are not listed on a financial instruments exchange, and excluding those specified by Cabinet Order; hereinafter the same applies in this paragraph) which satisfies the requirements specified by Cabinet Order as being such handling where the total issue value of the securities and the amount to be paid by the person that acquires the securities are small.

(Special Provisions on Registration of Specially Permitted Intermediary Service Providers for Unlisted Securities)

Article 29-4-4 (1) With regard to the application of the provisions of Article 29-2, paragraph (1), item (v) and paragraph (2), item (i) to the specially permitted intermediary service for unlisted securities in cases where a person that seeks to obtain the registration set forth in Article 29 seeks to only engage in the specially permitted intermediary service for unlisted securities from among type-I financial instruments businesses, the phrase "investment management business, is the business category for which the person seeks registration" in Article 29-2, paragraph (1), item (vi) is deemed to be replaced with "investment management business, is the business category for which the person seeks registration (in the case of the specially permitted intermediary service for unlisted securities as defined in Article 29-4-4, paragraph (8), including a statement to the effect that this business category applies)", and the term "item (v), (c)" in paragraph (2), item (i) of that Article is deemed to be replaced with ", item (v), (c), item (vi), (a)".

(2) The provisions of Article 29-4, paragraph (1), item (v), (c) and item (vi), (a) (including the cases where these provisions are applied mutatis mutandis pursuant to Article 31, paragraph (5)) do not apply to the specially permitted

intermediary service for unlisted securities in the case referred to in the preceding paragraph or in the case where a person that seeks to obtain the registration of change set forth in Article 31, paragraph (4) seeks to only engage in the specially permitted intermediary service for unlisted securities from among type-I financial instruments businesses.

(3) A specially permitted intermediary service provider for unlisted securities (excluding a person that engages in investment management business; hereinafter the same applies in the following paragraph) is not required to notify the Prime Minister to the effect that it will start to engage in any of the businesses listed in the items of Article 35, paragraph (2), notwithstanding the provisions of Article 35, paragraph (3).

(4) When a specially permitted intermediary service provider for unlisted securities conducts a business other than financial instruments business and the businesses prescribed in Article 35, paragraphs (1) and (2), the service provider is not required to obtain approval from the Prime Minister, notwithstanding the provisions of paragraph (4) of that Article.

(5) The provisions of Articles 46-5 and 46-6 do not apply to a specially permitted intermediary service provider for unlisted securities.

(6) With regard to the application of the provisions of Article 27-2, paragraph (4) (including the cases where applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), Article 27-26, paragraph (1) and Article 66-2, paragraph (1), item (iv) in cases where a specially permitted intermediary service provider for unlisted securities engages in the specially permitted intermediary service for unlisted securities, the term "type-I financial instruments business" in these provisions is deemed to be replaced with "type-I financial instruments business (excluding the specially permitted intermediary service for unlisted securities prescribed in Article 29-4-4, paragraph (8))" and the term "paragraph (4) of that Article" in Article 27-26, paragraph (1) is deemed to be replaced with "Article 28, paragraph (4)".

(7) The term "specially permitted intermediary service provider for unlisted securities " as used in paragraph (3) to the preceding paragraph means a person that has obtained the registration set forth in Article 29 or the registration of change set forth in Article 31, paragraph (4) by stating in the written application for registration to the effect that the person's business falls under the category of specially permitted intermediary service for unlisted securities (excluding the person that has obtained the authorization referred to in Article 30, paragraph (1)).

(8) The term "specially permitted intermediary service for unlisted securities" as used in paragraphs (1) and (2) and the preceding two paragraphs means the performance of any of the following acts on a regular basis, as part of type-I financial instruments business:

(i) the following acts related to securities (limited to securities not listed on a financial instruments exchange and excluding those specified by Cabinet Order):
(a) intermediation of a sale or the act set forth in Article 2, paragraph (8), item (ix) (excluding those performed with a general investor (meaning a person other than a professional investor, etc., issuer of the securities, or any other person specified by Cabinet Office Order; hereinafter the same applies in this item) and those performed on behalf of a general investor based on the solicitation of the general investor); and
(b) intermediation of a purchase (excluding the intermediation performed on behalf of a general investor and the intermediation performed with a general investor based on the solicitation of the general investor); and
(ii) receiving a deposit of money from customers in connection with the acts set forth in the preceding item (limited to receiving such deposit as necessary for the settlement of the transaction conducted through the acts set forth in that item, and for which the period of deposit does not exceed the period specified by Cabinet Order).

(Special Provisions on Registration of Business Concerning Qualified Investors)

Article 29-5 (1) With regard to the application of the provisions of Article 29-2, paragraph (1), item (v) and Article 29-4, paragraph (1), item (v), (a) (including as applied mutatis mutandis pursuant to Article 31, paragraph (5); hereinafter the same applies in this paragraph) to an investment management business that satisfies all of the following requirements (hereinafter referred to as "investment management business for qualified investors" in this Article) in cases where a person that seeks to obtain registration under Article 29 or registration of change under Article 31, paragraph (4) seeks to engage in an investment management business for qualified investors, the term "what category of businesses the person seeks to conduct" in Article 29-2, paragraph (1), item (v) is deemed to be replaced with "what category of businesses the person seeks to conduct (in the case of an investment management business for qualified investors prescribed in Article 29-5, paragraph (1), including a statement to that effect)"; and the terms "a board of directors, company auditors", and "a company with a board of directors" in Article 29-4, paragraph (1), item (v), (a) is deemed to be replaced with "company auditors", and "a company with company auditors, a company with supervisory committee, or a company with nominating committee, etc." respectively:
(i) right holders (meaning right holders prescribed in Article 42, paragraph (1), including investors (meaning investors prescribed in Article 2, paragraph (16) of the Act on Investment Trust and Investment Corporations) of

registered investment corporations (meaning registered investment corporations prescribed in Article 2, paragraph (13) of that Act) that are counterparties to the contracts referred to in Article 2, paragraph (8), item (xii), (a), or any other person specified by Cabinet Order as being equivalent to them) for all investment properties (meaning investment properties prescribed in Article 35, paragraph (1), item (xv); the same applies in the following item) consist exclusively of qualified investors; and

(ii) the total amount of all investment properties does not exceed the amount specified by Cabinet Order in consideration of the actual state of the investment management business, the impact exerted on Japan's capital market and other circumstances.

(2) With regard to the application of the provisions of this Act and other laws and regulations to cases where a financial instruments business operator that obtained registration under Article 29 or registration of change under Article 31, paragraph (4) for engaging in an investment management business for qualified investors has been entrusted with full authority to invest money or other property invested or contributed from a person that holds rights indicated on the following securities under a contract referred to in Article 2, paragraph (8), item (xii), (b), business involving dealings in private placement of the relevant securities made with qualified investors by the relevant financial instruments business operator (limited to those specified by Cabinet Order as being not likely to involve the transfer of the relevant securities from the qualified institutional investor that acquired them to persons other than qualified investors, etc.) is deemed to be type-II financial instruments business:

(i) securities set forth in Article 2, paragraph (1), item (x);

(ii) securities set forth in Article 2, paragraph (1), item (xi);

(iii) securities set forth in Article 2, paragraph (1), item (xiv) or securities set forth in item (xvii) of that paragraph (limited to those having the nature of the securities set forth in item (xiv) of that paragraph);

(iv) securities set forth in Article 2, paragraph (1), item (xxi) that indicate the rights specified by Cabinet Order as prescribed to in Article 2, paragraph (8), item (xiv) or (xv); or

(v) rights to be indicated on securities set forth in the preceding items that are deemed to be securities under the provisions of Article 2, paragraph (2).

(3) "qualified investor" referred to in paragraph (1), item (i) and the preceding paragraph means professional investor, or any other person specified by Cabinet Office Order as those equivalent to professional investor in light of the knowledge, experience and state of property or person specified by Cabinet Order as having a close relationship with a financial instruments business operator (including those that seek to obtain registration under Article 29).

(4) With regard to the application of the provisions of paragraphs (1) and (2), the following persons is deemed not to be qualified investors prescribed in the preceding paragraph:

(i) a special purpose company (meaning the special purpose company provided in Article 2, paragraph (3) of the Act on Securitization of Assets), if asset backed securities (meaning the asset backed securities provided in Article 2, paragraph (11) of that Act) issued by it are held by persons other than qualified investors (meaning qualified investors prescribed in the preceding paragraph; the same applies in the following item);

(ii) a person that engages, or seeks to engage in a securities investment business based on a contract or any other juristic acts (limited to rights based on the relevant contract or other juristic acts that fall under the rights referred to in Article 2, paragraph (2), item (v) or (vi)) related to the securities investment business to which the counterparty is a person other than a qualified investor by appropriating money or other property invested or contributed from the relevant counterparty (excluding cases in which the investment of property related to the relevant investment business is conducted by a financial instruments business operator, etc. prescribed in Article 34 (limited to those that engage in investment management business) or any other person specified by Cabinet Order); or

(iii) a person that is specified by Cabinet Office Order as a person equivalent to the persons listed in the preceding two items.

(5) With regard to the application of the provisions of 66-2, paragraph (1), item (iv) to cases where a financial instruments business operator that obtained the registration under Article 29 or registration of change under Article 31, paragraph (4) for engaging in an investment management business for qualified investors engages in an investment management business for qualified investors, phrase "investment management business as prescribed in Article 28, paragraph (4)" in in Article 66-2, paragraph (1), item (iv) is deemed to be replaced with "investment management business as prescribed in Article 28, paragraph (4) (excluding the investment management business for qualified investors defined in Article 29-5, paragraph (1))".

(Authorization)

Article 30 (1) A financial instruments business operator must obtain the authorization of the Prime Minister if it seeks to perform the acts set forth in Article 2, paragraph (8), item (x) on a regular basis; provided, however, that this does not apply if the financial instruments business operator performs the act only with regard to the following securities, and the total trading volume of the securities involved in the act does not exceed the standard specified by Cabinet Order as a standard at which it is found that even if it becomes

difficult to perform the act stably, this is less likely to affect a large number of persons::

(i) securities set forth in Article 2, paragraph (1), item (ix) (excluding securities listed on a financial instruments exchange, over-the-counter traded securities, and other securities specified by Cabinet Order);

(ii) securities set forth in Article 2, paragraph (1), item (xiv) (excluding securities listed on a financial instruments exchange, over-the-counter traded securities, and securities specified by Cabinet Order as prescribed in the preceding item);

(iii) rights that must be indicated on the securities set forth in the preceding two items, which are deemed to be securities pursuant to Article 2, paragraph (2); and

(iv) the securities other than those set forth in the preceding three items, which are specified by Cabinet Order as those for which it is found that even if it becomes difficult to perform the act stably, this is less likely to affect a large number of persons.

(2) Upon granting the authorization referred to in the preceding paragraph to a financial instruments business operator, the Prime Minister must note this in the relevant financial instruments business operator's registration.

(Conditions on Authorization)

Article 30-2 (1) The Prime Minister may attach conditions to the authorization referred to in paragraph (1) of the preceding Article.

(2) The conditions referred to in the preceding paragraph must constitute the minimum level of conditions that are necessary in the public interest and for the protection of investors.

(Application for Authorization)

Article 30-3 (1) A financial instruments business operator seeking the authorization referred to in Article 30, paragraph (1) must submit a written application for authorization to the Prime Minister, in which it states the following particulars:

(i) its trade name; and

(ii) the date of registration and its registration number.

(2) A document stating how the person manages the risk of loss, how duties are divided, and the other things specified by Cabinet Office Order as constituting the business outline and business methods, and other documents specified by Cabinet Office Order must accompany the written application for authorization referred to in the preceding paragraph.

(Criteria for Authorization)

Article 30-4 Before seeking to grant the authorization referred to in Article 30, paragraph (1), the Prime Minister must examine whether there is compliance with the following criteria:

(i) an appropriate system and regulations are in place for managing the risk of loss;

(ii) the amount of stated capital exceeds the amount of money that is specified by Cabinet Order as necessary and appropriate in the public interest or for the protection of investors;

(iii) the amount of net assets exceeds the amount of money prescribed in the preceding item;

(iv) the provisions of Article 46-6, paragraph (2) are not being violated; and

(v) the applicant's method for deciding the trading price, its methods of transfer and other settlement, and its Cabinet Office Order-specified business outline and business methods are necessary and appropriate in the public interest or for the protection of investors.

(Registration of a Change)

Article 31 (1) If a particular set forth in the items of Article 29-2, paragraph (1) (excluding items (v) throughthrough (vi), item (vii), (b), item (viii), and item (ix)) changes, the financial instruments business operator must notify the Prime Minister of this within two weeks from the day of the change.

(2) Upon accepting a notification under the preceding paragraph, the Prime Minister must register the particulars given in the notification in the financial instruments business operator register.

(3) If a financial instruments business operator seeks to change a part of the business outline or business method that it has stated in the documents set forth in Article 29-2, paragraph (2), item (ii) that relates to any of the acts prescribed in paragraph (1), item (viii) or (ix) of that Article and that is specified by Cabinet Office Order as particularly necessary in the public interest or for the protection of investors (hereinafter referred to as a "specified part of the business outline or business method"), it must notify the Prime Minister of this in advance, and if a part of the business outline or business method other than a specified part of the business outline or business method changes, the financial instruments business operator must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet Office Order.

(4) If a financial instruments business operator seeks to change the particular set forth in Article 29-2, paragraph (1), items (v) through (vi), item (vii), (b), item (viii), or item (ix), it must have that change registered by the Prime Minister pursuant to the provisions of Cabinet Office Order.

(5) The provisions of Article 29-3 and Article 29-4 apply mutatis mutandis to the

registration of a change referred to in the preceding paragraph. In this case, in Article 29-3, paragraph (1), the phrase "the following particulars" is deemed to be replaced with "the particulars subject to the change"; in Article 29-4, paragraph (1), the phrase "the following items" is deemed to be replaced with "the following items (excluding item (i), (a) through (d), item (ii), and item (iii), (b))"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(6) Notwithstanding the provisions of paragraph (3), if a financial instruments business operator that has obtained the authorization referred to in Article 30, paragraph (1) seeks to change the way it manages the risk of loss, its method for deciding the trading price, its methods of transfer and other settlement, or the Cabinet Office Order specified business outline and business methods for which it has obtained that authorization, it must obtain the authorization of the Prime Minister.

(7) Notwithstanding the provisions of paragraph (3), if a financial instruments business operator seeks to change a part of the business outline or business method that it has stated in the documents set forth in Article 29-2, paragraph (2), item (ii) that relates to any of the acts prescribed in Article 2, paragraph (8), item (x) (limited to those performed pursuant to the proviso to Article 30, paragraph (1)) and that is specified by Cabinet Office Order as particularly necessary in the public interest or for the protection of investors in consideration of the necessity to ensure fairness in transactions of securities, the necessity to ensure settlement, and other circumstances, it must notify the Prime Minister of this pursuant to the provisions of Cabinet Office Order, 30 days prior to the day on which it seeks to make such change.

(Security Deposits for Operations)

Article 31-2 (1) A financial instruments business operator (limited to individuals seeking to engage in type-II financial instruments business and persons seeking to engage in investment advisory and agency business only; hereinafter the same applies in this Article) must deposit a business security deposit with the deposit office nearest to its principal business office or office.

(2) The amount of the business security deposit referred to in the preceding paragraph is specified by Cabinet Order in consideration of the actual condition of a financial instruments business operator's business and the need to protect investors.

(3) If a financial instruments business operator concludes a contract stating that the required business security deposit of the financial instruments business operator will be deposited if ordered by the Prime Minister, and has notified the Prime Minister of this, pursuant to the provisions of Cabinet Order, so long as that contract remains valid, the financial instruments business operator

may refrain from depositing all or part of the business security deposit referred to in paragraph (1), in line with the amount of money that will be deposited pursuant to the contract (hereinafter referred to as the "contract amount" in this Article).

(4) If the Prime Minister finds it to be necessary for the protection of investors, the Prime Minister may order a person that has concluded a contract as referred to in the preceding paragraph with a financial instruments business operator, or may order the relevant financial instruments business operator, to deposit all or part of the amount equivalent to the contract amount.

(5) A financial instruments business operator must not begin financial instruments business until it deposits the business security deposit referred to in paragraph (1) (or until it concludes a contract set forth in paragraph (3)) and notifies the Prime Minister of this.

(6) A person that concludes an investment advisory contract with a financial instruments business operator, a person that concludes an investment advisory contract or discretionary investment contract based on a financial instruments business operator's agency or intermediation for that investment advisory contract or an discretionary investment contract, or a person that concludes a purchase and sale contract for securities based on a financial instruments business operator's purchase and sale of securities or its intermediation, brokerage, or agency for such a purchase and sale, has the right to receive payment of a claim arising from such a contract out of the business security deposit furnished by the financial instruments business operator, in preference over other creditors.

(7) The necessary particulars relevant to the exercise of the right referred to in the preceding paragraph are specified by Cabinet Order.

(8) If the amount of a business security deposit (including the contract amount; the same applies in paragraph (10)) comes to fall short of the amount specified by Cabinet Order as prescribed in paragraph (2) due to the exercise of the right referred to in paragraph (6) or for any other reason, the financial instruments business operator must deposit the shortfall (or conclude a contract set forth in paragraph (3)) within three weeks from the day specified by Cabinet Office Order and notify the Prime Minister of this without delay.

(9) National government bonds, municipal bonds, and other securities specified by Cabinet Office Order may serve as a business security deposit that is deposited pursuant to the provisions of paragraph (1) or the preceding paragraph.

(10) If the registration referred to in Article 29 is rescinded pursuant to the provisions of Article 52, paragraph (1) or (4) or Article 54, if the registration referred to in Article 29 loses its effect pursuant to the provisions of Article 50-2, paragraph (2), if a person has had a change registered as referred to in

paragraph (4) of the preceding Article in connection with its engagement in the financial instruments business other than in type-II financial instruments business (but only if an individual engages in such business) or investment advisory and agency business, or if the amount of a business security deposit exceeds the amount specified by Cabinet Order as prescribed in paragraph (2), all or part of the business security deposit that is deposited pursuant to the provisions of paragraph (1), (4), or (8) may be refunded pursuant to the provisions of Cabinet Order.

(11) Beyond what is prescribed in the preceding paragraphs, the necessary particulars relevant to a business security deposit are specified by Cabinet Office Order and by Ministry of Justice Order.

(Restriction on the Use of Trade Names)

Article 31-3 A person that is not a financial instruments business operator must not use a trade name or name that refers to it as a financial instruments business operator, and must not use any trade name or name that is confusingly similar to this.

(Prohibition of Indication of Engagement in Financial Instruments Business)

Article 31-3-2 Anyone other than a financial instruments business operator, etc. (meaning a financial instruments business operator, etc. prescribed in Article 34), financial instruments intermediary service provider, or any other person that is allowed to engage in financial instruments business (including the registered financial institution business prescribed in Article 33-3, paragraph (1), item (vi), (a); hereinafter the same applies in this Article) under the provisions of laws and regulations may not conduct any of the following acts:

(i) posting of a sign prescribed in Article 36-2, paragraph (1) or any sign similar thereto, or any other indication that a financial instruments business is being conducted; or

(ii) soliciting for conclusion of a financial instruments transaction contract (meaning financial instruments transaction contract prescribed in Article 34) for the purpose of engaging in financial instruments business (excluding those that fall under the acts listed in the items of Article 2, paragraph (8)).

(Notification on Assumption of the Position of Director)

Article 31-4 (1) If the director or executive officer of a financial instruments business operator (limited to a person engaged in type-I financial instruments business or investment management business; hereinafter the same applies in this paragraph) assumes the position of director, accounting advisor (or, if the accounting advisor is a corporation, the position of a staff member that performs those duties; hereinafter the same applies in this and the following

paragraphs), company auditor, or executive officer of another company (including if a director, accounting advisor, company auditor, or executive officer of another company is to concurrently hold the position of director or executive officer of the financial instruments business operator), or if that person resigns from the position of director, accounting advisor, company auditor, or executive officer of another company, that person must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet Office Order.

(2) If the director or executive officer of a financial instruments business operator (limited to a person engaged in securities services other than type-I financial instruments business) assumes the position of director, accounting advisor, company auditor, or executive officer of the parent bank, etc. or subsidiary bank, etc. of the relevant financial instruments business operator (including if a director, accounting advisor, company auditor or executive officer of the parent bank, etc. or subsidiary bank, etc. comes to concurrently hold the position of director or executive officer of the financial instruments business operator), or if that person resigns from the position of director, accounting advisor, company auditor, or executive officer of the parent bank, etc. or subsidiary bank, etc., that person must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet Office Order.

(3) The term "parent bank, etc." as used in the preceding paragraph means a bank or cooperative financial institution, or a person that falls under any other category of financial institution specified by Cabinet Order, which Cabinet Order specifies as satisfying the requirement of being a corporation or other organization that holds the majority of the voting rights held by all the shareholders, etc. in a financial instruments business operator, or of being a corporation or other organization which is otherwise closely related to such a financial instruments business operator (such a corporation or other organization is referred to as a "parent corporation, etc." in Article 33-3, paragraph (2), item (iii) and Article 44-3).

(4) The term "subsidiary bank, etc." as used in paragraph (2) means a bank or cooperative financial institution, or an entity that falls under a financial institution specified by Cabinet Order, which Cabinet Order specifies as satisfying the requirement of being a corporation or other organization in which a financial instruments business operator holds the majority of the voting rights held by all the shareholders, etc., or other corporations or organizations which are closely related to the financial instruments business operator (the corporation or other organization is referred to as a "subsidiary corporation, etc." in Article 33-3, paragraph (2), item (iii) and Article 44-3).

(5) The necessary particulars for the determination of whether the majority of the voting rights are held by all the shareholders, etc. as prescribed in

paragraph (3) are specified by Cabinet Office Order in consideration of the manner in which they are held and other circumstances.

(Eligibility as a Director)

Article 31-5 The provisions of the proviso to Article 331, paragraph (2) (including as applied mutatis mutandis pursuant to Article 335, paragraph (1) of the Companies Act); Article 332, paragraph (2) (including as applied mutatis mutandis pursuant to Article 334, paragraph (1) of that Act); Article 336, paragraph (2); and the proviso to Article 402, paragraph (5) of that Act do not apply to financial instruments business operators (limited to those engaged in type-I financial instruments business or investment management business).

Subsection 3 Major Shareholders

(Submission of a Statement of Holdings in Subject Voting Rights)

Article 32 (1) A person that has become the major shareholder (meaning a major shareholder as prescribed in Article 29-4, paragraph (2); hereinafter the same applies in this Section) of a financial instruments business operator (limited to one engaged in type-I financial instruments business or investment management business and excluding foreign corporations; hereinafter the same applies in this Subsection) must submit a statement of holdings in subject voting rights which states the subject voting right holding rate (meaning the rate arrived at when the number of subject voting rights held by the holder of those subject voting rights is divided by the number of voting rights held by all the shareholders, etc. in the relevant Financial instruments business operator), the purpose for which they are held, and other particulars specified by Cabinet Office Order to the Prime Minister, without delay, pursuant to the provisions of Cabinet Office Order.

(2) A document pledging that the relevant person does not fall under the purview of Article 29-4, paragraph (1), item (v), (d), 1. or 2., or (e), 1. through 3., and other documents specified by Cabinet Office Order must accompany the statement of holdings in subject voting rights referred to in the preceding paragraph.

(3) If a major shareholder other than the specified major shareholder of a financial instruments business operator becomes the specified major shareholder of the relevant financial instruments business operator, it must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet Office Order.

(4) The term "specified major shareholder" as used in the preceding paragraph means a person that holds subject voting rights exceeding 50 percent of voting rights held by all the shareholders, etc. in a company.

(5) The provisions of Article 29-4, paragraph (5) apply mutatis mutandis if the provisions of the preceding paragraph are applicable.

(Order for Measures to Be Taken by a Major Shareholder)

Article 32-2 (1) If the major shareholder of a financial instruments business operator falls under any of the categories in Article 29-4, paragraph (1), item (v), (d), 1. or 2. or (e), 1. through 3., the Prime Minister may order the relevant major shareholder to take measures so that it will cease to be the major shareholder of the relevant financial instruments business operator or to take any other necessary measures within a fixed period of no longer than three months.

(2) If the Prime Minister finds it to be particularly necessary in the public interest or for the protection of investors in light of state of the business or assets of the specified major shareholder (meaning a specified major shareholder as provided for in paragraph (4) of the preceding Article; the same applies hereinafter) of a financial instruments business operator (if such a specified major shareholder is a corporation, this includes the state of the assets of a subsidiary corporation, etc. of such specified major shareholder (meaning a person falling under the category of a corporation or other organization in which the specified major shareholder holds the majority of the voting rights held by all the shareholders, etc., or that otherwise satisfies the requirements specified by Cabinet Order as a corporation or other organization that is closely related to the specified major shareholder)), the Prime Minister may, to the extent necessary, order the specified major shareholder to take measures that are necessary for improving the financial instruments business operator's business operations or the state of its assets.

(3) If the specified major shareholder of a financial instruments business operator violates an order under the preceding paragraph, the Prime Minister may order the specified major shareholder to take measures so that it will cease to be the major shareholder of the financial instruments business operator or to take other necessary measures within a fixed period of no longer than three months.

(Notification of Having Ceased to Be a Major Shareholder)

Article 32-3 (1) If the major shareholder of a financial instruments business operator ceases to be the major shareholder of that financial instruments business operator, it must notify the Prime Minister of this without delay.

(2) If the specified major shareholder of a financial instruments business operator becomes a major shareholder other than the specified major shareholder of that financial instruments business operator, it must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet

Office Order.

(Mutatis Mutandis Application of Provisions on Major Shareholders)

Article 32-4 The provisions of Article 32, paragraphs (1) and (2), Article 32-2, paragraph (1) and paragraph (1) of the preceding Article apply mutatis mutandis to the shareholders or equity holders of a holding company (meaning a holding company as prescribed in Article 29-4, paragraph (3); the same applies hereinafter) that has a financial instruments business operator as its subsidiary company (meaning a subsidiary company as prescribed in Article 29-4, paragraph (4)).

Subsection 4 Registered Financial Institutions

(Prohibition on Engagement in Securities Services by Financial Institutions)

Article 33 (1) It is prohibited for a bank or cooperative financial institution, or for any other financial institution specified by Cabinet Order (hereinafter collectively referred to as a "financial institution" in this Article and the following Article) to engage in securities services or investment management business; provided, however, that with regard to securities services, this does not apply if the financial institution conducts the purchase and sale of securities or securities-related derivatives transactions for the purpose of investment pursuant to the provisions of other Acts or on the account of a person that entrusts it to do so based on a trust contract.

(2) The provisions of the main clause of the preceding paragraph do not apply if a financial institution conducts brokerage with written orders (meaning conducting a purchase and sale of securities or a securities-related derivatives transaction on a customer's account upon receiving written orders from the customer, and excluding transactions conducted based on its solicitation of a customer for such an order and transactions conducted upon the receipt of an order from the customer in connection with the financial institution's investment advisory business; the same applies in item (i) of the following Article) or performs the act set forth in the relevant of the following items in connection with the securities or transactions set forth in that item:

(i) securities set forth in Article 2, paragraph (1), items (i) and (ii); securities set forth in Article 2, paragraph (1), item (iii) (limited to those for which the government guarantees the redemption of the principal or the payment of interest, short-term bonds prescribed in Article 54-4, paragraph (1) of the Credit Union Act (Act No. 238 of 1951), and short-term agriculture and forestry bonds prescribed in Article 62-2, paragraph (1) of the Agriculture and Forestry Credit Union Act (Act No. 93 of 2001)); securities set forth in Article 2, paragraph (1), item (iv); securities set forth in Article 2, paragraph

(1), item (v) (limited to those for which the government guarantees the redemption of the principal or the payment of interest, and short-term corporate bonds prescribed in Article 66, paragraph (1) of the Act on Book-Entry Transfer of Corporate Bonds and Shares or those specified by Cabinet Order as similar to these); securities set forth in Article 2, paragraph (1), item (viii); securities set forth in Article 2, paragraph (1), item (xi) (limited to short-term investment corporation bonds prescribed in Article 139-12, paragraph (1) of the Act on Investment Trusts and Investment Corporations and those specified by Cabinet Order as similar to these; referred to as "short-term investment corporation bonds, etc." in the following item); securities set forth in Article 2, paragraph (1), items (xii) through (xiv); securities set forth in Article 2, paragraph (1), item (xv) (limited to those with a term between the day of issuance and the day of redemption of less than one year); securities set forth in Article 2, paragraph (1), item (xvi); securities specified by Cabinet Order among those set forth in Article 2, paragraph (1), item (xvii); securities set forth in Article 2, paragraph (1), item (xviii); securities specified by Cabinet Order among those set forth in Article 2, paragraph (1), item (xxi); and rights set forth in the items of Article 2, paragraph (2) that are deemed to be securities pursuant to the provisions of that paragraph (excluding the rights set forth in item (iii) or (iv) of that paragraph or electronically recorded transferable rights, which are specified by Cabinet Order): acts set forth in Article 2, paragraph (8), items (i) through (iii), (vi), (viii), and (ix);

(ii) securities set forth in Article 2, paragraph (1), items (x) and (xi) (excluding short-term investment corporation bonds, etc.): acts set forth in Article 2, paragraph (8), items (i) through (iii), and acts set forth in Article 2, paragraph (8), item (ix) (excluding dealings in a secondary distribution of securities and in a solicitation for selling, etc. only for professional investors);

(iii) securities set forth in Article 2, paragraph (1), item (xvii) that have the nature set forth in Article 2, paragraph (1), item (i): the following acts:

(a) market derivatives transactions, foreign market derivatives transaction, and acts set forth in Article 2, paragraph (8), item (ii) or (iii) in connection with these transactions;

(b) dealings in a private placement; and

(c) acts set forth in Article 2, paragraph (11), items (i) through (iii) (excluding those set forth in (a) and (b)) that the financial institution is entrusted with by a financial instruments business operator (limited to those engaged in type-I financial instruments business) and performs for that financial instruments business operator;

(iv) securities other than those set forth in the preceding three items: the

following acts:

(a) dealings in a private placement (excluding those involving securities specified by Cabinet Order); and

(b) acts set forth in Article 2, paragraph (11), items (i) through (iii) (excluding those set forth in (a)) that the financial institution is entrusted with by a financial instruments business operator (limited to those engaged in type-I financial instruments business) and performs for that financial instruments business operator;

(v) the following transactions: acts set forth in Article 2, paragraph (8), item (iv) (with regard to transactions set forth in (b), excluding those that fall under the category of cases specified by Cabinet Order as those in which the transaction is conducted with a large number of persons as the other parties thereto):

(a) over-the-counter derivatives transactions of securities set forth in item (i) (including indices calculated by the method agreed upon between the parties based on the prices of two or more securities connected with the relevant securities); and

(b) over-the-counter derivatives transactions that are connected with the securities set forth in the preceding three items (including indices calculated by the method agreed between the parties based on prices of two or more securities related to the relevant securities), and that can only be settled through the delivery and receipt of the difference in prices;

(vi) the purchase and sale of securities, securities-related derivatives transactions, and other transactions specified by Cabinet Order: brokerage for clearing of securities, etc.

(3) The provisions of Article 29 do not apply if a financial institution performs acts other than those set forth in Article 28, paragraph (8), items (iii) through (vi) (hereinafter referred to as "securities-related derivatives transactions, etc.") among the following acts (hereinafter referred to as "derivatives transactions, etc.") on a regular basis, performs acts other than those set forth in Article 28, paragraph (8), item (vii) among those specified in Article 2, paragraph (8), item (v) on a regular basis, performs acts set forth in Article 2, paragraph (8), item (vii) on a regular basis, provides investment advisory and agency business, conducts securities, etc. management, or performs acts specified by Cabinet Order as being equivalent to any of these:

(i) market derivatives transactions, etc. (meaning market derivatives transactions or acts set forth in Article 2, paragraph (8), item (ii) or (iii) in connection with the transactions);

(ii) over-the-counter derivatives transactions, etc.; and

(iii) foreign market derivatives transaction, etc. (meaning foreign market derivatives transaction or acts set forth in Article 2, paragraph (8), item (ii)

or (iii) in connection with the transaction).

(Registration of Financial Institutions)

Article 33-2 A financial institution must be registered by the Prime Minister if it seeks to perform any of the following acts on a regular basis, or if it seeks to provide investment advisory and agency business or engage in securities, etc. management:

(i) brokerage with written orders;

(ii) an act specified in the items of paragraph (2) of the preceding Article in connection with the securities or transactions set forth in the relevant item (excluding those falling under the proviso to paragraph (1) of that Article);

(iii) derivatives transactions, etc. other than securities-related derivatives transactions, etc. (excluding those conducted for the purpose of investment pursuant to the provisions of other Acts or on the account of a person that entrusts the financial institution to do so based on a trust contract and commodity-related market derivatives transactions)), or acts other than those set forth in Article 28, paragraph (8), item (vii) among those specified in Article 2, paragraph (8), item (v);

(iv) acts set forth in Article 2, paragraph (8), item (vii); or

(v) acts specified by Cabinet Order as prescribed to in paragraph (3) of the preceding Article.

(Application for the Registration of a Financial Institution)

Article 33-3 (1) A person seeking the registration referred to in the preceding Article must submit a written application for registration to the Prime Minister, in which it states the following particulars:

(i) its trade name or name;

(ii) the amount of stated capital, the total amount of funds, or the total amount of contributions;

(iii) the names of its officers;

(iv) the names of its accounting advisors, if it is a company with accounting advisors;

(v) if the person provides an electronic self-offering service or electronic public offering service with regard to securities set forth in the items of Article 3 or securities not listed on a financial instruments exchange (excluding those specified by Cabinet Order as prescribed in Article 29-2, paragraph (1), item (vi)), an indication of this;

(vi) the following particulars concerning high-speed trading:

(a) if the person conducts high-speed trading as services of a registered financial institution (meaningthe services in connection with the registration set forth in the preceding Article; the same applies

hereinafter), an indication of this; and

(b) beyond the case provided for in (a), if the person conducts high-speed trading, an indication of this;

(vii) if the person conducts, on a regular basis, any of the acts set forth in Article 2, paragraph (8), items (vii) through (ix) with respect to rights in a loan business, etc., an indication of this;

(viii) the names and locations of its head office and other business offices or offices;

(ix) if the person engages in other business, the business type; and

(x) other particulars specified by Cabinet Office Order.

(2) The following documents must accompany the written application for registration referred to in the preceding paragraph:

(i) a document pledging that the applicant does not fall under Article 33-5, paragraph (1), items (i) and (ii);

(ii) a document stating the person's way of managing the risk of loss, the way that duties are divided, and the other things specified by Cabinet Office Order as constituting the business outline and business methods;

(iii) a document stating the things specified by Cabinet Office Order as constituting the person's status as a parent corporation, etc., subsidiary corporation, etc., or other affiliated company; and

(iv) its articles of incorporation, certificate of registered information, balance sheet, profit and loss statement, and other documents specified by Cabinet Office Order, other than those that are set forth in the preceding three items.

(3) As concerns the documents set forth in item (iv) of the preceding paragraph accompanying a written application for registration, if the articles of incorporation or balance sheet have been prepared as electronic or magnetic records or if electronic or magnetic records have been prepared for a profit and loss statement in lieu of a written document, such electronic or magnetic records (limited to those specified by Cabinet Office Order) may accompany the written application for registration in lieu of the written documents.

(Registration in a Financial Institutions Register)

Article 33-4 (1) When an application is filed for the registration referred to in Article 33-2, unless the Prime Minister refuses the registration pursuant to the provisions of paragraph (1) of the following Article, the Prime Minister must register the following particulars in a financial institutions register:

(i) the particulars set forth in the items of paragraph (1) of the preceding Article; and

(ii) the date of registration and the registration number.

(2) The Prime Minister must make the financial institutions register available for public inspection.

(Refusal to Register a Financial Institution)

Article 33-5 (1) The Prime Minister must refuse to make a registration if the applicant for registration falls under any of the following items, or if the written application for registration or a document or electronic or magnetic record that is required to accompany it contains a false statement or record or lacks a statement or record of a material fact:

(i) a person that has had the registration referred to in Article 33-2 rescinded pursuant to the provisions of Article 52-2, paragraph (1), has had the registration referred to in Article 66 rescinded pursuant to the provisions of Article 66-20, paragraph (1), has had the registration referred to in Article 66-27 rescinded pursuant to Article 66-42, paragraph (1), has had the registration referred to in Article 66-50 rescinded pursuant to Article 66-63, paragraph (1), has had the registration referred to in Article 66-71 rescinded pursuant to Article 66-85, paragraph (1), or that has had the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations) rescinded pursuant to the provisions of Article 38, paragraph (1) of that Act (excluding items (ii), (iii), and (v)), for whom five years have not passed since the date of that rescission; or a person that had a registration of the same kind obtained in a foreign country rescinded pursuant to the provisions of a foreign law or regulation that is equivalent to this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (including permission or any other administrative disposition similar to the registration), for whom five years have not passed since the date of the rescission;

(ii) a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act; the Secured Bonds Trust Act; the Act on Engagement in Trust Business by Financial Institutions; the Commodity Derivatives Transaction Act; the Act on Investment Trusts and Investment Corporations; the Real Estate Brokerage Act; the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates; the Installment Sales Act; the Money Lending Business Act; the Act on the Deposit Transactions; the Act Regulating Business Involving Commodity Investment; the Act on Specified Joint Real Estate Ventures; the Act on the Securitization of Assets; the Act on Issuance, etc. of Corporate Bonds for Financial Corporations' Loan Business; the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto; the Trust Business Act; the Payment Services Act; or any other laws specified by Cabinet Order, or

for violating the provisions of a foreign law or regulation that is equivalent to any of these laws, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(iii) a person falling under any of the following:

(a) a person that is found to fail to secure an officer or an employee who has sufficient knowledge and experience necessary for the execution of each of the services of a registered financial institution;

(b) a person that is likely to cause a loss of credibility of the services of a registered financial institution in light of the person's relationship with the organized crime group as defined in Article 2, item (ii) of the Act on Prevention of Unjust Acts by Organized Crime Group Members or relationship with the organized crime group members as defined in item (vi) of that Article, or other circumstances; or

(c) any other person that falls under the criteria specified by Cabinet Office Order as a person that does not have sufficient personnel structure to perform the services of a registered financial institution in an appropriate manner;

(iv) a person that has not joined an association and that has not prepared internal rules (meaning rules with which that person or its officers or employees should comply) that have contents equivalent to the articles of incorporation or other rules (limited to those for ensuring fair and smooth purchase and sales and other transactions of securities or ensuring fair and smooth derivatives transactions, etc. or for protecting investors) of the association or that has not established a system for complying with the relevant internal rules;

(v) a person that is found not to have in place the necessary system for performing services of a registered financial institution in an appropriate manner.

(2) If the Prime Minister registers that a bank or cooperative financial institution, or any other financial institution specified by Cabinet Order, performs the act specified in Article 33, paragraph (2), item (v) in connection with transactions set forth in that item on a regular basis, the Prime Minister must add the conditions specified by Cabinet Office Order within the necessary scope for ensuring fair transactions in connection with share certificates.

(Notification of a Change)

Article 33-6 (1) If the particulars set forth in the items of Article 33-3, paragraph (1) changes, the registered financial institution must notify the Prime Minister of this within two weeks from the day of the change.

(2) Upon accepting a notification under the preceding paragraph, the Prime

Minister must register the particulars given in the notification in a financial institutions register.

(3) If a registered financial institution seeks to change a part of the business outline or business method that it has stated in the documents set forth in Article 33-3, paragraph (2), item (ii) and that constitutes a specified part of the business outline or business method, the registered financial institution must notify the Prime Minister of this in advance, and if a part of the business outline or business method other than a specified part of the business outline or business method changes, the registered financial institution must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet Office Order.

(Provisions on Interpretation)

Article 33-7 The provisions of Article 33 do not preclude the Prime Minister from granting the registration referred to in Article 29 or the authorization referred to in Article 30, paragraph (1) to a person in which a bank or cooperative financial institution, or any other financial institution specified by Cabinet Order, holds the majority of the voting rights held by all the shareholders, etc.

(Special Provisions on Cases in Which Trust Business Is Conducted)

Article 33-8 (1) With regard to the application of the provisions of Article 33, paragraphs (1) and (2), Article 33-2, Article 33-3, paragraph (1), Article 33-4, paragraph (1), item (i), Article 33-5, paragraph (1), item (iii), (a), Article 33-6, paragraph (1), Article 52-2, paragraph (1), item (iv), and Article 194-6, paragraph (2), if a bank or cooperative financial institution, or any other financial institution specified by Cabinet Order, is a financial institution that has obtained the authorization referred to in Article 1, paragraph (1) of the Act on Engagement in Trust Business by a Financial Institution, in Article 33, paragraph (1), the phrase "securities services or investment management business" is deemed to be replaced with "securities services"; in Article 33, paragraph (2), the term "excluding transactions conducted based on its solicitation of a customer for such an order and transactions conducted upon the receipt of an order from the customer in connection with the financial institution's investment advisory business" is deemed to be replaced with "excluding transactions conducted based on its solicitation of a customer for such an order"; in Article 33-2, the term "investment advisory and agency business or securities, etc. management" is deemed to be replaced with "investment advisory and agency business, investment management business (excluding the business of performing the acts set forth in Article 2, paragraph (8), item (xiv) or (xv) (limited to acts performed with the money under these provisions or other properties held as trust property); hereinafter the same

applies in this Chapter), or securities, etc. management"; in Article 33-3, paragraph (1), the term "particulars" is deemed to be replaced with "particulars, and if the person entrusts the investment management-related service, an indication of this, and the trade name or name of the entrusted party, the details of the investment management-related service entrusted to the entrusted party, and other particulars specified by Cabinet Office Order"; in Article 33-4, paragraph (1), item (i), the phrase "set forth in the items of paragraph (1) of the preceding Article" is deemed to be replaced with "prescribed in paragraph (1) of the preceding Article"; in Article 33-5, paragraph (1), item (iii), (a), the phrase "a person that is found to...;" is deemed to be replaced with "a person that is found to...; provided, however, that with regard to the investment management-related service that is entrusted by the applicant for registration to an investment management-related service entrusted business operator (limited to one that has obtained the registration set forth in Article 66-71 or the registration of change set forth in Article 66-75, paragraph (4) for conducting the investment management-related service), it is sufficient to secure an officer or an employee who has the ability to supervise the service appropriately;"; in Article 33-6, paragraph (1), the phrase "set forth in the items of Article 33-3, paragraph (1)" is deemed to be replaced with "prescribed in Article 33-3, paragraph (1)"; in Article 52-2, paragraph (1), item (iv), the term "investment advisory and agency business" is deemed to be replaced with "investment advisory and agency business or investment management business"; and in Article 194-6, paragraph (2), the phrase "information set forth" is deemed to be replaced with "information prescribed".

(2) The provisions of Article 29 do not apply if a person set forth in any of the following items acts as the agent for a registered financial institution in providing the services prescribed in the relevant item (hereinafter referred to as "specified financial instruments business" in this Article) pursuant to the provisions of Cabinet Order. In this case, the person that provides specified financial instruments business is deemed to be an employee of the registered financial institution that the person acts as the agent for, and the provisions of this Act apply:

(i) a person that acts as the agent for a registered financial institution and that is specified by Cabinet Order: the business of performing acts specified in Article 33, paragraph (2), item (ii) with regard to securities set forth in that item;

(ii) a person that acts as agent for a registered financial institution and that is set forth in the following: among transactions set forth in Article 2, paragraph (22), item (ii) that are connected with the financial indexes set forth in Article 2, paragraph (25), item (ii), the business of performing acts in which the registered financial institution promises to receive money from the

other party to a transaction and to pay the other party the amount of money calculated based on the difference between the agreed figure and the actual figure (but only if that other party has no risk of incurring a loss exceeding the amount of money the other party has paid in advance due to the fluctuation of a financial index set forth in Article 2, paragraph (25), item (ii)):

(a) 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 item) that is an individual;

(b) the employee of an individual non-life insurance agent, for which the notification under the provisions of Article 302 of the Insurance Business Act has been made;

(c) the officer or employee of a corporate non-life insurance agent, for which a notification under the provisions of Article 302 of the Insurance Business Act has been made; and

(d) an officer that holds the authority of representation for a corporate non-life insurance agent.

(3) A registered financial institution for which a person that provides specified financial instruments business acts as an agent is liable for the damages that the person causes to a customer in connection with specified financial instruments transaction services; provided, however, that this does not apply if the registered financial institution exercises due care in appointing the person, and endeavors to prevent the damage that the person causes to a customer in connection with the specified financial instruments business that the person performs.

Subsection 5 Professional Investors

(Obligation to Notify Professional Investors)

Article 34 If a financial instruments business operator, etc. (meaning a financial instruments business operator or registered financial institution; the same applies hereinafter) receives an offer from a professional investor (limited to one set forth in Article 2, paragraph (31), item (iv)) for a contract for the financial instruments business operator, etc. to perform an act that constitutes a financial instruments transaction (meaning an act as set forth in the items of Article 2, paragraph (8); the same applies hereinafter) with the customer as the other party or on behalf of the customer (hereinafter the contract is referred to as a "financial instruments transaction contract"), and has never in the past concluded a financial instruments transaction contract with that professional investor of a type specified by Cabinet Office Order as constituting the same contract type as the financial instruments transaction contract to

which the offer concerns (hereinafter referred to as a "contract type" in this Subsection), the financial instruments business operator, etc., before concluding the financial instruments transaction contract to which the offer concerns, must notify that professional investor that the professional investor may make a request under the provisions of paragraph (1) of the following Article.

(Cases in Which a Professional Investor Is Deemed to Be a Customer Other Than a Professional Investor)

Article 34-2 (1) For each contract type, a professional investor (limited to one as set forth in Article 2, paragraph (31), item (iv)) may request a financial instruments business operator, etc. to treat the professional investor as a customer other than a professional investor with regard to financial instruments transaction contracts that are of the same contract type.

(2) Upon receiving a request under the provisions of the preceding paragraph, a financial instruments business operator, etc. must approve that request by the time it solicits the conclusion of the first financial instruments transaction contract thereafter that is of the same contract type as that to which the request pertains (hereinafter referred to as a "subject contract" in this Article) or by the time it concludes such a contract.

(3) Before a financial instruments business operator, etc. approves a request pursuant to the provisions of the preceding paragraph, it must deliver a document stating the following particulars to the professional investor that submitted the request under paragraph (1) (hereinafter referred to as an "applicant" in this Article):

(i) the day on which the request is approved pursuant to the provisions of the preceding paragraph (hereinafter referred to as the "approval date" in this Article);

(ii) the contract type to which the subject contract belongs;

(iii) an indication that it will treat the applicant as a customer other than a professional investor if it solicits the applicant to conclude a subject contract or concludes a subject contract with the applicant on or after the approval date; and

(iv) other particulars specified by Cabinet Office Order.

(4) With the consent of the applicant and pursuant to the provisions of Cabinet Order, in lieu of delivering the document under the provisions of the preceding paragraph, a financial instruments business operator, etc. may provide the applicant with the particulars that are required to be stated in that document by means of using an electronic data processing system or by any other means using information and communications technology that Cabinet Office Order specifies. In such a case, the financial instruments business operator, etc. is

deemed to have delivered the document.

(5) With regard to the application of the provisions of this Act (excluding Article 29-5, paragraph (3) and this Subsection) if a financial instruments business operator, etc. gives the approval under the provisions of paragraph (2) or delivers the document under the provisions of paragraph (3), and the applicant is a person set forth in any of the following items, the applicant is deemed to be a customer other than a professional investor:

(i) the other party to the financial instruments business operator's, etc. solicitation to conclude a subject contract on or after the approval date; or

(ii) the other party with which the financial instruments business operator, etc. concludes a subject contract on or after the approval date.

(6) If the preceding paragraph applies to an applicant with regard to the conclusion of a subject contract (limited to one that entails the financial instruments business operator, etc. acting as an agent as provided in Article 2, paragraph (8), items (ii) through (iv), (x) and (xiii); hereinafter referred to as a "specified subject contract" in this paragraph and paragraph (8)), before the financial instruments business operator, etc. concludes a financial instruments transaction contract on behalf of the applicant based on the specified subject contract, the financial instruments business operator, etc. must notify the other financial instruments business operator, etc. with which the financial instruments transaction contract is to be concluded (hereinafter referred to as the "counterparty financial instruments business operator, etc." in the following paragraph and paragraph (8)) that the applicant is deemed to be a customer other than a professional investor in connection with the financial instruments transaction contract.

(7) If a financial instruments business operator, etc. gives a notification under the preceding paragraph, the provisions of the preceding Article do not apply to the counterparty financial instruments business operator, etc.

(8) If a financial instruments business operator, etc. that has concluded a specified subject contract gives a notification under the provisions of paragraph (6), the applicant is deemed to be a customer other than a professional investor with regard to any financial instruments transaction contract that the financial instruments business operator, etc. concludes with the counterparty financial instruments business operator, etc. on behalf of the applicant based on the specified subject contract, and the provisions of this Act (excluding Article 29-5, paragraph (3) and this Subsection) apply.

(9) If an applicant newly becomes a qualified institutional investor on or after the approval date, the provisions of paragraphs (5) through (9) do not apply to the applicant on or after the day on which the applicant becomes a qualified institutional investor.

(10) An applicant may request a financial instruments business operator, etc. to

treat the applicant as a professional investor again with regard to subject contracts, at any time on or after the approval date;

(11) Before approving a request under the preceding paragraph, a financial instruments business operator, etc. must obtain the written consent of the person making that request (such person is referred to as the "person requesting reinstatement" in the following paragraph), on a document that states the day on which the request has the approval under this paragraph and any other particulars specified by Cabinet Office Order.

(12) With the agreement of the person requesting reinstatement and pursuant to the provisions of Cabinet Order, in lieu of obtaining the written consent under the preceding paragraph, a financial instruments business operator, etc. may obtain written consent by means of using an electronic data processing system or by any other means using information and communications technology that Cabinet Office Order specifies. In such a case, the financial instruments business operator, etc. is deemed to have obtained the written consent.

(13) If a financial instruments business operator, etc. gives the approval under paragraph (11), the provisions of paragraphs (5), (6), and (8) do not apply during the period from the day on which it gives the approval under paragraph (11) until the day immediately preceding the day on which it gives the new approval pursuant to paragraph (2).

(When a Customer Other than a Professional Investor Is a Corporation and That Corporation Is Deemed to Be a Professional Investor)

Article 34-3 (1) For each contract type, a corporation (excluding a professional investor) may request a financial instruments business operator, etc. to treat it as a professional investor with regard to financial instruments transaction contracts that are of the same contract type.

(2) Before approving a request under the preceding paragraph, a financial instruments business operator, etc. must obtain the written consent of the corporation making the request (hereinafter referred to as the "applicant" in this Article), on a document that states the following particulars. In this, it must make the end date provided for in item (ii) the day on which one year elapses counting from the approval date provided for in item (i) (or, in a case specified by Cabinet Office Order, a day before that one year elapses, which is specified by Cabinet Office Order):

(i) the day on which it gives the approval under this paragraph (hereinafter referred to as the "approval date" in this Article);

(ii) the last day of the period during which it will treat the applicant as a professional investor in soliciting the applicant to conclude a financial instruments transaction contract that is of the same contract type as the one to which the request pertains (hereinafter such a contract is referred to as a

"subject contract" in this Article; hereinafter such day is referred to as the "end date" in this Article) or in concluding a subject contract with that applicant before the end date;

(iii) the contract type to which the subject contract belongs;

(iv) an indication that the Applicant understands the following particulars:

(a) particulars specified by Cabinet Office Order as the content of special provisions on the application of this Act if a professional investor is solicited to conclude a subject contract by a financial instruments business operator, etc., if a professional investor offers a subject contract to the financial instruments business operator, etc., or concludes a subject contract with the financial instruments business operator, etc.; and

(b) an indication of the risk of insufficient protection involved, if a person that it is inappropriate to treat as a professional investor in connection with the subject contracts, in light of its knowledge, experience, and the state of its assets, will be treated as a professional investor;

(v) an indication that it will treat the applicant as a professional investor in soliciting the applicant to conclude a subject contract before the end date or in concluding a subject contract with the applicant before the end date;

(vi) an indication that it will treat the applicant as a customer other than a professional investor in soliciting the applicant to conclude a subject contract after the end date or in concluding a subject contract with the applicant after the end date; and

(vii) other particulars specified by cabinet office order.

(3) The provisions of paragraph (12) of the preceding Article apply mutatis mutandis to the written consent under the preceding paragraph.

(4) With regard to the application of the provisions of this Act (excluding Article 29-5, paragraph (3) and this Subsection) if a financial instruments business operator, etc. gives the approval under paragraph (2), the applicant gives the written consent under that paragraph, and the applicant is a person set forth in any of the following items, the applicant is deemed to be a professional investor:

(i) a person that the financial instruments business operator, etc. solicits to conclude a subject contract during the period from the approval date to the end date; or

(ii) a person with which the financial instruments business operator, etc. concludes a subject contract during the period from the approval date to the end date.

(5) If the preceding paragraph applies to an applicant in connection with the conclusion of a subject contract (limited to one that entails the financial instruments business operator, etc. acting as an agent as provided in Article 2, paragraph (8), items (ii) through (iv), (x) and (xiii); hereinafter referred to as a

"specified subject contract" in this and the following paragraphs), and the financial instruments business operator, etc., acting as the applicant's agent based on that specified subject contract, concludes a financial instruments transaction contract before the approval date, it must notify the counterparty financial instruments business operator, etc. with which the financial instruments transaction contract is to be concluded (referred to as the "counterparty financial instruments business operator, etc." in the following paragraph) in advance, that the applicant is deemed to be a professional investor with regard to the financial instruments transaction contract.

(6) If a financial instruments business operator, etc. that has concluded a specified subject contract gives a notification under the preceding paragraph, the applicant is deemed to be a professional investor with regard to a financial instruments transaction contract that the financial instruments business operator, etc. concludes with the counterparty financial instruments business operator, etc. while acting as the agent of the applicant pursuant to the specified subject contract (limited to a financial instruments transaction contract concluded before the end date), and the provisions of this Act (excluding Article 29-5, paragraph (3) and this Subsection) apply.

(7) If the applicant makes a request under paragraph (1) before the end date for the same contract type as the subject contracts (such a request is referred to as the "request for renewal" in the following paragraph), the applicant must do so on or after the day on which the period specified by Cabinet Office Order elapses counting from the approval date.

(8) With regard to the application of the provisions of paragraph (2) and the preceding paragraph if an applicant makes a request for renewal, in paragraph (2), the phrase "approval date prescribed in item (i)" is deemed to be replaced with "day following the previous end date" and in the preceding paragraph, the term "approval date" is deemed to be replaced with "day following the previous end date".

(9) An applicant may request a financial instruments business operator, etc. to treat it as a customer other than a professional investor again with regard to subject contracts, at any time on or after the approval date.

(10) After receiving a request under the provisions of the preceding paragraph, a financial instruments business operator, etc. must approve that request by the time it solicits the conclusion of the first subject contract thereafter or by the time it first concludes such a contract thereafter.

(11) Before approving a request pursuant to the provisions of the preceding paragraph, a financial instruments business operator, etc. must deliver a document stating the day on which it gives the approval under the preceding paragraph and any other particulars specified by Cabinet Office Order to the corporation that submitted the request under paragraph (9).

(12) The provisions of paragraph (4) of the preceding Article apply mutatis mutandis to the delivery of documents under the preceding paragraph.
(13) If a financial instruments business operator, etc. gives the approval under paragraph (10), the provisions of paragraphs (4) through (9) do not apply for the period from the day of approval under paragraph (10) to the day immediately preceding the day on which it newly gives approval under paragraph (2).

(When a Customer Other Than a Professional Investor Is an Individual and That Individual Is Deemed to Be a Professional Investor)

Article 34-4 (1) For each contract type, an individual set forth in the following (excluding qualified institutional investors) may request a financial instruments business operator, etc. to treat that individual as a professional investor with regard to financial instruments transaction contracts that are of the same contract type:
(i) an individual that is the proprietor of a business and that has concluded a silent partnership agreement as prescribed in Article 535 of the commercial code (excluding those specified by Cabinet Office Order), or any other individual specified by Cabinet Office Order as being similar thereto; and
(ii) an individual other than one set forth in the preceding item, which satisfies the requirements specified by Cabinet Office Order as a person equivalent to a professional investor, in light of such individual's knowledge and experience and the state of that individual's assets.

(2) If a financial instruments business operator, etc. receives a request under the preceding paragraph, it must deliver a document stating the particulars set forth in paragraph (2), items (iv), (a) and (b) of the preceding Article to the individual that submitted the request (hereinafter referred to as an "applicant" in this Article), and must confirm that the applicant falls under any of the persons set forth in the items of the preceding paragraph.
(3) The provisions of Article 34-2, paragraph (4) apply mutatis mutandis to the delivery of a document under the preceding paragraph.
(4) An applicant may request a financial instruments business operator, etc. to treat it as a customer other than a professional investor again with regard to financial instruments transaction contracts that are of the same contract type as the one to which the request under paragraph (1) pertains, at any time on or after the day on which the financial instruments business operator, etc. gives the approval under paragraph (2) of the preceding Article as applied mutatis mutandis pursuant to paragraph (6).
(5) After receiving a request under the provisions of the preceding paragraph, a financial instruments business operator, etc. must approve that request by the time it solicits the conclusion of the first financial instruments transaction

contract thereafter that is of the contract type to which the request pertains, or by the time it concludes the first such contract thereafter.

(6) The provisions of paragraphs (2) through (8) of the preceding Article apply mutatis mutandis if a financial instruments business operator, etc. approves a request under paragraph (1), and the provisions of paragraphs (11) through (13) of that Article apply mutatis mutandis if a financial instruments business operator, etc. approves a request under paragraph (4). In this case, in Article 34-3, paragraph (2), the phrase "the corporation making the request" is deemed to be replaced with "the applicant under paragraph (2) of the following Article"; in Article 34-3, paragraph (4), the phrase "the approval under paragraph (2)" is deemed to be replaced with "the delivery of a document and the confirmation under paragraph (2) of the following Article and the approval under paragraph (2)"; in Article 34-3, paragraph (7), the term "paragraph (1)" is deemed to be replaced with "paragraph (1) of the following Article"; in Article 34-3, paragraph (11), the phrase "the preceding paragraph" is deemed to be replaced with "paragraph (5) of the following Article" and the phrase "the corporation that submitted the request under paragraph (9)" is deemed to be replaced with "the individual that submitted the request under paragraph (4) of that Article"; in Article 34-3, paragraph (13), the term "paragraph (10)" is deemed to be replaced with "paragraph (5) of the following Article", the phrase "gives approval under paragraph (2)" is deemed to be replaced with "delivers the documents and makes the confirmation under the provisions of paragraph (2) of that Article, as well as giving approval under paragraph (2)", and the term "(9)" is deemed to be replaced with "(8) and paragraph (4) of the following Article"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Delegation to Cabinet Order)

Article 34-5 Beyond what is provided for in this Subsection, procedures for if a professional investor is deemed to be a customer other than a professional investor or if a customer other than a professional investor is deemed to be a professional investor and necessary particulars otherwise relevant to the application of the provisions of this Subsection are specified by Cabinet Order.

Section 2 Services

Subsection 1 General Rules

(Scope of Services for Persons Engaged in Type-I Financial Instruments Business or Investment Management Business)

Article 35 (1) A financial instruments business operator (limited to one engaged in type-I financial instruments business or investment management business;

hereinafter the same applies in this Article), in addition to the financial instruments business, may perform the following acts on a regular basis and provide any other services incidental to the financial instruments business:

(i) the lending and borrowing of securities, or intermediation or agency for the same;

(ii) money lending incidental to margin transactions prescribed in Article 156-24, paragraph (1);

(iii) money lending secured by securities that are deposited for safe custody by customers (limited to those specified by Cabinet Office Order);

(iv) the provision of agency for customers in connection with securities;

(v) the provision of agency for services by the settlor company of an investment trust defined in Article 2, paragraph (11) of the Act on Investment Trusts and Investment Corporations, which involve the payment of earnings, redemption moneys, or cancellation moneys in connection with securities set forth in Article 2, paragraph (1), item (x), or for services by such a settler company which involve the delivery of securities or any other assets that are among trust property in connection with the relevant securities;

(vi) the provision of agency for services by an investment corporation as defined in Article 2, paragraph (12) of the Act on Investment Trusts and Investment Corporations, which involve the distribution of money, the distribution of refunds or residual assets, or the payment of interest or redemption moneys in connection with securities set forth in Article 2, paragraph (1), item (xi) conducted;

(vii) the conclusion of a contract for cumulative investment (meaning a contract in which a financial instruments business operator (limited to one that engages in securities, etc. management) receives money deposited by a customer and sells securities to that customer continuously on dates designated in advance while receiving consideration from that money) (limited to contracts specified by Cabinet Office Order);

(viii) the provision of information or advice in relation to securities (excluding acts falling under Article 2, paragraph (8), item (xi));

(ix) the provision of agency for services by a counterparty financial instruments business operator, etc. (limited to agency involving the financial instruments business (including services of a registered financial institution conducted by a registered financial institution) and any other services incidental to the financial instruments business (excluding services prescribed in this item), which the relevant financial instruments business operator, etc. may conduct, and excluding those specified in item (v) above);

(x) the retention of the assets of a registered investment corporation as defined in Article 2, paragraph (13) of the Act on Investment Trusts and Investment Corporations;

(xi) the provision of consultation or intermediary services to any other business operator with regard to a business transfer, merger, company split, share exchange, share transfer, or partial share exchange;

(xii) the provision of consultation to any other business operator with regard to business management;

(xiii) the purchase and sale of currencies and other assets (excluding crypto- and other assets; the same applies in item (xv) of this paragraph and item (vi) of the following paragraph) specified by Cabinet Order as being related to derivatives transactions (excluding securities-related derivatives transactions) or intermediation, brokerage, or agency for them;

(xiv) the purchase and sale of negotiable deposits and other monetary claims (excluding those that fall under the category of securities), or intermediation, brokerage, or agency for the same; and

(xv) investing investment property (meaning money and other property invested by a financial instruments business operator, etc. that is engaged in investment management business on behalf of a rights holder provided for in Article 42, paragraph (1); the same applies hereinafter) as investment of the following assets:

(a) specified assets as defined in Article 2, paragraph (1) of the Act on Investment Trusts and Investment Corporations (excluding real estate and other assets specified by Cabinet Order);

(b) assets specified by Cabinet Order other than those set forth in (a);

(xvi) provision of customer information acquired from the customer to a third party with the consent of the customer or any other provision of information held by the financial instruments business operator to a third party, which contributes to advancement of the financial instruments business that the financial instruments business operator conducts or to improvement of convenience for users of the financial instruments business operator (excluding an act that falls under the category of the act set forth in item (viii)); and

(xvii) an act to be performed by mainly utilizing human resources, information and communications technology, equipment, and any other management resources possessed by the financial instruments business operator related to the financial instruments business conducted by the financial instruments business operator, which is specified by Cabinet Office Order as an act that contributes to regional revitalization, improvement of industrial productivity, and establishment of a sustainable society.

(2) A financial instruments business operator, beyond the financial instruments business and other services provided pursuant to the provisions of the preceding paragraph, may provide the following services:

(i) services connected with transactions on a commodity market, etc. as defined

in Article 2, paragraph (21) of the Commodity Derivatives Transaction Act;

(ii) services connected with transactions conducted by using fluctuations in commodity prices and other indicators, market gaps, etc. as specified by Cabinet Office Order (other than services already specified in the preceding item);

(iii) services connected with the money lending business as defined in Article 2, paragraph (1) of the Money Lending Business Act or other money loans, or intermediation for the lending and borrowing of money;

(iv) services connected with real estate brokerage as defined in Article 2, item (ii) of the Real Estate Brokerage Act or with the lease of real estate prescribed in item (i) of that Article;

(v) specified joint real estate ventures as defined in Article 2, paragraph (4) of the Act on Specified Joint Real Estate Ventures;

(v)-2 services for investing money or other assets on behalf of another person, by means of commodity investment defined by Article 2, paragraph (1) of the Act Regulating Business Involving Commodity Investment, or through the acquisition (including production), transfer, or use of goods with substantial price volatility or goods specified by Cabinet Order as goods that make it difficult to estimate the profit generated from their use (excluding the designated items prescribed in item (iii) of that paragraph) or by means of having such goods used (excluding services that fall under the category of service set forth in items (i) and (ii));

(vi) services for investing investment property (excluding services of performing the acts set forth in item (xv) of the preceding paragraph and services that fall under the services set forth in items (i), (ii), and the preceding item) as an investment in assets other than securities or rights arising from derivatives transactions; and

(vii) other services specified by Cabinet Office Order.

(3) If a financial instruments business operator comes to engage in any of the services set forth in the items of the preceding paragraph, it must notify the Prime Minister of this without delay pursuant to the provisions of Cabinet Office Order.

(4) A financial instruments business operator, beyond the financial instruments business and the services provided pursuant to paragraph (1) and paragraph (2), may conduct services for which it has obtained the approval of the Prime Minister.

(5) When an application is filed for the approval referred to in the preceding paragraph, the Prime Minister may only choose not to grant approval if it is found that the provision of the services under the application would be contrary to the public interest or if it is found that they would compromise the protection of investors due to the difficulty in managing the risk of loss in

connection with the services.

(6) If a financial instruments business operator discontinues services of which it has given notice pursuant to paragraph (3) or services for which it has obtained approval pursuant to paragraph (4), it must notify the Prime Minister of this without delay.

(7) If a financial instruments business operator engages in services set forth in the items of paragraph (1) or items of paragraph (2) or engages in services for which it has received the approval referred to in paragraph (4), the provisions of paragraph (1), paragraph (2), and paragraph (4) must not be construed to preclude the application of Acts concerning these services.

(Scope of Concurrent Business by Persons That Only Engage in Type-II Financial Instruments Business or Investment Advisory and Agency Business)

Article 35-2 (1) A financial instruments business operator (limited to one that only engages in type-II financial instruments business or investment advisory and agency business; the same applies in the following paragraph), in addition to doing financial instruments business (limited to type-II financial instruments business or investment advisory and agency business), may also do other business, concurrently.

(2) If a financial instruments business operator does any other business concurrently as prescribed in the preceding paragraph, the provisions of that paragraph must not be construed to preclude the application of Acts concerning that business.

(Establishment of an Operational Control System)

Article 35-3 A financial instruments business operator, etc. must establish an operational control system for the fair and appropriate performance of its financial instruments business or services of a registered financial institution, pursuant to the provisions of Cabinet Office Order.

(Establishment of Systems to Protect the Interests of Customers)

Article 36 (11) A specified financial instruments business operator, etc., pursuant to the provisions of Cabinet Office Order, must appropriately manage information connected with financial instruments services (meaning services entailing acts that constitute financial instruments transactions and any other services specified by Cabinet Office Order), and must establish a system for properly supervising the implementation status of financial instruments services and take any other measures as are necessary, in line with the transactions that the specified financial instruments business operator, etc. or its parent financial institution, etc. or subsidiary financial institution, etc.

conducts, so that the interests of the customers of the financial instruments services that the specified financial instruments business operator, etc. or its subsidiary financial institution, etc. provides are not unjustly prejudiced.

(22) The term "specified financial instruments business operator, etc." as used in this Article means a financial instruments business operator, etc. that conducts securities services (limited to a person registered as referred to in Article 29 to engage in type-I financial instruments business), or that is specified by Cabinet Order.

(3) The term "parent financial institution, etc." as used in paragraph (11) means a financial instruments business operator, a bank, a cooperative financial institution, or any other person engaged in finance that is specified by Cabinet Order, which Cabinet Order specifies as being a person that holds the majority of the voting rights held by all the shareholders, etc. in a specified financial instruments business operator, etc. or as being otherwise closely related to the relevant specified financial instruments business operator.

(4) The term "subsidiary financial institution, etc." as used in paragraph (11) means a financial instruments business operator, a bank, a cooperative financial institution, or any other person engaged in finance that is specified by Cabinet Order, which Cabinet Order specifies as being a person in which a specified financial instruments business operator, etc. holds the majority of the voting rights held by all the shareholders, etc. or as being otherwise closely related to the relevant specified financial instruments business operator, etc.

(Posting Signs)

Article 36-2 (1) A financial instruments business operator, etc. must post a sign in the format specified by Cabinet Office Order in a place that is easily seen by the public at each of its business offices or other offices.

(2) A financial instruments business operator, etc. must make its trade name or name and other particulars specified by Cabinet Office Order available for public inspection via automatic public transmission carried out through connection to a telecommunications line (meaning an automated transmission sent in response to a request from the public for the purpose of direct receipt by the public, excluding transmissions that fall under the category of broadcasting or cable broadcasting; the same applies in Article 66-8, paragraph (2)); provided, however, that this does not apply if the scale of its business is extremely small or in other cases specified by Cabinet Office Order (excluding the case where the financial instruments business operator, etc. is a type-I small amount electronic public offering service provider as defined in Article 29-4-2, paragraph (8) or type-II small amount electronic public offering service provider as defined in Article 29-4-3, paragraph (2)).

(3) A person other than a financial instruments business operator, etc. (limited to

financial instruments intermediary service provider, or any other person that is allowed to engage in financial instruments business under the provisions of laws and regulations) must not post the sign referred to in paragraph (1) or a sign similar thereto.

(Prohibition of Lending One's Name)

Article 36-3 A financial instruments business operator, etc. must not allow another person to engage in financial instruments business (or, if it is a registered financial institution, to engage in the services of a registered financial institution; hereinafter the same applies in this Subsection) using the name of the relevant financial instruments business operator, etc.

(Prohibition on Corporate Bond Management)

Article 36-4 (1) A financial instruments business operator (limited to one that engages in securities services; the same applies in the following paragraph) may not become a bond administrator provided for in Article 702 of the Companies Act, a bond administration assistant provided in Article 714-2 of that Act, or the trustee company under a trust contract as defined in Article 2, paragraph (1) of the Secured Bonds Trust Act.

(2) Notwithstanding the provisions of other Acts, a financial instruments business operator may become an underwriter.

(Regulation of Advertising)

Article 37 (1) When advertising the contents of its financial instruments business or performing any similar act specified by Cabinet Office Order, a financial instruments business operator, etc. must give the following particulars, pursuant to the provisions of Cabinet Office Order:

(i) the trade name or name of the financial instruments business operator, etc.;

(ii) an indication that it is a financial instruments business operator, etc., and its registration number; and

(iii) the particulars of the contents of the financial instruments business that the financial instruments business operator, etc. engages in, which is specified by Cabinet Order as material particulars that may have an impact on customers' judgment.

(2) When advertising the contents of its financial instruments business or engaging in any similar act specified by Cabinet Office Order, a financial instruments business operator, etc. must not make a representation that significantly conflicts with the fact of the matter or that could cause a person to have a serious misconception about the prospect of profiting from the performance of an act that constitutes a financial instruments transaction, or about any other matter that is specified by Cabinet Office Order.

(Obligation to Clarify the Conditions of Transactions in Advance)

Article 37-2 When a financial instruments business operator, etc. has had an order from a customer for the purchase or sale of securities or for an over-the-counter derivatives transaction, it must give the customer clear notice, in advance, regarding whether the relevant financial instruments business operator, etc. will conclude the purchase and sale or the transaction with the customer personally, as the other party, or whether it will conduct intermediation, brokerage, or agency for the purchase and sale or the transaction.

(Provision of Information Prior to the Conclusion of a Contract)

Article 37-3 (1) If a financial instruments business operator, etc. seeks to conclude a financial instruments transaction contract, it must deliver informationinformation relating to the following particulars to the customer in advance, pursuant to the provisions of Cabinet Office Order; provided, however, that this does not apply in cases specified by Cabinet Office Order as those in which its not doing so does not compromise the protection of investors:

(i) the trade name or name and address of the financial instruments business operator, etc.;

(ii) an indication that it is a financial instruments business operator, etc., and its registration number;

(iii) an outline of the relevant financial instruments transaction contract;

(iv) the particulars specified by Cabinet Office Order with regard to any fees, remuneration, or other consideration payable by the customer in connection with the financial instruments transaction contract;

(v) an indication of any risk that a loss will be incurred due to fluctuations in the money rate, the value of currencies, quotations on the financial instruments market, and other indicators, in connection with an act that constitutes a financial instruments transaction carried out by the customer;

(vi) an indication of any risk that the amount of the loss set forth in the preceding item will exceed the amount of customer margin or any other security deposit, or anything specified by Cabinet Office Order that is payable by the customer; and

(vii) the particulars of the contents of the relevant financial instruments business other than what is set forth in the preceding items, which are specified by Cabinet Office Order as material particulars that may have an impact on customers' judgment.

(2) When a financial instruments business operator, etc. provides information under the preceding paragraph, it must explain the particulars set forth in the items of that paragraph (excluding the particulars set forth in items (v) and

(vi) of that paragraph and other matters specified by Cabinet Office Order) to a customer in a manner and to the extent necessary for ensuring that the customer understands these particulars, in light of the customer's knowledge, experience, status of property and purpose of concluding the relevant financial instruments transaction contract (hereinafter referred to as "customer attributes") in this paragraph); provided, however, that this does not apply if the financial instruments business operator, etc. confirms by an appropriate method that the customer has understood the content of those particulars only through its provision of information.

(3) Before soliciting (limited to a public offering or secondary distribution, or dealings in a public offering or secondary distribution specified by Cabinet Order) the conclusion of a financial instruments transaction contract for any of the rights set forth in the items of Article 2, paragraph (2) that are deemed to be securities under that paragraph, a financial instruments business operator, etc. must notify the Prime Minister of the contents of the informationinformation provided under paragraph (1) regarding the relevant financial instruments transaction contract pursuant to the provisions of Cabinet Office Order; provided, however, that this does not apply in cases specified by Cabinet Office Order as those in which its not doing so does not compromise the protection of investors.

(Provision of Information upon the Conclusion of a Contract)

Article 37-4 When a financial instruments business operator, etc. effects a financial instruments transaction contract or when otherwise specified by Cabinet Office Order, the financial instruments business operator, etc. mustprovide information relating to particulars concerning the financial instruments transaction contract and other particulars specified by Cabinet Office Order to the customer, without delay and pursuant to the provisions of Cabinet Office Order; provided, however, that this does not apply in the cases that are specified by Cabinet Office Order as those in which, in consideration of the contents of the financial instruments transaction contract and other circumstances, it is found that even if the information is notprovided to the customer, this does not compromise the public interest or the protection of investors.

(Delivery of Documents in Connection with the Receipt of a Security Deposit)

Article 37-5 (1) When a financial instruments business operator, etc. receives a security deposit that is payable by the customer (limited to those specified by Cabinet Office Order) in connection the financial instruments business that it conducts, it must immediately deliver a document stating this to the customer, pursuant to the provisions of Cabinet Office Order.

(2) The provisions of Article 34-2, paragraph (4) apply mutatis mutandis to the delivery of a document under the preceding paragraph.

(Written Cancellation)

Article 37-6 (1) Except as otherwise specified by Cabinet Office Order, a customer that has concluded a financial instruments transaction contract (limited to one that is specified by Cabinet Order in consideration of the content of such a financial instruments transaction contract and other circumstances) with a financial instruments business operator, etc. may cancel the relevant financial instruments transaction contract in writing or in the form of electronic or magnetic record, until the number of days specified by Cabinet Order has elapsed starting from the day specified by Cabinet Order as the day on which the customer received the information provided under Article 37-4 regarding the formation of the financial instruments transaction contract.

(2) The cancellation of a financial instruments transaction contract under the preceding paragraph that is made by either of the means set forth in the following items takes effect at the time specified in each of those items:

(i) a written document: when the document is issued; and

(ii) electronic or magnetic records contained in a recording medium: when the recording medium is sent.

(3) If a financial instruments transaction contract becomes subject to a cancelation under paragraph (1), the financial instruments business operator, etc. may not request the customer to pay damages or a penalty for the cancellation of that financial instruments transaction contract beyond the amount specified by Cabinet Office Order as the amount of fees, remuneration, or other consideration payable by the customer with regard to that financial instruments transaction contract (referred to as a "consideration" in the following paragraph) for the period until the cancellation of that financial instruments transaction contract.

(4) If a financial instruments transaction contract becomes subject to a cancellation under paragraph (1), the financial instruments business operator, etc. must refund any consideration paid in advance for the relevant financial instruments transaction contract to the customer that paid it; provided, however, that this does not apply to the amount specified by Cabinet Office Order as prescribed in the preceding paragraph.

(5) Any special provision that is contrary to the provisions of the preceding paragraphs and disadvantageous to a customer is void.

(Obligation to Conclude a Contract with a Designated Dispute Resolution Organization)

Article 37-7 (1) A financial instruments business operator, etc. must take the

measures specified in the following items in accordance with the category of cases set forth in each of those item:

(i) if the financial instruments business operator, etc. (excluding a registered financial institution; the same applies in the following item to item (iv)) engages in type-I financial instruments business: the measures specified in the relevant of the following (a) and (b) for the category of cases set forth in (a) or (b):

(a) if there is a designated type-I dispute resolution organization (meaning a designated dispute resolution organization (meaning a designated dispute resolution organization as defined in Article 156-38, paragraph (1); hereinafter the same applies in this Chapter and Chapter V-4) for which the category of dispute resolution services (meaning the category of dispute resolution services as defined in paragraph (12) of that Article; hereinafter the same applies in this Chapter and Chapter V-4) is specified type-I financial instruments business (meaning specified type-I financial instruments business as defined in paragraph (2) of that Article; hereinafter the same applies in this item); hereinafter the same applies in this item and paragraph (3), item (ii)): measures to conclude a basic contract for the implementation of dispute resolution procedures (meaning a basic contract for the implementation of dispute resolution procedures as defined in paragraph (13) of that Article; hereinafter the same applies in this Chapter and Chapter V-4) in connection with specified type-I financial instruments business with a single designated type-I dispute resolution organization);

(b) if there is no designated type-I dispute resolution organization: complaint processing measures (meaning measures to have the person set forth in Article 156-50, paragraph (3), item (iii) provide advice or guidance to the employee or any other worker engaged in the business of processing complaints from customers (including the right holders provided for in Article 42, paragraph (1) that are other than customers; the same applies in (b)) or any other measures specified by Cabinet Office Order as being equivalent thereto; hereinafter the same applies in this Chapter and Chapter V-4)) and dispute resolution measures (meaning measures to resolve disputes with customers through certified dispute resolution procedures (meaning certified dispute resolution procedures as defined in Article 2, item (iii) of the Act on Promotion of Use of Alternative Dispute Resolution (Act No. 151 of 2004)) or any other measures specified by Cabinet Office Order as being equivalent thereto) in connection with specified type-I financial instruments business;

(ii) if the financial instruments business operator, etc. engages in type-II financial instruments business: the measures specified in the relevant of the

following (a) and (b) for the category of cases set forth in (a) or (b):

(a) if there is a designated type-II dispute resolution organization (meaning a designated dispute resolution organization for which the category of dispute resolution services is specified type-II financial instruments business (meaning specified type-II financial instruments business defined in Article 156-38, paragraph (3); hereinafter the same applies in this item); hereinafter the same applies in this item and paragraph (3), item (ii)): measures to conclude a basic contract for the implementation of dispute resolution procedures in connection with specified type-II financial instruments business with a single designated type-II dispute resolution organization;

(b) if there is no designated type-II dispute resolution organization: complaint processing measures and dispute resolution measures in connection with specified type-II financial instruments business;

(iii) if the financial instruments business operator, etc. engages in investment advisory and agency business: the measures specified in the relevant of the following (a) and (b) for the category of cases set forth in (a) or (b):

(a) if there is a designated investment advisory and agency business dispute resolution organization (meaning a designated dispute resolution organization for which the category of dispute resolution services is specified investment advisory and agency business (meaning specified investment advisory and agency business as defined in Article 156-38, paragraph (4); hereinafter the same applies in this item); hereinafter the same applies in this item and paragraph (3), item (ii)): measures to conclude a basic contract for the implementation of dispute resolution procedures in connection with specified investment advisory and agency business with a single designated investment advisory and agency business dispute resolution organization;

(b) if there is no designated investment advisory and agency business dispute resolution organization: complaint processing measures and dispute resolution measures in connection with specified investment advisory and agency business;

(iv) if the financial instruments business operator, etc. engages in investment management business: the measures specified in the relevant of the following (a) and (b) for the category of cases set forth in (a) or (b):

(a) if there is a designated investment management dispute resolution organization (meaning a designated dispute resolution organization for which the category of dispute resolution services is specified investment management business (meaning specified investment management business as defined in Article 156-38, paragraph (5); hereinafter the same applies in this item); hereinafter the same applies in this item and

paragraph (3), item (ii)): measures to conclude a basic contract for the implementation of dispute resolution procedures in connection with specified investment management business with a single designated investment management dispute resolution organization;

(b) if there is no designated investment management dispute resolution organization: complaint processing measures and dispute resolution measures in connection with specified investment management business;

(v) if the financial instruments business operator, etc. is a registered financial institution: the measures specified in the relevant of the following (a) and (b) for the category of cases set forth in (a) or (b):

(a) if there is a designated dispute resolution organization for registered financial institutions (meaning a designated dispute resolution organization for which the category of dispute resolution services is the specified services of a registered financial institution (meaning specified services of a registered financial institution as defined in Article 156-38, paragraph (6); hereinafter the same applies in this item); hereinafter the same applies in this item and paragraph (3), item (ii)): measures to conclude a basic contract for the implementation of dispute resolution procedures in connection with the specified services of a registered financial institution with a single designated dispute resolution organization for registered financial institutions;

(b) if there is no designated registered financial institutions dispute resolution organization: complaint processing measures and dispute resolution measures in connection with the specified services of a registered financial institution.

(2) Once a financial instruments business operator has taken measures to conclude a basic contract for the implementation of dispute resolution procedures pursuant to the provisions of the preceding paragraph, it must disclose the trade name or name of the designated dispute resolution organization that is the counterparty to the basic contract for the implementation of dispute resolution procedures.

(3) The provisions of paragraph (1) do not apply during the period specified in the relevant of the following items for the category of cases set forth in each item:

(i) if a case that fell under a category of cases set forth in paragraph (1), item (i), (a); item (ii), (a); item (iii), (a); item (iv), (a); or item (v), (a); has come to fall under a category of cases set forth in item (i), (b); item (ii), (b); item (iii), (b); item (iv), (b); or item (v), (b) of that paragraph: the period specified by the Prime Minister as the period needed for taking the measures specified in paragraph (1), item (i), (b); item (ii), (b); item (iii), (b); item (iv), (b); or item (v), (b); at the time of granting authorization for the discontinuation of dispute resolution services under Article 156-60, paragraph (1) or at the time

of rescinding the designation under Article 156-61, paragraph (1);

(ii) if a case formerly fell under a category of cases set forth in paragraph (1), item (i), (a); item (ii), (a); item (iii), (a); item (iv), (a); or item (v), (a); but the discontinuation of the dispute resolution services of a single designated type-I dispute resolution organization under item (i), (a) of that paragraph; a single designated type-II dispute resolution organization under item (ii), (a) of that paragraph; a single designated investment advisory and agency business dispute resolution organization under item (iii), (a) of that paragraph; a single designated investment management dispute resolution organization under item (iv), (a) of that paragraph; or a single designated dispute resolution organization for registered financial institutions (hereinafter collectively referred to as the "designated dispute resolution organization for each category of business" in this item) has been authorized under Article 156-60, paragraph (1) or the designation under Article 156-39, paragraph (1) has been rescinded for the designated dispute resolution organization for each category of business pursuant to Article 156-61, paragraph (1) (excluding in a case set forth in the preceding item): the period specified by the Prime Minister as the period needed for taking the measures specified in paragraph (1), item (i), (a); item (ii), (a); item (iii), (a); item (iv), (a); or item (v), (a); at the time of granting such authorization or at the time of rescinding the designation; and

(iii) if a case formerly fell under a category of cases set forth in paragraph (1), item (i), (b); item (ii), (b); item (iii), (b); item (iv), (b); or item (v), (b); but come to fall under the cases set forth in item (i), (a); item (ii), (a); item (iii), (a); item (iv), (a); or item (v), (a) of that paragraph: the period specified by the Prime Minister as the period needed for taking the measures specified in paragraph (1), item (i), (a); item (ii), (a); item (iii), (a); item (iv), (a); or item (v), (a) at the time of the designation under Article 156-39, paragraph (1).

(Prohibited Actions)

Article 38 It is prohibited for a financial instruments business operator, etc. or their officer or employee to engage in any of the following acts; provided, however, that for the acts set forth in items (iv) through (vi) that are specified by Cabinet Office Order as being unlikely to result in insufficient investor protection, harm the fairness of transactions, or cause financial instruments business lose credibility:

(i) providing a customer with false information in connection with the conclusion of a financial instruments transaction contract or in connection with its solicitation;

(ii) providing a customer with a conclusive assessment of a matter that is uncertain or with information that could mislead the customer into believing

that a matter that is uncertain is actually certain, thereby soliciting the customer to conclude a financial instruments transaction contract;

(iii) supplying a customer with a credit rating that has been determined by a person engaged in credit rating services other than a credit rating agency (excluding a credit rating specified by Cabinet Office Order as one that is found to have little likelihood of resulting in insufficient investor protection), without informing the customer that the person giving the credit rating is not registered as referred to in Article 66-27 and without informing the customer of the matters specified by Cabinet Office Order, including the significance of such a registration and any other matters, thereby soliciting the customer to conclude a financial instruments transaction contract;

(iv) visiting or telephoning a customer that is not asking to be solicited for the conclusion of a financial instruments transaction contract (limited to one that is specified by Cabinet Order in consideration of the content of the financial instruments transaction contract and other circumstances, as a contract in connection with which it is particularly necessary to ensure the protection of investors), and soliciting such a customer to conclude a financial instruments transaction contract;

(v) soliciting a customer to conclude a financial instruments transaction contract (limited to one that is specified by Cabinet Order in consideration of the contents of the financial instruments transaction contract and other circumstances, as a contract in connection with which it is necessary to ensure the protection of investors) without obtaining confirmation from the customer, prior to solicitation, regarding whether or not the customer is willing to be solicited;

(vi) continuing to solicit a customer to conclude a financial instruments transaction contract (limited one that is specified by Cabinet Order in consideration of the content of the financial instruments transaction contract and other circumstances, as a contract in connection with which it is necessary to ensure the protection of investors) despite the customer having manifested an intention that indicates an unwillingness to conclude such a financial instruments transaction contract (including the an intention that indicates a wish not to continue to be solicited) after being solicited;

(vii) providing a specified financial index administrator (meaning the specified financial index administrator prescribed in Article 156-85, paragraph (1); hereinafter the same applies in this item) with calculation basis data (meaning the price, index, figure, or any other information provided to the specified financial index administrator as the basis for calculation of specified financial indexes) to benefit itself or a third party;

(viii) accepting consignment of a purchase and sale of securities or a market derivatives transaction related to high-speed trading conducted by a person

other than a high-speed trader (including a financial instruments business operator, etc. or an authorized firm for on-exchange transactions (limited to a person specified by Cabinet Order as a person that engages in high-speed trading as financial instruments business, services of a registered financial institution, or on-exchange transaction services)), and other acts specified by Cabinet Office Order as being equivalent to them; and

(ix) acts other than what is set forth in the preceding items, which are specified by Cabinet Office Order as acts that result in insufficient investor protection, harm the fairness of transactions, or cause a loss of confidence in the financial instruments business.

Article 38-2 A financial instruments business operator, etc. must not engage in any of the following acts in connection with the investment advisory and agency business or investment management business it conducts:

(i) using fraudulent means, committing assault, or using intimidation in connection with the conclusion or cancellation of an investment advisory contract, discretionary investment contract, or contract specified in Article 2, paragraph (8), item (xii), (b); and

(ii) promising a customer, at the time of solicitation, that any loss that may arise will be compensated in whole or in part.

(Prohibition on Compensation of Loss)

Article 39 (1) A financial instruments business operator, etc. must not engage in any of the following acts:

(i) making an offer or promise, or having a third party make an offer or promise, in connection with a purchase and sale or other transaction of securities (excluding a purchase and sale with a repurchase requirement and a predetermined repurchase price, and other transactions specified by Cabinet Order) or a derivatives transaction (hereinafter collectively referred to as a "purchase and sale or other transaction of securities, etc." in this Article), to a customer or to a person designated by the customer, that in the event that the customer (if a trust company, etc. (meaning a trust company or a financial institution that has obtained the authorization referred to in Article 1, paragraph (1) of the Act on Engagement in Trust Business by a Financial Institution; the same applies hereinafter) conducts the purchase and sale of securities or a derivatives transaction on the account of a person that establishes a trust based a trust contract, this includes the person that establishes the trust; hereinafter the same applies in this Article) incurs a loss from the securities or derivatives transaction (hereinafter collectively referred to as "securities, etc." in this Article), or in the event that a predetermined amount of profit does not accrue from those securities, etc.,

the financial instruments business operator, etc. or a third party will cover the whole or part of the loss or provide the customer or a third party with an economic benefit to supplement its profits;

(ii) making an offer or promise, or having a third party make an offer or promise, in connection with a purchase and sale or other transaction of securities, etc., to a customer or to a person designated by the customer, that the financial instruments business operator, etc. or a third party will cover the whole or part of a loss that the customer has incurred in connection with the relevant securities, etc., or will add to the profits that the customer has accrued in connection with those securities, etc.; and

(iii) providing an economic benefit to a customer or third party, or having a third party provide an economic benefit to a customer or third party, in connection with a purchase and sale or other transaction of securities, etc., in order to cover the whole or part of a loss that the customer has incurred in connection with the relevant securities, etc., or in order to add to the profit that the customer has accrued in connection with those securities, etc.

(2) The customer of a financial instruments business operator, etc. must not engage in any of the following acts:

(i) being party to, or having a third party be party to, the promise referred to in item (i) of the preceding paragraph (but only if that promise is based on a request that the customer makes personally or has a third party make), with the financial instruments business operator, etc. or a third party, in connection with a purchase and sale or other transaction of securities, etc.;

(ii) being party to, or having a third party be party to, the promise referred to in item (ii) of the preceding paragraph (but only if that promise is based on a request that the customer makes personally or has a third party make), with the financial instruments business operator, etc. or a third party in connection with a purchase and sale or other transaction of securities, etc.; and

(iii) receiving an economic benefit that is provided as referred to in item (iii) of the preceding paragraph or having a third party receive such an economic benefit (but only if this is based on a promise referred to in any of the preceding two items, if that promise is based on a request that the customer makes personally or has a third party make, and if the economic benefit is provided based on a request that the customer makes personally or has a third party make) from a financial instruments business operator, etc. or a third party, in connection with a purchase and sale or other transaction of securities, etc.

(3) The provisions of paragraph (1) do not apply if the offer, promise, or provision of an economic benefit as referred to in the items of that paragraph is done in order to cover the whole or a part of a loss incurred due to problematic conduct

(meaning illegal or wrongful conduct by a financial instruments business operator, etc. or its officer or employee, which is specified by Cabinet Office Order as a potential cause of a dispute between a financial instruments business operator, etc. and its customer; hereinafter the same applies in this and the following Sections); provided, however, that with regard to the offer or promise referred to in item (ii) of that paragraph or the provision of an economic benefit as referred to in item (iii) of that paragraph, this only applies if the financial instruments business operator, etc. receives confirmation from the Prime Minister in advance that the loss to be covered was incurred due to problematic conduct, or in a case that is otherwise specified by Cabinet Office Order.

(4) The provisions of paragraph (1) (limited to the part that involves item (iii)) do not apply if the economic benefit referred to in that item has been provided by a financial instruments business operator, etc. (limited to a person that performs the acts set forth in Article 2, paragraph (8), item (ix) on a regular basis; the same applies in paragraph (6)) to cover the whole or part of a loss caused to the principal of an investment trust (meaning the investment trust defined in Article 2, paragraph (3) of the Act on Investment Trusts and Investment Corporations; hereinafter the same applies in paragraph (6) and Article 42-2, item (vi)) specified by Cabinet Office Order as those of which beneficial interest is acquired or held for the purpose of providing it for paying or receiving money in the purchase and sale of securities or any other transactions between a customer and a financial instruments business operator, etc.

(5) The provisions of paragraph (2) do not apply if the promise referred to in item (i) or (ii) of that paragraph is a promise to cover the whole or part of a loss incurred due to problematic conduct, or if the economic benefit referred to in item (iii) of that paragraph is provided in order to cover the whole or part of a loss incurred due to problematic conduct.

(6) The provisions of paragraph (2) (limited to the part that involves item (iii)) do not apply if the economic benefit referred to in that item has been provided by a financial instruments business operator, etc. to cover the whole or part of a loss caused to the principal of the investment trust referred to in paragraph (4).

(7) A person seeking to receive the confirmation referred to in the proviso to paragraph (3) must submit a written application stating the fact regarding which confirmation is sought and other particulars specified by Cabinet Office Order to the Prime Minister pursuant to the provisions of Cabinet Office Order, accompanied by a document specified by Cabinet Office Order as being necessary for proving the relevant fact.

(Principle of Suitability)

Article 40 A financial instruments business operator, etc. must conduct its business in such a manner that the state of its business operations does not fall under any of the following items:

(i) its issuance of a solicitation in connection with an act that constitutes a financial instruments transaction which is found to be inappropriate in light of customer knowledge, customer experience, the state of customer assets, or the purpose for which a financial instruments transaction contract is concluded, results in or is likely to result in insufficient investor protection; and

(ii) beyond what is set forth in the preceding item, the state of business operations is such that the financial instruments business operator, etc. is found not to have taken measures to ensure the appropriate handling of customer information it has obtained in the course of the business, or business operations are otherwise in a state specified by Cabinet Office Order as one that is contrary to the public interest or that is likely to compromise the protection of investors.

(Best Execution Policy)

Article 40-2 (1) A financial instruments business operator, etc., pursuant to the provisions of Cabinet Order, must establish a policy and method for executing orders from customers for the purchase and sale of securities and derivatives transactions (excluding those specified by Cabinet Order; hereinafter referred to as "transactions of securities, etc." in this Article) under the best terms and conditions (hereinafter referred to as the "best execution policy, etc." in this Article).

(2) A financial instruments business operator, etc. must disclose its best execution policy, etc. pursuant to the provisions of Cabinet Office Order.

(3) A financial instruments business operator, etc. must execute orders for transactions of securities, etc. in accordance with its best execution policy, etc.

(4) Before accepting an order from a customer for a purchase and sale of securities listed on a financial instruments exchange, purchase and sale of over-the-counter traded securities, or other transaction specified by Cabinet Order, a financial instruments business operator, etc., pursuant to the provisions of Cabinet Office Order, must provide the customer with information relating to its best execution policy, etc. for the relevant transaction; provided, however, that this does not apply if it has already provided such information (orinformationinformation relating to the revised policy, if its best execution policy, etc. has been revised).

(5) If a financial instruments business operator, etc. is so requested by a customer within a period specified by Cabinet Office Order after executing the

customer's order for a transaction of securities, etc., it must provideprovide the customer, pursuant to the provisions of Cabinet Office Order, with information relating to an explanation to the effect that the order has been executed in accordance with its best execution policy, etc. and other particulars specified by Cabinet Office Order.

(Prohibition of Purchase and Sale If Separate Management Is Not Ensured)

Article 40-3 With regard to the rights set forth in Article 2, paragraph (2), item (v) or (vi) or the securities set forth in Article 2, paragraph (1), item (xxi) (limited to those specified by Cabinet Order) or the rights set forth in Article 2, paragraph (2), item (vii) (limited to those specified by Cabinet Order), a financial instruments business operator, etc. must not perform any of the acts set forth in Article 2, paragraph (8), item (i) or (ii), or items (vii) through (ix) unless the relevant right or securities are specified by Cabinet Office Order as those for which a contract or other juridical act involving the right or securities ensures that the money invested or contributed for the right or securities (including anything specified by Cabinet Order as being similar to money; hereinafter the same applies in this Article) is managed separately from the assets that belong to the person conducting the relevant business conducts by allocating such money, and is managed separately from any other assets connected with other business conducted by that person.

(Prohibition of Public Offering If Money Has Been Diverted)

Article 40-3-2 A financial instruments business operator, etc. must not conduct any of the acts specified in Article 2, paragraph (8), items (vii) through (ix) with regard to the rights set forth in Article 2, paragraph (2), item (v) or (vi) or the rights set forth in item (vii) of that paragraph (limited to rights specified by Cabinet Order as having an economic nature similar to the rights set forth in item (v) or (vi) of that paragraph), knowing that the money invested or contributed for such rights (including anything specified by Cabinet Order as being similar thereto; hereinafter the same applies in this Article) is not allocated to the business that is to be conducted by allocating that money.

(Prohibition of Purchase and Sale If Provision of Information Relating to the Status of Business Subject to Investment Is Not Ensured)

Article 40-3-3 With regard to rights in a loan business, etc., a financial instruments business operator, etc. must not perform any of the acts set forth in Article 2, paragraph (8), item (i) or (ii), or items (vii) through (ix) unless the relevant rights are specified by Cabinet Office Order as those for which a contract or other juridical act involving the rights in a loan business, etc. ensures that the information relating to the status of the business subject to

investment involving the rights in a loan business, etc. is provided to the person that holds the rights in a loan business, etc.

(Prohibition of Public Offering If Information Relating to the Status of Business Subject to Investment Is Not Provided)

Article 40-3-4 A financial instruments business operator, etc. must not conduct any of the acts specified in Article 2, paragraph (8), items (vii) through (ix) with regard to rights in a loan business, etc., knowing that the information that is required to be provided based on the contract or other juridical act prescribed in the preceding Article to the person that holds the rights in a loan business, etc. has not been provided to that person.

(Restrictions on the Purchase and Sale of Securities for Professional Investors)

Article 40-4 A financial instruments business operator, etc. must not perform any of the acts set forth in Article 2, paragraph (8), items (i) through (iv) and (x) in connection with the securities for professional investors with a general investor (meaning a person other than a professional investor, etc. or issuer of securities for professional investors, or any other person specified by Cabinet Office Order; hereinafter the same applies in this Article); provided, however, that this does not apply in a case in which disclosure has been made (meaning a case in which disclosure has been made as prescribed in Article 4, paragraph (7); the same applies in Article 40-5, paragraph (1) and Article 66-14-2) with regard to the relevant securities for professional investors, nor does it apply in a case in which the financial instruments business operator, etc. intermediates a sale for the general investor without having solicited the general investors, nor does it in any case specified by Cabinet Office Order as one in which there is little likelihood of this resulting in insufficient investor protection.

(Obligation to Notify in Connection with Securities for Professional Investors)

Article 40-5 (1) If a financial instruments business operator, etc. sells securities for professional investors in a case not falling under the category of a case in which disclosure has been made, or performs any other act specified by Cabinet Order in connection with such securities, without issuing a solicitation for acquisition or a solicitation for selling, etc., it must notify the other party to the sale or other act, pursuant to the provisions of Cabinet Office Order and with regard to the securities for professional investors, that the case does not fall under the category of a case in which disclosure has been made, as well as notifying the other party of any other matters that are specified by Cabinet Office Order.

(2) The first time that a financial instruments business operator, etc. receives an offer from a professional investor, etc. (excluding a person set forth in Article 2,

paragraph (31), items (i) through (iii)) for a contract for transactions in securities for professional investors (meaning a contract for performing an act set forth in Article 2, paragraph (8), items (i) through (iv), or item (x) in connection with securities for professional investors (excluding a contract for making a purchase and sale of securities for professional investors through an act set forth in item (x) of that paragraph (limited to a purchase and sale conducted through the intermediation, brokerage, or agency of the financial instruments business operator that performs that act) or any other contract that is specified by Cabinet Office Order taking into account of the content of the contract and the features of the counterparty); hereinafter the same applies in this paragraph), the business operator, etc. must notify the professional investor, etc. of the following particulars and deliver a document to the professional investor, etc. that states those particulars, before concluding the contract for transactions in securities for professional investors related to the offer:

(i) the contents of the information provided in connection with the securities for professional investors, the nature of the transaction, and any other matters specified by Cabinet Office Order as material matters of which an investor must be made aware in connection with securities for professional investors; and

(ii) an indication of the risk of insufficient protection involved, if a transaction of securities for professional investors will be conducted by a person whose knowledge or experience, or the state of whose assets, makes it inappropriate for the person to do so.

(3) The provisions of Article 34-2, paragraph (4) apply mutatis mutandis to the delivery of the documents set forth in the preceding paragraph.

(Prohibition of Trading Against Self)

Article 40-6 When a financial instruments business operator, etc. accepts entrustment of a commodity-related market derivatives transaction, etc. (meaning a commodity-related derivatives transaction, or intermediation, brokerage, or agency for the entrustment; hereinafter the same applies in this Article), the business operator, etc. must not close a transaction by becoming the counterparty without conducting commodity-related derivatives transaction, etc. in relation to that entrustment.

(Obligation to Use an Electronic Data Processing System for Over-the-Counter Derivatives Transactions)

Article 40-7 (1) When a financial instruments business operator, etc. (limited to a financial instruments business operator, etc. that conducts over-the-counter derivatives transactions on a regular basis) conducts specified over-the-counter

derivatives transactions (meaning over-the-counter derivatives transactions specified by Cabinet Office Order as transactions that require expeditious disclosure of information concerning the outline of the relevant transactions for securing fairness in the relevant transactions, in light of the transaction volume and other transaction status; the same applies in the following paragraph, Article 58-2 and Article 60-14, paragraph (1)), it must use the electronic data processing system used by the relevant financial instruments business operator, etc. for its business of over-the-counter derivatives transactions or the electronic data processing system used by another financial instruments business operator, etc. (limited to a financial instruments business operator, etc. that conducts over-the-counter derivatives transactions, etc. on a regular basis) or a business operator authorized to conduct electronic over-the-counter derivatives transactions, etc. prescribed in Article 60-14, paragraph (2) for its business of over-the-counter derivatives transactions, etc.

(2) A person that used the electronic data processing system pursuant to the provisions of the preceding paragraph must, with regard to the specified over-the-counter derivatives transactions conducted using the relevant electronic data processing system, publicly announce the price, quantity and other outline of the transaction pursuant to the provisions of Cabinet Office Order.

Subsection 2 Special Provisions on Investment Advisory Business

(Duty to Customers)

Article 41 (1) A financial instruments business operator, etc. must work faithfully on behalf of its customers in providing its investment advisory business.

(2) A financial instruments business operator, etc. must provide its investment advisory business with the due care of a prudent manager to its customers.

(Prohibited Actions)

Article 41-2 A financial instruments business operator, etc. must not perform any of the following acts in connection with the investment advisory business it conducts:

(i) giving advice to customers to conduct a transaction between themselves that would be detrimental to a particular customer's interests in the interest of another customer;

(ii) giving advice regarding a particular financial instrument, financial index, or option for which there is no justifiable basis, with the aim of using fluctuations in the price, indicator, figure, or amount receivable based on a customer's transaction, to benefit itself or a third party other than that customer;

(iii) giving advice to a customer to conduct a transaction under terms and conditions that are different from the ordinary terms and conditions and detrimental to the customer's interests (other than an act that falls under the act set forth in item (i));
(iv) making a purchase and sale or other transaction of securities, or a derivatives transaction (hereinafter referred to as "purchase and sale or other transaction of securities"), on its own account, using information from a transaction conducted by a customer that has received its advice;
(v) providing an economic benefit to a customer or a third party or having a third party provide an economic benefit to a customer, in order to cover the whole or part of a loss incurred by the customer due to a transaction about which the customer has received its advice, or in order to add to the profit that a customer has accrued in connection with a transaction about which the customer has received its advice (unless this is to cover the whole or part of a loss incurred due to problematic conduct); and
(vi) beyond what is set forth in the preceding items, any act specified by Cabinet Office Order as resulting in insufficient investor protection, harming the fairness of transactions, or causing a loss of confidence in the financial instruments business.

(Prohibition on the Purchase and Sale of Securities)
Article 41-3 A financial instruments business operator, etc. must not perform any of the acts set forth in Article 2, paragraph (8), items (i) through (iv), in connection with the investment advisory business it conducts, with a customer as the counterparty or on behalf of a customer; provided, however, that this does not apply if it does so as Type-I financial instruments business, or if it does so in a case that is specified by Cabinet Order.

(Prohibition on Receiving Deposits of Money or Securities)
Article 41-4 A financial instruments business operator, etc. must not, for any reason, receive a deposit of money or Securities from a customer, or have a person specified by Cabinet Order as being closely related to the financial instruments business operator, etc. deposit a customer's money or securities, in connection with the investment advisory business it conducts, unless it does so as securities, etc. management, or unless it does so in a case that is specified by Cabinet Order.

(Prohibition on the Lending of Money or Securities)
Article 41-5 A financial instruments business operator, etc. must not lend money or securities to a customer or perform intermediation, brokerage, or agency for a third party's lending of money or securities to a customer in connection with

the investment advisory business it conducts; provided, however, that this does not apply if a financial instruments business operator lends money or securities to a customer in the course of a margin transaction prescribed in Article 156-24, paragraph (1), or if it performs any of such acts in a case that is specified by Cabinet Order.

Subsection 3 Special Provisions on Investment Management Business

(Obligation to Right Holders)

Article 42 (1) A financial instruments business operator, etc. must work faithfully on behalf of right holders (meaning persons prescribed in the following items in accordance with the category of business set forth in each item; hereinafter the same applies in this Subsection) in providing investment management business:

(i) the business of performing the act specified in Article 2, paragraph (8), item (xii): the other party to the contract set forth in (a) or (b) of that item;

(ii) the business of performing the act specified in Article 2, paragraph (8), item (xiv): the person that holds the rights indicated on the securities provided for in that item or other rights specified by Cabinet Order; and

(iii) the business of performing the act specified in Article 2, paragraph (8), item (xv): the person that holds rights set forth in (a) through (c) of that item or other rights specified by Cabinet Order as prescribed in that item.

(2) A financial instruments business operator, etc. must conduct investment management business with the due care of a prudent manager for right holders.

(Prohibited Actions)

Article 42-2 A financial instruments business operator, etc. must not perform any of the following acts in connection with the investment management business it conducts; provided, however, that this excludes acts set forth in items (i) and (ii) which are specified by Cabinet Office Order as being unlikely to result in insufficient investor protection, harm the fairness of transactions, or cause the financial instruments business to lose credibility:

(i) making an investment that involves a transaction with the financial instruments business operator, etc. or its director or executive officer;

(ii) making an investment that involves a transaction being conducted between or among investment properties;

(iii) making an investment in a particular financial instrument, financial index, or option, which involves a transaction being conducted for which there is no justifiable basis, with the aim of using fluctuations in the price, index, figure, or amount receivable based on the transaction, to benefit itself

or a third party other than the rights holder;

(iv) making an investment that involves a transaction being conducted under terms and conditions that are different from the ordinary terms and conditions, and that are detrimental to the rights holder's interests;

(v) making a purchase and sale or other transaction of securities on its own account using information about a transaction that it has conducted as an investment;

(vi) providing an economic benefit to a rights holder or a third party or having a third party provide an economic benefit to a rights holder or third party, in order to cover the whole or part of a loss that a rights holder has incurred due to a transaction conducted as an investment in investment property, or in order to add to the profit that a rights holder has accrued from a transaction conducted as an investment in investment property (unless this is done to cover the whole or part of a loss incurred due to problematic conduct or a loss caused to the principal of an investment rust specified by Cabinet Office Order as those of which beneficial interest is acquired or held for the purpose of providing it for paying or receiving money in the purchase and sale of securities or any other transactions between the right holder and the financial instruments business operator, etc.); and

(vii) beyond what is set forth in the preceding items, any act specified by Cabinet Office Order as resulting in insufficient investor protection, harming the fairness of transactions, or causing a loss of confidence in the financial instruments business.

(Entrustment of Authority to Invest)

Article 42-3 (1) A financial instruments business operator, etc. may entrust the whole or part of the authority to make investments on behalf of a rights holder to another financial instruments business operator, etc. (limited to one does investment management business) or other person specified by Cabinet Order, but only if the matters specified by Cabinet Office Order are stipulated in a contract or other juridical act set forth in any of the following items:

(i) the contract set forth in Article 2, paragraph (8), item (xii), (a) or (b);

(ii) a contract concerning the rights indicated on securities or other rights specified by Cabinet Order as prescribed in Article 2, paragraph (8), item (xiv); and

(iii) a contract or other juridical act concerning the rights set forth in Article 2, paragraph (8), item (xv), (a) through (c) or other rights specified by Cabinet Order as prescribed in that item.

(2) If a financial instruments business operator, etc. entrusts the whole or part of its authority pursuant to the preceding paragraph, it must indicate the subject and policy of investment to the entrusted party, and must take measures to

ensure the proper implementation of the management of the investment status and other services under that entrustment pursuant to the provisions of Cabinet Office OrderOrder.

(3) With regard to the application of the provisions of Article 42, paragraph (1) if a financial instruments business operator, etc. has entrusted another business operator, etc. or other persons the authority to make investments pursuant to the provisions of paragraph (1), the term "financial instruments business operator, etc." in Article 42, paragraph (1) is deemed to be replaced with "financial instruments business operator, etc. (including a person specified by Cabinet Order that is referred to in Article 42-3, paragraph (1) and that has been entrusted by the financial instruments business operator, etc. pursuant to that paragraph; the same applies in the following paragraph and the following Article)".

(Separate Management of Assets)

Article 42-4 A financial instruments business operator, etc. must manage investment property separately from its own property and other investment property, pursuant to the provisions of Cabinet Office Order, in connection with the investment management business (limited to the business of performing the act specified in Article 2, paragraph (8), item (xv)) it conducts.

(Prohibition on Receiving Deposits of Money or Securities)

Article 42-5 A financial instruments business operator, etc. must not, for any reason, receive a deposit of money or securities from a customer, or have a person specified by Cabinet Order as being closely related to the financial instruments business operator, etc. deposit a customer's money or securities, in connection with the investment management business it conducts (limited to the business of performing the acts specified in Article 2, paragraph (8), item (xii); hereinafter the same applies in this and the following Articles), unless it does so as securities, etc. management, or unless it does so in a case that is specified by Cabinet Order; provided, however, that this does not apply if the financial instruments business operator, etc. performs any of the acts set forth in Article 2, paragraph (8), items (i) through (iv) or commodity-related market derivatives transactions in connection with its investment management business on behalf of a customer, and such a deposit is necessary for the settlement of the transaction conducted through such an act.

(Prohibition on the Lending of Money or Securities)

Article 42-6 A financial instruments business operator, etc. must not lend money or securities to a customer or perform intermediation, brokerage, or agency for a third party's lending of money or securities to a customer in connection with

the investment management business it conducts; provided, however, that this does not apply if a financial instruments business operator lends money or securities to a customer in the course of a margin transaction prescribed in Article 156-24, paragraph (1), or if it performs any of these acts in a case that is specified by Cabinet Order.

(Provision of Information Relating to Investment Status)

Article 42-7 (1) A financial instruments business operator, etc., pursuant to the provisions of Cabinet Office Order, must periodically provide information relating to the investment status and other particulars specified by Cabinet Office Order regarding the investment property to the known right holders affiliated with those investment property; provided, however, that this does not apply in the cases specified by Cabinet Office Order as those in which, even if that information is not provided to the right holders, this will not compromise the protection of the right holders.

(2) When a financial instruments business operator, etc. provides information pursuant to the preceding paragraphin connection with the investment management business it conducts (limited to the business of performing the act set forth in Article 2, paragraph (8), item (xv)), it must notify the Prime Minister of the information without delay pursuant to the provisions of Cabinet Office Order; provided, however, that this does not apply if the number of right holders to a single investment property is below the number specified by Cabinet Order, or in the cases specified by Cabinet Office Order as those that do not compromise the protection of investors if the notification is not given.

(Exclusion from Application of the Trust Business Act)

Article 42-8 The provisions of Chapter IV of the Trust Business Act do not apply if a financial instruments business operator, etc. engages in investment management business.

Subsection 4 Special Provisions on Securities Management

(Duty of Due Care of a Prudent Manager)

Article 43 A financial instruments business operator, etc. must engage in securities, etc. management with the due care of a prudent manager toward its customers.

(Separate Management)

Article 43-2 (1) A financial instruments business operator, etc. must manage the following securities (excluding the securities to be managed under the following paragraph) in the way specified by Cabinet Office Order as a reliable

and orderly way of managing property, and must do so separately from its own property:

(i) the securities that a customer deposits with the financial instruments business operator, etc. pursuant Article 119 (limited to those deposited in connection with securities-related derivatives transactions) or securities that a customer deposits with the financial instruments business operator, etc. pursuant to Article 161-2; and

(ii) the securities in the possession of the financial instruments business operator, etc. on the account of a customer or securities that a customer has deposited with the financial instruments business operator, etc. (excluding securities set forth in the preceding item, securities that a financial instruments business operator, etc. may use pursuant to a contract, and securities specified by Cabinet Order), in connection with transactions involved in securities services or other services specified by Cabinet Office Order as being incidental to securities services (excluding over-the-counter derivatives transactions (limited to transactions to be made with a financial instruments business operator that is engaged in securities services and is registered as referred to in Article 29 to engage in type-I financial instruments business as the counterparty, and other transactions that are specified by Cabinet Office Order in consideration of the characteristics of the counterparty to the transaction) and other transactions specified by Cabinet Order; hereinafter referred to as "transactions related to subject securities" in item (ii) of the following paragraph, Article 79-20 and Article 79-49).

(2) As regards the money or securities set forth in the following items, a financial instruments business operator, etc. must manage the amount of money calculated pursuant to the provisions of Cabinet Office Order as the amount to be refunded to the customer in the event that the financial instruments business operator, etc. discontinues its financial instruments business (including services of a registered financial institution; hereinafter the same applies in this paragraph) or otherwise ceases to operate in the financial instruments business, separately from its own assets, and must establish a trust with a trust company, etc. in Japan, pursuant to the provisions of Cabinet Office Order, for the purpose of managing the amount of money to be refunded to the customer in the event that the relevant financial instruments business operator, etc. discontinues its financial instruments business or otherwise ceases to operate in the financial instruments business:

(i) money that a customer deposits with the financial instruments business operator, etc. (limited to money deposited in connection with securities-related derivatives transactions) pursuant to Article 119, or money that a customer deposits with the financial instruments business operator, etc.

pursuant to Article 161-2;

(ii) money on the account of a customer or money that a customer deposits with the financial instruments business operator, etc. (excluding the money set forth in the preceding item) in connection with a transaction related to subject securities; and

(iii) securities set forth in the items of the preceding paragraph that have been furnished as security pursuant to Article 43-4, paragraph (1).

(3) A financial instruments business operator, etc. must periodically undergo an audit by a certified public accountant (this includes a foreign certified public accountant as prescribed in Article 16-2, paragraph (5) of the Certified Public Accountants Act (Act No. 103 of 1948); the same applies in Article 193-2 and Article 193-3) or audit by an audit corporation, pursuant to the provisions of Cabinet Office Order, as regards the management conditions under the preceding two paragraphs.

Article 43-2-2 A financial instruments business operator, etc. must, with regard to transactions related to the acts listed in Article 2, paragraph (8), item (ii) or (iii) for commodity-related market derivatives transactions (hereinafter referred to as "commodity-related market derivatives transactions brokerage, etc." in this Article, the following Article and Article 79-20) or transactions related to the business prescribed in Article 35, paragraph (1) specified by Cabinet Office Order as a business incidental to a business related to commodity-related market derivatives transactions brokerage, etc. (hereinafter collectively referred to as "subject commodity derivatives transaction-related transactions" in Article 79-20 and Article 79-49), manage the money or securities deposited from a customer under the provisions of Article 119 or other property deposited from a customer, or money or other property belonging to the account of a customer, separately from the operator, etc.'s own property pursuant to the provisions of Cabinet Office Order.

Article 43-3 (1) A financial instruments business operator, etc. must manage the money or securities that a customer deposits pursuant to Article 119 and other security deposits and securities in connection with the derivatives transactions, etc. it conducts (excluding those that fall under securities-related derivatives transactions, etc., commodity-related market derivatives transactions, or commodity-related market derivatives transactions brokerage, etc.; the same applies in the following paragraph), separately from its own property, pursuant to the provisions of Cabinet Office Order.

(2) A financial instruments business operator, etc. must manage the money and other assets that are equivalent to the amount of financial instruments that are part of the customer's account in connection with the derivatives

transactions, etc. it conducts, pursuant to the provisions of Cabinet Office Order.

(Restriction on the Act of Furnishing a Customer's Securities as Collateral)

Article 43-4 (1) If a financial instruments business operator, etc. furnishes the securities in its possession on a customer's account or securities deposited with it by a customer as collateral, or lends such securities to another person, it must obtain written consent from that customer pursuant to the provisions of Cabinet Office Order.

(2) A financial instruments business operator, etc. must, when furnishing as security the commodity possessed by the financial instruments business operator, etc. based on a customer's account (including instruments or certificates issued in relation to deposited commodity; hereinafter the same applies in this paragraph) or a commodity deposited to the financial instruments business operator, etc. from a customer or loaning such commodities to another person, with regard to the business related to the acts listed in Article 2, paragraph (8), item (ii), (iii) or (v) for commodity-related market derivatives transactions, obtain written consent from the customer pursuant to the provisions of Cabinet Office Order.

(3) The provisions of Article 34-2, paragraph (12) apply mutatis mutandis to the written consent prescribed in the preceding two paragraphs.

Subsection 5 Special Provisions on Electronic Self-Offering Service and Electronic Public Offering Services

Article 43-5 When a financial instruments business operator, etc. provides an electronic self-offering service or electronic public offering service with regard to securities set forth in the items of Article 3 or securities not listed on a financial instruments exchange (excluding those specified by Cabinet Order as prescribed in Article 29-2, paragraph (1), item (vi)), it must, pursuant to the provisions of Cabinet Office Order, make the particularsspecified by Cabinet Office Order as having a material influence on decisions by the other party to the electronic self-offering service or electronic public offering service, which are included in the information that is required to be provided pursuant to Article 37-3, paragraph (1), available for inspection by the other party, by means of using an electronic data processing system or by any other means using information and communications technology that Cabinet Office Order specifies, throughout the period in which it provides an electronic self-offering service or electronic public offering service with regard to such securities.

Subsection 6 Special Provisions on Cryptoasset-Related Business

Article 43-6 (1) When a financial instruments business operator, etc. conducts cryptoasset-related business (meaning performing an act that constitutes a financial instruments transaction as specified by Cabinet Office Order with regard to crypto-and other assets (referred to as a "cryptoasset-related act" in the following paragraph) on a regular basis; the same applies in that paragraph), it must, pursuant to the provisions of Cabinet Office Order, explain the nature of the crypto-and other assets.

(2) When a financial instruments business operator, etc., its officer, or its employee concludes or solicits a customer to conclude a contract for it to perform a cryptoasset-related act with the customer as the other party or on behalf of the customer, in connection with the cryptoasset-related business it conducts, it must not make a representation that could cause the customer to have a misconception about the nature of the crypto-and other assets or other particulars specified by Cabinet Office Order.

Subsection 7 Preventive Measures against Adverse Effects

(Prohibited Actions When Doing Two or More Types of Business)

Article 44 If a financial instruments business operator, etc. or its officer or employee does two or more types of business (meaning types of business provided for in Article 29-2, paragraph (1), item (v)), the operator, etc., officer, or employee must not perform any of the following acts:

(i) soliciting a customer to entrust, etc. it (meaning to request it to provide intermediation, brokerage, or agency; the same applies hereinafter) with a purchase and sale or other transaction of securities, using information about a purchase and sale or other transaction of securities conducted by a customer that has received advice in connection with investment advisory business or using information about a purchase and sale or other transaction of securities conducted by such a customer as an investment in connection with investment management business;

(ii) giving advice in connection with the investment advisory business it conducts, involving a transaction that is unnecessary in light of the transaction policy, the amount of the transaction, or the market conditions to be conducted, or making an investment in connection with the investment management business it conducts, involving a transaction that is unnecessary in light of the investment policy, the amount of investment property, or the market conditions to be conducted, for the purpose of benefitting from business other than investment advisory business and investment management business; and

(iii) any act other than what is set forth in the preceding two items, which is

specified by Cabinet Office Order as resulting in insufficient investor protection, harming the fairness of transactions, or causing a loss of confidence in the financial instruments business.

(Prohibited Actions Involving Other Business)

Article 44-2 (1) If a financial instruments business operator, etc. or its officer or employee does business other than the financial instruments business and business incidental to that business (hereinafter referred to as "business other than those of a financial instruments business operator" in items (ii) and (iii)), the operator, etc., officer, or employee must not perform any of the following acts:

(i) act of becoming entrusted, etc. with the purchase and sale of securities (meaning becoming entrusted with the purchase and sale; the same applies hereinafter) on the condition that the person will lend money or otherwise grant credit to a person through a means other than a margin transaction prescribed in Article 156-24, paragraph (1) (excluding acts specified by Cabinet Office Order as those that are found to have little likelihood of resulting in insufficient investor protection);

(ii) giving advice in connection with the investment advisory business it conducts, involving a transaction that is unnecessary in light of the transaction policy, the amount of the transaction, or the market conditions to be conducted, or making an investment in connection with the investment management business it conducts, that involves a transaction being conducted that is unnecessary in light of the investment policy, the amount of investment property, or the market conditions, with the aim of benefitting from business other than those of a financial instruments business operator; and

(iii) any act other than what is set forth in the preceding two items, which is set forth in the items of Article 2, paragraph (8), which is performed in connection with business other than those of a financial instruments business operator, and which is specified by Cabinet Office Order as resulting in insufficient investor protection, harming the fairness of transactions, or causing a loss of confidence in the financial instruments business.

(2) If a registered financial institution or its officer or employee does business other than engaging in the services of a registered financial institution (referred to as "business other than those of a registered financial institution" in item (ii) and item (iii) below), the institution, officer, or employee must not perform any of the following acts:

(i) entrusting, etc. the purchase and sale of securities, conditional on it lending money or otherwise granting credit to a person (excluding acts specified by

Cabinet Office Order as acts that are found to have little likelihood of resulting in insufficient investor protection);

(ii) giving advice in connection with the investment advisory business it conducts, involving a transaction that is unnecessary in light of the transaction policy, the amount of the transaction, or the market conditions to be conducted, or making an investment in connection with the investment management business it conducts, involving a transaction that is unnecessary in light of the investment policy, the amount of investment property, or the market conditions to be conducted, for the purpose of benefitting from business other than those of a registered financial institution; and

(iii) beyond what is set forth in the preceding two items, an act that is performed in connection with business other than those of a registered financial institution, which is specified by Cabinet Office Order as resulting in insufficient investor protection, harming the fairness of transactions, or causing the financial instruments business to lose credibility.

(Restriction on Acts Involving Parent Corporations or Subsidiary Corporations)

Article 44-3 (1) It is prohibited for a financial instruments business operator, etc. or its officer or employee to perform any of the following acts; provided, however, that this does not apply if the approval of the Prime Minister is obtained for the relevant act as one that is found not to compromise the public interest or the protection of investors:

(i) conducting a purchase and sale or other transaction of securities or an over-the-counter derivatives transaction with the parent corporation, etc. or subsidiary corporation, etc. of the financial instruments business operator, etc., under terms and conditions that are different from ordinary terms and conditions and that are likely to be detrimental to the fairness of transactions;

(ii) concluding a contract with a customer for any of the acts set forth in the items of Article 2, paragraph (8), knowing that the parent corporation, etc. or subsidiary corporation, etc. of the financial instruments business operator, etc. has granted credit to the customer on the condition that the contract be concluded with the financial instruments business operator, etc.;

(iii) giving advice in connection with the investment advisory business it conducts, involving a transaction that is unnecessary in light of the transaction policy, the amount of the transaction, or the market conditions to be conducted, or making an investment in connection with the investment management business it conducts, involving a transaction that is unnecessary in light of the investment policy, the amount of investment property, or the market conditions to be conducted, for the purpose of

benefitting the parent corporation, etc. or subsidiary corporation, etc. of the financial instruments business operator, etc.; and

(iv) any act other than what is set forth in the preceding three items, which involves the parent corporation, etc. or subsidiary corporation, etc. of the financial instruments business operator, etc. and which is specified by Cabinet Office Order as being likely to compromise the protection of investors, harm the fairness of transactions, or cause a loss of confidence in the financial instruments business.

(2) It is prohibited for a registered financial institution or its officer or employee to perform any of the following acts; provided, however, that this does not apply if the approval of the Prime Minster is obtained for the relevant act as one that is found not to compromise the public interest or the protection of investors:

(i) conducting a purchase and sale or other transaction of securities or an over-the-counter derivatives transaction with the parent corporation, etc. or subsidiary corporation, etc. of the registered financial institution, under terms and conditions that are different from ordinary terms and conditions and that are likely to be detrimental to the fairness of transactions;

(ii) performing the act specified in Article 33, paragraph (2), item (iv), (b) with a customer, while granting credit to the customer on the condition that a contract for any of the acts set forth in the items of Article 2, paragraph (8) be concluded with the parent corporation, etc. or subsidiary corporation, etc. of the registered financial institution;

(iii) giving advice in connection with the investment advisory business it conducts, involving a transaction that is unnecessary in light of the transaction policy, the amount of the transaction, or the market conditions to be conducted, or making an investment in connection with the investment management business it conducts, involving a transaction that is unnecessary in light of the investment policy, the amount of investment property, or the market conditions to be conducted, for the purpose of benefitting the parent corporation, etc. or subsidiary corporation, etc. of the registered financial institution; and

(iv) beyond what is set forth in the preceding three items, an act in which the parent corporation, etc. or subsidiary corporation, etc. of the registered financial institution is involved, which is specified by Cabinet Office Order as being likely to compromise the protection of investors, harm the fairness of transactions, or cause the business of the registered financial institution to lose credibility.

(Restriction on Granting Credit by Underwriters)

Article 44-4 If a financial instruments business operator that has become an

underwriter of securities sells those securities (in the case of a financial instruments business operator that conducts the act specified in Article 2, paragraph (6), item (iii), the securities acquired by exercising share options prescribed in that item), it must not lend money or otherwise grant credit for the purchase price to the purchaser of the securities until six months have elapsed since the day on which the financial instruments business operator became an underwriter.

Subsection 8 Miscellaneous Provisions

Article 45 The provisions set forth in each of the following items do not apply if the person specified in the relevant item is a professional investor; provided, however, that this does not apply to the cases specified by Cabinet Office Order as those in which the public interest or the protection of professional investors could be compromised:

(i) the provisions of Article 37; Article 38, items (iv) through (vi); and Article 40, item (i): the other party that the financial instruments business operator, etc. solicits to conclude a financial instruments transaction contract;

(ii) the provisions of Articles 37-2 to 37-6; Article 40-2, paragraph (4); and Article 43-4: the other party to a financial instruments transaction contract for which a financial instruments business operator, etc. has received an offer or which a financial instruments business operator, etc. has concluded;

(iii) the provisions of Article 41-4 and Article 41-5: the other party to an investment advisory contract concluded by a financial instruments business operator, etc.; and

(iv) the provisions of Articles 42-5 through 42-7: the other party to a discretionary investment contract concluded by a financial instruments business operator, etc.

Section 3 Accounting

Subsection 1 Financial Instruments Business Operators Engaged in Type-I Financial Instruments Business

(Business Year)

Article 46 The business year of a financial instruments business operator (limited to one that is engaged in type-I financial instruments business; hereinafter the same applies in this Subsection) is from the first day of a month selected by the financial instruments business operator to the day on which one year has elapsed since that day; provided, however, that this does not apply to the first business year after changing the last day of the business year.

(Books and Documents Concerning Business)

Article 46-2 A financial instruments business operator must prepare and preserve books and documents concerning its business pursuant to the provisions of Cabinet Office Order.

(Submission of Business Reports)

Article 46-3 (1) Each business year, pursuant to the provisions of Cabinet Office Order, a financial instruments business operator must prepare a business report and submit it to the Prime Minister within three months after the end of the business year.

(2) Beyond submitting a business report pursuant to the provisions of the preceding paragraph, a financial instruments business operator must report the state of its business and assets to the Prime Minister pursuant to the provisions of Cabinet Office Order.

(3) If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister, pursuant to the provisions of Cabinet Order, may order a financial instruments business operator to issue public notice of all or part of the business report referred to in paragraph (1).

(Public Inspection of Explanatory Documents)

Article 46-4 Each business year, a financial instruments business operator must prepare explanatory documents stating the particulars specified by Cabinet Office Order as pertinent to the state of its business and assets, and must keep those explanatory documents at all of its business offices and offices and make them available for public inspection, or disclose them using the internet or through other means pursuant to the provisions of Cabinet Office Order, during the one-year period beginning from the day on which the period specified by Cabinet Order elapses following the end of each business year.

(Financial Instruments Transaction Liability Reserves)

Article 46-5 (1) A financial instruments business operator must lay aside financial instruments transaction liability reserves, pursuant to the provisions of Cabinet Office Order, in proportion to the transaction volume of the purchases and sales and other transactions of securities and derivatives transactions, etc.

(2) The financial instruments transaction liability reserves referred to in the preceding paragraph must not be used other than when allocated to cover a loss that arises due to problematic conduct in connection with a purchase and sale or other transaction of securities or a derivatives transaction, etc., or in

cases otherwise specified by Cabinet Office Order.

(Capital Adequacy Ratio)

Article 46-6 (1) A financial instruments business operator must calculate the ratio of the sum of the amounts of its stated capital, reserve funds, and any other things specified by Cabinet Office Order less the sum total of the amounts of its fixed assets and any other things specified by Cabinet Office Order, to the sum of the amounts specified by Cabinet Office Order as the amount for covering possible risks which may arise due to fluctuations in the prices of the securities held or due to other reasons (hereinafter referred to as the "capital adequacy ratio"), and notify the Prime Minister of this ratio at the end of each month and in the cases specified by Cabinet Office Order.

(2) A financial instruments business operator must not allow its capital adequacy ratio to fall below 120 percent.

(3) A financial instruments business operator must prepare documents stating its capital adequacy ratio as of the last day of a quarter (meaning each three-month period of the business year (for the first business year after changing the last day of the business year, each period specified by Cabinet Office Order); the same applies in Article 57-2, paragraph (5) and Article 57-5, paragraphs (2) and (3)), keep them at all of its business offices and offices, and make them available for public inspection for the three-month period starting from the day on which one month has elapsed since the last day of the relevant month.

Subsection 2 Financial Instruments Business Operators Not Engaged in Type-I Financial Instruments Business

(Books and Documents Concerning Business)

Article 47 A financial instruments business operator (other than one that is engaged in type-I financial instruments business; hereinafter the same applies in this Subsection) must prepare and preserve books and documents concerning its business pursuant to the provisions of Cabinet Office Order.

(Submission of Business Reports)

Article 47-2 Each business year, pursuant to the provisions of Cabinet Office Order, a financial instruments business operator must prepare a business report and submit it to the Prime Minister within three months after the end of the business year.

(Public Inspection of Explanatory Documents)

Article 47-3 Each business year, pursuant to the provisions of Cabinet Office

Order, a financial instruments business operator must prepare explanatory documents stating those of the particulars stated in the business report referred to in the preceding Article which are specified by Cabinet Office Order as particulars that are found to be necessary in terms of investor protection, and must keep them at all of its business offices and offices and make them available for public inspection, or disclose them using the internet or through other means pursuant to the provisions of Cabinet Office Order, during the one-year period beginning from the day on which the period specified by Cabinet Order elapses following the end of each business year.

Subsection 3 Registered Financial Institutions

(Business Books and Documents)

Article 48 A registered financial institution must prepare and archive its business books and documents pursuant to the provisions of Cabinet Office Order.

(Submission of Business Reports)

Article 48-2 (1) Each business year, pursuant to the provisions of Cabinet Office Order, a registered financial institution must prepare a business report and submit it to the Prime Minister within three months after the end of the business year.

(2) Beyond submitting a business report pursuant to the provisions of the preceding paragraph, a registered financial institution must report the state of its business and assets to the Prime Minister pursuant to the provisions of Cabinet Office Order.

(3) If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister, pursuant to the provisions of Cabinet Order, may order a registered financial institution to give public notice of all or part of the business report under paragraph (1).

(Financial Instruments Transaction Liability Reserves)

Article 48-3 (1) A registered financial institution must lay aside financial instruments transaction liability reserves, pursuant to the provisions of Cabinet Office Order, in proportion to the transaction volume of the purchases and sales and other transactions of securities and derivatives transactions, etc.

(2) The financial instruments transaction liability reserves referred to in the preceding paragraph must not be used other than when allocated to cover a loss that arises due to problematic conduct involving a purchase and sale or other transaction of securities or a derivatives transaction, etc., or in cases otherwise specified by Cabinet Office Order.

Subsection 4 Special Provisions on Foreign Corporations

(Special Provisions on the Submission of Business Reports)

Article 49 (1) With regard to the application of Article 46-3, paragraph (1) if a financial instruments business operator is a foreign corporation, in that paragraph, the phrase "within three months" is deemed to be replaced with "within the period specified by Cabinet Order".

(2) With regard to the application of Article 46-6, paragraph (1) if a financial instruments business operator is a foreign corporation, in that paragraph, the term "stated capital" is deemed to be replaced with "brought-in capital", the term "reserve funds" is deemed to be replaced with "reserve funds laid aside in its business offices and offices in Japan", and the term "fixed assets" is deemed to be replaced with "fixed assets of its business offices and offices in Japan".

(3) With regard to the application of Article 47-2 if a financial instruments business operator is a foreign corporation or an individual domiciled in a foreign country, and with regard to the application of Article 48-2, paragraph (1) if a registered financial institution is a foreign corporation, in those provisions, the phrase "within three months" is deemed to be replaced with "within the period specified by Cabinet Order".

Article 49-2 Deleted

(Submission of Other Documents)

Article 49-3 (1) Each business year, pursuant to the provisions of Cabinet Office Order, a financial instruments business operator (but only a foreign corporation engaged in type-I financial instruments business; hereinafter the same applies in this Subsection) must submit a balance sheet, profit and loss statement, and other financial accounting documents prepared in connection with all of its business, as well as documents summarizing business in the relevant business year, to the Prime Minister within the period specified by Cabinet Order after the end of that business year.

(2) Beyond submitting documents pursuant to the provisions of the preceding paragraph, a financial instruments business operator must report the state of its business and assets to the Prime Minister pursuant to the provisions of Cabinet Office Order.

(Reserves for Losses)

Article 49-4 (1) Until the amount of money specified by Cabinet Order as referred to in Article 29-4, paragraph (1), item (iv), (a) is reached, a financial instruments business operator must lay aside reserves for loss at its principal

business office or office in Japan, pursuant to the provisions of Cabinet Office Order, in at least the amount arrived at by multiplying the amount of profit from the business conducted at all business offices and offices in Japan that it has established for the purpose of engaging in the financial instruments business (hereinafter referred to as "all business offices and offices" in the following paragraph and following Article), by the rate of no more than ten percent that is specified by Cabinet Office Order.

(2) The reserves for loss referred to in the preceding paragraph must not be used other than when allocated to cover a net loss linked to the business of all business offices and offices of the financial instruments business operator, with the approval of the Prime Minister.

(Retention of Assets Within Japan)

Article 49-5 Pursuant to the provisions of Cabinet Office Order, a financial instruments business operator must retain assets equivalent to the sum total of the amounts of its financial instruments transaction liability reserves, reserves for loss, and the amount of liability on the accounts of all business offices and offices as specified by Cabinet Order, in Japan.

Section 4 Supervision

(Notification of Suspension)

Article 50 (1) If a financial instruments business operator, etc. comes to fall under any of the following items, it must notify the Prime Minister of this without delay:

(i) it suspends its business (limited to financial instruments business or services of a registered financial institution (hereinafter referred to as "financial instruments business, etc." in this Section) or resumes business (with regard to a financial instruments business operator that has obtained the authorization referred to in Article 30, paragraph (1), this includes if it suspends or resumes the business subject to that authorization);

(ii) it discontinues business that was under the authorization referred to in Article 30, paragraph (1);

(iii) the financial instruments business operator is a corporation, and that corporation merges with another corporation (excluding if the financial instruments business operator is a corporation and that corporation disappears in the merger), succeeds to all or part of another corporation's business undertakings (limited to those in the financial instruments business, etc.; hereinafter the same applies in this item and the following Article) in a company split, or acquires all or part of another corporation's business;

(iv) the financial instruments business operator (limited to one engaged in securities services; the same applies in the following item) acquires or comes to hold the majority of the voting rights held by all the shareholders, etc. in a bank, a cooperative financial institution, or any other financial institution specified by Cabinet Order; in a corporation in a foreign country that engages in the same kind of business as that conducted by such persons; or in a financial instruments business operator (limited to a corporation), a foreign corporation that engages in financial instruments business, or any other corporation specified by Cabinet Office Order (collectively referred to as a "bank, etc." in the following item and Article 56-2, paragraph (1));

(v) the financial instruments business operator comes to no longer hold the majority of the voting rights held by all the shareholders, etc. in a bank, etc. in which it used to hold the majority of the voting rights held by all the shareholders, etc., or such bank, etc. merges, is dissolved, or discontinues the whole of its business;

(vi) the majority of the voting rights held by all the shareholders, etc. in the financial instruments business operator (limited to one engaged in type-I financial instruments business or investment management business) has come to be held by another corporation or other organization;

(vii) it files a petition to commence bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings; or

(viii) it falls under any other case specified by Cabinet Office Order.

(2) Necessary particulars relevant to the determination of whether the majority of the voting rights held by all the shareholders, etc. are held as prescribed in item (iv) of the preceding paragraph are specified by Cabinet Office Order in consideration of the manner in which they are held and other circumstances.

(Notification of Discontinuing Business)

Article 50-2 (1) If a financial instruments business operator, etc. comes to fall under any of the following items, the person specified in that item must notify the Prime Minister of this within 30 days from the day in question:

(i) the financial instruments business operator is an individual, and that individual dies: the heir;

(ii) the financial instruments business operator, etc. discontinues financial instruments business, etc.: that corporation or individual;

(iii) the financial instruments business operator, etc. is a corporation, and that corporation disappears in a merger: the officer that represented the corporation;

(iv) the financial instruments business operator, etc. is a corporation, and that corporation is dissolved due to an order to commence bankruptcy proceedings: the bankruptcy trustee;

(v) the financial instruments business operator, etc. is a corporation, and that corporation is dissolved for reasons other than a merger or an order to commence bankruptcy proceedings: the liquidator;

(vi) the financial instruments business operator, etc. is a corporation, and that corporation has the whole or part of its business succeeded to in a company split: that corporation;

(vii) the financial instruments business operator, etc. transfers the whole or part of its business: that corporation or individual; or

(viii) the financial instruments business operator (limited to those engaged in type-I financial instruments business; the same applies in paragraphs (11) and (12)) has obtained the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations; the same applies in paragraphs (11) and (12)) or the registration of change referred to in Article 16, paragraph (1) of that Act (limited to the registration related to the addition of the type of securities, etc. intermediary business operations; the same applies in paragraphs (11) and (12)): the financial instruments business operator that has obtained the registration or the registration of change.

(2) If a financial instruments business operator, etc. comes to fall under any of items (i) through (vii) of the preceding paragraph (in item (vi) of the preceding paragraph, this is only if a financial instruments business operator, etc. has the whole of its business succeeded to in a company split, and in item (vii) of the preceding paragraph, this is only if a financial instruments business operator, etc. transfers the whole of its business), the Article 29 or Article 33-2 registration of the financial instruments business operator, etc. ceases to be effective.

(3) If a financial instruments business operator is an individual (limited to one engaged in investment advisory business) and that individual dies, the heir may continue to engage in financial instruments business for 60 days after the death of the decedent (if, during that period, a disposition to refuse registration under Article 29-4, paragraph (1) is reached or the discontinuation of financial instruments business (limited to investment advisory business; hereinafter the same applies in this paragraph to paragraph (5)) is ordered pursuant to Article 52, paragraph (1) as applied pursuant to the provisions of the following paragraph following the deemed replacement of terms, the heir may continue to engage in financial instruments business until the day on which the disposition is reached or the discontinuation is ordered; hereinafter referred to as the "business continuation period" in this paragraph). The same applies until a disposition to make a registration or deny a registration in

connection with an application is reached, if the heir files an application for the registration referred to in Article 29 (or, if the heir is a financial instruments business operator and files an application for the registration of a change referred to in Article 31, paragraph (4); hereinafter the same applies in this paragraph) during the business continuation period and the business continuation period elapses.

(4) If it is permissible for an heir to continue engaging in financial instruments business pursuant to the provisions of the preceding paragraph, the heir is deemed to be a financial instruments business operator (limited to one engaged in investment advisory business), and the provisions of Articles 36 through 36-3; Article 37; Article 37-3; Article 37-4; Articles 37-6 through 38-2; Article 40; Articles 41 through 41-5; Articles 44 through 44-3; Article 45; Articles 47 through 47-3; Article 49, paragraph (3); Article 49-4; Article 49-5; Article 51; Article 52, paragraph (1) (limited to the part that involves item (i) and items (vii) through (x)); Article 52, paragraph (4) or (5); and Article 56-2 (limited to paragraph (1), (3) or (4)) (including the penal provisions linked with these provisions) apply. In this case, in Article 52, paragraph (1), the term "rescind its Article 29 registration" is deemed to be replaced with "order the discontinuation of financial instruments business".

(5) With regard to the application of the provisions of Article 29-4, paragraph (1) if the discontinuation of financial instruments business is ordered pursuant to Article 52, paragraph (1) as applied pursuant to the provisions of the preceding paragraph following the deemed replacement of terms, the heir that is subject to the order for discontinuation is deemed to be a person that has had the registration referred to in Article 29 rescinded pursuant to the provisions of Article 52, paragraph (1), and the day on which the discontinuation is ordered is deemed to be the day on which the registration referred to in Article 29 is rescinded pursuant to the provisions of Article 52, paragraph (1).

(6) If a financial instruments business operator, etc. seeks to discontinue financial instruments business, etc. (excluding investment advisory and agency business; the same applies in paragraph (8) and Article 56, paragraph (1)), to implement a merger (limited to a merger in which the financial instruments business operator, etc. disappears), to dissolve for reasons other than merger or an order to commence bankruptcy proceedings, to have all or part of its business succeeded to in a company split, or to transfer all or part of its business, it must issue public notice of this and post a notice in a place easily seen by the public at all of its business offices and offices pursuant to the provisions of Cabinet Office Order, by 30 days prior to the day on which it does so.

(7) If a financial instruments business operator, etc. issues a public notice under the preceding paragraph, it must notify the Prime Minister of this

immediately.

(8) If a financial instruments business operator, etc. issues a public notice under paragraph (6) (unless it issues that public notice in connection with the succession of the whole or part of its business upon merger or in a company split or in connection with the transfer of the whole or part of its business), the financial instruments business operator, etc. must promptly complete the purchase and sale and other transactions of securities and derivatives transactions, etc. it is conducting (referred to as "customer transactions" in Article 56 and Article 57-9) and return the assets that customers have deposited with it in connection with its financial instruments business, etc. and the assets on its customers' accounts that are in its possession without delay.

(9) The provisions of Article 940, paragraph (1) (limited to the part that involves item (i)) and Article 940, paragraph (3) of the Companies Act apply mutatis mutandis if a financial instruments business operator, etc. (limited to one that is a company) issues a public notice under paragraph (6) through an electronic public notice (meaning an electronic public notice as provided for in Article 2, item (xxxiv) of that Act; the same applies hereinafter). In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(10) The provisions of Article 940, paragraph (1) (limited to the part that involves item (i)) of the Companies Act and Article 940, paragraph (3); Article 941; Article 946; Article 947; Article 951; paragraph (2); Article 953; and Article 955 of that Act apply mutatis mutandis if a financial instruments business operator, etc. (limited to one that is a foreign company) issues a public notice under paragraph (6) through an electronic public notice. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(11) If a financial instruments business operator (limited to those engaged only in type-I financial instruments business) has obtained the registration referred to in Article 66 or has obtained the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto or the registration of change referred to in Article 16, paragraph (1) of that Act, the financial instruments business operator's registration referred to in Article 29 ceases to be effective.

(12) If a financial instruments business operator (excluding those engaged only in the type-I financial instruments business) has obtained the registration referred to in Article 66 or has obtained the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto or the registration of change referred to in Article 16, paragraph (1) of that Act, the financial instruments business operator is deemed to have obtained the registration of change referred to in Article 31, paragraph (4) to the effect that it will no longer conduct type-I financial instruments business.

(Issuing a Business Improvement Order to a Financial Instruments Business Operator)

Article 51 If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors as concerns a financial instruments business operator's business operations or the state of its assets, the Prime Minister may, to the extent necessary, order the financial instruments business operator to change its business methods or otherwise take measures that are necessary for improving its business operations or the state of its assets.

(Issuing a Business Improvement Order to a Registered Financial Institution)

Article 51-2 If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors as concerns a registered financial institution's business operations, the Prime Minister may, to the extent necessary, order the registered financial institution to change its business methods or to otherwise take measures that are necessary for improving its business operations.

(Supervisory Measures for Financial Instruments Business Operators)

Article 52 (1) If a financial instruments business operator falls under any of the following items, the Prime Minister may rescind its Article 29 registration, rescind its Article 30, paragraph (1) authorization, or order the suspension of all or part of business during a fixed period of no longer than six months:

(i) it comes to fall under Article 29-4, paragraph (1), items (i) through (iii);

(ii) a financial instruments business operator engaged in type-I financial instruments business, type-II financial instruments business, or investment management business comes to fall under Article 29-4, paragraph (1), item (iv);

(iii) a financial instruments business operator engaged in type-I financial instruments business or investment management business comes to fall under Article 29-4, paragraph (1), item (v), (a) or (b);

(iv) a financial instruments business operator engaged in type-I financial instruments business comes to fall under Article 29-4, paragraph (1), item (vi), (b);

(v) a financial instruments business operator conducting high-speed trading as type-II financial instruments business comes to fall under Article 29-4, paragraph (1), item (vii);

(vi) it has received its Article 29 registration by wrongful means;

(vii) it violates a law or regulation (other than Article 46-6, paragraph (2)) or a disposition by a government agency which is based on a law or regulation, in

connection with the financial instruments business or services incidental thereto;

(viii) in light of the state of its business or assets, it is likely to become insolvent;

(ix) a fact has occurred in connection with the operation of investment advisory and agency business or investment management business, which is detrimental to the investors' interests;

(x) it commits a wrongful or extremely unjust act in connection with the financial instruments business, and the circumstances surrounding this are particularly serious;

(xi) it violates the conditions attached to the authorization referred to in Article 30, paragraph (1); or

(xii) a financial instruments business operator that has obtained the authorization referred to in Article 30, paragraph (1) becomes unable to satisfy the criteria set forth in Article 30-4, items (i) through (iii) or item (v).

(2) If the officer of a financial instruments business operator (for a foreign corporation, this is limited to an officer stationed at its domestic business office or office, and its domestic representative; hereinafter the same applies in this paragraph and paragraph (2) of the following Article) comes to fall under the cases under any of Article 29-4, paragraph (1), item (ii), (a) through (i), is discovered to have fallen under the cases under any of (a) through (i) of that item at the time of obtaining the registration referred to in Article 29, or comes to fall under the cases under any of item (vii) or items (ix) through (xi) of the preceding paragraph, the Prime Minister may order the financial instruments business operator to dismiss that officer.

(3) If a financial instruments business operator that has obtained the registration referred to in Article 30, paragraph (1) comes to fall under Article 50, paragraph (1), item (ii), or if the financial instruments business operator's registration referred to in Article 29 ceases to be effective pursuant to the provisions of Article 50-2, paragraph (2) or (11) or is rescinded pursuant to the provisions of paragraph (1), the following paragraph, Article 53, paragraph (3), Article 54 or Article 57-6, paragraph (3), that authorization ceases to be effective.

(4) If the Prime Minister is unable to ascertain the location of the business offices or offices of a financial instruments business operator or is unable to ascertain the whereabouts of a financial instruments business operator (in the case of a corporation, the whereabouts of the officer representing the corporation), the Prime Minister, pursuant to the provisions of Cabinet Office Order, may issue public notice of that fact and rescind the registration of the financial instruments business operator if no filing is made by the financial instruments business operator even after 30 days past the day of the public notice.

(5) The provisions of Chapter III of the Administrative Procedure Act do not apply to a disposition under the preceding paragraph.

(Supervisory Measures for Registered Financial Institutions)

Article 52-2 (1) If a registered financial institution falls under any of the following items, the Prime Minister may rescind its registration under Article 33-2, or order the suspension of all or part of business during a fixed period of no longer than six months:

(i) it has come to fall under any of the items of Article 33-5, paragraph (1);

(ii) it has received its Article 33-2 registration by wrongful means;

(iii) it violates a law or regulation or a disposition by a government agency which is based on a law or regulation, in connection with the services of a registered financial institution or services incidental thereto;

(iv) a fact has occurred in connection with the operation of its investment advisory and agency business, which is detrimental to the investors' interests; or

(v) it has committed a wrongful or unjust act in connection with the services of a registered financial institution, and the circumstances surrounding this are particularly serious.

(2) If the officer of a registered financial institution comes to fall under any of the categories in items (iii) through (v) of the preceding paragraph, the Prime Minister may order the registered financial institution to dismiss that officer.

(3) If the Prime Minister is unable to ascertain the location of the business offices or offices of a registered financial institution or is unable to ascertain the whereabouts of the officer representing the registered financial institution, the Prime Minister, pursuant to the provisions of Cabinet Office Order, may issue public notice of that fact and rescind the registration of the registered financial institution if no filing is made by the registered financial institution even after 30 days past the day of the public notice.

(4) The provisions of Chapter III of the Administrative Procedure Act do not apply to a disposition under the preceding paragraph.

(Orders Involving the Capital Adequacy Ratio)

Article 53 (1) If a financial instruments business operator (limited to one engaged in type-I financial instruments business; hereinafter the same applies in this Article) violates the provisions of Article 46-6, paragraph (2) and the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may, to the extent necessary, order a change of business methods, order assets to be deposited, or otherwise issue orders with respect to particulars that are necessary from a supervisory perspective.

(2) If a financial instruments business operator violates the provisions of Article 46-6, paragraph (2) (but only if the capital adequacy ratio is less than 100 percent) and the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may, to the extent necessary, order the suspension of all or part of business during a fixed period of no longer than three months.

(3) If the Prime Minister orders the suspension of all or part of the business pursuant to the provisions of the preceding paragraph, and finds that the capital adequacy ratio of the financial instruments business operator as of the day on which three months have elapsed since the day of the order continues to be less than 100 percent and that the financial instruments business operator's capital adequacy ratio status is not likely to recover, the Prime Minister may rescind the Article 29 registration of that financial instruments business operator.

(Rescission of Registration Due to Non-Commencement or Suspension of Business)

Article 54 If, without legitimate grounds for doing so, a financial instruments business operator, etc. does not commence business within three months of the day on which it is permitted to begin engaging in financial instruments business, etc. or suspends business for three months or more continually, the Prime Minister may rescind the Article 29 or Article 33-2 registration of that financial instruments business operator, etc.

(Public Notice of Supervisory Dispositions)

Article 54-2 In the following cases, the Prime Minister must issue public notice indicating as follows, pursuant to the provisions of Cabinet Office Order:

(i) the Prime Minister rescinds the registration referred to in Article 29 or Article 33-2 or the authorization referred to in Article 30, paragraph (1), or orders the suspension of all or a part of the business pursuant to the provisions of Article 52, paragraph (1) or Article 52-2, paragraph (1);

(ii) the Prime Minister orders the suspension of all or a part of the business pursuant to the provisions of Article 53, paragraph (2); or

(iii) the Prime Minister rescinds the registration referred to in Article 29 or Article 33-2 pursuant to the provisions of Article 52, paragraph (4); Article 52-2, paragraph (3); Article 53, paragraph (3); or the preceding Article.

(Deletion of Registration)

Article 55 (1) If the registration referred to in Article 29 or Article 33-2 ceases to be effective pursuant to the provisions of Article 50-2, paragraph (2) or (11) or if the Prime Minister rescinds the registration referred to in Article 29 or

Article 33-2 pursuant to the provisions of Article 52, paragraph (1) or (4); Article 52-2, paragraph (1) or (3); Article 53, paragraph (3); or Article 54; the Prime Minister must delete that registration.

(2) If the Prime Minister rescinds the authorization referred to in Article 30, paragraph (1) pursuant to the provisions of Article 52, paragraph (1) or the authorization referred to in Article 30, paragraph (1) pursuant to the provisions of Article 52, paragraph (3), the Prime Minister must delete the supplementary note indicating that the authorization provided for in Article 30, paragraph (2) has been given.

(Completion of Remaining Business)

Article 56 (1) The provisions of Article 50-2, paragraph (8) apply mutatis mutandis to a person that was a financial instruments business operator, etc. if that financial instruments business operator, etc. dissolves or discontinues financial instruments business, etc., or has the registration referred to in Article 29 or Article 33-2 rescinded pursuant to the provisions of Article 52, paragraph (1); Article 52-2, paragraph (1); Article 53, paragraph (3); or Article 54. In such a case, the person that was the financial instruments business operator, etc. is deemed to still be a financial instruments business operator, etc. to the extent required to complete customer transactions.

(2) Except in a case to which the provisions of the preceding paragraph are applicable, the provisions of Article 50-2, paragraph (8) apply mutatis mutandis to the customer transactions involved in the business of a financial instruments business operator if a financial instruments business operator that has obtained the authorization referred to in Article 30, paragraph (1) discontinues the business to which that authorization concerns or has that authorization rescinded pursuant to the provisions of Article 52, paragraph (1). In such a case, the financial instruments business operator is deemed to still be registered under Article 30, paragraph (1) to the extent required to complete customer transactions involved in that business.

(Collection of Reports and Inspections)

Article 56-2 (1) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a financial instruments business operator, etc., a person that conducts transactions with a financial instruments business operator, etc., a bank, etc. in which a financial instruments business operator, etc. (excluding a registered financial institution) holds the majority of the voting rights held by all the shareholders, etc. (hereinafter such a bank, etc. is referred to as a "specified subsidiary corporation" in this paragraph), a holding company that has a financial instruments business operator, etc. as its subsidiary company

(meaning a subsidiary company as prescribed in Article 29-4, paragraph (4); hereinafter the same applies in this Article), or the person that a financial instruments business operator, etc. has entrusted with its business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this paragraph), to submit reports or materials that should serve as a reference in connection with the business or assets of the financial instruments business operator, etc. (but may only order a specified subsidiary corporation submit reports or materials that should serve as a reference in connection with the assets of the financial instruments business operator, etc. (excluding a registered financial institution)), and may have the relevant officials inspect the state of the business or assets, or the books, documents, and any other articles, of a financial instruments business operator, etc., a specified subsidiary corporation, a holding company that has a financial instruments business operator, etc. as its subsidiary company, or the person that a financial instruments business operator, etc. has entrusted with its business (but may only have the relevant officials inspect a specified subsidiary corporation as is necessary in connection with the assets of the financial instruments business operator, etc. (excluding a registered financial institution), and may only have the relevant officials inspect a holding company that has a financial instruments business operator, etc. as its subsidiary company, or the person that a financial instruments business operator, etc. has entrusted with its business, as is necessary in connection with the business or assets of the financial instruments business operator, etc.).

(2) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order the major shareholder (meaning a major shareholder as provided for in Article 29-4, paragraph (2); hereinafter the same applies in this paragraph) of a financial instruments business operator (limited to one engaged in type-I financial instruments business or investment management business, and excluding a foreign corporation; hereinafter the same applies in this paragraph) or the major shareholder of a holding company that has a financial instruments business operator as its subsidiary company to submit a notification or take measures referred to in Articles 32 through 32-3 (this means Article 32, paragraph (1) or (2); Article 32-2, paragraph (1); or Article 32-3, paragraph (1) as applied mutatis mutandis pursuant to Article 32-4 in the case of the major shareholder of a holding company that has a financial instruments business operator as its subsidiary company; hereinafter the same applies in this paragraph), and to submit reports or materials that should serve as a reference in connection with the business or assets of a financial

instruments business operator, and may have the relevant officials inspect documents or other articles of such a major shareholder (but only as is necessary in connection with the notification or measures referred to in Articles 32 through 32-3 or the business or assets of the financial instruments business operator, etc.).

(3) In a case other than what is provided for in paragraph (1), the Prime Minister finds it to be necessary and appropriate for ensuring compliance with the provisions of Article 36, paragraph (11), the Prime Minister may order the parent financial institution, etc. (meaning a parent financial institution, etc. provided for in Article 36, paragraph (33); hereinafter the same applies in this paragraph) or subsidiary financial institution, etc. (meaning a subsidiary financial institution, etc. provided for in Article 36, paragraph (44); hereinafter the same applies in this paragraph) of a specified financial instruments business operator, etc. (meaning a specified financial instruments business operator, etc. provided for in Article 36, paragraph (22); hereinafter the same applies in this paragraph) to submit reports or materials that should serve as a reference in connection with the business or assets of the specified financial instruments business operator, etc., and may have the relevant officials inspect the state of the business or assets, or the books, documents, and any other articles, of the parent financial institution, etc. or the subsidiary financial institution, etc. of the relevant specified financial instruments business operator, etc.

(4) In a case other than what is provided for in paragraph (1), when the Prime Minister finds it to be necessary and appropriate for ensuring compliance with Article 44-3, the Prime Minister may order the parent bank, etc. (meaning a parent bank, etc. provided for in Article 31-4, paragraph (3); hereinafter the same applies in this paragraph) or subsidiary bank, etc. (meaning a subsidiary bank, etc. provided for in Article 31-4, paragraph (4); hereinafter the same applies in this paragraph) of a financial instruments business operator to submit reports or materials that should serve as a reference in connection with the business or assets of the financial instruments business operator, and may have the relevant officials inspect the state of the business or assets, or the books, documents, and any other articles, of the parent bank, etc. or subsidiary bank, etc. of the relevant financial instruments business operator.

(Retention of Assets Within Japan)

Article 56-3 Beyond what is provided for in Article 49-5, if the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a financial instruments business operator to keep the portion of its assets that is specified by Cabinet Order within Japan.

(Hearings)

Article 57 (1) Before seeking to refuse an Article 29 or Article 33-2 registration, an Article 30, paragraph (1) authorization, or an Article 31, paragraph (4) registration of a change, the Prime Minister must notify the applicant for registration or the financial instruments business operator, and have the relevant officials conduct a hearing regarding the applicant for registration or the financial instruments business operator.

(2) Irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to issue a disposition based on 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 Prime Minister must conduct a hearing.

(3) Upon deciding to grant or to refuse 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, 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, the Prime Minister must notify the applicant for registration or the financial instruments business operator, etc. of this in writing.

Section 4-2 Special Provisions on Special Financial Instruments Business Operators

Subsection 1 Special Financial Instruments Business Operators

(Notifications for Special Financial Instruments Business Operators)

Article 57-2 (1) If the total asset value (meaning the total monetary value of assets calculated pursuant to the provisions of Cabinet Office Order; hereinafter the same applies in this Article) of a financial instruments business operator (limited to one engaged in type-I financial instruments business, excluding foreign corporations; hereinafter the same applies in this Subsection) exceeds the amount of money specified by Cabinet Order as representing the scope of all assets required for ensuring the sound and appropriate operation of the business of the group consisting of the financial instruments business operator and its subsidiary corporations, etc. (hereinafter referred to as the "total asset value threshold" in this Article), the financial instruments business operator must notify the Prime Minister of this, of the total asset value, and of the basis for its calculation within two weeks from the day on which that value is exceeded; provided, however, that if the total asset

value comes to be equal to or lower than the total asset value threshold after the financial instruments business operator has made the notification under the main clause of this paragraph, but the total asset value of the financial instruments business operator again comes to exceed the total asset value threshold by the time that two years have elapsed counting from the day on which the total asset value came to be equal to or lower than the total asset value threshold, the financial instruments business operator is not required to submit notification of this or of the total asset value and the basis for its calculation.

(2) A special financial instruments business operator (meaning a financial instruments business operator that has made the notification under the provisions of the preceding paragraph, excluding one that comes to fall under paragraph (6), item (ii) after making that notification; hereinafter the same applies in this Section) must submit the following documents within the period specified by Cabinet Order counting from the day on which it makes the notification under the provisions of the preceding paragraph (hereinafter referred to as the "notification date" in this Subsection) if that special financial instruments business operator has a parent company as of the notification date:

(i) a document in which it states the trade name or name of the parent company of the special financial instruments business operator and other particulars specified by Cabinet Office Order;

(ii) documents in which the state of the business and assets of the parent company of the special financial instruments business operator and its subsidiary corporations, etc. are described pursuant to the provisions of Cabinet Office Order;

(iii) if the group consisting of the parent company of the special financial instruments business operator and its subsidiary corporations, etc. is under the supervision of an administrative organization based on other laws and regulations (including if the group is under the supervision of an administrative organization in a foreign country or any other equivalent organization based on foreign laws and regulations) with respect to the state of its business operations and assets, a document explaining this; and

(iv) if the parent company of the special financial instruments business operator manages business of the special financial instruments business operator or if the parent company of the special financial instruments business operator or its subsidiary corporation, etc. provides assistance related to fund procurement to the special financial instruments business operator, a document in which it states the content and method of the business management or assistance, pursuant to the provisions of Cabinet Office Order.

(3) If a special financial instruments business operator comes to have a parent company on or after the notification date, the special financial instruments business operator must submit the documents set forth in the items of the preceding paragraph to the Prime Minister within the period specified by Cabinet Order, as calculated beginning from the day on which it came to have that parent company.

(4) If a particular stated in a document set forth in paragraph (2), item (i), (iii) or (iv) changes (excluding a document specified by Cabinet Office Order which concerns a designated parent company as prescribed in Article 57-12, paragraph (3) or its subsidiary corporation, etc.), the special financial instruments business operator (limited to one with a parent company) that has submitted the document set forth in the relevant item of paragraph (2) pursuant to the provisions of the preceding two paragraphs must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet Office Order.

(5) For each quarter, a special financial instruments business operator (limited to one with a parent company) that submits the documents set forth in the items of paragraph (2) pursuant to the provisions of paragraph (2) or (3), must submitdocuments in whichthe state of the business and assets of the parent company of the special financial instruments business operator and its subsidiary corporations, etc. are described pursuant to the provisions of Cabinet Office Order (excluding documents specified by Cabinet Office Order which concern the highest designated parent company provided for in Article 57-12, paragraph (3) or its subsidiary corporations, etc.), to the Prime Minister within the period specified by Cabinet Order after the end of the quarter.

(6) If a special financial instruments business operator comes to fall under any of the following items, it must notify the Prime Minister of this without delay:

(i) it comes to no longer have a parent company; or

(ii) two years have elapsed counting from the day on which the total asset value came to be equal to or lower than the total asset value threshold, without the total asset value exceeding the total asset value threshold.

(7) If the Prime Minister accepts a notification under paragraph (1), the Prime Minister must note that the financial instruments business operator that has made such notification is a special financial instruments business operator in that financial instruments business operator's registration.

(8) The term "parent company" as used in paragraphs (2) through (6) means a first company that has a second company as its subsidiary company (meaning a subsidiary company as prescribed in Article 29-4, paragraph (4); hereinafter the same applies in the following paragraph).

(9) The term "subsidiary corporation, etc." as used in paragraphs (1), (2), (4), and (5) means the subsidiary company of another company or any other person that

falls under the requirements specified by Cabinet Order as a corporation or other organization that is closely related to that other company.

(Submission of Business Reports)

Article 57-3 (1) In and after the business year that includes the day on which the period specified by Cabinet Order elapses counting from the notification date, pursuant to the provisions of Cabinet Office Order, a special financial instruments business operator (limited to a special financial instruments business operator with a subsidiary corporation, etc. (meaning a subsidiary corporation, etc. as prescribed in paragraph (9) of the preceding Article; hereinafter the same applies in this Subsection)) must prepare a business report on a consolidated basis describing the state of the business and assets of the special financial instruments business operator and its subsidiary corporation, etc., and submit that business report to the Prime Minister within three months after the end of each business year.

(2) Beyond submitting a business report pursuant to the provisions of the preceding paragraph, a special financial instruments business operator must report the state of the business and assets of the special financial instruments business operator and its subsidiary corporations, etc. to the Prime Minister pursuant to the provisions of Cabinet Office Order.

(3) If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a special financial instruments business operator to make public notice of all or part of the business report referred to in paragraph (1), pursuant to the provisions of Cabinet Order.

(Public Inspections of Explanatory Documents)

Article 57-4 In and after the business year that includes the day on which the period specified by Cabinet Order elapses counting from the notification date, a special financial instruments business operator must prepare explanatory documents on a consolidated basis for the special financial instruments business operator and its subsidiary corporations, etc., stating the particulars specified by Cabinet Office Order as pertinent to the state of the business and assets of the special financial instruments business operator and its subsidiary corporations, etc., and must keep those explanatory documents at all of its business offices and offices and make them available for public inspection, or disclose them using the internet or through other means pursuant to the provisions of Cabinet Office Order, during the one-year period beginning from the day on which the period specified by Cabinet Order elapses following the end of each business year.

(Written Notification Stating the Soundness of Management)

Article 57-5 (1) In order to contribute to the sound and appropriate operation of the business of a special financial instruments business operator, the Prime Minister must establish criteria for whether the capital adequacy of the special financial instruments business operator and its subsidiary corporations, etc. is appropriate in light of the assets, etc. held by the special financial instruments business operator and its subsidiary corporations, etc. and other criteria that indicate soundness in the management of the special financial instruments business operator and its subsidiary corporation, etc., as criteria by which the special financial instruments business operator is to judge the soundness of its management.

(2) For each quarter in and after the quarter that includes the day on which the period specified by Cabinet Order elapses counting from the notification date, a special financial instruments business operator must submit a document to the Prime Minister in which it describes the soundness of its management as of the last day of the quarter, as indicated by the criteria prescribed in the preceding paragraph (hereinafter simply referred to as the "integrity of management" in the following paragraph and the following Article), pursuant to the provisions of Cabinet Office Order.

(3) For each quarter in and after the quarter that includes the day on which the period specified by Cabinet Order elapses counting from the notification date and pursuant to the provisions of Cabinet Office Order, a special financial instruments business operator must keep a document in which it describes the integrity of management at all of its business offices and offices and make this document available for public inspection during the three-month period beginning from the day on which the period specified by Cabinet Order elapses counting from the end of the quarter.

(Supervisory Dispositions Corresponding with the Soundness of Management)

Article 57-6 (1) If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors in light of the integrity of management of a special financial instruments business operator and its subsidiary corporations, etc., the Prime Minister may, to the extent necessary, order a special financial instruments business operator to suspend all or part of the business during a fixed period of no longer than three months, order it to change business methods or to deposit assets, and issue orders in respect of other particulars that are necessary from a supervisory perspective.

(2) An order under the provisions of the preceding paragraph is to be given so as to correspond with the classification of the integrity of management of a special financial instruments business operator and its subsidiary corporations, etc., and the Prime Minister must determine such classifications and the nature of

the corresponding orders in advance and issue public notice of the same.

(3) If the Prime Minister orders a special financial instruments business operator to suspend all or part of the business pursuant to the provisions of paragraph (1), and the integrity of management of the special financial instruments business operator and its subsidiary corporation, etc. does not improve and is found to have no prospect of improving as of the day on which three months have elapsed since the day of the order, the Prime Minister may rescind the Article 29 registration of the special financial instruments business operator.

(Public Notice of Supervisory Dispositions)

Article 57-7 In the following cases, the Prime Minister must make a public notice indicating as follows, pursuant to the provisions of Cabinet Office Order:

(i) the Prime Minister orders the suspension of all or part of the business pursuant to the provisions of paragraph (1) of the preceding Article; or

(ii) the Prime Minister rescinds an Article 29 registration pursuant to the provisions of paragraph (3) of the preceding Article.

(Deletion of Registration)

Article 57-8 (1) If the Prime Minister rescinds an Article 29 registration pursuant to the provisions of Article 57-6, paragraph (3), the Prime Minister must delete that registration.

(2) If the Prime Minister accepts a notification under the provisions of Article 57-2, paragraph (6), item (ii), the Prime Minister must delete the supplementary note indicating that the person is a special financial instruments business operator as prescribed in paragraph (7) of that Article.

(Completion of Remaining Business)

Article 57-9 The provisions of Article 50-2, paragraph (8) apply mutatis mutandis to a person that was a special financial instruments business operator if the special financial instruments business operator has had the registration referred to in Article 29 rescinded pursuant to the provisions of Article 57-6, paragraph (3). In such a case, the person that was the special financial instruments business operator is deemed to still be a financial instruments business operator inasmuch as the task of completing customer transactions is concerned.

(Collection of Reports and Inspections)

Article 57-10 (1) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order the subsidiary company, etc. of a special financial instruments business operator to submit reports or materials that should serve

as a reference in connection with the assets of the special financial instruments business operator, and may have the relevant officials inspect the state of the business or assets, or the books, documents, and any other articles, of such a subsidiary company, etc. (but only as is necessary in connection with the property of the special financial instruments business operator).

(2) The term "subsidiary company, etc." as used in the preceding paragraph means a second company, etc. with a parent company, etc. (meaning a company, etc. (meaning a company, partnership, or other equivalent business entity, including anything that is equivalent to these in a foreign country; hereinafter the same applies in this paragraph) specified by Cabinet Office Order as a first company, etc. that controls the mechanism that decides the financial and operational or business policies of a second company, etc. (meaning the shareholders or other equivalent body; hereinafter referred to as the "decision-making body" in this paragraph)) that controls its decision-making body. In such a case, a second company, etc. whose decision-making body is controlled by a parent company, etc. and its subsidiary company, etc. or whose decision-making body is controlled by the subsidiary company, etc. of such a parent company, etc. is deemed to be a subsidiary company, etc. of that parent company, etc.

(Hearings)

Article 57-11 (1) Irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to issue a disposition based on the provisions of Article 57-6, paragraph (1) or (3), the Prime Minister must conduct a hearing.

(2) If the Prime Minister decides to issue a disposition based on the provisions of Article 57-6, paragraph (1) or (3), the Prime Minister must notify the special financial instruments business operator of this in writing.

Subsection 2 Designated Parent Companies

(Designation)

Article 57-12 (1) If the parent company (meaning a parent company as prescribed in Article 57-2, paragraph (8); hereinafter the same applies in this Section) of a special financial instruments business operator or its subsidiary corporation, etc. satisfies any of the following requirements, and the Prime Minister finds that ensuring the sound and appropriate operation of the business of the parent company and its subsidiary corporations, etc. is particularly necessary in the public interest or for the protection of investors, the Prime Minister is to designate the parent company as a person that is subject to the application of the provisions of this Subsection:

(i) the parent company conducts business management of the special financial instruments business operator as business; or

(ii) the parent company or its subsidiary corporation, etc. lends funds to, guarantees obligations for, or provides other similar assistance with fund procurement to the special financial instruments business operator for the purpose of its business operations, and it is found that the suspension of such assistance would be likely to substantially compromise the sound and appropriate operation of the business of the special financial instruments business operator.

(2) If the group consisting of the parent company of a special financial instruments business operator and its subsidiary corporations, etc. is found to be under appropriate supervision by an administrative organization based on other laws and regulations (including if the group is found to be under appropriate supervision by a foreign administrative organization or any other equivalent organization based on foreign laws and regulations) with respect to the state of its business operations and assets, the Prime Minister may choose not to make the designation under the provisions of the preceding paragraph.

(3) Upon effecting a designation under the provisions of paragraph (1), the Prime Minister must notify the person subject to the designation (hereinafter referred to as "designated parent company") in writing of this, as well as notifying it of the trade name of the special financial instruments business operator connected with that designation (hereinafter referred to as "subject special financial instruments business operator"), and whether or not it, as the designated parent company, is the highest designated parent company (meaning a designated parent company that does not have a parent company which is the designated parent company of the same subject special financial instruments business operator as itself; hereinafter the same applies in this Subsection). The same applies if these matters change.

(4) Upon making a designation under the provisions of paragraph (1), the Prime Minister must make public notice of the trade name or name and the location of the head office or principal office of the designated parent company (for a foreign company that has an office in Japan, this includes the location of its principal office in Japan; hereinafter the same applies in paragraph (1), item (iv) of the following Article), and the trade name of the subject special financial instruments business operator in the Official Gazette. The same applies if any of these particulars changes.

(5) If the Prime Minister finds that the grounds for a designated parent company becoming subject to a designation under the provisions of paragraph (1) have ceased to exist, the Prime Minister, in addition to cancelling that designation, must give written notice of this to the designated parent company whose designation is being cancelled.

(6) If the Prime Minister cancels a designation pursuant to the provisions of the preceding paragraph, the Prime Minister must issue public notice of this in the Official Gazette.

(Notification by a Designated Parent Company)

Article 57-13 (1) A designated parent company must submit a document to the Prime Minister in which it states the following particulars, by the day on which the period specified by Cabinet Order has elapsed since the day it became subject to the designation under the provisions of paragraph (1) of the preceding Article; provided, however, that this does not apply if the designated parent company is no longer the parent company of the subject special financial instruments business operator by such day:

(i) its trade name or name;

(ii) the amount of stated capital or the total amount of contributions;

(iii) the names of its officers;

(iv) the name and location of its head office or principal office;

(v) if applicable, an indication that the group consisting of the designated parent company and its subsidiary corporations, etc. is under the supervision of an administrative organization based on other laws and regulations (including if the group is under the supervision of a foreign administrative organization or any other equivalent organization based on foreign laws and regulations) with respect to the state of its business operations and assets;

(vi) the particulars specified by Cabinet Office Order as the business outline and business method of the management of the subject special financial instruments business operator's business by the designated parent company or assistance with fund procurement for the subject special financial instruments business operator by the designated parent company or its subsidiary corporation, etc.; and

(vii) other particulars specified by Cabinet Office Order.

(2) The following documents must accompany the document referred to in the preceding paragraph:

(i) a document pledging that the designated parent company does not fall under the purview of Article 57-20, paragraph (1), item (i) or (iv) (in the case of a foreign company, item (i) of that paragraph); and

(ii) its articles of incorporation, its certificate of registered information, and other documents specified by Cabinet Office Order.

(3) As concerns the documents set forth in item (ii) of the preceding paragraph accompanying the document under paragraph (1), if the articles of incorporation have been prepared as electronic or magnetic records, such electronic or magnetic records (limited to those specified by Cabinet Office Order) may accompany that document in lieu of written documents.

(Notification of a Change)

Article 57-14 If the particulars set forth in the items of paragraph (1) of the preceding Article changes, the designated parent company must notify the Prime Minister of this within two weeks from the day of the change, pursuant to the provisions of Cabinet Office Order.

(Submission of Business Reports)

Article 57-15 (1) In and after the business year that includes the day on which the period specified by Cabinet Order elapses counting from the day on which a company becomes the highest designated parent company and pursuant to the provisions of Cabinet Office Order, the highest designated parent company must prepare a business report on a consolidated basis, in which it describes the state of the business and assets of the highest designated parent company and its subsidiary corporations, etc., and submit this business report to the Prime Minister within three months after the end of each business year.

(2) Beyond submitting a business report pursuant to the provisions of the preceding paragraph, the highest designated parent company must report the state of the business and assets of the highest designated parent company and its subsidiary corporations, etc. to the Prime Minister pursuant to the provisions of Cabinet Office Order.

(3) If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister, pursuant to the provisions of Cabinet Order, may order the highest designated parent company to make public notice of all or part of the business report referred to in paragraph (1).

(Public Inspection of Explanatory Documents)

Article 57-16 In and after the business year that includes the day on which the period specified by Cabinet Order elapses counting from the day on which a company becomes the highest designated parent company, the highest designated parent company must prepare explanatory documents on a consolidated basis for the highest designated parent company and its subsidiary corporations, etc., stating the particulars specified by Cabinet Office Order as pertinent to the state of the business and assets of the highest designated parent company and its subsidiary corporations, etc., and must keep these explanatory documents at all of the business offices and offices of the subject special financial instruments business operator and make them available for public inspection, or disclose them using the internet or through other means pursuant to the provisions of Cabinet Office Order, during the one-year period beginning from the day on which the period specified by

Cabinet Order elapses following the end of each business year.

(Written Notification Stating the Integrity of Management)

Article 57-17 (1) In order to contribute to the sound and appropriate operation of the business of a subject special financial instruments business operator, the Prime Minister must establish criteria for whether the capital adequacy of the highest designated parent company and its subsidiary corporations, etc. is appropriate in light of the assets, etc. held by the highest designated parent company and its subsidiary corporations, etc. and other criteria that indicate soundness in the management of the highest designated parent company and its subsidiary corporations, etc., as criteria by which the highest designated parent company is to judge the soundness in the management of the highest designated parent company and its subsidiary corporations, etc.

(2) For each highest designated parent company quarter (meaning each of the periods categorized into January to March, April to June, July to September, and October to December; hereinafter the same applies in this Article) in and after the highest designated parent company quarter that includes the day on which the period specified by Cabinet Order elapses counting from the day on which a company becomes the highest designated parent company, the highest designated parent company must submit a document to the Prime Minister in which it describes the soundness of its management as of the last day of the highest designated parent company quarter, as indicated by the criteria prescribed in the preceding paragraph (hereinafter simply referred to as "integrity of management" in the following paragraph and Article 57-21, paragraphs (1) through (3)), pursuant to the provisions of Cabinet Office Order.

(3) For each highest designated parent company quarter in and after the highest designated parent company quarter that includes the day on which the period specified by Cabinet Order elapses counting from the day on which a company becomes the highest designated parent company, the highest designated parent company must keep a document in which it describes the integrity of management at all of the business offices or offices of the subject special financial instruments business operator and make this document available for public inspection during the three-month period beginning from the day on which the period specified by Cabinet Order elapses counting from the end of the highest designated parent company quarter, pursuant to the provisions of Cabinet Office Order.

(Notifications)

Article 57-18 (1) If a designated parent company comes to fall under any of the following items, it must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet Office Order:

(i) it merges with another corporation (unless the designated parent company disappears in the merger);
(ii) it files a petition to commence bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings; or
(iii) it falls under any other case specified by Cabinet Office Order.

(2) If a designated parent company comes to fall under any of the following items, the person specified in that item must notify the Prime Minister of this within 30 days from the day in question:
(i) it comes to no longer be the parent company of the subject special financial instruments business operator: the company that used to be the designated parent company;
(ii) it disappears in a merger: the officer that represented the designated parent company;
(iii) it dissolves as a result of an order to commence bankruptcy proceedings: the bankruptcy trustee; or
(iv) it dissolves for reasons other than a merger or an order to commence bankruptcy proceedings: the liquidator.

(3) If a designated parent company comes to fall under any of the items of the preceding paragraph, the designation under the provisions of Article 57-12, paragraph (1) ceases to be effective.

(4) If there has been a notification under the provisions of paragraph (2), the Prime Minister must issue public notice that the designation has lost its validity pursuant to the provisions of the preceding paragraph in the Official Gazette.

(Issuing a Business Improvement Order to a Designated Parent Company)

Article 57-19 (1) If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors in light of the state of the business of a designated parent company or the state of the assets of a designated parent company and its subsidiary corporations, etc., the Prime Minister may, to the extent necessary, order the designated parent company to take measures that are necessary for improving the state of the business operations or the assets of the subject special financial instruments business operator.

(2) If the Prime Minister issues an order under the provisions of the preceding paragraph to a designated parent company and finds it to be particularly necessary in light of the implementation status of measures under that order, the Prime Minister may order the subject special financial instruments business operator to take measures that are necessary for improving its business operations or the state of its assets.

(Order for Measures to Be Taken by a Designated Parent Company)

Article 57-20 (1) If a designated parent company falls under any of the following items, the Prime Minister may order the designated parent company to take measures so that it will cease to be the parent company of a subject special financial instruments business operator or to take other necessary measures within a fixed a period of no longer than three months:

(i) it has a person falling under any of the provisions of Article 29-4, paragraph (1), item (ii), (a) through (i) as an officer;

(ii) its business is found to be contrary to the public interest;

(iii) in light of the personnel structure of the designated parent company, the sound and appropriate operation of the business of the subject special financial instruments business operator is likely to be impaired; or

(iv) it is a domestic company, but is not a stock company (meaning a stock company that has in place the following organs):

(a) a board of directors; and

(b) company auditors, a supervisory committee, or a nominating committee, etc.

(2) If a designated parent company falls under any of the following items, the Prime Minister may order the designated parent company to take measures so that it will cease to be the parent company of a subject special financial instruments business operator or to take other necessary measures within a fixed period of no longer than three months, or may order the subject special financial instruments business operator to suspend all or part of the business during a fixed period of no longer than six months:

(i) it violates a law or regulation or a disposition by the Prime Minister based on a law or regulation; or

(ii) in light of the state of its business or assets, it is likely to become insolvent.

(3) If the officer of a designated parent company (for a foreign company, this is limited to an officer stationed at its domestic offices; hereinafter the same applies in this paragraph) comes to fall under any of the categories in Article 29-4, paragraph (1), item (ii); (a) through (i), or comes to fall under item (i) of the preceding paragraph, the Prime Minister may order the designated parent company to dismiss that officer.

(Supervisory Dispositions Corresponding with the Soundness of Management)

Article 57-21 (1) If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors in light of the soundness of management of a highest designated parent company and its subsidiary corporations, etc., the Prime Minister may, to the extent necessary, issue orders to the highest designated parent company with regard to particulars that are necessary from a supervisor perspective.

(2) If the Prime Minister issues an order under the provisions of the preceding paragraph to a highest designated parent company, and the integrity of management of the highest designated parent company and its subsidiary corporation, etc. does not improve and is found to have no prospect of improving as of the day on which three months have elapsed since the day of the order, the Prime Minister may order the highest designated parent company to take measures so that it will cease to be the parent company of the subject special financial instruments business operator or to take other necessary measures, within a fixed period of no longer than three months.

(3) An order under the provisions of the preceding two paragraphs is to be given so as to correspond with the classification of the integrity of management of the highest designated parent company and its subsidiary corporations, etc., and the Prime Minister must determine the relevant classifications and the nature of the corresponding orders in advance and make public notice of the same.

(4) If the Prime Minister issues an order under the provisions of paragraph (1) to a highest designated parent company and finds it to be particularly necessary in light of the execution status of measures under that order, the Prime Minister may order the subject special financial instruments business operator to take any measures that are necessary from a supervisory perspective.

(Public Notice of Supervisory Dispositions)

Article 57-22 In the cases set forth as follows, the Prime Minister must make a public notice indicating as follows, pursuant to the provisions of Cabinet Office Order:

(i) the Prime Minister orders measures to be taken pursuant to the provisions of Article 57-20, paragraph (1);

(ii) the Prime Minister orders measures to be taken pursuant to the provisions of Article 57-20, paragraph (2), or orders the suspension of all or part of the business; or

(iii) the Prime Minister orders measures to be taken pursuant to the provisions of paragraph (2) of the preceding Article.

(Collection of Reports and Inspections)

Article 57-23 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a designated parent company, a person that conducts transactions with a designated parent company, the subsidiary company, etc. of a designated parent company (meaning a subsidiary company, etc. provided for in Article 57-10, paragraph (2); hereinafter the same applies in this Article), or the person that a designated parent company has entrusted with its business (including a

person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this Article), to submit reports or materials that should serve as a reference with regard to the business or assets of the subject special financial instruments business operator or the designated parent company (but may only order a subsidiary company, etc. to submit reports or materials that should serve as a reference in connection with the assets of the subject special financial instruments business operator or the designated parent company), and may have the relevant officials inspect the state of the business or assets, books, documents, and any other articles of a designated parent company, a subsidiary company, etc., or the person that a designated parent company has entrusted with its business (but may only have the relevant officials inspect a subsidiary company, etc. as is necessary in connection with the assets of the subject special financial instruments business operator or the designated parent company, and may only have the relevant officials inspect the person that a designated parent company has entrusted with its business as is necessary in connection with the business or assets of the subject special financial instruments business operator or the designated parent company).

(Hearings)

Article 57-24 (1) Irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to issue a disposition based on the provisions of Article 57-19, Article 57-20, paragraph (1) or (2) or Article 57-21, paragraph (1), (2) or (4), the Prime Minister must conduct a hearing.

(2) If the Prime Minister decides to issue a disposition based on the provisions of Article 57-19; Article 57-20; or Article 57-21, paragraph (1), (2), or (4), the Prime Minister must notify the designated parent company or the subject special financial instruments business operator of this in writing.

(Exclusion from Application)

Article 57-25 The provisions of Articles 57-3 through 57-7; Article 57-8, paragraph (1); Article 57-9; and Article 57-11 do not apply to a subject special financial instruments business operator.

Subsection 3 Miscellaneous Provisions

(Measures Concerning the Major Shareholders of a Designated Parent Company)

Article 57-26 (1) The provisions of Article 32, paragraphs (1) and (2); Article 32-2,

paragraph (1); and Article 32-3, paragraph (1) apply mutatis mutandis to the shareholders and equity holders of a designated parent company.

(2) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order the major shareholder of a designated parent company (meaning a major shareholder as prescribed in Article 29-4, paragraph (2); hereinafter the same applies in this paragraph) to submit reports or materials that should serve as reference with regard to a notification or measures under Article 32, paragraph (1) or (2); Article 32-2, paragraph (1); or Article 32-3, paragraph (1) as applied mutatis mutandis pursuant to the provisions of the preceding paragraph, or with regard to the business or assets of the subject special financial instruments business operator or the designated parent company, or may have the relevant officials inspect documents or other articles of such a major shareholder (but only as is necessary in connection with the notification or measures under Article 32, paragraph (1) or (2); Article 32-2, paragraph (1); or Article 32-3, paragraph (1) as applied mutatis mutandis pursuant to the provisions of the preceding paragraph or in connection with the business or assets of the subject special financial instruments business operator or the designated parent company).

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

Article 57-27 The technical replacement of the terms for the application of the provisions of this Act to the parent company of a special financial instruments business operator that is a foreign company and necessary particulars otherwise relevant to the application of the provisions of this Act to such a foreign company are specified by Cabinet Order.

Section 5 Special Provisions on Foreign Business Operators

Subsection 1 Foreign Securities Services Providers

(Definitions)

Article 58 The term "foreign securities services provider" as used in this Section means a person other than a financial instruments business operator, bank, cooperative financial institution, or financial institution specified by Cabinet Order, which is governed by foreign laws and regulations, and which engages in securities services in a foreign country.

(Services in Which a Foreign Securities Services Provider May Engage)

Article 58-2 A foreign securities services provider must not perform any act set forth in the items of Article 28, paragraph (8) with a person in Japan as the

counterparty; provided, however, that this does not apply if a foreign securities services provider performs such an act with a financial instruments business operator engaged in securities services as the counterparty (excluding cases where the relevant foreign securities broker conducts specified over-the-counter derivatives transactions, or intermediation, brokerage (excluding brokerage for clearing of securities, etc.), or agency therefor using the electronic data processing system used by the relevant foreign securities broker for its business of over-the-counter derivatives transactions, etc.), or if it does so in a case that is specified by Cabinet Order.

Subsection 2 Permission for Some Underwriting Activities

(Permission for Some Underwriting Activities)

Article 59 (1) Notwithstanding the provisions of Article 29 and the preceding Article, with the permission of the Prime Minister, a foreign securities services provider may participate in a wholesale underwriting contract (meaning a wholesale underwriting contract as prescribed in Article 21, paragraph (4); hereinafter the same applies in paragraph (1), item (vi), (f) of the following Article) and perform other acts specified by Cabinet Order in Japan, as a part of the underwriting of securities that it carries out (hereinafter referred to as the "underwriting activities" in this Section).

(2) The Prime Minister may attach conditions to the permission referred to in the preceding paragraph.

(3) The conditions referred to in the preceding paragraph must constitute the minimum level of conditions that are necessary for the public interest and the protection of investors.

(4) If the Prime Minister decides to attach conditions pursuant to the provisions of paragraph (2), the Prime Minister must notify the applicant for permission of this in writing.

(Application for Permission for Some Underwriting Activities)

Article 59-2 (1) A person seeking to obtain the permission referred to in paragraph (1) of the preceding Article must submit a written application for permission to the Prime Minister, in which the person states the following particulars (if the applicant for permission is an individual, the particulars set forth in items (iii) and (iv) are excluded):

(i) its trade name or name;

(ii) the location of its head office or principal office;

(iii) the amount of stated capital or the total amount of contributions;

(iv) the title and the name of the officer that has the authority of representation;

(v) the name, and the address, residence, or other contact address in Japan, of the person that will perform the activities to which the application pertains;
(vi) the following particulars, as scheduled, of the securities that are connected with the activities to which the application pertains:
(a) the issuer or holder;
(b) the class;
(c) the volume and amount;
(d) the issuance or sales location;
(e) the date of issuance or sale;
(f) the other financial instruments business operator managing the underwriting (meaning the financial instruments business operator that holds discussions with the issuer or holder of the securities in order to fix the content of the wholesale underwriting contract, when a wholesale underwriting contract is being concluded); and
(vii) the amount that the applicant for permission seeks to underwrite.

(2) The calculation of the amount of stated capital or the total amount of contributions as prescribed in item (iii) of the preceding paragraph is specified by Cabinet Order.

(3) The following documents must accompany the written application for permission referred to in paragraph (1); provided, however, that if a document provided for in item (i) or (iv) has the same content as an accompanying document submitted within one year prior to the date on which the written application for permission provided for in paragraph (1) is submitted, a document stating the submission date of that document and indicating that reference should be made to that document may be used:
(i) a document giving the business outline;
(ii) a document summarizing underwriting activities in the most recent one-year period;
(iii) a document in which the officer that has the authority of representation pledges that the applicant does not fall under the purview of Article 59-4, paragraph (1), item (i) or (ii), and that no officer falls under any of the categories in Article 29-4, paragraph (1), item (ii), (a) through (i) (if the applicant for permission is an individual, a document in which the individual pledges that the relevant individual does not fall under the purview of Article 59-4, paragraph (1), item (i) or (ii) or under any of the categories in Article 29-4, paragraph (1), item (ii), (a) through (i)); and
(iv) the balance sheet and profit and loss statement for each business year ending in the most recent one-year period.

(Examination Criteria for Permission for Some Underwriting Activities)

Article 59-3 Before seeking to grant the permission referred to in Article 59,

paragraph (1), the Prime Minister must examine whether there is compliance with the following criteria:

(i) the applicant has been continuously engaged in the same type of business in a foreign country as the business for which it seeks to obtain permission, for a period longer than the period specified by Cabinet Order;

(ii) the applicant is a corporation whose stated capital or total contributions are not less than the amount specified by Cabinet Order as the amount necessary and appropriate in the public interest or for the protection of investors in light of the mode of business for which the applicant seeks to obtain permission; and

(iii) the net assets provided for in Article 29-4, paragraph (1), item (v), (b) are not less than the amount specified by Cabinet Order as provided for in the preceding item.

(Requirement to Refuse Permission for Some Underwriting Activities)

Article 59-4 (1) The Prime Minister must refuse permission if an applicant for permission falls under any of the following items, or if the written application for permission or an accompanying document contains a false statement or lacks a statement of a material fact:

(i) the applicant is a person that has had the registration referred to in Article 29 rescinded pursuant to the provisions of Article 53, paragraph (3), has had the permission referred to in Article 59, paragraph (1) rescinded pursuant to the provisions of paragraph (1) of the following Article, has had the registration referred to in Article 66 rescinded pursuant to the provisions of Article 66-20, paragraph (1), has had the registration referred to in Article 66-27 rescinded pursuant to Article 66-42, paragraph (1), has had the registration referred to in Article 66-50 rescinded pursuant to Article 66-63, paragraph (1), has had the registration referred to in Article 66-71 rescinded pursuant to Article 66-85, paragraph (1), or has had the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations; hereinafter the same applies in this item) rescinded pursuant to the provisions of Article 38, paragraph (1) of that Act (excluding items (ii), (iii), and (v)); or a person that had a registration of the same kind as the registration referred to in Article 29, Article 66, Article 66-27, Article 66-50, or Article 66-7171 or Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto obtained in the country where its head office is located (including permission or any other administrative disposition similar to such a registration) rescinded pursuant to a foreign law or regulation that is equivalent to this

Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto; and for whom five years have not passed since the day of the rescission;

(ii) the applicant has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act, the Act on Investment Trusts and Investment Corporations, the Commodity Derivatives Transaction Act, the Act on Regulation of Commodity Investment, the Money Lending Business Act, the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates, or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto; or for violating the provisions of a foreign law or regulation that is equivalent to any of these Acts, and five years have not passed since the day on which the applicant finished serving the sentence or ceased to be subject to its enforcement; and

(iii) the applicant is a corporation that has a person falling under any of the persons set forth in Article 29-4, paragraph (1), item (ii), (a) through (i), as an officer (including a person that is found to have at least the same amount of authority as an officer over the corporation, irrespective of their title; hereinafter the same applies in paragraph (1), item (iii) of the following Article, Article 60-3, paragraph (1) and Article 60-8, paragraph (2)) or the domestic representative (meaning the representative in Japan of a foreign securities services provider prescribed in Article 817, paragraph (1) of the Companies Act; hereinafter the same applies in this Section).

(2) Before seeking to refuse the permission referred to in Article 59, paragraph (1), the Prime Minister must notify the applicant for permission and have the relevant officials conduct a hearing regarding the applicant for permission.

(3) Upon deciding to grant or not to grant the permission referred to in Article 59, paragraph (1), the Prime Minister must notify the applicant for permission of this in writing.

(Rescission of Permission for Some Underwriting Activities)

Article 59-5 (1) If a foreign securities services provider that has obtained the permission referred to in Article 59, paragraph (1) falls under any of the following items, the Prime Minister may rescind the permission:

(i) the foreign securities services provider comes to fall under paragraph (1), item (i) or (ii) of the preceding Article;

(ii) the foreign securities services provider violates a law or regulation (including a foreign law or regulation) or a disposition by a government agency which is based on a law or regulation, or violates a condition attached to its permission or to the registration, etc. it has obtained in the state where its head office is located (meaning a registration of the same kind as the

registration referred to in Article 29 (including permission or any other administrative disposition similar to such a registration); hereinafter the same applies in Article 60-3, paragraph (1), item (i), (b)), and rescinding its permission is found to be necessary and appropriate in the public interest or for the protection of investors; or

(iii) the officer or the domestic representative of the foreign securities services provider (or, if the foreign securities services provider is an individual, that individual) comes to fall under any of the categories of persons set forth in Article 29-4, paragraph (1), item (ii), (a) through (ii), or has acted as set forth in the preceding item, and it is found to be likely that the activities subject to the permission will not be performed fairly.

(2) Before seeking to rescind the permission referred to in Article 59, paragraph (1) pursuant to the provisions of the preceding paragraph, the Prime Minister must notify the foreign securities services provider of this in writing.

(3) If the Prime Minister rescinds the permission referred to in Article 59, paragraph (1) pursuant to the provisions of paragraph (1), the Prime Minister must make a public notice of this, pursuant to the provisions of Cabinet Office Order.

(Regulation of Underwriting Activities)

Article 59-6 The provisions of -3; Article 36-4, paragraph (1); Article 38 (limited to the part that involves items (i) through (iii) and (ix)); and Article 44-4 apply mutatis mutandis to the underwriting activities of the foreign securities services provider that has obtained the permission referred to in Article 59, paragraph (1).

Subsection 3 Permission for On-Exchange Transaction Services

(Permission for On-Exchange Transaction Services)

Article 60 (1) Notwithstanding the provisions of Article 29 and Article 58-2, with the permission of the Prime Minister, a foreign securities services provider may engage in the purchase and sale of securities and market derivatives transactions on a financial instruments exchange (including if that foreign securities services provider conducts these transactions on behalf of a person that provides brokerage for clearing of securities, etc. (limited to brokerage to which Article 2, paragraph (27), item (i) pertains; hereinafter the same applies in this paragraph) as an entruster of brokerage for clearing of securities, etc.; such a transaction is hereinafter collectively referred to as an "on-exchange transaction") on a regular basis (hereinafter referred to as the "on-exchange transaction services")

(2) The Prime Minister may attach conditions to the permission referred to in the

preceding paragraph.
(3) The conditions referred to in the preceding paragraph must constitute the minimum level of conditions that are necessary in the public interest and for the protection of investors.
(4) If the Prime Minister decides to attach the conditions referred to in the provisions of paragraph (2), the Prime Minister must notify the applicant for permission of this in writing.

(Application for Permission for On-Exchange Transaction Services)
Article 60-2 (1) A person seeking to obtain the permission referred to in paragraph (1) of the preceding Article must designate a domestic representative and submit a written application for permission to the Prime Minister, in which the person states the following particulars:
(i) its trade name and the location of its head office;
(ii) the amount of stated capital;
(iii) the title and name of the officer (including a representative person in the state where the business offices or offices for on-exchange transaction services are located (excluding the state where its head office is located) (hereinafter referred to as the "on-exchange transaction office"; such a representative is hereinafter referred to as the "representative in the state where the on-exchange transaction office is located" in paragraph (1), item (i), (j) of the following Article));
(iv) the following particulars concerning high-speed trading:
(a) if the person conducts high-speed trading as on-exchange transaction services, an indication of this; and
(b) beyond the case provided for in (a), if the person conducts high-speed trading, an indication of this;
(v) the name of the on-exchange transaction office and the state and place where it is located;
(vi) if the person engages in other business, the business type;
(vii) the trade name or name of the foreign financial instruments trading market operator of which the head office and the on-exchange transaction office are members (meaning the person that operates that foreign financial instruments market; hereinafter the same applies in paragraph (1), item (i), (d) and item (iii) of the following Article);
(viii) the location of its domestic offices and other facilities, if any;
(ix) the name and domestic address of the domestic representative;
(x) the trade name or name of the financial instruments exchange in which the applicant would become a trading participant; and
(xi) other particulars specified by Cabinet Office Order.
(2) The calculation of the amount of stated capital provided for in item (ii) of the

preceding paragraph is specified by Cabinet Order.

(3) The following documents must accompany the written application for permission referred to in paragraph (1):

(i) a document pledging that the applicant does not fall under the purview of paragraph (1), item (i), (a) through (h), or (j) of the following Article;

(ii) a document stating the things specified by Cabinet Office Order as constituting the business outline and business methods for on-exchange transaction services at the on-exchange transaction office;

(iii) the articles of incorporation and the certificate of registered information of the applicant for permission (including any document equivalent to these), and a document giving its business outline and stating its business methods;

(iv) the certificate of registered information in Japan of the applicant for permission;

(v) the balance sheets and profit and loss statements for each business year ending during the latest three years; and

(vi) other documents specified by Cabinet Office Order.

(Requirement to Refuse Permission for On-Exchange Transaction Services)

Article 60-3 (1) The Prime Minister must refuse permission if the application for permission referred to in the provisions of paragraph (1) of the preceding Article falls under any of the following items:

(i) the applicant for permission falls under any of the following:

(a) it is not a corporation of the same type as a company with board of directors;

(b) it has not obtained registration, etc. in the state where its head office is located or in any state in which its on-exchange transaction offices are located;

(c) it has not continuously conducted business that involves the same type of transactions as the on-exchange transaction in any of its on-exchange transaction offices, for at least the period specified by Cabinet Order (unless this falls under a case specified by Cabinet Order);

(d) none of its on-exchange transaction offices is the member of a foreign financial instruments trading market operator (limited one that has obtained the same kind of license as the license referred to in Article 80, paragraph (1), or a permission or other administrative disposition similar to this, in the relevant state; hereinafter the same applies in item (iii)) in a state where those on-exchange transaction offices are located;

(e) it is a corporation whose stated capital as provided for in paragraph (1), item (ii) of the preceding Article is less than the amount that is specified by Cabinet Order as being necessary and appropriate in the public interest or for the protection of investors;

(f) it is a corporation whose net assets are less than the amount prescribed in (e);

(g) it is a person who has had the registration referred to in Article 29 or Article 33-2 rescinded pursuant to the provisions of Article 52, paragraph (1) or 52-2, paragraph (1); has had the permission referred to in Article 60, paragraph (1) rescinded pursuant to the provisions of Article 60-8, paragraph (1); has had the permission under Article 60-14, paragraph (1) rescinded under the provisions of Article 60-8, paragraph (1) as applied mutatis mutandis pursuant to Article 60-14, paragraph (2); has had the registration referred to in Article 66 rescinded pursuant to the provisions of Article 66-20, paragraph (1); has had the registration referred to in Article 66-27 rescinded pursuant to the provisions of Article 66-42, paragraph (1); or has had the registration referred to in Article 66-50 rescinded pursuant to the provisions of Article 66-63, paragraph (1); or has had the registration referred to in Article 66-71 rescinded pursuant to the provisions of Article 66-85, paragraph (1); or has had the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations; the same applies in (g)) rescinded pursuant to the provisions of Article 38, paragraph (1) of that Act (excluding items (ii), (iii), and (v)); or a person who has had a registration of the same kind as the registration referred to in Article 29, Article 66, Article 66-27, Article 66-50, or Article 66-71, or the registration referred to in Article 12 of that Act obtained in the country where its head office or an on-exchange transaction office is located (including permission or any other administrative disposition similar to the registration) rescinded pursuant to a foreign law or regulation that is equivalent to this Act or theAct on the Provision of Financial Services and the Development of the Accessible Environment Thereto; for whom five years have not passed since the date of rescission;

(h) it is a person who has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of any of the Acts prescribed in Article 59-4, paragraph (1), item (ii) or for violating the provisions of a foreign law or regulation that is equivalent to any of those laws, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(i) its other business is found to be contrary to the public interest;

(j) it is a corporation whose officer, representative in the country where the on-exchange transaction office is located, or domestic representative falls under any of Article 29-4, paragraph (1), item (ii), (a) through (i); or

(k) it does not have the sufficient personnel structure to perform on-exchange transaction services in an appropriate manner;

(ii) the foreign regulatory authority for financial instruments provided for in Article 189, paragraph (1), in the state where the head office or any of the on-exchange transaction offices of the applicant for permission is located has not given the assurance prescribed in Article 189, paragraph (2), item (i);

(iii) the foreign financial instruments trading market operator of which the on-exchange transaction office of the applicant for permission is a member and the financial instruments exchange in which the applicant for permission would become a trading participant have not concluded any agreement concerning the provision of information, and no other measures are in place for the financial instruments exchange to exercise the authority accorded to it under this Act, an order issued based on this Act, or its articles of incorporation or other rules; or

(iv) the written application for permission or an accompanying document includes a false statement or lacks a statement of material fact.

(2) Before seeking to refuse the permission referred to in Article 60, paragraph (1), the Prime Minister must notify the applicant for permission and have the relevant officials conduct a hearing regarding the applicant for permission.

(3) Upon deciding to grant or not to grant the permission referred to in Article 60, paragraph (1), the Prime Minister must notify the applicant for permission of this in writing.

(Acting Representatives)

Article 60-4 (1) If there is a vacant position for the domestic representative of a foreign securities services provider that has obtained the permission referred to in Article 60, paragraph (1) (hereinafter referred to as an "authorized firm for on-exchange transactions"), and the Prime Minister finds it to be necessary, the Prime Minister may appoint a person to temporarily perform the duties of the domestic representative (referred to as the "acting representative" in the following paragraph). In such a case, the authorized firm for on-exchange transactions must register that person in connection with the domicile of the domestic representative from before the position of domestic representative became vacant.

(2) If the Prime Minister appoints an acting representative pursuant to the provisions of the preceding paragraph, the Prime Minister may order the authorized firm for on-exchange transactions to pay a reasonable amount of remuneration to the acting representative.

(Notification of a Change to Basic Particulars)

Article 60-5 (1) If any particular set forth in the items of Article 60-2, paragraph

(1) changes, the authorized firm for on-exchange transactions must notify the Prime Minister of this within two weeks from the day of the change.

(2) If the business outline or business methods for on-exchange transaction services which an authorized firm for on-exchange transactions has stated in a document set forth in Article 60-2, paragraph (3), item (ii) change, or in any other case specified by Cabinet Office Order, the authorized firm for on-exchange transactions must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet Office Order.

(Business Reports)

Article 60-6 The provisions of Article 46-2, Article 46-3, and Article 49-3 apply mutatis mutandis to the on-exchange transaction services of an authorized firm for on-exchange transactions. In this case, in Article 46-3, paragraph (1), the phrase "within three months" is deemed to be replaced with "within the period specified by Cabinet Order".

(Validity of Permission If an Authorized Firm for On-Exchange Transactions Is Dissolved)

Article 60-7 If an authorized firm for on-exchange transactions is dissolved, or if on-exchange transaction services are discontinued, the permission under Article 60, paragraph (1) ceases to be effective. In such a case, the domestic representative or the former domestic representative must notify the Prime Minister of this within 30 days from the day in question.

(Supervisory Measures for Authorized Firms for On-Exchange Transactions)

Article 60-8 (1) If an authorized firm for on-exchange transactions falls under any of the following items, the Prime Minister may rescind the Article 60, paragraph (1) permission of the authorized firm for on-exchange transactions, order the suspension of all or a part of on-exchange transaction services during a fixed period of no longer than six months, order a change of business methods for on-exchange transaction services, or issue orders with respect to matters that are otherwise necessary from a supervisory perspective:

(i) it comes to fall under Article 60-3, paragraph (1), item (i) (excluding (c) and (j)), or item (ii) or (iii);

(ii) it obtains the permission referred to in Article 60, paragraph (1) by wrongful means;

(iii) it violates a law or regulation (including a foreign law or regulation) or a disposition by a government agency which is based on a law or regulation, in connection with its on-exchange transaction services or any services incidental to them (excluding if it violates the provisions of Article 46-6, paragraph (2));

(iv) in light of the state of its business or assets, it is likely to become insolvent; or

(v) it violates the conditions attached to the permission referred to in Article 60, paragraph (1).

(2) If the domestic representative of an authorized firm for on-exchange transactions (if the authorized firm for on-exchange transactions has a domestic office or other facilities, this includes any officer stationed there) comes to fall under any of the categories set forth in Article 29-4, paragraph (1), item (ii), (a) through(i), or engages in conduct that falls under item (iii) or (v) of the preceding paragraph, the Prime Minister may order the authorized firm for on-exchange transactions to dismiss or remove that domestic representative.

(3) If the Prime Minister rescinds the permission referred to in Article 60, paragraph (1) pursuant to the provisions of paragraph (1), or orders the suspension of all or a part of services, the Prime Minister must give public notice of this pursuant to the provisions of Cabinet Office Order.

(4) If the Prime Minister decides to issue a disposition pursuant to the provisions of paragraph (1) or (2), the Prime Minister must notify the authorized firm for on-exchange transactions of this in writing.

(5) Irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to issue a disposition pursuant to the provisions of paragraph (1) or (2), the Prime Minister must conduct a hearing.

(Rescission of Permission If On-Exchange Transaction Services Are Suspended)

Article 60-9 (1) If, without legitimate grounds for doing so, an authorized firm for on-exchange transactions does not commence business within three months of the day on which it is permitted to begin engaging in on-exchange transaction services, or suspends business for three months or more continually, the Prime Minister may rescind the Article 60, paragraph (1) permission of that authorized firm for on-exchange transactions.

(2) If the Prime Minister decides to issue a disposition based on the provisions of the preceding paragraph, the Prime Minister must notify the authorized firm for on-exchange transactions of this in writing.

(Completion of Remaining Business)

Article 60-10 If an authorized firm for on-exchange transactions is dissolved or on-exchange transaction services are discontinued, the authorized firm for on-exchange transactions is deemed to still have Article 60, paragraph (1) permission, inasmuch as the task of completing on-exchange transactions is concerned.

(Collection of Reports and Inspections)

Article 60-11 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order an authorized firm for on-exchange transactions, a person that conducts transactions with an authorized firm for on-exchange transactions, or the person that an authorized firm for on-exchange transactions has entrusted with its business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this Article), to submit reports or materials that should serve as a reference with regard to the on-exchange transaction services or assets of that authorized firm for on-exchange transactions, and may have the relevant officials inspect the state of on-exchange transaction services provided by an authorized firm for on-exchange transactions, the state of its assets, or its books, documents, and any other articles (but may only have the relevant officials inspect the person that an authorized firm for on-exchange transactions has entrusted with its business as is necessary in connection with the state of the business or assets of the authorized firm for on-exchange transactions).

(The Court's Request for an Investigation)

Article 60-12 (1) In liquidation proceedings, bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or recognition and assistance proceedings in Japan for an authorized firm for on-exchange transactions (including one that is deemed to have been granted the permission referred to in Article 60, paragraph (1), as prescribed in Article 60-10), the court may request the opinion of, or an inspection or investigation by, the Prime Minister.

(2) If the Prime Minister finds it to be necessary, the Prime Minister may state an opinion to the court during the proceedings prescribed in the preceding paragraph.

(3) The provisions of the preceding Article apply mutatis mutandis if the Prime Minister receives an inspection or investigation request from the court pursuant to the provisions of paragraph (1).

(Regulation of On-Exchange Transaction Services)

Article 60-13 The provisions of Article 35-3 apply mutatis mutandis to on-exchange transaction services related to high-speed trading conducted by an authorized firm for on-exchange transactions, and the provisions of -3; Article 38 (limited to the part that involves items (viii) and (ix)); and Article 40 (limited to the part that involves item (ii)) apply mutatis mutandis to the on-

exchange transaction services of an authorized firm for on-exchange transactions.

Subsection 4 Permission for the Business of Conducting Electronic Over-the-Counter Derivatives Transactions

Article 60-14 (1) A person that is governed by the laws and regulations of a foreign country and conducts over-the-counter derivatives transactions, etc. on a regular basis in a foreign country, that falls under neither financial instruments business operator nor financial institution (meaning a bank, cooperative financial institution or other financial institutions specified by Cabinet Order) may, in cases where the person conducts the relevant acts to a person engaged in securities-related business as the counterparty or any other cases similar thereto specified by Cabinet Order, notwithstanding the provisions of Article 29 and Article 58-2, with the permission of the Prime Minister, engage in specified over-the-counter derivatives transactions, or their intermediation, brokerage (excluding brokerage for clearing of securities, etc.) or agency on a regular basis, using the electronic data processing system used by it for its business of over-the-counter derivatives transactions, etc. (referred to as "business of conducting electronic over-the-counter derivatives transactions, etc." in the following paragraph).

(2) The provisions of Article 60, paragraphs (2) through (4), Article 60-2 (excluding paragraph (1), items (iv), (vii) and (x)) and Article 60-3 (excluding paragraph (1), item (i), (d) and item (iii)) apply mutatis mutandis to the permission prescribed in the preceding paragraph and the provisions of Article 40-7, paragraph (2) and Article 60-4 to the preceding Article apply mutatis mutandis to business of conducting electronic over-the-counter derivatives transactions, etc. conducted by a person that has obtained the permission prescribed in the preceding paragraph (hereinafter referred to as a "business operator authorized to conduct electronic over-the-counter derivatives transactions, etc."). In this case, the phrase "a person that used the electronic data processing system pursuant to the provisions of the preceding paragraph, with regard to the specified over-the-counter derivatives transactions conducted using the relevant electronic data processing system" in Article 40-7, paragraph (2) is deemed to be replaced with a "business operator authorized to conduct electronic over-the-counter derivatives transactions, etc. prescribed in Article 60-14, paragraph (2) is, with regard to the specified over-the-counter derivatives transactions conducted using the electronic data processing system used for its business of over-the-counter derivatives transactions"; and any other necessary technical replacement of terms is specified by Cabinet Order.

Subsection 5 Persons Engaging in Investment Advisory Business or Investment Management Business in a Foreign Country

Article 61 (1) Notwithstanding the provisions of Article 29, a corporation incorporated based on foreign laws and regulations or an individual domiciled in a foreign country and engaged in investment advisory business in a foreign country (other than one that obtained the registration referred to in Article 29), may engage in investment advisory business with a financial instruments business operator that is engaged in investment management business or a person specified by Cabinet Order as the counterparty.

(2) Notwithstanding the provisions of Article 29, a corporation incorporated based on foreign laws and regulations and engaged in investment management business in a foreign country (limited to the business of performing the act set forth in Article 2, paragraph (8), item (xii) based on a discretionary investment contract; hereinafter the same applies in this paragraph) (excluding persons with Article 29 registration other than for investment advisory and agency business among the categories of businesses prescribed in Article 29-2, paragraph (1), item (v)) may engage in investment management business, but only with a financial instruments business operator that is engaged in investment management business or a person specified by Cabinet Order as the counterparty.

(3) Notwithstanding the provisions of Article 29, a corporation incorporated based on foreign laws and regulations and engaged in investment management business in a foreign country (limited to the business of performing the act set forth in Article 2, paragraph (8), item (xv)) (excluding persons with Article 29 registration other than for investment advisory and agency business among the categories of businesses prescribed in Article 29-2, paragraph (1), item (v)) may engage in investment management business (limited to the business specified in Article 2, paragraph (8), item (xv)), but only with a financial instruments business operator that is engaged in investment management business or a person specified by Cabinet Order as the counterparty. In such a case, the provisions of Article 63, paragraph (2) and Article 63-3, paragraphs (1) and (3) do not apply.

(4) The provisions of Section 2, Subsections 1 and 3 of this Chapter do not apply to cases where a person that is subject to the provisions of the preceding two paragraphs and has obtained registration under Article 29 only for investment advisory and agency business among the categories of businesses prescribed in Article 29-2, paragraph (1), item (v) engages in a business that the person is allowed to engage in under the provisions of the preceding two paragraphs.

Subsection 6 Establishment of Facilities for Collecting Information

Article 62 (1) Before seeking to establish a representative office or any other facility in Japan for the purpose of collecting or providing information on the securities market and the market of financial indexes of securities, or to conduct other services related to financial instruments business, etc. which are specified by Cabinet Office Order (including before seeking to conduct the relevant business in a facility established for other purposes), a foreign securities services provider (including a person specified by Cabinet Office Order whose business is closely related to securities services; hereinafter the same applies in this Article) or a person that engages in investment advisory business or investment management business in a foreign country (excluding persons with Article 29 or Article 33-2 registration; hereinafter the same applies in this Article) must notify the Prime Minister of its business outline and the location of that facility, and of any other matters specified by Cabinet Office Order.

(2) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a foreign securities services provider or a person that conducts investment advisory business or investment management business in a foreign country to submit reports or materials concerning the business set forth in the preceding paragraph.

(3) If a foreign securities services provider or a person that conducts investment advisory business or investment management business in a foreign country discontinues the facility or the services referred to in paragraph (1), or if it changes a matter of which it has provided notification pursuant to the provisions of that paragraph, it must notify the Prime Minister of this without delay.

Section 6 Special Provisions on Specially Permitted Services for Qualified Institutional Investors

(Specially Permitted Services for Qualified Institutional Investors)

Article 63 (1) The provisions of Articles 29 and 33-2 do not apply to the acts set forth in the following items:

(i) the private placement of rights set forth in Article 2, paragraph (2), item (v) or (vi) with qualified institutional investors, etc. (meaning persons that are not qualified institutional investors but that are specified by Cabinet Order (but only if they are they are no greater in number than the number specified by Cabinet Order) and qualified institutional investors; hereinafter the same applies in this Article) that do not fall under any of the following categories, as the counterparties (limited to private placements specified by Cabinet

Order as having little likelihood of allowing persons that are not qualified institutional investors, etc. (that is, qualified institutional investors, etc. that do not fall under any of the following categories) to acquire the relevant rights and excluding those specified by Cabinet Office Order as being likely to compromise the protection of investors):

(a) a special purpose company (meaning a special purpose company as provided in Article 2, paragraph (3) of the Act on Securitization of Assets) that issues asset backed securities (meaning asset backed securities as provided in Article 2, paragraph (11) of that Act) which have been acquired by persons other than qualified institutional investors;

(b) the proprietor of a business or a person seeking to become the proprietor of a business in a silent partnership agreement (meaning a silent partnership agreement as provided in Article 535 of the Commercial Code) that concerns the investment business for the rights specified in Article 2, paragraph (2), item (v) or (vi) and that has a person other than a qualified institutional investor as a silent partner; and

(c) a person that is specified by Cabinet Office Order as being equivalent to a person set forth in (a) or (b);

(ii) the act set forth in Article 2, paragraph (8), item (xv), of investing money (including anything specified by Cabinet Order as being similar to money) that has been invested or contributed by a qualified institutional investor, etc. that holds a right set forth in Article 2, paragraph (2), item (v) or (vi) (limited to rights in a business subject to investment (meaning a business subject to investment as provided in Article 2, paragraph (2), item (v)) in which qualified institutional investors, etc. are the only holders of those rights (limited to qualified institutional investors, etc. that do not fall under any of the categories in (a) through (c) of the preceding item)) (excluding those specified by Cabinet Office Order as being likely to compromise the protection of investors).

(2) A person that will engage in specially permitted services for qualified institutional investors, etc. (meaning performing any of the acts set forth in the items of the preceding paragraph on a regular basis; the same applies hereinafter) (excluding financial instruments business operators, etc.) must notify the Prime Minister of the following particulars in advance, pursuant to the provisions of Cabinet Office Order:

(i) the person's trade name or name;

(ii) the amount of stated capital or total amount of contributions, if it is a corporation;

(iii) the names of its officers, if it is a corporation;

(iv) if the person has an employee that is specified by Cabinet Order, the name of that employee;

(v) the type of business (meaning type of business related to the acts set forth in the items of the preceding paragraph);
(vi) the name and location of the person's principal business office or principal office;
(vii) the name and location of the business office or office for conducting specially permitted services for qualified institutional investors, etc.;
(viii) if the person engages in other business, the type of business; and
(ix) other particulars specified by Cabinet Office Order.

(3) The following documents must accompany the notification under the preceding paragraph:
(i) if the person is a corporation, a document pledging that the person does not fall under any of paragraph (7), item (i), (a) through (d), the articles of incorporation (including anything equivalent thereto), and the corporation's certificate of registered information (including anything equivalent thereto);
(ii) if the person is an individual, a document pledging that the person does not fall under any of paragraph (7), item (ii), (a) through (d); and
(iii) other documents specified by Cabinet Office Order.

(4) In attaching the documents set forth in item (i) of the preceding paragraph to a notification, if the articles of incorporation have been prepared as electronic or magnetic records, the electronic or magnetic records (limited to those specified by Cabinet Office Order) may accompany the notification in lieu of the written documents.

(5) The Prime Minister must make available for public inspection the particulars which are set forth in the items of paragraph (2) related to a notifier of specially permitted services (meaning a person that has made a notification under paragraph (2) and excluding a person that has made a notification under paragraph (3) of the following Article to the effect that the person falls under item (ii) of that paragraph; the same applies hereinafter) and which are specified by Cabinet Office Order.

(6) A notifier of specially permitted services that has made a notification under paragraph (2) or (8) must, without delay, prepare a document stating the particulars which are set forth in the items of paragraph (2) related to the notifier of specially permitted services and which are specified by Cabinet Office Order, and keep it at its principal business office or office and all of its business offices or offices for specially permitted services for qualified institutional investors, etc. and make it available for public inspection, or disclose it using the internet or through other means pursuant to the provisions of Cabinet Office Order.

(7) A person that falls under any of the following items (excluding a financial instruments business operator, etc.) must not engage in specially permitted services for qualified institutional investors, etc.:

(i) if the person is a corporation, a person that falls under any of the following:
(a) a person that falls under any of Article 29-4, paragraph (1), item (i), (a) through (c);
(b) a person that falls under Article 29-4, paragraph (1), item (ii);
(c) a person that has an officer or an employee as specified by Cabinet Order that is an organized crime group member as defined in Article 2, item (vi) of the Act on Prevention of Unjust Acts by of Organized Crime Group MembersMembers or a person for whom five years have not passed since the day on which they ceased to bean organized crime group member as defined in that item (referred to as an " organized crime group member, etc." in (c) of the following item);
(d) a foreign corporation that has not designated a domestic representative; or
(e) a foreign corporation that has not been given the assurance referred to in Article 189, paragraph (2), item (i) by the foreign regulatory authority for financial instruments defined in paragraph (1) of that Article in a foreign country where its principal business office or office or its business office or office for specially permitted services for qualified institutional investors, etc. is located;
(ii) if the person is an individual, a person that falls under any of the following:
(a) a person that falls under any of Article 29-4, paragraph (1), item (i), (a) through c);
(b) a person that falls under Article 29-4, paragraph (1), item (iii), (b);
(c) an organized crime group member, etc. or a person that has an employee as specified by Cabinet Order that is an organized crime group member, etc.;
(d) an individual domiciled in a foreign country that has not designated a domestic agent; or
(e) an individual domiciled in a foreign country that has not been given the assurance referred to in Article 189, paragraph (2), item (i) by the foreign regulatory authority for financial instruments defined in paragraph (1) of that Article in a foreign country where the individual's principal business office or office or the individual's business office or office for specially permitted services for qualified institutional investors, etc. is located.

(8) If any particular set forth in the items of paragraph (2) changes, a notifier of specially permitted services must notify the Prime Minister of this without delay.

(9) If a notifier of specially permitted services engages in specially permitted services for qualified institutional investors, etc. which are specified by Cabinet Order as those for which it is particularly necessary to ensure the protection of investors, the notifier of specially permitted services must

stipulate, in a contract concerning the rights set forth in Article 2, paragraph (2), item (v) or (vi) related to the specially permitted services for qualified institutional investors, etc., the particulars specified by Cabinet Office Order as those necessary for ensuring appropriateness in specially permitted services for qualified institutional investors, etc., and after making a notification under paragraph (2) or a notification under the preceding paragraph (limited to a notification related to a change to any of the particulars set forth in the items of paragraph (2) which are specified by Cabinet Office Order), submit a copy of that contract to the Prime Minister pursuant to the provisions of Cabinet Office Order.

(10) If any particular specified by Cabinet Office Order as prescribed in the preceding paragraph with regard to a contract changes, the notifier of specially permitted services that has submitted a copy of the contract pursuant to the provisions of that paragraph must submit a copy of the contract concerning the change to the Prime Minister pursuant to the provisions of Cabinet Office Order without delay.

(11) If a notifier of specially permitted services engages in a specially permitted service for qualified institutional investors, etc., the notifier of specially permitted services is deemed to be a financial instruments business operator and Section 1, Subsection 5, -3, Article 37, Article 37-3, Article 37-4, Articles 38 (limited to the part that involves items (i), (ii), and (ix)), Article 39 (excluding paragraphs (4) and (6)), Article 40, Article 40-3, Article 40-3-2, Article 42, Article 42-2, Article 42-4, Article 42-7, Article 43-6, and Article 45, and the provisions of Chapters VIII and VIII-2 in connection with these Articles apply.

(12) If a business activity connected with an act set forth in paragraph (1), item (ii) which a notifier of specially permitted services has commenced as specially permitted services for qualified institutional investors, etc. comes to no longer come under the purview of specially permitted services for qualified institutional investors, etc. (but only if a person that is not a qualified institutional investor, etc. (that is, a qualified institutional Investor, etc. that does not fall under any of the categories in paragraph (1), item (i), (a) through (c)) comes to hold the right prescribed in paragraph (1), item (ii); the same applies in the following paragraph), the Prime Minister may order the notifier of specially permitted services to take the necessary measures within a fixed period of no longer than three months.

(13) If a business activity connected with an act set forth in paragraph (1), item (ii) which a notifier of specially permitted services has commenced as specially permitted services for qualified institutional investors, etc. comes to no longer come under the purview of specially permitted services for qualified institutional investors, etc., the notifier of specially permitted services must

notify the Prime Minister of this without delay.

(Succession to the Position of a Notifier of Specially Permitted Services)

Article 63-2 (1) If a notifier of specially permitted services transfers the whole of its business linked with specially permitted services for qualified institutional investors, etc., or is subject to a merger, company split (limited to one in which the whole of business is succeeded to), or inheritance, the person that acquires the whole of business, the corporation surviving the merger, the corporation incorporated in the merger, or the corporation or heir that succeeds to the whole of business in the company split (or, if there are two or more heirs and they reach an agreement in which they decide which of the heirs is to succeed to business, that person) succeeds to the position of a notifier of specially permitted services, unless that person is a financial instruments business operator, etc.

(2) A person that succeeds to the position of a notifier of specially permitted services pursuant to the provisions of the preceding paragraph must notify the Prime Minister of this without delay.

(3) If a notifier of specially permitted services comes to fall under any of the following items, it must notify the Prime Minister of this without delay:

(i) it suspends or resumes specially permitted services for qualified institutional investors, etc.;

(ii) it discontinues specially permitted services for qualified institutional investors, etc.; or

(iii) it falls under any other case specified by Cabinet Office Order.

(4) If a notifier of specially permitted services is a corporation, and that corporation is dissolved for reasons other than a merger, the liquidator (or, if the dissolution is due to an order to commence bankruptcy proceedings, the bankruptcy trustee) must notify the Prime Minister of this without delay.

(When a Financial Instruments Business Operator Engages in Specially Permitted Services for Qualified Institutional Investors)

Article 63-3 (1) Before a financial instruments business operator, etc. engages in specially permitted services for qualified institutional investors, etc. (excluding one that has Article 29 or Article 33-2 registration for performing an act set forth in the items of Article 63, paragraph (1) on a regular basis), it must notify the Prime Minister of this, the particulars set forth in Article 63, paragraph (2), items (v) and (vii), and any other matters specified by Cabinet Office Order, pursuant to the provisions of Cabinet Office Order.

(2) The provisions of Article 63, paragraphs (5), (6), (8) through (10), (12), and (13), paragraph (3) of the preceding Article, and the following Article to Article 63-6 apply mutatis mutandis to a financial instruments business operator, etc.

that makes a notification under the provisions of the preceding paragraph. In this case, in these provisions, the term "notifier of specially permitted services" is deemed to be replaced with "financial instruments business operator, etc." the term "under paragraph (2)" is deemed to be replaced with "under Article 63-3, paragraph (1)", the term "paragraph (2) or (8)" in paragraph (6) of that Article is deemed to be replaced with "Article 63-3, paragraph (1) or paragraph (8) as applied mutatis mutandis pursuant to paragraph (2) of that Article", the term " any particular set forth in the items of paragraph (2)" in paragraph (8) of that Article is deemed to be replaced with "a particular set forth in paragraph (2), item (v) or (vii) or other particulars specified by Cabinet Office Order", and the term "under paragraph (2)" in paragraph (9) of that Article is deemed to be replaced with "under Article 63-3, paragraph (1)", respectively, and any other necessary technical replacement of terms is specified by Cabinet Order.

(3) If a financial instruments business operator, etc. engages in the business set forth in any of the following items, the provisions prescribed in the relevant item do not apply:

(i) the business of performing the act set forth in Article 63, paragraph (1), item (i): the provisions of Section 2, Subsection 1 (excluding -3, 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, Article 40-3, and Article 40-3-2); and

(ii) the business of performing the act set forth in Article 63, paragraph (1), item (ii): the provisions of Section 2, Subsection 1 (excluding -3, 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)), and Article 40), and Subsection 3 (excluding Article 42, Article 42-2, Article 42-4, and Article 42-7).

(Business Books and Documents)

Article 63-4 (1) A notifier of specially permitted services must prepare and archive books and documents for its services pursuant to the provisions of Cabinet Office Order.

(2) Each business year, pursuant to the provisions of Cabinet Office Order, a notifier of specially permitted services must prepare a business report and submit it to the Prime Minister within three months after the end of the business year (if the notifier of specially permitted services is a foreign corporation or an individual domiciled in a foreign country, the period specified by Cabinet Order).

(3) Each business year, pursuant to the provisions of Cabinet Office Order, a notifier of specially permitted services must prepare explanatory documents

stating those of the particulars stated in the business report referred to in the preceding paragraph which are specified by Cabinet Office Order as particulars that are found to be necessary in terms of investor protection, and must keep them at its principal business office or office and all of its business offices or offices for specially permitted services for qualified institutional investors, etc. and make them available for public inspection, or disclose them using the internet or through other means pursuant to the provisions of Cabinet Office Order, during the one-year period beginning from the day on which the period specified by Cabinet Order elapses following the end of each business year.

(Supervisory Measures for Notifiers of Specially Permitted Services)

Article 63-5 (1) If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors as concerns business operations of a notifier of specially permitted services, the Prime Minister may, to the extent necessary, order the notifier of specially permitted services to take measures that are necessary for improving its business operations.

(2) If a notifier of specially permitted services violates a law or regulation or a disposition made by a government agency which is based on a law or regulation, in connection with specially permitted services for qualified institutional investors, etc., the Prime Minister may order the notifier of specially permitted services to suspend all or a part of the services during a fixed period of no longer than six months.

(3) If a notifier of specially permitted services violates a law or regulation or a disposition made by a government agency which is based on a law or regulation, in connection with specially permitted services for qualified institutional investors, etc., and the purpose of supervision cannot be achieved by any other method, the Prime Minister may order the notifier of specially permitted services to discontinue the services.

(4) Irrespective of the category of proceeding for hearing statements of opinions under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to issue a disposition under the provisions of the preceding three paragraphs, the Prime Minister must conduct a hearing.

(5) If the Prime Minister decides to issue a disposition under the provisions of paragraphs (1) trough (3), the Prime Minister must notify the notifier of specially permitted services of this in writing.

(6) If the Prime Minister orders the suspension of all or a part of specially permitted services for qualified institutional investors, etc. pursuant to paragraph (2) or discontinuation of specially permitted services for qualified institutional investors, etc. pursuant to paragraph (3), the Prime Minister must issue public notice of this pursuant to the provisions of Cabinet Office Order.

(Collection of Reports and Inspections)

Article 63-6 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a notifier of specially permitted services, a person that conducts transactions with a notifier of specially permitted services, or the person that a notifier of specially permitted services has entrusted with its business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this Article) to submit reports or materials that should serve as a reference with regard to the business of the notifier of specially permitted services, or may have the relevant officials enter the business office, office, or any other facilities of the notifier of specially permitted services or of the person that a notifier of specially permitted services has entrusted with its business to ask questions (for a person that the notifier of specially permitted services has entrusted with business, limited to questions that are necessary in connection with the business of the notifier of specially permitted services) about the state of their business or to inspect their books, documents, and any other articles (for a person that the notifier of specially permitted services has entrusted with business, limited to inspection that is necessary in connection with the business of the notifier of specially permitted services).

(Delegation to Cabinet Order)

Article 63-7 Beyond what is provided for in this Section, procedures for notification in connection with specially permitted services for qualified institutional investors, etc. and necessary particulars otherwise relevant to the application of the provisions of this Section are specified by Cabinet Order.

Section 6-2 Special Provisions on Specially Permitted Services for Foreign Investors

(Specially Permitted Services for Foreign Investors)

Article 63-8 (1) The term "specially permitted services for foreign investors, etc." as used in this Section means performing any of the following acts on a regular basis:

(i) the act set forth in Article 2, paragraph (8), item (xv), of investing money (including anything specified by Cabinet Order as being similar to money; the same applies in this item and paragraph (9) of the following Article) that has been invested or contributed by a foreign investor, etc. that holds the right set forth in Article 2, paragraph (2), item (v) or (vi) (limited to right in

the same business subject to investment (meaning a business subject to investment provided for in item (v) of that Article) in which foreign investors, etc. are the only holders of those rights (limited to foreign investors, etc. that do not fall under any of the following cases)) (limited to cases in which the invested or contributed money is money that has been mainly invested or contributed by non-residents (meaning the non-residents prescribed in Article 6, paragraph (1), item (vi) of the Foreign Exchange and Foreign Trade Act; the same applies in paragraph (9) of the following Article), and excluding the acts specified by Cabinet Order as being likely to compromise the protection of investors):

(a) a special purpose company (meaning a special purpose company as defined in Article 2, paragraph (3) of the Act on Securitization of Assets) that issues asset backed securities (meaning asset backed securities as defined in paragraph (11) of that Article) which have been acquired by persons other than foreign investors, etc.;

(b) the business operator or a person seeking to become a business operator in a silent partnership agreement (meaning a silent partnership agreement prescribed in Article 535 of the Commercial Code) that concerns the rights set forth in Article 2, paragraph (2), item (v) or (vi) and that has a person other than a foreign investor, etc. as a silent partner; and

(c) a person that is specified by Cabinet Office Order as being equivalent to a person set forth in (a) or (b); and

(ii) the public offering or private placement related to rights set forth in Article 2, paragraph (2), item (v) or (vi) made to foreign investors, etc. that do not fall under any of (a) through (c) of the preceding item in connection with the person's act set forth in that item (limited to public offering or private placement specified by Cabinet Order as having little likelihood of persons that are not foreign investors, etc. acquire the relevant rights and excluding those specified by Cabinet Office Order as being likely to compromise the protection of investors).

(2) The term "foreign investor, etc." as used in the preceding paragraph means one of the following persons:

(i) a foreign corporation or an individual domiciled in a foreign country satisfies the requirements specified by Cabinet Office Order in light of their knowledge and experience and the state of their assets;

(ii) a qualified institutional investor (including persons specified by Cabinet Office Order as being equivalent to them, and excluding the persons set forth in the preceding item); and

(iii) in addition to the persons set forth in the preceding two items, a person specified by Cabinet Order as being closely related to the person that performs each of the acts set forth in the items of the preceding paragraph.

(Notification of Specially Permitted Services for Foreign Investors)

Article 63-9 (1) Notwithstanding the provisions of Article 29, a person other than a financial instruments business operator and a financial institution prescribed in Article 33, paragraph (1) may engage in specially permitted services for foreign investors, etc. by notifying the Prime Minister of the following particulars pursuant to the provisions of Cabinet Office Order in advance; provided, however, that this does not apply if the person comes to fall under paragraph (3), item (ii) of the following Article:

(i) the person's trade name or name;

(ii) if the person is a corporation, the amount of stated capital or total amount of contributions;

(iii) if the person is a corporation, the names of its officers;

(iv) if the person has an employee specified by Cabinet Order, the name of that employee;

(v) the type of business (meaning the type of business related to the acts set forth in the items of paragraph (1) of the preceding Article);

(vi) the name and location of the person's principal business office or office (if it is a foreign corporation, including the principal business office or office in Japan);

(vii) the name and location of the business office or office for conducting specially permitted services for foreign investors, etc.;

(viii) if the person entrusts the investment management-related service, an indication of this, and the trade name or name of the entrusted party, the details of the investment management-related service entrusted to the entrusted party, and other particulars specified by Cabinet Office Order;

(ix) if the person engages in other business, the type of that business; and

(x) other particulars specified by Cabinet Office Order.

(2) The following documents must be attached to the notification under the provisions of the preceding paragraph:

(i) if the person is a corporation, a document pledging that the person does not fall under paragraph (6), item (i) or (ii) (excluding (d)), the articles of incorporation (including anything equivalent to this), and the corporation's certificate of registered information (including equivalent to this);

(ii) if the person is an individual, a document pledging that the person does not fall under paragraph (6), item (i) or (iii); and

(iii) other documents specified by Cabinet Office Order.

(3) In attaching the documents set forth in item (i) of the preceding paragraph to a notification, if the articles of incorporation have been prepared as electronic or magnetic records, electronic or magnetic records (limited to those specified by Cabinet Office Order) may be attached to the notification in lieu of written

documents.

(4) The Prime Minister must make available for public inspection the particulars that are set forth in the items of paragraph (1) related to a notifier of specially permitted services for foreign investors, etc. (meaning a person that has made a notification under the provisions of paragraph (1) and excluding a person that has made a notification under the provisions of paragraph (3) of the following Article to the effect that they fall under item (ii) of that paragraph; the same applies hereinafter) which are specified by Cabinet Office Order.

(5) A notifier of specially permitted services for foreign investors, etc. that has made a notification under the provisions of paragraph (1) or (7) must, without delay, prepare a document stating the particulars that are set forth in the items of paragraph (1) related to the notifier of specially permitted services for foreign investors, etc. which are specified by Cabinet Office Order, and keep the notification at the principal business office or office and all of the business offices or offices for conducting specially permitted services for foreign investors, etc. and make it available for public inspection, or publicize it using the internet or through other means, pursuant to the provisions of Cabinet Office Order.

(6) Notwithstanding the provisions of paragraph (1), a person that falls under any of the following items (excluding a financial instruments business operator, etc.) must not conduct specially permitted services for foreign investors, etc. (excluding the services conducted by a notifier of specially permitted services as specially permitted services for qualified institutional investors, etc.):

(i) a person that falls under any of the following persons:

(a) a person that falls under any of Article 29-4, paragraph (1), item (i), (a) through (c);

(b) a person that falls under any of the following persons:

1. a person that is likely to cause a loss of credibility of the specially permitted services for foreign investors, etc. in light of the person's relationship with the organized crime group as defined in Article 2, item (ii) of the Act on Prevention of Unjust Acts by Organized Crime Group Members or relationship with the organized crime group member as defined in item (vi) of that Article, or other circumstances; or

2. any other person that falls under the criteria specified by Cabinet Office Order as a person that does not have personnel structure sufficient to conduct specially permitted services for foreign investors, etc. in an appropriate manner; or

(c) a person specified by Cabinet Office Order as a person that is found not to have in place the necessary system for performing specially permitted

services for foreign investors, etc. in an appropriate manner;

(ii) if the person is a corporation, a person that falls under any of the following persons:

(a) a person that falls under Article 29-4, paragraph (1), item (ii);

(b) a person that does not have a business office or office in Japan;

(c) a foreign corporation that has not designated a domestic representative;

(d) a foreign corporation that has not been given the assurance referred to in Article 189, paragraph (2), item (i) by the foreign regulatory authority for financial instruments prescribed in paragraph (1) of that Article in a foreign country where its principal business office or office, or its business office or office for conducting specially permitted services for foreign investors, etc. is located;

(e) a corporation that has a person falling under Article 29-4, paragraph (1), item (v), (d) 1. or 2. among its major shareholders that are individuals (meaning the major shareholders prescribed in paragraph (2) of that Article; if the corporation is a subsidiary company (meaning the subsidiary company prescribed in paragraph (4) of that Article) of a holding company, including the major shareholders of the holding company; the same applies in (f));

(f) a corporation that has a person falling under any of Article 29-4, paragraph (1), item (v), (e) 1. through 3. among its major shareholders that are corporations; or

(g) a person that is found to fail to secure an officer or an employee who has sufficient knowledge and experience necessary for the execution of each of the specially permitted services for foreign investors, etc. that is subject to the notification; provided, however, that with regard to the investment management-related service that is entrusted by the person making the notification to an investment management-related service entrusted business operator (limited to one that has obtained the registration set forth in Article 66-71 or the registration of change set forth in Article 66-75, paragraph (4) for conducting the investment management-related service), it is sufficient to secure an officer or an employee who has the ability to supervise the service appropriately;

(iii) if the person is an individual, a person that falls under any of the following persons:

(a) a person that falls under Article 29-4, paragraph (1), item (iii), (b);

(b) an individual domiciled in a foreign country; or

(c) a person that is found to lack sufficient knowledge and experience necessary for the execution of each of the specially permitted services for foreign investors, etc. that is subject to the notification; provided, however, that with regard to the investment management-related service that is

entrusted by the person making the notification to an investment management-related service entrusted business operator (limited to one that has obtained the registration set forth in Article 66-71 or the registration of change set forth in Article 66-75, paragraph (4) for conducting the investment management-related service), it is sufficient if the person has the ability to supervise the service appropriately.

(7) If a particular set forth in one of the items of paragraph (1) changes, a notifier of specially permitted services for foreign investors, etc. must notify the Prime Minister of this without delay.

(8) If a notifier of specially permitted services for foreign investors, etc. conducts specially permitted services for foreign investors, etc., the notifier of specially permitted services for foreign investors, etc. is deemed to be a financial instruments business operator and the provisions of Section 1, Subsection 5, Article 35-3, -3, 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, Article 40-3, Article 40-3-2, Article 42, Article 42-2, Article 42-4, Article 42-7, Article 43-6, and Article 45, and the provisions of Chapters VIII and VIII-2 related to these provisions apply.

(9) If the right set forth in Article 2, paragraph (2), item (v) or (vi) connected with an act set forth in paragraph (1), item (i) of the preceding Article which a notifier of specially permitted services for foreign investors, etc. has commenced as specially permitted services for foreign investors, etc. no longer falls under the right prescribed in paragraph (1), item (i) of the preceding Article, or the money invested or contributed by foreign investors, etc. (meaning the foreign investors, etc. prescribed in paragraph (2) of the preceding Article) that hold that right no longer falls under the money that has been mainly invested or contributed by non-residents, the Prime Minister may order the notifier of specially permitted services for foreign investors, etc. to take the necessary measures during a fixed period of no longer than three months.

(10) If the situation falls under the preceding paragraph, a notifier of specially permitted services for foreign investors, etc. must notify the Prime Minister of this without delay.

(11) Specially permitted services for foreign investors, etc. that are conducted by a notifier of specially permitted services for foreign investors, etc. are deemed not to fall under specially permitted services for qualified institutional investors, etc.

(Succession to the Position of a Notifier of Specially Permitted Services for Foreign Investors)

Article 63-10 (1) If a notifier of specially permitted services for foreign investors,

etc. transfers all of its business linked with specially permitted services for foreign investors, etc., or becomes subject to a merger, company split (limited to one in which all of the business is succeeded to), or inheritance, the person that acquires all of the business, the corporation that survives the merger, the corporation that is incorporated in the merger, or the corporation or heir that succeeds to all of the business in the company split (or, if there are two or more heirs and they have decided which of the heirs is to succeed to business through an agreement, that person) succeeds to the position of a notifier of specially permitted services for foreign investors, etc., unless that person is a financial instruments business operator or a financial institution prescribed in Article 33, paragraph (1).

(2) A person that succeeds to the position of a notifier of specially permitted services for foreign investors, etc. pursuant to the provisions of the preceding paragraph must notify the Prime Minister of this without delay.

(3) If a notifier of specially permitted services for foreign investors, etc. comes to fall under any of the following cases, the notifier must notify the Prime Minister of this without delay:

(i) the notifier suspends or resumes specially permitted services for foreign investors, etc.;

(ii) the notifier discontinues specially permitted services for foreign investors, etc.; or

(iii) the notifier falls under any other case specified by Cabinet Office Order.

(4) If a notifier of specially permitted services for foreign investors, etc. is a corporation, and that corporation is dissolved for reasons other than a merger, the liquidator (or, if the dissolution is due to an order to commence bankruptcy proceedings, the bankruptcy trustee) must notify the Prime Minister of this without delay.

(When a Financial Instruments Business Operator Conducts Specially Permitted Services for Foreign Investors)

Article 63-11 (1) Notwithstanding the provisions of Article 29, a financial instruments business operator (excluding one that has obtained the registration referred to in Article 29 for performing an act set forth in the items of Article 63-8, paragraph (1) on a regular basis) may conduct specially permitted services for foreign investors, etc. by notifying the Prime Minister of its intention to conduct the specially permitted services for foreign investors, etc., the particulars set forth in Article 63-9, paragraph (1), items (v) and (vii), and any other particulars specified by Cabinet Office Order in advance pursuant to the provisions of Cabinet Office Order; provided, however, that this does not apply if the financial instruments business operator comes to fall under paragraph (3), item (ii) of the preceding Article as applied mutatis

mutandis pursuant to the following paragraph.

(2) The provisions of Article 63-9, paragraph (4), paragraph (5), paragraph (7), paragraphs (9) through (11), paragraph (3) of the preceding Article, and the following Article through Article 63-14 apply mutatis mutandis to a financial instruments business operator that has given a notification under the provisions of the preceding paragraph. In such a case, the term "of paragraph (1)" in Article 63-9, paragraph (4) is deemed to be replaced with "of Article 63-11, paragraph (1)"; the term "paragraph (1) or (7)" in paragraph (5) of that Article is deemed to be replaced with "Article 63-11, paragraph (1) or (7) as applied mutatis mutandis pursuant to paragraph (2) of that Article"; the term "a particular set forth in one of the items of paragraph (1)" in paragraph (7) of that Article is deemed to be replaced with "a particular set forth in paragraph (1), item (v) or (vii) or other particulars specified by Cabinet Office Order"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(3) If a financial instruments business operator, etc. conducts the business set forth in the following items, the provisions prescribed in the each of those items do not apply:

(i) the business of performing the act set forth in Article 63-8, paragraph (1), item (i): the provisions of Section 2, Subsection 1 (excluding Article 35-3, -3, 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)), and Article 40), and Subsection 3 (excluding Article 42, Article 42-2, Article 42-4, and Article 42-7); and

(ii) the business of performing the act set forth in Article 63-8, paragraph (1), item (ii): the provisions of Section 2, Subsection 1 (excluding Article 35-3, -3, 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, Article 40-3, and Article 40-3-2).

(Books and Documents Concerning Services)

Article 63-12 (1) A notifier of specially permitted services for foreign investors, etc. must prepare and preserve books and documents concerning its services pursuant to the provisions of Cabinet Office Order.

(2) Each business year, pursuant to the provisions of Cabinet Office Order, a notifier of specially permitted services for foreign investors, etc. must prepare a business report and submit it to the Prime Minister within three months after the end of the business year (if the notifier of specially permitted services for foreign investors, etc. is a foreign corporation, the period specified by Cabinet Order).

(3) Each business year, pursuant to the provisions of Cabinet Office Order, a

notifier of specially permitted services for foreign investors, etc. must prepare explanatory documents stating the particulars stated in the business report referred to in the preceding paragraph which are specified by Cabinet Office Order as particulars that are found to be necessary for investor protection, and must keep the explanatory documents at the principal business office or office and all of their business offices or offices for conducting specially permitted services for foreign investors, etc. and make them available for public inspection or publicize them using the internet or through other means, pursuant to the provisions of Cabinet Office Order, during the one-year period that begins from the day on which the period specified by Cabinet Order has elapsed after the end of each business year.

(Supervisory Dispositions for Notifiers of Specially Permitted Services for Foreign Investors)

Article 63-13 (1) If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors concerning business operations of a notifier of specially permitted services for foreign investors, etc., the Prime Minister may, to the extent necessary, order the notifier of specially permitted services for foreign investors, etc. to take measures that are necessary for improving its business operations.

(2) If a notifier of specially permitted services for foreign investors, etc. falls under any of the following items, the Prime Minister may order the notifier of specially permitted services for foreign investors, etc. to suspend all or a part of the services during a fixed period of no longer than six months:

(i) the notifier violates a law or regulation or a disposition made by a government agency which is based on a law or regulation, in connection with specially permitted services for foreign investors, etc.;

(ii) a fact that is detrimental to the investors' interests has occurred in connection with the operation of the specially permitted services for foreign investors, etc.; or

(iii) the notifier commits a wrongful or extremely unjust act in connection with the specially permitted services for foreign investors, etc., and the circumstances surrounding the act are particularly serious.

(3) If a notifier of specially permitted services for foreign investors, etc. falls under any of the items of the preceding paragraph, and the purpose of supervision cannot be achieved by any other method, the Prime Minister may order the notifier of specially permitted services for foreign investors, etc. to discontinue the services.

(4) Irrespective of the category of procedures for hearing statements of opinion under the provisions of Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to issue a disposition under the provisions of the

preceding three paragraphs, the Prime Minister must conduct a hearing.

(5) If the Prime Minister decides to issue a disposition under the provisions of paragraphs (1) trough (3), the Prime Minister must notify the notifier of specially permitted services for foreign investors, etc. of this in writing.

(6) If the Prime Minister orders the suspension of all or a part of specially permitted services for foreign investors, etc. pursuant to paragraph (2) or the discontinuation of specially permitted services for foreign investors, etc. pursuant to paragraph (3), the Prime Minister must issue public notice of this pursuant to the provisions of Cabinet Office Order.

(Collection of Reports and Inspections)

Article 63-14 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a notifier of specially permitted services for foreign investors, etc., a person that conducts transactions with the notifier of specially permitted services for foreign investors, etc., or the person that the notifier of specially permitted services for foreign investors, etc. has entrusted with its business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this Article) to submit reports or materials that should serve as a reference for the business of the notifier of specially permitted services for foreign investors, etc., or may have relevant officials enter the business office, office, or other facilities of the notifier of specially permitted services for foreign investors, etc., or the person that a notifier of specially permitted services for foreign investors, etc. has entrusted with its business, ask questions about the state of their business (for the person that the notifier of specially permitted services for foreign investors, etc. has entrusted with business, limited to questions that are necessary in connection with the business of the notifier of specially permitted services for foreign investors, etc.) or inspect their books, documents, and any other articles (for the person that the notifier of specially permitted services for foreign investors, etc. has entrusted with business, limited to inspection that is necessary in connection with the business of the notifier of specially permitted services for foreign investors, etc.).

(Delegation to Cabinet Order)

Article 63-15 Beyond what is provided for in this Section, procedures for notification in connection with specially permitted services for foreign investors, etc. and necessary particulars otherwise relevant to the application of the provisions of this Section are specified by Cabinet Order.

Section 7 Sales Representatives

(Registration of Sales Representatives)

Article 64 (1) A financial instruments business operator, etc. must have a registration made in a sales representatives register that is kept in a location set forth by Cabinet Office Order (hereinafter referred to as the "register"), bearing the name, birth date, and any other particular specified by Cabinet Office Order, for any solicitor, sales person, agent, or other person among its officers and employees, irrespective of title, that performs the following acts on its behalf (hereinafter referred to as a "sales representative"):

(i) the following acts involving securities (excluding rights set forth in the items of Article 2, paragraph (2) that are deemed to be securities pursuant to the provisions of that paragraph):

(a) acts set forth in Article 2, paragraph (8), items (i) through (iii), item (v), item (viii), and item (ix); and

(b) the following acts:

1. the solicitation of offers in connection with a purchase and sale or in connection with intermediation, brokerage (excluding brokerage for clearing of securities, etc.), or agency for a purchase and sale;
2. the solicitation of offers in connection with market derivatives transactions or foreign market derivatives transactions, or in connection with intermediation, brokerage (excluding brokerage for clearing of securities, etc.), or agency for market derivatives transactions or foreign market derivatives transactions; and
3. the solicitation of entrustment with market derivatives transactions or foreign market derivatives transactions;

(ii) the following acts:

(a) acts set forth in Article 2, paragraph (8), items (iv), (vi), and (x); and

(b) solicitation of offers in connection with over-the-counter derivatives transactions, etc.;

(iii) beyond what is set forth in the preceding two items, acts specified by Cabinet Order.

(2) A financial instruments business operator, etc. must not allow a person other than one for which a registration has been made pursuant to the preceding paragraph to perform the duties of a sales representative (meaning acts set forth in the items of that paragraph; the same applies hereinafter).

(3) A financial instruments business operator, etc. seeking to have a registration made pursuant to the provisions of paragraph (1) must submit a written application for registration to the Prime Minister, in which it states the following particulars:

(i) the trade name or name of the applicant for registration;

(ii) the name of its representative, if the applicant for registration is a corporation;
(iii) the following particulars of the sales representative to which the application for registration pertains:
(a) the person's name and birth date;
(b) whether the person is an officer or an employee;
(c) whether the person has ever performed the duties of a sales representative (including the duties of a sales representative prescribed in the preceding paragraph as applied mutatis mutandis pursuant to Article 66-25 and the duties of a sales representative prescribed in Article 75, paragraph (2) of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto; the same applies in (c)), and if the person has performed the duties of a sales representative before, the trade name or name of the financial instruments business operator, etc. or financial instruments intermediary service provider, or financial service intermediary to which the person belonged and the period during which the person performed those duties;
(d) whether the person has ever conducted financial instruments intermediary services or securities, etc. intermediary business operations, and if the person has conducted financial instruments intermediary services or securities, etc. intermediary business operations before, the period during which the person conducted the services; and
(iv) other particulars specified by Cabinet Office Order.

(4) The resume of the sales representative that the applicant seeks to have registered and other documents specified by Cabinet Office Order must be attached to the written application for registration referred to in the preceding paragraph.

(5) When an application for registration under paragraph (3) is filed, unless the Prime Minister refuses the registration pursuant to the provisions of paragraph (1) of the following Article, the Prime Minister must immediately register the particulars prescribed in paragraph (1) in the register.

(6) Upon making a registration referred to in paragraph (1), the Prime Minister must notify the applicant of this in writing.

(Refusal of Registration)

Article 64-2 (1) If the sales representative to which an application for registration pertains falls under any of the following items, or if a written application for registration or an accompanying document includes a false statement or lacks a statement of a material fact, the Prime Minister must refuse that registration:
(i) a person set forth in Article 29-4, paragraph (1), item (ii), (a) through (i);

(ii) a person that has had the registration as a sales representative (including the sales representative prescribed in paragraph (1) of the preceding Article as applied mutatis mutandis pursuant to Article 66-25 and the sales representative prescribed in Article 75, paragraph (1) of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto) rescinded pursuant to the provisions of Article 64-5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 66-25 and pursuant to Article 77 of that Act), for whom five years have not passed since the date of the rescission;

(iii) a person registered as a sales representative that belongs to a financial instruments business operator, etc. or financial instruments intermediary service provider, or financial service intermediary other than the applicant for registration; or

(iv) a person that has obtained the registration referred to in Article 66 or a person that has obtained the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations).

(2) Before seeking to refuse the registration referred to in paragraph (1) of the preceding Article, the Prime Minister must notify the applicant for registration and have relevant officials conduct a hearing of the applicant for registration.

(3) If the Prime Minister decides to refuse the registration referred to in paragraph (1) of the preceding Article, the Prime Minister must notify the applicant for registration of this in writing.

(Authority of Sales Representatives)

Article 64-3 (1) Sales representative are deemed to have the authority to perform any extra-judicial act in connection with the acts set forth in the items of Article 64, paragraph (1) on behalf of the financial instruments business operator, etc. to which the sales representative belongs.

(2) The provisions of the preceding paragraph do not apply if the other party has acted in bad faith.

(Notification of a Change to Registered Information)

Article 64-4 If a fact falling under any of the following items occurs with regard to a sales representative that a financial instruments business operator, etc. has had registered pursuant to the provisions of Article 64, paragraph (1), the financial instruments business operator must notify the Prime Minister of this without delay:

(i) a particular set forth in Article 64, paragraph (3), item (iii), (a) or (b) changes;

(ii) the case comes to fall under the case specified by Cabinet Office Order as being likely to fall under Article 29-4, item (ii), (a);
(iii) the person comes to fall under any of Article 29-4, paragraph (1), item (ii), (b) through (i); or
(iv) the person no longer performs the duties of a sales representative due to leaving office or for other reasons.

(Supervisory Dispositions for Sales Representatives)
Article 64-5 (1) If a registered sales representative falls under any of the following items, the Prime Minister may rescind the registration or order the sales representative to suspend their duties during a fixed period of no longer than two years:
(i) the person comes to fall under any of Article 29-4, paragraph (1), item (ii), (a) through (i), or is discovered to have fallen under any of the items of Article 64-2, paragraph (1) at the time of registration;
(ii) the person violates a law or regulation in connection with business involving the undertaking of any act set forth in the items of Article 64, paragraph (1) (or in connection with the services of a registered financial institution, if it is a registered financial institution) or services incidental thereto within the financial instruments business, or the person is otherwise found to have committed an extremely inappropriate act in the course of duties as a sales representative; or
(iii) the person has had a registration rescinded pursuant to the provisions of item (iii) of the following Article during the last five years, and an act that the person performed during the period while the registration was in effect (limited to acts during the last five years) is discovered to have fallen under the preceding item.
(2) Irrespective of the category of procedures for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to issue a disposition basedbased on the provisions of the preceding paragraph, the Prime Minister must conduct a hearing.
(3) If the Prime Minister decides to issue a disposition based on the provisions of paragraph (1), the Prime Minister must notify the applicant for registration of this in writing.

(Deletion of Registrations)
Article 64-6 In the following cases, the Prime Minister deletes the registration of a sales representative from the register:
(i) the Prime Minster rescinds the registration of the sales representative pursuant to the provisions of paragraph (1) of the preceding Article;
(ii) the financial instruments business operator, etc. with which the sales

representative is affiliated is dissolved or discontinues the business of performing the acts set forth in the items of Article 64, paragraph (1) (or discontinues the services of a registered financial institution, if it is a registered financial institution) within the financial instruments business;

(iii) it is confirmed that the person has stopped performing the duties of a sales representative due to having left the position or for other reasons; and

(iv) beyond what is set forth in the preceding three items, when so specified by Cabinet Office Order.

(Delegation of Registration Work)

Article 64-7 (1) The Prime Minister may have an association (meaning an authorized financial instruments firms association or certified financial instruments business association prescribed in Article 78, paragraph (2); hereinafter the same applies in this Section) conduct the work involved in the registration prescribed in Article 64, Article 64-2, and the preceding three Articles (hereinafter referred to as "registration work" in this Article (excluding the items of paragraph (6)) and Article 64-9) in connection with the sales representative of a financial instruments business operator, etc. belonging to that association, pursuant to the provisions of Cabinet Office Order.

(2) The Prime Minister may designate one association and have it do the registration work (excluding the work to which Article 64-5 pertains) in connection with the sales representative of a financial instruments business operator, etc. that does not belong to an association, pursuant to the provisions of Cabinet Office Order.

(3) If the Prime Minister decides to have an association conduct registration work pursuant to the provisions of the preceding two paragraphs, the Prime Minister is not to conduct that registration work.

(4) If an association decides to conduct registration work pursuant to the provisions of paragraph (1) or (2), it must specify the particulars of its registration of sales representatives in its articles of incorporation and obtain the authorization of the Prime Minister.

(5) If an association that does registration work pursuant to the provisions of paragraph (1) or (2) makes a registration under Article 64, paragraph (5), makes a change to a registration in connection with a notification under Article 64-4, reaches a disposition under Article 64-5, paragraph (1) (excluding the deletion of a registration), or deletes a registration as under the preceding Article, it must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet Office Order.

(6) If there are two or more associations (including those set forth in the following items; the same applies in this paragraph) that conducts registration

work under the provisions of paragraph (1) or (2) (excluding the cases in which the associations are only those set forth in the following items), each association is to promote information exchange between the associations and endeavor to provide necessary cooperation and information to other associations in order to ensure the appropriate implementation of the registration work:

(i) an association that conducts the registration work prescribed in paragraph (1) under the provisions of that paragraph as applied mutatis mutandis pursuant to Article 66-25; and

(ii) a certified financial service intermediary business association, etc. prescribed in Article 78, paragraph (1) of theAct on the Provision of Financial Services and the Development of the Accessible Environment Thereto that conducts the registration work prescribed in that paragraph under the provisions of paragraph (1) or (2) of that Article.

(7) If the sales representative of a financial instruments business operator, etc. which belongs to an association that does registration work pursuant to the provisions of paragraph (1) falls under any of the categories in Article 64-5, paragraph (1), items (i) through (iii) but the association does not take a measure prescribed in that paragraph, and the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order the association to take a measure prescribed in that paragraph.

(8) Irrespective of the category of procedures for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to issue a disposition based on the provisions of the preceding paragraph, the Prime Minister must conduct a hearing.

(9) If the Prime Minister decides to have an association conduct the registration work pursuant to the provisions of paragraph (1) or (2) or decides to no longer have an association conduct the registration work that it has been conducting pursuant to those provisions, the Prime Minister must issue public notice of this.

(Registration Fee)

Article 64-8 (1) A financial instruments business operator, etc. seeking to have a sales representative registered must pay a registration fee to the State (if registering with an association pursuant to the provisions of paragraph (1) or (2) of the preceding Article, to the association) pursuant to the provisions of Cabinet Order.

(2) The fee set forth in the preceding paragraph and paid to an association is the revenue of the relevant association.

(Requests for Review in Connection with Registration Work)

Article 64-9 A financial instruments business operator, etc. that objects to the inaction of an association that does the registration work under Article 64-7, paragraph (1) or (2) in connection with an application for registration under Article 64, paragraph (3), that objects to such an association's refusal of a registration under Article 64-2, paragraph (1), or that objects to the Article 64-5, paragraph (1) disposition of an association that does the registration work under Article 64-7, paragraph (1), may file a request for review with the Prime Minister. In this case, with regard to the application of the provisions of Article 25, paragraphs (2) and (3), Article 46, paragraphs (1) and (2), and Article 49, paragraph (3) of the Administrative Appeal Act (Act No. 68 of 2014), the Prime Minister is deemed to be the higher administrative agency of the association.

Section 8 Miscellaneous Provisions

(Acting Representatives)

Article 65 (1) If there is vacant position for the domestic representative of a financial instruments business operator, etc. (limited to a foreign corporation; hereinafter the same applies in this Article), and the Prime Minister finds it to be necessary, the Prime Minister may appoint a person to temporarily perform the duties of the domestic representative (referred to as an "Acting representative" in the following paragraph). If this is the case, the financial instruments business operator, etc. must register the appointment in connection with the location of the principal business office or principal office in Japan.

(2) If the Prime Minister appoints an acting representative pursuant to the provisions of the preceding paragraph, the Prime Minister may order the financial instruments business operator, etc. to pay the acting representative a reasonable amount of remuneration.

(Technical Replacement of Terms in Applying the Provisions of This Act to Foreign Corporations)

Article 65-2 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 country, the technical replacement of the terms in applying the provisions of this Act and necessary particulars otherwise relevant in applying the provisions of this Act to the foreign corporation or individual are specified by Cabinet Order.

(Requests for an Investigation by the Court)

Article 65-3 (1) In liquidation proceedings, bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or recognition and assistance proceedings for a financial instruments business operator (including those that is deemed as a financial instruments business operator under the provisions of Article 56, paragraph (1) or Article 57-9), the court may request the opinion of, or an inspection or investigation by, the Prime Minister.
(2) If the Prime Minister finds it to be necessary, the Prime Minister may state an opinion to the court during the proceedings prescribed in the preceding paragraph.
(3) The provisions of Article 56-2, paragraph (1) apply mutatis mutandis if the Prime Minister receives an inspection or investigation request from the court pursuant to the provisions of paragraph (1).

(Delegation to Cabinet Office Order)
Article 65-4 Beyond what is provided for in Article 34-5, Article 63-7, and Article 63-15, the procedures for implementing the provisions of Article 29 through the preceding Article and other necessary particulars for the implementation are specified by Cabinet Office Order.

(Exclusion from Application)
Article 65-5 (1) Notwithstanding the provisions of Article 29, a trust company (excluding a management-type trust company as prescribed in Article 2, paragraph (4) of the Trust Business Act; the same applies in the following paragraph and paragraph (5)), a foreign trust company (excluding a management-type foreign trust company as prescribed in Article 2, paragraph (7) of that Act; the same applies in the following paragraph and paragraph (5)), or a person registered as referred to in Article 50-2, paragraph (1) of that Act may perform the following acts in the course of its business in connection with the rights set forth in Article 2, paragraph (2), item (i) or (ii) (referred to as the "purchase and sale, etc. of a beneficial interest in a trust" in the following paragraph):
(i) a purchase and sale (except one that falls under the category of a derivatives transaction), or agency or intermediation for a purchase and sale; and
(ii) the acts set forth in Article 2, paragraph (8), item (viii) or (ix).
(2) If a trust company, a foreign trust company, or a person registered as referred to in Article 50-2, paragraph (1) of the Trust Business Act makes a purchase and sale, etc. of a beneficial interest in a trust in the course of its business pursuant to the provisions of the preceding paragraph, it is deemed to be a financial instruments business operator, and the provisions of Articles 34 through 34-5; -2, paragraphs (1) and (2) (but only if a person registered as

referred to Article 50-2, paragraph (1) of the Trust Business Act makes a purchase and sale, etc. of a beneficial interest in a trust in the course of its business); Article 36-3; Article 37 (excluding paragraph (1), item (ii)); Article 37-2; Article 37-3 (excluding paragraph (1), item (ii)); Article 37-4; Article 37-6; Article 38 (excluding item (vii)); Article 39 (excluding paragraphs (4) and (6)); Article 40; Article 40-4; Article 40-5; Article 45, items (i) and (ii); Articles 47 through 47-3; Article 51; Article 52, paragraphs (1) and (2); Article 56-2, paragraph (1); Article 190; and Article 194-5, paragraph (2), and the provisions of Chapters VIII and VIII-2 connected with these provisions apply. In this case, in Article 52, paragraph (1), the phrase "any of the following items" is deemed to be replaced with "item (vii) or (x)" and the phrase "rescind its Article 29 registration, rescind its Article 30, paragraph (1) authorization, or order the suspension of all or part of its business during a fixed period of no longer than six months" is deemed to be replaced with "order the suspension of all or part of its business during a fixed period of no longer than six months"; and in Article 52, paragraph (2), the phrase "is discovered to have fallen under any of the categories in (a) through (i) of that item at the time of the Article 29 registration, or comes to fall under any of the categories in item (vii) or items (ix) through (xi) of the preceding paragraph" is deemed to be replaced with "or comes to fall under any of the categories in item (vii) or (x) of the preceding paragraph".

(3) The provisions of Article 29 do not apply if the Japan Housing Finance Agency, Independent Administrative Agency (referred to as the "agency" in the following paragraph) is sells rights indicated on the securities set forth in Article 2, paragraph (1), item (xiv) or the securities set forth in Article 2, paragraph (1), item (xvii) (limited to ones that have the nature of the securities set forth in item (xiv) of that paragraph) or sells rights set forth in Article 2, paragraph (2), item (i) or (ii), pursuant to Article 22 of the Act on the Japan Housing Finance Agency, Independent Administrative Agency (Act No. 82 of 2005) (referred to as the "sells a beneficial interest in a trust" in the following paragraph).

(4) If the agency sells a beneficial interest in a trust, the Agency is deemed to be a financial instruments business operator, and the provisions of Articles 34 through 34-5; 37 (excluding paragraph (1), item (ii)); Article 37-3 (excluding paragraph (1), item (ii)); Article 37-4; Article 37-6; Article 38 (excluding item (vii)); Article 39 (excluding paragraphs (4) and (6)); Article 40; Article 40-4; Article 40-5; and Article 45, items (i) and (ii), and the provisions of Chapters VIII and VIII-2 connected with these provisions apply.

(5) The provisions of this Chapter do not apply if a trust company, foreign trust company, person registered as referred to in Article 50-2, paragraph (1) of the Trust Business Act, person that has made a notification under Article 51,

paragraph (2) of that Act, or person registered as referred to in Article 52, paragraph (1) of that Act performs an act set forth in Article 2, paragraph (8), item (xiv) or (xv) (limited to one that it conducts while holding the money or other assets referred to in these provisions as trust property).

(Respect for the Voluntary Efforts of Financial Instruments Business Operators)

Article 65-6 The Prime Minister, in supervising a financial instruments business operator, etc. or authorized exchange transaction operator, business operator authorized to conduct electronic over-the-counter derivatives transactions, etc. or in supervising a foreign securities services provider that has received Article 59, paragraph (1) permission, must give due consideration to respecting the voluntary efforts of the financial instruments business operator, etc., authorized firm for on-exchange transactions, business operator authorized to conduct electronic over-the-counter derivatives transactions, etc. or foreign securities services provider with that paragraph permission, to run its business.

Chapter III-2 Financial Instruments Intermediary Service Providers

Section 1 General Provisions

(Registration)

Article 66 Notwithstanding the provisions of Article 29, a person other than a bank, a cooperative financial institution, or a financial institution specified by Cabinet Order (but not a person engaged in type-I financial instruments business (meaning type-I financial instruments business as prescribed in Article 28, paragraph (1); hereinafter the same applies in this Chapter) and not the officer or employee of a registered financial institution) may be registered by the Prime Minister and engage in financial instruments intermediary service.

(Application for Registration)

Article 66-2 (1) A person seeking to obtain the registration referred to in the preceding Article must submit a written application for registration that states the following particulars to the Prime Minister:

(i) the trade name or name;

(ii) the names of its officers, if it is a corporation;

(iii) the name and location of the business office or office for conducting financial instruments intermediary services;

(iv) the trade name or name of the financial instruments business operator (limited to one engaged in type-I financial instruments business or

investment management business (meaning investment management business as prescribed in Article 28, paragraph (4); the same applies in Article 66-14, item (i), (d)) or registered financial institution entrusting the applicant (hereinafter referred to as the "entrusting financial instruments business operator, etc." in this Chapter and Chapter IV);

(v) if the person engages in other business, the type of that business; and

(vi) other particulars specified by Cabinet Office Order.

(2) The following documents must accompany the written application for registration referred to in the preceding paragraph:

(i) a document pledging that the applicant does not fall under Article 66-4, item (i) or (ii);

(ii) a document stating the things specified by Cabinet Office Order as constituting the business outline and business methods for financial instruments intermediary service;

(iii) its articles of incorporation and the certificate of registered information for the company (including documents equivalent to these), if it is a corporation; and

(iv) other documents specified by Cabinet Office Order.

(3) In the case referred to in item (iii) of the preceding paragraph, if the articles of incorporation have been prepared as electronic or magnetic records, electronic or magnetic records (limited to those specified by Cabinet Office Order) may accompany a written application for registration lieu of written documents.

(Registration in a Register)

Article 66-3 (1) When an application is filed for the registration referred to in Article 66, unless the Prime Minister refuses the registration pursuant to the provisions of the following Article, the Prime Minister must register the following particulars in a financial instruments intermediary service providers register:

(i) the particulars set forth in the items of paragraph (1) of the preceding Article; and

(ii) the date of registration and registration number.

(2) The Prime Minister must make the financial instruments intermediary service providers register available for public inspection.

(Refusal of Registration)

Article 66-4 The Prime Minister must refuse a registration if the applicant for registration falls under any of the following items, if the written application for registration or a document or electronic or magnetic record that is required to accompany it contains a false statement or record, or if it omits a statement or

record of a material fact:

(i) the applicant for registration is an individual that falls under any of the categories in Article 29-4, paragraph (1), item (ii), (a) through (i);

(ii) the applicant for registration is a corporation that falls under any of the following categories:

(a) a person that falls under any of Article 29-4, paragraph (1), item (i), (a) through (c); or

(b) a person that has a person falling under any of Article 29-4, paragraph (1), item (ii), (a) through (i) as an officer;

(iii) a person whose other business is found to be contrary to the public interest;

(iv) a person that is found not to have the knowledge or experience to perform financial instruments intermediary service in an appropriate manner; or

(v) the applicant for registration has an entrusting financial instruments business operator, etc. that is not a member of an association (meaning an authorized financial instruments firms association or a certified financial instruments firms association as prescribed in Article 78, paragraph (2)).

(Notification of a Change)

Article 66-5 (1) If any particular set forth in the items of Article 66-2, paragraph (1) changes, the financial instruments intermediary service provider must notify the Prime Minister of this within two weeks from the day of the change.

(2) Upon accepting a notification under the preceding paragraph, the Prime Minister must register the particulars given in the notification in a financial instruments intermediary service providers register.

(3) If the business outline or business methods that a financial instruments intermediary service provider has stated in a document set forth in Article 66-2, paragraph (2), item (ii) change, the financial instruments intermediary service provider must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet Office Order.

(Restrictions on the Use of Trade Names)

Article 66-6 A person that is not a financial instruments intermediary service provider must not use a trade name or name that refers to them as a financial instruments intermediary service provider, and must not use any trade name or name that is confusingly similar to this.

Section 2 Services

Article 66-7 DeletedDeleted

(Posting Signs)

Article 66-8 (1) A financial instruments intermediary service provider must post a sign in the format specified by Cabinet Office Order in a place that is accessible to the public at each of its business offices or other offices.

(2) A financial instruments intermediary service provider must make its trade name or name and other particulars specified by Cabinet Office Order available for public inspection via automatic public transmission carried out through connection to a telecommunications line pursuant to the provisions of Cabinet Office Order; provided, however, that this does not apply if the scale of its business is extremely small or in other cases specified by Cabinet Office Order.

(3) A person other than a financial instruments intermediary service provider must not post the sign referred to in paragraph (1) or a sign similar thereto.

(Prohibition of Lending One's Name)

Article 66-9 A financial instruments intermediary service provider must not allow another person to engage in financial instruments intermediary services using the name of the relevant financial instruments intermediary service provider.

(Regulation of Advertising)

Article 66-10 (1) When advertising the contents of its financial instruments intermediary service or performing any similar act specified by Cabinet Office Order, a financial instruments intermediary service provider must give the following particulars, pursuant to the provisions of Cabinet Office Order:

(i) the trade name or name of the financial instruments intermediary service provider;

(ii) an indication that the financial instruments intermediary service provider is a financial instruments intermediary service provider, and its registration number; and

(iii) the particulars of the contents of the financial instruments intermediary service that the financial instruments intermediary service provider engages in, which is specified by Cabinet Order as material particulars that may have an impact on customers' judgment.

(2) When advertising the contents of its financial instruments intermediary service or engaging in any similar act specified by Cabinet Office Order, a financial instruments intermediary service provider must not make a representation that significantly conflicts with the fact of the matter or that could cause a person to have a serious misconception about the prospect of profiting from the performance of an act that constitutes a financial instruments transaction, or about any other matter that is specified by Cabinet

Office Order.

(Clear Indication of Trade Name)

Article 66-11 If a financial instruments intermediary service provider seeks to perform an act set forth in any of the items of Article 2, paragraph (11) (hereinafter referred to as the "intermediation for financial instruments" in this Chapter), it must clearly indicate the following particulars to customers in advance:

(i) the trade name or the name of the entrusting financial instruments business operator, etc.;

(ii) that the financial instruments intermediary service provider does not have authority of representation in respect of the entrusting financial instruments business operator, etc.;

(iii) the import of the provisions of Article 66-13; and

(iv) other matters specified by Cabinet Office Order.

(Limitations on Financial Instruments Intermediary Service Providers)

Article 66-12 A financial instruments intermediary service provider (excluding a person that is a financial instruments business operator) must not engage in any act set forth in the items of Article 2, paragraph (8), except for the intermediation for financial instruments to which a customer of its financial instruments intermediary service is the other party, as entrusted by the entrusting financial instruments business operator, etc.

(Prohibition on Depositing Money)

Article 66-13 A financial instruments intermediary service provider must not, for any reason, receive a deposit of money or securities from a customer, or have a person specified by Cabinet Order as being closely related to that financial instruments intermediary service provider deposit a customer's money or securities, in connection with the financial instruments intermediary service it conducts.

(Prohibited Actions)

Article 66-14 It is prohibited for a financial instruments intermediary service provider or its officer or employee to engage in the following acts:

(i) the performance of any of the following acts in connection with financial instruments intermediary services:

(a) an act that falls under Article 38, item (i);

(b) an act that falls under any of the categories in Article 38, items (ii) through (vi);

(c) an act that falls under Article 38, item (vii);

(d) if it provides investment advisory business (meaning investment advisory business set forth in Article 28, paragraph (6); the same applies in (c)), using information about a purchase and sale or other transaction of securities that a customer makes based on the advice provided through its investment advisory business in order to solicit a customer other than the customer in question; or if it engages in investment management business, using information about a purchase and sale or other transaction of securities made as an investment in connection with its investment management business, in order to solicit a customer other than the customer in question;

(e) if it engages in business other than financial instruments intermediary service, using information about an issuer of securities learned in the course of that other business (limited to undisclosed information about the operations, business, or assets of an issuer of securities that would influence customers' investment decisions in connection with financial instruments intermediary service) to conduct solicitation; or

(f) conducting a solicitation with the financial instruments intermediary service provider's lending of money or granting of other credit as a condition (excluding acts specified in Cabinet Office Order as acts that are found to have little likelihood of resulting in insufficient investor protection);

(ii) making a purchase and sale or other transaction of securities on the intermediary's, officer's, or employee's own account, using the ordering trends for purchase and sales and other transactions of securities made by customers of its financial instruments intermediary service or other special information learned in the course of financial instruments intermediary service; and

(iii) acts beyond what is set forth in the preceding two items, which are specified by Cabinet Office Order as acts that result in insufficient investor protection, harm the fairness of transactions, or cause a loss of confidence in financial instruments intermediary services.

(Limitation on Intermediation for the Purchase and Sale of Securities for Professional Investors)

Article 66-14-2 A financial instruments intermediary service provider must not conduct any of the acts specified in Article 2, paragraph (11), item (i) or (ii) in connection with securities for professional investors with a general investor (meaning a person other than a professional investor, etc., the issuer of the securities for professional investors, or any other person specified by Cabinet Office Order; hereinafter the same applies in this Article) as the other party; provided, however, that this does not apply in a case in which disclosure has

been made with regard to the securities for professional investors, a case in which the financial instruments intermediary service provider intermediates, a purchase for an entrusting financial instruments business operator, etc. which is not based on a solicitation of general investors, or any other case specified by Cabinet Office Order as having little likelihood of resulting in insufficient investor protection.

(Application Mutatis Mutandis of Provisions on Financial Instruments Business Operators in Relation to the Prohibition of Compensation for Losses)

Article 66-15 The provisions of Article 38-2, Article 39, paragraphs (1), (3), (4), and (7), Article 40, and article 43-6 apply mutatis mutandis to a financial instruments intermediary service provider, and Article 39, paragraphs (2), (5), and (6) apply mutatis mutandis to the customer of a financial instruments intermediary service provider. In this case, in Article 39, paragraph (3), the phrase "if the financial instruments business operator, etc. receives" is deemed to be replaced with "if the entrusting financial instruments business operator, etc. of the financial instruments intermediary service provider receives", and any other necessary technical replacement of terms is specified by Cabinet Order.

Section 3 Accounting

(Books and Documents Concerning Service)

Article 66-16 A financial instruments intermediary service provider must prepare and preserve books and documents for its financial instruments intermediary service pursuant to the provisions of Cabinet Office Order.

(Submission of Business Reports)

Article 66-17 (1) Each business year, a financial instruments intermediary service provider must prepare a report on its financial instruments intermediary service and submit it to the Prime Minister within three months after the end of the business year, pursuant to the provisions of Cabinet Office Order.

(2) Each business year, pursuant to the provisions of Cabinet Office Order, a financial instruments intermediary service provider must prepare documents stating those of the particulars stated in the business report referred to in the preceding Article which are specified by Cabinet Office Order as particulars that are found to be necessary in terms of investor protection, and must keep those documents at all of the business offices and offices at which it conducts financial instruments intermediary service and make them available for public

inspection, or disclose them using the internet or through other means, pursuant to the provisions of Cabinet Office Order.

(Public Inspection of Explanatory Documents)

Article 66-18 For each business year of an entrusting financial instruments business operator, etc. and pursuant to the provisions of Cabinet Office Order, a financial instruments intermediary service provider must keep the explanatory documents that the entrusting financial instruments business operator, etc. prepares pursuant to the provisions of Article 46-4 or Article 47-3 (if the entrusting financial instruments business operator, etc., is a registered financial institution, the documents that it prepares pursuant to the provisions of Article 21, paragraphs (1) and (2) of the Banking Act (Act No. 59 of 1981) or other provisions specified by Cabinet Order) at all of the business offices and offices at which it conducts financial instruments intermediary service, and must make them available for public inspection, or disclose them using the internet or through other means, pursuant to the provisions of Cabinet Office Order.

Section 4 Supervision

(Notification of Discontinuing Business)

Article 66-19 (1) If a financial instruments intermediary service provider comes to fall under any of the following items, the person specified in the relevant item must notify the Prime Minister of this within 30 days from the day in question:

(i) the financial instruments intermediary service provider discontinues financial instruments intermediary service (including if the financial instruments intermediary service provider has the whole of its business (limited to business involved in financial instruments intermediary service; hereinafter the same applies in this item) succeeded to in a company split or transfers the whole of business)): the individual or the corporation that discontinues or transfers the financial instruments intermediary services, or has the financial instruments intermediary services succeeded to;

(ii) when an individual who is a financial instruments intermediary service provider dies: their heir;

(iii) when a corporation that is a financial instruments intermediary service provider disappears in a merger: the officer that has represented the corporation;

(iv) when a corporation that is a financial instruments intermediary service provider becomes subject to an order of commencement of bankruptcy proceedings: the bankruptcy trustee;

(v) when a corporation that is a financial instruments intermediary service provider is dissolved for reasons other than a merger or an order of commencement of bankruptcy proceedings: the liquidator; and

(vi) when a financial instruments intermediary service provider has obtained the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations) or the registration of change referred to in Article 16, paragraph (1) of that Act (limited to the registration related to the addition of the type of securities, etc. intermediary business operations): the financial instruments intermediary service provider that has obtained the registration or the registration of change.

(2) If a financial instruments intermediary service provider comes to fall under any of the items of the preceding paragraph, if it no longer has an entrusting financial instruments business operator, etc., or if it becomes registered as referred to in Article 29 (but only if the registered financial instruments business operator engages in type-I financial instruments business), its Article 66 registration ceases to be effective.

(Supervisory Dispositions)

Article 66-20 (1) If a financial instruments intermediary service provider falls under any of the following items, the Prime Minister may rescind its Article 66 registration, order the suspension of all or part of the business during a fixed period of no longer than six months, order a change of business methods, or issue orders with respect to matters that are otherwise necessary from a supervisory perspective:

(i) the financial instruments intermediary service provider comes to fall under any of the categories in the items of Article 66-4 (excluding item (ii), (b));

(ii) the financial instruments intermediary service provider receives its Article 66 registration by wrongful means; or

(iii) the financial instruments intermediary service provider violates a law or regulation or a disposition made by a government agency which is based on a law or regulation, in connection with financial instruments intermediary services.

(2) If the officer of a financial instruments intermediary service provider comes to fall under any of the categories in Article 29-4, paragraph (1), item (ii), (a) through (i), or engages in an act that falls under item (iii) of the preceding paragraph, the Prime Minister may order the financial instruments intermediary service provider to dismiss that officer.

(Deletion of Registrations)

Article 66-21 If an Article 66 registration loses its validity pursuant to the provisions of Article 66-19, paragraph (2) or if the Prime Minister rescinds an Article 66 registration pursuant to the provisions of paragraph (1) of the preceding Article, the Prime Minister must delete that registration.

(Collection of Reports and Inspections)

Article 66-22 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a financial instruments intermediary service provider or a person that conducts transactions with a financial instruments intermediary service provider to submit reports or materials that should serve as a reference with regard to financial instruments intermediation operations of the financial instruments intermediary service provider, or may have the relevant officials inspect the state of the financial instruments intermediation operations of the financial instruments intermediary service provider or inspect its documents or other articles.

(Mutatis Mutandis Application)

Article 66-23 The provisions of Article 57, paragraphs (1) and (3) apply mutatis mutandis to the registration referred to in Article 66, and the provisions of Article 57, paragraphs (2) and (3) and Article 65-6 apply mutatis mutandis to a financial instruments intermediary service provider. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

Section 5 Miscellaneous Provisions

(Compensatory Liability of an Entrusting Financial Instruments Business Operator)

Article 66-24 The entrusting financial instruments business operator, etc., of a financial instruments intermediary service provider is liable for damages that the financial instruments intermediary service provider it entrusts causes to a customer in connection with financial instruments intermediary services; provided, however, that this does not apply if the entrusting financial instruments business operator, etc. exercises due care in entrusting the financial instruments intermediary service provider, and endeavors to prevent the damage that the person causes to a customer in connection with the intermediation for financial instruments that the person performs.

(Mutatis Mutandis Application)

Article 66-25 The provisions of Articles 64 through 64-9 (excluding Article 64-7, paragraph (2)) apply mutatis mutandis to a financial instruments intermediary

service provider. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Delegation to Cabinet Office Order)

Article 66-26 The procedures for implementing the provisions of Article 66 through the preceding Article and other necessary particulars for the implementation are specified by Cabinet Office Order.

Chapter III-3 Credit Rating Agencies

Section 1 General Provisions

(Registration)

Article 66-27 A corporation engaged in credit rating services (including an organization without legal personality whose representative or administrator has been designated; hereinafter the same applies in this Chapter, except in paragraph (1), item (ii) of the following Article and Article 66-47) may be registered by the Prime Minister.

(Application for Registration)

Article 66-28 (1) A person seeking to be registered as referred to in the preceding Article must submit a written application for registration to the Prime Minister, in which it states the following particulars. In such a case, a foreign corporation must designate a domestic representative (limited to one responsible for business at all business offices or offices that the foreign corporation operates in Japan so as to engage in credit rating services) or a person specified by Cabinet Office Order as equivalent to this, before submitting such a written application for registration:

(i) its trade name or name;

(ii) the names of its officers (including the representative or administrator of an organization without legal personality for which a representative or administrator has been designated; hereinafter the same applies in this Chapter);

(iii) the name and location of the business offices or offices for credit rating services (or the head office, principal business office or office, or any other business office or office in Japan, for a foreign corporation);

(iv) if it engages in other business, the business type; and

(v) other particulars specified by Cabinet Office Order.

(2) The following documents must accompany the written application for registration referred to in the preceding paragraph:

(i) a document pledging that the applicant does not fall under the purview of Article 66-30, paragraph (1), item (ii) or (iii);

(ii) a document stating the things specified by Cabinet Office Order as constituting the business outline and business methods for credit rating services;
(iii) the articles of incorporation and the certificate of registered information for the company (including documents equivalent to these); and
(iv) other documents specified by Cabinet Office Order.

(3) In the case referred to in item (iii) of the preceding paragraph, if the articles of incorporation have been prepared as electronic or magnetic records, electronic or magnetic records (limited to that specified by Cabinet Office Order) may accompany a written application for registration in lieu of documents.

(Registration in a Register)

Article 66-29 (1) When an application is filed for the registration referred to in Article 66-27, unless the Prime Minister refuses the registration pursuant to the provisions of the following Article, the Prime Minister must register the following particulars in a credit rating agencies register:
(i) the particulars set forth in the items of paragraph (1) of the preceding Article; and
(ii) the date of registration and registration number.

(2) The Prime Minister must make the credit rating agencies register available to the public.

(Refusal of Registration)

Article 66-30 (1) The Prime Minister must refuse to effect a registration if an applicant for registration falls under any of the following items, if the written application for registration or a document or electronic or magnetic record that is required to accompany it contains a false statement or record, or if it omits a statement or record of a material fact:
(i) a person other than a corporation;
(ii) a corporation that falls under any of Article 29-4, paragraph (1), item (i), (a) through (c);
(iii) a corporation that has a person falling under any of the following persons as an officer;
(a) a person specified by Cabinet Office Order as being unable to properly perform business related to credit rating services due to a mental or physical disorder; or
(b) a person falling under any of Article 29-4, paragraph (1), item (ii), (b) through (i);
(iv) a corporation whose other business is found to be contrary to the public interest; or

(v) a corporation that is found not to have in place the necessary system for fairly and appropriately performing credit rating services.

(2) Beyond what is provided for in the preceding paragraph, the Prime Minister must refuse a registration if the applicant for registration is a foreign corporation and has no business office or office in Japan; provided, however, that this does not apply in cases specified by Cabinet Office Order as those in which the applicant for registration is found to be under appropriate supervision by a foreign administrative organization that supervises persons conducting business that is found to be equivalent to credit rating services, or by any other organization equivalent to such an organization, and does not apply to a case in which refusal to effect a registration pursuant to the main clause of this paragraph would preclude the sincere implementation of a treaty or other international agreement.

(Notification of a Change)

Article 66-31 (1) If any particular set forth in the items of Article 66-28, paragraph (1) changes, the credit rating agency must notify the Prime Minister of this within two weeks from the day of the change.

(2) Upon accepting a notification under the preceding paragraph, the Prime Minister must register the particulars given in the notification in a credit rating agencies register.

(3) If a particular stated in a document set forth in Article 66-28, paragraph (2), item (ii) changes, the credit rating agency must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet Office Order.

Section 2 Services

(Duty of Sincerity)

Article 66-32 A credit rating agency as well as its officers and employees must be sincere and fair in the performance of its services, from an independent standpoint.

(Establishment of the Operational Control System)

Article 66-33 (1) A credit rating agency must establish an operational control system for the fair and appropriate performance of its credit rating services, pursuant to the provisions of Cabinet Office Order.

(2) The operational control system referred to in the preceding paragraph must include measures for assigning persons with expert knowledge and skills and for otherwise managing the quality of business, measures for preventing the investors' interests from being harmed with the aim of benefiting the credit rating agency itself or a rating entity, etc. (meaning a person specified by

Cabinet Office Order as having an interest in the thing on which a credit rating is based; the same applies in Article 66-35) and other measures for ensuring the proper execution of business.

(Prohibition of Lending of One's Name)

Article 66-34 A credit rating agency must not allow another person to engage in credit rating services using the name of that credit rating agency.

(Prohibited Actions)

Article 66-35 A credit rating agency or its officer or employee is prohibited from engaging in the following acts with regard to its credit rating services:

(i) providing or making available for inspection a credit rating that is based on anything specified by Cabinet Office Order as those in which a rating entity, etc. has an interest, if the credit rating agency or its officer or employee is closely related as specified by Cabinet Office Order to the rating entity, etc.;

(ii) providing a credit rating or making it available for inspection, if the credit rating agency or its officer or employee has given advice to the rating entity, etc. about a matter specified by Cabinet Office Order as those that may have a material influence on the credit rating of the rating entity, etc. (this excludes the credit rating agency or its officer or employee informing the rating entity, etc. of the details of the rating policy as defined in paragraph (1) of the following Article at that person's request, and also excludes cases specified by Cabinet Office Order as those in which such advice is found to have little likelihood of resulting in insufficient investor protection, in light of the form of that advice); and

(iii) any act beyond what is set forth in the preceding two items, which is specified by Cabinet Office Order as resulting in insufficient investor protection or as causing a loss of confidence in credit rating services.

(Rating Policy)

Article 66-36 (1) A credit rating agency, pursuant to the provisions of Cabinet Office Order, must set a policy and methodology for determining credit ratings and for providing them or making them available for inspection (such a policy is referred to as a "rating policy" in the following paragraph) and must disclose the same. The same applies if the credit rating agency changes its rating policy.

(2) A credit rating agency must carry out its credit rating services in accordance with the rating policy.

Section 3 Accounting

(Books and Documents Concerning Services)

Article 66-37 A credit rating agency must prepare and preserve books and documents concerning its credit rating services pursuant to the provisions of Cabinet Office Order.

(Submission of Business Reports)

Article 66-38 Each business year, pursuant to the provisions of Cabinet Office Order, a credit rating agency must prepare a business report and submit it to the Prime Minister within the period specified by Cabinet Order after the end of the business year.

(Public Inspection of Explanatory Documents)

Article 66-39 Each business year, a credit rating agency must prepare explanatory documents stating the particulars specified by Cabinet Office Order as pertinent to the state of its business, and during the one-year period beginning from the day on which the period specified by Cabinet Order elapses following the end of each business year, in addition to keeping these explanatory documents at all of its business offices and offices and making them available for public inspection, it must disclose them over the internet or by any other means, pursuant to the provisions of Cabinet Office Order.

Section 4 Supervision

(Notification of Discontinuing Business)

Article 66-40 (1) If a credit rating agency comes to fall under any of the following items, the person specified in the relevant item must notify the Prime Minister of this within 30 days from the day in question:

(i) the credit rating agency discontinues credit rating services (including if the credit rating agency has the whole of its business (limited to business involved in credit rating services; hereinafter the same applies in this Article) succeeded to in a company split or transfers the whole of business): the corporation that discontinues or transfers the credit rating services or that has the credit rating services succeeded to;

(ii) the credit rating agency is a corporation, and that corporation disappears in a merger: the officer that represented the corporation;

(iii) the credit rating agency is a corporation, and that corporation is dissolved due to an order to commence bankruptcy proceedings: the bankruptcy trustee; and

(iv) the credit rating agency is a corporation, and that corporation is dissolved for reasons other than a merger or an order to commence bankruptcy proceedings: the liquidator.

(2) If a credit rating agency comes to fall under any of the items of the preceding paragraph, the Article 66-27 registration of the credit rating agency ceases to be effective.
(3) If a credit rating agency seeks to apply for the deletion of its Article 66-27 registration, to discontinue its credit rating services, to implement a merger (limited to one in which the credit rating agency disappears due to merger), to dissolve for reasons other than a merger or an order to commence bankruptcy proceedings, to have the whole of its business succeeded to in a company split, or to transfer the whole of its business, it must issue public notice of this, pursuant to the provisions of Cabinet Office Order, by 30 days prior to that day on which it seeks to do so.
(4) If a credit rating agency issues a public notice under the preceding paragraph, it must immediately notify the Prime Minister of this.
(5) The provisions of Article 940, paragraph (1) (limited to the part that involves item (i)) and paragraph (3) of the Companies Act apply mutatis mutandis if a credit rating agency (limited to one that is a company) issues a public notice under paragraph (3) through an electronic public notice. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.
(6) The provisions of Article 940, paragraph (1) (limited to the part that involves item (i)) and paragraph (3) of the Companies Act and Article 941; Article 946; Article 947; Article 951; paragraph (2); Article 953; and Article 955 of that Act apply mutatis mutandis if a credit rating agency (limited to one that is a foreign company) issues a public notice under paragraph (3) through an electronic public notice. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Business Improvement Orders)
Article 66-41 If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors as concerns the state of a credit rating agency's business operations, the Prime Minister may, to the extent necessary, order the credit rating agency to change its business methods or order it to take other measures that are necessary for improving the state of its business operations.

(Supervisory Dispositions)
Article 66-42 (1) If a credit rating agency falls under any of the following items, the Prime Minister may rescind its Article 66-27 registration, or may order the suspension of all or part of the business during a fixed period of no longer than six months:
(i) the credit rating agency comes to fall under any of the items of Article 66-30, paragraph (1) (excluding item (iii));

(ii) the credit rating agency comes to fall under the purview of grounds upon which the Prime Minister is required to refuse registration pursuant to Article 66-30, paragraph (2);

(iii) the credit rating agency has received its Article 66-27 registration by wrongful means;

(iv) the credit rating agency violates a law or regulation or a disposition by a government agency which is based on a law or regulation, in connection with its credit rating services;

(v) a fact has occurred in connection with the operation of its credit rating services, which is detrimental to investors' interests; or

(vi) the credit rating agency commits a wrongful or extremely unjust act in connection with credit rating services, and the circumstances surrounding this are especially serious.

(2) If the officer of a credit rating agency (for a foreign corporation, this is limited to an officer stationed at its domestic business office or office, or its domestic representative; hereinafter the same applies in this paragraph) comes to fall under any of Article 66-30, paragraph (1), item (iii), (a) or (b), is discovered to have fallen under (a) or (b)of that item at the time of the registration referred to in Article 66-27, or comes to fall under any of the items (iv) through (vi) of the preceding paragraph, the Prime Minister may order the credit rating agency to dismiss that officer.

(3) If the Prime Minister is unable to ascertain the location of the business offices or offices of a credit rating agency or is unable to ascertain the whereabouts of the officer representing the credit rating agency, the Prime Minister, pursuant to the provisions of Cabinet Office Order, may issue public notice of that fact and rescind the registration of the credit rating agency if no filing is made by the credit rating agency even after 30 days past the day of the public notice.

(4) The provisions of Chapter III of the Administrative Procedure Act do not apply to a disposition under the preceding paragraph.

(Public Notice of Supervisory Dispositions)

Article 66-43 If the Prime Minister rescinds an Article 66-27 registration pursuant to the provisions of paragraph (1) or (3) of the preceding Article or orders the suspension of all or part of the business pursuant to paragraph (1) of the preceding Article, the Prime Minister must issue public notice of this pursuant to the provisions of Cabinet Office Order.

(Deletion of Registrations)

Article 66-44 When an application is filed by a Credit Rating Agency for the deletion of an Article 66-27 registration, or if an Article 66-27 registration loses its validity pursuant to the provisions of Article 66-40, paragraph (2) or the

Prime Minister rescinds an Article 66-27 registration pursuant to the provisions of Article 66-42, paragraph (1) or (3), the Prime Minister must delete that registration.

(Collection of Reports and Inspections)

Article 66-45 (1) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a credit rating agency, a person that conducts transactions with a credit rating agency, the person that a credit rating agency has entrusted with its business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this paragraph), or the affiliated corporation of a credit rating agency (meaning the subsidiary corporation of a credit rating agency, a corporation that has a credit rating agency as its subsidiary corporation, or the subsidiary corporation of a corporation that has a credit rating agency as its subsidiary corporation (other than the relevant credit rating agency itself), which performs the act of determining credit ratings and providing them or making them available for inspection in the course of business; hereinafter the same applies in this paragraph) to submit reports or materials that should serve as a reference with regard to the business of the credit rating agency, or may have the relevant officials inspect the state of business, documents, or other articles of a credit rating agency, the person that a credit rating agency has entrusted with its business, or the affiliated corporation of a credit rating agency (but may only have the relevant officials inspect the person that a credit rating agency has entrusted with its business or the affiliated corporation of a credit rating agency as is necessary in connection with the business of the credit rating agency).

(2) The term "subsidiary corporation" as used in the preceding paragraph means a second corporation in which a first corporation holds the majority of the voting rights held by all the shareholders, etc. In such a case, a second corporation in which a first corporation and one or more of its subsidiary corporations hold the majority of the voting rights held by all the shareholders, etc., or in which one or more of a first corporation's subsidiary corporations hold the majority the voting rights held by all the shareholders, etc., is deemed to be the subsidiary corporation of that first corporation.

Section 5 Miscellaneous Provisions

(Acting Representative)

Article 66-46 (1) If there is a vacant position for the domestic representative of a

credit rating agency (limited to a foreign corporation; hereinafter the same applies in this Article), and the Prime Minister finds it to be necessary, the Prime Minister may appoint a person to temporarily perform the duties of the domestic representative (referred to as the "acting representative" in the following paragraph). In such a case, the credit rating agency must register the appointment in connection with the location of the principal business office or office in Japan.

(2) If the Prime Minister appoints an acting representative pursuant to the provisions of the preceding paragraph, the Prime Minister may order the credit rating agency to pay the acting representative a reasonable amount of remuneration.

(Technical Replacement of Terms in Applying the Provisions of This Act to Foreign Corporations)

Article 66-47 If a credit rating agency is a foreign corporation or an organization without legal personality for which a representative or administrator has been designated, the technical replacement of terms in the application of the provisions of this Act and necessary particulars otherwise relevant in the application of the provisions of this Act to the foreign corporation or to the organization without legal personality for which a representative or administrator has been designated are specified by Cabinet Order.

(Application, Mutatis Mutandis)

Article 66-48 The provisions of Article 57, paragraphs (1) and (3) apply mutatis mutandis to the registration referred to in Article 66-27, and the provisions of Article 57, paragraphs (2) and (3) and Article 65-6 apply mutatis mutandis to a credit rating agency. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Delegation to Cabinet Office Order)

Article 66-49 The procedures for implementing the provisions of Article 66-27 through the preceding Article and other necessary particulars for the implementation are specified by Cabinet Office Order.

Chapter III-4 High-Speed Traders

Section 1 General Provisions

(Registration)

Article 66-50 A person other than a financial instruments business operator, etc. and authorized firm for on-exchange transactions (limited to a person engaging in or seeking to engage in high-speed trading as financial instruments

business, services of a registered financial institution, or on-exchange transaction services) must be registered by the Prime Minister if the person seeks to perform high-speed trading.

(Application for Registration)

Article 66-51 (1) A person seeking the registration referred to in the preceding Article must submit a written application for registration to the Prime Minister, in which it states the following particulars:

(i) the person's trade name or name;

(ii) the amount of stated capital or the total amount of contributions, if it is a corporation;

(iii) the names of its officers, if it is a corporation;

(iv) the name and location of the person's principal business office or office;

(v) the name and location of the business office or office for services related to high-speed trading;

(vi) if the person engages in other business, the business type; and

(vii) other particulars specified by Cabinet Office Order.

(2) The following documents must accompany the written application for registration referred to in the preceding paragraph:

(i) a document pledging that the person does not fall under any of the items of Article 66-53 (excluding items (ii) through (iv), item (v), (d), and item (vi), (c));

(ii) a document stating the things specified by Cabinet Office Order as constituting the business outline and business methods for services related to high-speed trading;

(iii) if it is a corporation, the articles of incorporation and the corporation's certificate of registered information (including anything equivalent to these); and

(iv) other documents specified by Cabinet Office Order.

(3) In attaching the documents set forth in item (iii) of the preceding paragraph to the written application for registration, if the articles of incorporation have been prepared as electronic or magnetic records, the electronic or magnetic records (limited to those specified by Cabinet Office Order) may be attached to that written application in lieu of written documents.

(Registration in the Register)

Article 66-52 (1) When an application is filed for the registration referred to in Article 66-50, unless the Prime Minister refuses the registration pursuant to the provisions of the following Article, the Prime Minister must register the following particulars in the high-speed traders register:

(i) the particulars set forth in the items of paragraph (1) of the preceding

Article; and

(ii) the date of registration and the registration number.

(2) The Prime Minister must make the high-speed traders register available for public inspection.

(Refusal of Registration)

Article 66-53 If the applicant for registration falls under any of the following items, or if a written application for registration or an accompanying document, or electronic or magnetic record includes a false statement or record or lacks a statement or record of a material fact, the Prime Minister must refuse that registration:

(i) a person that falls under any of Article 29-4, paragraph (1), item (i), (a) through (c);

(ii) a person that conducts another business which is found to be contrary to the public interest;

(iii) a person that does not have a personnel structure sufficient to perform the services related to high-speed trading in an appropriate manner;

(iv) a person that is found not to have in place the necessary system for performing services related to high-speed trading in an appropriate manner;

(v) if the applicant is a corporation, a person that falls under any of the following:

(a) a person that has an officer falling under any of the following persons:

1. a person specified by Cabinet Office Order as being unable to properly perform business related to high-speed trading due to a mental or physical disorder; or

2. a person falling under any of Article 29-4, paragraph (1), item (ii), (b) through (i);

(b) a person whose stated capital or total amount of contributions are less than the amount of money that is specified by Cabinet Order as necessary and appropriate in the public interest or for the protection of investors;

(c) a foreign corporation that has not designated a domestic representative or a domestic agent; or

(d) a foreign corporation that has not been given the assurance referred to in Article 189, paragraph (2), item (i) by the foreign regulatory authority for financial instruments prescribed in paragraph (1) of that Article in a foreign country where its principal business office or office or its business office or office for services related to high-speed trading is located;

(vi) if the applicant is an individual, a person that falls under any of the following persons:

(a) a person that falls under any of Article 29-4, paragraph (1), item (ii), (b) through (h), or (i) (excluding the part that involves the provisions of Acts

prescribed in item (i), (c) of that paragraph) or (a), 1. of the preceding item;

(b) an individual domiciled in a foreign country that has not designated a domestic agent; or

(c) an individual domiciled in a foreign country that has not been given the assurance referred to in Article 189, paragraph (2), item (i) by the foreign regulatory authority for financial instruments defined in paragraph (1) of that Article in a foreign country where the individual's principal business office or office or the individual's business office or office for conducting services related to high-speed trading is located;

(vii) a person whose net assets (meaning the figure arrived at when the total amount of liabilities is deducted from the total amount of assets pursuant to the provisions of Cabinet Office Order) are less than the amount of money that is specified by Cabinet Order as necessary and appropriate in the public interest or for the protection of investors.

(Notification of a Change)

Article 66-54 (1) If any particular set forth in the items of Article 66-51, paragraph (1) changes, the high-speed trader must notify the Prime Minister of this within two weeks from the day of the change.

(2) Upon accepting a notification under the preceding paragraph, the Prime Minister must register the particulars given in the notification in a high-speed traders register.

(3) If the business outline or business methods that a high-speed trader has stated in the documents set forth in Article 66-51, paragraph (2), item (ii) change, the high-speed trader must notify the Prime Minister of this without delay pursuant to the provisions of Cabinet Office Order.

Section 2 Services

(Establishment of an Operational Control System)

Article 66-55 A high-speed trader must establish an operational control system for the appropriate performance of its services related to high-speed trading, pursuant to the provisions of Cabinet Office Order.

(Prohibition of Lending One's Name)

Article 66-56 A high-speed trader must not allow another person to engage in high-speed trading using the name of the high-speed trader.

(Regulation on Business Operations)

Article 66-57 A high-speed trader must conduct its business in such a manner that the state of its business operations does not fall under any of the following

items:

(i) the electronic data processing system or any other equipment related to high-speed trading is in such a state that its management for preventing grounds such as abnormal operation of the electronic data processing system from compromising the full utilization of the functions of the financial instruments market is found to be insufficient; or

(ii) beyond what is set forth in the preceding item, the business operations are in a state specified by Cabinet Office Order as one that is contrary to the public interest or that is likely to compromise the protection of investors.

Section 3 Accounting

(Books and Documents Concerning Business)

Article 66-58 A high-speed trader must prepare and preserve books and documents concerning its business pursuant to the provisions of Cabinet Office Order.

(Submission of Business Reports)

Article 66-59 Each business year, pursuant to the provisions of Cabinet Office Order, a high-speed trader must prepare a business report and submit it to the Prime Minister within three months after the end of the business year.

Section 4 Supervision

(Notification of the Start of Services)

Article 66-60 If a high-speed trader comes to fall under any of the following items, it must notify the Prime Minister of this without delay:

(i) the high-speed trader starts, suspends, or resumes services related to high-speed trading;

(ii) the high-speed trader is a corporation, and that corporation merges with another corporation (excluding if the high-speed trader is a corporation and that corporation disappears in the merger), succeeds to all or part of another corporation's business (limited to those concerning high-speed trading; hereinafter the same applies in this item and paragraph (1) of the following Article) in a company split, or acquires all or part of another corporation's business;

(iii) the high-speed trader files a petition to commence bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings; or

(iv) the high-speed trader falls under any other case specified by Cabinet Office Order.

(Notification of Discontinuing Business)

Article 66-61 (1) If a high-speed trader comes to fall under any of the following items, the person specified in that item must notify the Prime Minister of this within 30 days from the day in question:

(i) the high-speed trader is an individual, and that individual dies: the heir;

(ii) the high-speed trader discontinues services related to high-speed trading: that corporation or individual;

(iii) the high-speed trader is a corporation, and that corporation disappears in a merger: the officer that represented the corporation;

(iv) the high-speed trader is a corporation, and that corporation is dissolved due to an order to commence bankruptcy proceedings: the bankruptcy trustee;

(v) the high-speed trader is a corporation, and that corporation is dissolved for reasons other than a merger or an order to commence bankruptcy proceedings: the liquidator;

(vi) the high-speed trader is a corporation, and that corporation has the whole of its business succeeded to in a company split: that corporation; or

(vii) the high-speed trader transfers the whole of its business: that corporation or individual.

(2) If a high-speed trader comes to fall under any of the items of the preceding paragraph, obtains the registration referred to in Article 29 or 33-2, the registration of change referred to in Article 31, paragraph (4), or the permission referred to in Article 60, paragraph (1) by stating the particulars set forth in Article 29-2, paragraph (1), item (vii), (a) or (b), Article 33-3, paragraph (1), item (vi), (a), or Article 60-2, paragraph (1), item (iv), (a) in the written application for registration or the written application for permission, or makes a notification under Article 31, paragraph (1), Article 33-6, paragraph (1), or Article 60-5, paragraph (1) by stating the particulars set forth in Article 29-2, paragraph (1), item (vii), (a), Article 33-3, paragraph (1), item (vi), (a), or Article 60-2, paragraph (1), item (iv), (a), the registration referred to in Article 66-50 of the high-speed trader ceases to be effective.

(Business Improvement Orders)

Article 66-62 If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors as concerns the state of a high-speed trader's business operations or assets, the Prime Minister may, to the extent necessary, order the high-speed trader to change its business methods or order it to take other measures that are necessary for improving the state of its business operations or assets.

(Supervisory Dispositions)

Article 66-63 (1) If a high-speed trader falls under any of the following items, the Prime Minister may rescind its registration referred to in Article 66-50 or order the suspension of all or part of the business during a fixed period of no longer than six months:

(i) the high-speed trader comes to fall under any of the items of Article 66-53 (excluding item (v), (a));

(ii) the high-speed trader obtains the registration referred to in Article 66-50 by wrongful means;

(iii) the high-speed trader violates a law or regulation or a disposition by a government agency which is based on a law or regulation, in connection with services related to high-speed trading or services incidental thereto;

(iv) in light of the state of its business or assets, the high-speed trader is likely to become insolvent; or

(v) the high-speed trader commits a wrongful or extremely unjust act in connection with services related to high-speed trading, and the circumstances surrounding this are particularly serious.

(2) If an officer of a high-speed trader (for a foreign corporation, this is limited to an officer stationed at its domestic business office or office and its domestic representative; hereinafter the same applies in this paragraph) comes to fall under any of the categories in Article 66-53, item (v), (a), 1. or 2., is discovered to have fallen under any of the categories in (a), 1. or 2. of that item at the time of the registration referred to in Article 66-50, or comes to fall under item (iii) or (v) of the preceding paragraph, the Prime Minister may order the high-speed trader to dismiss that officer.

(3) If the Prime Minister is unable to ascertain the location of the business offices or offices of a high-speed trader or is unable to ascertain the whereabouts of a high-speed trader (in the case of a corporation, the whereabouts of the officer representing the corporation), the Prime Minister, pursuant to the provisions of Cabinet Office Order, may issue public notice of that fact and rescind the registration of the high-speed trader if no filing is made by the high-speed trader even after 30 days past the day of the public notice.

(4) The provisions of Chapter III of the Administrative Procedure Act do not apply to a disposition under the preceding paragraph.

(Rescission of Registration Due to Non-Commencement or Suspension of Business)

Article 66-64 If, without legitimate grounds for doing so, a high-speed trader does not commence business within three months of the day on which it is permitted to begin engaging in services related to high-speed trading or suspends business for three months or more continually, the Prime Minister may rescind the registration referred to in Article 66-50 of that high-speed

trader.

(Public Notice of Supervisory Dispositions)

Article 66-65 If the Prime Minister rescinds the registration referred to in Article 66-50 pursuant to the provisions of Article 66-63, paragraph (1) or (3) or the preceding Article or orders the suspension of all or part of the business pursuant to Article 66-63, paragraph (1), the Prime Minister must issue public notice of this pursuant to the provisions of Cabinet Office Order.

(Deletion of Registrations)

Article 66-66 If the registration referred to in Article 66-50 ceases to be effective pursuant to the provisions of Article 66-61, paragraph (2) or the Prime Minister rescinds the registration referred to in Article 66-50 pursuant to the provisions of Article 66-63, paragraph (1) or (3) or Article 66-64, the Prime Minister must delete that registration.

(Collection of Reports and Inspection)

Article 66-67 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a high-speed trader, a person that conducts transactions with a high-speed trader, or the person that a high-speed trader has entrusted with its business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this paragraph) to submit reports or materials that should serve as a reference with regard to the business or assets of the high-speed trader, or may have the relevant officials inspect the state of the business or assets, or the books, documents, and any other articles, of the high-speed trader or the person that the high-speed trader has entrusted with its business (but may only have the relevant officials inspect the person that the high-speed trader has entrusted with its business as is necessary in connection with the business or assets of the high-speed trader).

Section 5 Miscellaneous Provisions

(Technical Replacement of Terms in the Application of the Provisions of This Act to Foreign Corporations)

Article 66-68 With regard to the application of Article 66-59 to the case in which a high-speed trader is a foreign corporation or an individual domiciled in a foreign country, the term "within three months" in that Article is deemed to be replaced with "within the period specified by Cabinet Order", and the technical

replacement of the terms in the application of the provisions of this Act to the case in which a high-speed trader is a foreign corporation or an individual domiciled in a foreign country and necessary particulars otherwise relevant in the application of the provisions of this Act to the foreign corporation or individual are specified by Cabinet Order.

(Mutatis Mutandis Application)

Article 66-69 The provisions of Article 57, paragraphs (1) and (3) apply mutatis mutandis to the registration referred to in Article 66-50, and the provisions of Article 57, paragraphs (2) and (3) and Article 65-6 apply mutatis mutandis to a high-speed trader. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Delegation to Cabinet Office Order)

Article 66-70 The procedures for implementing the provisions of Article 66-50 through the preceding Article and other necessary particulars for the implementation are specified by Cabinet Office Order.

Chapter III-5 Business Operators Entrusted with the Investment Management-Related Services

Section 1 General Provisions

(Registration)

Article 66-71 A person engaged in the investmentinvestment management-related service entrusted business may be registered by the Prime Minister.

(Application for Registration)

Article 66-72 (1) A person seeking to be registered as referred to in the preceding Article must submit a written application for registration to the Prime Minister, in which it states the following particulars:

(i) the person's trade name or name;

(ii) particulars specified by Cabinet Office Order as those concerning the financial basis;

(iii) the names of its officers, if it is a corporation;

(iv) the name and location of the person's principal business office or office (for a foreign corporation or an individual domiciled in a foreign country, the principal business office or office and the principal business office or office in Japan);

(v) the name and location of the business office or office forthe investment management-related service entrusted business that is subject to the application for registration;

(vi) the business category (meaning the business category set forth in the items of Article 2, paragraph (43);
(vii) if the person engages in other business, the business type; and
(viii) other particulars specified by Cabinet Office Order.

(2) The following documents must accompany the written application for registration referred to in the preceding paragraph:
(i) a document pledging that the person perspndoes not fall under any of the items of Article 66-74 (excluding items (ii) through (v), item (vii), (c), and item (viii), (c));
(ii) a document stating the things specified by Cabinet Office Order as constituting the business outline and business methods for the investment management-related service entrusted business;
(iii) if it is a corporation, the articles of incorporation and the corporation's certificate of registered information (including anything equivalent to these); and
(iv) other documents specified by Cabinet Office Order.

(3) In attaching the documents set forth in item (iii) of the preceding paragraph to the written application for registration, if the articles of incorporation have been prepared as electronic or magnetic records, the electronic or magnetic records (limited to those specified by Cabinet Office Order) may be attached to that written application in lieu of written documents.

(Registration in the Register)

Article 66-73 (1) When an application is filed for the registration referred to in Article 66-71, unless the Prime Minister refuses the registration pursuant to the provisions of the following Article, the Prime Minister must register the following particulars in the register of investment management-related service entrusted business operators :
(i) the particulars set forth in the items of paragraph (1) of the preceding Article; and
(ii) the date of registration and the registration number.

(2) The Prime Minister must make the register of investment management-related service entrusted business operators available for public inspection.

(Refusal of Registration)

Article 66-74 The Prime Minister must refuse to effect a registration if the applicant for registration falls under any of the following items, if the written application for registration or a document or electronic or magnetic record that is required to accompany it contains a false statement or record, or if it omits a statement or record of a material fact:
(i) a person that falls under any of Article 29-4, paragraph (1), item (i), (a)

through (c);
(ii) a person whose other business is found to be contrary to the public interest;
(iii) a person falling under any of the following:
(a) a person that is likely to cause a loss of credibilityofcredibility of the investment management-related service entrusted business in light of the person's relationship with the organized crime group as defined in Article 2, item (ii) of the Act on Prevention of Unjust Acts by Organized Crime Group Members or relationship with the organized crime group member as defined in item (vi) of that Article, or other circumstances; or
(b) any other person that falls under the criteria specified by Cabinet Office Order as a person that does not have sufficient personnel structure to perform the investment management-related service entrusted business in an appropriate manner;
(iv) a person that is found not to have in place the necessary system for performing the investment management-related service entrusted business, which the person seeks to engage in, in an appropriate manner;
(v) a person that does not have the financial basis;
(vi) a person that does not have a business office or office in Japan;
(vii) if the person is a corporation, the person that falls under any of the following:
(a) a person that has an officer falling under any of the following persons:
1. a person specified by Cabinet Office Order as being unable to properly perform the investment management-related service entrusted business due to a mental or physical disorder; or
2. a person falling under any of Article 29-4, paragraph (1), item (ii), (b) through (i);
(b) a foreign corporation that has not designated a domestic representative or a domestic agent; or
(c) a person that is found to fail to secure an officer or an employee who has sufficient knowledge and experience necessary for the execution of each of the services related to the investment management-related service entrusted business that is subject to the application for registration;
(viii) if the person is an individual, the person that falls under any of the following:
(a) a person that falls under any of Article 29-4, paragraph (1), item (ii), (b) through (h), or (i) (excluding the part that involves the provisions of Acts prescribed in item (i), (c) of that paragraph) or (a), 1. of the preceding item;
(b) an individual domiciled in a foreign country that has not designated a domestic agent; or
(c) a person that is found to lack sufficient knowledge and experience necessary for the execution of each of the services related to the

investment management-related service entrusted business that is subject to the application for registration.

(Registration of a Change)

Article 66-75 (1) If any particular set forth in the items of Article 66-72, paragraph (1) (excluding item (vi)) changes, the investment management-related service entrusted business operator must notify the Prime Minister of this within two weeks from the day of the change.

(2) Upon accepting a notification under the preceding paragraph, the Prime Minister must register the particulars given in the notification in the register of investment management-related service entrusted business operators.

(3) If the business outline or business methods that an investment management-related service entrusted business operator has stated in a document set forth in Article 66-72, paragraph (2), item (ii) change, the investment management-related service entrusted business operator must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet Office Order.

(4) If an investment management-related service entrusted business operator seeks to change the particular set forth in Article 66-72, paragraph (1), item (vi), it must have that change registered by the Prime Minister pursuant to the provisions of Cabinet Office Order.

(5) The provisions of the preceding two Articles apply mutatis mutandis to the registration of a change referred to in the preceding paragraph. In this case, in Article 66-73, paragraph (1), the phrase "the following particulars" is deemed to be replaced with "the particulars subject to the change"; in the preceding Article, the phrase "the following items" is deemed to be replaced with "items (iii) through (v), item (vii), (c) or item (viii), (c)"; and any other necessary technical replacement of terms is specified by Cabinet Order.

Section 2 Services

(Duty of Sincerity)

Article 66-76 An investment management-related service entrusted business operator as well as its officers and employees must be sincere and fair in the performance of its services on behalf of the entrusting party.

(Duty to the Entrusting Party)

Article 66-77 (1) An investment management-related service entrusted business operator must work faithfully on behalf of the entrusting party in providing its servicesentrustment.

(2) AnA investment management-related service entrusted business operator must conduct its servicesentrustment with the due care of a prudent manager

for the entrusting party.

(Establishment of an Operational Control System)

Article 66-78 AnA investment management-related service entrusted business operator must establish an operational control system for the appropriate performance of its investment management-related service entrusted business, pursuant to the provisions of Cabinet Office Order.

(Prohibition of Lending One's Name)

Article 66-79 AnA investment management-related service entrusted business operator must not allow another person to engage in the investment management-related service entrusted business using the name of the investment management-related service entrusted business operator.

(Prohibition of Re-Entrustment)

Article 66-80 (1) An investment management-related service entrusted business operator must not entrust another person with the investment management-related service (limited to the investment management-related service for which the registration set forth in Article 66-71 or the registration of change set forth in Article 66-75, paragraph (4) has been obtained for providing that service; the same applies in the following paragraph); provided, however, that this does not apply if the approval of the Prime Minister is obtained for such entrustment.

(2) When an application is filed for the approval referred to in the proviso to preceding paragraph, the Prime Minister may only choose not to grant approval if it is found that the entrustment (including entrustment at two or more degrees of separation from the original entrustment) of the investment management-related service is likely to compromise the appropriate performance of the investment management business, etc. by the party that has entrusted the applicant for approval with the investment management-related service.

(Archiving Records)

Article 66-81 An investment management-related service entrusted business operator must prepare and archive records of its investment management-related service entrusted business pursuant to the provisions of Cabinet Office Order.

Section 3 Supervision

(Submission of Business Reports)

Article 66-82 Each business year, pursuant to the provisions of Cabinet Office Order, an investment management-related service entrusted business operator must prepare a business report and submit it to the Prime Minister within three months after the end of the business year.

(Notification of Discontinuing Business)

Article 66-83 (1) If an investment management-related service entrusted business operator comes to fall under any of the following items, the person specified in that item must notify the Prime Minister of this within 30 days from the day in question:

(i) the investment management-related service entrusted business operator is an individual, and that individual dies: the heir;

(ii) the investment management-related service entrusted business operator discontinues the investment management-related service entrusted business (limited to that service for which the registration set forth in Article 66-71 or the registration of change set forth in Article 66-75, paragraph (4) has been obtained): that corporation or individual;

(iii) the investment management-related service entrusted business operator is a corporation, and that corporation disappears in a merger: the officer that represented the corporation;

(iv) the investment management-related service entrusted business operator is a corporation, and that corporation is dissolved due to an order to commence bankruptcy proceedings: the bankruptcy trustee;

(v) the investment management-related service entrusted business operator is a corporation, and that corporation is dissolved for reasons other than a merger or an order to commence bankruptcy proceedings: the liquidator;

(vi) the investment management-related service entrusted business operator is a corporation, and that corporation has the whole of its business (limited to the business relating to the investment management-related service entrusted business; the same applies in the following item) succeeded to in a company split: that corporation; or

(vii) the investment management-related service entrusted business operator transfers the whole of its business: that corporation or individual.

(2) If an investment management-related service entrusted business operator comes to fall under any of the items of the preceding paragraph, the Article 66-7171 registration of the investment management-related service entrusted business operator ceases to be effective.

(Business Improvement Orders)

Article 66-84 If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors as concerns the state of the

business operations or assets of ana n investment management-related service entrusted business operator, the Prime Minister may, to the extent necessary, order the investment management-related service entrusted business operator to change its business methods or order it to take other measures that are necessary for improving the state of its business operations or assets..

(Supervisory Dispositions)

Article 66-85 (1) If ana n investment management-related service entrusted business operator falls under any of the following items, the Prime Minister may rescind its registration referred to in Article 66-71 or order the suspension of all or part of the services of its investment management-related service entrusted business during a fixed period of no longer than six months:

(i) the investment management-related service entrusted business operator comes to fall under any of the items of Article 66-74 (excluding item (vii), (a));

(ii) the investment management-related service entrusted business operator obtains the registration referred to in Article 66-71 by wrongful means;

(iii) the investment management-related service entrusted business operator violates a law or regulation or a disposition by a government agency which is based on a law or regulation, in connection with the investment management-related service entrusted business; or

(iv) the investment management-related service entrusted business operator commits a wrongful or extremely unjust act in connection with investment management-related service entrusted business, and the circumstances surrounding this are particularly serious.

(2) If an officer of ana n investment management-related service entrusted business operator (for a foreign corporation, this is limited to an officer stationed at its business office or office in Japan, and its representative in Japan; hereinafter the same applies in this paragraph) comes to fall under any of Article 66-74, item (vii), (a) 1. or 2., is discovered to have fallen under (a) 1. or 2. of that item at the time of the registration referred to in Article 66-71, or comes to fall under any of item (iii) or item (iv) of the preceding paragraph, the Prime Minister may order the investment management-related service entrusted business operator to dismiss that officer.

(3) If the Prime Minister is unable to ascertain the location of the business offices or offices of ana investment management-related service entrusted business operator or is unable to ascertain the whereabouts of ana investment management-related service entrusted business operator (in the case of a corporation, the whereabouts of the officer representing the corporation), the Prime Minister, pursuant to the provisions of Cabinet Office Order, may issue public notice of that fact and rescind the registration of the investment

management-related service entrusted business operator if no filing is made by the investment management-related service entrusted business operator even after 30 days past the day of the public notice.

(4) The provisions of Chapter III of the Administrative Procedure Act do not apply to a disposition under the preceding paragraph.

(Public Notice of Supervisory Dispositions)

Article 66-86 If the Prime Minister rescinds an Article 66-71 registration pursuant to the provisions of paragraph (1) or (3) of the preceding Article or orders the suspension of all or part of the business pursuant to paragraph (1) of the preceding Article, the Prime Minister must issue public notice of this pursuant to the provisions of Cabinet Office Order.

(Deletion of Registrations)

Article 66-87 When an application is filed by ana investment management-related service entrusted business operator for the deletion of an Article 66-71 registration, if an Article 66-71 registration loses its validity pursuant to the provisions of Article 66-83, paragraph (2), or the Prime Minister rescinds an Article 66-71 registration pursuant to the provisions of Article 66-85, paragraph (1) or (3), the Prime Minister must delete that registration.

(Collection of Reports and Inspections)

Article 66-88 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order ana investment management-related service entrusted business operator, a person that conducts transactions with ana business operator entrusted with the investment management-related service, the person that a investment management-related service entrusted business operator, or the person that an investment management-related service entrusted business operator has entrusted with its business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this Article), to submit reports or materials that should serve as a reference with regard to the business or assets of the investment management-related service entrusted business operator, or may have the relevant officials inspect the state of business or assets, or records and other articles of the ainvestment management-related service entrusted business operator or the person that ana investment management-related service entrusted business operator has entrusted with its business (but may only have the relevant officials inspect the person that ana investment management-related service entrusted business operator has entrusted with its business as is necessary in connection

with the business or assets of the investment management-related service entrusted business operator).

(Hearings)

Article 66-89 (1) Before seeking to refuse an Article 66-71 registration or an Article 66-75, paragraph (4) registration of a change, the Prime Minister must notify the applicant for registration or the investment management-related service entrusted business operator, and have the relevant officials conduct a hearing regarding the applicant for registration or the investment management-related service entrusted business operator.

(2) Irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to issue a disposition based on the provisions of Article 66-84 or Article 66-85, paragraph (1), the Prime Minister must conduct a hearing.

(3) Upon deciding to grant or to refuse an Article 66-71 registration or an Article 66-75, paragraph (1) registration of a change, or to issue a disposition based on the provisions of Article 66-84 or Article 66-85, paragraph (1) or (2), the Prime Minister must notify the applicant for registration or the investment management-related service entrusted business operator of this in writing.

Section 4 Miscellaneous Provisions

(Acting Representative)

Article 66-90 (1) If there is a vacant position for the domestic representative of ana investment management-related service entrusted business operator (limited to a foreign corporation; hereinafter the same applies in this Article), and the Prime Minister finds it to be necessary, the Prime Minister may appoint a person to temporarily perform the duties of the domestic representative (referred to as an "acting representative" in the following paragraph). In such a case, the investment management-related service entrusted business operator must register the appointment in connection with the location of the principal business office or office in Japan.

(2) If the Prime Minister appoints an acting representative pursuant to the provisions of the preceding paragraph, the Prime Minister may order the investment management-related service entrusted business operator to pay the acting representative a reasonable amount of remuneration.

(Technical Replacement of Terms in Applying the Provisions of This Act to Foreign Corporations)

Article 66-91 With regard to the application of Article 66-82 to the case in which ana investment management-related service entrusted business operator is a

foreign corporation or an individual domiciled in a foreign country, the term "within three months" in that Article is deemed to be replaced with "within the period specified by Cabinet Order", and the technical replacement of the terms in the application of the provisions of this Act to the case in which ana investment management-related service entrusted business operator is a foreign corporation or an individual domiciled in a foreign country and necessary particulars otherwise relevant in the application of the provisions of this Act to the foreign corporation or individual are specified by Cabinet Order.

(Delegation to Cabinet Office Order)

Article 66-92 The procedures for implementing the provisions of Article 66-71 through the preceding Article and other necessary particulars for the implementation are specified by Cabinet Office Order.

(Respect for the Voluntary Efforts of Investment Management-Related Service Entrusted Business Operators)

Article 66-93 The Prime Minister, in supervising ana investment management-related service entrusted business operator, must give due consideration to respecting the voluntary efforts of the investment management-related service entrusted business operator to run its business.

Chapter IV Financial Instruments Firms Associations

Section 1 Authorized Financial Instruments Firms Associations

Subsection 1 Incorporation and Services

(Purpose of an Authorized Association)

Article 67 (1) An authorized financial instruments firms association (hereinafter referred to as an "authorized association" in this Chapter) aims to ensure fair and smooth purchase and sales and other transactions of securities and to ensure fair and smooth derivatives transactions, etc., as well as to contribute to the sound development of the financial instruments business and to the protection of investors.

(2) An authorized association may operate a market in which over-the-counter traded securities are traded (but only if the association members (meaning the members of an authorized association; hereinafter the same applies in this Section) conduct the transactions on their own accounts, and if association members provide intermediation, brokerage, or agency; the same applies in Article 67-11, paragraph (1)) (hereinafter referred to as an "over-the-counter securities market"), in order to facilitate the distribution of securities (limited to securities not listed on a financial instruments exchange; the same applies in Article 67-11, paragraph (1)), to ensure fairness in purchase and sales and

other transactions of securities, and to contribute to the protection of investors.
(3) For each over-the-counter securities market an authorized association operates, it may prohibit association members from making a purchase of securities as requested by a person other than a professional investor, etc. (excluding the issuer of the securities or any other person specified by Cabinet Office Order) (such a purchase is referred to as a "purchase for a general investor" in Article 67-12, item (v)), as prescribed in its articles of incorporation.
(4) An authorized association is to be a corporation.
(5) A person that is not an authorized association must not use a word in its name which could give rise to the misconception that it is an authorized financial instruments firms association.

(Authorization for Incorporation)
Article 67-2 (1) An authorized association may be incorporated only by a financial instruments business operator.
(2) A financial instruments business operator must obtain the authorization of the Prime Minister if it seeks to incorporate as an authorized association.
(3) A person set forth in each of the following items is deemed to be a financial instruments business operator in applying the provisions of the preceding two paragraphs; Article 68, paragraphs (1) and (2); Article 78, paragraph (1); Article 79-7, paragraph (1); and Article 79-11, within the scope of performing the services specified in each of those items:
(i) a registered financial institution: the services of a registered financial institution; and
(ii) a person that performs the services specified by Cabinet Office Order as being similar to the financial instruments business or services of a registered financial institution: those services.

(Submission of Written Application for Authorization)
Article 67-3 (1) A person seeking the authorization referred to in paragraph (2) of the preceding Article must submit a written application for authorization to the Prime Minister, in which it states the following particulars:
(i) its name;
(ii) the location of its office; and
(iii) the names of its officers and names of its association members.
(2) The articles of incorporation and other rules as well as other documents specified by Cabinet Office Order must be attached to the written application for authorization referred to in the preceding paragraph.

(Examination of Applications for Authorization)

Article 67-4 (1) When an application for authorization under paragraph (1) of the preceding Article is filed, the Prime Minister must examine whether the application conforms to the following criteria:

(i) the provisions of the articles of incorporation and other rules conform to laws and regulations, and are sufficient for ensuring fair and smooth purchase and sales and other transactions of securities and for ensuring fair and smooth derivatives transactions, etc., as well as contributing to the sound development of the financial instruments business and the protection of investors; and

(ii) the authorized association to which the application pertains will be organized in a manner that conforms to the provisions of this Act.

(2) If, as a result of having conducted an examination pursuant to the provisions of the preceding paragraph, the Prime Minister finds that an application for authorization conforms to the criteria in that paragraph, the Prime Minister must authorize incorporation, except in a case that falls under any of the following items:

(i) the applicant for authorization is a person that has been sentenced to a fine pursuant to the provisions of this Act, and for whom five years have not passed since the day on which the person finished serving that sentence or ceased to be subject to its enforcement;

(ii) the applicant has a person falling under any of the following persons as an officer:

(a) a person specified by Cabinet Office Order as being unable to properly perform their duties due to a mental or physical disorder; or

(b) a person falling under any of the provisions of Article 29-4, paragraph (1), item (ii), (b) through (i);

(iii) the written application for authorization or a document attached to it contains a false statement regarding a material particular.

(Hearing and Notification of an Applicant for Authorization)

Article 67-5 (1) If an application for authorization under Article 67-3, paragraph (1) is filed and the Prime Minister finds it inappropriate to grant that authorization, the Prime Minister must notify the applicant for authorization to that effect and have the relevant official conduct a hearing.

(2) Upon deciding to grant or to refuse to grant the authorization under Article 67-2, paragraph (2), the Prime Minister must notify the applicant for authorization of this in writing without delay.

(Rescission of Authorization)

Article 67-6 If an authorized association is discovered to have fallen under any of the categories in the items of Article 67-4, paragraph (2) at the time it obtained

its authorization for incorporation, the Prime Minister may rescind its authorization.

(Prohibition of Profit-Seeking)

Article 67-7 An authorized association must not engage in any business for profit.

(Particulars Required to Be Included in the Articles of Incorporation)

Article 67-8 (1) The articles of incorporation of an authorized association must include the following particulars (limited to an authorized association that operates an over-the-counter securities market, with regard to the particulars set forth in item (xiii)):

(i) the purpose of the authorized association;

(ii) its name;

(iii) the location of its offices;

(iv) the particulars of its association members;

(v) the particulars of its general meetings;

(vi) the particulars of its officers;

(vii) the particulars of its board meetings and other meetings;

(viii) the particulars of its execution of business operations;

(ix) the particulars of its improvement in the quality of officers and employees of the association members, and qualities of financial instruments intermediary service providers (limited to financial instruments intermediary service providers whose entrusting financial instruments business operators, etc. are association members; hereinafter the same applies in this Section) and their officers and employees;

(x) the particulars involved in the preparation of rules;

(xi) the particulars involved in complaints from investors concerning the operations of the association members or financial instruments intermediary service providers, and dispute resolution;

(xii) the particulars of purchase and sales and other transactions of securities solicited by association members or financial instruments intermediary service providers;

(xiii) the particulars of its over-the-counter securities market;

(xiv) the particulars of investigations into association members' and financial instruments intermediary service providers' compliance with laws and regulations, dispositions by government agencies which are based on laws and regulations, the articles of incorporation and other rules, and the principle of good faith in their transactions;

(xv) the particulars of membership fees;

(xvi) the particulars of its accounting and assets; and

(xvii) its method of public notice.

(2) An authorized association must obtain the authorization of the Prime Minister if it seeks to change its articles of incorporation.

(3) If a particular set forth in Article 67-3, paragraph (1), item (ii) or (iii) changes, the authorized association must notify the Prime Minister of this without delay. The same applies when the rules of an authorized association (excluding the articles of incorporation; and with regard to an authorized association that operates an over-the-counter securities market, excluding the rules set forth in Article 67-12) are prepared, if they change, or if they are discontinued.

(Representatives' Capacity in Respect of Tortious Acts)

Article 67-9 An authorized association is liable for the damages that its president or board members cause another person in the performance of their duties.

(Address of an Authorized Association)

Article 67-10 The address of an authorized association is the address at which its principal office is located.

(Registration in the Over-the-Counter Traded Securities Register)

Article 67-11 (1) An authorized association that operates an over-the-counter securities market must register the class and issues of securities to be sold and purchased on that over-the-counter securities market in an over-the-counter traded securities register that is kept at the authorized association.

(2) The authorized association set forth in the preceding paragraph must keep a copy of the over-the-counter traded securities register at its office and make the copy available for public inspection, pursuant to the provisions of Cabinet Office Order.

(Authorization for Regulations)

Article 67-12 If an authorized association seeks to establish an over-the-counter securities market, it must provide for the following matters in its rules, in connection with the registration under paragraph (1) of the preceding Article and over-the-counter traded securities, and obtain the authorization of the Prime Minister. The same applies if the authorized association seeks to change or discontinue those rules:

(i) the criteria and process for registration, and for rescission of registrations;

(ii) the particulars involved in the reporting and announcement of trading prices;

(iii) the process for concluding a contract for a purchase and sale or other transaction;

(iv) delivery and other means of settlement;
(v) if the authorized association prohibits purchases for general investors pursuant to the provisions of Article 67, paragraph (3), the following matters, in addition to those set forth in the preceding items:
(a) the particulars of limitations imposed on association members' acceptance of requests to entrust them with the purchase and sale of securities on the over-the-counter securities market; and
(b) the content and the means of provision or timing for the disclosure of the specified information on securities and information on the issuer that the issuer of securities for professional investors that are traded on that over-the-counter securities market (hereinafter referred to as "over-the-counter traded securities for professional investors" in this item) is required to provide or disclose, and necessary particulars otherwise relevant to the provision or disclosure of information on over-the-counter traded securities for professional investors;
(vi) necessary particulars relevant to purchase and sales and other transactions of over-the-counter traded securities, other than the particulars set forth in the preceding items.

(Notification of Registration)
Article 67-13 If an authorized association seeks to make a registration under Article 67-11, paragraph (1) or to rescind such registration, it must notify the Prime Minister of this.

(Order to Register Share Certificates)
Article 67-14 If the issuer of over-the-counter traded securities that an authorized association registers (limited to share certificates or the instruments or certificates set forth in Article 2, paragraph (1), item (xx) that indicate a right connected with share certificates (hereinafter referred to as "share certificates, etc." in this Article and in Article 125)) issues share certificates, etc. that the authorized association does not register as under the provisions of Article 67-11, paragraph (1), and the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors for the authorized association to register those share certificates, etc. pursuant to that paragraph, the Prime Minister may order the authorized association to register those share certificates, etc. pursuant to the provisions of that paragraph.

(Order to Rescind a Registration)
Article 67-15 (1) If an authorized association violates the rules provided for in Article 67-12 as they pertain to item (i) of that Article in seeking to make or

having made a registration of securities under the provisions of Article 67-11, paragraph (1), or in seeking to rescind or having rescinded such a registration, the Prime Minister may order the authorized association to rescind the registration of those securities or to re-register securities whose registration has been rescinded, or to otherwise take the necessary measures to rectify the violation. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(2) With regard to the application of the provisions of Chapter III, Section 2 of the Administrative Procedure Act if the notice referred to in Article 15, paragraph (1) of that Act is given at the hearing for a disposition under the provisions of the preceding paragraph, the issuer of the relevant securities is deemed to be the person that receives the notice referred to in Article 15, paragraph (1) of that Act.

(Notification of Suspension of Purchase and Sales)

Article 67-16 If an authorized association suspends or cancels the suspension of purchase and sales on the over-the-counter securities market of over-the-counter traded securities that it has registered, it must notify the Prime Minister of this without delay.

(Order to Suspend Purchase and Sales)

Article 67-17 (1) If an issuer of over-the-counter traded securities violates this Act, an order given based on this Act, or the rules of the authorized association that has registered the relevant over-the-counter traded securities, and the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order the authorized association to suspend purchase and sales of, or to rescind the registration of, the over-the-counter traded securities on the over-the-counter securities market that it operates. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(2) With regard to the application of the provisions of Chapter III, Section 2 of the Administrative Procedure Act if the notice referred to in Article 15, paragraph (1) of that Act is given at the hearing for a disposition under the provisions of the preceding paragraph, the issuer referred to in the preceding paragraph is deemed to be the person that receives the notice referred to in Article 15, paragraph (1) of that Act.

(Reporting to an Authorized Association)

Article 67-18 In a case set forth in any of the following items, an association

member (in a case set forth in items (i) through (iii), this is limited to the association member of an Authorized Association that operates an over-the-counter securities market) must report the particulars specified in that item to the authorized association to which it belongs, pursuant to the provisions of Cabinet Office Order:

(i) if a purchase and sale of over-the-counter traded securities is made on the association member's own account, or a purchase and sale of over-the-counter traded securities is made and the association member provides intermediation, brokerage, or agency for it: the class, issue, price, volume, and other particulars specified by Cabinet Office Order, with regard to the securities subject to the purchase and sale;

(ii) if the association member makes an offer to sell or purchase over-the-counter traded securities on its own account: the class, issue, price, and other particulars specified by Cabinet Office Order, with regard to the securities subject to the offer to sell or purchase;

(iii) if the association member is entrusted, etc. with the purchase and sale of over-the-counter traded securities: the class, issues, price, volume, and other particulars specified by Cabinet Office Order, with regard to the securities subject to the entrustment, etc.;

(iv) if a purchase and sale of tradable securities (meaning share certificates, corporate bond certificates with share options, or any other securities specified by Cabinet Office Order, with regard to which the authorized association does not prohibit solicitation for purchase and sales and other transactions in its rules (excluding securities listed on a financial instruments exchange, over-the-counter traded securities, and those specified by the Prime Minister as securities of which transferability is found to be restricted under the relevant rules); the same applies hereinafter) is made on the association member's own account, or a purchase and sale of tradable securities is made and the association member provides intermediation, brokerage, or agency for it: the class, issue, price, volume, and other particulars specified by Cabinet Office Order, with regard to the securities subject to the purchase and sale;

(v) if the association member makes an offer to sell or purchase tradable securities on its own account: the class, issue, price, and other particulars specified by Cabinet Office Order, with regard to the securities subject to the offer to sell or purchase;

(vi) if the association member is entrusted, etc. with the purchase and sale of tradable securities: the class, issue, price, volume, and other particulars specified by Cabinet Office Order, with regard to the securities subject to the entrustment, etc.;

(vii) if a purchase and sale of listed share certificates, etc. (meaning share

certificates, corporate bond certificates with share options, or any other securities specified by Cabinet Office Order, which are listed on a financial instruments exchange; hereinafter the same applies in this Article to Article 78-5) is made outside of a financial instruments exchange market and on the association member's own account; or a purchase and sale of listed share certificates, etc. is made outside of a financial instruments exchange market, and the association member provides intermediation, brokerage, or agency for it: the class, issue, price, volume, and other particulars specified by Cabinet Office Order, with regard to the listed share certificates, etc. subject to the purchase and sale; or

(viii) if the association member makes an offer to sell or purchase listed share certificates, etc. to a large number of persons simultaneously outside of a financial instruments exchange market, or in any other case specified by Cabinet Office Order: the class, issue, price, and other particulars specified by Cabinet Office Order, with regard to the securities subject to the offer to sell or purchase.

(Notice of Trading Volume, Price, and Other Particulars)

Article 67-19 Pursuant to the provisions of Cabinet Office Order and based on the reports under the provisions of the preceding Article, an authorized association must notify its association members of, and disclose to the public, the daily trading volume and the highest price, lowest price, closing price, and other particulars, for each day and for each issue, in respect of purchase and sales of over-the-counter traded securities, purchase and sales of tradable securities, and purchase and sales of listed share certificates, etc. outside a financial instruments exchange market, on the over-the-counter securities market that it operates (limited to those which the association members make on their own accounts and those for which the association members provide intermediation, brokerage, or agency; hereinafter the same applies in the following Article).

(Reporting of Trading Volume, Price, and Other Particulars)

Article 67-20 Pursuant to the provisions of Cabinet Office Order, an authorized association must report the daily trading volume and the highest price, lowest price, closing price, and other particulars, for each day and for each issue, in respect of purchase and sales of over-the-counter traded securities, purchase and sales of tradable securities, and purchase and sales of listed share certificates, etc. outside of a financial instruments exchange market, on the over-the-counter securities market that it operates, to the Prime Minister.

Subsection 2 Association Members

(Eligibility for Association Membership and Restrictions on Joining an Authorized Association)

Article 68 (1) Membership in an authorized association is limited to financial instruments business operators.

(2) Except in a case set forth in paragraph (5), an authorized association must stipulate in its articles of incorporation that any financial instruments business operator may join as an association member; provided, however, that this does not apply if membership is restricted by reason of a condition as to the geographic location or business type of the financial instruments business operator.

(3) An authorized association must stipulate in its articles of incorporation that it will endeavor to prevent fraudulent acts, market manipulation, the collection of unreasonable fees and costs, and profiteering by association members and financial instruments intermediary service providers, as well as to promote the principle of good faith in their transactions.

(4) An authorized association must stipulate in its articles of incorporation that it will endeavor to prevent acts that are in violation of laws and regulations or the authorized association's articles of incorporation and other rules, and to ensure confidence of investors, by having internal rules and control systems established so that its association members and the financial instruments intermediary service providers that have those association members as entrusting financial instruments business operators, etc. comply with laws and regulations and with the authorized association's articles of incorporation and other rules.

(5) An authorized association may stipulate in its articles of incorporation that it may refuse admission as an association member if an applicant has been ordered to suspend purchase and sales and other transactions of securities or to suspend derivatives transactions, etc.; or has been expelled from the membership of, or had its trading license rescinded by, an authorized association or a financial instruments exchange, on account of having violated a law or regulation, a disposition by a government agency which is based on a law or regulation, or the articles of incorporation or other rules of the authorized association or financial instrument exchange, or on account of having engaged in an act that is contrary to the principle of good faith in transactions.

(6) An authorized association must make a list of association members available for public inspection.

(Dispositions against Association Members)

Article 68-2 An authorized association must stipulate in its articles of incorporation that, if an association member or a financial instruments

intermediary service provider whose entrusting financial instruments business operator, etc. is an association member violates a law or regulation, a disposition by a government agency which is based on a law or regulation, or the authorized association's articles of incorporation or other rules, or if it violates the principle of good faith in transactions, the authorized association will impose an administrative monetary penalty on the association member, order the suspension or restriction of its rights as an association member as provided in the articles of incorporation, or expel it from the authorized association.

Subsection 3 Management

(Appointment of Officers and Their Official Authority)

Article 69 (1) An authorized association has one president, two or more board members, and two or more inspectors as its officers.

(2) A president represents an authorized association and presides over its affairs.

(3) A board member, pursuant to the provisions of the articles of incorporation, represents an authorized association, assists the president in administering the affairs of the authorized association, acts as a proxy in handling the duties of the president if the president is unable to attend to them, and performs the duties of the president if the position is vacant.

(4) An inspector examines the affairs of an authorized association.

(5) An officer loses the position of officer upon coming to fall under any of the cases in Article 67-4, paragraph (2), item (ii), (a) or (b).

(Order to Dismiss an Officer)

Article 70 If the Prime Minister discovers that a person has become the officer of an authorized association by wrongful means, or if the officer of an authorized association violates a law or regulation, a disposition by a government agency which is based on a law or regulation, or the articles of incorporation, the Prime Minister may order the authorized association to dismiss that officer.

(Provisional Board Members and Provisional Inspectors)

Article 71 If there is no one to perform the duties of a board member or inspector and the Prime Minister finds it to be necessary, the Prime Minister may appoint a provisional board member or provisional inspector.

(Duty of Confidentiality of the Officers and Employees)

Article 72 (1) It is prohibited for the officer or employee of an authorized association, or for a person that has held any of these positions, to divulge or misappropriate any secret learned in the course of duty.

(2) It is prohibited for the officer or employee of an authorized association, or for a person that has held any of these positions, to use information learned in the course of duty for a purpose other than the business uses of the authorized association for which the information is provided.

Subsection 4 Supervision

(Order to Change the Articles of Incorporation, Operational Rules, or Other Rules)

Article 73 If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors in connection with an authorized association's articles of incorporation or other rules, its trade practices, or its business operations or the state of its assets, the Prime Minister may, to the extent necessary, order the authorized association to change its articles of incorporation or other rules, to change its trade practices, or otherwise take measures that are necessary from a supervisory perspective. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(Rescission of Authorization, Suspension of Business, and Dismissal of Officers, Due to Violation of Laws and Regulations)

Article 74 (1) If an authorized association violates a law or regulation, a disposition by a government agency which is based on a law or regulation, or its articles of incorporation or other rules (hereinafter referred to as a "law or regulation, etc." in this Article); or, even though an association member, a financial instruments intermediary service provider, or an issuer of over-the-counter traded securities or tradable securities has violated a law or regulation, etc. or engaged in an act that is contrary to the principle of good faith in transactions as specified in the articles of incorporation or other rules, the authorized association fails to exercise the powers accorded it under this Act, an order based on this Act, or its articles of incorporation or other rules, or to take other necessary measures to cause the person to observe laws and regulations, etc. or the principle of good faith in transactions; and the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may rescind its authorization for incorporation, order the suspension of all or part of the business during a fixed period of no longer than one year, order a change to its business methods, issue an order prohibiting performance of part of its business, order the dismissal of its officers, or order it to take any necessary measures that are specified in the articles of incorporation or other rules.

(2) Irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to order the suspension of all or part of the business, to order a change of business methods, to issue an order prohibiting performance of part of the business, or to issue an order to take any necessary measures that are specified in the articles of incorporation or other rules pursuant to the provisions of the preceding paragraph, the Prime Minister must conduct a hearing.

(Collection of Reports and Inspections)

Article 75 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order an authorized association, an issuer of over-the-counter traded securities or tradable securities, or the person that an authorized association has entrusted with its business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this Article), to submit reports or materials that should serve as a reference with regard to the business or assets of the authorized association, and may have the relevant officials inspect the state of the business or assets, or the books, documents, and any other articles, of an authorized association or the person that an authorized association has entrusted with its business (but may only have the relevant officials inspect the person that an authorized association has entrusted with its business as is necessary in connection with the business or assets of the authorized association).

(Documents to Be Submitted to the Prime Minister)

Article 76 An authorized association must submit the following documents to the Prime Minister within three months from the day on which each business year begins:

(i) the business summary report for the previous business year and the business plan for the current business year;

(ii) the inventory of property as of the end of the previous business year; and

(iii) the statement of accounts for the previous business year and the budget statements for the current business year.

Subsection 5 Miscellaneous Provisions

(Responding to Complaints from Investors)

Article 77 (1) If an investor files for the resolution of a complaint involving business carried out by an association member or a financial instruments intermediary service provider, in addition to providing the claimant with the

necessary advice and investigating the circumstances to which the complaint pertains based on its consultation with the claimant, the authorized association must notify the association member or financial instruments intermediary service provider of the substance and content of the complaint and request that it process the complaint expeditiously.

(2) If an authorized association finds that it is necessary in connection with the resolution of a complaint under a filing referred to in the preceding paragraph, it may request the relevant association member or financial instruments intermediary service provider to provide a written or oral explanation or submit materials.

(3) If an association member or financial instruments intermediary service provider has had a request under the preceding paragraph from an authorized association, it must not refuse this request without just cause for doing so.

(4) An authorized association must fully inform its association members and financial instruments intermediary service providers about any filing as referred to in paragraph (1), the circumstances to which the complaint pertains, and the outcome of its resolution.

(5) The provisions of paragraph (1) do not apply if an authorized association has obtained a designation under Article 156-39, paragraph (1) and the filing referred to in paragraph (1) is for a complaint in the category of dispute resolution services (meaning a category of dispute resolution services as prescribed in Article 156-38, paragraph (12); the same applies in paragraph (9) of the following Article (including as applied mutatis mutandis pursuant to Article 79-13) to which that designation pertains).

(Mediation by Authorized Associations)

Article 77-2 (1) If there is a dispute about a purchase and sale or other transaction of securities or about a derivatives transaction, etc. conducted by an association member or a financial instruments intermediary service provider, any of the parties to the transaction may file for mediation with an authorized association, for the purpose of attempting to resolve that dispute.

(2) If an authorized association receives a filing under the preceding paragraph, it must appoint a mediator that has the relevant knowledge and experience and that has no special interest in the parties to the dispute subject to that filing (hereinafter referred to as the "case" in this Article), and must refer the case to mediation by that mediator; provided, however, that a mediator must not mediate if the mediator finds that the case is not suited for mediation due to its nature, or that the party has filed for mediation for unjust purposes and without due cause.

(3) A mediator may hear the opinions of the parties and witnesses, request them to submit reports, and request the parties to submit books, documents, and any

other articles that should serve as reference; and may prepare the mediation proposal that is needed to resolve the case and recommend that the parties accept it, as the mediator finds appropriate.

(4) In the cases referred to in the preceding three paragraphs, if a financial instruments intermediary service provider is a party, its entrusting financial instruments business operator, etc. is also deemed to be a party.

(5) If an association member or a financial instruments intermediary service provider has had a request under the provisions of paragraph (3), it must not refuse this request without just cause.

(6) An authorized association may collect from the parties all or part of the expenses incurred in relation to mediation.

(7) It is prohibited for a mediator or former mediator to divulge or misappropriate any secret learned in the course of duty.

(8) It is prohibited for a mediator or former mediator to use information learned in the course of duty for a purpose other than the business use of the authorized association for which the information is provided.

(9) The provisions of paragraph (1) do not apply if an authorized association has obtained a designation under Article 156-39, paragraph (1) and the dispute referred to in paragraph (1) is in the category of dispute resolution services to which that designation pertains.

(Entrustment of Mediation Services to Third Parties)

Article 77-3 (1) An authorized association may entrust the complaint resolution services prescribed in Article 77, paragraph (1) and the mediation services prescribed in paragraph (1) of the preceding Article to a person that has a financial basis and personnel structure sufficient for performing these services in an appropriate manner.

(2) Notwithstanding the provisions of the preceding paragraph, an authorized association may not entrust the complaint resolution services and mediation services referred to in that paragraph to a person that falls under any of the following items:

(i) a person that has been sentenced pursuant to any provisions of this Act, for whom two years have not passed since the day on which the person finished serving that sentence or ceased to be subject to its enforcement;

(ii) a person whose authorization has been rescinded pursuant to Article 74, paragraph (1), for whom two years have not passed since the date of rescission; or

(iii) a person that has a person falling under any of the following persons as an officer who conducts its business:

(a) a person that has been sentenced to imprisonment or a heavier punishment or has been sentenced pursuant to any provisions of this Act,

for whom two years have not passed since the day on which the person finished serving that sentence or ceased to be subject to its enforcement; or

(b) a person that, during the 30 days before the date of rescission, was the officer of an authorized association whose authorization has been rescinded pursuant to Article 74, paragraph (1), and for whom two years have not passed since the date of rescission.

(3) A person entrusted with services pursuant to the provisions of paragraph (1) may not further entrust the services under that entrustment.

(4) The provisions of the preceding two Articles apply mutatis mutandis to the services entrusted by an authorized association pursuant to the provisions of paragraph (1).

(Educational Activities by Authorized Associations)

Article 77-4 An authorized association must endeavor to facilitate the sound development of the financial instruments business and the protection of investors through the dissemination of financial knowledge and through educational and publicity campaigns.

(Registration of Associations)

Article 77-5 (1) An authorized association must make registrations pursuant to the provisions of Cabinet Order.

(2) An authorized association is established by a registration of its incorporation being recorded in connection with the location of its principal office.

(3) The particulars that must be registered pursuant to the provisions of paragraph (1) may not be duly asserted against a third party until after their registration.

(Grounds for the Dissolution of an Association)

Article 77-6 (1) An authorized association is dissolved for the following reasons:

(i) the occurrence of a cause specified by the articles of incorporation;

(ii) a general meeting resolution;

(iii) the number of association members falls to five or below;

(iv) an order to commence bankruptcy proceedings; or

(v) the rescission of the authorization for incorporation of the authorized association.

(2) A general meeting resolution concerning the dissolution of an authorized association does not become effective without the authorization of the Prime Minister.

(3) If an authorized association has been dissolved pursuant to the provisions of paragraph (1), item (i) or (iii), the former representative must notify the Prime Minister of this without delay.

(4) If an order to commence bankruptcy proceedings or an order to terminate bankruptcy proceedings is issued with regard to an authorized association, or if the rescission of an order to commence bankruptcy proceedings, or an order to discontinue bankruptcy proceedings, becomes final and binding with regard to an authorized association, the court clerk must notify the Prime Minister of this.
(5) Beyond what is provided for in the preceding paragraphs, necessary particulars relevant to the dissolution of an authorized association are specified by Cabinet Order.

(Delegation to Cabinet Office Order)
Article 77-7 Procedures for the implementation of the provisions of Article 67 through the preceding Article and particulars that are otherwise necessary for their enforcement are specified by Cabinet Office Order.

Section 2 Certified Financial Instruments Business Associations

Subsection 1 Certification and Services

(Certification of Certified Financial Instruments Business Associations)
Article 78 (1) The Prime Minister, pursuant to the provisions of Cabinet Order, may certify a general incorporated association that has been incorporated by a financial instruments business operator and that is found to satisfy the following requirements, to conduct the services set forth in the following paragraph, at the application of such a general incorporated association:
(i) its aim is to ensure fair and smooth purchase and sales and other transactions of securities and to ensure fair and smooth derivatives transactions, etc., as well as contributing to the sound development of the financial instruments business and to the protection of investors;
(ii) its articles of incorporation stipulate that its members be financial instruments business operators;
(iii) it has established the necessary methods of business implementation for it to perform the services prescribed in the following paragraph properly and reliably; and
(iv) it has the necessary knowledge, ability, and financial basis for performing the services prescribed in the following paragraph properly and reliably.
(2) A general incorporated association certified pursuant to the preceding paragraph (hereinafter referred to as a "certified financial instruments business association" in this paragraph and the following Article) is to conduct the following services:
(i) providing its members and financial instruments intermediary service providers (limited to those whose entrusting financial instruments business

operators, etc. are its members; hereinafter the same applies in this Section) with guidance, recommendations, and other services in order to have them comply the provisions of this Act and other laws and regulations while operating in financial instruments business;

(ii) conducting the necessary investigations and providing the necessary guidance, recommendations, and other services for ensuring the propriety of contracts and of asset management, and for otherwise protecting investors with regard to the financial instruments business in which its members and financial instruments intermediary service providers operate;

(iii) investigating members' and financial instruments intermediary service providers' compliance with this Act, orders that are based on this Act, dispositions that are based on this Act or on such orders, the articles of incorporation and other rules, and the principle of good faith in transactions;

(iv) resolving complaints filed by investors with regard to the financial instruments business in which its members and financial instruments intermediary service providers operate;

(v) resolving disputes arisen from the financial instruments business in which its members and financial instruments intermediary service providers operate;

(vi) carrying out the registration work that is done pursuant to Article 64-7, paragraph (1) (including as applied mutatis mutandis pursuant to Article 66-25) or Article 64-7, paragraph (2);

(vii) establishing the necessary rules and providing other services for ensuring propriety in its members' and financial instruments intermediary service providers' solicitation in respect of purchase and sales and other transactions of securities;

(viii) conducting public relations aimed at investors and providing other services that are necessary for the certified financial instruments business association to achieve its purpose; and

(ix) services beyond what is set forth in the preceding items, which contribute to the sound development of the financial instruments business and to the protection of investors.

(Furtherance of Investor Protection)

Article 78-2 (1) beyond what is set forth in the items of paragraph (2) of the preceding Article, a certified financial instruments business association (hereinafter referred to as a "certified association" in this Chapter) must endeavor to further the sound development of the financial instruments business and the protection of investors through the dissemination of financial knowledge, and through awareness-raising activities and publicity activities.

(2) A certified association must make the membership list available for public

inspection.

(3) A person that is not a certified association must not use a term in its name which could give rise to the misconception that it is a certified financial instruments business association.

(Report to Certified Associations)

Article 78-3 In a case set forth in any of the following items, the member of a certified association must report the particulars prescribed in that item to the certified association, pursuant to the provisions of Cabinet Office Order:

(i) a purchase and sale of listed share certificates, etc. is made outside of a financial instruments exchange market and on the member's own account, or a purchase and sale of listed share certificates, etc. is made outside of a financial instruments exchange market and the member provides intermediation, brokerage, or agency for it: the class, issue, price, volume, and other particulars specified by Cabinet Office Order, with regard to the listed share certificates, etc. that are subject to the purchase and sale; and

(ii) the member makes an offer to sell or purchase listed share certificates, etc. to a large number of persons simultaneously outside of a financial instruments exchange market, or in any other case specified by Cabinet Office Order: the class, issue, price, volume, and other particulars specified by Cabinet Office Order, with regard to the listed share certificates, etc. subject to the offer to sell or purchase.

(Notice of Trading Volume, Price, and Other Particulars)

Article 78-4 Pursuant to the provisions of Cabinet Office Order and based on the reports under the provisions of the preceding Article, a certified association must notify its members of, and disclose to the public, the daily trading volume and the highest price, lowest price, closing price, and other particulars, for each day and for each issue, in respect of purchase and sales of listed share certificates, etc. outside a financial instruments exchange market (limited to those made by its member on their own accounts, and those for which its members provide intermediation, brokerage, or agency; the same applies in the following Article).

(Reporting of Trading Volume, Price, and Other Particulars)

Article 78-5 Pursuant to the provisions of Cabinet Office Order, a certified association must report the daily trading volume and the highest price, lowest price, closing price, and other particulars, for each day and for each issue, in respect of purchase and sales of listed share certificates, etc. outside of a financial instruments exchange market, to the Prime Minister.

(Responding to Complaints from Investors)

Article 78-6 The provisions of Article 77 apply mutatis mutandis to the resolution of investors' complaints by a certified association. In this case, in that Article, the term "association member" is deemed to be replaced with "member".

(Mediation by Certified Associations)

Article 78-7 The provisions of Article 77-2 apply mutatis mutandis to mediation conducted by a certified association. In this case, in paragraphs (1) and (5) of that Article, the term "association member" is deemed to be replaced with "member".

(Entrustment of Mediation Services to a Third Party)

Article 78-8 (1) A certified association may entrust the complaint resolution services prescribed in Article 77, paragraph (1) as applied mutatis mutandis pursuant to Article 78-6 and the mediation services prescribed in Article 77-2, paragraph (1) as applied mutatis mutandis pursuant to the preceding Article to a person that has the financial basis and personnel structure to perform these services in an appropriate manner.

(2) Notwithstanding the provisions of the preceding paragraph, the complaint resolution services and mediation services referred to in that paragraph may not be entrusted to a person that falls under any of the following items:

(i) a person that has been sentenced pursuant to any provisions of this Act, if two years have not yet passed since the day on which the person finished serving that sentence or ceased to be subject to its enforcement;

(ii) a person whose recognition has been rescinded pursuant to Article 79-6, paragraph (2), if two years have not yet passed since the date of the rescission; or

(iii) a person that has a person falling under any of the following persons as an officer that conducts its business:

(a) a person that has been sentenced to imprisonment or a heavier punishment or has been sentenced pursuant to any provisions of this Act, if two years have not yet passed since the day on which the person finished serving that sentence or ceased to be subject to its enforcement; or

(b) a person that, during the 30 days prior to the date of rescission, was the officer of a corporation whose recognition has been rescinded pursuant to Article 79-6, paragraph (2), if two years have not yet passed since the date of the rescission.

(3) A person entrusted with services pursuant to paragraph (1) may not further entrust the services under that entrustment.

(4) The provisions of Article 77 as applied mutatis mutandis pursuant to Article 78-6, and Article 77-2 as applied mutatis mutandis pursuant to the preceding

Article, apply to the services performed by the person that a Certified Association entrusts with its services pursuant to paragraph (1).

(Duty of Confidentiality of the Officers and Employees)

Article 79 The provisions of Article 72 apply to the officers and employees of a certified association, and to any person that has held any of these positions.

Subsection 2 Supervision

(Particulars Required to Be Included in the Articles of Incorporation)

Article 79-2 Beyond the matters set forth in the items of Article 11, paragraph (1) of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006) and the provisions of the articles of incorporation as set forth in Article 78, paragraph (1), item (ii), a certified association must stipulate in its articles of incorporation that if a member violates this Act, an order that is based on this Act, a disposition that is based on this Act or on such an order, or the articles of incorporation or other rules of the certified association, or if a member engages in an act that is contrary to the principle of good faith in transactions, the certified association will impose an surcharge on the member, order the suspension or restriction of its rights as a member as provided in the articles of incorporation, or expel it from the certified association.

(Operational Rules)

Article 79-3 (1) A certified association must establish rules concerning the following particulars and must obtain the authorization of the Prime Minister for the same. The same applies if the certified association seeks to change the rules:

(i) the particulars of the services prescribed in Article 78, paragraph (2); and

(ii) the particulars of the classes of share certificates, corporate bond certificates with share options, or securities specified by Cabinet Office Order (excluding securities listed on a financial instruments exchange and over-the-counter traded securities) with no prohibition on solicitation being carried out in respect of purchase and sales and other transactions.

(2) A certified association must notify the Prime Minister of any change in its officers or members without delay.

(Submission of Reports and On-Site Inspections)

Article 79-4 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a certified association or the person that a certified association has

entrusted with its business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this Article), to submit reports or materials that should serve as a reference with regard to the business or assets of the certified association or person, and may have the relevant officials enter the office of a certified association or the person that a certified association has entrusted with its business to inspect the state of its business or assets or its books, documents, and any other articles (but may only have the relevant officials inspect the person that a certified association has entrusted with its business as is necessary in connection with the business or assets of the certified association) or to question the relevant persons (but may only have the relevant officials question the person that a certified Association has entrusted with its business as is necessary in connection with the business or assets of the certified association).

(Cooperation with the Prime Minister)

Article 79-5 For the purpose of promoting the smooth implementation of the provisions of this Section, the Prime Minister, pursuant to the provisions of Cabinet Office Order, may have a certified association submit materials or make notifications as prescribed in the relevant provisions of this Section, or provide cooperation with regard to other necessary particulars.

(Issuance of Supervision Orders against Certified Associations)

Article 79-6 (1) If the Prime Minister finds that improvement is needed in connection with the business operations of a certified association, the Prime Minister, within the scope that is necessary for the implementation of the provisions of this Section, may order the certified association to take measures that are necessary for this improvement.

(2) If the Prime Minister finds a certified association's business operations to be in violation of this Act, an order that is based on this Act, or a disposition that is based on this Act or on such an order, the Prime Minister may rescind its recognition or order the suspension of all or part of the business during a fixed period of no longer than six months.

Section 3 Certified Investor Protection Organizations

(Purpose and Services of Certified Investor Protection Organizations)

Article 79-7 (1) A corporation (including an organization without legal personality for which a representative or administrator has been designated, and excluding an authorized association or a certified association; hereinafter the same applies in item (iii), (b) of the following Article) that seeks to provide

the services set forth in each of the following items with the aim of ensuring fair and smooth purchase and sales and other transactions of securities and of ensuring fair and smooth derivatives transactions, etc. as well as contributing to the sound development of the financial instruments business and to the protection of investors, may obtain the certification of the Prime Minister:

(i) resolution of complaints about financial instruments business that a financial instruments business operator or a financial instruments intermediary service provider engages in;

(ii) mediation in the event of a dispute about financial instruments business that a financial instruments business operator or a financial instruments intermediary service provider engages in; and

(iii) services beyond what is set forth in the preceding two items, which contribute to the sound development of the financial instruments business and to the protection of investors.

(2) A person seeking to obtain the certification referred to in the preceding paragraph must file an application with the Prime Minister pursuant to the provisions of Cabinet Order.

(3) Upon granting the certification referred to in paragraph (1), the Prime Minister must issue public notice of this.

(Ineligibility)

Article 79-8 A person that falls under any of the following items may not obtain the certification referred to in paragraph (1) of the preceding Article:

(i) a person that has been sentenced pursuant to any provisions of this Act, if two years have not yet passed since the day on which the person finished serving that sentence or ceased to be subject to its enforcement;

(ii) a person whose certification has been rescinded pursuant to Article 79-19, paragraph (1), if two years have not yet passed since the date of the rescission; or

(iii) a person that has a person falling under any of the following as an officer that conducts its business (including the representative or administrator of an organization without legal personality for which a representative or administrator has been designated; hereinafter the same applies in this Article):

(a) a person that has been sentenced to imprisonment or a heavier punishment or that has been sentenced pursuant to any provisions of this Act, if two years have not yet passed since the day on which the person finished serving that sentence or ceased to be subject to its enforcement; or

(b) a person that, during the 30 days prior to the date of rescission, was the officer of a corporation whose certification has been rescinded pursuant to Article 79-19, paragraph (1), if two years have not yet passed since the

date of the rescission.

(Criteria for Certification)

Article 79-9 The Prime Minister must not grant a certification unless the Prime Minister finds that an application under Article 79-7, paragraph (2) conforms to all of the following items:

(i) the applicant has established the necessary methods of business implementation for it to perform the services set forth in the items of Article 79-7, paragraph (1) properly and reliably;

(ii) the applicant has the necessary knowledge, ability, and financial basis for it to perform the services set forth in the items of Article 79-7, paragraph (1) properly and reliably; and

(iii) if a person provides services other than what is set forth in any of the items of Article 79-7, paragraph (1), its provision of those services is unlikely to cause any unfairness in the services set forth in that item.

(Notification of the Discontinuation of Services)

Article 79-10 (1) If a person that has received the certification referred to in Article 79-7, paragraph (1) (hereinafter referred to as the "certified investor protection organization" in paragraph (1) of the following Article) seeks to discontinue the services to which that certification pertains (hereinafter referred to as "certified services" in this Section), that person must notify the Prime Minister of this in advance, pursuant to the provisions of Cabinet Order.

(2) If a notification under the provisions of the preceding paragraph is filed, the Prime Minister must issue public notice of this.

(Covered Operators)

Article 79-11 (1) A certified investor protection organization (hereinafter referred to as a "certified organization" in this Section) must have the financial instruments business operators and financial instruments intermediary service providers that are its constituent members, as well as financial instruments business operators and financial instruments intermediary service providers that agree to be covered by its certified services and any other person specified by Cabinet Office Order, as its covered business operators (meaning financial instruments business operators, financial instruments intermediary service providers, and any other person specified by Cabinet Office Order, that are covered by the services of the certified organization; hereinafter the same applies in this Section).

(2) A certified organization must make a list of the covered business operators available for public inspection.

(Complaint Processing by Certified Organizations)

Article 79-12 The provisions of Article 77 apply mutatis mutandis when a certified organization works to resolve complaints from investors (limited complaints involving covered operators). In this case, in that Article, the term "association member or financial instruments intermediary service provider" is deemed to be replaced with "covered operators prescribed in Article 79-11, paragraph (1)".

(Mediation by Certified Organizations)

Article 79-13 The provisions of Article 77-2, paragraphs (1) through (3) and paragraphs (5) through (9) apply mutatis when a certified organization engages in mediation (limited to mediation involving covered operators). In this case, in paragraph (1) of that Article, the phrase "association member or financial instruments intermediary service provider" is deemed to be replaced with "covered operator as prescribed in Article 79-11, paragraph (1)" and the term "derivatives transactions, etc." is deemed to be replaced with "derivatives transactions, etc. (including transactions incidental to these and any other transactions specified by Cabinet Office Order)"; and in paragraph (5) of that Article, the phrase "association member or financial instruments intermediary service provider" is deemed to be replaced with "covered operator as prescribed in Article 79-11, paragraph (1)".

(Mutatis Mutandis Application of the Duty of Confidentiality of the Officers and Employees)

Article 79-14 The provisions of Article 72 apply mutatis mutandis to the officers and employees of a certified organization, and to any person that has held any of these positions.

(Restriction on the Use of Names)

Article 79-15 A person that is not a certified organization must not use a name that refers to it as a certified investor protection organization, and must not use any other name that is confusingly similar to this.

(Collection of Reports)

Article 79-16 The Prime Minister may have a certified organization submit a report about its certified services, within the scope that this is necessary for implementing the provisions in this Section.

(Investor Protection Guidelines)

Article 79-17 (1) A certified organization must endeavor to prepare and publish guidelines that are in line with the purport of the provisions of this Act, with

regard to the content of contracts for financial instruments transactions by covered operators, the nature of asset management by covered operators, and particulars that are otherwise necessary for ensuring the protection of investors (hereinafter referred to as "investor protection guidelines"), in order to ensure the sound development of the financial instruments business and the protection of investors.

(2) Once a certified organization publishes investor protection guidelines pursuant to the preceding paragraph, it must endeavor to provide the covered operators with the necessary guidance and recommendations, and take other measures for having the covered operators comply with the investor protection guidelines.

(3) A certified organization must endeavor to further the sound development of the financial instruments business and the protection of investors through the dissemination of financial knowledge and through educational and publicity campaigns.

(Orders)

Article 79-18 The Prime Minister may order a certified organization to improve the implementation methods of its certified services, to change the investor protection guidelines, and to take any other necessary measures, within the scope that this is necessary for implementing the provisions in this Section.

(Rescission of Certification)

Article 79-19 (1) If a certified organization falls under any of the following items, the Prime Minister may rescind its certification:

(i) it comes to fall under Article 79-8, item (i) or (iii);

(ii) it no longer conforms to any of the items of Article 79-9;

(iii) it fails to comply with an order under the provisions of the preceding Article; or

(iv) it has obtained Article 79-7, paragraph (1) certification by wrongful means.

(2) Upon rescinding a certification pursuant to the provisions of the preceding paragraph, the Prime Minister must issue public notice of this.

Chapter IV-2 Investor Protection Funds

Section 1 General Provisions

(General Customers)

Article 79-20 (1) The term "general customer" as used in this Chapter means a customer of a financial instruments business operator's (limited to a financial instruments business operator that conducts securities services prescribed in Article 28, paragraph (8) (hereinafter referred to as the "securities-related

business" in this Chapter) or business related to commodity-related market derivatives transactions brokerage, etc. (hereinafter referred to as the "commodity derivatives transaction-related business" in this Chapter); hereinafter the same applies in this Chapter) head office or other domestic business office or office (with regard to a financial instruments business operator that is a foreign corporation, its business office or office in Japan) which conducts a transaction related to subject securities or subject commodity derivatives transaction-related transactions with that financial instruments business operator (excluding the qualified institutional investors, states, local governments, and other persons specified by Cabinet Order).

(2) Notwithstanding the provisions of the preceding paragraph, if a first financial instruments business operator conducts a transaction related to subject securities or subject commodity derivatives transaction-related transactions with a second financial instruments business operator on the account of the first financial instruments business operator's general customer, the first financial instruments business operator is deemed to be the general customer of the second financial instruments business operator, and the provisions of this Chapter apply.

(3) The term "customer assets" as used in this Chapter means the following:

(i) the money and securities that a general customer deposits with a financial instruments business operator pursuant to the provisions of Article 119 (limited those deposited in connection with securities-related derivatives transactions) and money and securities that a general customer deposits with a financial instruments business operator pursuant to the provisions of Article 161-2;

(ii) the money, securities or other property deposited to a financial instruments business operator from a general customer under the provisions of Article 119 specified by Cabinet Office Order and Ministry of Finance Order (limited to those deposited in relation to commodity-related market derivatives transactions);

(iii) money on the account of a general customer and money that a general customer deposits with a financial instruments business operator (other than money prescribed in item (i)) in connection with securities-related business (excluding over-the-counter derivatives transactions or other transactions specified by Cabinet Order; the same applies in item (v));

(iv) the money belonging to the account of a general customer or money deposited to a financial instruments business operator from a general customer, with regard to a transaction related to commodity derivatives transaction-related business (excluding the money prescribed in item (ii));

(v) securities on the account of a general customer or securities that a general customer deposits with a financial instruments business operator (other than

securities prescribed in item (i), securities that a financial instruments business operator may expend pursuant to a contract, and securities specified by Cabinet Order), in connection with a transaction linked to the securities-related business;

(vi) the securities or commodities belonging to the account of a general customer (including instruments or certificates issued in relation to deposited commodities; hereinafter the same applies in this item) or securities or commodities deposited to a financial instruments business operator from a general customer (excluding those listed in item (ii), securities or commodities that a financial instruments business operator may consume under a contract, and other securities or commodities specified by Cabinet Order), with regard to a transaction related to commodity derivatives transaction-related business; and

(vii) anything other than what is set forth in each of the preceding items, which is specified by Cabinet Order.

(Purpose)

Article 79-21 The purpose of an investor protection fund (hereinafter referred to as a "fund" in this Chapter and the Supplementary Provisions) is to ensure the protection of investors through payments to general customers pursuant to the provisions of Article 79-56, paragraph (1) and through other services, thereby maintaining the credibility of securities transactions or commodity-related market derivatives transactions.

(Legal Personality and Address)

Article 79-22 (1) A fund has legal personality.

(2) The address of a fund is the address at which its principal office is located.

(Name)

(Registration)

Article 79-24 (1) A fund must register pursuant to the provisions of Cabinet Order.

(2) Particulars that must be registered pursuant to the provisions of the preceding paragraph may not be asserted against a third party until after their registration.

(Capacity in Respect of Tortious Acts)

Article 79-25 A fund is liable for the damages that its president or board members cause another person in the performance of their duties.

Section 2 Members

(Eligibility for Membership)

Article 79-26 (1) The scope of persons eligible for membership in a fund is limited to financial instruments business operators.

(2) If a financial instruments business operator seeks to join a fund, the fund must not refuse it and must not attach unreasonable conditions to its joining the fund, unless entry into the fund is restricted for a special reason related to business type or for any other legitimate reason.

(Obligation to Join a Fund)

Article 79-27 (1) A financial instruments business operator (excluding one that is specified by Cabinet Order) must join any single fund, as a member.

(2) A person seeking to engage in financial instruments business (limited to securities-related business and commodity derivatives transaction-related business; hereinafter the same applies in this Chapter) after obtaining Article 29 registration or an Article 31, paragraph (4) registration of a change (excluding a person specified by Cabinet Order) must go through the process for joining any single fund at the same time as applying for the registration or the registration of the change.

(3) A person that has gone through the process for joining a fund pursuant to the provisions of the preceding paragraph becomes a member of that fund at the time that the person becomes registered or has the change registered as referred to in that paragraph.

(4) When a financial instruments business operator joins a fund or if it changes the fund to which it belongs, it must notify the Prime Minister of this without delay.

(Withdrawal)

Article 79-28 (1) A financial instruments business operator that is a member of a fund is withdrawn from the fund to which it belongs by operation of law for the following reasons:

(i) discontinuation of a financial instruments business operator's financial instruments business (this includes an Article 31, paragraph (4) registration of a change indicating that the financial instruments business operator stops conducing securities-related business and commodity derivatives transaction-related business, and also includes a foreign corporation's discontinuation of financial instruments business at all of the business offices and offices it has established in Japan) or the dissolution of the financial instruments business operator (with regard to a financial instruments business operator which is a foreign corporation, this includes

the commencement of liquidation at a business office or office it has established in Japan); or

(ii) the Article 52, paragraph (1) or (4); Article 53, paragraph (3); Article 54; or Article 57-6, paragraph (3) rescission of an Article 29 registration.

(2) A person that is withdrawn from a fund pursuant to the provisions of the preceding paragraph is deemed to continue to be a financial instruments business operator and a member of that fund for the purpose of the application of Articles 79-52 through 79-61.

(3) A financial instruments business operator may not withdraw from the fund to which it belongs unless the withdrawal is for a cause set forth in any of the items of paragraph (1) or unless it becomes the member of another fund with the approval of the Prime Minister and the Minister of Finance.

(4) Even if a financial instruments business operator withdraws from the fund to which it belongs (excluding a case of withdrawal pursuant to the provisions of paragraph (1)), it incurs the obligation to pay the amount calculated by the fund pursuant to the provisions of its operational rules as burden charge, for the amount of costs that the withdrawn financial instruments business operator is required to bear out of the amount of the costs required for the services the fund provides for the financial instruments business operator in connection with any notice under the provisions of Article 79-53, paragraph (1) or paragraphs (3) through (5), that the relevant fund receives up until the operator's withdrawal from the fund.

(5) When an application is filed for the approval referred to in paragraph (3), the Prime Minister and the Minister of Finance must not grant that approval unless the following requirements are satisfied:

(i) the financial instruments business operator has repaid in full the obligation it bears as a member, to the fund from which it seeks to withdraw, by the time of filing the application for approval, and its performance of the obligation prescribed in the preceding paragraph is expected to be reliable; and

(ii) the financial instruments business operator gone through the process for joining another fund as a member.

Section 3 Incorporation

(Requirements for Incorporation)

Article 79-29 (1) In order to incorporate a fund, 20 or more financial instruments business operators that seek to become its members must become the founders.

(2) After preparing the articles of incorporation and operational rules, the founders must invite persons seeking to become members, and hold an organizational meeting, issuing public notice of the articles of incorporation

and operational rules as well as the date, time, and place of the meeting by two weeks prior to the day of the meeting.

(3) The approval of the articles of incorporation and operational rules and decisions about other necessary particulars for incorporation of a fund must be made by the resolution at the organizational meeting.

(4) The articles of incorporation and operational rules may be amended at the organizational meeting.

(5) The items of organizational meeting business that are referred to in paragraph (3) are decided with at least a two-thirds majority of the votes of attendees, at a meeting where at least half of the financial instruments business operators that have proposed themselves as members to the founders before the opening of the meeting (hereinafter, each such financial instruments business operator is referred to as an "expected member" in this Article) and the founders, are present.

(6) Notwithstanding the provisions of Article 79-42, paragraph (1), matters that are necessary for business operations in the business year that includes the day of establishment of a fund (including the budget and financial plan) may be decided by organizational meeting resolution.

(7) The provisions of Article 79-43 apply mutatis mutandis to the items of business at an organizational meeting that are referred to in the preceding paragraph. In this case, in that Article, the term "all members" is deemed to be replaced with "the financial instruments business operators that have proposed themselves as members to the founders before the opening of the meeting, and the founders".

(8) Each of the expected members holds an equal voting right for organizational meetings.

(9) An expected member not attending an organizational meeting may vote in writing or by proxy.

(10) An expected member may, in lieu of voting in writing based on the provisions of the preceding paragraph, vote by electronic or magnetic means (meaning by means of using an electronic data processing system or by any other means using information and communications technology that Cabinet Office Order and Ministry of Finance Order specify; the same applies in Article 79-44-4, paragraph (3)), pursuant the provisions of the articles of incorporation.

(11) The provisions of paragraphs (8) and (9) do not apply if it is otherwise provided for in the articles of incorporation.

(12) If an organizational meeting resolution concerns the relationship between a fund and a specific expected member, that expected member has no voting right.

(Application for Authorization)

Article 79-30 (1) Founders must obtain authorization for incorporation by submitting a written application for authorization to the Prime Minister and the Minister of Finance, in which the founders give the following particulars, without delay after the completion of the organizational meetings:

(i) the name;

(ii) the location of the office; and

(iii) the names of officers and members.

(2) The articles of incorporation, operational rules, and other documents specified by Cabinet Office Order and Ministry of Finance Order must accompany the written application for authorization referred to in the preceding paragraph.

(Examination Criteria for Authorization)

Article 79-31 (1) When an application is filed for the authorization under the provisions of paragraph (1) of the preceding Article, the Prime Minister and the Minister of Finance must examine whether the application conforms to the following criteria:

(i) procedures for incorporation and the content of the articles of incorporation and operational rules conform to laws and regulations;

(ii) there is no false statement in the written application for authorization, the articles of incorporation, or the operational rules;

(iii) the applicant has no person falling under any of the following persons as an officer:

(a) a person specified by Cabinet Office Order and Ministry of Finance Order as being unable to properly perform their duties due to a mental or physical disorder; or

(b) a person falling under any of Article 29-4, paragraph (1), item (ii), (b) through (i);

(iv) the fund to which the application concerns is found to have the necessary assets to conduct its business or it is found to be certain that the fund is to have the assets;

(v) it is found to be possible to rely upon business operations being conducted properly; and

(vi) the organization of the fund to which the application pertains conforms to the provisions of this Act.

(2) If, as a result of having conducted an examination pursuant to the provisions of the preceding paragraph, the Prime Minister and the Minister of Finance find that an application conforms to the criteria in that paragraph, they must authorize incorporation.

(3) If an application is filed for the authorization under the provisions of paragraph (1) of the preceding Article and the Prime Minister and the Minister

of Finance find it inappropriate to grant that authorization, they must notify the applicant for authorization and have the relevant officials conduct a hearing.

(4) Upon deciding to grant or not to grant authorization for incorporation, the Prime Minister and the Minister of Finance must notify the applicant for authorization of this in writing without delay.

(The Handing Over of Administrative Affairs to the President)

Article 79-32 Upon receiving authorization for incorporation, the founders must without delay hand over administrative affairs to the person that is to become the president.

(Registration)

Article 79-33 (1) A fund is established by a registration of incorporation being recorded in connection with the location of its principal office.

(2) Once the registration of incorporation referred to in the preceding paragraph has been made, the fund must notify the Prime Minister and the Minister of Finance of this without delay.

Section 4 Management

(Particulars Required to Be Included in the Articles of Incorporation)

Article 79-34 (1) The articles of incorporation of a fund must include the following particulars:

(i) its purpose;

(ii) its name;

(iii) the location of its offices;

(iv) the particulars concerning its members (if it restricts membership based on a special cause, etc. involving business type, this includes the special cause, etc.);

(v) the particulars concerning general meetings;

(vi) the particulars concerning its officers;

(vii) the particulars concerning its governing council;

(viii) the particulars concerning its business and execution of the business;

(ix) the particulars concerning burden charges;

(x) the particulars concerning its finances and accounts;

(xi) the particulars concerning changes to the articles of incorporation;

(xii) the particulars concerning dissolution; and

(xiii) the means of public notice.

(2) A change to the articles of incorporation does not become effective without the authorization of the Prime Minister and the Minister of Finance.

(3) If a particular set forth in Article 79-30, paragraph (1), item (ii) or (iii) changes, the fund must notify the Prime Minister and the Minister of Finance of this without delay.

(Officers)

Article 79-35 (1) A fund has one president, two or more board members, and one or more inspectors as its officers.

(2) The business of a fund is decided by majority among the president and board members, unless otherwise provided for in laws and regulations or the articles of incorporation.

(Authority of an Officer)

Article 79-36 (1) The president represents the fund and presides over its business.

(2) A board member, pursuant to the provisions of the articles of incorporation, represents the fund, assists the president in administering the business of the fund, acts as a proxy in handling the duties of the president if the president is unable to attend to them, and performs the duties of the president if the position is vacant.

(3) An inspector examines the business of the fund.

(4) An inspector may submit an opinion to the president or to the Prime Minister and the Minister of Finance based on the results of an examination if the auditor finds this to be necessary.

(5) An officer loses the position of officer upon coming to fall under Article 79-31, paragraph (1), item (iii), (a) or (b).

(Appointment, Term of Office, and Dismissal of Officers)

Article 79-37 (1) Officers are appointed and dismissed at a general meeting pursuant to the provisions of the articles of incorporation; provided, however, that the officers at the time of incorporation are appointed at an organizational meeting.

(2) The appointment (excluding the appointment of the officers at the time of incorporation) or dismissal of the officer of a fund under the provisions of the preceding paragraph does not become effective without the authorization of the Prime Minister and the Minister of Finance.

(3) The term of office of an officer is a period specified by the articles of incorporation not exceeding two years.

(4) Officers may be reappointed.

(5) If an officer is discovered to have become an officer by wrongful means or if an officer violates a law or regulation, a disposition by a government agency which is based on a law or regulation, or the articles of incorporation, the Prime

Minister and the Minister of Finance may order the fund to dismiss that officer.

(Prohibition on the Concurrent Holding of Positions by Auditors)

Article 79-38 An inspector must not concurrently hold the position of president, board member, member of the governing board, or employee of the fund.

(Restrictions on the Authority of Representation)

Article 79-39 The president and board members have no authority of representation with regard to a matter that constitutes a conflict of interests between the president or a board member and the fund. In such a case, an auditor represents the fund.

(Provisional Board Members and Provisional Auditors)

Article 79-40 If there is no one to perform the duties of a board member or an inspector and the Prime Minister and the Minister of Finance find it to be necessary, they may appoint a provisional board member or provisional inspector.

(General Meetings)

Article 79-41 (1) The president must call an ordinary general meeting once every business year, pursuant to the provisions of the articles of incorporation.

(2) The president may call an extraordinary general meeting when the president finds this to be necessary.

(3) A fund must report general meeting resolutions to the Prime Minister and the Minister of Finance.

(4) The Prime Minister and the Minister of Finance may have the relevant officials attend a general meeting and state their opinions.

(Matters for General Meeting Resolution)

Article 79-42 (1) The following matters, beyond those that are otherwise prescribed in this Chapter, require a general meeting resolution:

(i) a change in the articles of incorporation;

(ii) a decision on or change in the budget or financial plan;

(iii) a change in the operational rules;

(iv) the settlement of accounts;

(v) dissolution; and

(vi) material matters beyond those that are otherwise set forth in the preceding items, which are specified by the articles of incorporation.

(2) The members, at a general meeting, may request an inspector to examine the business of the fund and report the results of the examination.

(General Meeting Decisions)

Article 79-43 The proceedings of a general meeting are decided by more than half of the votes of the attendees, at a meeting in which at least half of all members are present, and in the case of a tie, by the chairperson; provided, however, that the proceedings referred to in paragraph (1), item (i), item (iii), or item (v) of the preceding Article is decided with at least a two-thirds majority of the votes of the attendees.

(Extraordinary General Meetings)

Article 79-44 If at least one-fifth of the members specify the purpose of a general meeting and demand that one be called, the board members must call an extraordinary general meeting; provided, however, that a proportion different from one-fifth of the members may be specified in the articles of incorporation.

(Convocation of General Meetings)

Article 79-44-2 A convocation notice for a general meeting must specify the purpose of the general meeting, and must be issued as specified by the articles of incorporation by at least five days prior to the day of the meeting.

(Matters for General Meeting Resolutions)

Article 79-44-3 Only the matters for which advance notice has been given pursuant to the provisions of the preceding Article may be resolved at a general meeting; provided, however, that this does not apply if it is otherwise provided for in the articles of incorporation.

(Voting Rights of Members)

Article 79-44-4 (1) Each member holds an equal voting right.

(2) A member not attending a general meeting may vote in writing or by proxy.

(3) A member may, in lieu of voting in writing based on the provisions of the preceding paragraph, vote by electronic or magnetic means pursuant to the provisions of the articles of incorporation.

(4) The provisions of paragraphs (1) and (2) do not apply if it is otherwise provided for in the articles of incorporation.

(When a Member Has No Voting Right)

Article 79-44-5 If a resolution concerns the relationship between a fund and a specific member, that member has no voting right.

(Governing Council)

Article 79-45 (1) A fund sets in place a governing council (hereinafter referred to

as the "council") in order to further the appropriate operation of the business of the fund.

(2) In the following cases, the president must hear the opinions of the council in advance:

(i) before granting a recognition pursuant to the provisions of Article 79-54;

(ii) before specifying the matters that are required to be specified pursuant to the provisions of Article 79-55, paragraph (1);

(iii) before making a decision on whether to provide a loan under the provisions of Article 79-59; and

(iv) other cases specified by the articles of incorporation as cases in which material matters concerning the fund's business operation are decided.

(3) A council comprises of no more than eight members.

(4) The members are appointed by the president from among persons that have the necessary knowledge and experience to appropriately operate the business of the fund, with the authorization of the Prime Minister and the Minister of Finance.

(5) The provisions of Article 79-41, paragraph (4) apply mutatis mutandis to the council.

(Appointment of Employees)

Article 79-46 The employees of a fund are appointed by the president.

(Duty of Confidentiality of the Officers and Employees)

Article 79-47 (1) It is prohibited for the officer or employee of a fund, a member of the council, or a person that has held any of these positions, to divulge or misappropriate any secret learned in the course of duty.

(2) It is prohibited for the officer or employee of a fund, a member of the council, or a person that has held any of these positions, to utilize information learned in the course of duty for a purpose other than the business use of the fund for which the information is provided.

(Position of Officers and Employees)

Article 79-48 With regard to the application of the penal code and other penal provisions, the officers and employees of a fund and the members of a council are deemed to be officials that are engaged in public service pursuant to laws and regulations.

Section 5 Services

(Scope of Services)

Article 79-49 (1) A fund provides the following services in order to achieve the

purpose prescribed in Article 79-21:

(i) the payment of general customers under the provisions of Article 79-56, paragraph (1);

(ii) the lending of funds under the provisions of Article 79-59, paragraph (1);

(iii) judicial or non-judicial act prescribed in Article 79-60, paragraph (1);

(iv) services for contributing to the expeditious refunding of customer assets prescribed in Article 79-61;

(v) collection and management of burden charges (meaning the burden charges prescribed in Article 79-28, paragraph (4) and Article 79-64, paragraph (1); the same applies in Article 79-51, paragraph (1));

(vi) the submission of the customer lists under the provisions of Chapter IV, Section 5, Chapter V, Section 3 and Chapter VI, Section 3 of the Act on Special Treatment of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions (Act No. 95 of 1996) and other services under those provisions; and

(vii) the business of a bankruptcy trustee, provisional administrator, bankruptcy trustee representative, or provisional administrator representative appointed under the Bankruptcy Act (Act No. 75 of 2004), a supervisor, trustee, provisional administrator, trustee representative, or provisional administrator representative appointed under the Civil Rehabilitation Act (Act No. 225 of 1999), a trustee, trustee representative, provisional administrator, provisional administrator representative, or supervisor appointed under the Corporate Reorganization Act (Act No. 154 of 2002), or a recognition trustee, provisional administrator, recognition trustee representative, or provisional administrator representative appointed under the Act on Recognition of and Assistance for Foreign Insolvency Proceedings (Act No. 129 of 2000);

(viii) the business of the special surveillance agent prescribed in Article 126-4, paragraph (3) of the Deposit Insurance Act (Act No. 34 of 1971);

(ix) the business of the corporation agent prescribed in Article 126-6, paragraph (1) of the Deposit Insurance Act; and

(x) services incidental to the services set forth in the preceding items.

(2) A fund may provide in its articles of incorporation that the scope of its business related to customer assets is limited to the business only related to the customer assets listed in Article 79-20, paragraph (3), items (i), (iii), (v) and (vii) (with regard to customer assets listed in item (vii), limited to those specified by Cabinet Office Order and Ministry of Finance Order as being related to subject securities-related transactions). In this case, with regard to the application of Article 79-26, paragraph (1), Article 79-28, paragraphs (1), (3) and (5) and Article 79-53, paragraph (1) to the relevant fund or a financial instruments business operator that is a member of the relevant fund, the term

"financial instruments business operator" in Article 79-26, paragraph (1) is deemed to be replaced with "financial instruments business operator that conducts securities-related business"; the term "the registration of change set forth in Article 31, paragraph (4) to the effect that it stops conducting securities-related business and commodity derivatives transaction-related business, and" in Article 79-28, paragraph (1), item (i) and Article 79-53, paragraph (1), item (iii) is deemed to be replaced with "the registration of change set forth in Article 31, paragraph (4) to the effect that it stops conducting securities-relate business and"; the term "becomes a member of another fund" in Article 79-28, paragraph (3) is deemed to be replaced with "becomes a member of another fund (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraph (4)) or becomes a member only of another fund of which it is already a member (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraphs (2) and (4))"; and the term "has taken procedures to join another fund as a member" in Article 79-49, paragraph (5), item (ii) is deemed to be replaced with "has taken procedures to join another fund (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraph (4)) as a member or is already a member of another fund (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraphs (2) and (4))".

(3) A financial instruments business operator that is a member of a fund whose articles of incorporation include the provisions prescribed in the preceding paragraph and also conducts commodity derivatives transaction-related business (excluding a financial instruments business operator specified by Cabinet Order prescribed in Article 79-27, paragraph (1)) is to, notwithstanding the provisions of Article 79-27, paragraph (1), join any other fund whose articles of incorporation do not include the relevant provisions as a member. In this case, such other fund (limited to a fund whose articles of incorporation do not include the provisions prescribed in the following paragraph) may, with regard to the relevant financial instruments business operator, limit the scope of its business related to customer assets to the business related to customer assets other than customer assets prescribed in the preceding paragraph, and with regard to the application of Article 79-28, paragraphs (1), (3) and (5) and Article 79-53, paragraph (1) to a fund which has prescribed the relevant limitation or a financial instruments business operator that is a member of the relevant fund, the term "the registration of change set forth in Article 31, paragraph (4) to the effect that it stops conducting securities-related business and commodity derivatives transaction-related business, and" in Article 79-28, paragraph (1), item (i) and Article 79-53,

paragraph (1), item (iii) is deemed to be replaced with "the registration of change set forth in Article 31, paragraph (4) to the effect that it stops conducting commodity derivatives transaction-related business and"; the term "becomes a member of another fund" in Article 79-28, paragraph (3) is deemed to be replaced with "becomes a member of another fund (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraph (2)) or becomes a member only of another fund of which it is already a member (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraphs (2) and (4))"; and the term "has taken procedures to join another fund as a member" in Article 79-28, paragraph (5), item (ii) is deemed to be replaced with "has taken procedures to join another fund (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraph (2)) as a member or is already a member of another fund (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraphs (2) and (4))".

(4) A fund may provide in its articles of incorporation that the scope of its business related to customer assets is limited to the business only related to customer assets listed in Article 79-20, paragraph (3), items (ii), (iv), (vi) and (vii) (with regard to customer assets prescribed in item (vii), limited to those specified by Cabinet Office Order and Ministry of Finance Order as being related to subject commodity derivatives transaction-related transactions). In this case, with regard to the application of Article 79-26, paragraph (1), Article 79-28, paragraphs (1), (3) and (5) and Article 79-53, paragraph (1) to the relevant fund or a financial instruments business operator that is a member of that fund, the term "financial instruments business operator" in Article 79-26, paragraph (1) is deemed to be replaced with "financial instruments business operator that conducts commodity derivatives transaction-related business"; the term "the registration of change set forth in Article 31, paragraph (4) to the effect that it stops conducting securities-related business and commodity derivatives transaction-related business, and" in Article 79-28, paragraph (1), item (i) and Article 79-53, paragraph (1), item (iii) is deemed to be replaced with "the registration of change set forth in Article 31, paragraph (4) to the effect that it stops conducting commodity derivatives transaction-related business and"; the term "becomes a member of another fund" in Article 79-28, paragraph (3) is deemed to be replaced with "becomes a member of another fund (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraph (2)) or becomes a member only of another fund of which it is already a member (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraphs (2) and (4))"; and the term "has taken procedures to join

another fund as a member" in Article 79-49, paragraph (5), item (ii) is deemed to be replaced with "has taken procedures to join another fund (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraph (2)) as a member or is already a member of another fund (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraphs (2) and (4))".

(5) A financial instruments business operator that is a member of a fund whose articles of incorporation include the provisions prescribed in the preceding paragraph and also conducts securities-related business (excluding a financial instruments business operator specified by Cabinet Order prescribed in Article 79-27, paragraph (1)) is to, notwithstanding the provisions of paragraph (1) of that Article, join any other fund whose articles of incorporation do not include the relevant provisions as a member. In this case, such other fund (limited to a fund whose articles of incorporation do not include the provisions prescribed in paragraph (2)) may, with regard to the relevant financial instruments business operator, limit the scope of its business related to customer assets to the business related to customer assets other than customer assets prescribed in the preceding paragraph, and with regard to the application of Article 79-28, paragraphs (1), (3) and (5) and Article 79-53, paragraph (1) to a fund which has prescribed that limitation or a financial instruments business operator that is a member of the relevant fund, the term "the registration of change set forth in Article 31, paragraph (4) to the effect that it stops conducting securities-related business and commodity derivatives transaction-related business, and" in Article 79-28, paragraph (1), items (i) and Article 79-53, paragraph (1), item (iii) is deemed to be replaced with "the registration of change set forth in Article 31, paragraph (4) to the effect that it stops conducting securities-related business, and"; the term "becomes a member of another fund" in Article 79-28, paragraph (3) is deemed to be replaced with "becomes a member of another fund (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraph (4)) or becomes a member only of another fund of which it is already a member (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraphs (2) and (4)); and the term "has taken procedures to join another fund as a member" in Article 79-49, paragraph (5), item (ii) is deemed to be replaced with "has taken procedures to join another fund (limited to a fund whose articles of incorporation do not include the provisions prescribed in Article 79-49, paragraph (4)) as a member or is already a member of another fund (limited to a fund whose articles of incorporation do not contain the provisions prescribed in Article 79-49, paragraphs (2) and (4))".

(6) The provisions of Article 79-27, paragraphs (2) and (3) apply mutatis mutandis to a financial instruments business operator that is a member of a

fund whose articles of incorporation include the provisions prescribed in paragraph (2) or a financial instruments business operator that is a member of a fund whose articles of incorporation include the provisions prescribed in paragraph (4), in each case, that seeks to conduct commodity derivatives transaction-related business or securities-related business by obtaining the registration of change set forth in Article 31, paragraph (4) (excluding a person specified by Cabinet Order prescribed in Article 79-27, paragraph (2)). In this case, the term "any one of the funds" in Article 79-27, paragraph (2) is deemed to be replaced with "any one of the funds whose articles of incorporation do not include the relevant provisions".

(Entrustment of Services)

Article 79-50 (1) A fund may entrust part of its services to a financial instruments firms association (meaning an authorized financial instruments firms association or certified financial instruments business association prescribed in Article 78, paragraph (2); the same applies in the following paragraph) or a financial instruments business operator with the advance authorization of the Prime Minister and the Minister of Finance.

(2) Notwithstanding the provisions of this Act or other laws and regulations, if the authorization prescribed in the preceding paragraph is granted, the financial instruments firms association or financial instruments business operator may be entrusted with the services to which that authorization pertains and perform those services.

(Operational Rules)

Article 79-51 (1) The operational rules of a fund must state the particulars of the payments to general customers under the provisions of Article 79-56, paragraph (1), the particulars of the method of calculation of burden charges and their payment, and other particulars specified by Cabinet Office Order and Ministry of Finance Order.

(2) A fund must obtain the authorization of the Prime Minister and the Minister of Finance if it seeks to change its operational rules.

(Submission of Reports and Materials)

Article 79-52 (1) When it is necessary in order for a fund to perform its services, that fund may request a financial instruments business operator that is its member to submit reports or materials that should serve as a reference with regard to the state of the business or assets of that financial instruments business operator.

(2) A financial instruments business operator that has been requested to submit reports or materials that should serve as a reference with regard to the state of

its business or assets pursuant to the provisions of the preceding paragraph, must submit the reports or materials without delay.

(3) The Prime Minister may issue materials to a fund or allow a fund to inspect the same, if the fund has so requested and the Prime Minister finds this to be particularly necessary in order for the fund to perform its services.

(Notifying the Fund)

Article 79-53 (1) If a financial instruments business operator that is a member of a fund falls under any of the following items, it must immediately notify the fund to which it belongs of this:

(i) its Article 29 registration is rescinded pursuant to the provisions of Article 52, paragraph (1); Article 53, paragraph (3); Article 54; or Article 57-6, paragraph (3);

(ii) it files a petition to commence bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or special liquidation proceedings (or if the financial instruments business operator is a foreign corporation, it files a petition to commence bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or special liquidation proceedings in Japan, or a petition of the same kind in the country where its head office is located based on the laws and regulations of that country);

(iii) it discontinues its financial instruments business (including the registration of change set forth in Article 31, paragraph (4) to the effect that it stops conducting securities-related business and commodity derivatives transaction-related business, and with regard to a financial instruments business operator that is a foreign corporation, this includes the discontinuation of financial instruments business at all business offices and offices it has established in Japan; hereinafter the same applies in this item) or is dissolved (with regard to a financial instruments business operator that is a foreign corporation, this includes the commencement of liquidation of the business offices and offices it has established in Japan) or it issues a public notice of its discontinuation of financial instruments business, etc. under the provisions of Article 50-2, paragraph (6) or of its dissolution; or

(iv) it becomes subject to an order for the suspension of all or part of the business under the provisions of Article 52, paragraph (1) (limited to a case falling under item (viii) of that paragraph).

(2) If a fund receives a notice under the provisions of the preceding paragraph, it must immediately report this to the Prime Minister and the Minister of Finance.

(3) If the Prime Minister issues any of the following dispositions with regard to a financial instruments business operator that is a member of a fund, the Prime Minister must immediately notify the Minister of Finance and the fund to

which that financial instruments business operator:

(i) the Article 52, paragraph (1) or (4); Article 53, paragraph (3); Article 54; or Article 57-6, paragraph (3) rescission of an Article 29 registration; or

(ii) an order for the suspension of all or part of the business under the provisions of Article 52, paragraph (1) (limited to the case falling under item (viii) of that paragraph).

(4) The Prime Minister must, when having filed a petition for commencement of reorganization proceedings under the provisions of Article 377, paragraph (1) of the Act on Special Treatment of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions, a petition for commencement of rehabilitation proceedings under the provisions of Article 446, paragraph (1) of that Act, and a petition for commencement of bankruptcy proceedings under the provisions of Article 490, paragraph (1) of that Act with the court with regard to a financial instruments business operator which is a member of a fund, immediately notify to that effect to the Minister of Finance and the fund to which the relevant financial instruments business operator belongs.

(5) If the Prime Minister receives a notice under the provisions of Article 379; Article 448; or Article 492 of the Act on Special Treatment of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions or any other notice concerning special liquidation proceedings with regard to a financial instruments business operator that is a member of a fund, the Prime Minister must immediately notify the Minister of Finance and the fund to which the financial instruments business operator belongs of this.

(Difficulty in Payment)

Article 79-54 If a fund receives a notice under the provisions of paragraph (1) or paragraphs (3) through (5) of the preceding Article, it must, without delay, reach a finding as to whether it is difficult for the financial instruments business operator to which the notice pertains (hereinafter referred to as a "financial instruments business operator that is the subject of a notice") to smoothly perform its obligations in connection with the refunding of customer assets, unless it is found to be clearly unlikely that not reaching such a finding would result in insufficient investor protection.

(Public Notice of Findings)

Article 79-55 (1) If a fund, pursuant to the provisions of the preceding Article, reaches the finding that it is difficult for a financial instruments business operator that is the subject of a notice to smoothly perform its obligations in connection with the refunding of customer assets, it must promptly specify the period and place of notification set forth in paragraph (1) of the following

Article and other matters specified by Cabinet Order and issue public notice of the same.

(2) If a public notice 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) or a notice under the provisions of paragraph (5) is issued or if any other cause specified by Cabinet Order occurs with regard to a financial instruments business operator that is subject to the finding referred to in the preceding paragraph (hereinafter referred to as a "distressed financial instruments business operator") after the fund has issued public notice pursuant to the provisions of the preceding paragraph, the fund may change the period of notification with regard to which it has issued the public notice pursuant to the provisions of that paragraph.

(3) If a fund changes the period of notification pursuant to the provisions of the preceding paragraph, it must issue public notice of the particulars of the change without delay.

(4) When a fund specifies the matters prescribed in paragraph (1) or if it changes the period of notification pursuant to the provisions of paragraph (2), it must immediately report this to the Prime Minister and the Minister of Finance.

(5) The bankruptcy trustee must notify the fund upon providing the notice under the provisions of Article 197, paragraph (1) (including as applied mutatis mutandis pursuant to Article 209, paragraph (3) of the Bankruptcy Act) or Article 204, paragraph (2) of the Bankruptcy Act or upon receipt of permission under the provisions of Article 208, paragraph (1) of that Act in connection with the bankruptcy proceedings of the distressed financial instruments business operator.

(Payment of Claims to Be Compensated)

Article 79-56 (1) At the request of the general customer of a distressed financial instruments business operator, the fund is to pay the amount calculated pursuant to the provisions of Cabinet Office Order and Ministry of Finance Order on any claim that the general customer has against the distressed financial instruments business operator as of the day that the fund issues public notice pursuant to the provisions of paragraph (1) of the preceding Article (limited to a claim for the customer assets of the relevant general customer), and which the fund, pursuant to the provisions of Cabinet Order, finds would be difficult for the distressed financial instruments business operator to smoothly pay (hereinafter referred to as "claims to be compensated").

(2) Notwithstanding the provisions of the preceding paragraph, a fund is not to make the payment referred to in that paragraph to the officer of a distressed financial instruments business operator or to any other person specified by

Cabinet Order.

(3) A request set forth in paragraph (1) may only be made within the period of notification for which public notice is issued pursuant to the provisions of paragraph (1) or (3) of the preceding Article; provided, however, that this does not apply if there has been a natural disaster or if the fund otherwise finds there to be a compelling reason for the failure to make a request within the period of notification.

(Amount of Payment)

Article 79-57 (1) Notwithstanding the provisions of paragraph (1) of the preceding Article, if the general customer of a distressed financial instruments business operator which makes the request set forth in that paragraph falls under any of the following items, the amount that must be paid by the fund pursuant to the provisions of that paragraph is equivalent to the amount under the provisions of that paragraph less the amount provided for in the relevant item:

(i) if the general customer has provided the whole or a part of the customer assets that are under the claim to be compensated as the subject matter of a security interest: the amount of the relevant whole or part of the customer assets provided as the subject matter of the security interest, as valued pursuant to the provisions of Cabinet Office Order and Ministry of Finance Order (or, if that amount exceeds the amount of the secured claim connected with the security interest, the amount of the secured claim connected with that security interest);

(ii) if the general customer has incurred an obligation to the distressed financial instruments business operator: the amount of the obligation (or, if the general customer falls under the preceding item in connection with that obligation, the amount of the obligation less the amount provided for in that item); or

(iii) if the customer assets that are subject to the claim to be compensated include a claim to be compensated prescribed in Article 60, paragraph (1) of the Act on Book-Entry Transfer of Corporate Bonds and Shares: the amount of customer assets equivalent to the claims to be compensated set forth in that paragraph, as valued pursuant to the provisions of Cabinet Office Order and Ministry of Finance Order (or, if the provisions of paragraph (5) of that Article apply to those customer assets, that amount less the amount of payment reduced pursuant to the provisions of that paragraph).

(2) With regard to the application of paragraph (1) of the preceding Article and the provisions of the preceding paragraph if a financial instruments business operator is deemed to be a general customer pursuant to the provisions of Article 79-20, paragraph (2), each general customer of the financial

instruments business operator which causes the financial instruments business operator to be deemed a general customer has the position of a general customer.

(3) If the amount that must be paid pursuant to the provisions of paragraph (1) of the preceding Article and paragraph (1) exceeds the amount specified by Cabinet Order, the amount specified by Cabinet Order is the amount that must be paid.

(4) If a fund makes the payment referred to in paragraph (1) of the preceding Article, it acquires a claim to be compensated in connection with that payment and in line with the amount it pays, pursuant to the provisions of Cabinet Order.

(Application of the Income Tax Act)

Article 79-58 (1) If a general customer is an individual and that individual receives a payment set forth in Article 79-56, paragraph (1) on a claim to be compensated that the individual holds against a distressed financial instruments business operator (limited to a claim involving securities; hereinafter the same applies in this paragraph), the securities under the claim to be compensated that is connected with that payment (limited to the part of the claim to be compensated that the fund acquires based on that payment) are deemed to transfer from the individual to the fund that makes the payment, based on the amount of payment that the individual receives and at the time the individual receives that payment, and the provisions of the Income Tax Act (Act No. 33 of 1965) and other laws and regulations concerning income tax apply.

(2) Necessary particulars for the application of the special provisions to Article 4-2 and Article 4-3 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957) in a case to which the provisions of the preceding paragraph are applicable are specified by Cabinet Order.

(Loans of Funds for Refunds)

Article 79-59 (1) At the application of a financial instruments business operator that is the subject of a notice (excluding a distressed financial instruments business operator) or the agent of the beneficiary of a trust prescribed in Article 43-2, paragraph (2) that is connected to a financial instruments business operator that is the subject of a notice, a fund may loan the necessary funds for the expeditious performance of obligations connected with the refunding of customer assets (hereinafter referred to as a "loan of funds for refunds") to such a person, within the limits of the amount that is found to be necessary.

(2) A person that files an application for a loan of funds for refunds must be

recognized by the Prime Minister to satisfy all of the following requirements with regard to the relevant loan of funds for refunds (hereinafter such a recognition is referred to as "recognition of eligibility" in this Article), by the time it files that application:

(i) providing a loan of funds for refund is found to be necessary for the expeditious performance of obligations connected with the refund of customer assets; and

(ii) it is found to be possible to rely upon the proceeds of a loan of funds for refund being used for the expeditious performance of obligations connected with the refund of customer assets.

(3) Upon granting a recognition of eligibility, the Prime Minister must notify the Minister of Finance and the fund to which the financial instruments business operator that has obtained the recognition of eligibility belongs (or, if the agent of the beneficiary of a trust prescribed in Article 43-2, paragraph (2) that involves a financial instruments business operator has obtained that recognition, the financial instruments business operator) of this.

(4) Upon receiving an application for a loan of funds for refunds, a fund must decide whether to provide the loan of funds for refunds to which that application pertains.

(5) When a fund has made the decision referred to in the preceding paragraph, it must immediately report the particulars of the decision to the Prime Minister and the Minister of Finance.

(Preservation of the Claims of General Customers)

Article 79-60 (1) In addition to performing the acts under the provisions of the Act on Special Measures for the Reorganization Proceedings of Financial Institutions, if a fund finds it to be necessary in order to preserve the fulfillment of a claim that a general customer has against a financial instruments business operator that is the subject of a notice (limited to a claim involving the customer assets of that general customer), the fund has, to the extent necessary, the authority to perform any and all judicial and non-judicial acts that are necessary for preserving the fulfillment of that claim on behalf of that general customer.

(2) A fund must be sincere and fair in its performance of the acts referred to in the preceding paragraph on behalf of a general customer.

(3) A fund must perform the acts set forth in paragraph (1) for general customers with the due care of a prudent manager.

(4) Before performing a judicial pursuant to the provisions of paragraph (1), a fund must notify the general customer that the fund represents in that act, of the content of the act.

(5) A general customer that has received the notice under the provisions of the

preceding paragraph may independently perform any judicial act to which that notice pertains by extinguishing the authority of representation of the fund by notifying the fund that the general customer extinguishes the authority of representation.

(Services for Contributing to Expeditious Payment)

Article 79-61 A fund may be entrusted by a financial instruments business operator that is its member, to conduct services as the agent of the beneficiary of a trust prescribed in Article 43-2, paragraph (2) which is connected to the financial instruments business operator or other services specified by Cabinet Office Order or Ministry of Finance Order as business for contributing to the expeditious refunding of customer assets.

(Delegation to Cabinet Office Order)

Article 79-62 The procedures for implementing the provisions of this Section and other necessary particulars for the implementation are specified by Cabinet Office Order, or Cabinet Office Order and Ministry of Finance Order.

Section 6 Burden Charges

(Funds for Investor Protection)

Article 79-63 (1) A fund is to set aside funds that it allocates to cover the costs that are required for the services set forth in the items of Article 79-49, paragraph (1) (hereinafter referred to as "funds for investor protection").

(2) Funds for investor protection must not be used other than when they are allocated to cover the costs that are required for the services set forth in the items of Article 79-49, paragraph (1).

(Burden Charges)

Article 79-64 (1) A financial instruments business operator must pay burden charges to a fund to which it belongs pursuant to the provisions of the operational rules, so that these can be allocated to funds for investor protection.

(2) Notwithstanding the provisions of the preceding paragraph, a fund may waive the burden charges of a financial instruments business operator that is the subject of a notice, pursuant to the provisions of the articles of incorporation.

(Method of Calculation of the Amount of Burden Charges)

Article 79-65 (1) The amount of the burden charges referred to in paragraph (1) of the preceding Article is the amount calculated using the calculation method specified in the operational rules.

(2) The method of calculating the burden charges referred to in the preceding paragraph must be specified so as to conform to the following criteria:
(i) the finances of a fund will be balanced in the long term in light of the estimated amount of payments set forth in Article 79-56, paragraph (1) and the costs that are required for services linked to funds for investor protection; and
(ii) no particular financial instruments business operator is subject to differential treatment.
(3) The provisions of the preceding paragraph must not be construed as precluding the temporary specification of a method of calculating burden charges that does not conform to the criterion specified in item (i) of that paragraph, if the payment of burden charges so calculated would make it impossible for a financial instruments business operator that is a member to maintain its sound management.

(Delinquency Charges)
Article 79-66 (1) If a financial instruments business operator fails to pay the burden charges by the due date for payment specified by the operational rules, they must pay a delinquency charge to the fund to which it belongs.
(2) The amount of a delinquency charge is calculated by multiplying the amount of unpaid burden charges by an annual rate of 14.5 percent, based on the number of days from the day following the due date for payment until the day of payment.

(Delegation to Cabinet Office Order and Ministry of Finance Order)
Article 79-67 The procedures for implementing the provisions of this Section and other necessary particulars for the implementation are specified by Cabinet Office Order and Ministry of Finance Order.

Section 7 Finances and Accounts

(Business Year)
Article 79-68 The business year of a fund is from April 1 through March 31 of the following year; provided, however, that the business year in that includes the day of establishment of a fund is from the day of establishment to the following March 31.

(Submission of a Budget and Financial Plan)
Article 79-69 A fund must prepare a budget and a financial plan for every business year and submit them to the Prime Minister and the Minister of Finance before the commencement of the relevant business year (with regard

to a business year that includes the day of establishment of a fund, this means without delay after the establishment of the fund). The same applies if a fund changes the budget or financial plan.

(Submission of Financial Statements)

Article 79-70 (1) Within three months from the first day of the business year (excluding the business year that includes the day of establishment of a fund), a fund must submit a balance sheet and profit and loss statement, an inventory of property and business report, and a statement of accounts based on their budget category (hereinafter collectively referred to as "financial statements, etc." in this Article) for the previous business year to the Prime Minister and the Minister of Finance, and obtain their approval.

(2) If a fund submits financial statements, etc. to the Prime Minister and the Minister of Finance pursuant to the provisions of the preceding paragraph, an inspector's written opinion about the financial statements, etc. must accompany them.

(3) A fund must keep the financial statements, etc. that have been approved by the Prime Minister and the Minister of Finance as under the provisions of paragraph (1) at its office and make them available for public inspection.

(Reserve Funds)

Article 79-71 (1) A fund must lay aside all of the surplus in every business year as reserve funds.

(2) The reserve funds referred to in the preceding paragraph may be allocated to cover any deficit carried over from the previous business year, and may be transferred to funds for investor protection.

(3) The reserve funds referred to in paragraph (1) must not be broken into other than as referred to in the preceding paragraph.

(Borrowing of Funds)

Article 79-72 If a fund finds it to be necessary in order for it to perform the services set forth in Article 79-49, paragraph (1), items (i) through (iv) and item (vi), it may borrow funds (this includes refinancing) from a financial institution, etc. (meaning a bank, a financial instruments business operator, or any other person specified by Cabinet Office Order or Ministry of Finance Order) with the authorization of the Prime Minister and the Minister of Finance, within the limits of the amount specified by Cabinet Order.

(Restrictions on the Investment of Funds)

Article 79-73 A fund must not invest any surplus funds that arise in the course of business or funds for investor protection except in the following manners:

(i) by holding national government bonds or other securities designated by the Prime Minister and the Minister of Finance;
(ii) by depositing them in a financial institution designated by the Prime Minister and the Minister of Finance; or
(iii) in other ways specified by Cabinet Office Order and Ministry of Finance Order.

(Delegation to Cabinet Office Order and Ministry of Finance Order)
Article 79-74 Beyond what is provided for in this Act, necessary particulars relevant to the finances and accounts of a fund are specified by Cabinet Office Order and Ministry of Finance Order.

Section 8 Supervision

(Business Improvement Orders)
Article 79-75 If the Prime Minister and the Minister of Finance find it to be necessary and appropriate in the public interest or for the protection of investors, they may order a fund to change its articles of incorporation or operational rules, or may otherwise issue it orders that are necessary from a supervisory perspective, in connection with its business. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister and the Minister of Finance must conduct a hearing.

(Rescission of Authorization)
Article 79-76 If a fund violates a law or regulation, a disposition by a government agency which is based on a law or regulation, or its articles of incorporation or operational rules, or if the Prime Minister and the Minister of Finance find that it will be difficult for a fund's services to continue due to the state of its services or assets, and the Prime Minister and the Minister of Finance find it to be necessary and appropriate in the public interest or for the protection of investors, they may rescind the authorization for the incorporation of the fund. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister and the Minister of Finance must conduct a hearing.

(Collection of Reports and On-Site Inspections)
Article 79-77 When the Prime Minister and the Minister of Finance find that it is necessary and appropriate in the public interest or for the protection of investors, they may order a fund or a person that a fund has entrusted with its

business to submit reports or materials that should serve as a reference with regard to the business or assets of the fund, and may have the relevant officials enter the office of a fund or of the person that a fund has entrusted with its business to inspect its books, documents, and any other articles (but may only have the relevant officials inspect the person that a fund has entrusted with its business as is necessary in connection with the business or assets of the fund).

Section 9 Dissolution

(Grounds for Dissolution)

Article 79-78 (1) A fund is dissolved for the following reasons:

(i) general meeting resolution; or

(ii) the rescission of authorization for incorporation.

(2) Dissolution on the grounds specified in item (i) of the preceding paragraph does not become effective without the authorization of the Prime Minister and the Minister of Finance.

(Appointment of a Liquidator)

Article 79-79 In the case of a dissolution under the provisions of paragraph (1), item (i) of the preceding Article, a liquidator is appointed at a general meeting. In the case of a dissolution under the provisions of item (ii) of that paragraph, a liquidator is appointed by the Prime Minister and the Minister of Finance.

(Disposal of Residual Assets)

Article 79-80 (1) If there are residual assets after the payment of the obligations of a fund, the liquidator, pursuant to the provisions of Cabinet Office Order and Ministry of Finance Order, must cause the residual assets to vest in each of the other funds that the members join.

(2) Beyond what is provided for in the preceding paragraph, required measures in connection with the dissolution of a fund may be specified by Cabinet Order within the scope that is reasonably determined to be necessary.

Chapter V Financial Instruments Exchanges

Section 1 General Provisions

(Licensing)

Article 80 (1) With the exception of an authorized financial instruments firms Association, a person must not operate a financial instruments market unless it is licensed by the Prime Minister.

(2) The provisions of the preceding paragraph do not apply if a financial instruments business operator, etc. or a financial instruments intermediary

service provider, or a financial service intermediary conducts a purchase and sale of securities or a market derivatives transaction (other than a transaction conducted outside a financial instruments exchange market), or intermediation, brokerage, or agency for the transactions pursuant to the provisions of this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto.

(Application for License)

Article 81 (1) A person seeking to obtain the license referred to in paragraph (1) of the preceding Article must submit a written license application stating the following particulars to the Prime Minister:

(i) its name or trade name;

(ii) the location of its office, head office, branch office, or any other business office; and

(iii) the names of its officers, and the trade names or names of members or trading participants (hereinafter each such member or trading participant is referred to as a "member, etc.").

(2) The articles of incorporation, the operational rules, the brokerage contract rules, and other documents specified by Cabinet Office Order must be attached to the written license application referred to in the preceding paragraph.

(3) In a case referred to in the preceding paragraph, if the articles of incorporation have been prepared as electronic or magnetic records, the electronic or magnetic records (limited to those specified by Cabinet Office Order) may be attached to the written license application in lieu of written documents.

(Licensing Examination Criteria)

Article 82 (1) When a license application under paragraph (1) of the preceding Article is filed, the Prime Minister must examine whether the application conforms to the following criteria:

(i) the provisions of the articles of incorporation, the operational rules, and the brokerage contract rules conform to laws and regulations, and are sufficient for ensuring fair and smooth purchase and sales of securities and market derivatives transactions on a financial instruments exchange market, as well as for protecting investors;

(ii) the license applicant has a personnel structure sufficient to operate a financial instruments exchange market in an appropriate manner; or

(iii) the license applicant will be organized as a financial instruments exchange in a manner that conforms to the provisions of this Act.

(2) If, as a result of having conducted an examination pursuant to the provisions of the preceding paragraph, the Prime Minister finds that an application

conforms to the criteria in that paragraph, the Prime Minister must grant the license, except in a case that falls under any of the following items:

(i) the license applicant is a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto, or for violating the provisions of a foreign law or regulation that is equivalent to one of those Acts, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(ii) the license applicant is a person that has had their license rescinded pursuant to the provisions of Article 148, Article 152, paragraph (1), Article 156-17, paragraph (1) or (2), Article 148 ; or Article 156-32, paragraph (1) as applied mutatis mutandis pursuant to Article 156-26; a person that has had their registration rescinded pursuant to the provisions of Article 52, paragraph (1), Article 53, paragraph (3), Article 57-6, paragraph (3), Article 66-20, paragraph (1), Article 66-42, paragraph (1), Article 66-63, paragraph (1), or Article 66-8585, paragraph (1); a person that has had their authorization rescinded pursuant to the provisions of Article 106-7, paragraph (1), Article 106-21, paragraph (1), Article 106-28, paragraph (1) or Article 156-5-9, paragraph (1); or a person that has had their registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations) rescinded pursuant to the provisions of Article 38, paragraph (1) of that Act (excluding items (ii), (iii), and (v)); or a person that had a license or registration of the same kind obtained in a foreign country rescinded pursuant to the provisions of a foreign law or regulation that is equivalent to this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (including permission or any other administrative dispositions similar to the license or registration); for whom five years have not passed since the date of the rescission;

(iii) the license applicant has a person falling under any of the provisions of the following sub-items (a) through (f) as an officer:

(a) a person set forth in any of Article 29-4, paragraph (1), item (ii), (b) through (i);

(b) a person that, during the 30 days prior to the date of rescission, was the officer (for a foreign financial instruments exchange or a foreign financial instruments clearing organization, this includes the domestic representative; hereinafter the same applies in (e)) of a financial instruments exchange that has had its license rescinded pursuant to the provisions of Article 148 or Article 152, paragraph (1); the officer of a

financial instruments clearing organization that has had its license rescinded pursuant to the provisions of Article 156-17, paragraph (1) or (2); the officer of a securities finance company that has had its license rescinded pursuant to the provisions of Article 156-32, paragraph (1); the officer of a foreign financial instruments exchange that has had its authorization rescinded pursuant to the provisions of Article 155-6 or Article 155-10, paragraph (1); the officer a foreign financial instruments clearing organization that has had its license rescinded pursuant to the provisions of Article 156-20-14, paragraph (1) or (2); or the officer of a person that had a license or authorization of the same kind obtained in a foreign country rescinded pursuant to the provisions of a foreign law or regulation that is equivalent to this Act (including permission or any other administrative disposition similar to such a license or authorization); for whom five years have not passed since the date of the rescission;

(c) a person that, during the 30 days prior to the date of rescission, was a Major shareholder (meaning a major shareholder as prescribed in Article 106-6, paragraph (1); Article 106-20, paragraph (1); or Article 156-5-8; hereinafter the same applies in this item) that has had its authorization rescinded pursuant to the provisions of Article 106-7, paragraph (1); Article 106-21, paragraph (1); or Article 156-5-9, paragraph (1); or was the officer of a financial instruments exchange holding company that has had its authorization rescinded pursuant to the provisions of Article 106-28, paragraph (1); for whom five years have not passed since the date of rescission;

(d) a person whose major shareholder has had its authorization rescinded pursuant to the provisions of Article 106-7, paragraph (1); Article 106-21, paragraph (1); or Article 156-5-9, paragraph (1), and for whom five years have not passed since the date of the rescission;

(e) an officer whose dismissal has been ordered pursuant to the provisions of Article 150; Article 152, paragraph (1); Article 155-10, paragraph (2); Article 156-14, paragraph (3); Article 156-17, paragraph (2); Article 156-20-14, paragraph (2); or Article 156-31, paragraph (3), for whom five years have not passed since the day of that disposition; or

(f) an officer whose dismissal has been ordered pursuant to the provisions of Article 106-28, paragraph (2), for whom five years have not passed since the day of that disposition;

(iv) the license application, or a document or electronic or magnetic record that is required to be attached to it contains a false statement or false record regarding a material particular.

(Refusal to Grant a License)

Article 83 (1) If a license application under the provisions of Article 81, paragraph (1) is filed and the Prime Minister finds it inappropriate to grant that license, the Prime Minister must notify the license applicant to that effect and have the relevant official conduct a hearing.
(2) Upon deciding to grant or not to grant the license under the provisions of Article 80, paragraph (1), the Prime Minister must notify the license applicant of this in writing without delay.

(Corporations Eligible to Become Financial Instruments Exchanges)
Article 83-2 A financial instruments exchange must be a financial instruments membership corporation or a stock company with a stated capital of not less than the amount specified by Cabinet Order, and have in place the following organs:
(i) a board of directors;
(ii) a board of company auditors, a supervisory committee, or a nominating committee, etc.; and
(iii) an accounting auditor.

(Self-Regulatory Services)
Article 84 (1) A financial instruments exchange must perform self-regulatory services in an appropriate manner, in accordance with this Act and with its articles of incorporation and other rules, in order to ensure the fair purchase and sale of securities and market derivatives transactions on the financial instruments exchange market, as well as to protect investors.
(2) The term "self-regulatory services" as used in the preceding paragraph means the following services conducted in respect of a financial instruments exchange:
(i) services related to the listing and delisting of financial instruments, financial indexes, or options (hereinafter referred to as "financial instruments, etc." in this Chapter) (excluding those specified by Cabinet Office Order);
(ii) the investigation of members', etc. compliance with laws and regulations, dispositions by government agencies which are based on laws and regulations, with the articles of incorporation and other rules, and with the principle of good faith in transactions; and
(iii) other services specified by Cabinet Office Order as necessary for ensuring fairness in transactions on a financial instruments exchange market.

(Entrustment of Self-Regulatory Services)
Article 85 (1) With the authorization of the Prime Minister, a financial instruments exchange may entrust all or part of the self-regulatory services of the financial instruments exchange to a self-regulatory organization (meaning

a corporation incorporated pursuant to the provisions of Subsection 1-2 of the following Section for the purpose of performing self-regulatory services (meaning self-regulatory services as prescribed in paragraph (2) of the preceding Article; hereinafter the same applies in this Chapter); hereinafter the same applies in this Chapter).

(2) The Prime Minister may attach conditions to the authorization under the preceding paragraph.

(3) The conditions referred to in the preceding paragraph must constitute the minimum necessary conditions in light of the purpose of the authorization, or for securing the reliable implementation of the things related to the authorization.

(4) In addition to the entrustment referred to in the provisions of paragraph (1), a financial instruments exchange may entrust another person with part of the self-regulatory services of the financial instruments exchange (limited to services connected with a specified financial instruments exchange market that are specified by Cabinet Office Order as services which handle particulars other than those that affect the basis of investor protection, taking into account the content of those services; hereinafter referred to as "specified services" in this Article and Article 102-19).

(5) If a financial instruments exchange seeks to entrust specified services pursuant to provisions of the preceding paragraph, it must take measures to ensure the proper implementation of such specified services, pursuant to the provisions of Cabinet Office Order.

(6) If, pursuant to the provisions of paragraph (4), a specified incorporated financial instruments exchange (meaning a specified incorporated financial instruments exchange as prescribed in Article 105-4, paragraph (2); hereinafter the same applies in this paragraph) entrusts another person with its specified services, this must be based on the decision of the self-regulatory committee of the specified incorporated financial instruments exchange with regard to that entrustment.

(Submission of a Written Application for Authorization)

Article 85-2 (1) A financial instrument exchange seeking the authorization referred to in paragraph (1) of the preceding Article must submit a written application for authorization to the Prime Minister in which it states the following particulars:

(i) its name;

(ii) the name of the self-regulatory organization it will entrust (hereinafter referred to as an "entrusted self-regulatory organization" in this Chapter);

(iii) a business outline of the self-regulatory services it will entrust; and

(iv) other matters specified by Cabinet Office Order.

(2) Documents giving the details of the entrustment agreement and other documents specified by Cabinet Office Order must accompany the written application for authorization referred to in the preceding paragraph.
(3) The provisions of Article 81, paragraph (3) apply mutatis mutandis in the case of the application for authorization referred to in paragraph (1). In this case, the phrase "the articles of incorporation" is deemed to be replaced with "documents giving the details of the entrustment agreement".

(Criteria for Authorization)
Article 85-3 When an application for authorization under the provisions of paragraph (1) of the preceding Article is filed, the Prime Minister must examine whether the application conforms to the following criteria:
(i) the entrusted self-regulatory organization has obtained Article 102-14 authorization;
(ii) the entrustment agreement appropriately and clearly specifies the cost calculation method under entrustment in a way that allows a self-regulatory organization to conduct the self-regulatory services with which it is entrusted;
(iii) the entrustment agreement stipulates that the entrusted self-regulatory organization will not utilize information learned in connection with the self-regulatory services under entrustment for a purpose other than use in the self-regulatory services for which the information is provided; and
(iv) beyond what is provided for in the preceding three items, the content of the entrustment agreement is sufficient to ensure the proper implementation of the self-regulatory services at the entrusted self-regulatory organization.

(Hearing When Authorization Is Not Granted)
Article 85-4 (1) If an application for authorization under the provisions of Article 85-2, paragraph (1) is filed and the Prime Minister finds it inappropriate to grant that authorization, the Prime Minister must notify the applicant for authorization and have the relevant officials conduct a hearing.
(2) Upon deciding to grant or not to grant the authorization under the provisions of Article 85, paragraph (1), the Prime Minister must notify the applicant for authorization of this in writing without delay.

(Investigation on Persons Engaged in High-Speed Trading)
Article 85-5 (1) Beyond what is provided for in Article 84, a financial instruments exchange is to investigate the compliance of a person engaged in high-speed trading with laws and regulations and dispositions by government agencies which are based on laws and regulations and to take any other necessary measures, in accordance with this Act and with its articles of incorporation and

other rules, in order to ensure the fair purchase and sale of securities and market derivatives transactions on the financial instruments exchange market, as well as to protect investors.

(2) The provisions of this Act (excluding Article 84) apply by deeming the services related to the measures referred to in the preceding paragraph as self-regulatory services.

(Trade Name or Name)

(2) A person that is not a financial instruments exchange must not use a term in its name or trade name which could give rise to the misconception that it is a financial instruments exchange.

(Dispositions against Members)

Article 87 A financial instruments exchange must stipulate in its articles of incorporation that the members, etc. are to observe laws and regulations, dispositions by government agencies which are based on laws and regulations, and the financial instruments exchange's articles of incorporation, operational rules, brokerage contract rules, and other rules (hereinafter simply referred to as the "rules" in this Article) as well as the principle of good faith in transactions, and that if a member, etc. violates a law or regulation, a disposition by a government agency which is based on a law or regulation, or the rules, or if it engages in an act that is contrary to the principle of good faith in transactions, the financial instruments exchange will impose an surcharge on that member, etc., order the suspension or restriction of its purchase and sales of securities or market derivatives transactions on the financial instruments exchange market or its entrustment with brokerage for clearing of securities, etc. for such transactions, or expel it from the financial instruments exchange (or rescind its trading license, if it is a trading participant).

(Scope of Business)

Article 87-2 (1) A financial instruments exchange may not engage in business other than the operation of financial instruments exchange markets and business incidental thereto; provided, however, that if it obtains the authorization of the Prime Minister pursuant to the provisions of Cabinet Office Order, it may engage in the business of designating numbers for identifying parties to financial instruments transactions (excluding transactions on financial instruments exchange markets), the business of operating a market for carrying out transactions involving carbon dioxide equivalent quotas (meaning carbon dioxide equivalent quotas as defined in Article 2, paragraph (7) of the Act on Promotion of Global Warming

Countermeasures (Act No. 117 of 1998)), the business of operating the necessary market for effecting commodity futures transactions (but only if this is done by an incorporated financial instruments exchange), the business of operating a market for carrying out any other transactions specified by Cabinet Office Order as being similar to financial instruments transactions, or business incidental thereto, and it may engage in services which are common to two or more companies (including financial instruments membership corporations) that belong to the financial instruments exchange group (meaning a group consisting of a financial instruments exchange and its subsidiary companies (meaning subsidiary companies as defined in Article 87-3, paragraph (3); hereinafter the same applies in this paragraph, paragraphs (6) through (8) of that Article, and Article 87-4-2, paragraph (1)); hereinafter the same applies in this paragraph and Article 87-4-2) or the financial instruments exchange holding company group (meaning a group consisting of a financial instruments exchange holding company and its subsidiary companies; hereinafter the same applies in this paragraph and Article 106-23) to which the financial instruments exchange (hereinafter referred to as "the exchange" in this paragraph) belongs (limited to cases where these two or more companies include a financial instruments exchange) and which are specified by Cabinet Office Order as services that, if performed by the exchange, contribute to the uniform and efficient management of the services of the financial instruments exchange holding company group or the financial instruments exchange holding company group, on behalf of those two or more companies (excluding the exchange).

(2) If an application is filed for the authorization referred to in the proviso to the preceding paragraph, and the Prime Minister finds that the business to which the application pertains may impair confidence in the public nature of the business of the financial instruments exchange or may obstruct the operation of the financial instruments exchange markets and the sound and appropriate operation of business incidental thereto, the Prime Minister must not to grant that authorization.

(3) The provisions of Article 30-2 apply mutatis mutandis to the authorization referred to in the proviso to paragraph (1).

(Application, Mutatis Mutandis of Provisions on Hearings)

Article 87-2-2 The provisions of Article 85-4 apply mutatis mutandis to the authorization referred to in the proviso to paragraph (1) of the preceding Article.

(Scope of Subsidiary Companies)

Article 87-3 (1) A financial instruments exchange must not have a company other

than one that operates a financial instruments exchange market or engages in business incidental to this as its subsidiary company; provided, however, that with the authorization of the Prime Minister, it may have a company that engages business that is linked to the operation of a financial instruments exchange market, a company that is in the business of operating the necessary market for effecting commodity futures transactions (including business incidental thereto; hereinafter referred to as the "operation of a commodity market"), or a company that engages in business that is linked to the operation of the necessary market for effecting commodity futures transactions, as its subsidiary company.

(2) Notwithstanding the provisions of the preceding paragraph, a financial instruments exchange engaged in the operation of a commodity market may have a company engaged in the operation of a commodity market as its subsidiary company.

(3) The term "subsidiary company" as used in the preceding two paragraphs means a company in which a corporation holds the majority of the voting rights held by all the shareholders, etc. In such a case, a company in which a corporation and one or more of its subsidiary companies hold the majority of the voting rights held by all the shareholders, etc., or in which one or more of a corporation's subsidiary companies hold the majority of the voting rights held by all the shareholders, etc., is deemed to be the subsidiary company of that corporation.

(4) Notwithstanding the provisions of paragraph (1), a financial instruments exchange may incorporate a self-regulatory organization, with the authorization of the Prime Minister.

(5) The provisions of Article 30-2 apply mutatis mutandis to the authorization referred to in the proviso to paragraph (1).

(6) The provisions of paragraph (1) do not apply if a financial instruments exchange owns a foreign company other than a company eligible to be a subsidiary company (meaning a company that operates a financial instruments exchange market and performs other business incidental thereto and a company as prescribed in the proviso to that paragraph; hereinafter the same applies in this Article and Article 87-4-2, paragraph (1)) as its subsidiary company, by owning, as its subsidiary company, a company eligible to be a subsidiary company (limited to a foreign company; hereinafter referred to as a "foreign company eligible to be a subsidiary company" in this paragraph and paragraph (8)) or a holding company subject to special provisions (meaning a holding company or a foreign company which is the same type as a holding company or is similar to a holding company that currently owns a foreign company eligible to be a subsidiary company as its subsidiary company; the same applies in paragraph (8)) that currently owns a foreign company other

than a company eligible to be a subsidiary company as its subsidiary company; provided, however, that the financial instruments exchange must take the necessary measures for making the foreign company other than a company eligible to be a subsidiary company cease to be its subsidiary company by the day on which five years have elapsed from the date on which the foreign company other than a company eligible to be a subsidiary company became its subsidiary company.

(7) If the time limit referred to in the proviso to the preceding paragraph or the time limit as extended pursuant to the provisions of this paragraph is to arrive, the financial instruments exchange may have these time limits extended for up to one year by obtaining the Prime Minister's approval for allowing the financial instruments exchange to continue to own, as its subsidiary company, the foreign company other than a company eligible to be a subsidiary company which became its subsidiary company.

(8) The Prime Minister is to give the approval referred to in the preceding paragraph only if the financial instruments exchange falls under any of the following items:

(i) it is found that there are unavoidable circumstances where the financial instruments exchange is unable to take the necessary measures for making the foreign company other than a company eligible to be a subsidiary company which became its subsidiary company cease to be its subsidiary company by the time limit referred to in the preceding paragraph, in light of the state of the capital market or any other circumstances in the country where the head office or principal office of the foreign company other than a company eligible to be a subsidiary company which became its subsidiary company, or of a foreign company eligible to be a subsidiary company or a holding company subject to special provisions that owns such foreign company as its subsidiary company is located; and

(ii) it is found that there are unavoidable circumstances which allow the financial instruments exchange to continue to own, as its subsidiary company, the foreign company other than a company eligible to be a subsidiary company which became its subsidiary company, for the purpose of executing the business of a foreign company eligible to be a subsidiary company or a holding company subject to special provisions which that financial instruments exchange made its subsidiary company.

(Application, Mutatis Mutandis of Provisions on Hearings)

Article 87-4 The provisions of Article 85-4 apply mutatis mutandis to the authorizations referred to in the proviso to paragraph (1) and paragraph (4) of the preceding Article.

(Business Management of a Financial Instruments Exchange Group by a Financial Instruments Exchange)

Article 87-4-2 (1) A financial instruments exchange (limited to one that has a company eligible to be a subsidiary company as its subsidiary company and that is not a subsidiary company of any other financial instruments exchange or financial instruments exchange holding company) must manage the business of the financial instruments exchange group to which it belongs.

(2) The term "business management" as used in the preceding paragraph means the following activities:

(i) formulating the financial instruments exchange group's basic management policy or any other policy specified by Cabinet Office Order as being equivalent to the policy, and ensuring its proper implementation;

(ii) making necessary coordination in the event of a conflict of interests among the companies (including financial instruments membership corporations) that belong to the financial instruments exchange group;

(iii) developing systems specified by Cabinet Office Order as those necessary for ensuring that the execution of services of the financial instruments exchange group comply with laws and regulations; and

(iv) beyond what is set forth in the preceding three items, activities specified by Cabinet Office Order as those that contribute to ensuring the confidence in the public nature and the sound and appropriate management of services of the financial instruments exchange group.

(Officers)

Article 87-5 The officer of a financial instruments exchange must not hold the position of officer at more than one financial instruments exchange.

(Provisional Board Members and Provisional Directors)

Article 87-6 (1) If there is no one to perform the duties of board member or auditor at a financial instruments membership corporation that operates a financial instruments exchange market (hereinafter referred to as an "incorporated association-operated financial instruments exchange") and the Prime Minister finds it to be necessary, the Prime Minister may appoint a provisional board member or a provisional auditor.

(2) If there is no one to perform the duties of a director (or, for a company with supervisory committee, a director that is a supervisory committee member or any other director), accounting advisor, company auditor, representative director, executive officer, or representative executive officer of an incorporated financial instruments exchange and the Prime Minister finds it to be necessary, the Prime Minister may appoint a provisional director (or, for a company with supervisory committee, a provisional director that performs the

duties of a supervisory committee member or any other director; the same applies in paragraph (1) of the following Article), provisional accounting advisor, provisional company auditor, provisional representative director, provisional executive officer, or provisional representative executive officer.

(3) The provisions of Article 346, paragraph (2); Article 351, paragraph (2); and Article 401, paragraph (3) of the Companies Act (including as applied mutatis mutandis pursuant to Article 403, paragraph (3) and Article 420, paragraph (3) of that Act) do not apply to an incorporated financial instruments exchange.

(Registration at the Request of the Prime Minister)

Article 87-7 (1) If the Prime Minister appoints a provisional director, provisional accounting advisor, provisional company auditor, provisional representative director, provisional executive officer, or provisional representative executive officer pursuant to the provisions of paragraph (2) of the preceding Article, the Prime Minister must request the registry office for the location of the head office of the incorporated financial instruments exchange, to make this registration.

(2) If the Prime Minister requests a registration pursuant to the provisions of the preceding paragraph, the request form must be accompanied by a document evidencing that the Prime Minister has reached a disposition in connection with the circumstances causing the registration.

(Duty of Confidentiality)

Article 87-8 It is prohibited for the officer (or, if the officer is a corporation, a person that performs those duties) or employee of a financial instruments exchange, the board member, auditor, or employee of a self-regulatory organization, or a person that has held any of these positions, to divulge or misappropriate any secret learned in the course of duty.

(Prohibition on Discriminatory Treatment)

Article 87-9 A financial instruments exchange must not subject any particular member, etc. or any particular issuer of securities to unfair and discriminatory treatment.

Section 2 Financial Instruments Membership Corporations, Self-Regulatory Organizations, and Stock Companies That Operate Financial Instruments Exchange Markets

Subsection 1 Financial Instruments Membership Corporations

Division 1 Incorporation

(Legal Personality)

Article 88 (1) A financial instruments membership corporation is to be a corporation.
(3) A person that is not a financial instruments membership corporation must not use a term in its name which could give rise to the misconception that it is a financial instruments membership corporation.

(Founders)
Article 88-2 (1) It is prohibited for a person other than a financial instruments business operator, etc. to incorporate a financial instruments membership corporation.
(2) For a financial instruments membership corporation to be incorporated, the financial instruments business operators, etc. that seek to become its members must become the founders.

(Articles of Incorporation)
Article 88-3 (1) In order for a financial instruments membership corporation to be incorporated, the founders must prepare articles of incorporation, and all founders must sign or have their names and seals affixed thereto.
(2) The following particulars must be stated or recorded in the articles of incorporation of a financial instruments membership corporation:
(i) its purpose;
(ii) its name;
(iii) the location of its offices;
(iv) the particulars of funds and contribution;
(v) the particulars of its members, etc.;
(vi) the particulars of investigations into members', etc. compliance with laws and regulations, dispositions by government agencies which are based on laws and regulations, the articles of incorporation and other rules, and the principle of good faith in their transactions;
(vii) the particulars of its guarantee funds;
(viii) the particulars of its allocation of costs;
(ix) the particulars of its officers;
(x) the particulars of its meetings;
(xi) the particulars of the execution of business;
(xii) the particulars of the preparation of rules;
(xiii) the particulars of the financial instruments exchange markets;
(xiv) the particulars of its accounting; and
(xv) the means of public notice (meaning the means by which the financial instruments membership corporation makes its public notices (excluding public notices that, pursuant to the provisions of this Act, must be made by means of publication in the Official Gazette); the same applies in Article 89-

2, paragraph (2), item (ix)).

(3) The provisions of Article 26, paragraph (2) and Article 30, paragraph (1) of the Companies Act apply mutatis mutandis to the articles of incorporation provided for in paragraph (1). In such a case, the term "Ministry of Justice Order" in Article 26, paragraph (2) of that Act is deemed to be replaced with "Cabinet Office Order".

(Organizational Meetings)

Article 88-4 (1) After preparing the articles of incorporation, the founders must solicit persons seeking to become members, and hold an organizational meeting, giving public notice of those articles of incorporation, together with the date, time, and place of the meeting, by two weeks prior to the day of the meeting.

(2) A person planning to become a member of a financial instruments membership corporation whose incorporation is planned (hereinafter referred to as the "expected member" in this Article, the following Article and Article 88-6) must pay the full amount of the contribution before the opening of the organizational meeting.

(3) Approval of the articles of incorporation and decisions about particulars that are necessary for incorporation must be decided by a resolution of the organizational meeting.

(4) The articles of incorporation may be revised at an organizational meeting.

(5) The items of organizational meeting business that are referred to in paragraph (3) are decided with at least a two-thirds majority of the votes of the attendees, at a meeting where at least half of the expected members that have paid the full amount of the contribution by the opening of that meeting, are present.

(6) An expected member that does not pay the full amount of the contribution by the time of the establishment of a financial instruments membership corporation is deemed to have rescinded its application for membership at the time of the establishment of the financial instruments membership corporation.

(Voting Rights of Expected Members)

Article 88-5 (1) At an organizational meeting, each of the expected members holds an equal voting right.

(2) An expected member that is not present at an organizational meeting may vote in writing or by proxy.

(3) An expected member may, in lieu of voting in writing based on the provisions of the preceding paragraph, vote by electronic or magnetic means (meaning by means of using an electronic data processing system or by any other means

using information and communications technology that Cabinet Office Order specifies; the same applies hereinafter), pursuant the provisions of the articles of incorporation.

(4) The provisions of paragraphs (1) and (2) do not apply if it is otherwise provided for in the articles of incorporation.

(When an Expected Member Has No Voting Right)

Article 88-6 If an organizational meeting resolution concerns the relationship between a financial instruments membership corporation and a specific expected member, that expected member has no voting right.

(The Handing Over of Administrative Affairs to the President)

Article 88-7 The founders must hand over administrative affairs to the person who is to become the president after the completion of its organizational meeting without delay.

(Changing the Articles of Incorporation)

Article 88-8 The articles of incorporation may be changed only with the consent of at least three-fourths of all members; provided, however, that this does not apply if it is otherwise provided for in the articles of incorporation.

(Capacity in Respect of Tortious Acts)

Article 88-9 A financial instruments membership corporation is liable to compensate for any damage that its president or board members cause another person in the performance of their duties.

(Address)

Article 88-10 The address of a financial instruments membership corporation is the address at which its principal office is located.

(Inventory of Property and Membership List)

Article 88-11 (1) A financial instruments membership corporation must prepare an inventory of property at the time of incorporation and at any time between January and March of every year, and must keep this at its principal office at all times; provided, however, that a financial instruments membership corporation that has adopted any specific business year must prepare the inventory of property at the time of its incorporation and at the end of every business year.

(2) A financial instruments membership corporation must keep a membership list and make the necessary changes when there is a change in the members.

(Restrictions on Board Members' Authority of Representation)

Article 88-12 Restrictions on the president's or a board member's authority of representation may not be asserted against a third party without knowledge of such limitations.

(Acts in Conflict of Interest)

Article 88-13 The president and board members have no authority of representation with regard to a matter that constitutes a conflict of interest between the financial instruments membership corporation and the president or board member. In such a case, the court must appoint a special agent, at the request of an interested party or the public prosecutor.

(Ordinary General Meetings)

Article 88-14 The board members of a financial instruments membership corporation must hold an ordinary general meeting of members at least once a year.

(Extraordinary General Meetings)

Article 88-15 (1) The board members of a financial instruments membership corporation may call an extraordinary general meeting when they find this to be necessary.

(2) If at least one-fifth of all members specify the purpose of a general meeting and demand that one be called, the board members must call an extraordinary general meeting; provided, however, that a proportion other than one-fifth of the members may be stipulated in the articles of incorporation.

(Convocation of a General Meeting)

Article 88-16 A convocation notice for a general meeting must specify the purpose of the general meeting, and must be issued as specified by the articles of incorporation at least five days prior to the day of the meeting.

(Execution of Administrative Affairs)

Article 88-17 All administrative affairs of a financial instruments membership corporation are carried out based on general meeting resolutions, except those delegated to the board members or other officers by the articles of incorporation.

(Matters for a General Meeting Resolution)

Article 88-18 At a general meeting, only matters of which advance notice is given pursuant to the provisions of Article 88-16 may be put to a resolution; provided, however, that this does not apply if it is otherwise provided for in the

articles of incorporation.

(Voting Rights of Members)

Article 88-19 (1) Each member holds an equal voting right.

(2) A member that is not present at a general meeting may vote in writing or by proxy.

(3) A member may, in lieu of voting in writing based on the provisions of the preceding paragraph, vote by electronic or magnetic means pursuant to the provisions of the articles of incorporation.

(4) The provisions of paragraphs (1) and (2) do not apply if it is otherwise provided for in the articles of incorporation.

(When a Member Has No Voting Right)

Article 88-20 If a resolution concerns the relationship between a financial instruments membership corporation and a specific member, that member has no voting right.

(Jurisdiction over the Appointment of a Special Agent)

Article 88-21 The appointment of a special agent falls under the jurisdiction of the district court for the relevant financial instruments membership corporation's principal office location.

(Application, Mutatis Mutandis of the Companies Act)

Article 88-22 The provisions of Article 828, paragraph (1) of the Companies Act (limited to the part that involves item (i)) and of Article 828, paragraph (2) (limited to the part that involves item (i)); Article 834 (limited to the part that involves item (i)); Article 835, paragraph (1); Article 836, paragraphs (1) and (3); Articles 837 through 839; and Article 846 of that Act apply mutatis mutandis to an action to invalidate the incorporation of a financial instruments membership corporation. In this case, in Article 828, paragraph (2), item (i) of that Act, the phrase "a shareholder, etc. (meaning a shareholder, director or liquidator (or, for a company with company auditors, it means a shareholder, director, company auditor or liquidator; and for a company with nominating committee, etc., it means a shareholder, director, executive officer, or liquidator); hereinafter the same applies in this Section) of the incorporated stock company or a partner, etc. (meaning a partner or liquidator; hereinafter the same applies in this paragraph) of the incorporated membership company" is deemed to be replaced with "the members, the president and board members, the auditors, or the liquidators", and any other necessary technical replacement of terms is specified by Cabinet Order.

Division 2 Registration

(Establishment)

Article 89 (1) A financial instruments membership corporation is established by a registration of incorporation being recorded in connection with the location of its principal office.

(2) Except in a case prescribed in the preceding paragraph, the particulars that are required to be registered pursuant to the provisions of this Act may not be asserted against a third party until after their registration.

(Registration)

Article 89-2 (1) A registration of incorporation must be recorded for a financial instruments membership corporation in connection with the location of its principal office and within two weeks from the final day of its organizational meetings.

(2) The following particulars must be stated in the registration referred to in the preceding paragraph:

(i) purposes;

(ii) name;

(iii) office address;

(iv) duration of operation and grounds for dissolution, if specified;

(v) funds and amount of contributions paid in;

(vi) unit amount of contributions and method of payment;

(vii) name, address, and qualifications of the person with the authority of representation;

(viii) provisions on the scope and limitation of the authority of representation, if any; and

(ix) means of public notice.

Article 89-3 Deleted

(Registration of the Relocation of an Office)

Article 89-4 If a financial instruments membership corporation relocates its principal office to the jurisdictional district of any other registry office, it must register the relocation in connection with its former location, and register the particulars set forth in the items of Article 89-2, paragraph (2) in connection with its new location, within two weeks.

(Registration of a Change)

Article 89-5 (1) If there is a change in the particulars set forth in the items of Article 89-2, paragraph (2), a financial instruments membership corporation

must register the change at the locality of its principal office within two weeks.
(2) A document certifying a change in a particular set forth in the items of Article 89-2, paragraph (2) must be attached to a written application to register a change in that particular.

(Registration of a Provisional Disposition Suspending Execution of Duties)
Article 89-6 If an order for a provisional disposition is issued suspending the president of a financial instruments membership corporation or a board member that represents the corporation from discharging their duties or appointing a person to act in their place in performing those duties, or if a decision is reached that changes or rescinds the order of provisional disposition, the financial instruments membership corporation must register this in the locality of its principal office.

(Jurisdiction for Registrations)
Article 89-7 (1) The legal affairs bureau or district legal affairs bureau or the branch office or sub-branch office of that bureau (hereinafter simply referred to as the "registry office") that has jurisdiction over the locality of a financial instruments membership corporation's office is the competent registry office for the registration of the financial instruments membership corporation.
(2) A register of financial instruments membership corporations is kept at the registry office.

(Application for a Registration of Incorporation)
Article 89-8 (1) A registration of incorporation is made for a financial instruments membership corporation at the application of the person that is to represent the financial instruments membership corporation.
(2) The articles of incorporation and documents evidencing the payment of the contribution and qualifications of the person with the authority of representation must accompany the financial instruments membership corporation's written application for a registration of incorporation.

(Application, Mutatis Mutandis of the Commercial Registration Act)
Article 90 The provisions of Articles 2 through 5; Articles 7 through 15; Articles 17 through 19-3; Articles 21 through 23-2; Article 24 (excluding items (xiv) and (xv)); Articles 25 through 27; Article 47, paragraph (1); Articles 51 through 53; Articles 132 through 137; and Articles 139 through 148 of the Commercial Registration Act (Act No. 125 of 1963) apply mutatis mutandis to the registration involving a financial instruments membership corporation. In such a case, in Article 17, paragraph (2), item (i) of that Act, the phrase "trade name and the head office" is deemed to be replaced with "name and the principal

office"; in Article 25, paragraph (3), Article 51, paragraph (1) and Article 53 of that Act, the term "head office" is deemed to be replaced with "principal office"; in Article 146-2 of that Act, the phrase "Commercial Registration Act (..." is deemed to be replaced with "Commercial Registration Act as applied mutatis mutandis pursuant to Article 90 of the Financial Instruments and Exchange Act (Act No. 25 of 1948) (...", and the phrase "Article 145 of the Commercial Registration Act" is deemed to be replaced with "Article 145 of the Commercial Registration Act as applied mutatis mutandis pursuant to Article 90 of the Financial Instruments and Exchange Act"; and any other necessary technical replacement of terms is specified by Cabinet Order.

Division 3 Members

(Eligibility for Membership)

Article 91 Membership in a financial instruments membership corporation is limited to financial instruments business operators, etc.

(Contribution and Liability)

Article 92 (1) A member must make a contribution pursuant to the provisions of the articles of incorporation.

(2) Beyond a member's liability to a financial instruments membership corporation being limited to the expenses prescribed in its articles of incorporation and the burden of any damage that member has caused the financial instruments membership corporation, a member's liability to a financial instruments membership corporation is limited to the amount of its contribution.

(Transfer of Equity)

Article 93 A member may transfer its equity only if, pursuant to the provisions of the articles of incorporation, that member seeks to withdraw its membership with the approval of the financial instruments membership corporation.

(Voluntary Withdrawal)

Article 94 A member may withdraw its membership with the approval of the financial instruments membership corporation, pursuant to the provisions of the articles of incorporation.

(Statutory Withdrawal)

Article 95 In addition to the case referred to in the preceding Article, the membership of a member is withdrawn for the following reasons:

(i) the member comes to no longer fall under the category of a financial

instruments business operator, etc.;
(ii) dissolution; or
(iii) expulsion.

(Refund of Equity)
Article 96 If a member withdraws its membership, the financial instruments membership corporation must refund the member's equity, pursuant to the provisions of the articles of corporation.

Division 4 Management

(Restriction on Business)
Article 97 A financial instruments membership corporation must not conduct business for profit.

(Appointment of Officers)
Article 98 (1) A financial instruments membership corporation has one president, two or more board members, and two or more inspectors as its officers.
(2) The members elect the board members and inspectors, with the exception of the board members appointed pursuant to the following paragraph, pursuant to the provisions of the articles of incorporation, and the board members (other than board members appointed pursuant to that paragraph) elect the president pursuant to the provisions of the articles of incorporation.
(3) If there are special provisions in the articles of incorporation, the president appoints the number of board members specified by the articles of incorporation, with the consent of a majority of the board members.
(4) A person that falls under any of the following persons may not become an officer:
(i) a person specified by Cabinet Office Order as being unable to properly perform their duties due to a mental or physical disorder; or
(ii) a person falling under any of Article 29-4, paragraph (1), item (ii), (b) through (i) or Article 331, paragraph (1), item (iii) of the Companies Act.
(5) An officer loses the position of officer upon coming to fall under a person provided for in the preceding paragraph.

(Duties of the Officers)
Article 99 (1) A president represents a financial instruments membership corporation and presides over its affairs.
(2) A board member, pursuant to the provisions of the articles of incorporation, represents a financial instruments membership corporation, assists the president in administering the affairs of the financial instruments membership

corporation, acts as a proxy in handling the duties of the president if the president is unable to attend to them, and performs the duties of the president if the position is vacant.

(3) An inspector examines the affairs of a financial instruments membership corporation.

Division 5 Dissolution

(Grounds for Dissolution)

Article 100 (1) A financial instruments membership corporation is dissolved for the following reasons:

(i) the occurrence of a cause for dissolution provided for in the articles of incorporation;

(ii) a general meeting resolution;

(iii) a merger (but only if the financial instruments membership corporation disappears as the result of the merger);

(iv) the number of members falls to five or below;

(v) an order to commence bankruptcy proceedings;

(vi) failure to file a license application under the provisions of Article 81, paragraph (1) within six months from the day of establishment;

(vii) the decision of the Prime Minister not to grant the license referred to in Article 80, paragraph (1); or

(viii) the rescission or expiration of the license referred to in Article 80, paragraph (1).

(2) A financial instruments membership corporation may not adopt a resolution to dissolve without the affirmative votes of three-fourths or more of all members; provided, however, that this does not apply if it is otherwise provided for in the articles of incorporation.

(Distribution of Residual Assets)

Article 100-2 The residual assets in the case of the dissolution of a financial instruments membership corporation must be distributed equally among its members, unless otherwise stipulated by the articles of incorporation or general meeting resolution.

(Period for the Registration of a Dissolution)

Article 100-3 If a financial instruments membership corporation is dissolved pursuant to the provisions of Article 100, paragraph (1) (excluding items (iii) and (v)), the dissolution must be registered in connection with its principal office location within two weeks.

(Registration of the Completion of Liquidation)

Article 100-4 Once the liquidation of a financial instruments membership corporation is completed, the completion of liquidation must be registered in the locality of the principal office within two weeks from the time at which the approval under Article 507, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 100-17, paragraph (1) is obtained.

(Documents Attached to a Written Application for the Registration of a Dissolution)

Article 100-5 (1) A document evidencing the reason for dissolution must accompany an application to register the dissolution of a mutually owned financial instruments corporation, and if the president or the board member representing the financial instruments membership corporation is not the liquidator, a document evidencing that the liquidator is the one representing the financial instruments membership corporation must accompany that application, as well.

(2) If a financial instruments membership corporation is dissolved due to a disposition rescinding the license referred to in Article 80, paragraph (1), the registration of the dissolution is made at the request of the Prime Minister.

(Documents Attached to a Written Application for the Registration of the Completion of Liquidation)

Article 100-6 A document evidencing that the liquidator has obtained the approval referred to in Article 507, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 100-17, paragraph (1) must accompany the written application for the registration under the provisions of Article 100-4.

(Commencement of Bankruptcy Proceedings)

Article 100-7 (1) If a financial instruments membership corporation is unable to pay its debts in full out of its assets, the court, at the petition of the president and the board members or of the creditors, or by its own authority, issues an order to commence bankruptcy proceedings.

(2) In a case provided for in the preceding paragraph, the president and the board members must immediately file a petition to commence bankruptcy proceedings.

(Financial Instruments Membership Corporations in Liquidation)

Article 100-8 A dissolved financial instruments membership corporation is deemed to still exist inasmuch as the task of liquidation is concerned, until the completion of liquidation.

(Appointment of a Liquidator by the Court)

Article 100-9 If there is no person that becomes the liquidator pursuant to the provisions of Article 647, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 100-17, paragraph (1), or if any damage is likely to occur due to the position of liquidator being vacant, the court may appoint a liquidator at the request of any interested person or the public prosecutor, or by its own authority.

(Dismissal of Liquidators)

Article 100-10 At the request of an interested person or the public prosecutor or by its own authority, the court may dismiss the liquidator if there are material grounds for it to do so.

(Duties and Authority of a Liquidator)

Article 100-11 (1) The duties of a liquidator are as follows:

(i) conclusion of current business;

(ii) collection of debts and performance of obligations; and

(iii) delivery of residual assets.

(2) A liquidator may undertake any and all acts that are necessary for performing the duties prescribed in the items of the preceding paragraph.

(Demanding the Filing of Claims)

Article 100-12 (1) Within two months from the day on which a liquidator begins to act as liquidator, the liquidator must issue a demand for the creditors to file their claims within a specified period, issuing public notice of this on at least three occasions. In this, the period may not be less than two months.

(2) The public notice referred to in the preceding paragraph must include a supplementary note indicating that if a creditor does not submit a claim within the relevant period, its claim will be excluded from the liquidation process; provided, however, that the liquidator may not exclude any known creditor.

(3) The liquidator must issue an individual demand to each known creditor requiring that creditor to file its claim.

(4) The public notice under paragraph (1) is made through publication in the Official Gazette.

(Filing of a Claim After the Lapse of a Period of Time)

Article 100-13 A creditor that submits its claim after the lapse of the period referred to in paragraph (1) of the preceding Article may only make a claim against assets which, after all debts of the financial instruments membership corporation have been fully paid, have not yet been delivered to the person

with vested rights.

(Commencement of Bankruptcy Proceedings for a Financial Instruments Membership Corporations in Liquidation)

Article 100-14 (1) If it becomes apparent during the liquidation process that the assets of a financial instruments membership corporation are not sufficient to fully pay its debts, the liquidator must immediately file a petition to commence bankruptcy proceedings, and make public notice indicating this.

(2) If a financial instruments membership corporation in liquidation becomes subject to an order to commence bankruptcy proceedings, once the administration of the relevant procedures is transferred to the bankruptcy trustee the liquidator's duties are complete.

(3) In the case provided for in the preceding paragraph, if a financial instruments membership corporation in liquidation has already paid money to a creditor or delivered an asset to the person with vested rights, the bankruptcy trustee may retrieve such money or asset.

(4) The public notice under the provisions of paragraph (1) is made through publication in the Official Gazette.

(Supervision by the Court)

Article 100-15 (1) The dissolution and liquidation of a financial instruments membership corporation is subject to the supervision of the court.

(2) The court may, by its own authority, conduct any examination that is necessary for the supervision referred to in the preceding paragraph, at any time.

(Notification of the Completion of Liquidation)

Article 100-16 When the liquidation process has been completed, the liquidator must notify the Prime Minister of this.

(Application, Mutatis Mutandis of the Companies Act)

Article 100-17 (1) The provisions of Article 492, paragraphs (1) and (3) of the Companies Act and Article 507 (excluding paragraph (2)); Article 644 (excluding item (iii)); Article 647, paragraphs (1) and (4); Article 650, paragraph (2); Article 655, paragraphs (1) through (5); and Articles 662 through 664 of that Act apply mutatis mutandis to the dissolution and liquidation of a financial instruments membership corporation. In this case, in Article 492, paragraph (1) of that Act, the phrase "liquidators (or, for companies with board of liquidators, liquidators set forth in each item of Article 489, paragraph (7))" is deemed to be replaced with "A liquidator"; in that paragraph and Article 507, paragraph (1) of that Act, the term "Ministry

of Justice Order" is deemed to be replaced with "Cabinet Office Order"; in Article 492, paragraph (3) and Article 507, paragraph (3) of that Act, the term "shareholders meeting" is deemed to be replaced with "general meeting"; in Article 644, item (i) of that Act, the phrase "Article 641, item (v)" is deemed to be replaced with "Article 100, paragraph (1), item (iii) of the Financial Instruments and Exchange Act"; in Article 647, paragraph (1), item (i) of that Act, the phrase "A partner that executes the operations" is deemed to be replaced with "A president and a board member"; in item (iii) of that paragraph, the phrase "prescribed by the consent of a majority of partners (or, if partners that execute the operations are provided for in the articles of incorporation, those partners)" is deemed to be replaced with "appointed by general meeting resolution"; in Article 655, paragraph (3) of that Act, the phrase "from among themselves" is deemed to be replaced with "from among themselves or based on a general meeting resolution"; in paragraph (4) of that Article, the phrase "partners that execute the operations" is deemed to be replaced with "president or board members", the phrase "if the partners that represent the membership company are already prescribed" is deemed to be replaced with "if the president or the board members that represent the mutually owned company are already prescribed in the articles of incorporation", and the phrase "such partners that represent" is deemed to be replaced with "such president or board member (excluding president or board member whose authority of representation is limited by the articles of incorporation) that represent"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(2) The provisions of Article 868, paragraph (1) of the Companies Act; Article 871; Article 874 (limited to the part that involves item (i)); Article 875; and Article 876 of that Act apply mutatis mutandis to the liquidation of a financial instruments membership corporation. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Jurisdiction Over a Case Involving Liquidators)

Article 100-18 The district court for the principal office location of a financial instruments membership corporation has jurisdiction over a case that involves the liquidator of that financial instruments membership corporation.

(Appeal on Judicial Decision for Appointment of Liquidators)

Article 100-19 A judicial decision appointing the liquidator of a financial instruments membership corporation may not be appealed.

(Remuneration of Liquidators)

Article 100-20 If the court appoints a liquidator for a financial instruments

membership corporation pursuant to the provisions of Article 100-9, it may order the financial instruments membership corporation to pay the liquidator remuneration. The amount of remuneration paid to a liquidator is determined by the court, after hearing the statement of that liquidator and of an auditor.

Article 100-21 Deleted.

(Appointment of an Examiner)

Article 100-22 (1) The court may appoint an examiner to conduct the examinations that are necessary for supervising the dissolution and liquidation of a financial instruments membership corporation.

(2) The provisions of Articles 100-19 and 100-20 apply mutatis mutandis if the court appoints an examiner pursuant to the provisions of the preceding paragraph.

(Request for Investigation by the Court)

Article 100-23 (1) The court supervising the dissolution and liquidation of a financial instruments membership corporation may seek the opinion of, or commission an investigation by, the Prime Minister.

(2) The Prime Minister may state an opinion to the court prescribed in the preceding paragraph.

(Liquidators' Capacity in Respect of Tortious Acts)

Article 100-24 The provisions of Article 88-9 and Articles 88-12 through 88-15 apply mutatis mutandis when a liquidator performs their duties.

(Application, Mutatis Mutandis of the Commercial Registration Act)

Article 100-25 The provisions of Article 71, paragraph (1) of the Commercial Registration Act apply mutatis mutandis to registration of the dissolution of a financial instruments membership corporation under this Act.

Division 6 Entity Conversion

(Entity Conversion from an Incorporated Association-Operated Financial Instruments Exchange to an Incorporated Financial Instruments Exchange)

Article 101 An incorporated association-operated financial instruments exchange may become an incorporated financial instruments exchange through an entity conversion.

(Entity Conversion Plan)

Article 101-2 (1) In order to implement the entity conversion referred to in the

preceding Article (hereinafter referred to as an "entity conversion" in this Division), an incorporated association-operated financial instruments exchange must prepare an entity conversion plan and have it approved by general meeting resolution.

(2) An incorporated association-operated financial instruments exchange may not adopt a resolution for an entity conversion without the affirmative votes of three-fourths or more of all the members; provided, however, that this does not apply if otherwise provided for in the articles of incorporation.

(3) To convene the general meeting referred to in paragraph (1), an outline of the entity conversion plan and the articles of incorporation of the stock company after the entity conversion (hereinafter referred to as the "incorporated financial instruments exchange after entity conversion" in this Division), must be presented by at least five days prior to the day of the meeting, in addition to the purpose of the meeting.

(4) If an incorporated association-operated financial instruments exchange implements an entity conversion, that incorporated association-operated financial instruments exchange must provide for the following matters in the entity conversion plan:

(i) the purpose, trade name, location of the head office, and total number of authorized shares in the incorporated financial instruments exchange after entity conversion;

(ii) beyond what is set forth in the preceding item, particulars that are specified by the articles of incorporation of the incorporated financial instruments exchange after entity conversion;

(iii) the names of directors and name of the accounting auditor of the incorporated financial instruments exchange after entity conversion;

(iv) the particulars specified in the relevant of the following (a) and (b) for the category of cases set forth in (a) and (b):

(a) if the incorporated financial instruments exchange after entity conversion will be a company with accounting advisors: the names of the accounting advisors of the incorporated financial instruments exchange after entity conversion; or

(b) if the incorporated financial instruments exchange after entity conversion will be a company with company auditors: the names of the company auditors of the incorporated financial instruments exchange after entity conversion;

(v) the number of shares in the incorporated financial instruments exchange after entity conversion which the members of the incorporated association-operated financial instruments exchange implementing the entity conversion will acquire upon entity conversion (if the incorporated financial instruments exchange after the entity conversion will be a company with class shares, the

classes of shares and the number of shares in each class) or the method of calculating the number;

(vi) the particulars of the allotment of the shares referred to in the preceding item to members of the incorporated association-operated financial instruments exchange implementing the entity conversion;

(vii) if the incorporated financial instruments exchange after entity conversion, upon implementation of the entity conversion, will deliver money to the members of the incorporated association-operated financial instruments exchange implementing the entity conversion, the amount of money or the method of calculating the amount;

(viii) in the case prescribed in the preceding item, the particulars of the allotment of the money referred to in that item to the members of the incorporated association-operated financial instruments exchange implementing the entity conversion;

(ix) the particulars of the amount of stated capital and reserve funds of the incorporated financial instruments exchange after entity conversion; and

(x) the day on which the entity conversion will become effective (hereinafter referred to as the "effective date" in this Division), and other matters specified by Cabinet Office Order.

(5) If the incorporated financial instruments exchange after entity conversion is a company with supervisory committee, the matters set forth in item (iii) of the preceding paragraph (limited to the names of directors of the incorporated financial instruments exchange after entity conversion) must be provided separately with regard to directors that are to be supervisory committee members and any other directors.

(The Keeping and Inspection of Entity Conversion Plan Documents)

Article 101-3 (1) During the period from five days prior to the day of the general meeting set referred to in paragraph (1) of the preceding Article until the day immediately before the effective date, an incorporated association-operated financial instruments exchange implementing an entity conversion must keep the documents or electronic or magnetic records in which a record of the particulars of the entity conversion plan and other particulars specified by Cabinet Office Order are stated or recorded, at its principal office.

(2) The member or creditor of an incorporated association-operated financial instruments exchange implementing an entity conversion may make the following requests of the incorporated association-operated financial instruments exchange at any time during its business hours; provided, however, that in making the request set forth in item (ii) or (iv), the member or creditor must pay the cost determined by the incorporated association-operated financial instruments exchange:

(i) a request to inspect a document referred to in the preceding paragraph;
(ii) a request to be issued a certified copy or extract of a document set forth in the preceding paragraph;
(iii) a request to inspect a thing that displays the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph, through a means specified by Cabinet Office Order; and
(iv) a request to be provided with the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph by an electronic or magnetic means specified by Cabinet Office Order, or a request to be issued a document that states those particulars.

(Objection by the Creditors)

Article 101-4 (1) The creditor of an incorporated association-operated financial instruments exchange implementing an entity conversion may state an objection to the incorporated association-operated financial instruments exchange with regard to the entity conversion.

(2) An incorporated association-operated financial instruments exchange implementing an entity conversion must issue public notice of the following particulars in the Official Gazette, and must issue a notice of those particulars to its known creditors individually; provided, however, that the period set forth in item (ii) may not be less than one month:
(i) that an entity conversion will be implemented; and
(ii) that a creditor may state an objection within a specified period.

(3) If a creditor does not state an objection within the period set forth in item (ii) of the preceding paragraph, the creditor is deemed to accept the entity conversion.

(4) If a creditor states an objection within the period referred to in paragraph (2), item (ii), the incorporated association-operated financial instruments exchange implementing the entity conversion must pay its debt or provide commensurate collateral to the creditor, or must deposit commensurate property with a trust company, etc. for the purpose of allowing that creditor to receive payment for the debt; provided, however, that this does not apply if the entity conversion is unlikely to be detrimental to the creditor.

(Keeping and Inspection of Documents on the Progress of the Entity Conversion Process)

Article 101-5 (1) During the six-month period beginning from the effective date, an financial instruments exchange after entity conversion must keep the documents or electronic or magnetic records set forth in Article 101-3, paragraph (1), and the documents or electronic or magnetic records in which a record of the progress of the process under the preceding Article and other

particulars specified by Cabinet Office Order as pertinent to the entity conversion are stated or recorded, at its head office.

(2) The shareholder of creditor of an incorporated financial instruments exchange after entity conversion may make the following requests of the incorporated financial instruments exchange after entity conversion at any time during its business hours; provided, however, that in making the request set forth in item (ii) or (iv), the shareholder or creditor must pay the cost determined by the incorporated financial instruments exchange after entity conversion:

(i) a request to inspect the documents referred to in the preceding paragraph;

(ii) a request to be issued a certified copy or extract of the documents referred to in the preceding paragraph;

(iii) a request to inspect a thing that displays the particulars recorded in the electronic or magnetic records referred to in the preceding paragraph, through a means specified by Cabinet Office Order; and

(iv) a request to be provided with the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph by an electronic or magnetic means specified by Cabinet Office Order, or a request to be issued a document that states those particulars.

(Allotment of Shares to the Members)

Article 101-6 (1) The member of an incorporated association-operated financial instruments exchange is to be allotted shares in the incorporated financial instruments exchange after entity conversion or is to be allotted money, in accordance with the entity conversion plan.

(2) The provisions of Article 234, paragraph (1) of the Companies Act (excluding the items) and paragraphs (2) through (5) of that Article; Article 868, paragraph (1), Article 869; Article 871; Article 874 (limited to the part that involves item (iv)); Article 875; and Article 876 of that Act apply mutatis mutandis if shares or money are allotted to a member pursuant to the provisions of the preceding paragraph. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Amount Required to Be Reported as Stated Capital)

Article 101-7 The amount that is required to be reported as the stated capital of an incorporated financial instruments exchange after entity conversion is specified by Cabinet Office Order.

(Amount Required to Be Reported as Capital Reserves)

Article 101-8 The amount that is required to be reported as capital reserves at the time of entity conversion and necessary particulars otherwise relevant to accounting in connection with entity conversion are specified by Cabinet Office

Order.

(Issuance of Shares upon Entity Conversion)

Article 101-9 At the time of an entity conversion, an incorporated association-operated financial instruments exchange operated may issue shares in the incorporated financial instruments exchange after entity conversion, in addition to allotting shares under Article 101-6, paragraph (1). In such a case, it must specify the following particulars in the entity conversion plan:

(i) the number of shares that will be issued pursuant to the provisions of this Article (hereinafter referred to as the "shares issued upon entity conversion" in this Division) (if an incorporated financial instruments exchange after entity conversion is a company with class shares, the classes and the number of shares issued upon entity conversion);

(ii) the amount to be paid in for the shares issued upon entity conversion (meaning the amount of money to be paid in or property other than money to be delivered, in exchange for one share issued upon entity conversion) or the method of calculating the amount;

(iii) if property other than money will be the subject of contribution, an indication of this, as well as the content and the value of that property;

(iv) the date for the payment of money or the delivery of the property referred to in the preceding item, in exchange for the shares issued upon entity conversion; and

(v) the particulars of the increased stated capital or capital reserves.

(Offers Involving Shares Issued upon Entity Conversion)

Article 101-10 (1) An incorporated association-operated financial instruments exchange must notify a person that seeks to make an offer to subscribe for shares issued upon entity conversion, of the following particulars:

(i) the trade name of the incorporated financial instruments exchange after entity conversion;

(ii) the particulars set forth in the items of the preceding Article;

(iii) if money is to be paid in, the place accepting payments; and

(iv) particulars beyond what is set forth in the preceding three items, which are specified by Cabinet Office Order.

(2) A person making an offer to subscribe for shares issued upon entity conversion must deliver a document to the incorporated association-operated financial instruments exchange, in which the person states the following particulars:

(i) the name and address of the person offering to subscribe; and

(ii) the number of shares issued upon entity conversion for which the person seeks to subscribe.

(3) In lieu of delivering the document referred to in the preceding paragraph, a person making the offer referred to in the preceding paragraph may provide an incorporated association-operated financial instruments exchange with the particulars that are required to be stated in the document referred to in that paragraph by electronic or magnetic means, with the consent of the incorporated association-operated financial instruments exchange and pursuant to the provisions of Cabinet Order. In doing this, the person making the offer is deemed to have delivered the document referred to in that paragraph.
(4) If a particular set forth in an item of paragraph (1) changes, the incorporated association-operated financial instruments exchange must immediately notify any person that has made the offer referred to in paragraph (2) (hereinafter referred to as an "offeror" in this Division) of this, and of the particulars that have changed.
(5) It is sufficient for a notice or demand that an incorporated association-operated financial instruments exchange issues to an offeror to be sent to the address referred to in paragraph (2), item (i) (or, if the offeror notifies the incorporated association-operated financial instruments exchange of another place or contact address for receiving notices or demands, such a place or contact address).
(6) The notice or demand referred to in the preceding paragraph is deemed to arrive at the time that such a notice or demand would normally arrive.

(Allotment of Shares Issued upon Entity Conversion)
Article 101-11 (1) An incorporated association-operated financial instruments exchange must decide which persons among the offerors the shares issued upon entity conversion will be allotted to, and decide the number of shares issued upon entity conversion that will be allotted to such persons. In such a case, the incorporated association-operated financial instruments exchange may reduce the number of shares issued upon entity conversion that it will allot to such offerors to below the number referred to in paragraph (2), item (ii) of the preceding Article.
(2) An incorporated association-operated financial instruments exchange must notify an offeror of the number of the shares issued upon entity conversion that will be allotted to that offeror by the day immediately preceding the date set forth in Article 101-9, item (iv).

(Subscription for Shares Issued upon Entity Conversion)
Article 101-12 The offerors become the subscribers for shares issued upon entity conversion, in respect of the number of shares issued upon entity conversion that are allotted to them by the incorporated association-operated financial

instruments exchange.

(Performance of Contribution)

Article 101-13 (1) On the date referred to in Article 101-9, item (iv), a subscriber for shares issued upon entity conversion (excluding a person delivering the property referred to in Article 101-9, item (iii) (hereinafter referred to as "property contributed in kind" in this Division)) must pay the full amount to be paid in for the shares issued upon entity conversion for which that subscriber has subscribed, at the bank, etc. (meaning a bank, etc. as prescribed in Article 34, paragraph (2) of the Companies Act) specified by the incorporated association-operated financial instruments exchange which constitutes the place accepting payments.

(2) On the date referred to in Article 101-9, item (iv), a subscriber for shares issued upon entity conversion (limited to a person delivering property contributed in kind) must deliver property contributed in kind that is equivalent in value to the entire amount to be paid in for the shares issued upon entity conversion for which that subscriber has subscribed.

(3) A subscriber for shares issued upon entity conversion may not set off its obligation to make the payment prescribed in paragraph (1) or to make the delivery under the provisions of the preceding paragraph (hereinafter referred to as the "performance of contribution" in this Division) against a claim that the subscriber has against the incorporated association-operated financial instruments exchange.

(4) The transfer of the right to become the shareholder of shares issued upon entity conversion through the performance of contribution may not be asserted against the incorporated financial instruments exchange after entity conversion.

(5) If a subscriber for shares issued upon entity conversion fails to make the performance of contribution, the subscriber loses the right to become the shareholder of shares issued upon entity conversion through the performance of contribution.

(Timing of Becoming a Shareholder)

Article 101-14 A subscriber for shares issued upon entity conversion becomes the shareholder of the shares issued upon entity conversion for which the subscriber has made the performance of contribution, on the effective date.

(Restriction on the Invalidation or Rescission of a Subscription)

Article 101-15 (1) The provisions of the proviso to Article 93, paragraph (1) and Article 94, paragraph (1) of the Civil Code do not apply to the manifestation of an intention involving an offer to subscribe for shares issued upon entity

conversion or the allotment of those shares.

(2) Once one year has elapsed from the effective date or once the subscriber for shares issued upon entity conversion exercises a right in respect of those shares, the subscriber may not rescind the subscription for the shares issued upon entity conversion on the grounds of a mistake, fraud, or duress.

(Contribution of Property Other than Money)

Article 101-16 (1) If, after the registration of incorporation referred to in Article 101-20, paragraph (1), there are shares that are unsubscribed for, the president and board members of the incorporated association-operated financial instruments exchange as of the time of the general meeting resolution referred to in Article 101-2, paragraph (1), and the directors of the incorporated financial instruments exchange as of the effective date are deemed to have jointly subscribed for those shares. The same applies if an offer to subscribe for shares is rescinded.

(2) If, after the registration of incorporation referred to in Article 101-20, paragraph (1), there are shares that are unpaid for, the president and board members of the incorporated association-operated financial instruments exchange as of the time of the general meeting resolution referred to in Article 101-2, paragraph (1), and the directors of the incorporated financial instruments exchange as of the effective date have the joint and several obligation to pay for them.

(3) The provisions of Article 207; Article 212 (excluding paragraph (1), item (i)); Article 213 (excluding paragraph (1), items (i) and (iii)); Article 868, paragraph (1); Article 870, paragraph (1) (limited to the part that involves items (i) and (iv)); Article 871; Article 872 (limited to the part that involves item (iv)); Article 874 (limited to the part that involves item (i)); Article 875; and Article 876 of the Companies Act apply mutatis mutandis if property other than money prescribed in Article 101-9, item (iii) is the subject of contribution. In this case, in Article 207, paragraphs (1) and (7) and paragraph (9), items (ii) through (v) and Article 212, paragraph (1), item (ii) and paragraph (2) of that Act, the phrase "Article 199 (1), item (iii)" is deemed to be replaced with "Article 101-9, item (iii) of the Financial Instruments and Exchange Act"; in Article 207, paragraphs (4) and (6) and paragraph (9), item (iii) and Article 213, paragraph (1), item (ii) of that Act, the term "Ministry of Justice Order" is deemed to be replaced with "Cabinet Office Order"; in Article 207, paragraph (8) and Article 212, paragraph (2) of that Act, the phrase "applications for subscription for shares for subscription, or their manifestation of intention relating to the contract provided for in Article 205, paragraph (1)" is deemed to be replaced with "the manifestation of an intention involving the offer to subscribe for shares for subscription"; in Article 207, paragraph (10), item (i) of that Act, the

phrase "A director, an accounting advisor, a company auditor or executive officer" is deemed to be replaced with "The president, a board member, or an inspector of an incorporated association-operated financial instruments exchange"; in Article 212, paragraph (1), item (ii) of that Act, the phrase "Article 209, paragraph (1)" is deemed to be replaced with "Article 101-14 of the Financial Instruments and Exchange Act"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Authorization for Entity Conversion)

Article 101-17 (1) An entity conversion does not become effective without the authorization of the Prime Minister.

(2) A person seeking the authorization referred to in the preceding paragraph must submit a written application for the authorization of an entity conversion to the Prime Minister, in which it states the following particulars about the incorporated financial instruments exchange after entity conversion:

(i) its trade name;

(ii) the locations of its head office, branch offices, and any other business offices; and

(iii) the names of the officers, and names or trade names of trading participants.

(3) A document stating the details of the entity conversion plan, as well as the articles of incorporation, the operational rules, and the brokerage contract rules of the incorporated financial instruments exchange after entity conversion and other documents specified by Cabinet Office Order, must accompany the written application for the authorization of an entity conversion which is referred to in the preceding paragraph.

(Criteria for Authorization)

Article 101-18 (1) When an application for authorization under paragraph (2) of the preceding Article is filed, the Prime Minister must examine whether the application conforms to the following criteria:

(i) the provisions of the articles of incorporation, the operational rules, and the brokerage contract rules of the incorporated financial instruments exchange after entity conversion conform to laws and regulations, and are sufficient for ensuring fair and smooth purchase and sales of securities and market derivatives transactions on the financial instruments exchange market, as well as for protecting investors;

(ii) the incorporated financial instruments exchange after entity conversion has a sufficient personnel structure to run a financial instruments exchange market in an appropriate manner; and

(iii) the incorporated financial instruments exchange after entity conversion

will be organized as a financial instruments exchange in a way that conforms to the provisions of this Act.

(2) If, as a result of having conducted an examination pursuant to the provisions of the preceding paragraph, the Prime Minister finds that an application conforms to the criteria in that paragraph, the Prime Minister must grant authorization for entity conversion, except in a case that falls under any of the following items:

(i) the incorporated financial instruments exchange after entity conversion has a person falling under any of the provisions of Article 29-4, paragraph (1), item (ii), (b) through (i) of this Act, or Article 331, paragraph (1), item (iii) of the Companies Act as an officer; or

(ii) the application for the authorization of an entity conversion or a document attached to it contains a false statement regarding a material particular.

(Coming into Effect of Entity Conversion)

Article 101-19 (1) An incorporated association-operated financial instruments exchange implementing an entity conversion becomes an incorporated financial instruments exchange on the effective date.

(2) A member of an incorporated association-operated financial instruments exchange implementing an entity conversion becomes a shareholder of the shares set forth in Article 101-2, paragraph (4), item (v), in accordance with the provisions on the particulars set forth in item (iv) of that paragraph on the effective date.

(3) The provisions of the preceding two paragraphs do not apply if the procedures under the provisions of Article 101-4 is not complete or if the entity conversion is suspended.

(Registration)

Article 101-20 (1) Once an incorporated association-operated financial instruments exchange implements an entity conversion, it must, within two weeks from the effective date file for a registration of dissolution concerning the incorporated association-operated financial instruments exchange implementing the entity conversion, or file for a registration of incorporation concerning the incorporated financial instruments exchange after entity conversion, at the locality of the principal office and the head office.

(2) In addition to the documents specified in Article 18, Article 19, and Article 46 of the Commercial Registration Act, the following documents must be attached to a written application for the registration of incorporation referred to in the preceding paragraph:

(i) the entity conversion plan;

(ii) the articles of incorporation;

(iii) the minutes of the general meeting concerning the entity conversion of the incorporated association-operated financial instruments exchange implementing the entity conversion;

(iv) a document evidencing that the public notice and notice under the provisions of Article 101-4, paragraph (2) have been issued, and if a creditor has stated an objection, a document evidencing that the debt has been paid or reasonable collateral has been provided to that creditor, that reasonable property has been deposited in trust for the purpose of allowing the creditor to receive payment for the debt, or that the entity conversion is unlikely to be detrimental to that creditor;

(v) a document evidencing the amount of net assets currently existing at the incorporated association-operated financial instruments exchange implementing the entity conversion as of the effective date;

(vi) a document evidencing that the directors of the incorporated financial instruments exchange after entity conversion (or, if the incorporated financial instruments exchange after entity conversion will be a company with company auditors, the directors and the company auditors) have accepted those positions;

(vii) if an accounting advisor or accounting auditor has been appointed for the incorporated financial instruments exchange after entity conversion, the documents set forth in the items of Article 54, paragraph (2) of the Commercial Registration Act;

(viii) if the administrator of the shareholder register has been appointed, a document evidencing the contract concluded with that person;

(ix) if shares have been issued upon entity conversion pursuant to the provisions of Article 101-9, the following documents:

(a) a document evidencing the offers to subscribe for shares;

(b) if money is the subject of contributions, a document evidencing that the payment under Article 101-13, paragraph (1) has been made; and

(c) if property other than money is the subject of contributions, the following documents:

1. if an inspector has been appointed, a document containing the investigation report by the inspector and its annexed documents;

2. in a case set forth in Article 207, paragraph (9), item (iii) of the Companies Act as applied mutatis mutandis pursuant to Article 101-16, paragraph (3), a document evidencing the market price of the securities;

3. in a case set forth in Article 207, paragraph (9), item (iv) of the Companies Act as applied mutatis mutandis pursuant to Article 101-16, paragraph (3), a document containing the verification prescribed in that item and the annexed documents to the same; and

4. in a case set forth in Article 207, paragraph (9), item (v) of the Companies Act as applied mutatis mutandis pursuant to Article 101-16, paragraph (3), the account book in which the monetary claim prescribed in that item has been entered;

(d) if a judicial decision has been reached in connection with a report by an inspector, a certified copy of that judicial decision or a document in which the content of the judicial decision is stated and for which the court clerk has certified that the content of that document is identical with the content of the judicial decision.

(3) The provisions of Articles 76 and 78 of the Commercial Registration Act apply mutatis mutandis to the cases set forth in paragraph (1).

(Action to Invalidate Entity Conversion)

Article 102 (1) The provisions of Article 828, paragraph (1) of the Companies Act (limited to the part that involves item (vi)) and of Article 828, paragraph (2) (limited to the part that involves item (vi)); Article 834 (limited to the part that involves item (vi)); Article 835, paragraph (1); Articles 836 through 839; Article 846; and Article 937, paragraph (3) (limited to the part that involves item (i)) of that Act apply mutatis mutandis to an action to invalidate the entity conversion of an incorporated association-operated financial instruments exchange. In this case, in Article 828, paragraph (2), item (vi) of that Act, the phrase "shareholders, etc. or a partner, etc. of the company implementing entity conversion" is deemed to be replaced with "member, etc. (meaning a member, the president, a board member, an inspector, or a liquidator) of an incorporated association-operated financial instruments exchange implementing the entity conversion" and the term "shareholders, etc., a partner, etc., the trustee in bankruptcy or a creditor that did not give approval to the entity conversion of the company after entity conversion" is deemed to be replaced with "shareholder, etc. (meaning a shareholder, director, or liquidator (or, for a company with a board of company auditors, meaning a shareholder, director, company auditor, or liquidator; and for a company with nominating committee, etc., meaning a shareholder, director, executive officer, or liquidator)), trustee in bankruptcy, or creditor, that did not approve or accept the entity conversion of an incorporated association-operated financial instruments exchange after entity conversion"; in Article 937, paragraph (3) of that Act, the phrase "the head office of each company" is deemed to be replaced with "the head office and the principal office of the financial instruments exchange"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(2) The provisions of Article 840 of the Companies Act apply mutatis mutandis to an action to invalidate an entity conversion prescribed in Article 828,

paragraph (1) of that Act (limited to the part that involves item (vi)) as applied mutatis mutandis pursuant to the provisions of the preceding paragraph, if the shares issued upon entity conversion are issued pursuant to the provisions of Article 101-9; and the provisions of Article 868, paragraph (1) of that Act and the main clause of Article 871; Article 872 (limited to the part that involves item (ii)); the main clause of Article 873; Articles 875 to 877; and Article 878, paragraph (1) of that Act apply mutatis mutandis to a petition under Article 840, paragraph (2) of that Act as applied mutatis mutandis pursuant to this paragraph. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

Subsection 1-2 Self-Regulatory Organizations
Division 1 Incorporation

(Legal Personality)

Article 102-2 (1) A self-regulatory organization is to be a corporation.

(3) A person that is not a self-regulatory organization must not use a term in its name which could give rise to the misconception that it is a self-regulatory organization.

(Founders)

Article 102-3 (1) It is not permissible for a person other than a financial instruments exchange, a financial instruments exchange holding company, or a parent commodity exchange, etc. (meaning a commodity exchange (excluding one that is a financial instruments exchange; the same applies hereinafter) that has a financial instruments exchange as its subsidiary company (meaning a subsidiary company as prescribed in Article 87-3, paragraph (3); hereinafter the same applies in this paragraph) or a commodity exchange holding company that has a financial instruments exchange as its subsidiary company (excluding a commodity exchange holding company that is a financial instruments exchange holding company; the same applies hereinafter); hereinafter the same applies in this Chapter) to incorporate as a self-regulatory organization.

(2) For a self-regulatory organization to be incorporated, a financial instrument exchange, financial instruments exchange holding company, or parent commodity exchange, etc. that seeks to be a member must become a founder.

(Articles of Incorporation)

Article 102-4 (1) In order to incorporate as a self-regulatory organization, the founders must prepare articles of incorporation, and all founders must sign or have their names and seals affixed to the articles of incorporation.

(2) The following particulars must be stated or recorded in the articles of incorporation of a self-regulatory organization:
(i) its purpose;
(ii) its name;
(iii) the location of its office;
(iv) the particulars of funds and contributions;
(v) the particulars of its members;
(vi) the particulars of its allocation of costs;
(vii) the particulars of its officers;
(viii) the particulars of its meetings;
(ix) the particulars of its execution of business;
(x) the particulars of its preparation of rules;
(xi) the particulars of the self-regulatory services it is entrusted with and performs;
(xii) the particulars of its accounting; and
(xiii) the means of public notice (meaning the means by which the self-regulatory organization makes its public notices (excluding public notices that, pursuant to the provisions of this Act, must be made by means of publication in the Official Gazette); the same applies in Article 102-9, paragraph (2), item (ix)).

(3) The provisions of Article 26, paragraph (2) and Article 30, paragraph (1) of the Companies Act apply mutatis mutandis to the articles of incorporation referred to in paragraph (1). In this case, the term "Ministry of Justice Order" in Article 26, paragraph (2) of that Act is deemed to be replaced with "Cabinet Office Order".

(Organizational Meetings)

Article 102-5 (1) After preparing the articles of incorporation, the founders must solicit persons seeking to become members, and hold an organizational meeting, make public notice of the articles of incorporation together with the date, time, and place of the meeting, by two weeks prior to the day of the meeting.

(2) A person planning to become the member of a self-regulatory organization whose incorporation is planned (hereinafter referred to as an "expected member" in this Article) must pay the full amount of contribution before the opening of the organizational meeting.

(3) Approval of the articles of incorporation and decisions about matters that are otherwise necessary for incorporation must be decided by a resolution of the organizational meeting.

(4) The articles of incorporation may be amended at an organizational meeting.

(5) The proceedings of the organizational meeting referred to in paragraph (3)

are decided with at least a two-thirds majority of the votes of the attendees, at a meeting in which at least half of the expected members that have paid the full amount of the contribution by the opening of the meeting, are present.

(6) An expected member that does not pay the full amount of the contribution by the time of the establishment of a self-regulatory organization is deemed to have revoked the application for membership at the time of the establishment of the self-regulatory organization.

(Provisions Applied Mutatis Mutandis)

Article 102-6 The provisions of Articles 88-5 through 88-21 apply mutatis mutandis to the incorporation of a self-regulatory organization.

(Application, Mutatis Mutandis of the Companies Act)

Article 102-7 The provisions of Article 828, paragraph (1) (limited to the part that involves item (i)) and of Article 828, paragraph (2) (limited to the part that involves item (i)); Article 834 (limited to the part that involves item (i)); Article 835, paragraph (1); Article 836, paragraphs (1) and (3); Articles 837 through 839; and Article 846 of the Companies Act apply mutatis mutandis to an action to invalidate the incorporation of a self-regulatory organization. In this case, in Article 828, paragraph (2), item (i) of that Act, the phrase "a shareholder, etc. (meaning a shareholder, director or liquidator (or, for a company with company auditors, it means a shareholder, director, company auditor or liquidator, and for a company with nominating committee, etc., it means a shareholder, director, executive officer, or liquidator); hereinafter the same applies in this Section) of the incorporated stock company or a partner, etc. (meaning a partner or liquidator; hereinafter the same applies in this paragraph) of the incorporated membership company" is deemed to be replaced with "the members, the president and board members, the auditors, or the liquidators of the incorporated stock company", and any other necessary technical replacement of terms is specified by Cabinet Order.

Division 2 Registration

(Establishment)

Article 102-8 (1) A self-regulatory organization is established by a registration of its incorporation being recorded in connection with the location of its principal office.

(2) Except in a case prescribed in the preceding paragraph, the particulars that are required to be registered pursuant to the provisions of this Act may not be asserted against a third party until after their registration.

(Registration)

Article 102-9 (1) A registration of the incorporation of a self-regulatory organization must be made within two weeks from the day of completion of its organizational meetings.

(2) The following particulars must be stated in the registration referred to in the preceding paragraph:

(i) purpose;

(ii) name;

(iii) office address;

(iv) term of operation and grounds for dissolution, if specified;

(v) funds and amount of contributions paid in;

(vi) unit amount of contributions and method of payment;

(vii) name, address, and qualifications of the person with the authority of representation;

(viii) provisions on the scope and limitation of the authority of representation, if; and

(ix) means of public notice.

(Application, Mutatis Mutandis of Provisions on the Registration Procedures)

Article 102-10 The provisions of Articles 89-4 to 89-8 apply mutatis mutandis to a self-regulatory organization. In this case, in Article 89-4 and Article 89-5, the phrase "Article 89-2, paragraph (2)" is deemed to be replaced with "Article 102-9, paragraph (2)", and any other necessary technical replacement of terms is specified by Cabinet Order.

(Application, Mutatis Mutandis of the Commercial Registration Act)

Article 102-11 The provisions of Articles 2 through 5; Articles 7 through 15; Articles 17 through 19-3; Articles 21 through 23-2; Article 24 (excluding items (xiv) and (xv)); Articles 25 through 27; Article 47, paragraph (1); Articles 51 through 53; Articles 132 through 137; and Articles 139 through 148 of the Commercial Registration Act apply mutatis mutandis to a registration involving a self-regulatory organization. In this case, in Article 17, paragraph (2), item (i) of that Act, the phrase "trade name and the head office" is deemed to be replaced with "name and the principal office"; in Article 25, paragraph (3), Article 51, paragraph (1), and Article 53 of that Act, the term "head office" is deemed to be replaced with "principal office"; in Article 146-2 of that Act, the phrase "Commercial Registration Act (..." is deemed to be replaced with "Commercial Registration Act as applied mutatis mutandis pursuant to Article 102-11 of the Financial Instruments and Exchange Act (Act No. 25 of 1948) (...", and the phrase "Article 145 of the Commercial Registration Act" is deemed to be replaced with "Article 145 of the Commercial Registration Act as applied

mutatis mutandis pursuant to Article 102-11 of the Financial Instruments and Exchange Act"; and any other necessary technical replacement of terms is specified by Cabinet Order.

Division 3 Members

(Eligibility for Membership)

Article 102-12 Membership in a self-regulatory organization is limited to financial instruments exchanges, financial instruments exchange holding companies, and parent commodity exchanges, etc.

(Provisions Applied Mutatis Mutandis)

Article 102-13 The provisions of Articles 92 through 96 apply mutatis mutandis to the members of a self-regulatory organization.

Division 4 Self-Regulatory Services

(Self-Regulatory Services by a Self-Regulatory Organization)

Article 102-14 A self-regulatory organization must obtain the authorization of the Prime Minister if it seeks to perform self-regulatory services.

(Application for Authorization)

Article 102-15 (1) A self-regulatory organization seeking the authorization referred to in the preceding Article must submit a written application for authorization to the Prime Minister, in which it states the following particulars:

(i) its name;

(ii) the locations of its offices; and

(iii) the names of its officers, and the trade names and names of its members.

(2) The articles of incorporation, the operational rules, and the documents specified by Cabinet Office Order must accompany the written application for authorization referred to in the preceding paragraph.

(3) The provisions of Article 81, paragraph (3) apply mutatis mutandis to the written application for authorization referred to in paragraph (1).

(Criteria for Authorization)

Article 102-16 (1) When an application for authorization under the provisions of paragraph (1) of the preceding Article is filed, the Prime Minister must examine whether the application conforms to the following criteria:

(i) the provisions of the articles of incorporation and the operational rules conform to laws and regulations, and are sufficient to allow the proper

operation of self-regulatory services;
(ii) the applicant for authorization has a sufficient personnel structure to administer self-regulatory services in an appropriate manner; and
(iii) the applicant for authorization is organized as a self-regulatory organization in a manner that conforms to the provisions of this Act.

(2) The provisions of Article 82, paragraph (2) apply mutatis mutandis to the application for authorization referred to in the preceding paragraph. In this case, in Article 82, paragraph (2), item (ii), the phrase "Article 106-28, paragraph (1)" is deemed to be replaced with "Article 106-28, paragraph (1), or Article 148, or Article 152, paragraph (1) as applied mutatis mutandis pursuant to Article 153-4, paragraph (1)"; in Article 82, paragraph (2), item (iii), (b), the phrase "has had its license rescinded pursuant to the provisions of Article 148 or Article 152, paragraph (1)" is deemed to be replaced with "has had its license rescinded pursuant to the provisions of Article 148 or Article 152, paragraph (1) or has had its authorization rescinded pursuant to the provisions of Article 148 or Article 152, paragraph (1) as applied mutatis mutandis pursuant to the provisions of Article 153-4"; in Article 82, paragraph (2), item (ii), (e), the phrase "Article 150; Article 152, paragraph (1)" is deemed to be replaced with "Article 150 or Article 152, paragraph (1) (including as applied mutatis mutandis pursuant to Article 153-4)"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Application, Mutatis Mutandis of Provisions on Hearings)

Article 102-17 The provisions of Article 85-4 apply mutatis mutandis to Article 102-14 authorization.

(Entrusted Services)

Article 102-18 A self-regulatory organization is entrusted by a financial instruments exchange and performs self-regulatory services for that financial instruments exchange.

(Prohibition of Re-Entrustment)

Article 102-19 (1) A self-regulatory organization that has been entrusted with self-regulatory services pursuant to the provisions of the preceding Article may not entrust the self-regulatory services with which it has been entrusted to another person; provided, however, that this does not apply if a self-regulatory organization entrusts another person to perform specified services with the consent of the entrusting financial instruments exchange (meaning the financial instruments exchange that has entrusted a self-regulatory organization with Self-Regulatory Services; hereinafter the same applies in this Chapter).

(2) The provisions of Article 85, paragraph (5) apply mutatis mutandis if a self-regulatory organization entrusts a person with specified services pursuant to the provisions of the proviso to the preceding paragraph. In this case, in paragraph (5) of that Article, the phrase "the preceding paragraph" is deemed to be replaced with "the proviso to Article 102-19, paragraph (1)".

(Termination of Entrustment Relations)

Article 102-20 The self-regulatory services with which a financial instrument exchange entrusts a self-regulatory organization and which that self-regulatory organization performs, terminate if the self-regulatory organization dissolves for a reason set forth in any of the items of Article 102-35, paragraph (1). In such a case, the entrusting financial instruments exchange must perform the self-regulatory services that were under entrustment.

Division 5 ManagementManagement

(Restriction on Services)

Article 102-21 A self-regulatory organization must not conduct services for profit.

(Scope of Services)

Article 102-22 A self-regulatory organization may not conduct any service other than self-regulatory services and the services incidental to them.

(Appointment of Officers)

Article 102-23 (1) A self-regulatory organization has one president, three or more board members, and two or more inspectors as its officers.

(2) Board members and inspectors are appointed by general meeting resolution.

(3) The majority of board members must be outside board members (meaning board members elected from among persons that are not directors, board members or executive officers, or managers or other employees of an entrusting financial instruments exchange and its subsidiary companies (meaning subsidiary companies as prescribed in Article 87-3, paragraph (3); hereinafter the same applies in this Chapter) and that have at no time in the past served as directors, board members or executive officers, or managers or other employees of the entrusting financial instruments exchange or its subsidiary company; hereinafter the same applies in this Division).

(4) A person that falls under any of the following may not become an officer.

(i) a person specified by Cabinet Office Order as being unable to properly perform their duties due to a mental or physical disorder; or

(ii) a person falling under any of Article 29-4, paragraph (1), item (ii), (b) through (i), or Article 331, paragraph (1), item (iii) of the Companies Act.

(5) An officer loses that position if the officer comes to fall under a person prescribed in the preceding paragraph.
(6) The president is appointed from among the outside board members, by a vote among the board members.

(Duties of the Officers)
Article 102-24 (1) A president represents a self-regulatory organization and presides over its affairs.
(2) A board member, pursuant to the provisions of the articles of incorporation, represents a self-regulatory organization, assists the president in administering the affairs of the self-regulatory organization, acts as a proxy in handling the duties of the president if the president is unable to attend to them, and performs the duties of the president if the position is vacant.
(3) An inspector examines the affairs of a self-regulatory organization.

(Term of Office of Board Members)
Article 102-25 (1) The term of office of a board member continues until the conclusion of the general meeting for the last business year that ends within two years from the time of the appointment.
(2) A board member may be reappointed only twice.
(3) A board member is not dismissed unless it is agreed upon at a general meeting, through a resolution by at least a four-fifths majority of the attending members, at a general meeting where the majority of the members are present.

(Board Members' Attendance at Board of Directors Meetings)
Article 102-26 A board member may attend a meeting of the board of directors or the board meeting of an entrusting financial instruments exchange and state an opinion, if the board member finds this to be necessary.

(Holding of Board Meetings)
Article 102-27 (1) A self-regulatory organization board (hereinafter referred to as a "board" in this Subsection) must meet at least once every three months.
(2) The president calls the board meetings.

(Board Members' Demand for Convocation of a Board Meeting)
Article 102-28 A board member may demand that the president convene a board meeting by specifying the purpose of the board meeting and the reasons for the convocation.

(Convocation Procedures for Board Meetings)
Article 102-29 (1) A person that convenes a board meeting must issue notice of

this to each board member no later than one week prior to the day of the board meeting (or, if a shorter period has been specified at a board meeting, such a period).

(2) Notwithstanding the provisions of the preceding paragraph, with the consent of all of the board members, a board meeting may be held without taking the convocation procedures for board meetings.

(Board Meeting Resolutions)

Article 102-30 (1) A board meeting resolution is adopted by a majority of the attending board members, and by a majority of the attending outside board members, at a board meeting where the majority of the board members that are entitled to participate in the vote, are present.

(2) A board member with a special interest in the resolution referred to the preceding paragraph may not participate in the vote.

(3) The minutes of a board meeting must be prepared pursuant to the provisions of Cabinet Office Order, and if the minutes are prepared in writing, the board members present at the meeting must sign them or have their names and seals affixed to them.

(4) If the minutes referred to in the preceding paragraph are prepared as electronic or magnetic records, relevant persons must use the measures in lieu of signing or having their names and seals affixed which are specified by Cabinet Office Order, for the matters recorded in electronic or magnetic records.

(Minutes)

Article 102-31 (1) A self-regulatory organization must keep the minutes referred to in paragraph (3) of the preceding Article at its principal office for a ten-year period beginning from the day of the board meeting.

(2) If it is necessary in order for the member of a self-regulatory organization to exercise its rights, with the permission of the court, the member may request to inspect or copy the following things as respects the minutes referred to in the preceding paragraph:

(i) if the minutes referred to in the preceding paragraph are prepared in writing, the relevant written document; and

(ii) if the minutes referred to in the preceding paragraph are prepared as electronic or magnetic records, a thing that displays the particulars that have been recorded in the electronic or magnetic records, through a means specified by Cabinet Office Order.

(3) The court may not give the permission referred to in the preceding paragraph if it finds that the inspection or copying to which the request referred to in the preceding paragraph pertains is likely to cause substantial detriment to the

relevant entrusting financial instruments exchange, to a person that has that entrusting financial instruments exchange as its subsidiary company, or to a subsidiary company of that entrusting financial instruments exchange.

(4) The provisions of Article 868, paragraph (1) of the Companies Act and of Article 869; Article 870, paragraph (2) (limited to the part that involves item (i)); Article 870-2; the main clause of Article 871; Article 872 (limited to the part that involves item (v)); Article 872-2; the main clause of Article 873; Article 875; and Article 876 of that Act apply mutatis mutandis to the permission referred to in paragraph (2). In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Treatment of Changes in Operational Rules)

Article 102-32 An entrusting financial instruments exchange must obtain the consent of the entrusted self-regulatory organization if it seeks to change or discontinue a particular that is prescribed in the operational rules or other rules of the financial instruments exchange, and that is specified by Cabinet Office Order as being connected with self-regulatory services.

(Advice on Necessary Measures from the Board)

Article 102-33 (1) If the board finds it to be necessary, it may give advice to an entrusting financial instruments exchange about the necessary measures that should be taken in order to ensure fair and smooth purchase and sales of securities and market derivatives transactions on a financial instruments exchange market operated by the entrusting financial instruments exchange, and to contribute to the sound development of the financial instruments business and to the protection of investors.

(2) If the board gives the advice referred to in the preceding paragraph, and the entrusting financial instruments exchange that receives the advice takes it, it must report to the board the details of the measures taken; if the entrusting financial instruments exchange does not take that advice, it must report to the board that it has not taken any measures.

(Reporting Business to the Board)

Article 102-34 (1) An entrusting financial instruments exchange must periodically report the status of business execution to the board, pursuant to the provisions of Cabinet Office Order.

(2) The board may request the president, the directors and executive officers, and the managers and other employees of an entrusting financial instruments exchange to report the particulars of the execution of their duties.

Division 6 Dissolution

(Grounds for Dissolution of a Self-Regulatory Organization)

Article 102-35 (1) A self-regulatory organization is dissolved for the following reasons:

(i) the occurrence of a cause for dissolution specified by the articles of incorporation;

(ii) a general meeting resolution;

(iii) the self-regulatory organization comes to have no members;

(iv) an order to commence bankruptcy proceedings;

(v) the failure to file an application for authorization under the provisions of Article 102-15, paragraph (1) within six months from the day of establishment;

(vi) the decision of the Prime Minister not to grant Article 102-14 authorization; or

(vii) rescission of Article 102-14 authorization.

(2) A self-regulatory organization may not adopt a resolution to dissolve without the affirmative votes of at least three-fourths of all members; provided, however, that this does not apply if it is otherwise provided for in the articles of incorporation.

(Mutatis Mutandis Application of Provisions on the Dissolution Process)

Article 102-36 The provisions of Articles 100-2 through 100-16 and Articles 100-18 through 100-23 apply mutatis mutandis to a self-regulatory organization. In this case, in Article 100-3, the phrase "Article 100, paragraph (1) (excluding items (iii) and (v))" is deemed to be replaced with "Article 102-35 (excluding item (iv))"; in Article 100-4, Article 100-6, and Article 100-9, the phrase "Article 100-17, paragraph (1)" is deemed to be replaced with "Article 102-37, paragraph (1)"; in Article 100-5, paragraph (2), the phrase "rescinding the license referred to in Article 80, paragraph (1)" is deemed to be replaced with "rescinding the authorization referred to Article 102-14"; in Article 100-6, the phrase "Article 100-4" is deemed to be replaced with "Article 100-4 as applied mutatis mutandis pursuant to Article 102-36"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Mutatis Mutandis Application of the Companies Act)

Article 102-37 (1) The provisions of Article 492, paragraphs (1) and (3); Article 507 (excluding paragraph (2)); Article 644 (excluding item (iii)); Article 647, paragraphs (1) and (4); Article 650, paragraph (2); Article 655, paragraphs (1) through (5); and Articles 662 through 664 of the Companies Act apply mutatis mutandis to the dissolution and liquidation of a self-regulatory organization. In this case, in Article 492, paragraph (1) of that Act, the phrase "liquidators (or,

for companies with board of liquidators, liquidators listed in each item of Article 489, paragraph (7))" is deemed to be replaced with "A liquidator"; in the same paragraph and in Article 507, paragraph (1) of that Act, the term "Ministry of Justice Order" is deemed to be replaced with "Cabinet Office Order"; in Article 492, paragraph (3) and Article 507, paragraph (3) of that Act, the term "shareholders meeting" is deemed to be replaced with "general meeting"; in Article 644, item (i) of that Act, the phrase "have dissolved on the grounds set forth in Article 641, item (v) or unless membership companies have dissolved as a result of a ruling for commencement of bankruptcy procedures and such bankruptcy procedures have not ended" is deemed to be replaced with "have dissolved as a result of an order to commence bankruptcy proceedings and the bankruptcy proceedings have not ended"; in Article 647, paragraph (1), item (i) of that Act, the phrase "A partner that executes the operations" is deemed to be replaced with "The president and a board member"; in item (iii) of that paragraph, the phrase "prescribed by the consent of a majority of partners (or, if partners that execute the operations are provided for in the articles of incorporation, those partners)" is deemed to be replaced with "appointed by general meeting resolution"; in Article 655, paragraph (3) of that Act, the phrase "from among themselves" is deemed to be replaced with "from among themselves or based on a general meeting resolution"; in paragraph (4) of that Article, the phrase "partners that execute the operations" is deemed to be replaced with "the president or board members", the phrase "if the partners that represent the membership company are already prescribed" is deemed to be replaced with "if the president or the board members that represent it are already prescribed in the articles of incorporation", and the phrase "such partners that represent" is deemed to be replaced with "the president or board member (excluding a president or board member whose authority of representation is limited by the articles of incorporation) that represents"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(2) The provisions of Article 868, paragraph (1); Article 871; Article 874 (limited to the part that involves item (i)); Article 875; and Article 876 of the Companies Act apply mutatis mutandis to the liquidation of a self-regulatory organization. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Liquidators' Capacity in Respect of Tortious Acts)

Article 102-38 The provisions of Article 88-9, Articles 88-12 through 88-15, and Article 100-23 apply mutatis mutandis when the liquidator of a self-regulatory organization performs liquidation duties. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Application, Mutatis Mutandis of the Commercial Registration Act)

Article 102-39 The provisions of Article 71, paragraph (1) of the Commercial Registration Act apply mutatis mutandis to registration of the dissolution of a self-regulatory organization under this Act.

Subsection 2 Stock Companies That Operate Financial Instruments Exchange Markets

Division 1 General Provisions

(Articles of Incorporation)

Article 103 In addition to the particulars set forth in the items of Article 27 of the Companies Act, the following particulars must be stated or recorded in the articles of incorporation of an incorporated financial instruments exchange:

(i) the particulars involved in investigations into trading participants' compliance with laws and regulations, dispositions by government agencies which are based on laws and regulations, the articles of incorporation and other rules, and the principle of good faith in their transactions;

(ii) the particulars of the preparation of rules;

(iii) the particulars of the financial instruments exchange markets; and

(iv) if a self-regulatory committee will be established, an indication of this.

(Restrictions on the Holding of Voting Rights)

Article 103-2 (1) It is prohibited for any person to acquire or hold a number of voting rights (including voting rights in respect of 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 and Shares, and excluding the voting rights that are specified by Cabinet Office Order in consideration of the manner in which they are acquired or held and any other circumstances; hereinafter referred to as "subject voting rights" in this Chapter) constituting 20 percent or more (or 15 percent or more, if a fact has occurred that is specified by Cabinet Office Order as a thing that is presumed to have a material influence on decisions about financial and operational policies; hereinafter referred to as the "threshold holding ratio" in this Chapter) of all shareholders' voting rights in an incorporated financial instruments exchange; provided, however, that this does not apply if an authorized financial instruments firms association, financial instruments exchange, financial instruments exchange holding company, commodity exchange, or commodity exchange holding company acquires or holds subject voting rights.

(2) If the number of subject voting rights that the person holds does not increase

or in any other case specified by Cabinet Office Order, the provisions of the main clause of the preceding paragraph do not apply to a person acquiring or holding a number of subject voting rights in an incorporated financial instruments exchange which is equal to or greater than the threshold holding ratio of all shareholders' voting rights.

(3) In the case referred to in the preceding paragraph, a person that comes to acquire or hold a number of subject voting rights in an incorporated financial instruments exchange which is equal to or greater than the threshold holding ratio of all shareholders' voting rights (hereinafter referred to as a "specified holder" in this Article) must notify the Prime Minister without delay that person has become a specified holder, and of the matters specified by Cabinet Office Order.

(4) In the case referred to in paragraph (2), a specified holder must take the necessary measures to become the holder of a number of subject voting rights in the incorporated financial instruments exchange which is less than the threshold holding ratio within three months from the day on which the person becomes a specified holder; provided, however, that this does not apply if the specified holder is a local government, etc. provided for in Article 106-3, paragraph (1) and that local government, etc. has obtained the authorization of the Prime Minister pursuant to the provisions of that paragraph.

(5) With regard to the application of the provisions of the preceding paragraphs to a case set forth in any of the following items, the relevant person is deemed to acquire or hold the subject voting rights prescribed in the relevant item:

(i) a person has or will have the authority to exercise subject voting rights in an incorporated financial instruments exchange or the authority to give instructions on the exercise of such voting rights, pursuant to the provisions of a money trust contract or other contract or based on the provisions of law: the subject voting rights in question; and

(ii) a person that is related to the person in question through a shareholding relationship, familial relationship, or other special relationship specified by Cabinet Order, acquires or holds subject voting rights in an incorporated financial instruments exchange: the subject voting rights acquired or held by the person with the special relationship to the person in question.

(6) Necessary particulars relevant to the application of the provisions of each of the preceding paragraphs are specified by Cabinet Order.

(Submission of a Statement of Holdings in Subject Voting Rights)

Article 103-3 (1) A person that becomes the holder of subject voting rights exceeding five percent of all shareholders' voting rights in an incorporated financial instruments exchange (hereinafter referred to as the "holder of subject voting rights" in this paragraph) must submit a statement of holdings

in subject voting rights to the Prime Minister, pursuant to the provisions of Cabinet Office Order and without delay, in which the holder states the subject voting rights holding rate (meaning the rate arrived at by dividing the number of subject voting rights held by the holder of subject voting rights by the number representing all shareholders' voting rights in the incorporated financial instruments exchange), the purpose of the holding, and the matters otherwise specified by Cabinet Office Order.

(2) The provisions of paragraph (5) of the preceding Article apply mutatis mutandis when the provisions of the preceding paragraph are applicable.

(Collection of Reports and Inspection of a Person Submitting a Statement of Holdings in Subject Voting Rights)

Article 103-4 If the Prime Minister suspects that a statement of holdings in subject voting rights which is referred to in paragraph (1) of the preceding Article contains a false statement or omits a statement as to a particular that is required to be stated, the Prime Minister may order the person submitting the statement of holdings in subject voting rights to submit reports or materials that should serve as a reference, or may have the relevant officials inspect the documents and other articles of that person (but only as is necessary in connection with the statements contained in the statement of holdings in subject voting rights).

(Public Inspection of the Total Number of Issued Shares)

Article 104 An incorporated financial instruments exchange must make available for public inspection its total number of issued shares, the number that represents all shareholders' voting rights, and other matters specified by Cabinet Office Order, pursuant to the provisions of Cabinet Office Order.

(Eligibility as a Director)

Article 104-2 The provisions of the proviso to Article 331, paragraph (2) of the Companies Act (including as applied mutatis mutandis pursuant to Article 335, paragraph (1) of that Act) and of Article 332, paragraph (2) (including as applied mutatis mutandis pursuant to Article 334, paragraph (1) of that Act); Article 336, paragraph (2); and the proviso to Article 402, paragraph (5) of that Act do not apply to an incorporated financial instruments exchange.

(Authorization for a Reduction of Capital)

Article 105 (1) An incorporated financial instruments exchange must obtain the authorization of the Prime Minister if it seeks to reduce its stated capital.

(2) An incorporated financial instruments exchange must notify the Prime Minister pursuant to the provisions of Cabinet Office Order if it seeks to

increase its stated capital.

(Special Provisions on Officers)

Article 105-2 The provisions of Article 98, paragraphs (4) and (5) apply mutatis mutandis to the officers of an incorporated financial instruments exchange.

(The Court's Request for an Investigation)

Article 105-3 (1) In liquidation proceedings, bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or recognition and assistance proceedings for an incorporated financial instruments exchange, the court may request the opinion of, or an inspection or investigation by the Prime Minister.

(2) If the Prime Minister finds it to be necessary, the Prime Minister may state an opinion to the court during the proceedings prescribed in the preceding paragraph.

Division 2 Self-Regulatory Committees

(Authority)

Article 105-4 (1) An incorporated financial instruments exchange may set in place a self-regulatory committee pursuant to the provisions of its articles of incorporation, unless self-regulatory services are entrusted to a self-regulatory organization.

(2) A self-regulatory committee makes the decisions about matters related to the self-regulatory services of the incorporated financial instruments exchange that has in place that self-regulatory committee (hereinafter referred to as a "specified incorporated financial instruments exchange" in this Division).

(3) A self-regulatory committee is deemed to be entrusted by the board of directors with decisions about matters related to self-regulatory services.

(4) Notwithstanding the provisions of Article 362, paragraph (4), Article 399-13, paragraphs (4) through (6), and Article 416, paragraph (4) of the Companies Act, the self-regulatory committee of a specified incorporated financial instruments exchange may not entrust executive officers or directors with a decision about a matter related to self-regulatory services.

(5) Notwithstanding the provisions of Article 362, paragraph (4), Article 399-13, paragraphs (4) through (6), and Article 416, paragraph (4) of the Companies Act, the board of directors of a specified incorporated financial instruments exchange may not entrust the authority to select the members of a self-regulatory committee provided for in paragraph (2) of the following Article or to remove the members of a self-regulatory committee provided for in Article 105-7, paragraph (1), to an executive officer or director.

(Organization)

Article 105-5 (1) A self-regulatory committee must be composed of three or more members, and the majority of those members must be outside directors.

(2) Members of the self-regulatory committee are selected from among the directors of a specified incorporated financial instruments exchange by a resolution at the board of directors meeting.

(3) The resolution referred to in the preceding paragraph is adopted by a majority (or, if a higher proportion is provided for in the articles of incorporation, at least such a proportion) of the attending directors, and by a majority of the attending outside directors, at a meeting where the majority (or, if a higher proportion is provided for in the articles of incorporation, at least such a proportion) of the directors that are entitled to participate in the vote, are present.

(4) The self-regulatory committee has a self-regulatory committee chairperson, and this chairperson is designated from among the outside directors based on a vote among the members of the self-regulatory committee.

(5) The chairperson of the self-regulatory committee presides over the affairs of the self-regulatory committee.

(6) The self-regulatory committee must designate a person from among the members of the self-regulatory committee to act as a proxy in handling the duties of the chairperson of the self-regulatory committee in the event that the chairperson is unable to attend to them, in advance.

(Term of Office)

Article 105-6 (1) The term of office of a self-regulatory committee member continues until the conclusion of the annual shareholders meeting for the last business year that ends within one year from the time of the member's selection.

(2) The members of a self-regulatory committee may be reselected only four times.

(Removal)

Article 105-7 (1) The member of a self-regulatory committee may be removed by a resolution at the board of directors meeting of the specified incorporated financial instruments exchange.

(2) The resolution referred to in the preceding paragraph is adopted by a majority (or, if a higher proportion is provided for in the articles of incorporation, at least such a proportion) of the attending directors, and by a majority of the attending members of the self-regulatory committee, at a meeting where the majority (or, if a higher proportion is provided for in the

articles of incorporation, at least such a proportion) of the directors that are entitled to participate in the vote, are present.

(3) If there is a vacant position that results in a shortfall in the number of members of a self-regulatory committee provided for in Article 105-5, paragraph (1), a member of the self-regulatory committee that has left the position due to the expiration of the term of office or because the member resigned, continues to have rights and obligations as a member of the self-regulatory committee until a newly selected self-regulatory committee member (including a person as referred to in the following paragraph that will temporarily perform the duties of a member of the self-regulatory committee) assumes that position.

(4) In the case prescribed in the preceding paragraph, if the court finds it to be necessary, it may appoint a person to temporarily perform the duties of a member of the self-regulatory committee, at the petition of an interested party.

(5) If the court appoints a person to temporarily perform the duties of a member of a self-regulatory committee as referred to in the preceding paragraph, it may set the amount of remuneration that the specified incorporated financial instruments exchange is to pay to that person.

(6) The provisions of Article 868, paragraph (1); Article 870, paragraph (1) (limited to the part that involves item (i)); Article 871; Article 872 (limited to the part that involves item (iv)); Article 874 (limited to the part that involves item (i)); Article 875; and Article 876 of the Companies Act apply mutatis mutandis if the petition referred to in paragraph (4) is filed. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Appointment and Dismissal of Directors)

Article 105-8 The provisions of Article 105-5, paragraph (3) apply mutatis mutandis if a specified incorporated financial instruments exchange which is a company with a board of company auditors or a company with supervisory committee reaches a decision on the contents of proposals regarding the appointment and dismissal of directors to be submitted to the shareholders at a shareholders meeting.

(Emergency Handling)

Article 105-9 (1) Notwithstanding the provisions of Article 105-4, paragraphs (2) and (3), if the representative director or representative executive officer of a specified incorporated financial instruments exchange finds it to be particularly necessary for ensuring the public interest or the protection of investors, and there is an urgent necessity in light of the circumstances, the representative director or representative executive officer may make a decision to delist or a decision about any other matter related to self-regulatory services

that is specified by Cabinet Office Order.

(2) If a specified incorporated financial instruments exchange decides to delist or makes a decision about any other matter related to self-regulatory services that is specified by Cabinet Office Order pursuant to the provisions of the preceding paragraph, the representative director or the representative executive officer of the specified incorporated financial instruments exchange must promptly report this to the self-regulatory committee.

(Enjoinment of the Act of an Executive Officer or Director)

Article 105-10 (1) If the executive officer or director of a specified incorporated financial instruments exchange acts or is likely to act in a way that violates a decision of the self-regulatory committee with regard to self-regulatory services, and if that act is likely to substantially compromise the appropriate operation of self-regulatory services, a member of the self-regulatory committee may demand the executive officer or director to cease engaging in that act.

(2) In the case referred to in the preceding paragraph, if the court issues a provisional disposition ordering the executive officer or director referred to in that paragraph to cease engaging in that act, the court is not to make the executive officer or director provide collateral.

(Treatment of Changes in the Operational Rules)

Article 105-11 A specified incorporated financial instruments exchange must obtain the consent of the self-regulatory committee if it seeks to change or discontinue a particular that is prescribed in the operational rules or other rules of the incorporated financial instruments exchange, and that is specified by Cabinet Office Order as being related to self-regulatory services.

(Convenor)

Article 105-12 The self-regulatory committee is convened by the chairperson of the self-regulatory committee prescribed in Article 105-5, paragraph (4) (or by the person that acts as a proxy in handling the duties of the chairperson of the self-regulatory committee as prescribed in Article 105-5, paragraph (6), if the chairperson of the self-regulatory committee is unable to attend to those duties; the same applies to the following Article and Article 105-14).

(Demand for Convocation of a Meeting)

Article 105-13 The member of a self-regulatory committee may demand that the chairperson of the self-regulatory committee convene a meeting of the self-regulatory committee by specifying the purpose of a self-regulatory committee meeting and the reasons for the convocation.

(Convocation Procedures for Meetings)

Article 105-14 (1) To convene a meeting of the self-regulatory committee, the chairperson of the self-regulatory committee must give a notice of the meeting to each member of the self-regulatory committee, no later than one week prior to the day of the self-regulatory committee meeting (or, if a shorter period has been specified by the self-regulatory committee, such a period).

(2) Notwithstanding the provisions of the preceding paragraph, with the consent of all members of the self-regulatory committee, a meeting of the self-regulatory committee may be held without taking the convocation procedures for meetings.

(3) If the executive officer, director, accounting advisor, or accounting auditor of a specified incorporated financial instruments exchange is so requested by the self-regulatory committee, the officer, director, accounting advisor, or accounting auditor must attend a meeting of the self-regulatory committee and explain a matter regarding which the self-regulatory committee requests an explanation.

(Resolutions)

Article 105-15 (1) A self-regulatory committee resolution is adopted by a majority of the attending members of the self-regulatory committee, and by a majority of the attending members of the self-regulatory committee that are outside directors, at a meeting where the majority of the members of the self-regulatory committee that are entitled to participate in the vote, are present.

(2) A member of the self-regulatory committee with a special interest in the resolution referred to in the preceding paragraph may not participate in the vote.

(3) The minutes of a self-regulatory committee meeting must be prepared pursuant to the provisions of Cabinet Office Order, and if the minutes are prepared in writing, the members of the self-regulatory committee present at the meeting must sign them or have their names and seals affixed to them.

(4) Following the adoption of a resolution under paragraph (1), the member of a self-regulatory committee that the self-regulatory committee selects must report the content of the resolution to the board of directors without delay.

(5) If the minutes prescribed in the paragraph (3) are prepared as electronic or magnetic records, the relevant persons must use the measures in lieu of signing or having their names and seals affixed which are specified by Cabinet Office Order must be taken, for the particulars that are recorded in the electronic or magnetic records.

(6) Beyond what is provided for in the preceding paragraphs, meeting procedures and necessary particulars otherwise relevant to the operation of the self-regulatory committee are specified by the self-regulatory committee.

(Minutes)

Article 105-16 (1) A specified incorporated financial instruments exchange must keep the minutes referred to in paragraph (3) of the preceding Article at its head office for a ten–year period beginning from the day of the self-regulatory committee meeting.

(2) The directors of the incorporated financial instruments exchange may inspect or copy the following things:

(i) if the minutes referred to in the preceding paragraph are prepared in writing, the relevant written documents; and

(ii) if the minutes referred to in the preceding paragraph are prepared as electronic or magnetic records, a thing that displays the particulars that have been recorded in the electronic or magnetic records, through a means specified by Cabinet Office Order.

(3) If it is necessary in order for the shareholder of an incorporated financial instruments exchange to exercise its rights, with the permission of the court, the shareholder may request to inspect or copy the things set forth in the items of the preceding paragraph as respects the minutes referred to in paragraph (1).

(4) The provisions of the preceding paragraph apply mutatis mutandis if it is necessary in order for the creditor of an incorporated financial instruments exchange to inquire into the liability of the members of the self-regulatory committee, or if it is necessary in order for the shareholders or members of a person that has such an incorporated financial instruments exchange as its subsidiary company to exercise their voting rights.

(5) The court may not give the permission referred to in paragraph (3) (including as applied mutatis mutandis pursuant to the provisions of the preceding paragraph; hereinafter the same applies in this and the following paragraphs) if it finds that the inspection or copying to which the request referred to in that paragraph pertains is likely to cause substantial detriment to the incorporated financial instruments exchange, to a person that has the incorporated financial instruments exchange as its subsidiary company, or to a subsidiary company of that incorporated financial instruments exchange.

(6) The provisions of Article 868, paragraph (1); Article 869; Article 870; paragraph (2) (limited to the part that involves item (i)); Article 870-2; the main clause of Article 871; Article 872 (limited to the part that involves item (v)); Article 872-2; the main clause of Article 873; Article 875; and Article 876 of the Companies Act apply mutatis mutandis to the permission referred to in paragraph (3). In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Omission of Reports)

Article 105-17 If the executive officer, director, accounting advisor, or accounting auditor of a specified incorporated financial instruments exchange incorporated financial instruments exchange notifies all members of the self-regulatory committee of the particulars that are required to be reported to the self-regulatory committee, it is not required that those particulars be reported to the self-regulatory committee.

(Public Inspections)

Article 105-18 A specified incorporated financial instruments exchange must make a list of the members of the self-regulatory committee available for public inspection.

(Decisions That Allow a Self-Regulatory Committee to Execute Its Duties)

Article 106 The board of directors of a specified incorporated financial instruments exchange must reach a decision on the particulars that are specified by Cabinet Office Order as being necessary for the self-regulatory committee to execute its duties.

(Attendance of the Company Auditors)

Article 106-2 The company auditor of a specified incorporated financial instruments exchange that is a company with a board of company auditors, the supervisory committee member selected by the supervisory committee of a specified incorporated financial instruments exchange that is a company with supervisory committee, or the audit committee member selected by the audit committee of a specified incorporated financial instruments exchange that is a company with nominating committee, etc., may attend a meeting of the self-regulatory committee of the specified incorporated financial instruments exchange to state an opinion, if the company auditor or audit committee member finds this to be necessary.

Division 3 Major Shareholders

(Authorization)

Article 106-3 (1) Notwithstanding the provisions of Article 103-2, paragraph (1), the local government or any other person specified by Cabinet Order (hereinafter collectively referred to as the "local government, etc." in this Article, Article 106-14 and Article 106-17) may, with the authorization of the Prime Minister, acquire or hold a number of subject voting rights that is equal to or greater than the threshold holding ratio, but no greater than 50 percent, of all shareholders' voting rights in an incorporated financial instruments

exchange, pursuant to the provisions of Cabinet Office Order.

(2) Notwithstanding the provisions of the preceding paragraph and Article 103-2, paragraph (1), if the number of subject voting rights that it holds does not increase, or in any other case specified by Cabinet Office Order, a local government, etc. that has obtained the authorization referred to in the preceding paragraph may acquire or hold subject voting rights exceeding 50 percent of all shareholders' voting rights in an incorporated financial instruments exchange.

(3) In the case referred to in the preceding paragraph, the local government, etc. that has come to acquire or hold subject voting rights exceeding 50 percent of all shareholders' voting rights in an incorporated financial instruments exchange (hereinafter referred to as a "specified holding entity, etc." in this Article) must notify the Prime Minister without delay that it has become a specified holding entity, etc. and of the other matters specified by Cabinet Office Order.

(4) In the case referred to in paragraph (2), the specified holding entity, etc. must take the necessary measures for it to become the holder of a number of subject voting rights that constitutes 50 percent or less of all shareholders' voting rights in the incorporated financial instruments exchange, within three months from the day on which it becomes a specified holding entity, etc.

(5) If, pursuant to the provisions of the preceding paragraph, a specified holding entity, etc. becomes the holder of a number of subject voting rights that constitutes 50 percent or less of all shareholders' voting rights in the incorporated financial instruments exchange, it must notify the Prime Minister of this without delay.

(6) The provisions of Article 30-2 apply mutatis mutandis to the authorization referred to in paragraph (1).

(Criteria for Authorization)

Article 106-4 (1) When an application is filed for the authorization referred to in paragraph (1) of the preceding Article, the Prime Minister must examine whether the application conforms to the following criteria:

(i) the applicant for authorization's exercise of the subject voting rights is not likely to impair the sound and appropriate operation of the business of the incorporated financial instruments exchange; and

(ii) the applicant for authorization has a sufficient understanding of the public nature of the business of a financial instruments exchange.

(2) The provisions of Article 82, paragraph (2) apply mutatis mutandis to the authorization referred to in paragraph (1) of the preceding Article. In this case, in Article 82, paragraph (2), the phrase "the preceding paragraph" is deemed to be replaced with "Article 106-4, paragraph (1)", the phrase ", Article 156-17,

paragraph (1) or (2)" is deemed to be replaced with ", Article 156-17, paragraph (1) or (2); Article 156-20-14, paragraph (1) or (2)", and the phrase ", Article 106-28, paragraph (1)" is deemed to be replaced with ", Article 106-28, paragraph (1); Article 155-6, Article 155-10, paragraph (1)".

(Application, Mutatis Mutandis of Provisions on the Refusal of Authorization)

Article 106-5 The provisions of Article 85-4 apply mutatis mutandis to the authorization referred to in Article 106-3, paragraph (1).

(Collection of Reports and Inspections)

Article 106-6 (1) If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order the major shareholder of an incorporated financial instruments exchange (meaning a person that has obtained authorization under Article 106-3, paragraph (1); hereinafter the same applies in this Division) to submit reports or materials of reference in connection with the business or assets of the incorporated financial instruments exchange, or may have the relevant officials inspect the documents and other articles of such a major shareholder (but only as is necessary in connection with the business or assets of the incorporated financial instruments exchange).

(2) The provisions of the preceding paragraph apply mutatis mutandis to a commodity exchange or commodity exchange holding company that holds a number of subject voting rights in an incorporated financial instruments exchange which is equal to or greater than the threshold holding ratio.

(Supervisory Dispositions)

Article 106-7 (1) If the major shareholder of an incorporated financial instruments exchange violates a law or regulation or if it is found that the conduct of a major shareholder is likely to impair the sound and appropriate operation of the business of an incorporated financial instruments exchange, the Prime Minister may rescind the major shareholder's Article 106-3, paragraph (1) authorization or order the major shareholder to take measures that are necessary from a supervisory perspective.

(2) A person that has the authorization referred to in Article 106-3, paragraph (1) rescinded pursuant to the provisions of the preceding paragraph must take the necessary measures to become the holder of a number of subject voting rights in an incorporated financial instruments exchange which is less than the threshold holding ratio, within three months from the day that the authorization is rescinded.

(3) Irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before

seeking to order the necessary measures under the provisions of paragraph (1), the Prime Minister must conduct a hearing.

(4) The provisions of paragraph (1) and the preceding paragraph apply mutatis mutandis to an authorized financial instruments firms association, financial instruments exchange, financial instruments exchange holding company, commodity exchange, or commodity exchange holding company that holds a number of subject voting rights in an incorporated financial instruments exchange which is equal to or greater than the threshold holding ratio.

(Lapse of Authorization)

Article 106-8 (1) If the major shareholder of an incorporated financial instruments exchange comes to fall under any of the following items, the Article 106-3, paragraph (1) authorization ceases to be effective:

(i) the major shareholder fails to become the holder of a number of subject voting rights that is equal to or greater than the threshold holding ratio within six months from the date on which it obtains the authorization;

(ii) the major shareholder becomes the holder of a number of subject voting rights that is less than the threshold holding ratio; or

(iii) the major shareholder becomes a financial instruments exchange, financial instruments exchange holding company, commodity exchange, or commodity exchange holding company.

(2) If an authorization ceases to have effect pursuant to the provisions of the preceding paragraph (in a case to which item (iii) of that paragraph pertains, this is only if the major shareholder becomes a commodity exchange or commodity exchange holding company), the person that was formerly a major shareholder must notify the Prime Minister of this without delay.

(Application, Mutatis Mutandis of Provisions on Subject Voting Rights)

Article 106-9 The provisions of Article 103-2, paragraph (5) apply mutatis mutandis if the provisions of Article 106-3, paragraphs (1) through (5); Article 106-4, paragraph (1); Article 106-6, paragraph (2); Article 106-7, paragraphs (2) and (4); and paragraph (1) of the preceding Article are applicable.

Division 4 Financial Instruments Exchange Holding Companies

(Authorization)

Article 106-10 (1) A person seeking to have an incorporated financial instruments exchange as its subsidiary company, or a person seeking to incorporate as a company that has an incorporated financial instruments exchange as its subsidiary company must obtain the authorization of the Prime Minister in advance to do so; provided, however that this does not apply if an

authorized financial instruments firms association, financial instruments exchange, commodity exchange, or commodity exchange holding company has an incorporated financial instruments exchange as its subsidiary company.

(2) If the number of subject voting rights that the person holds does not increase or if the case is otherwise specified by Cabinet Office Order, and the person will come to have an incorporated financial instruments exchange as its subsidiary company, the provisions of the main clause of the preceding paragraph do not apply.

(3) In the case prescribed in the preceding paragraph, a company that comes to have an incorporated financial instruments exchange as its subsidiary company (hereinafter referred to as a "specified holding company" in this Article) must take the necessary measures for it to cease to be a company that has an incorporated financial instruments exchange as its subsidiary company, within three months from the day on which the company becomes a specified holding company; provided, however, that this does not apply if the specified holding company obtains the authorization of the Prime Minister as a company that has an incorporated financial instruments exchange as its subsidiary company.

(4) The provisions of Article 106-3, paragraphs (3) and (5) apply mutatis mutandis to a specified holding company. In this case, in paragraph (3) of that Article, the phrase "the preceding paragraph" is deemed to be replaced with "Article 106-10, paragraph (2)"; and in Article 106-3, paragraph (5), the phrase "the preceding paragraph" is deemed to be replaced with "Article 106-10, paragraph (3)" and the phrase "becomes the holder of a number of subject voting rights that constitutes 50 percent or less of all shareholders' voting rights in an incorporated financial instruments exchange" is deemed to be replaced with "ceases to be a company that has an incorporated financial instruments exchange as its subsidiary company".

(5) The provisions of Article 30-2 apply mutatis mutandis to the authorization referred to in paragraph (1) or in the proviso to paragraph (3).

(Application for Authorization)

Article 106-11 (1) A person seeking the authorization referred to in paragraph (1) or in the proviso to paragraph (3) of the preceding Article must submit a written application for authorization to the Prime Minister, in which it states the following particulars:

(i) its trade name;

(ii) the amount of stated capital;

(iii) the names of its directors and company auditors (or, for a company with supervisory committee, its directors; and for a company with nominating committee, etc., its directors and executive officers);

(iv) for a company with accounting advisors, the names of its accounting advisors; and

(v) the names and locations of its head office and other business offices.

(2) The articles of incorporation and other documents specified by Cabinet Office Order must accompany the written application for authorization referred to in the preceding paragraph.

(3) The provisions of Article 81, paragraph (3) apply mutatis mutandis to the articles of incorporation referred to in the preceding paragraph.

(Examination Criteria for Authorization)

Article 106-12 (1) When an application for authorization under the provisions of paragraph (1) of the preceding Article is filed, the Prime Minister must examine whether the application conforms to the following criteria:

(i) the applicant for authorization or the company that would be incorporated after obtaining authorization (hereinafter collectively referred to as the "applicant for authorization, etc." in this Article) is a person whose sole purpose is to have an incorporated financial instruments exchange, an incorporated financial instruments exchange, or any of the following companies, as its subsidiary company:

(a) a company engaged in business incidental to the operation of a financial instruments exchange market;

(b) a company engaged in business that is linked to the operation of a financial instruments exchange market;

(c) a company engaged in the operation of a commodity market; or

(d) a company engaged in business that is linked to the operation of the necessary market for effecting commodity futures transactions;

(ii) the applicant for authorization, etc. and the incorporated financial instruments exchange that would become its subsidiary company have good prospects in terms of income and expenditures;

(iii) in light of its personnel structure, the applicant for authorization, etc. has the knowledge and experience to manage the business of the incorporated financial instruments exchange that is to become its subsidiary company, in an appropriate and fair manner; and

(iv) the applicant for authorization has sufficient social credibility.

(2) If, as a result of having conducted an examination pursuant to the provisions of the preceding paragraph, the Prime Minister finds that an application conforms to the criteria in that paragraph, the Prime Minister must grant authorization, except in a case that falls under any of the following items:

(i) the applicant for authorization, etc. is not a stock company (meaning a stock company that has in place the following organs):

(a) a board of directors; and

(b) a company auditor, supervisory committee, or nominating committee, etc.;

(ii) the applicant for authorization is a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto, or for violating the provisions of a foreign law or regulation that is equivalent to one of these Acts, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(iii) the applicant for authorization is a person that has had their license rescinded pursuant to the provisions of Article 148, Article 152, paragraph (1), Article 156-17, paragraph (1) or (2), Article 148 or Article 156-32, paragraph (1) as applied mutatis mutandis pursuant to Article 156-26; a person that has had their registration rescinded pursuant to the provisions of Article 52, paragraph (1), Article 53, paragraph (3), Article 57-6, paragraph (3), Article 66-20, paragraph (1), Article 66-42, paragraph (1), Article 66-63, paragraph (1), or Article 66-8585, paragraph (1); a person that has had their authorization rescinded pursuant to the provisions of Article 106-7, paragraph (1), Article 106-21, paragraph (1), Article 106-28, paragraph (1), or Article 156-5-9, paragraph (1); or a person that has had their registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations) rescinded pursuant to the provisions of Article 38, paragraph (1) of that Act (excluding items (ii), (iii), and (v)); or is a person that had a license or registration of the same kind obtained in a foreign country rescinded pursuant to the provisions of a foreign law or regulation that is equivalent to this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (including permission or any other administrative disposition similar to the license or registration); for whom five years have not passed since the date of the rescission;

(iv) the applicant for authorization, etc. has a person falling under any of the provisions of Article 82, paragraph (2), item (iii), (a) through (f) as an officer; or

(v) the application for authorization, or a document or electronic or magnetic record that is required to be attached to it contains a false statement or false record regarding a material particular.

(Application, Mutatis Mutandis of Provisions on Refusal of Authorization)

Article 106-13 The provisions of Article 85-4 apply mutatis mutandis to the

authorization referred to in Article 106-10, paragraph (1) and in the proviso to paragraph (3) of that Article.

(Limitation on the Holding of Voting Rights)

Article 106-14 (1) It is prohibited for any person to acquire or hold a number of subject voting rights in a financial instruments exchange holding company which is equal to or greater than the threshold holding ratio of all shareholders' voting rights; provided, however, that this does not apply if an authorized financial instruments firms association, financial instruments exchange, or commodity exchange acquires or holds subject voting rights.

(2) If the number of subject voting rights that the person holds does not increase or in any other case specified by Cabinet Office Order, the provisions of the main clause of the preceding paragraph do not apply to a person acquiring or holding a number of subject voting rights in a financial instruments exchange holding company which is equal to or greater than the threshold holding ratio of all shareholders' voting rights.

(3) In the case referred to in the preceding paragraph, a person that comes to acquire or hold a number of subject voting rights in a financial instruments exchange holding company which is equal to or greater than the threshold holding ratio of all shareholders' voting rights (hereinafter referred to as a "specified holder" in this Article) must notify the Prime Minister without delay that it has become a specified holder and of the matters specified by Cabinet Office Order.

(4) In the case referred to in paragraph (2), a specified holder must take the necessary measures to become the holder of a number of subject voting rights in a financial instruments exchange holding company which is less than the threshold holding ratio, within three months from the day on which that person becomes a specified holder; provided, however, that this does not apply if the specified holder is a local government, etc. and the local government, etc. obtains the authorization of the Prime Minister pursuant to the provisions of Article 106-17, paragraph (1).

(5) Necessary particulars relevant to the application of the provisions of each of the preceding paragraphs are specified by Cabinet Order.

(Submission of a Statement of Holdings in Subject Voting Rights)

Article 106-15 A person that becomes the holder of subject voting rights exceeding five percent of all shareholders' voting rights in a financial instruments exchange holding company (hereinafter referred to as the "holder of subject voting rights" in this Article) must submit a statement of holdings in subject voting rights to the Prime Minister, pursuant to the provisions of Cabinet Office Order and without delay, in which that person states the subject

voting rights holding ratio (meaning the ratio arrived at by dividing the number of subject voting rights that the holder of subject voting rights holds by the number that represents all shareholders' voting rights in the financial instruments exchange holding company), the purpose for which they are held, and the matters specified by Cabinet Office Order.

(Collection of Reports and Inspection of a Person Submitting a Statement of Holdings in Subject Voting Rights)

Article 106-16 If the Prime Minister suspects that a statement of holdings in subject voting rights as referred to in the preceding Article contains a false statement or omits a statement as to a particular that is required to be stated, the Prime Minister may order the person submitting the statement of holdings in subject voting rights to submit reports or materials that should serve as a reference, or may have the relevant officials inspect the documents and other articles of that person (but only as is necessary in connection with what is stated in the statement of holdings in subject voting rights).

(Authorization as a Major Shareholder)

Article 106-17 (1) Notwithstanding the provisions of Article 106-14, paragraph (1), with the authorization of the Prime Minister, a local government, etc. may acquire or hold a number of subject voting rights that is equal to or greater than the threshold holding ratio, but no greater than 50 percent, of all shareholders' voting rights in a financial instruments exchange holding company, pursuant to the provisions of Cabinet Office Order.

(2) Notwithstanding the provisions of the preceding paragraph and Article 106-14, paragraph (1), if the number of subject voting rights that it holds does not increase or in any other case specified by Cabinet Office Order, a local government, etc. that has obtained the authorization under the preceding paragraph may acquire or hold subject voting rights exceeding 50 percent of all shareholders' voting rights in a financial instruments exchange holding company.

(3) In the case referred to in the preceding paragraph, a local government, etc. that comes to acquire or hold subject voting rights exceeding 50 percent of all shareholders' voting rights in a financial instruments exchange holding company (hereinafter referred to as a "specified holding entity, etc." in this Article) must take the necessary measures for it to become the holder of a number of subject voting rights which constitutes 50 percent or less of all shareholders' voting rights in the financial instruments exchange holding company, within three months from the day on which it becomes a specified holding entity, etc.

(4) The provisions of Article 106-3, paragraphs (3) and (5) apply mutatis

mutandis to a specified holding entity, etc. In this case, in paragraph (3) of that Article, the phrase "the preceding paragraph" is deemed to be replaced with "Article 106-17, paragraph (2)", and in Article 106-3, paragraph (5), the phrase "the preceding paragraph" is deemed to be replaced with "Article 106-17, paragraph (3)".

(5) The provisions of Article 30-2 apply mutatis mutandis to the authorization referred to in paragraph (1).

(Criteria for Authorization as a Major Shareholder)

Article 106-18 (1) When an application is filed for the authorization referred to in paragraph (1) of the preceding Article, the Prime Minister must examine whether the application conforms to the following criteria:

(i) the applicant for authorization's exercise of the subject voting rights is not likely to impair the sound and appropriate operation of the business of an incorporated financial instruments exchange that is the subsidiary company of the financial instruments exchange holding company; and

(ii) the applicant for authorization has a sufficient understanding of the public nature of the business of a financial instruments exchange.

(2) The provisions of Article 82, paragraph (2) apply mutatis mutandis to the authorization referred to in paragraph (1) of the preceding Article. In this case, in Article 82, paragraph (2), the phrase "the preceding paragraph" is deemed to be replaced with "Article 106-18, paragraph (1)", the phrase ", Article 156-17, paragraph (1) or (2)" is deemed to be replaced with ", Article 156-17, paragraph (1) or (2); Article 156-20-14, paragraph (1) or (2)", and the phrase ", Article 106-28, paragraph (1)" is deemed to be replaced with ", Article 106-28, paragraph (1); Article 155-6; Article 155-10, paragraph (1)"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Mutatis Mutandis Application of Provisions on Refusal of Authorization)

Article 106-19 The provisions of Article 85-4 apply mutatis mutandis to the authorization referred to in Article 106-17, paragraph (1).

(Collection of Reports and Inspection of Major Shareholders)

Article 106-20 (1) If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order the major shareholder of a financial instruments exchange holding company (meaning a person that has obtained the authorization referred to in Article 106-17, paragraph (1); hereinafter the same applies in this Division) to submit reports or materials of reference in connection with the business or assets of the financial instruments exchange holding company or an incorporated financial instruments exchange that is its subsidiary company, or

may have the relevant officials inspect the documents and other articles of such a major shareholder (but only as is necessary in connection with the business or assets of the financial instruments exchange holding company or an incorporated financial instruments exchange that is its subsidiary company).

(2) The provisions of the preceding paragraph apply mutatis mutandis to a commodity exchange that holds a number of subject voting rights in an incorporated financial instruments exchange which is equal to or greater than the threshold holding ratio.

(Supervisory Dispositions for Major Shareholders)

Article 106-21 (1) If the major shareholder of a financial instruments exchange holding company violates a law or regulation, or if it is found that the act of a major shareholder is likely to impair the sound and appropriate operation of the business of an incorporated financial instruments exchange that is a subsidiary company of such a financial instruments exchange holding company, the Prime Minister may rescind the major shareholder's authorization referred to in Article 106-17, paragraph (1), or order the major shareholder to take measures that are necessary from a supervisory perspective.

(2) A person that has their authorization referred to in Article 106-17, paragraph (1) rescinded pursuant to the provisions of the preceding paragraph must take the necessary measures to become the holder of a number of subject voting rights in a financial instruments exchange holding company which is less than the threshold holding ratio, within three months from the day on which the authorization is rescinded.

(3) Irrespective of the category of proceeding for hearing statements of opinions under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to order the necessary measures under the provisions of paragraph (1), the Prime Minister must conduct a hearing.

(4) The provisions of paragraph (1) and the preceding paragraph apply mutatis mutandis to an authorized financial instruments firms association, financial instruments exchange, or commodity exchange that holds a number of subject voting rights in a financial instruments exchange holding company which is equal to or greater than the threshold holding ratio.

(Lapse of Authorization as a Major Shareholder)

Article 106-22 (1) If the major shareholder of a financial instruments exchange holding company comes to fall under any of the following items, the authorization referred to in Article 106-17, paragraph (1) ceases to be effective:

(i) the major shareholder fails to become the holder of a number of subject voting rights that is equal to or greater than the threshold holding ratio

within six months from the date on which the major shareholder obtains the authorization;

(ii) the major shareholder becomes the holder of a number of subject voting rights that is less than the threshold holding ratio; or

(iii) the major shareholder becomes a financial instruments exchange or a commodity exchange.

(2) If an authorization has ceased to be effective pursuant to the provisions of the preceding paragraph (in a case related to item (iii) of that paragraph, this is only if the major shareholder becomes a commodity exchange), the person that was a major shareholder must notify the Prime Minister of this without delay.

(Scope of Business)

Article 106-23 (1) A financial instruments exchange holding company (limited to one that is not a subsidiary company of another financial instruments exchange or financial instruments exchange holding company) must manage the business of the financial instruments exchange holding company group to which it belongs.

(2) A financial instruments exchange holding company may not conduct any business other than the business management of the financial instruments exchange holding company group to which it belongs (limited to that related to the financial instruments exchange holding company and its subsidiary companies), and other business incidental to this.

(3) In conducting its business, a financial instruments exchange holding company must endeavor to ensure confidence in the public nature and the sound and appropriate operation of the business of the incorporated financial instruments exchange which is its subsidiary company.

(4) The term "business management" as used in paragraphs (1) and (2) means the following activities:

(i) formulating the financial instruments exchange holding company group's basic management policy or other policies specified by Cabinet Office Order as being equivalent to the policy, and ensuring their proper implementation;

(ii) making necessary coordination in the event of a conflict of interests among the companies that belong to the financial instruments exchange holding company group;

(iii) developing systems specified by Cabinet Office Order as those necessary for ensuring that the execution of services of the financial instruments exchange holding company group comply with laws and regulations; and

(iv) beyond what is set forth in the preceding three items, activities specified by Cabinet Office Order as those that contribute to ensuring the confidence in the public nature and the sound and appropriate management of services of the financial instruments exchange holding company group.

(Scope of Subsidiary Companies)

Article 106-24 (1) A financial instruments exchange holding company must not have a company other than one that operates a financial instruments exchange market and performs other business incidental thereto as its subsidiary company; provided, however, that with the authorization of the Prime Minister, it may have a company set forth in Article 106-12, paragraph (1), item (i), (b) through (d) as its subsidiary company.

(2) The provisions of Article 30-2 apply mutatis mutandis to the authorization referred to in the proviso to the preceding paragraph.

(3) The provisions of paragraph (1) do not apply if a financial instruments exchange holding company owns a foreign company other than a company eligible to be a subsidiary company (meaning a company that operates a financial instruments exchange market and performs other business incidental thereto and a company as prescribed in the proviso to that paragraph; hereinafter the same applies in this Article) as its subsidiary company, by owning, as its subsidiary company, a company eligible to be a subsidiary company (limited to a foreign company; hereinafter referred to as a "foreign company eligible to be a subsidiary company" in this paragraph and paragraph (5)) or a holding company subject to special provisions (meaning a holding company or a foreign company which is the same type as a holding company or is similar to a holding company that currently owns a foreign company eligible to be a subsidiary company as its subsidiary company; the same applies in paragraph (5)) that currently owns a foreign company other than a company eligible to be a subsidiary company as its subsidiary company; provided, however, that the financial instruments exchange holding company must take the necessary measures for making the foreign company other than a company eligible to be a subsidiary company cease to be its subsidiary company by the day on which five years have elapsed from the date on which the foreign company other than a company eligible to be a subsidiary company became its subsidiary company.

(4) If the time limit referred to in the proviso to the preceding paragraph or the time limit as extended pursuant to the provisions of this paragraph is to arrive, the financial instruments exchange holding company may have these time limits extended for up to one year by obtaining the Prime Minister's approval for allowing the financial instruments exchange holding company to continue to own, as its subsidiary company, the foreign company other than a company eligible to be a subsidiary company which became its subsidiary company.

(5) The Prime Minister is to give the approval referred to in the preceding paragraph only if the financial instruments exchange holding company falls under any of the following items:

(i) it is found that there are unavoidable circumstances where the financial instruments exchange holding company is unable to take the necessary measures for making the foreign company other than a company eligible to be a subsidiary company which became its subsidiary company cease to be its subsidiary company by the time limit referred to in the preceding paragraph, in light of the state of the capital market or any other circumstances in the country where the head office or principal office of the foreign company other than a company eligible to be a subsidiary company which became its subsidiary company, or of a foreign company eligible to be a subsidiary company or a holding company subject to special provisions that owns such foreign company as its subsidiary company is located; and

(ii) it is found that there are unavoidable circumstances which allow the financial instruments exchange holding company to continue to own, as its subsidiary company, the foreign company other than a company eligible to be a subsidiary company which became its subsidiary company, for the purpose of executing the business of a foreign company eligible to be a subsidiary company or a holding company subject to special provisions which that financial instruments exchange holding company made its subsidiary company.

(Application, Mutatis Mutandis of Provisions on Refusal of Authorization)

Article 106-25 The provisions of Article 85-4 apply mutatis mutandis to the authorization referred to in the proviso to paragraph (1) of the preceding Article.

(Rescission of Authorization)

Article 106-26 If a financial instruments exchange holding company is discovered to have fallen under any of the categories in the items of Article 106-12, paragraph (2) at the time it obtained authorization, the Prime Minister may rescind its authorization.

(Collection of Reports and Inspections)

Article 106-27 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a financial instruments exchange holding company or its subsidiary company to submit reports or materials that should serve as a reference with regard to the business or assets of the financial instruments exchange holding company, and may have the relevant officials inspect the state of the business or assets, or the books, documents, and any other articles, of a financial instruments exchange holding company or its subsidiary company (but may only have the relevant officials inspect such a subsidiary company as is

necessary in connection with the business or assets of the financial instruments exchange holding company).

(Supervisory Dispositions)

Article 106-28 (1) If a financial instruments exchange holding company violates a law or regulation, or if the Prime Minister finds it to be necessary, in light of the state of the business of a financial instruments exchange holding company, for ensuring confidence in the public nature of the business of an incorporated financial instruments exchange that is its subsidiary company and to ensure the sound and appropriate operation of that business, the Prime Minister may rescind the financial instruments exchange holding company's Article 106-10, paragraph (1) authorization or the authorization referred to in the proviso to paragraph (3) of that Article or the proviso to Article 106-24, paragraph (1), or may order the financial instruments exchange holding company to take measures that are necessary from a supervisory perspective.

(2) If the director, accounting advisor, company auditor, or executive officer of a financial instruments exchange holding company violates a law or regulation or a disposition by a government agency which is based on a law or regulation, the Prime Minister may order the financial instruments exchange holding company to dismiss that director, accounting advisor, company auditor, or executive officer.

(3) A financial instruments exchange holding company that has the authorization referred to in Article 106-10, paragraph (1) or the proviso to paragraph (3) of that Article rescinded pursuant to the provisions of paragraph (1) must promptly take the necessary measures for it to cease to be a company that has an incorporated financial instruments exchange as its subsidiary company.

(4) If the measures referred to the preceding paragraph are taken but the person that takes those measures remains the holder of a number of subject voting rights in an incorporated financial instruments exchange which is equal to or greater than the threshold holding ratio, the date on which the company ceases to be a person that has the incorporated financial instruments exchange as its subsidiary company is deemed to be the date on which the person becomes a specified holder as referred to in that paragraph, and the provisions of Article 103-2, paragraph (4) apply.

(5) Irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to order the necessary measures pursuant to the provisions of paragraph (1), the Prime Minister must conduct a hearing.

(Lapse of Authorization)

Article 107 (1) If a financial instruments exchange holding company comes to fall

under any of the following items, Article 106-10, paragraph (1) authorization or the authorization referred to in the proviso to paragraph (3) of that Article ceases to be effective:

(i) it ceases to be a company that has an incorporated financial instruments exchange as its subsidiary company (excluding the cases that are specified by Cabinet Office Order in consideration of the manner in which voting rights are held in the incorporated financial instruments exchange, or any other relevant circumstances);

(ii) it is dissolved;

(iii) a judgment invalidating its incorporation or a merger (but only if the company incorporated in the merger is a financial instrument exchange holding company) or incorporation-type company split (but only if the company incorporated in the incorporation-type company split is a financial instrument exchange holding company) becomes final and binding;

(iv) it fails to become a company that has an incorporated financial instruments exchange as its subsidiary company within six months from the date on which authorization is obtained; or

(v) it becomes a financial instruments exchange or a commodity exchange.

(2) If an authorization has ceased to be effective pursuant to the provisions of the preceding paragraph (in a case to which item (v) of that paragraph pertains, this is only if the financial instruments exchange holding company becomes a commodity exchange), the person that was the financial instruments exchange holding company must notify the Prime Minister of this without delay.

(Application, Mutatis Mutandis of Provisions on Subject Voting Rights)

Article 108 The provisions of Article 103-2, paragraph (5) apply mutatis mutandis if Article 106-14; Article 106-15; Article 106-17, paragraphs (1) through (3); Article 106-3, paragraphs (3) and (5) as applied mutatis mutandis pursuant to Article 106-17, paragraph (4); Article 106-18, paragraph (1); Article 106-20, paragraph (2); Article 106-21, paragraphs (2) and (4); Article 106-22, paragraph (1); and Article 106-28, paragraph (4) are applicable.

(Application, Mutatis Mutandis of Provisions on Supervisory Dispositions)

Article 109 The provisions of Article 106-23, paragraph (3) and Article 106-28, paragraphs (1) and (5) apply mutatis mutandis to an authorized financial instruments firms association or financial instruments exchange that has an incorporated financial instruments exchange as its subsidiary company and to an authorized financial instruments firms association or financial instruments exchange that has a financial instruments exchange holding company as its subsidiary company, and the provisions of Article 106-23, paragraph (3), Article 106-27, and Article 106-28, paragraphs (1) and (5) apply mutatis

mutandis to a parent commodity exchange, etc. or commodity exchange that has a financial instruments exchange holding company as its subsidiary company.

Section 3 Purchase and Sale of Securities on a Financial Instruments Exchange Market

(Purpose of Operations)

Article 110 A financial instruments exchange market must be operated so as to ensure fair and smooth purchase and sales of securities and market derivatives transactions, as well as to contribute to the protection of investors.

(Persons That May Conduct Financial Instruments Transactions on a Financial Instruments Exchange)

Article 111 (1) Only the member, etc. of a financial instruments exchange that operates a financial instruments exchange market may make a purchase and sale of securities or a market derivatives transaction on that financial instruments exchange market.

(2) The provisions of the preceding paragraph do not apply if a member, etc. referred to in that paragraph entrusts a clearing member provided for in Article 156-7, paragraph (2), item (iii) with brokerage for clearing of securities, etc., and the clearing member conducts a transaction provided by Cabinet Office Order.

(Trading Participants in an Incorporated Association-Operated Financial Instruments Exchange)

Article 112 (1) An incorporated association-operated financial instruments exchange, in accordance with the articles of incorporation, may grant a person set forth in any of the following (limited to a persons that is not a member) a trading license for engaging in the purchase and sale of securities and conducting market derivatives transactions on the financial instruments exchange market that the incorporated association-operated financial instruments exchange operates (of a person as set forth in item (ii), this is limited to transactions involving the services of a registered financial institution):

(i) a financial instruments business operator or authorized firm for on-exchange transactions; and

(ii) a registered financial institution.

(2) Beyond what is provided for in the preceding paragraph, a membership-type financial instruments exchange may, in accordance with the provisions of articles of incorporation, grant the qualification for trading for conducting only

commodity-related market derivatives transactions in the financial instruments exchange market established by the relevant membership-type financial instruments exchange. In this case, it must not grant the qualification for trading to an individual, a person falling under any of Article 29-4, paragraph (1), item (i), (a) through (c), or a corporation that has an officer falling under any of item (ii), (a) through (i) of that paragraph.

(3) The provisions of Articles 94 and 95 apply mutatis mutandis to a persons that is granted a trading license pursuant to the provisions of the preceding two paragraphs. In this case, in Article 94, the term "financial instruments membership corporation" is deemed to be replaced with "incorporated association-operated financial instruments exchange" and the term "withdraw" is deemed to be replaced with "forfeit its trading license"; in Article 95, the term "following grounds" is deemed to be replaced with "following grounds (with regard to a commodity trading participant prescribed in Article 151, excluding the grounds listed in item (i))"; in Article 95, the term "withdraw" is deemed to be replaced with "forfeit its trading license"; in Article 95, item (i), the term "financial instruments business operator, etc." is deemed to be replaced with "person set forth in any of the items of Article 112, paragraph (1)"; and in Article 95, item (iii), the term "expulsion" is deemed to be replaced with "rescission of its trading license".

(Trading Participants in an Incorporated Financial Instruments Exchange)

Article 113 (1) An incorporated financial instruments exchange, in accordance with the operational rules, may grant a person set forth in any of the following a trading license for engaging in the purchase and sale of securities and market derivatives transactions on the financial instruments exchange market operated by that incorporated financial instruments exchange (for a person as set forth in item (ii), this is limited to transactions involving the services of a registered financial institution):

(i) a financial instruments business operator or authorized firm for on-exchange transactions; and

(ii) a registered financial institution.

(2) Beyond what is provided for in the preceding paragraph, an incorporated financial instruments exchange may, in accordance with the operational rules, grant the qualification for trading for conducting only commodity-related market derivatives transactions in the financial instruments exchange market established by the relevant incorporated by that financial instruments exchange. In this case, it must not grant the qualification for trading to an individual, a person falling under any of Article 29-4, paragraph (1), item (i), (a) through (c) or a corporation that has an officer falling under any of item (ii), (a) through (i) of that paragraph.

(3) The provisions of Articles 94 and 95 apply mutatis mutandis to a person that is granted a trading license pursuant to the provisions of the preceding two paragraphs. In this case, in Article 94, the term "articles of incorporation" is deemed to be replaced with "operational rules", the term "financial instruments membership corporation" is deemed to be replaced with "incorporated financial instruments exchange", and the term "withdraw" is deemed to be replaced with "forfeit its trading license"; in Article 95, the phrase "following reasons" is deemed to be replaced with "following reasons (in the case of a commodity trading participant as defined in Article 151, excluding the reason set forth in item (i))", and the term "withdraw" is deemed to be replaced with "forfeit its trading license"; in Article 95, item (i), the term "financial instruments business operator, etc." is deemed to be replaced with "person set forth in any of the items of Article 113, paragraph (1)"; and in Article 95, item (iii), the term "expulsion" is deemed to be replaced with "rescission of its trading license".

(Guarantee Funds)

Article 114 (1) A member, etc. must deposit guarantee funds with a financial instruments exchange, in accordance with the articles of incorporation (or the operational rules, if this is an incorporated financial instruments exchange; hereinafter the same applies in the following paragraph and paragraph (3) of this Article, paragraph (1) of the following Article (including as applied mutatis mutandis pursuant to Article 119, paragraph (6)), Article 116, paragraph (1) (including as applied mutatis mutandis pursuant to Article 132), and Article 119, paragraph (1)).

(2) Securities may serve as guarantee funds, pursuant to the provisions of the articles of incorporation.

(3) A financial instruments exchange must specify how guarantee funds are managed in its articles of incorporation.

(4) A person that entrusts a member, etc. with the purchase and sale of securities or a market derivatives transaction on a financial instruments exchange market has the right to receive payment of a claim arising due to that entrustment out of the guarantee funds of that member, etc., in preference over other creditors.

(Compensation for Damage Caused by Default)

Article 115 (1) If a member, etc. causes damage to another member, etc. or to the financial instruments exchange or financial instruments clearing organization (limited to one specified in the articles of incorporation of the financial instruments exchange) due to a default on an obligation arising from a purchase and sale of securities or a market derivatives transaction on the financial instruments exchange market, the member, etc., financial

instruments exchange, or financial instruments clearing organization that incurs the damage has the right to receive payment out of the guarantee funds of the member, etc. that has caused that damage, in preference over other creditors.

(2) The right of priority of a person that entrusts a person with a purchase and sale of securities or a market derivatives transaction on a financial instruments exchange market under paragraph (4) of the preceding Article prevails over the right of priority under the preceding paragraph.

(Completion of Transactions Incidental to the Forfeiture of a Trading License)

Article 116 (1) If a member, etc. withdraws from a financial instruments exchange (or if a trading participant forfeits its trading license), the financial instruments exchange, in accordance with the articles of incorporation, must have the former member, etc., its general successor, or another member, etc. complete the purchase and sales of securities and market derivatives transactions being conducted by the former member, etc. on the financial instruments exchange market. In such a case, the former member, etc. or its general successor is deemed to still be a member, etc. inasmuch as the task of completing such transactions is concerned.

(2) If a financial instruments exchange has another member, etc. complete the transactions prescribed in the preceding paragraph pursuant to the provisions of that paragraph, a contract of mandate is deemed to have been established between the former member, etc. or its general successor, and that other member, etc.

(Particulars to be Stated in the Operational Rules)

Article 117 (1) A financial instruments exchange must establish detailed regulations for the following particulars in connection with the financial instruments exchange markets it operates, for each of its financial instruments exchange markets (excluding items (i) and (ii), if it is an incorporated association-operated financial instruments exchange), in its operational rules:

(i) the particulars of its trading participants;

(ii) the particulars of guarantee funds;

(iii) the particulars of clearing margins;

(iv) the standards and methods for the listing and delisting of securities subject to purchase and sales of securities;

(v) the type and period of purchase and sales of securities or market derivatives transactions;

(vi) the starting, ending, and suspension of purchase and sales of securities or market derivatives transactions;

(vii) the process for concluding a contract for the purchase and sale of

securities or a market derivatives transaction;

(viii) delivery and other means of settlement for purchase and sales of securities or market derivatives transactions; and

(ix) necessary particulars relevant to the purchase and sale of securities or market derivatives transactions, other than the particulars set forth in the preceding items.

(2) A financial instruments exchange must, when establishing a financial instruments exchange market in which commodity-related market derivatives transactions are conducted, specify in its operational rules, beyond what is listed in each item of the preceding paragraph, the detailed regulations on the financial instruments, etc. related to such commodity-related market derivatives transactions, for each type of commodity-related market derivatives transactions in the relevant financial instruments exchange market, for each financial instruments exchange market established by it.

(Specified Financial Instruments Exchange Markets)

Article 117-2 (1) For each financial instruments exchange market that a financial instruments exchange operates, the financial instruments exchange may prohibit members, etc. from making purchases of securities with which it has been entrusted by a person other than a professional investor, etc. (excluding the issuer of the securities or a person specified by Cabinet Office Order) (such a purchase is referred to as a "purchase for a general investor" in the following paragraph), as prescribed by its operational rules.

(2) If a financial instruments exchange prohibits purchases for general investors pursuant to the provisions of the preceding paragraph, beyond the matters set forth in the items of paragraph (1) of the preceding Article, it must make provisions in its operational rules for the following matters in connection with its specified financial instruments exchange markets:

(i) the particulars of limitations imposed on members, etc. in accepting requests to entrust them with the purchase and sale of securities; and

(ii) the content, and the means of provision or timing for the disclosure of the specified information on securities and information on the issuer that an issuer of specified listed securities is required to provide or disclose, and necessary particulars otherwise relevant to the provision or disclosure of information on specified listed securities.

(Standardized Instruments)

Article 118 (1) A financial instruments exchange may use a standardized instrument as set forth in Article 2, paragraph (24), item (v) for market derivatives transactions, in accordance with the articles of incorporation.

(2) In the case referred to in the preceding paragraph, the financial instruments

exchange must make provisions in its operational rules for the conditions of the standardized instrument and necessary particulars otherwise relevant to transactions in standardized instruments.

(Deposit of Clearing Margin)

Article 119 (1) A financial instruments exchange (or, if it is specified in the articles of incorporation that the financial instruments exchange will have another financial instruments clearing organization perform financial instruments obligation assumption service with regard to all or part of the market derivatives transactions on its financial instruments exchange markets (excluding those designated by the Prime Minister; hereinafter the same applies in this Article), the financial instruments clearing organization that performs financial instruments obligation assumption services for market derivatives transactions; the same applies in paragraph (4)), pursuant to the provisions of Cabinet Office Order, must receive a deposit of clearing margin for a market derivatives transaction from the person specified in each of the following items in accordance with the category of cases set forth in that item:

(i) a member, etc. conducts a market derivatives transaction on its own account; or a member, etc. conducts a market derivatives transaction with which it has been entrusted, after receiving a deposit of customer margin based on the provisions of paragraph (3): the member, etc.;

(ii) a member, etc. conducts a market derivatives transaction with which it has been entrusted (excluding a market derivatives transaction with which the member, etc. has been entrusted by a person that has undertaken brokerage (hereinafter referred to as a "broker" in this Article) for entrusting a market derivatives transaction to that member, etc. (hereinafter referred to as a "brokered market derivatives transaction" in this Article; hereinafter the same applies in this item) (other than in a case specified in the preceding item): the person entrusting the market derivatives transaction (meaning the person that entrusts a member, etc. with a market derivatives transaction, which is not a broker; hereinafter the same applies in paragraph (3));

(iii) a member, etc. conducts a brokered market derivatives transaction with which it has been entrusted by a broker that has received a deposit of brokerage margin based on the provisions of the following paragraph (other than in a case specified in item (i)): the broker; or

(iv) a member, etc. conducts a brokered market derivatives transaction (other than in a case specified in item (i) or the preceding item): the person that requested the broker to broker the entrustment of the brokered market derivatives transaction (hereinafter referred to as the "applicant" in this Article).

(2) Pursuant to the provisions of Cabinet Office Order, a broker may have an

applicant deposit a brokerage margin with the broker for undertaking to broker the entrustment of a market derivatives transaction.

(3) Pursuant to the provisions of Cabinet Office Order, a member, etc. may have the person entrusting a derivatives transaction or the broker (or the applicant, if the market derivatives transaction falls under the category of a brokered market derivatives transaction with which a member, etc. is entrusted by a broker that has not a deposit of brokerage margin from the applicant based on the provisions of the preceding paragraph) deposit customer margin with the member, etc. in connection with its becoming entrusted with a market derivatives transaction.

(4) A financial instruments exchange must manage the clearing margin that has been deposited with it based on the provisions of paragraph (1) pursuant to the provisions of Cabinet Office Order.

(5) Securities and other instruments prescribed by Cabinet Office Order may serve as the clearing margin referred to in paragraph (1), brokerage margin referred to in paragraph (2), and customer margin referred to in paragraph (3), pursuant to the provisions of Cabinet Office Order.

(6) The provisions of Article 115, paragraph (1) apply mutatis mutandis to the clearing margin referred to in paragraph (1) (limited to that which is specified by Cabinet Office Order). In this case, in Article 115, paragraph (1), the phrase "purchase and sale of securities or market derivatives transaction" is deemed to be replaced with "market derivatives transaction".

(Notification of the Irregular or Temporary Start of an Exchange's Financial Instruments Transactions)

Article 120 If a financial instruments exchange has irregularly or temporarily opened, closed, or suspended the purchase and sale of securities or market derivatives transactions or cancelled such a suspension, it must notify the Prime Minister of this, for each financial instruments exchange market operated by the financial instruments exchange, without delay.

(Notification of Listings)

Article 121 If a financial instruments exchange seeks to list securities for purchase and sale or to list financial instruments, etc. for market derivatives transactions, it must notify the Prime Minister of this for each financial instruments exchange market on which it seeks to list them.

(Approval of Listings)

Article 122 (1) If a financial instruments exchange holding company seeks to list the securities issued by the financial instruments exchange for purchase and sale, or to list such securities, financial indexes connected to them or options

on them for the purpose of market derivatives transactions, on a financial instruments exchange market or on a market specified by Cabinet Order (other than a financial instruments exchange market operated by the relevant financial instruments exchange, by a financial instruments exchange that is the subsidiary company of the relevant financial instruments exchange, by a financial instruments exchange in which the relevant financial instruments exchange holds a number of subject voting rights that is equal to or greater than the threshold holding ratio of all shareholders' voting rights, by a financial instruments exchange that is the subsidiary company of a person in which the relevant financial instruments exchange holds a number of subject voting rights that is equal to or greater than the threshold holding ratio of all shareholders' voting rights, or by a financial instruments exchange that has the relevant financial instruments exchange as its subsidiary company), it must obtain the approval of the Prime Minister for the listing, for each financial instruments exchange market or for each of the markets prescribed by Cabinet Order on which it seeks to list them; provided, however, that this does not apply if such listing is made based on an order under the provisions of Article 125.

(2) If an application is filed for the approval referred to in the preceding paragraph and the Prime Minister finds that the listing to which the application pertains is likely to impair the sound and appropriate operation of the business of the financial instruments exchange, or a financial instruments exchange that is its subsidiary company, the Prime Minister must not grant the approval referred to in that paragraph.

(Application, Mutatis Mutandis to Financial Instruments Exchange Holding Companies)

Article 123 (1) The provisions of the preceding Article apply mutatis mutandis to a financial instruments exchange holding company. In this case, in Article 122, paragraph (1), the phrase "operated by the relevant financial instruments exchange, by a financial instruments exchange that is the subsidiary company of the relevant financial instruments exchange, by a financial instruments exchange in which the relevant financial instruments exchange holds a number of subject voting rights that is equal to or greater than the threshold holding ratio of all shareholders' voting rights, by a financial instruments exchange that is the subsidiary company of a person in which the relevant financial instruments exchange holds a number of subject voting rights that is equal to or greater than the threshold holding ratio of all shareholders' voting rights, or by a financial instruments exchange that has the relevant financial instruments exchange as its subsidiary company" is deemed to be replaced with "operated by a financial instruments exchange that is the subsidiary company

of the financial instruments exchange holding company, by a financial instruments exchange in which the financial instruments exchange holding company holds a number of subject voting rights that is equal to or greater than the threshold holding ratio of all shareholders' voting rights, by a financial instruments exchange that is the subsidiary company of a person in which the financial instruments exchange holding company holds a number of subject voting rights that is equal to or greater than the threshold holding ratio of all shareholders' voting rights, or by a financial instruments exchange that has the financial instruments exchange holding company as its subsidiary company", and in Article 122, paragraph (2), the phrase "the financial instruments exchange, or a Financial Instruments exchange that is its subsidiary company" is deemed to be replaced with "a financial instruments exchange that is its subsidiary company".

(2) The provisions of the preceding Article apply mutatis mutandis to a parent commodity exchange, etc. In this case, in Article 122, paragraph (1), the phrase "operated by the relevant financial instruments exchange, by a financial instruments exchange that is the subsidiary company of the relevant financial instruments exchange, by a financial instruments exchange in which the relevant financial instruments exchange holds a number of subject voting rights that is equal to or greater than the threshold holding ratio of all shareholders' voting rights, by a financial instruments exchange that is the subsidiary company of a person in which the relevant financial instruments exchange holds a number of subject voting rights that is equal to or greater than the threshold holding ratio of all shareholders' voting rights, or by a financial instruments exchange that has the relevant financial instruments exchange as its subsidiary company" is deemed to be replaced with "operated by a financial instruments exchange that is the subsidiary company of the relevant parent commodity exchange, etc., by a financial instruments exchange in which the relevant parent commodity exchange, etc. holds a number of subject voting rights that is equal to or greater than the threshold holding ratio of all shareholders' voting rights, by a financial instruments exchange that is the subsidiary company of a person in which the relevant parent commodity exchange, etc. holds a number of subject voting rights that is equal to or greater than the threshold holding ratio of all shareholders' voting rights, or by a financial instruments exchange that has the relevant parent commodity exchange, etc. as its subsidiary company", and in Article 122, paragraph (2), the phrase "the financial instruments exchange, or a financial instruments exchange that is its subsidiary company" is deemed to be replaced with "the financial instruments exchange that is a subsidiary company of the relevant parent commodity exchange, etc.".

(Approval of a Financial Instruments Exchange's Listing on a Financial Instruments Exchange Market It Operates)

Article 124 (1) Notwithstanding the provisions of Article 121, if a financial instruments exchange seeks to list securities issued by the following persons for purchase and sale on a financial instruments exchange market it operates, or to list such securities, financial indexes connected to them, or options on them for market derivatives transactions on a financial instruments exchange market it operates, it must obtain the approval of the Prime Minister for the listing, on each occasion and for each financial instruments exchange market on which it seeks to list them; provided, however, that this does not apply if such a listing is made based on an order under the provisions of the following Article:

(i) the financial instruments exchange in question;

(ii) a person that has the financial instruments exchange as its subsidiary company;

(iii) an incorporated financial instruments exchange or financial instruments exchange holding company that holds a number of subject voting rights in a person set forth in any of the preceding two items which is equal to or greater than the threshold holding right of all shareholders' voting rights (other than a person set forth in the preceding item);

(iv) an incorporated financial instruments exchange or financial instruments exchange holding company that is a subsidiary company of the financial instruments exchange;

(v) a parent commodity exchange, etc. that holds a number of subject voting rights in a person set forth in item (i) or (ii) which is equal to or greater than the threshold holding ratio of all shareholders' voting rights (other than a person set forth in item (ii)); or

(vi) a parent commodity exchange, etc. that is a subsidiary company of the financial instruments exchange.

(2) If an application is filed for the approval referred to in the preceding paragraph and the Prime Minister finds the application to fall under any of the following items, the Prime Minister must not grant the approval referred to in that paragraph:

(i) the listing concerning the application is likely to impair the sound and appropriate operation of the business of any of the following financial instruments exchanges:

(a) the relevant financial instruments exchange;

(b) a financial instruments exchange that has the relevant financial instruments exchange as its subsidiary company;

(c) an incorporated financial instruments exchange that holds a number of subject voting rights in the relevant financial instruments exchange

(including a person that has the relevant financial instruments exchange as its subsidiary company) which is equal to or greater than the threshold holding ratio of all shareholders' voting rights (other than a person set forth in (b));

(d) an incorporated financial instruments exchange that is a subsidiary company of the relevant financial instruments exchange;

(e) an incorporated financial instruments exchange that is the subsidiary company of a person that has the relevant financial instruments exchange as its subsidiary company (other than a person set forth in any of (a) through (d)); and

(f) an incorporated financial instruments exchange that is the subsidiary company of a person that holds a number of subject voting rights in the relevant financial instruments exchange (including a person that has the relevant financial instruments exchange as its subsidiary company) which is equal to or greater than the threshold holding ratio of all shareholders' voting rights (other than a person set forth in any of (a) through (e));

(ii) the fairness of transactions on the financial instruments exchange market is not ensured for the listing to which the application pertains.

(3) Notwithstanding the provisions of Article 121, if a financial instruments exchange seeks to list securities issued by any of the following persons for purchase and sale on a financial instruments exchange market it operates, or to list the securities, financial indexes connected to them, or options on them for the purpose of market derivatives transactions on a financial instruments exchange market it operates, it must obtain the approval of the Prime Minister for the listing, for each occasion and for each financial instruments exchange market on which it seeks to list them; provided, however, that this does not apply if the listing is made based on an order under the provisions of the following Article:

(i) a person that holds a number of subject voting rights in the financial instruments exchange (including a person that has the financial instruments exchange as its subsidiary company) which is equal to or greater than the threshold holding ratio of all shareholders' voting rights (other than a person set forth in any of the items of paragraph (1)); or

(ii) a subsidiary company of the financial instruments exchange (unless the subsidiary company is an incorporated financial instruments exchange, financial instruments exchange holding company, or parent commodity exchange, etc.).

(4) If an application is filed for the approval referred to in the preceding paragraph and the Prime Minister finds that the fairness of transactions on the financial instruments exchange market is not ensured for the listing to which the application pertains, the Prime Minister must not grant the

approval referred to in that paragraph.

(Order to List Share Certificates)

Article 125 If the issuer of share certificates, etc. that a financial instruments exchange lists issues share certificates, etc. that the financial instruments exchange does not list, and the Prime Minister finds it to be necessary and proper in the public interest or for the protection of investors, the Prime Minister may order the financial instruments exchange to list those share certificates, etc.

(Notification of Delisting)

Article 126 (1) If a financial instruments exchange seeks to delist securities listed for purchase and sale or financial instruments, etc. listed for market derivatives transactions, it must notify the Prime Minister of this, for each financial instruments exchange market from which it seeks to delist them.

(2) Notwithstanding the provisions of the preceding paragraph, if a financial instruments exchange lists securities specified in Article 124, paragraph (1) for purchase and sale on a financial instruments exchange market it operates, or lists securities, financial indexes, or options under that paragraph for market derivatives transactions on a financial instruments exchange market it operates, and it seeks to delist those securities, financial indexes, or options, it must obtain the approval of the Prime Minister for the delisting, for each financial instruments exchange market from which it seeks to delist them; provided, however, that this does not apply if the delisting is made based on an order under Article 129, paragraph (1).

(Order to Delist)

Article 127 (1) If a financial instruments exchange violates its operational rules in seeking to list or delist financial instruments, etc. or in listing or delisting them, the Prime Minister may order the financial instruments exchange to delist the listed financial instruments, etc., to re-list the delisted financial instruments, etc., or to take the necessary measures to rectify the violation. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(2) In applying the provisions of Chapter III, Section 2 of the Administrative Procedure Act, if the notice referred to in Article 15, paragraph (1) of that Act is given at the hearing for a disposition under the provisions of the preceding paragraph, the issuer of securities that are among the financial instruments, etc. referred to in the preceding paragraph is deemed to be the person that receives the notice referred to in Article 15, paragraph (1) of that Act.

(Notification of Suspension of Purchase and Sales)

Article 128 If a financial instruments exchange suspends or cancels the suspension of the purchase and sale of securities or market derivatives transactions on a financial instruments exchange market it operates for financial instruments, etc. it lists, it must notify the Prime Minister of this without delay, for each financial instruments exchange market it operates.

(Order to Suspend Purchase and Sales)

Article 129 (1) If an issuer of securities that a financial instruments exchange lists violates this Act, an order based on this Act, or the rules of the financial instruments exchange that lists the securities, and the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order the financial instruments exchange to suspend the purchase and sale of those securities on the financial instruments exchange market or to delist them. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(2) With regard to the application of the provisions of Chapter III, Section 2 of the Administrative Procedure Act if the notice referred to in Article 15, paragraph (1) of that Act is given at the hearing for a disposition under the provisions of the preceding paragraph, the issuer provided for in the preceding paragraph is deemed to be the person that receives the notice referred to in Article 15, paragraph (1) of that Act.

(Notice of Total Transaction Volume, Price, and Other Particulars)

Article 130 Pursuant to the provisions of Cabinet Office Order, a financial instruments exchange must notify its members, etc. of, and also disclose to the public, the daily total transaction volume on the financial instruments exchange markets it operates and the highest price, lowest price, closing price, agreed figure, amount receivable, and other particulars, for each day and for each issue of financial instruments, etc. it lists.

(Report of Total Transaction Volume, Price, and Other Particulars)

Article 131 (1) Pursuant to the provisions of Cabinet Office Order, a financial instruments exchange must report to the Prime Minister the daily total transaction volume on the financial instruments exchange markets it operates and the highest price, lowest price, closing price, agreed figure, amount receivable, and other particulars, for each day and for each issue of financial instruments, etc. it lists.

(2) The Prime Minister is to notify the Minister with jurisdiction over a commodity market prescribed in Article 194-6-2, pursuant to the provisions of Cabinet Office Order, of the matters reported to the Prime Minister under the provisions of the preceding paragraph which are specified by Cabinet Office Order as the particulars concerning commodity-related market derivatives transactions.

(Application, Mutatis Mutandis of Provisions on the Completion of Transactions Incidental to the Forfeiture of a Trading License)

Article 132 The provisions of Article 116 apply mutatis mutandis if a member's, etc. purchase and sales of securities or market derivatives transactions on a financial instruments exchange market are suspended pursuant to the provisions of this Act or the articles of incorporation of the financial instruments exchange.

(Brokerage Contract Rules and Particulars to be Stated in Them)

Article 133 (1) A member, etc. must comply with the brokerage contract rules prescribed by the financial instruments exchange to which it belongs in becoming entrusted with the purchase and sale of securities or market derivatives transactions on a financial instruments exchange market (excluding brokerage for clearing of securities, etc.).

(2) A financial instruments exchange must establish detailed regulations for the following particularsparticulars in connection with the financial instruments exchange markets it operates, for each of its financial instruments exchange markets, in its brokerage contract rules:

(i) the conditions for becoming entrusted with the purchase and sale of securities or market derivatives transactions;

(ii) delivery and other means of settlement for purchase and sales of securities or market derivatives transactions;

(iii) the particulars of granting credit for becoming entrusted with the purchase and sale of securities; and

(iv) in addition to the particulars set forth in the preceding three items, necessary particulars relevant in becoming entrusted with the purchase and sale of securities or market derivatives transactions.

(Application, Mutatis Mutandis of Provisions on Subject Voting Rights)

Article 133-2 The provisions of Article 103-2, paragraph (5) apply mutatis mutandis if the provisions of Article 122, paragraph (1), Article 123 and Article 124, paragraphs (1) through (3) are applicable.

Section 4 Dissolution of a Financial Instruments Exchange

Subsection 1 Dissolution

(Expiry of License)

Article 134 (1) The license referred to in Article 80, paragraph (1) ceases to be effective if a financial instruments exchange falls under any of the following items:

(i) the number of trading participants falls to five or below (but only if it is an incorporated financial instruments exchange);

(ii) it closes all of its financial instruments exchange markets;

(iii) it is dissolved;

(iv) a judgment invalidating its incorporation, merger (but only if the person incorporated in the merger is a financial instruments exchange), or incorporation-type company split (but only if the person incorporated in the incorporation-type company split is that financial instruments exchange) becomes final and binding; or

(v) it does not operate a financial instruments exchange market within six months from the date on which it obtains the license (unless there is any compelling reason and it has obtained the approval of the Prime Minister in advance).

(2) If a license ceases to be effective pursuant to item (i) or (iv) of the preceding paragraph, the representative or the former representative of the financial instruments exchange must notify the Prime Minister of this without delay.

(Authorization for Dissolution)

Article 135 (1) The following particulars do not come become effective without the authorization of the Prime Minister:

(i) a general meeting resolution to dissolve a financial instruments exchange; and

(ii) a merger in which financial instruments exchanges constitute all or part of the parties (excluding a merger referred to in Article 140, paragraph (1)).

(2) If a financial instruments exchange is dissolved for any of the following reasons, its former representative must notify the Prime Minister of this without delay:

(i) the occurrence of a cause of dissolution specified in the articles of incorporation;

(ii) the number of members falls to five or below; or

(iii) a judicial decision ordering dissolution.

Subsection 2 Mergers

Division 1 General Rules

Article 136 (1) An incorporated association-operated financial instruments exchange may merge with another incorporated association-operated financial instruments exchange or with an incorporated financial instruments exchange. In such a case, the financial instruments exchanges implementing the merger must conclude a merger agreement.

(2) In the case referred to in the preceding paragraph, if an incorporated association-operated financial instruments exchange implements an absorption-type merger (meaning the merger of one financial instruments exchange with another financial instruments exchange, in which the financial instruments exchange surviving the merger (hereinafter referred to as the "financial instruments exchange surviving an absorption-type merger" in this Subsection) succeeds to all of the rights and obligations of the financial instruments exchange that disappears in the merger (hereinafter referred to as a "financial instruments exchange disappearing in an absorption-type merger" in this Subsection); the same applies hereinafter), or a consolidation-type merger (meaning a merger between two or more financial instruments exchanges in which the financial instruments exchange that is incorporated in the merger (hereinafter referred to as the "financial instruments exchange incorporated in a consolidation-type merger" in this Subsection) succeeds to all of the rights and obligations of the financial instruments exchanges that disappear as a result of the merger (hereinafter each is referred to as a "financial instruments exchange disappearing in a consolidation-type merger" in this Subsection); the same applies hereinafter), the financial instruments exchange surviving the absorption-type merger or the financial instruments exchange incorporated in the consolidation-type merger must be the person specified in each of the following items in accordance with the category of cases set forth in that item:

(i) a merger between an incorporated association-operated financial instruments exchange and an incorporated association-operated financial instruments exchange: an incorporated association-operated financial instruments exchange; or

(ii) a merger between an incorporated association-operated financial instruments exchange and an incorporated financial instruments exchange: an incorporated financial instruments exchange.

Division 2 Mergers between an Incorporated Association-Operated Financial Instruments Exchange and an Incorporated Association-Operated Financial Instruments Exchange

(Absorption-Type Merger Agreements between an Incorporated Association-Operated Financial Instruments Exchange and an Incorporated Association-

Operated Financial Instruments Exchange)

Article 137 If an incorporated association-operated financial instruments exchange and an incorporated association-operated financial instruments exchange implement an absorption-type merger, they must specify the following particulars in the absorption-type merger agreement:

(i) the name and address of the incorporated association-operated financial instruments exchange surviving the absorption-type merger (hereinafter referred to as the "incorporated association-operated financial instruments exchange surviving the absorption-type merger" in this Subsection) and the name and address of the incorporated association-operated financial instruments exchange that will disappear in the absorption-type merger (hereinafter referred to as the "incorporated association-operated financial instruments exchange disappearing in the absorption-type merger" in this Subsection); and

(ii) the day on which the absorption-type merger comes into effect (hereinafter referred to as the "effective date" in this Subsection) and other particulars specified by Cabinet Office Order.

(Consolidation-Type Merger Agreements between an Incorporated Association-Operated Financial Instruments Exchange and an Incorporated Association-Operated Financial Instruments Exchange)

Article 138 If an incorporated association-operated financial instruments exchange and an incorporated association-operated financial instruments exchange implement a consolidation-type merger, they must specify the following particulars in the consolidation-type merger agreement:

(i) the names and addresses of the incorporated association-operated financial instruments exchange that will disappear in the consolidation-type merger (hereinafter each is referred to as an "incorporated association-operated financial instruments exchange disappearing in the consolidation-type merger" in this Subsection);

(ii) the purpose, name, and the location of the principal office of the incorporated association-operated financial instruments exchange that will be incorporated in the consolidation-type merger (hereinafter referred to as the "incorporated association–operated financial instruments exchange incorporated in the consolidation-type merger" in this Subsection);

(iii) beyond what is set forth in the preceding item, the particulars specified by the articles of incorporation of the incorporated association–operated financial instruments exchange incorporated in the consolidation-type merger; and

(iv) the names of the persons that will become the president, board members, and inspectors at the time of the incorporation of the incorporated

association–operated financial instruments exchange incorporated in the consolidation-type merger, and other particulars specified by Cabinet Office Order.

Division 3 Mergers between an Incorporated Association-Operated Financial Instruments Exchange and an Incorporated Financial Instruments Exchange

(Absorption-Type Merger Agreements between an Incorporated Association-Operated Financial Instruments Exchange and an Incorporated Financial Instruments Exchange)

Article 139 If an incorporated association-operated financial instruments exchange and an incorporated financial instruments exchange implement an absorption-type merger, they must specify the following particulars in the absorption-type merger agreement:

(i) the trade name and address of the incorporated financial instruments exchange that will survive the absorption-type merger (hereinafter referred to as the "incorporated financial instruments exchange surviving the absorption-type merger" in this Subsection), and the name and address of the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger;

(ii) if the incorporated financial instruments exchange surviving the absorption-type merger will deliver shares, etc. in lieu of equity (meaning shares or money; hereinafter the same applies in this Subsection) to the members of the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger at the time of the absorption-type merger, the following particulars concerning those shares, etc.:

(a) if the shares, etc. are shares in the incorporated financial instruments exchange surviving the absorption-type merger, their number (for a company with class shares, the classes of shares and the number of shares in each class) or the method of calculating their number, and the particulars of the stated capital and reserve funds of the incorporated financial instruments exchange surviving the absorption-type merger; and

(b) if the shares, etc. are money, the amount of that money or the method of calculating the amount;

(iii) in the case prescribed in the preceding item, the particulars of the allotment of the shares, etc. referred to in that item to members of the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger; and

(iv) the effective date and other particulars specified by Cabinet Office Order.

(Consolidation-Type Merger Agreements between an Incorporated Association-Operated Financial Instruments Exchange and an Incorporated Financial Instruments Exchange)

Article 139-2 (1) If an incorporated association-operated financial instruments exchange and an incorporated financial instruments exchange implement a consolidation-type merger, they must specify the following particulars in the consolidation-type merger agreement:

(i) the name and address of the incorporated association-operated financial instruments exchange disappearing in the consolidation-type merger, and the trade name and address of the incorporated financial instruments exchange that is to disappear in the consolidation-type merger (hereinafter referred to as the "incorporated financial instruments exchange disappearing in the consolidation-type merger" in this Subsection);

(ii) the purpose, trade name, location of the head office, and the total number of authorized shares in the incorporated financial instruments exchange that is to be incorporated in the consolidation-type merger (hereinafter referred to as the "incorporated financial instruments exchange incorporated in the consolidation-type merger" in this Subsection);

(iii) beyond what is set forth in the preceding item, the particulars specified in the articles of incorporation of the incorporated financial instruments exchange incorporated in the consolidation-type merger;

(iv) the names of the persons that is to become directors at the time of the incorporation of the incorporated financial instruments exchange incorporated in the consolidation-type merger, and the names of the persons that is to become accounting auditors at the time of its establishment;

(v) the particulars specified in the following (a) and (b) in accordance with the category of cases set forth in that item:

(a) if the incorporated financial instruments exchange incorporated in the consolidation-type merger is a company with accounting advisors: the names of the persons that is to become accounting advisors at the time of the incorporation of the incorporated financial instruments exchange incorporated in the consolidation-type merger; or

(b) if the incorporated financial instruments exchange incorporated in the consolidation-type merger is a company with company auditors: the names of the persons that is to become company auditors at the time of the incorporation of the incorporated financial instruments exchange incorporated in the consolidation-type merger;

(vi) the number of shares in the incorporated financial instruments exchange incorporated in the consolidation-type merger (for a company with class shares, the classes of shares and the number of shares in each class) that the

incorporated financial instruments exchange incorporated in the consolidation-type merger will deliver in lieu of their equity or shares to members of the incorporated association-operated financial instruments exchange disappearing in the consolidation-type merger or shareholders of the incorporated financial instruments exchange disappearing in the consolidation-type merger at the time of the consolidation-type merger, or the method of calculating that number; and the particulars of the stated capital and reserve funds of the incorporated financial instruments exchange incorporated in the consolidation-type merger;

(vii) the particulars of the allotment of the shares referred to in the preceding item to members of the incorporated association-operated financial instruments exchange disappearing in the consolidation-type merger or shareholders of the incorporated financial instruments exchange disappearing in the consolidation-type merger (other than a shareholder that constitutes the financial instruments exchange disappearing in the consolidation-type merger);

(viii) if the incorporated financial instruments exchange disappearing in the consolidation-type merger has issued share options, the following particulars concerning the share options in the incorporated financial instruments exchange incorporated in the consolidation-type merger or the money that the incorporated financial instruments exchange incorporated in the consolidation-type merger will deliver in lieu of their share options to the holders of the share options at the time of the consolidation-type merger:

(a) if it delivers share options in the incorporated financial instruments exchange incorporated in the consolidation-type merger to the holders of share options in the incorporated financial instruments exchange disappearing in the consolidation-type merger, the features and the number of share options or the method of calculating that number;

(b) in the case prescribed in (a), if the share options in the incorporated financial instruments exchange disappearing in the consolidation-type merger referred to in (a) are the share options that are attached to corporate bond certificates with share options, the fact that the incorporated financial instruments exchange incorporated in the consolidation-type merger will succeed to the obligations connected with corporate bonds in respect of the relevant corporate bond certificates with share options, the classes of corporate bonds subject to the succession, and the total amount of the corporate bonds in each class or the method of calculating that amount; and

(c) if it delivers money to holders of share options in the incorporated financial instruments exchange disappearing in the consolidation-type merger, the amount of that money or the method of calculating the

amount;

(ix) in the case prescribed in the preceding item, the particulars of the allotment of share options in the incorporated financial instruments exchange incorporated in the consolidation-type merger or the money set forth in that item to the holders of share options in the incorporated financial instruments exchange disappearing in the consolidation-type merger.

(2) If the incorporated financial instruments exchange incorporated in the consolidation-type merger is a company with audit and supervisory committee, the particulars set forth in item (iv) of the preceding paragraph (limited to the names of directors of the incorporated financial instruments exchange incorporated in the consolidation-type merger) must be provided separately with regard to directors that are to be audit and supervisory committee members and any other directors.

(3) In a case prescribed in paragraph (1), if all or part of the incorporated financial instruments exchange disappearing in the consolidation-type merger is a company with class shares, the following particulars may be specified as the particulars set forth in item (vii) of that paragraph (limited to the particulars of the shareholders of the incorporated financial instruments exchange disappearing in the consolidation-type merger; the same applies in the following paragraph) in accordance with the features of the class shares issued by the incorporated financial instruments exchange disappearing in the consolidation-type merger:

(i) if it will not allot shares in the incorporated financial instruments exchange incorporated in the consolidation-type merger to shareholders of certain classes of shares, an indication of this and the relevant classes of shares; and

(ii) in addition to the particulars set forth in the preceding item, if it will handle the allotment of shares in the incorporated financial instruments exchange incorporated in the consolidation-type merger differently for each class of shares, an indication of this and the details of the differing handling.

(4) In a case prescribed in paragraph (1), the provisions with regard to the particulars set forth in item (vii) of that paragraph must provide that shares in the incorporated financial instruments exchange incorporated in the consolidation-type merger will be delivered in proportion to the number of shares (if the particulars set forth in item (ii) of the preceding paragraph are provided for, the number of shares for each class) held by the shareholders of the incorporated financial instruments exchange disappearing in the consolidation-type merger (other than a shareholder that constitutes one of the financial instruments exchanges disappearing in the consolidation-type merger and shareholders of the class of shares set forth in item (i) of the preceding paragraph).

Division 4 Merger Procedures for Incorporated Association-Operated Financial Instruments Exchanges

(Procedures for an Incorporated Association-Operated Financial Instruments Exchange Disappearing in an Absorption-Type Merger)

Article 139-3 (1) During the period starting from the day five days prior to the day of the general meeting referred to in paragraph (3) to the effective date, an incorporated association-operated financial instruments exchange disappearing in an absorption-type merger must keep documents or electronic or magnetic records in which the content of the absorption-type merger agreement and other particulars specified by Cabinet Office Order are stated or recorded at its principal office.

(2) The member or creditor of an incorporated association-operated financial instruments exchange disappearing in an absorption-type merger may make the following requests of the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger at any time during its business hours; provided, however, that in making the request referred to in item (ii) or (iv), the member or creditor must pay the cost specified by the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger:

(i) a request to inspect a document referred to in the preceding paragraph;

(ii) a request to be issued a certified copy or extract of a document referred to in the preceding paragraph;

(iii) a request to inspect a thing that displays the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph, through a means specified by Cabinet Office Order; and

(iv) a request to be provided with the information that has been recorded in the electronic or magnetic records referred to in the preceding paragraph by an electronic or magnetic means specified by Cabinet Office Order, or a request to be issued a document that states those particulars.

(3) An incorporated association-operated financial instruments exchange disappearing in an absorption-type merger must obtain approval for the absorption-type merger agreement by general meeting resolution, by the day immediately preceding the effective date.

(4) An incorporated association-operated financial instruments exchange disappearing in an absorption-type merger may not adopt a resolution approving an absorption-type merger agreement without the affirmative votes of three-fourths or more of all members; provided, however, that this does not apply if it is otherwise provided for in the articles of incorporation.

(5) If an absorption-type merger violates laws and regulations or articles of

incorporation, and the members of the incorporated association-operated financial instruments exchange disappearing in an absorption-type merger are likely to suffer disadvantages, the members of the incorporated association-operated financial instruments exchange disappearing in an absorption-type merger may demand the incorporated association-operated financial instruments exchange disappearing in an absorption-type merger to refrain from implementing the absorption-type merger.

(6) The provisions of Article 101-4 apply mutatis mutandis to an incorporated association-operated financial instruments exchange disappearing in an absorption-type merger.

(7) If an incorporated association-operated financial instruments exchange disappearing in an absorption-type merger gives public notice under the provisions of Article 101-4, paragraph (2) as applied mutatis mutandis pursuant to the preceding paragraph in the Official Gazette as well as by the means of public notice (meaning the means by which the incorporated association-operated financial instruments exchange gives its public notices (excluding public notices that must be given by means of publication in the Official Gazette pursuant to the provisions of this Act); hereinafter the same applies in this Division) set forth in Article 939, paragraph (1), item (ii) of the Companies Act, pursuant to the provisions of the articles of incorporation under the provisions of Article 939, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to the following paragraph, the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger is not required to give the individual demand under the provisions of Article 101-4, paragraph (2) as applied mutatis mutandis pursuant to the preceding paragraph.

(8) The provisions of Article 939, paragraph (1) (limited to the part that involves items (i) and (ii)) of the Companies Act apply mutatis mutandis to the public notice referred to in the preceding paragraph.

(9) An incorporated association-operated financial instruments exchange disappearing in an absorption-type merger may change the effective date by agreement with the financial instruments exchange surviving the absorption-type merger.

(10) In the case referred to in the preceding paragraph, the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger must issue public notice of the new effective date by the day immediately preceding the old effective date (or, if the new effective date comes before the old effective date, by the day immediately preceding the new effective date).

(11) If the effective date is changed pursuant to the provisions of paragraph (8), the new effective date is deemed to be the effective date and the provisions of

this subsection apply.

(Procedures for an Incorporated Association-Operated Financial Instruments Exchange Surviving an Absorption-Type Merger)

Article 139-4 (1) During the period starting from the day five days prior to the day of the general meeting referred to in the following paragraph to the day on which six months have elapsed since the effective date, the incorporated association-operated financial instruments exchange surviving an absorption-type merger must keep the documents or electronic or magnetic records in which the content of the absorption-type merger agreement and other particulars specified by Cabinet Office Order are stated or recorded, at its principal office.

(2) An incorporated association-operated financial instruments exchange surviving an absorption-type merger must obtain approval for the absorption-type merger agreement by general meeting resolution, by the day immediately preceding the effective date.

(3) An incorporated association-operated financial instruments exchange surviving an absorption-type merger may not adopt a resolution approving an absorption-type merger agreement without the affirmative votes of three-fourths or more of all members; provided, however, that this does not apply if it is otherwise provided for in the articles of incorporation.

(4) If an absorption-type merger violates laws and regulations or articles of incorporation, and members of the incorporated association-operated financial instruments exchange surviving an absorption-type merger are likely to suffer disadvantages, members of the incorporated association-operated financial instruments exchange surviving an absorption-type merger may demand the incorporated association-operated financial instruments exchange surviving an absorption-type merger to refrain from effecting the absorption-type merger.

(5) The provisions of Article 101-4 apply mutatis mutandis to an incorporated association-operated financial instruments exchange surviving an absorption-type merger.

(6) If an incorporated association-operated financial instruments exchange surviving an absorption-type merger gives public notice under Article 101-4, paragraph (2) as applied mutatis mutandis pursuant to the preceding paragraph in the Official Gazette as well as by the means of public notice set forth in Article 939, paragraph (1), item (ii) of the Companies Act, pursuant to the provisions of the articles of incorporation under the provisions of Article 939, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to the following paragraph, the incorporated association-operated financial instruments exchange surviving the absorption-type merger is not required to give the individual demand under the provisions of Article 101-4, paragraph (2)

as applied mutatis mutandis pursuant to the preceding paragraph.

(7) The provisions of Article 939, paragraph (1) (limited to the part that involves items (i) and (ii)) of the Companies Act apply mutatis mutandis to the public notice referred to in the preceding paragraph.

(8) An incorporated association-operated financial instruments exchange surviving an absorption-type merger must prepare documents or electronic or magnetic records in which the particulars of the rights and obligations of the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger to which the incorporated association-operated financial instruments exchange surviving the absorption-type merger has succeeded as a result of the absorption-type merger are stated or recorded, and other particulars specified by Cabinet Office Order as pertinent to the absorption-type merger are stated or recorded, after the effective date without delay.

(9) During the six-month period beginning from the effective date, an incorporated association-operated financial instruments exchange surviving an absorption-type merger must keep the documents or electronic or magnetic records set forth in the preceding paragraph at its principal office.

(10) The member or creditor of an incorporated association-operated financial instruments exchange surviving an absorption-type merger may make the following requests to the incorporated association-operated financial instruments exchange surviving the absorption-type merger at any time during its business hours; provided, however, that in making the request set forth in item (ii) or (iv), the member or creditor must pay the cost specified by the incorporated association-operated financial instruments exchange surviving the absorption-type merger:

(i) a request to inspect a document referred to in paragraph (1) or the preceding paragraph;

(ii) a request to be issued a certified copy or extract of a document referred to in paragraph (1) or the preceding paragraph;

(iii) a request to inspect a thing that displays the particulars that have been recorded in the electronic or magnetic records referred to in paragraph (1) or the preceding paragraph, through a means specified by Cabinet Office Order; and

(iv) a request to be provided with the particulars that have been recorded in the electronic or magnetic records referred to in paragraph (1) or the preceding paragraph by an electronic or magnetic means specified by Cabinet Office Order, or a request to be issued a document that states those particulars.

(Procedures for an Incorporated Association-Operated Financial Instruments

Exchange Disappearing in a Consolidation-Type Merger)

Article 139-5 (1) During the period starting from the day 10 days prior to the day of the general meeting referred to in paragraph (3) to the day of the establishment of the financial instruments exchange incorporated in the consolidation-type merger, an incorporated association-operated financial instruments exchange disappearing in the consolidation-type merger must keep documents or electronic or magnetic records in which the content of the consolidation-type merger agreement and other particulars specified by Cabinet Office Order are stated or recorded, at its principal office.

(2) The member or creditor of an incorporated association-operated financial instruments exchange disappearing in a consolidation-type merger may make the following requests to the incorporated association-operated financial instruments exchange disappearing in the consolidation-type merger at any time during its business hours; provided, however, that in making the request set forth in item (ii) or (iv), the member or creditor must pay the cost specified by the incorporated association-operated financial instruments exchange disappearing in the consolidation-type merger:

(i) a request to inspect a document referred to in the preceding paragraph;

(ii) a request to be issued a certified copy or extract of a document referred to in the preceding paragraph;

(iii) a request to inspect a thing that displays the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph, through a means specified by Cabinet Office Order; and

(iv) a request to be provided with the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph by an electronic or magnetic means specified by Cabinet Office Order, or a request to be issued a document that states those particulars.

(3) An incorporated association-operated financial instruments exchange disappearing in a consolidation-type merger must obtain approval for the consolidation-type merger agreement by general meeting resolution, by the day immediately preceding the effective date.

(4) An incorporated association-operated financial instruments exchange disappearing in a consolidation-type merger may not adopt a resolution approving a consolidation-type merger agreement without the affirmative votes of three-fourths or more of all of the members; provided, however, that this does not apply if it is otherwise provided for in the articles of incorporation.

(5) If a consolidation-type merger violates laws and regulations or articles of incorporation, and members of the incorporated association-operated financial instruments exchange disappearing in a consolidation-type merger are likely to suffer disadvantages, members of the incorporated association-operated financial instruments exchange disappearing in a consolidation-type merger

may demand the incorporated association-operated financial instruments exchange disappearing in a consolidation-type merger to refrain from effecting the consolidation-type merger.

(6) The provisions of Article 101-4 apply mutatis mutandis to an incorporated association-operated financial instruments exchange disappearing in a consolidation-type merger.

(7) If an incorporated association-operated financial instruments exchange disappearing in a consolidation-type merger gives public notice under the provisions of Article 101-4, paragraph (2) as applied mutatis mutandis pursuant to the preceding paragraph in the Official Gazette as well as by the means of public notice set forth in Article 939, paragraph (1), item (ii) of the Companies Act, pursuant to the provisions of the articles of incorporation under Article 939, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to the following paragraph, the incorporated association-operated financial instruments exchange disappearing in the consolidation-type merger is not required to give the individual demand under the provisions of Article 101-4, paragraph (2) as applied mutatis mutandis pursuant to the preceding paragraph.

(8) The provisions of Article 939, paragraph (1) (limited to the part that involves items (i) and (ii)) of the Companies Act apply mutatis mutandis to the public notice referred to in the preceding paragraph.

(Procedures for the Incorporated Association-Operated Financial Instruments Exchange Incorporated in a Consolidation-Type Merger)

Article 139-6 (1) The provisions of Article 88-3, paragraphs (1) and (3), Article 88-4 and Article 88-22 do not apply to the incorporation of the incorporated association–operated financial instruments exchange incorporated in a consolidation-type merger.

(2) The incorporated association-operated financial instruments exchange disappearing in a consolidation-type merger prepares the articles of incorporation of the incorporated association-operated financial instruments exchange incorporated in the consolidation-type merger.

(3) The incorporated association-operated financial instruments exchange incorporated in a consolidation-type merger must prepare documents or electronic or magnetic records in which the particulars of the rights and obligations of the incorporated association–operated financial instruments exchanges disappearing in the consolidation-type merger to which the incorporated association–operated financial instruments exchange incorporated in the consolidation-type merger has succeeded as a result of the consolidation-type merger are stated or recorded, and other particulars specified by Cabinet Office Order as pertinent to the consolidation-type merger

are stated or recorded, after the day of its establishment without delay.

(4) During the six-month period beginning from the day of its establishment, the incorporated association–operated financial instruments exchange incorporated in a consolidation-type merger must keep the documents or electronic or magnetic records referred to in the preceding paragraph, and documents or electronic or magnetic records in which the content of the consolidation-type merger agreement and other particulars specified by Cabinet Office Order are stated or recorded, at its principal office.

(5) The member or creditor of an incorporated association–operated financial instruments exchange incorporated in a consolidation-type merger may make the following requests to the incorporated association–operated financial instruments exchange incorporated in the consolidation-type merger at any time during its business hours; provided, however, that in making the request set forth in item (ii) or (iv), the member or creditor must pay the cost specified by the incorporated association–operated financial instruments exchange incorporated in the consolidation-type merger:

(i) a request to inspect a document referred to in the preceding paragraph;

(ii) a request to be issued a certified copy or extract of a document referred to in the preceding paragraph;

(iii) a request to inspect a thing that displays the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph, through a means specified by Cabinet Office Order; and

(iv) a request to be provided with the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph by an electronic or magnetic means specified by Cabinet Office Order, or a request to be issued a document that states those particulars.

Division 5 Merger Procedures for Incorporated Financial Instruments Exchanges

(Keeping and Inspection of Absorption-Type Merger Agreement Documents)

Article 139-7 (1) During the period from any of the following days, whichever comes the earliest, until the day on which six months have elapsed since the effective date, an incorporated financial instruments exchange surviving an absorption-type merger (limited to the incorporated financial instruments exchange surviving the absorption-type merger in an absorption-type merger between an incorporated association-operated financial instruments exchange and an incorporated financial instruments exchange; hereinafter the same applies in this Division) must keep documents or electronic or magnetic records in which the content of the absorption-type merger agreement and other particulars specified by Cabinet Office Order are stated or recorded, at its head

office:

(i) if approval for the absorption-type merger agreement must be obtained by a shareholders resolution (including a class shareholders resolution; hereinafter the same applies in this item): the day two weeks prior to the day of the relevant shareholders meeting;

(ii) the day of the notice under the provisionsprovisions of Article 139-10, paragraph (1) or the day of the public notice under Article 139-10, paragraph (2), whichever comes earlier; or

(iii) if the procedures under Article 139-12 are required: the day of the public notice under Article 139-12, paragraph (2) or the day of the notice under that paragraph, whichever comes earlier.

(2) The shareholder or creditor of an incorporated financial instruments exchange surviving an absorption-type merger may make the following requests of the incorporated financial instruments exchange surviving the absorption-type merger at any time during business hours; provided, however, that in making the request set forth in item (ii) or (iv), the shareholder or creditor must pay the cost determined by the incorporated financial instruments exchange surviving the absorption-type merger:

(i) a request to inspect a document referred to in the preceding paragraph;

(ii) a request to be issued a certified copy or extract of a document referred to in the preceding paragraph;

(iii) a request to inspect a thing that displays the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph, through a means specified by Cabinet Office Order; and

(iv) a request to be provided with the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph by an electronic or magnetic means specified by Cabinet Office Order, or a request to be issued a document that states those particulars.

(Approval of an Absorption-Type Merger Agreement)

Article 139-8 (1) An incorporated financial instruments exchange surviving an absorption-type merger must obtain approval for the absorption-type merger agreement by a resolution at the shareholders meeting, by the day immediately preceding the effective date.

(2) If the assets of the incorporated association-operated financial instruments exchange disappearing in an absorption-type merger which are to be succeeded to include shares in the incorporated financial instruments exchange surviving the absorption-type merger, the directors must give an explanation of particulars related to those shares at the shareholders meeting referred to in the preceding paragraph.

(3) If the incorporated financial instruments exchange surviving an absorption-

type merger is a company with class shares, and the shares, etc. to be delivered to members of the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger are shares in the incorporated financial instruments exchange surviving the absorption-type merger, the absorption-type merger does not become effective without a resolution at the class shareholders meeting consisting of class shareholders for the class shares set forth in Article 139, item (ii), (a) (limited to shares with a restriction on transfer for which the provisions of the articles of incorporation which are referred to in Article 199, paragraph (4) of the Companies Act have not been provided) (or, if there are two or more classes of shares associated with such class shareholders, without the resolutions of each group of class shareholders whose constituent members are the class shareholders in each separate class of those two or more classes of shares); provided, however, that this does not apply if there are no shareholders that are entitled to exercise voting rights at the class shareholders meeting.

(4) The resolution of a shareholders meeting referred to in paragraph (1) must be adopted with at least a two-thirds majority (if a higher proportion is provided for in the articles of incorporation, that proportion) of the votes of the attending shareholders, at a meeting in which shareholders that hold over half the voting rights (if a proportion of one-third or more is specified by the articles of incorporation, at least that proportion) of the shareholders that are entitled to exercise voting rights at the shareholders meeting, are present. In such a case, the incorporated financial instruments exchange surviving the absorption-type merger is not precluded from establishing provisions in its articles of incorporation requiring at least a certain number of affirmative votes from the shareholders or other requirements, in addition to the requirement for the resolution.

(5) The provisions of the preceding paragraph apply mutatis mutandis to the class shareholders referred to in paragraph (3).

(When Approval for an Absorption-Type Merger Agreement Is Not Required)

Article 139-9 (1) The provisions of paragraphs (1) and (2) of the preceding Article do not apply unless the proportion of the amount set forth in item (i) to the amount set forth in item (ii) exceeds one-fifth (or, if a smaller proportion is prescribed in the articles of incorporation of the incorporated financial instruments exchange surviving an absorption-type merger, that proportion); provided, however, that this does not apply if all or part of the shares, etc. delivered to the members of the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger are shares with a restriction on transfer in the incorporated financial instruments exchange surviving the absorption-type merger, and the incorporated financial

instruments exchange surviving the absorption-type merger is not a public company (meaning a public company as defined in Article 2, item (v) of the Companies Act; the same applies in Article 139-10, paragraph (2), item (i) and Article 139-15, paragraph (3)):

(i) the sum of the amounts set forth in the following sub-items:

(a) the amount arrived at when the number of shares in the incorporated financial instruments exchange surviving the absorption-type merger to be delivered to members of the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger is multiplied by the amount of net assets per share (meaning the amount of net assets per share as prescribed in Article 141, paragraph (2) of the Companies Act); and

(b) the total amount of money to be delivered to members of the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger;

(ii) the amount calculated as the amount of net assets of the incorporated financial instruments exchange surviving the absorption-type merger, by the method specified by Cabinet Office Order.

(2) In a case prescribed in the main clause of the preceding paragraph, if shareholders holding the number of shares specified by Cabinet Office Order (limited to shares for which voting rights may be exercised at the shareholders meeting referred to in paragraph (1) of the preceding Article) notify the incorporated financial instruments exchange surviving the absorption-type merger that they are against the absorption-type merger within two weeks from the day of the notice under Article 139-10, paragraph (1) or within two weeks from the day of the public notice referred to in paragraph (2) of that Article, the incorporated financial instruments exchange surviving the absorption-type merger must obtain approval for the absorption-type merger agreement by shareholders resolution, by the day immediately preceding the effective date.

(Demand to Refrain from Implementing an Absorption-Type Merger)

Article 139-9-2 If an absorption-type merger violates laws and regulations or articles of incorporation, and the shareholders of the incorporated financial instruments exchange surviving an absorption-type merger are likely to suffer disadvantages, the shareholders of the incorporated financial instruments exchange surviving an absorption-type merger may demand the incorporated financial instruments exchange surviving an absorption-type merger to refrain from implementing the absorption-type merger; provided, however, that this does not apply to the case prescribed in the main clause of paragraph (1) of the preceding Article (excluding the case prescribed in the proviso to that

paragraph or in paragraph (2) of that Article).

(Notifying the Shareholders)

Article 139-10 (1) The incorporated financial instruments exchange surviving an absorption-type merger must notify its shareholders and holders of share options that the absorption-type merger is to be implemented and indicate the name and address of the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger (including the particulars related to the shares which are referred to in Article 139-8, paragraph (2), in the case prescribed in that paragraph), by 20 days prior to the effective date.

(2) In the following cases, public notice may be substituted for the notice under the provisions of the preceding paragraph:

(i) the incorporated financial instruments exchange surviving the absorption-type merger is a public company; or

(ii) the incorporated financial instruments exchange surviving the absorption-type merger obtains approval for the absorption-type merger agreement by the shareholders resolution referred to in Article 139-8, paragraph (1).

(3) The provisions of Article 940, paragraph (1) (limited to the part that involves item (i)) and paragraph (3) of the Companies Act apply mutatis mutandis if the incorporated financial instruments exchange surviving an absorption-type merger issues the public notice referred to in the preceding paragraph through an electronic public notice. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Share Purchase Demand)

Article 139-11 (1) In implementing an absorption-type merger, in the case set forth in any of the following items, the shareholder set forth in that item may demand the incorporated financial instruments exchange surviving the absorption-type merger to purchase its shares at a fair price; provided, however, that this does not apply to the case prescribed in the main clause of Article 139-9, paragraph (1) (excluding the case prescribed in the proviso to that paragraph, or paragraph (2) of that Article):

(i) if a resolution at a shareholders meeting (including a class shareholders meeting) is required in order for the absorption-type merger to be implemented: the following shareholders:

(a) a shareholder that notifies the incorporated financial instruments exchange surviving the absorption-type merger that it is against the absorption-type merger prior to the shareholders meeting, and opposes the absorption-type merger at the shareholders meeting (limited to a shareholder that is entitled to exercise voting rights at that shareholders

meeting); or

(b) a shareholder that is not entitled to exercise the voting rights at the shareholders meeting;

(ii) cases other than that prescribed in the preceding item: all shareholders.

(2) The provisions of Article 797, paragraphs (5) through (9); Article 798; Article 868, paragraph (1); Article 870, paragraph (2) (limited to the part that involves item (ii)); Article 870-2; the main clause of Article 871; Article 872 (limited to the part that involves item (v)); Article 872-2; the main clause of Article 873; Article 875; and Article 876 of the Companies Act apply mutatis mutandis to a demand under the preceding paragraph. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Objection of the Creditors)

Article 139-12 (1) The creditor of an incorporated financial instruments exchange surviving an absorption-type merger may state an objection to the incorporated financial instruments exchange surviving the absorption-type merger with regard to the absorption-type merger.

(2) The incorporated financial instruments exchange surviving an absorption-type merger must give public notice of the following particulars in the Official Gazette, and must give an individual demand of those particulars to each of its known creditors (including the bond administrator under Article 702 of the Companies Act (simply referred to as the "bond administrator" in paragraph (8)) or the bond administration assistant provided for in Article 714-2 of that Act, if there is a bond administrator or a bond administration assistant); provided, however, that the period set forth in item (iv) may not be less than one month:

(i) that an absorption-type merger is to be implemented;

(ii) the name and address of the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger;

(iii) particulars specified by Cabinet Office Order as pertinent to the financial statements of the incorporated financial instruments exchange surviving the absorption-type merger; and

(iv) that a creditor may state an objection within a specified period.

(3) Notwithstanding the provisions of the preceding paragraph, if the incorporated financial instruments exchange surviving an absorption-type merger gives public notice under the provisions of that paragraph in the Official Gazette as well as by the means of public notice set forth in Article 939, paragraph (1), item (ii) of the Companies Act (meaning a means of public notice as defined in Article 2, item (xxxiii) of that Act) or through an electronic public notice, pursuant to the provisions of the articles of incorporation under the provisions of Article 939, paragraph (1) of that Act, the incorporated

financial instruments exchange surviving the absorption-type merger is not required to give the individual demand under the provisions of the preceding paragraph.

(4) If a creditor does not state an objection within the period referred to in paragraph (2), item (iv), the creditor is deemed to have accepted the absorption-type merger.

(5) If a creditor states an objection within the period referred to in paragraph (2), item (iv), the incorporated financial instruments exchange surviving the absorption-type merger must pay its debt or provide reasonable collateral to the creditor, or must deposit reasonable property with a trust company, etc. for the purpose of allowing the creditor to receive payment for the debt; provided, however, that this does not apply if the absorption-type merger is unlikely to be detrimental to the creditor.

(6) The provisions of Article 940, paragraph (1) (limited to the part that involves item (iii)) and paragraph (3) of the Companies Act apply mutatis mutandis if the incorporated financial instruments exchange surviving an absorption-type merger makes a public notice under paragraph (2) through an electronic public notice. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(7) In order for bondholders to state an objection pursuant to the provisions of paragraph (1), they must do so pursuant to a bondholders meeting resolution. In such a case, the court may extend the period for a bondholder to state an objection, at the petition of an interested party.

(8) Notwithstanding the provisions of the preceding paragraph, a bond administrator may state an objection on behalf of a bondholder; provided, however, that this does not apply if otherwise provided for in the contract for entrustment under Article 702 of the Companies Act.

(9) The provisions of Article 868, paragraph (44); Article 870, paragraph (1) (limited to the part that involves item (viii)); the main clause of Article 871; Article 872 (limited to the part that involves item (iv)); Article 875; and Article 876 of the Companies Act apply mutatis mutandis to a case that is subject to the petition referred to in paragraph (7).

(Keeping and Inspection of Absorption-Type Merger Documents)

Article 139-13 (1) The incorporated financial instruments exchange surviving an absorption-type merger must prepare documents or electronic or magnetic records in which the rights and obligations of the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger to which incorporated financial instruments exchange surviving the absorption-type merger has succeeded as a result of the absorption-type merger are stated or recorded, and in which other particulars specified by Cabinet

Office Order as pertinent to the absorption-type merger are stated or recorded, after the effective date without delay.

(2) During the six-month period starting from the effective date, the incorporated financial instruments exchange surviving an absorption-type merger must keep the documents or electronic or magnetic records set forth in the preceding paragraph at its head office.

(3) The shareholder and creditor of an incorporated financial instruments exchange surviving an absorption-type merger may make the following requests to the incorporated financial instruments exchange surviving the absorption-type merger at any time during its business hours; provided, however, that in making the request set forth in item (ii) or (iv), the shareholder or creditor must pay the cost specified by the incorporated financial instruments exchange surviving the absorption-type merger:

(i) a request to inspect a document referred to in the preceding paragraph;

(ii) a request to be issued a certified copy or extract of a document referred to in the preceding paragraph;

(iii) a request to inspect a thing that displays the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph, through a means specified by Cabinet Office Order; and

(iv) a request to be provided with the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph by the electronic or magnetic means specified by Cabinet Office Order, or a request to be issued a document that states those particulars.

(Keeping and Inspection of Documents Concerning Consolidation-Type Merger)

Article 139-14 (1) During the period starting from the day two weeks prior to the day of the shareholders meeting referred to in the paragraph (1) of the following Article to the day of establishment of the incorporated financial instruments exchange incorporated in a consolidation-type merger, the incorporated financial instruments exchanges disappearing in the consolidation-type merger (limited to the incorporated financial instruments exchange disappearing in the consolidation-type merger, in the case of a consolidation-type merger between an incorporated association-operated financial instruments exchange and an incorporated financial instruments exchange; hereinafter the same applies in this Division) must keep documents or electronic or magnetic records in which the content of the consolidation-type merger agreement and other particulars specified by Cabinet Office Order are stated or recorded, at their head offices.

(2) The shareholder or creditor of an incorporated financial instruments exchange disappearing in a consolidation-type merger may make the following requests of the incorporated financial instruments exchange disappearing in

the consolidation-type merger at any time during its business hours; provided, however, that in making the request set forth in item (ii) or (iv), the shareholder or creditor must pay the cost determined by the incorporated financial instruments exchange disappearing in the consolidation-type merger:

(i) a request to inspect a document referred to in the preceding paragraph;

(ii) a request to be issued a certified copy or extract of a document referred to in the preceding paragraph;

(iii) a request to inspect a thing that displays the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph, through a means specified by Cabinet Office Order; and

(iv) a request to be provided with the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph by an electronic or magnetic means specified by Cabinet Office Order, or a request to be issued a document that states those particulars.

(Approval of Consolidation-Type Merger Agreement)

Article 139-15 (1) An incorporated financial instruments exchange disappearing in a consolidation-type merger must obtain approval for the consolidation-type merger agreement by a resolution at a shareholders meeting.

(2) The resolution at a shareholders meeting referred to in the preceding paragraph must be adopted by at least a two-thirds majority (or, if a higher proportion is provided for in the articles of incorporation, that proportion) of the votes of the attending shareholders, at a meeting where shareholders holding over half the voting rights (if a proportion of one-third or more is specified by the articles of incorporation, at least such a proportion) of the shareholders that are entitled to exercise voting rights at the relevant shareholders meeting, are present. In such a case, an incorporated financial instruments exchange disappearing in the consolidation-type merger is not precluded from establishing provisions in its articles of incorporation that require at least a certain number of affirmative votes from the shareholders or other requirements, in addition to the requirement for the resolution.

(3) Notwithstanding the provisions of the preceding paragraph, if an incorporated financial instruments exchange disappearing in a consolidation-type merger is a public company, and all or part of the shares in the incorporated financial instruments exchange incorporated in the consolidation-type merger that is to be delivered to the shareholders of the incorporated financial instruments exchange disappearing in the consolidation-type merger are shares with a restriction on transfer, the resolution at a shareholders meeting referred to in paragraph (1) (excluding a shareholders meeting for a company with class shares) must be in accordance with Article 309, paragraph (3) of the Companies Act.

(4) If an incorporated financial instruments exchange disappearing in a consolidation-type merger is a company with class shares, and all or part of the shares in the incorporated financial instruments exchange incorporated in the consolidation-type merger that is to be delivered to the shareholders of the incorporated financial instruments exchange disappearing in the consolidation-type merger are shares with a restriction on transfer, the consolidation-type merger does not become effective without a resolution at the class shareholders meeting that consists of class shareholders for the class of shares (other than shares with a restriction on transfer) subject to the allotment of shares with a restriction on transfer (or, if there are two or more classes of shares associated with those class shareholders, without the resolutions of each class shareholders meeting whose constituent members are the class shareholders in each separate class of those two or more classes of shares); provided, however, that this does not apply if there are no shareholders that are entitled to exercise their voting rights at such a class shareholders meeting.

(5) The class shareholders resolution referred to in the preceding paragraph is adopted with a majority that constitutes at least two-thirds (or, if a higher proportion is provided for in the articles of incorporation, that proportion) of the votes of at least half (or, if a higher proportion is provided for in the articles of incorporation, at least such a proportion) of the number of shareholders that are entitled to exercise voting rights at the relevant class shareholders meeting.

(Demand to Refrain from Implementing a Consolidation-Type Merger)

Article 139-15-2 If a consolidation-type merger violates laws and regulations or articles of incorporation, and the shareholders of the incorporated financial instruments exchange disappearing in a consolidation-type merger are likely to suffer disadvantages, the shareholders of the incorporated financial instruments exchange disappearing in a consolidation-type merger may demand the incorporated financial instruments exchange disappearing in a consolidation-type merger to refrain from implementing the consolidation-type merger.

(Notifying the Shareholders)

Article 139-16 (1) An incorporated financial instruments exchange disappearing in a consolidation-type merger must notify its shareholders and registered pledgees of shares as well as the holders of share options and registered pledgees of share options that a consolidation-type merger is to be implemented, and must indicate the names or trade names and addresses of any other financial instruments exchange disappearing in the consolidation-type merger and of the incorporated financial instruments exchange

incorporated in the consolidation-type merger, within two weeks from the day of the resolution at the shareholders meeting set forth in Article 139-15, paragraph (1).

(2) Public notice may be given in lieu of the notice under the provisions of the preceding paragraph.

(3) The provisions of Article 940, paragraph (1) (limited to the part that involves item (i)) and paragraph (3) of the Companies Act apply mutatis mutandis if an incorporated financial instruments exchange disappearing in a consolidation-type merger makes the public notice referred to in the preceding paragraph through an electronic public notice. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Share Purchase Demand)

Article 139-17 (1) In implementing a consolidation-type merger, the following shareholders may demand an incorporated financial instruments exchange disappearing in the consolidation-type merger to purchase its shares at a fair price:

(i) a shareholder that notifies the incorporated financial instruments exchange disappearing in the consolidation-type merger that it is against the consolidation-type merger prior to the shareholders meeting (including a class shareholders meeting) for approving the consolidation-type merger agreement, and that opposes the consolidation-type merger at the shareholders meeting (limited to a shareholder that is entitled to exercise voting rights at that shareholders meeting); and

(ii) a shareholder that is not entitled to exercise voting rights at such a shareholders meeting.

(2) The provisions of Article 806, paragraphs (5) through (9); Article 807; Article 868, paragraph (1); Article 870, paragraph (2) (limited to the part that involves item (ii)); Article 870-2; the main clause of Article 871; Article 872 (limited to the part that involves item (v)); Article 872-2; the main clause of Article 873; Article 875; and Article 876 of the Companies Act apply mutatis mutandis to a demand under the preceding paragraph. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Demand for Purchase of Share Options)

Article 139-18 (1) In implementing a consolidation-type merger, a holder of share options in an incorporated financial instruments exchange disappearing in a consolidation-type merger may demand the incorporated financial instruments exchange disappearing in the consolidation-type merger to purchase its share options at a fair price.

(2) The provisions of Article 808, paragraphs (5) through (10); Article 809; Article

868, paragraph (1); Article 870, paragraph (2) (limited to the part that involves item (ii)); Article 870-2; the main clause of Article 871; Article 872 (limited to the part that involves item (v)); Article 872-2; the main clause of Article 873; Article 875; and Article 876 of the Companies Act apply mutatis mutandis to a demand under the preceding paragraph. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Provisions Applied Mutatis Mutandis)

Article 139-19 The provisions of Article 139-12 apply mutatis mutandis to an incorporated financial instruments exchange disappearing in a consolidation-type merger.

(Special Provisions on the Incorporation of an Incorporated Financial Instruments Exchange)

Article 139-20 (1) The provisions of Part II, Chapter I (excluding Article 27 (excluding items (iv) and (v)); Article 29; Article 31; Article 37, paragraph (3); Article 39; Section 6; and Article 49) of the Companies Act do not apply to the incorporation of an incorporated financial instruments exchange incorporated in a consolidation-type merger.

(2) The financial instruments exchanges disappearing in a consolidation-type merger prepares the articles of incorporation of the incorporated financial instruments exchange established in the consolidation-type merger.

(Keeping and Inspection of Consolidation-Type Merger Agreement Documents)

Article 139-21 (1) The incorporated financial instruments exchange incorporated in a consolidation-type merger must prepare documents or electronic or magnetic records in which the rights and obligations of the financial instruments exchanges disappearing in the consolidation-type merger to which the incorporated financial instruments exchange incorporated in the consolidation-type merger has succeeded as a result of the consolidation-type merger are stated or recorded, and other particulars specified by Cabinet Office Order as pertinent to the consolidation-type merger are stated or recorded, after the day of its establishment without delay.

(2) During the six-month period starting from the day of its establishment, the incorporated financial instruments exchange incorporated in a consolidation-type merger must keep the documents or electronic or magnetic records referred to in the preceding paragraph at its head office.

(3) The shareholder or creditor of an incorporated financial instruments exchange incorporated in a consolidation-type merger may make the following requests to the incorporated financial instruments exchange incorporated in the consolidation-type merger at any time during its business hours; provided,

however, that in making the request set forth in item (ii) or (iv), the shareholder or creditor must pay the cost specified by the incorporated financial instruments exchange incorporated in the consolidation-type merger:

(i) a request to inspect a document referred to in the preceding paragraph;

(ii) a request to be issued a certified copy or extract of a document referred to in the preceding paragraph;

(iii) a request to inspect a thing that displays the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph, through a means specified by Cabinet Office Order; and

(iv) a request to be provided with the particulars that have been recorded in the electronic or magnetic records referred to in the preceding paragraph by an electronic or magnetic means specified by Cabinet Office Order, or a request to be issued a document that states those particulars.

Division 6 Coming into Effect of a Merger

(Authorization for a Merger)

Article 140 (1) A merger in which financial instruments exchanges constitute all or part of the parties (limited to a merger in which the person surviving the merger or the person incorporated in the merger is a financial instruments exchange) does not become effective without the authorization of the Prime Minister.

(2) A person seeking the authorization referred to in the preceding paragraph must submit a written application for authorization of a merger to the Prime Minister, in which it states the following particulars with regard to the financial instruments exchange surviving the merger or the financial instruments exchange incorporated in the merger (hereinafter collectively referred to as the "financial instruments exchange resulting from a merger" in this Division):

(i) its name or trade name;

(ii) the locations of its offices, head office, branch offices, and any other business offices; and

(iii) the names of its officers, and the trade names or names of its members, etc.

(3) Documents or electronic or magnetic records in which the content of a merger agreement (limited to those specified by Cabinet Office Order; hereinafter the same applies in this paragraph) are stated or recorded, and the articles of incorporation, operational rules, brokerage contract rules, and other documents or electronic or magnetic records specified by Cabinet Office Order with regard to the financial instruments exchange resulting from a merger must be attached to the written application for authorization of a merger referred to in

the preceding paragraph.

(Criteria for Authorization)

Article 141 (1) When an application for authorization under paragraph (2) of the preceding Article is filed, the Prime Minister must examine whether the application conforms to the following criteria:

(i) the provisions of the articles of incorporation, operational rules, and brokerage contract rules of the financial instruments exchange resulting from the merger conform to laws and regulations, and are sufficient for ensuring fair and smooth purchase and sales of securities and market derivatives transactions on the financial instruments exchange market, as well as for protecting investors;

(ii) the financial instruments exchange resulting from the merger has a sufficient personnel structure to run a financial instruments exchange market in an appropriate manner;

(iii) the financial instruments exchange resulting from the merger will be organized as a financial instruments exchange in a manner that conforms to the provisions of this Act; and

(iv) it is fully expected that the financial instruments exchange resulting from the merger will smoothly and appropriately succeed to business connected with the purchase and sale of securities and market derivatives transactions on the financial instruments exchange markets operated by the financial instruments exchanges that disappear as a result of the merger.

(2) If, as a result of having conducted an examination pursuant to the provisions of the preceding paragraph, the Prime Minister finds that an application conforms to the criteria in that paragraph, the Prime Minister must authorize the merger, except in a case that falls under any of the following items:

(i) a person falling under any of the provisions of Article 29-4, paragraph (1), item (ii), sub-items (b) through (i) of this Act or Article 331, paragraph (1), item (iii) of the Companies Act is an officer; or

(ii) the written application for authorization of the merger, or a document or electronic or magnetic record that is required to be attached to it contains a false statement or false record regarding a material particular.

(Deemed License)

Article 142 (1) A financial instruments exchange that is incorporated after obtaining the authorization referred to in Article 140, paragraph (1) is deemed to have obtained the licensed referred to in Article 80, paragraph (1) at the time of the incorporation.

(2) The financial instruments exchange surviving an absorption-type merger succeeds to the rights and obligations of the financial instruments exchange

disappearing in the absorption-type merger (including the rights and obligations that the financial instruments exchange disappearing in the absorption-type merger has in connection with business it conducts based on the authorization or any other disposition of a government agency) on the effective date.

(3) The dissolution of a financial instruments exchange disappearing in an absorption-type merger as a result of the absorption-type merger may not be asserted against a third party until after the registration of the absorption-type merger.

(4) A financial instruments exchange incorporated in a consolidation-type merger succeeds to the rights and obligations of the financial instruments exchanges disappearing in the consolidation-type merger on the day of its establishment (including the rights and obligations that the financial instruments exchanges disappearing in the consolidation-type merger have in connection with business they conduct based on the authorization or any other disposition of a government agency).

(5) When a merger related to the authorization prescribed in Article 140, paragraph (1) is a merger where an incorporated commodity exchange (meaning the incorporated commodity exchange as defined in Article 2, paragraph (6) of the Commodity Derivatives Transaction Act; hereinafter the same applies in this Article) is part of the parties thereto and an incorporated financial instruments exchange is established as a result of the relevant merger, the relevant incorporated financial instruments exchange succeeds to the rights and obligations of the incorporated financial instruments exchange extinguished as a result of that merger (including the rights and obligations which that incorporated financial instruments exchange has in relation to its business, under authorization or any other disposition given by a government agency) on the day of the establishment.

(6) In the cases prescribed in the provisions that are set forth in the following items, the members of an incorporated association-operated financial instruments exchange disappearing in an absorption-type merger, the members of an incorporated association-operated financial instruments exchange operated disappearing in a consolidation-type merger, or the shareholders of an incorporated financial instruments exchange disappearing in a consolidation-type merger, become shareholders of the shares prescribed in the provisions that are set forth in the relevant item, in accordance with the provisions on the particulars provided for in that item:

(i) the provisions of Article 139, item (ii), (a): particulars set forth in item (iii) of that Article; and

(ii) the provisions of Article 139-2, paragraph (1), item (vi): particulars set forth in item (vii) of that paragraph.

(7) Share options in an incorporated financial instruments exchange that disappears as a result of a merger disappear on the effective date.

(8) The outstanding purchase and sales of securities and market derivatives transactions entered into on a financial instruments exchange market that was operated by a financial instruments exchange that has disappeared as a result of a merger are deemed to be transactions entered into on the financial instruments exchange market operated by the financial instruments exchange resulting from the merger, under the same conditions.

(9) When a merger related to the authorization referred to in Article 140, paragraph (1) is a merger in which an incorporated commodity exchange is part of the parties to the merger and an incorporated commodity exchange extinguishes as a result of that merger, the provisions of this Act apply to transactions closed on a commodity market (meaning commodity market as defined in Article 2, paragraph (9) of the Commodity Derivatives Transaction Act; hereinafter the same applies in this paragraph) established by the incorporated commodity exchange extinguished as a result of that merger for which settlement has not been completed (limited to transactions falling under futures trading prescribed in Article 2, paragraph (3) of that Act concerning commodities or commodity index prescribed in paragraph (2) of that Article (excluding commodity index calculated based on the prices of commodities prescribed in paragraph (1) of that Article other than commodities)) by deeming the transactions as market derivatives transactions which have been closed on the financial instruments exchange market established by the financial instruments exchange resulting from a merger under the same conditions. In such a case, a commodity futures transactions dealer (meaning commodity futures transactions dealer as defined in Article 2, paragraph (23) of the Commodity Futures Trading Act; the same applies in Article 202, paragraph (2), item (iii)) that has conducted transactions which have been deemed to be the market derivatives transactions in that commodity market is deemed to be a financial instruments business operator that is a trading participant in the financial instruments exchange resulting from a merger within the scope of the purpose to complete the settlement of that transaction.

(10) The provisions of the preceding paragraphs do not apply to the following cases:

(i) the procedures under Article 101-4, as applied mutatis mutandis pursuant to Article 139-3, paragraph (6) or Article 139-4, paragraph (5), or the procedures under Article 139-12 (including as applied mutatis mutandis pursuant to Article 139-19) have not been completed; or

(ii) the absorption-type merger is suspended.

(Treatment of Fractional Units or Shares)

Article 143 (1) The provisions of Article 234, paragraphs (1) through (5); Article 868, paragraph (1); Article 869; Article 871; Article 874 (limited to the part that involves item (iv)); Article 875; and Article 876 of the Companies Act apply mutatis mutandis if fractional units or shares that constitute less than one unit of contribution or one share result from the merger referred to in Article 136, paragraph (1). In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(2) The amounts that are required to be included in the capital reserves at the time of a merger and other necessary particulars for the accounting at the time of a merger are specified by Cabinet Office Order.

(Submission of Share Certificates)

Article 144 (1) The provisions of Article 219, paragraph (1) (limited to the part that involves item (vi)), paragraph (2) (limited to the part that involves item (iv)) and paragraph (3), Article 220 and Article 293, paragraph (1) (limited to the part that involves item (iii)), paragraph (2) (limited to the part that involves item (iv)), and paragraphs (3) and (5) of the Companies Act apply mutatis mutandis to an incorporated financial instruments exchange disappearing in a consolidation-type merger. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(2) The provisions of Article 940, paragraph (1) (limited to the part that involves item (i)) and paragraph (3) of the Companies Act apply mutatis mutandis if an incorporated financial instruments exchange disappearing in a consolidation-type merger makes a public notice under Article 219, paragraph (1) or Article 293, paragraph (1) of that Act as applied mutatis mutandis pursuant to the preceding paragraph through an electronic public notice; and the provisions of Article 940, paragraph (1) (limited to the part that involves item (iii)) and paragraph (3) of that Act apply mutatis mutandis if an incorporated financial instruments exchange disappearing in a consolidation-type merger issues the public notice under Article 220, paragraph (1) of that Act as applied mutatis mutandis pursuant to the preceding paragraph (including as applied mutatis mutandis pursuant to Article 293, paragraph (5) of that Act, as applied mutatis mutandis pursuant to the preceding paragraph) through an electronic public notice. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(3) The provisions of Article 154, paragraph (2) (limited to the part that involves item (iii)) and Article 272, paragraph (3) (limited to the part that involves item (iii)) of the Companies Act apply mutatis mutandis to the case in which an incorporated association-operated financial instruments exchange and an incorporated financial instruments exchange implement a consolidation-type merger. In this case, in Article 154, paragraph (2), item (iii) and Article 272,

paragraph (3), item (iii) of that Act, the phrase "company surviving an absorption-type merger prescribed in Article 749 (1) or a company incorporated in a consolidation-type merger prescribed in Article 753, paragraph (1)" is deemed to be replaced with "incorporated financial instruments exchange incorporated in the consolidation-type merger prescribed in Article 139-2, paragraph (1), item (ii) of the Financial Instruments and Exchange Act".

(Application, Mutatis Mutandis of the Commercial Registration Act)

Article 145 (1) The provisions of Article 79; Article 80 (excluding items (ii), (vi), (ix) and (x)); Article 81 (excluding items (iii), (vi), (ix) and (x)); Article 82; and Article 83 of the Commercial Registration Act apply mutatis mutandis to the registration of an incorporated association-operated financial instruments exchange upon merger in the case set forth in Article 136, paragraph (2), item (i). In this case, in Article 79 of that Act, the phrase "trade name and head office" is deemed to be replaced with "name and principal office"; in Article 80, items (iii) and (viii), and Article 81, item (viii) of that Act, the phrase "publication in a daily newspaper that publishes matters on current affairs or by means of electronic public notices" is deemed to be replaced with "publication in a daily newspaper that publishes information on current affairs"; in Article 80, item (iv) of that Act, the phrase "amount of stated capital" is deemed to be replaced with "total amount of contributions"; in Article 80, item (v) and Article 81, item (v) of that Act, the term "head office" is deemed to be replaced with "office"; in Article 80, item (vii) of that Act, the phrase "in cases where a company absorbed in absorption-type merger is a membership company, a document evidencing that the consent of all members has been obtained (or, in cases where otherwise provided for in its articles of incorporation, that the procedures under such provisions have been performed)" is deemed to be replaced with "minutes of the general meeting of members concerning the merger of the incorporated association-operated financial instruments exchange effecting the absorption-type merger"; in Article 80, item (viii) and Article 81, item (viii) of that Act, the phrase "a stock company or a limited liability company" is deemed to be replaced with " incorporated association- operated financial instruments exchange " and in those Articles, the phrase "the following documents" is deemed to be replaced with "the following documents and a document evidencing the credentials of the person with the authority of representation"; in Article 81, item (vii) of that Act, the phrase "in cases where a company consolidated through consolidation-type merger is a membership company, a document evidencing that the consent of all members has been obtained (or, in cases where otherwise provided for in its articles of incorporation, that the procedures under the relevant provisions have been performed)" is deemed to be replaced with "minutes of the general

meetings of members concerning the merger of the incorporated association-operated financial instruments exchanges disappearing in the consolidation-type merger"; in Article 82, paragraph (2) and Article 83 of that Act, the term "head office" is deemed to be replaced with "principal office"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(2) The provisions of Article 79, Article 80 (excluding items (vi), (ix) and (x)), and Articles 81 through 83 of the Commercial Registration Act apply mutatis mutandis to the registration of an incorporated association-operated financial instruments exchange or incorporated financial instruments exchange upon merger in the case set forth in Article 136, paragraph (2), item (ii). In this case, in Article 79 of that Act, the phrase "trade name and head office" is deemed to be replaced with "name or trade name, and the principal office or head office"; in Article 80, item (v) of that Act, the term "head office" is deemed to be replaced with "office"; in Article 80, item (vii) of that Act, the phrase "in cases where a company absorbed in absorption-type merger is a membership company, a document evidencing that the consent of all members has been obtained (or, in cases where otherwise provided for in its articles of incorporation, that the procedures under such provisions have been performed)" is deemed to be replaced with "minutes of the general meeting of members concerning the merger of the incorporated association-operated financial instruments exchange disappearing in the absorption-type merger"; in Article 80, item (viii) of that Act, the phrase "publication in a daily newspaper that publishes matters on current affairs or by means of electronic public notices" is deemed to be replaced with "publication in a daily newspaper that publishes information on current affairs" and the phrase "a stock company or a limited liability company" is deemed to be replaced with "an incorporated association-operated financial instruments exchange "; in Article 81, item (v) of that Act, the term "head office" is deemed to be replaced with "office or head office"; in Article 81, item (vii) of that Act, the phrase" in cases where a company consolidated through consolidation-type merger is a membership company, a documents evidencing that the consent of all members has been obtained (or, in cases where otherwise provided for in its articles of incorporation, that the procedures under the relevant provisions have been performed)" is deemed to be replaced with "minutes of the general meetings of members concerning the merger of the incorporated association-operated financial instruments exchange disappearing in the consolidation-type merger"; in Article 81, item (viii) of that Act, the phrase "a stock company or a limited liability company" is deemed to be replaced with "an incorporated association-operated financial instruments exchange or incorporated financial instruments exchange"; in Article 83, paragraph (2) of that Act, the phrase "the head office of a company consolidated through consolidation-type merger" is

deemed to be replaced with "the principal offices and head offices of the financial instruments exchanges disappearing in the consolidation-type merger"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Action to Invalidate a Merger)

Article 146 The provisions of Article 828, paragraph (1) (limited to the part that involves item (vii) and item (viii)) and paragraph (2) (limited to the part that involves item (vii) and item (viii)); Article 834 (limited to the part that involves item (vii) and item (viii)); Article 835, paragraph (1); Articles 836 through 839; Article 843 (excluding paragraph (1), item (iii) and item (iv) and the proviso to paragraph (2)); Article 846; and Article 937, paragraph (3) (limited to the part that involves item (ii) and item (iii)) of the Companies Act apply mutatis mutandis to the action to invalidate a merger referred to in Article 136, paragraph (1); and the provisions of Article 868, paragraph (66); Article 870, paragraph (2) (limited to the part that involves item (vi)); Article 870-2; the main clause of Article 871; Article 872 (limited to the part that involves item (v)); Article 872-2; the main clause of Article 873; Article 875; and Article 876 of the Companies Act apply mutatis mutandis to the petition referred to in Article 843, paragraph (4) of that Act as applied mutatis mutandis pursuant to this Article. In this case, in Article 828, paragraph (2), item (vii) of the Companies Act, the phrase "a shareholder, etc. or a partner, etc." is deemed to be replaced with "a member, etc. (meaning a member, president, director, inspector, or liquidator; hereinafter the same applies in this item)" and the phrase "a shareholder, etc., a partner, etc." is deemed to be replaced with "a member, etc., shareholder, etc. (meaning a shareholder, director, or liquidator (if it is a company with company auditors, this means a shareholder, director, company auditor, or liquidator; and if it is a company with nominating committee, etc., this means a shareholder, director, executive officer, or liquidator))"; in item (viii) of the same Article, the phrase "a shareholders, etc. or a partner, etc." is deemed to be replaced with "a member, etc. (meaning a member, president, director, inspector, or liquidator; hereinafter the same applies in this item) or shareholder, etc. (meaning a shareholder, director, or liquidator (if it is a company with company auditors, this means a shareholder, director, company auditor, or liquidator; and if it is a company with nominating committee, etc., this means a shareholder, director, executive officer, or liquidator; hereinafter the same applies in this item)" and the phrase "a shareholder, etc., a partner, etc." is deemed to be replaced with "a member, etc., shareholder, etc."; in Article 937, paragraph (3) of that Act, the term "head office" is deemed to be replaced with "head office (if it is an incorporated association-operated financial instruments exchange, the principal office)"; and

any other necessary technical replacement of terms is specified by Cabinet Order.

(Application of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade)

Article 147 (1) If an incorporated association-operated financial instruments exchange and an incorporated financial instruments exchange implement a merger, the incorporated association-operated financial instruments exchange is deemed to be a company, and Article 15 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947) and the provisions of that Act that are related to that Article apply.

(2) If an incorporated financial instruments exchange acquires all or part of an incorporated association-operated financial instruments exchange's business, the incorporated association-operated financial instruments exchange is deemed to be a company, and Article 467 of the Companies Act and the provisions of that Act which are related to that Article, as well as Article 16 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and the provisions of that Act which are related to that Article, apply.

Section 5 Supervision

(Revocation of a License)

Article 148 If a financial instruments exchange is discovered to have fallen under any of the categories in the items of Article 82, paragraph (2) at the time it obtained its license, the Prime Minister may revoke its license.

(Authorization to Change the Articles of Incorporation)

Article 149 (1) A financial instruments exchange must obtain the authorization of the Prime Minister if it seeks to change its articles of incorporation, operational rules, or brokerage contract rules.

(2) If a particular set forth in Article 81, paragraph (1), item (ii) or (iii) changes, the financial instruments exchange must notify the Prime Minister of that fact without delay. The same applies if the rules of a financial instruments exchange (excluding the articles of incorporation, operational rules, and brokerage contract rules, and business rules for providing financial instruments obligation assumption services under Article 156-19, paragraph (1) approval) are prepared, changed, or discontinued, or if all business conducted with the authorization referred to in the proviso to Article 87-2, paragraph (1) is discontinued.

(Dismissal of Officers)

Article 150 (1) If the Prime Minister discovers that a person has become the officer of a financial instruments exchange by wrongful means, or if the officer of a financial instruments exchange violates a law or regulation, the articles of incorporation, or a disposition by a government agency which is based on a law or regulation, the Prime Minister may order the financial instruments exchange to dismiss that officer.
(2) The provisions of the preceding paragraph apply mutatis mutandis to self-regulatory organizations' officers and members of self-regulatory committees.

(Collection of Reports and Inspections)
Article 151 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a financial instruments exchange, its subsidiary company, its commodity trading participant (meaning a person that has been granted the qualification for trading under the provisions of Article 112, paragraph (2) or Article 113, paragraph (2); hereinafter the same applies),an issuer of securities listed on a financial instruments exchange, or the person that a financial instruments exchange has entrusted with it business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this Article), to submit reports or materials that should serve as a reference with regard to the business or assets of the financial instruments exchange or its subsidiary company, or the relevant commodity trading participant (in the case of the commodity trading participant, limited to the business related to its commodity-related market derivatives transactions) or may have their officials inspect the state of the business (in the case of the relevant commodity trading participant, limited to the business related to its commodity-related market derivatives transactions) or assets, or the books, documents, and any other articles, of a financial instruments exchange, its subsidiary company, the relevant commodity trading participant or the person that a financial instruments exchange has entrusted with its business (for a person that has been entrusted by the subsidiary company or the financial instruments exchange with business, limited to an inspection necessary for the business or property of the financial instruments exchange).

(Supervisory Dispositions for Financial Instruments Exchanges)
Article 152 (1) If a financial instruments exchange falls under a case specified in any of the following items and the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may issue a disposition provided for in each of those items:
(i) if it violates a law or regulation, a disposition by a government agency

which is based on a law or regulation, a condition attached to the authorization referred to in the proviso to Article 87-2, paragraph (1) or in the proviso to Article 87-3, paragraph (1), or the articles of incorporation or any other rules; or, even though a ember, etc. or an issuer of securities listed by a financial instruments exchange has violated a law or regulation, a disposition by a government agency which is based on a law or regulation, or the financial instruments exchange's articles of incorporation, operational rules, brokerage contract rules, or any other rules (hereinafter referred to as "laws and regulations, etc." in this item), or has engaged in an act that is contrary to the principle of good faith in transactions as specified in the articles of incorporation or any other rules, the financial instruments exchange fails to exercise the powers accorded it under this Act, an order based on this Act, or its articles of incorporation or any other rules, or to take any other necessary measures to cause the person to observe the laws and regulations, etc. or the principle of good faith in transactions: rescinding the license referred to in Article 80, paragraph (1), ordering the suspension of all or part of the business during a fixed period of no longer than one year, ordering a change in its business activities, issuing an order prohibiting performance of part of its business, ordering the dismissal of its officers, or ordering the financial instruments exchange to take the necessary measures specified in the articles of incorporation or any other rules;

(ii) if the conduct of the financial instruments exchange, or the status of purchase and sales of securities or market derivatives transactions on a financial instruments exchange market operated by the financial instruments exchange, is found to be harmful to the public interest or to the protection of investors: ordering the suspension of all or a part of purchase and sales of securities or market derivatives transactions on the financial instruments exchange market during a fixed period of no longer than 10 days, or, subject to a cabinet decision, ordering the suspension of all or a part of its business during a fixed period of no longer than three months;

(iii) if the business it conducts after obtaining authorization pursuant to the proviso to Article 87-2, paragraph (1) is found likely to impair confidence in the public nature of the business of a financial instruments exchange or likely to impair the sound and appropriate operation in the business of operating, etc. a financial instruments market (meaning the operation of a financial instruments exchange market and business incidental thereto; the same applies in the following item), or the financial instruments exchange violates the conditions attached to the authorization referred to in the proviso to that paragraph: rescinding the authorization referred to in the proviso to that paragraph; or

(iv) if the act of its subsidiary company that has obtained the authorization

pursuant to the proviso to Article 87-3, paragraph (1) is found likely to impair confidence in the public nature of the business of the financial instruments exchange or likely to impair the sound and appropriate operation in the financial instruments exchange's business of operating, etc. a financial instruments market, or the subsidiary company violates the conditions attached to the authorization referred to in the proviso to that paragraph: rescinding the authorization referred to in the proviso to that paragraph.

(2) Irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to order the suspension of all or part of the business, to order a change in the business, to issue an order prohibiting performance of part of the business, or to issue an order to take any necessary measures that are specified in the articles of incorporation or any other rules pursuant to item (i) of the preceding paragraph, the Prime Minister must conduct a hearing.

(3) No request for review may be filed against a disposition under the provisions of paragraph (1), item (ii) of this Article.

(Business Improvement Orders)

Article 153 If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors as concerns a financial instruments exchange's articles of incorporation, operational rules, brokerage contract rules, other rules, or it trade practices, or as concerns its business operations or the state of its assets, the Prime Minister may, to the extent necessary, order the financial instruments exchange to change its articles of incorporation, operational rules, brokerage contract rules, other rules, or its trade practices, or to take other measures that are necessary from a supervisory perspective. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(Rescission of Authorization)

Article 153-2 If self-regulatory services entrusted under Article 85, paragraph (1) authorization fall under any of the following items, the Prime Minister may rescind the entrusting financial instruments exchange's Article 85, paragraph (1) authorization, order it to change the method of entrustment, prohibit part or all of that entrustment, or order it to take measures that are necessary from a supervisory perspective:

(i) the entrustment agreement is found to be insufficient for ensuring appropriate implementation of self-regulatory services by the entrusted self-regulatory organization; or

(ii) the self-regulatory services by the entrusted self-regulatory organization are otherwise found to be inappropriate in terms of the status of performance of the self-regulatory services.

(Changes to an Entrustment Agreement)

Article 153-3 If a particular set forth in Article 85-2, paragraph (1), item (iii) changes, the financial instruments exchange that has obtained the authorization referred to in Article 85, paragraph (1) must notify the Prime Minister of this without delay. The same applies if the content of the entrustment agreement with the entrusted self-regulatory organization changes.

(Application of Supervisory Provisions to Self-Regulatory Organizations)

Article 153-4 The provisions of Articles 148; 149; 150, paragraph (1); and Articles 151 through 153 apply mutatis mutandis to the supervision of a self-regulatory organization that provides self-regulatory services for a financial instruments exchange with which it is entrusted by the financial instruments exchange based on the authorization referred to in Article 85, paragraph (1). In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Supervisory Disposition Rendered to a Commodity Trading Participant)

Article 153-5 When a commodity trading participant violates this Act or an order given under this Act, the Prime Minister may order a financial instruments exchange to rescind the qualification for trading of the relevant commodity trading participant or suspend or restrict commodity-related market derivatives transactions of the relevant commodity trading participant, specifying a period not exceeding six months. In such a case, a hearing must be held irrespective of the category of procedures for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act.

Section 6 Miscellaneous Provisions

(Notice of the Commencement of Bankruptcy Proceedings)

Article 154 If an order to commence bankruptcy proceedings or an order to terminate bankruptcy proceedings is issued with regard to a financial instruments exchange, or if the rescission of an order to commence bankruptcy proceedings, or an order to discontinue bankruptcy proceedings, becomes final and binding with regard to a financial instruments exchange, the court clerk must notify the Prime Minister of this.

(Delegation to Cabinet Office Order)

Article 154-2 The procedures for implementing the provisions of Article 80 through the preceding Article and other necessary particulars for the implementation are specified by Cabinet Office Order.

Chapter V-2 Foreign Financial Instruments Exchanges

Section 1 General Provisions

(Authorization)

Article 155 (1) Notwithstanding the provisions of Article 29 and Article 80, paragraph (1), with the authorization of the Prime Minster, the operator of a foreign financial instruments market may allow the persons set forth in the following items to effect purchase and sales of securities and foreign market derivatives transactions on the foreign financial instruments market (with regard to the person set forth in item (ii), this is limited to transactions involving the services of a registered financial institution) through a connection between its electronic data processing system and the input and output devices used by those persons (hereinafter referred to as the "input and output devices connected to a foreign financial instruments exchange"):

(i) a financial instruments business operator; and

(ii) a registered financial institution.

(2) The provisions of Article 30-2 apply mutatis mutandis to the authorization referred to the preceding paragraph.

(Application for Authorization)

Article 155-2 (1) A person seeking the authorization referred to in paragraph (1) of the preceding Article must designate a domestic representative and submit a written application for authorization to the Prime Minister, in which it states the following particulars:

(i) its trade name or name;

(ii) the location of its head office or principle office;

(iii) the location of its office in Japan, if any;

(iv) the titles and names of its officers;

(v) the name and domestic address of its domestic representative;

(vi) the types and names of the foreign financial instruments markets in which the participants in the foreign financial instruments exchange (meaning the persons that make the purchase and sales of securities and foreign market derivatives transactions on the foreign financial instruments market, using input and output devices connected to the foreign financial instruments exchange (hereinafter the transaction is referred to as a "foreign market transaction"); the same applies hereinafter) conduct foreign market

transactions;

(vii) the trade names or names of participants in the foreign financial instruments exchange; and

(viii) other particulars specified by Cabinet Office Order.

(2) The following documents must accompany the written application for authorization referred to in the preceding paragraph:

(i) the articles of incorporation, as well as the operational rules and brokerage contract rules for foreign market transactions (including anything equivalent to these; hereinafter referred to as the "operational regulations" in this Chapter);

(ii) documents stating the things specified by Cabinet Office Order as constituting the business outline and business methods concerning foreign market transactions; and

(iii) other documents specified by Cabinet Office Order.

(Examination Criteria for Authorization)

Article 155-3 (1) When an application for authorization under paragraph (1) of the preceding Article is filed, the Prime Minister must examine whether the application conforms to the following criteria:

(i) the applicant for authorization has obtained the same kind of license as that referred to in Article 80, paragraph (1) or has obtained permission or any other administrative disposition similar to the license in the state where its head office or principle office is located;

(ii) the applicant for authorization is able to take the necessary measures to cause a participant in the foreign financial instruments exchange which has violated a law or regulation, a disposition by a government agency which is based on a law or regulation (hereinafter referred to as "laws and regulations, etc." in this item and Article 155-10), or the operational regulations, observe the laws and regulations, etc. or operational regulations; and

(iii) the operational regulations of the applicant for authorization are sufficient for ensuring that the foreign market transactions that the participants in the foreign financial instruments exchange conduct are fair and smooth, and for protecting investors.

(2) If, as a result of having conducted an examination pursuant to the provisions of the preceding paragraph, the Prime Minister finds that an application conforms to the criteria in that paragraph, the Prime Minister must grant the authorization, except in a case that falls under any of the following items:

(i) the applicant for authorization is a person for whom the period specified by Cabinet Order after the establishment of the foreign financial instruments market for having participants in the foreign financial instruments exchange

conduct foreign market transactions has not passed (unless this falls under a case specified by Cabinet Order);

(ii) the applicant for authorization is a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto or for violating the provisions of a foreign law or regulation that is equivalent to one of these Acts, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(iii) the applicant for authorization is a person that has had the authorization referred to in Article 155, paragraph (1) rescinded pursuant to the provisions of Article 155-6 or Article 155-10, paragraph (1); a person that has had the license referred to in Article 156-20-2 rescinded pursuant to the provisions of Article 156-20-14, paragraph (1) or (2); has had the registration referred to in Article 29 or Article 33-2 rescinded pursuant to the provisions of Article 52, paragraph (1) or (4), Article 52-2, paragraph (1) or (3), Article 53, paragraph (3), Article 54, or Article 57-6, paragraph (3); a person that has had the permission referred to in Article 60, paragraph (1) rescinded pursuant to the provisions of Article 60-8, paragraph (1) or Article 60-9, paragraph (1); has had the permission granted under Article 60-14, paragraph (1) rescinded under the provisions of Article 60-8, paragraph (1) or Article 60-9, paragraph (1) as applied mutatis mutandis pursuant to Article 60-14, paragraph (2); a person that has had the registration referred to in Article 66 rescinded pursuant to the provisions of Article 66-20, paragraph (1); a person that has had the registration referred to in Article 66-27 rescinded pursuant to the provisions of Article 66-42, paragraph (1) or (3); or a person that has had the registration referred to in Article 66-50 rescinded pursuant to the provisions of Article 66-63, paragraph (1) or (3) or Article 66-64; a person that has had the registration referred to in Article 66-71 rescinded pursuant to the provisions of Article 66-85, paragraph (1) or (3); or a person that has had the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations; the same applies in this item) rescinded pursuant to the provisions of Article 38, paragraph (1) (excluding items (ii), (iii), and (v)) or paragraph (4) of that Act; or is a person that had a registration or license of the same kind as the registration referred to in Article 29, Article 66, Article 66-27, Article 66-50, or Article 66-7171 or the license referred to in Article 80, paragraph (1), Article 156-2, or Article 156-24, paragraph (1) or the registration referred to in Article 12 of that Act obtained in the state where

its head office or principle office is located (including permission or any other administrative disposition similar to such a registration or license) rescinded; for whom five years have not passed since the date of the rescission;

(iv) the applicant for authorization has a person falling under any of the following persons as an officer or domestic representative;

(a) a person specified by Cabinet Office Order as being unable to properly perform business due to a mental or physical disorder; or

(b) a person falling under any of Article 82, paragraph (2), item (iii), (a), (b), or (e);

(v) the authority responsible for the enforcement of the foreign laws or regulations that are equivalent to this Act in the country where the head office or principal office of the applicant for authorization is located has not given the assurance prescribed in Article 189, paragraph (2), item (i) or anything else that is found to be equivalent to the assurance; and

(vi) the written application for authorization, or a document that is required to be attached to it contains a false statement regarding a material particular.

(Refusal of Authorization)

Article 155-4 (1) If an application for authorization under the provisions of Article 155-2, paragraph (1) is filed and the Prime Minister finds it inappropriate to grant that authorization, the Prime Minister must notify the applicant for authorization and have the relevant officials conduct a hearing.

(2) Upon deciding to grant or not to grant the authorization under the provisions of Article 155, paragraph (1), the Prime Minister must notify the applicant for authorization of this in writing without delay.

(Submission of Business Reports)

Article 155-5 Pursuant to the provisions of Cabinet Office Order, a foreign financial instruments exchange must prepare a business report on the foreign market transactions conducted during the period from April of each year to March of the subsequent year and submit the business report to the Prime Minister within three months after the end of that period.

Section 2 Supervision

(Rescission of Authorization)

Article 155-6 If a foreign financial instruments exchange is discovered to have fallen under any of the items of Article 155-3, paragraph (2) at the time of it obtained the authorization referred to in Article 155, paragraph (1), the Prime Minister may rescind the authorization.

(Notification of Changes)

Article 155-7 If any particular set forth in the items of Article 155-2, paragraph (1) changes; if the business outline or business methods that a foreign financial instruments exchange has stated in a document set forth in Article 155-2, paragraph (2), item (ii) changes; if there is a material change in operational regulations; or in a case specified by Cabinet Office Order, the foreign financial instruments exchange must notify the Prime Minister of this within two weeks from the day of the change.

(Lapse of Authorization)

Article 155-8 (1) If a foreign financial instruments exchange falls under any of the following items, the authorization under Article 155, paragraph (1) ceases to be effective:

(i) it comes to have no participants in the foreign financial instruments exchange that conducts foreign market transactions;

(ii) it closes all the foreign financial instruments markets where foreign market transactions are conducted; and

(iii) it is dissolved.

(2) If authorization ceases to be valid pursuant to the provisions of the preceding paragraph, the domestic representative or the former domestic representative of the foreign financial instruments exchange must notify the Prime Minister of that fact without delay.

(Collection of Reports and Inspections)

Article 155-9 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a foreign financial instruments exchange, foreign financial instruments exchange participant, or a person that the relevant foreign financial instruments exchange has entrusted with its business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment)), to submit reports or materials that should serve as a reference with regard to foreign market transactions, or may have the relevant officials inspect the state of the business, or documents and other articles, of the relevant foreign financial instruments exchange in connection to its foreign market transactions.

(Supervisory Dispositions for Foreign Financial Instruments Exchanges)

Article 155-10 (1) If a foreign financial instruments exchange falls under any of the cases in the following items and the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the

Prime Minister may rescind the foreign financial instruments exchange's Article 155, paragraph (1) authorization, order the suspension of all or a part of foreign market transactions during a fixed period of no longer than six months, order a change in the business linked to foreign market transactions, or issue an order prohibiting performance of part of the business linked to foreign market transactions:

(i) it becomes unable to satisfy the criteria set forth in the items of Article 155-3, paragraph (1);

(ii) it comes to fall under Article 155-3, paragraph (2), items (ii) through (v);

(iii) it violates the conditions attached to the authorization;

(iv) it violates laws and regulations, etc. or the operational regulations, or, even though a participant in the foreign financial instruments exchange acts in violation of laws and regulations, etc. or the operational regulations, the foreign financial instruments exchange fails to exercise the powers accorded to it or to take any other necessary measures to cause the participant in the foreign financial instruments exchange to observe the laws and regulations, etc. or the operational regulations; or

(v) the actions of the foreign financial instruments exchange or the status of foreign market transactions on the foreign financial instruments market it operates is found to be harmful for the public interest or to the protection of investors.

(2) If the domestic representative of a foreign financial instruments exchange (if a foreign financial instruments exchange has a domestic office, this includes any officer stationed there; hereinafter the same applies in this paragraph) violates the laws and regulations, etc., the Prime Minister may order the foreign financial instruments exchange to dismiss that domestic representative.

(3) Irrespective the category of procedures for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to order the suspension of all or a part of foreign market transactions, order a change in the business linked to foreign market transactions, or issue an order prohibiting performance of part of the business linked to foreign market transactions pursuant to the provisions of paragraph (1), the Prime Minister must conduct a hearing.

Section 3 Miscellaneous Provisions

Article 156 The procedures for implementing the provisions of Article 155 through the preceding Article and other necessary particulars for the implementation are specified by Cabinet Office Order.

Chapter V-3 Financial Instruments Clearing Organizations
Section 1 Financial Instruments Clearing Organizations

(License)

Article 156-2 A person not licensed by the Prime Minister must not perform financial instruments obligation assumption services.

(License Application)

Article 156-3 (1) A person seeking to obtain the license referred to in the preceding Article must submit a written license application to the Prime Minister, in which it states the following particulars:

(i) its trade name;

(ii) the amount of stated capital;

(iii) the names and locations of its head office and other business offices;

(iv) the names of the directors and company auditors (or of the directors, if it is a company with supervisory committee; or of the directors and executive officers, if it is a company with nominating committee, etc.);

(v) the names of its accounting advisors, if it is a company with accounting advisors; and

(vi) if it conducts business other than financial instruments obligation assumption services, the business referred to in Article 156-6, paragraph (1) (hereinafter referred to as "financial instruments obligation assumption services, etc."), or business incidental to either of these, an outline of that business.

(2) The following documents must accompany the written license application referred to in the preceding paragraph:

(i) a document pledging that the applicant does not fall under the purview of the requirements set forth in paragraph (2), items (ii) through (iv) of the following Article;

(ii) the articles of incorporation;

(iii) the company's certificate of registered information;

(iv) the business rules;

(v) the balance sheet and profit and loss statement;

(vi) documents stating the expected income and expenditures;

(vii) a document outlining the method of securing the collateral needed to settle outstanding obligations (meaning outstanding obligations as prescribed in Article 156-11-2, paragraph (1); hereinafter the same applies in paragraph (1), item (iv) of the following Article) and other arrangements for settling them, and outlining the facilities, staff, and other systems for performing such settlement operations; and

(viii) beyond what is set forth in the preceding items, documents specified by

Cabinet Office Order.

(3) In the case referred to in the preceding paragraph, if the articles of incorporation or a balance sheet has been prepared as an electronic or magnetic record or an electronic or magnetic record has been prepared for a profit and loss statement in lieu of a written document, such electronic or magnetic record (limited to one specified by Cabinet Office Order) may accompany the written license application in lieu of written documents.

(Licensing Examination Criteria)

Article 156-4 (1) When a license application under the provisions of paragraph (1) of the preceding Article is filed, the Prime Minister must examine whether the application conforms to the following criteria:

(i) the provisions of the articles of incorporation and business rules conform to laws and regulations and are sufficient to allow financial instruments obligation assumption services to be performed properly and reliably;

(ii) the applicant has a sufficient financial basis to soundly perform financial instruments obligation assumption services, and has good prospects in terms of expected income and expenditures in connection with financial instruments obligation assumption services;

(iii) in light of its personnel structure, the applicant has sufficient knowledge and experience to perform financial instruments obligation assumption services properly and reliably, and has sufficient social credibility;

(iv) the applicant has an adequately developed structure and system for properly securing collateral to allocate for settling outstanding obligations, for managing highly reliable facilities in order to facilitate such settlement, and for otherwise executing such settlement properly and reliably.

(2) If, as a result of having conducted an examination pursuant to the provisions of the preceding paragraph, the Prime Minister finds that an application conforms to the criteria in that paragraph, the Prime Minister must grant the license, except in a case that falls under any of the following items:

(i) the license applicant is not a stock company (meaning a stock company that has the following organs):

(a) a board of directors; or

(b) company auditors, a supervisory committee, or a nominating committee, etc.;

(ii) the license applicant is a company that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto or for violating the provisions of a foreign law or regulation that is equivalent to one of these Acts, and five years have not passed since the day on which the

company finished serving the sentence or ceased to be subject to its enforcement;

(iii) the license applicant is a company that has had its license rescinded pursuant to the provisions of Article 148, Article 152, paragraph (1), Article 156-17, paragraph (1) or (2), Article 148 as applied mutatis mutandis pursuant to Article 156-26, or Article 156-32, paragraph (1); a company that has had its registration rescinded pursuant to the provisions of Article 52, paragraph (1), Article 53, paragraph (3), Article 57-6, paragraph (3), Article 66-20, paragraph (1), Article 66-42, paragraph (1), Article 66-63, paragraph (1), or Article 66-8585, paragraph (1); a company that has had its authorization rescinded pursuant to the provisions of Article 106-7, paragraph (1), Article 106-21, paragraph (1), Article 106-28, paragraph (1), or Article 156-5-9, paragraph (1); or a company that has had its registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations) rescinded pursuant to the provisions of Article 38, paragraph (1) of that Act (excluding items (ii), (iii), and (v)); or is a company that had a license or registration of the same kind obtained in a foreign country rescinded pursuant to the provisions of a foreign law or regulation that is equivalent to this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (including permission or any other administrative disposition similar to such a license or registration); for which five years have not passed since the date of the rescission;

(iv) the license applicant is a company that has a person falling under any of Article 82, paragraph (2), item (iii), (a) through (f) as a director, accounting advisor, company auditor, or executive officer; or

(v) the written license application, or a document or electronic or magnetic record that is required to be attached to it contains a false statement or false record regarding a material particular.

(Refusal to Grant a License)

Article 156-5 (1) If a license application under the provisions of Article 156-3, paragraph (1) is filed and the Prime Minister finds it inappropriate to grant that license, the Prime Minister must notify the license applicant and have the relevant officials conduct a hearing.

(2) Upon deciding to grant or not to grant the license referred to in Article 156-2, the Prime Minister must notify the license applicant of this in writing without delay.

(Amount of Stated Capital)

Article 156-5-2 The stated capital of a financial instruments clearing organization (other than a financial instruments clearing organization that is a financial instruments exchange; hereinafter the same applies in the following Article; Article 156-5-5, paragraphs (1) through (5); Article 156-5-6, paragraph (1); Article 156-5-8; Article 156-5-9, paragraphs (1) and (2); Article 156-5-10, paragraph (2); Article 156-6, paragraphs (2) and (3); Article 156-12-2 to Article 156-14; and Article 156-17, paragraph (1)) must be at least the amount specified by Cabinet Order.

(Submission of a Statement of Holding Subject Voting Rights)

Article 156-5-3 (1) A person that becomes the holder of voting rights (including voting rights in respect of 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 and Shares, excluding voting rights that are specified by Cabinet Office Order in consideration of the manner in which they are acquired or held and other circumstances; hereinafter referred to as "subject voting rights" in this Section) exceeding five percent of all shareholders' voting rights in a financial instruments clearing organization, must submit a statement of holdings in subject voting rights to the Prime Minister, pursuant to the provisions of Cabinet Office Order and without delay, in which the person states the ratio arrived at by dividing the number of subject voting rights held by the number that represents all shareholders' voting rights in the financial instruments clearing organization, and states the purpose of the holdings and the particulars of the subject voting rights that are otherwise specified by Cabinet Office Order.

(2) In applying the provisions of the preceding paragraph to the case set forth in any of the following items, the relevant person is deemed to hold the subject voting rights specified in each item:

(i) if a person has the authority to exercise subject voting rights in a financial instruments clearing organization or the authority to give instructions on the exercise of such voting rights based on the provisions of a money trust contract or other contract or based on the provisions of law: the subject voting rights in question; and

(ii) a person that is related to the relevant person through a shareholding relationship, familial relationship, or other special relationship specified by Cabinet Order, holds subject voting rights in a financial instruments clearing organization: the subject voting rights held by the person with the special relationship to the person in question.

(Collection of Reports and Inspection of a Person Submitting a Statement of Holdings in Subject Voting Rights)

Article 156-5-4 If the Prime Minister suspects that a statement of holdings in subject voting rights referred to in paragraph (1) of the preceding Article contains a false statement or lacks a statement of a particular that is required to be stated, the Prime Minister may order the person submitting that statement of holdings in subject voting rights to report or submit materials that should serve as a reference, or may have relevant officials inspect the documents and other articles of that person (limited to necessary inspection of what is stated in the statement of holdings in subject voting rights).

(Authorization as a Major Shareholder)

Article 156-5-5 (1) A person seeking to acquire or hold a number of subject voting rights that constitutes 20 percent or more (or 15 percent or more, if a fact has occurred that is specified by Cabinet Office Order as a thing that is presumed to have a material influence on decisions about financial and operational policies; hereinafter referred to as the "threshold holding ratio" in this Section) of all shareholders' voting rights in a financial instruments clearing organization or a person seeking to incorporate as a company or other corporation with the intention 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 in a financial instruments clearing organization, must obtain the authorization of the Prime Minister before doing so.

(2) If the number of subject voting rights that the person holds does not increase or in any other case specified by Cabinet Office Order, the provisions of the preceding paragraph do not apply to a person that is to acquire or hold a number of subject voting rights in a financial instruments clearing organization which is equal to or greater than the threshold holding ratio of all shareholders' voting rights.

(3) In the case referred to in the preceding paragraph, the person that has come to acquire or hold a number of subject voting rights in a financial instruments clearing organization which is equal to or greater than the threshold holding ratio of all shareholders' voting rights (hereinafter referred to as a "specified holder" in this Article) must notify the Prime Minister without delay that it has become a specified holder and of any other matters specified by Cabinet Office Order.

(4) In the case referred to in paragraph (2), a specified holder must take the necessary measures to become the holder of a number of subject voting rights in a financial instruments clearing organization which is less than the threshold holding ratio within three months from the day on which the person becomes a specified holder; provided, however, that this does not apply if the

specified holder obtains the authorization of the Prime Minister.

(5) When a specified holder becomes the holder of a number of subject voting rights in a financial instruments clearing organization which is less than the threshold holding ratio, the holder must notify the Prime Minister of this without delay.

(6) The provisions of Article 30-2 apply mutatis mutandis to the authorization referred to in paragraph (1) and in the proviso to paragraph (4).

(Criteria for Authorization as a Major Shareholder)

Article 156-5-6 (1) When an application is filed for the authorization referred to in paragraph (1) of the preceding Article or in the proviso to paragraph (4) of that Article, the Prime Minister must examine whether the application conforms to the following criteria:

(i) the applicant for authorization's exercise of the subject voting rights is not likely to impair the sound and appropriate operation of the business of the financial instruments clearing organization;

(ii) the applicant for authorization has a sufficient understanding of the public nature of the business of a financial instruments clearing organization; and

(iii) the applicant for authorization has sufficient social credibility.

(2) The provisions of Article 156-4, paragraph (2) (excluding item (i)) apply mutatis mutandis to the authorization referred to in paragraph (1) and in the proviso to paragraph (4) of the preceding Article. In this case, in Article 156-4, paragraph (2), the phrase "the preceding paragraph" is deemed to be replaced with "Article 156-5-6, paragraph (1)", the phrase "Article 156-17, paragraph (1) or (2)" is deemed to be replaced with "Article 156-17, paragraph (1) or (2); Article 156-20-14, paragraph (1) or (2)", the phrase "Article 106-28, paragraph (1)" is deemed to be replaced with "Article 106-28, paragraph (1); Article 155-6; Article 155-10, paragraph (1)"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Hearing When Authorization Is Not Granted)

Article 156-5-7 (1) If an application is filed for the authorization referred to in the provisions of Article 156-5-5, paragraph (1) or in the proviso to paragraph (4) of that Article and the Prime Minister finds it inappropriate to grant that authorization, the Prime Minister must notify the applicant for authorization and have the relevant official conduct a hearing.

(2) Upon deciding to grant or not to grant the authorization under the provisions of Article 156-5-5, paragraph (1) or the proviso to paragraph (4) of that Article, the Prime Minister must notify the applicant for authorization of the in writing without delay.

(Collection of Reports and Inspection of Major Shareholders)

Article 156-5-8 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order the major shareholder of a financial instruments clearing organization (meaning a person that holds a number of subject voting rights that is equal to or greater than the threshold holding ratio, in a financial instruments clearing organization that has been incorporated after obtaining Article 156-5-5, paragraph (1) authorization or that has obtained the authorization referred to in that paragraph or in the proviso to paragraph (4) of that Article; hereinafter the same applies in this Section) to report or submit materials that should serve as a reference in connection with the business or assets of the financial instruments clearing organization, and may have the relevant officials inspect the documents and other articles of such a major shareholder (but only as is necessary in connection with the business or assets of the financial instruments clearing organization).

(Supervisory Dispositions for Major Shareholders)

Article 156-5-9 (1) If the major shareholder of a financial instruments clearing organization violates a law or regulation, or if it is found that the conduct of a major shareholder is likely to impair the sound and appropriate operation of the business of the financial instruments clearing organization, the Prime Minister may rescind the major shareholder's Article 156-5-5, paragraph (1) authorization or the authorization referred to in the proviso to paragraph (4) of that Article, or order the major shareholder to take measures that are necessary from a supervisory perspective.

(2) A person that has the authorization referred to in Article 156-5-5, paragraph (1) or in the proviso to paragraph (4) of that Article rescinded pursuant to the provisions of the preceding paragraph must take the necessary measures to become the holder of a number of subject voting rights in a financial instruments clearing organization which is less than the threshold holding ratio, within three months from the day that the authorization is rescinded.

(3) Irrespective the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to order the necessary measures pursuant to the provisions of paragraph (1), the Prime Minister must conduct a hearing.

(Lapse of Authorization as a Major Shareholder)

Article 156-5-10 (1) If a person that has obtained Article 156-5-5, paragraph (1) authorization does not become the holder of a number of subject voting rights that is equal to or greater than the threshold holding ratio, or does not incorporate as a company or other corporation that holds a number of subject

voting rights that is equal to or greater than the threshold holding ratio within six months from the day on which that person obtains the authorization, that authorization ceases to be effective. In such a case, the person that obtained the authorization must notify the Prime Minister of this without delay.

(2) If the major shareholder of a financial instruments clearing organization has become the holder of a number of subject voting rights that is less than the threshold holding ratio, the authorization referred to in Article 156-5-5, paragraph (1) or in the proviso to paragraph (4) of that Article ceases to be effective. In such a case, the person that was formerly a major shareholder must notify the Prime Minister of this without delay.

(Application, Mutatis Mutandis of Provisions Regarding Subject Voting Rights)

Article 156-5-11 The provisions of Article 156-5-3, paragraph (2) apply mutatis mutandis if the provisions of Article 156-5-5, paragraphs (1) through (5); Article 156-5-6, paragraph (1); Article 156-5-8; Article 156-5-9, paragraph (2); and the preceding Article are applicable. In such a case, the term "hold" in Article 156-5-3, paragraph (2) is deemed to be replaced with "acquire or hold", and the term "has" in item (i) of that paragraph is deemed to be replaced with "has, or will have".

(Restriction on Business)

Article 156-6 (1) Pursuant to the provisions of its business rules, a financial instruments clearing organization may assume, novate, or bear in other ways the obligations of a person other than a business counterparty to financial instruments obligation assumption services (meaning a business counterparty to financial instruments obligation assumption services as defined in Article 2, paragraph (28); hereinafter the same applies in this paragraph) based on a subject transaction (meaning a subject transaction as defined in Article 2, paragraph (28); hereinafter the same applies in this Chapter) conducted by a person other than a business counterparty to financial instruments obligation assumption services, on a regular basis.

(2) A financial instruments clearing organization may not conduct business other than financial instruments obligation assumption services, etc. and business incidental to the services; provided, however, that this does not apply if the financial instruments clearing organization obtains the approval of the Prime Minister pursuant to the provisions of Cabinet Office Order, for business related to financial instruments obligation assumption services or commodity transaction debt assumption services, etc. (meaning commodity transaction debt assumption services, etc. as defined in Article 170, paragraph (2) of the Commodity Derivatives Transaction Act; the same applies hereinafter) and business incidental thereto which is found to carry no risk of compromising the

financial instruments clearing organization's proper and reliable performance of financial instruments obligation assumption services.

(3) If a financial instruments clearing organization discontinues the business for which it has obtained the approval referred to in the proviso to the preceding paragraph, it must notify the Prime Minister of this pursuant to the provisions of Cabinet Office Order.

(4) The Prime Minister may attach conditions to the approval referred to in the proviso to paragraph (2).

(5) The conditions referred to in the preceding paragraph must constitute the minimum level of conditions that are necessary for the public interest and the protection of investors.

(Business Rules)

Article 156-7 (1) A financial instruments clearing organization must conduct its business pursuant to the provisions of its business rules.

(2) The following matters must be specified in the business rules:

(i) that the business set forth in paragraph (1) of the preceding Article is conducted, if applicable;

(ii) the transactions giving rise to obligations that are subject to financial instruments obligation assumption services (or, if the business set forth in paragraph (1) of the preceding Article is conducted, financial instruments obligation assumption services, etc.; hereinafter the same applies in this paragraph, Article 156-10 and Article 156-11-2, paragraph (1));

(iii) the particulars of the requirements for becoming the counterparty to the financial instruments obligation assumption services (hereinafter referred to as a "clearing member");

(iv) the particulars of the taking over, novating, or other bearing of obligations that the clearing organization performs as financial instruments obligation assumption services, and the particulars of the performance of such obligations;

(v) the particulars involved in ensuring the performance of the obligations of a clearing member;

(vi) the particulars of brokerage for clearing of securities, etc.;

(vii) if collaborative financial instruments obligation assumption services (meaning collaborative financial instruments obligation assumption services as prescribed in Article 156-20-16, paragraph (1); hereinafter the same applies in this item) are performed, the particulars of the collaborative financial instruments obligation assumption services; and

(viii) other particulars specified by Cabinet Office Order.

(Duty of Confidentiality)

Article 156-8 (1) It is prohibited for the officer (if an officer is a corporation, the person that performs those duties) or employee of a financial instruments clearing organization, or for a person that has held any of these positions, to divulge or misappropriate any secret learned in connection with the business of that organization.

(2) It is prohibited for the officer (if an officer is a corporation, the person that performs those duties) or employee of a financial instruments clearing organization, or for a person that has held any of these positions, to utilize information learned in the course of duty for a purpose other than the business uses of the financial instruments clearing organization for which the information is provided.

(Prohibition on Unfair and Discriminatory Treatment)

Article 156-9 A financial instruments clearing organization must not subject any particular clearing member to unfair and discriminatory treatment.

(Measures to Ensure the Proper Conduct of Financial Instruments Obligation Assumption Services)

Article 156-10 A financial instruments clearing organization must take measures to ensure the proper performance of financial instruments obligation assumption services, such as specifying in its business rules that if a loss is incurred due to financial instruments obligation assumption services, a clearing member bears all of that loss.

(Clearing Deposits)

Article 156-11 If a financial instruments clearing organization makes provisions in its business rules for a clearing deposit (meaning money or other property (limited to that which is specified by Cabinet Office Order) deposited with a financial instruments clearing organization by a clearing member as collateral against the performance of obligations; hereinafter the same applies in this Article), and a clearing member causes damage to the financial instruments clearing organization by defaulting on an obligation, the financial instruments clearing organization that incurs the damage has the right to receive payment from the clearing deposit that has been deposited by the clearing member that caused the damage, in preference over other creditors

(Procedures at the Commencement of Special Liquidation Proceedings)

Article 156-11-2 (1) If a financial instruments clearing organization makes provisions in its business rules for the method of netting off outstanding obligations (meaning obligations which have arisen from subject transactions, etc. (meaning subject transactions, transactions on a commodity market

(meaning transactions on a commodity market as defined in Article 2, paragraph (10) of the Commodity Derivatives Transaction Act), or over-the-counter commodity derivatives transactions (meaning over-the-counter commodity derivatives transactions as defined in paragraph (14) of that Article); hereinafter the same applies in this Article) that a clearing member has conducted, and which the clearing organization has assumed from the other parties to the subject transactions, etc. or has novated or has borne in other ways as financial instruments obligation assumption services or commodity transaction debt assumption services, etc., claims (limited to claims with the same content as those obligations) that the clearing organization has acquired against the clearing member as the consideration for the obligations which have arisen out of the subject transactions, etc. and which the clearing organization has borne for that clearing member, and collateral; hereinafter the same applies in this paragraph), the method of allocating collateral to cover outstanding obligations, or other means of settling outstanding obligations, and when special liquidation proceedings, bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings commence for a clearing member, the calculation of the amount of the claim that the financial instruments clearing organization or the clearing member has in terms of outstanding obligations and other means of settlement in relation to those proceedings, are to be in accordance with the provisions of the business rules.

(2) In bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings, the claims provided for in the preceding paragraph which a financial instruments clearing organization has are bankruptcy claims, rehabilitation claims, or reorganization claims, and the claims provided for in that paragraph which a clearing member has are the property that is part of the bankruptcy estate, rehabilitation debtor's assets, the property of the corporation in need of reorganization, or the property of the cooperative financial institution in need of reorganization.

(Authorization to Change the Articles of Incorporation or Business Rules)

Article 156-12 A financial instruments clearing organization must obtain the authorization of the Prime Minister if it seeks to change its articles of incorporation or business rules.

(Public Inspection of the Total Number of Issued Shares)

Article 156-12-2 A financial instruments clearing organization must make its total number of issued shares, the number that represents all shareholders' voting rights and other matters specified by Cabinet Office Order available for public inspection, pursuant to the provisions of Cabinet Office Order.

(Authorization to Reduce Capital)

Article 156-12-3 (1) A financial instruments clearing organization must obtain the authorization of the Prime Minister if it seeks to reduce its stated capital.

(2) A financial instruments clearing organization must notify the Prime Minister pursuant to the provisions of Cabinet Office Order if it seeks to increase its stated capital.

(Notification of a Change of Business Offices)

Article 156-13 If a particular set forth in Article 156-3, paragraph (1), items (iii) through (v) changes, the financial instruments clearing organization must notify the Prime Minister of this, pursuant to the provisions of Cabinet Office Order, supplying a document specified in paragraph (2), item (i) or (iii) of that Article.

(Grounds for Disqualification of Officers)

Article 156-14 (1) A person falling under any of the following items may not become the director, accounting advisor, company auditor, or executive officer of a financial instruments clearing organization.

(i) a person specified by Cabinet Office Order as being unable to properly perform their duties due to a mental or physical disorder; or

(ii) a person falling under any of Article 82, paragraph (2), item (iii), (a) through (f).

(2) The director, accounting advisor, company auditor, or executive officer of a financial instruments clearing organization loses that position upon coming to fall under the person provided for in the preceding paragraph.

(3) If the director, accounting advisor, company auditor, or executive officer of a financial instruments clearing organization is discovered to have become a director, accounting advisor, company auditor, or executive officer by wrongful means or if the director, accounting advisor, company auditor, or executive officer of a financial instruments clearing organization violates a law or regulation or a disposition by a government agency which is based on a law or regulation, the Prime Minister may order the financial instruments clearing organization to dismiss that director, accounting advisor, company auditor, or executive officer.

(4) The provisions of the proviso to Article 331, paragraph (2) of the Companies Act (including as applied mutatis mutandis pursuant to Article 335, paragraph (1) of that Act) and of Article 332, paragraph (2) (including as applied mutatis mutandis pursuant to Article 334, paragraph (1) of that Act); Article 336, paragraph (2); and the proviso to Article 402, paragraph (5) of that Act do not apply to financial instruments clearing organizations.

(Collection of Reports and Inspections)

Article 156-15 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a financial instruments clearing organization, its clearing member, or the person that a financial instruments clearing organization has entrusted with its business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this Article), to report or submit materials that should serve as a reference with regard to the business or assets of the financial instruments clearing organization, and may have the relevant officials inspect the state of the business or assets, or the books, documents, and any other articles, of a financial instruments clearing organization or the person that a financial instruments clearing organization has entrusted with its business (but may only have the relevant officials inspect the person that a financial instruments clearing organization has entrusted with its business as is necessary in connection with the business or assets of the financial instruments clearing organization).

(Business Improvement Orders)

Article 156-16 If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors as concerns a financial instruments clearing organization's business operations or the state of its assets, the Prime Minister may, to the extent necessary, order the financial instruments clearing organization to change its business outline or its business methods, or otherwise take measures that are necessary for improving its business operations or the state of its assets.

(Rescission of License)

Article 156-17 (1) If a financial instruments clearing organization is discovered to have fallen under any of the categories in the items of Article 156-4, paragraph (2) at the time it obtained its license, the Prime Minister may rescind the license.

(2) If a financial instruments clearing organization violates a law or regulation, a disposition by a government agency which is based on a law or regulation, or a condition attached to the approval referred to in the proviso to Article 156-6, paragraph (2) or in Article 156-19, paragraph (1), the Prime Minister may rescind the license referred to in Article 156-2 or the approval referred to in the proviso to Article 156-6, paragraph (2) or in Article 156-19, paragraph (1), order the suspension of all or part of its business during a fixed period of no longer than six months, or order the dismissal of its officers.

(Authorization for Dissolution)

Article 156-18 A resolution to discontinue the financial instruments obligation assumption services of a financial instruments clearing organization or a resolution to dissolve a financial instruments clearing organization does not become effective without the authorization of the Prime Minister.

(Financial Instruments Obligation Assumption Services by Financial Instruments Exchanges)

Article 156-19 (1) Notwithstanding the provisions of Article 87-2, paragraph (1) and Article 156-2, a financial instruments exchange may perform financial instruments obligation assumption services, etc. and business incidental thereto with the approval of the Prime Minister, pursuant to the provisions of Cabinet Office Order.

(2) Notwithstanding the provisions of Article 87-2, paragraph (1), a financial instruments exchange engaged in the operation of a commodity market may perform commodity transaction debt assumption services, etc. and business incidental thereto with the approval of the Prime Minister, pursuant to the provisions of Cabinet Office Order.

(3) If a financial instruments exchange engaged in the operation of a commodity market discontinues the business for which it has obtained the approval referred to in the preceding paragraph, it must notify the Prime Minister of this pursuant to the provisions of Cabinet Office Order.

(4) The provisions of Article 156-6, paragraphs (4) and (5) apply mutatis mutandis to the approval referred to in paragraph (1) or (2).

(Rescission of Approval for the Financial Instruments Obligation Assumption Services of a Financial Instruments Exchange)

Article 156-20 (1) If a financial instruments exchange that obtains the approval referred to in paragraph (1) of the preceding Article falls under any of the following items, the Prime Minister may rescind the approval:

(i) it obtains the approval referred to in paragraph (1) of the preceding Article by wrongful means;

(ii) the license referred to in Article 80, paragraph (1) has been rescinded; or

(iii) it falls under any of the items of Article 134, paragraph (1).

(2) If a financial instruments exchange engaged in the operation of a commodity market that has obtained the approval referred to in paragraph (2) of the preceding Article violates a law or regulation, a disposition by a government agency which is based on a law or regulation, or a condition attached to the approval referred to in that paragraph, the Prime Minister may rescind the approval referred to in that paragraph.

Section 2 Foreign Financial Instruments Clearing Organizations

(Licenses)

Article 156-20-2 Notwithstanding the provisions of the preceding Section, a corporation incorporated based on foreign laws and regulations which performs services of the same type as financial instruments obligation assumption services in a foreign country may conduct financial instruments obligation assumption services if licensed by the Prime Minister pursuant to the provisions of this Section.

(License Application)

Article 156-20-3 (1) A person seeking the license referred to in the preceding Article must designate a domestic representative and submit a written license application to the Prime Minister, in which it states the following particulars:

(i) its trade name or name;

(ii) the amount of stated capital or the total amount of contributions;

(iii) the location of its head office or principal office;

(iv) the location of its office in Japan, if any;

(v) the titles and names of its officers;

(vi) the name and domestic address of its domestic representative; and

(vii) if the person conducts business other than financial instruments obligation assumption services, etc. and business incidental to this, the outline of that business.

(2) The following documents must accompany the written license application referred to in the preceding paragraph:

(i) a document pledging that the applicant does not fall under the purview of the requirements set forth in paragraph (2), items (i) through (iv) of the following Article;

(ii) the articles of incorporation (including anything equivalent thereto; hereinafter the same applies in this Chapter);

(iii) the business rules;

(iv) the balance sheet and profit and loss statement;

(v) documents stating the expected income and expenditures;

(vi) a document outlining the method of securing the collateral needed to settle outstanding obligations (meaning outstanding obligations as prescribed in Article 156-20-9, paragraph (1); hereinafter the same applies in paragraph (1), item (v) of the following Article) and other arrangements for settling them, and outlining the facilities, personnel, and other systems for performing such settlement operations; and

(vii) beyond what is set forth in the preceding items, documents specified by Cabinet Office Order.

(3) In the case referred to in the preceding paragraph, if the articles of incorporation or a balance sheet has been prepared as an electronic or magnetic record or an electronic or magnetic record has been prepared for a profit and loss statement in lieu of a written document, such electronic or magnetic record (limited to one specified by Cabinet Office Order) may accompany the written license application in lieu of written documents.

(Licensing Examination Criteria)

Article 156-20-4 (1) When a license application under paragraph (1) of the preceding Article is filed, the Prime Minister must examine whether the application conforms to the following criteria:

(i) the license applicant has obtained the same kind of license as that referred to in Article 156-2 or permission or any other administrative disposition similar to such a license in the state where its head office or principal office is located;

(ii) the provisions of the articles of incorporation and business rules conform to laws and regulations and are sufficient to allow financial instruments obligation assumption services to be performed properly and reliably;

(iii) the applicant has a sufficient financial basis to soundly perform financial instruments obligation assumption services, and has good prospects in terms of expected income and expenditures in connection with financial instruments obligation assumption services;

(iv) in light of its personnel structure, the applicant has sufficient knowledge and experience to perform financial instruments obligation assumption service properly and reliably, and has sufficient social credibility; and

(v) the applicant has an adequately developed structure and system for properly securing collateral to allocate for settling outstanding obligations, for managing highly reliable facilities in order to facilitate such settlement, and for otherwise executing such settlement properly and reliably.

(2) If, as a result of having conducted an examination pursuant to the provisions of the preceding paragraph, the Prime Minister finds that an application conforms to the criteria in that paragraph, the Prime Minister must grant the license, except in a case that falls under any of the following items:

(i) the license applicant is a person for whom the period specified by Cabinet Order pass since it commenced the same kind of business as financial instruments obligation assumption services in a foreign country based on foreign laws and regulations (unless this falls under a case specified by Cabinet Order);

(ii) the license applicant is a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Act on the Provision of Financial

Services and the Development of the Accessible Environment Thereto or for violating the provisions of a foreign law or regulation that is equivalent to one of these Acts, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(iii) the license applicant is a person that has had its license rescinded pursuant to the provisions of Article 156-20-14, paragraph (1) or (2); a person that has had their registration rescinded pursuant to the provisions of Article 52, paragraph (1), Article 53, paragraph (3), Article 57-6, paragraph (3), Article 66-20, paragraph (1), Article 66-42, paragraph (1), Article 66-63 paragraph (1), or Article 66-8585, paragraph (1); a person that has had their permission rescinded pursuant to the provisions of Article 60-8, paragraph (1) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)); a person that has had their authorization rescinded pursuant to the provisions of Article 106-7, paragraph (1), Article 106-21, paragraph (1), Article 106-28, paragraph (1), Article 155-6, Article 155-10, paragraph (1), or Article 156-5-9, paragraph (1); a person that has had its registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations) rescinded pursuant to the provisions of Article 38, paragraph (1) of that Act (excluding items (ii), (iii), and (v)); or is a person that had a license or registration of the same kind obtained in a foreign country rescinded pursuant to the provisions of a foreign law or regulation that is equivalent to this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (including permission or any other administrative disposition similar to the license or registration); for whom five years have not passed since the date of the rescission;

(iv) the license applicant has a person falling under any of the provisions of Article 82, paragraph (2), item (iii), (a) through (f) as an officer or domestic representative;

(v) the authority responsible for the enforcement of the foreign law or regulation that is equivalent to this Act in the state where the head office or principal office of the license applicant is located has not given the assurance prescribed in Article 189, paragraph (2), item (i) or done anything else that is found to be equivalent to such assurance; or

(vi) the license application or a document or electronic or magnetic record that is required to be attached to it contains a false statement or false record regarding a material particular.

(Refusal to Grant a License)

Article 156-20-5 (1) If a license application under the provisions of Article 156-20-3, paragraph (1) is filed and the Prime Minister finds it inappropriate to grant that license, the Prime Minister must notify the license applicant and have the relevant officials conduct a hearing.

(2) Upon deciding to grant or not to grant the license referred to in Article 156-20-2, the Prime Minister must notify the license applicant of this in writing without delay.

(Business Rules)

Article 156-20-6 (1) A foreign financial instruments clearing organization must perform financial instruments obligation assumption services pursuant to the provisions of its business rules.

(2) The following matters must be specified in the business rules:

(i) the transactions giving rise to obligations that are subject to financial instruments obligation assumption services;

(ii) the particulars of the requirements for a clearing member;

(iii) the particulars of the taking over, novating, or other methods of assuming obligations that the clearing organization performs as financial instruments obligation assumption services, and the particulars of performance of such obligations;

(iv) the particulars involved in ensuring the performance of the obligations of a clearing member;

(v) the particulars of brokerage for clearing of securities, etc.; and

(vi) other matters specified by Cabinet Office Order.

(Duty of Confidentiality)

Article 156-20-7 (1) It is prohibited for the officer (or, if an officer is a corporation, the person that is to perform its duties) or employee of a foreign financial instruments clearing organization, or for a person that has held any of these positions, to divulge or misappropriate any secret learned in connection with financial instruments obligation assumption services.

(2) It is prohibited for the officer (or, if an officer is a corporation, the person that performs those duties) or employee of a foreign financial instruments clearing organization, or for a person that has held any of these positions, to utilize information learned in connection with the operation of financial instruments obligation assumption services, for a purpose other than the use in financial instruments obligation assumption services.

(Prohibition on Unfair and Discriminatory Treatment)

Article 156-20-8 A foreign financial instruments clearing organization must not

subject any particular clearing member to unfair and discriminatory treatment.

(Procedures at the Commencement of Special Liquidation Proceedings)

Article 156-20-9 (1) If a foreign financial instruments clearing organization establishes provisions in its business rules for the method of netting off outstanding obligations (meaning obligations which have arisen from the subject transactions that a clearing member has conducted, and which the clearing organization has taken over from the other parties to those subject transactions or has novated or in any other way borne as financial instruments obligation assumption services; claims (limited to claims with the same contents as those obligations) that the clearing organization has acquired against a clearing member as the consideration for the obligations which have arisen out of subject transactions and which the clearing organization has borne for the clearing member; and collateral; hereinafter the same applies in this paragraph), the method of allocating collateral to cover outstanding obligations, or other means of settling outstanding obligations, and special liquidation proceedings, bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings have been commenced for a clearing member, the calculation of the amount of the claim that the foreign financial instruments clearing organization or the clearing member has in terms of the outstanding obligations and other means of settlement in relation to these proceedings, are to be in accordance with the provisions of the business rules.

(2) In bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings, the claims provided for in the preceding paragraph which a foreign financial instruments clearing organization has are bankruptcy claims, rehabilitation claims, or reorganization claims, and the claims provided for in that paragraph which a clearing member has are the property that is part of the bankruptcy estate, rehabilitation debtor's assets, the property of the corporation in need of reorganization, or the property of the cooperative financial institution in need of reorganization.

(Authorization to Change the Articles of Incorporation or Business Rules)

Article 156-20-10 A foreign financial instruments clearing organization must obtain the authorization of the Prime Minister if it seeks to change its articles of incorporation (limited to the part related to financial instruments obligation assumption services) or business rules.

(Notification of a Change in the Amount of Stated Capital)

Article 156-20-11 If a particular set forth in Article 156-20-3, paragraph (1), items (ii) through (vii) changes, the foreign financial instruments clearing

organization must notify the Prime Minister of this, pursuant to the provisions of Cabinet Office Order, supplying the document set forth in paragraph (2), item (i) of that Article.

(Collection of Reports and Inspections)

Article 156-20-12 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a foreign financial instruments clearing organization, its clearing member, or the person that a foreign financial instruments clearing organization has entrusted with its business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this Article), to report or submit materials that should serve as a reference with regard to business or assets linked to the financial instruments obligation assumption services of the foreign financial instruments clearing organization, and may have the relevant officials inspect the state of the business or assets, or the books, documents, and any other articles, of a foreign financial instruments clearing organization or the person that a foreign financial instruments clearing organization has entrusted with its business (but may only have the relevant officials inspect the person that a foreign financial instruments clearing organization has entrusted with its business as is necessary in connection with the business or assets linked to the financial instruments obligation assumption services of the foreign financial instruments clearing organization).

(Business Improvement Orders)

Article 156-20-13 If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors as concerns a foreign financial instruments clearing organization's business operations or the state of its assets related to financial instruments obligation assumption services, the Prime Minister may, to the extent necessary, order the foreign financial instruments clearing organization to change the its business outline or its business methods, or otherwise take measures that are necessary for improving its business operations or the state of its assets.

(Rescission of Licenses)

Article 156-20-14 (1) If a foreign financial instruments clearing organization is discovered to have fallen under any of the categories in the items of Article 156-20-4, paragraph (2) at the time it was licensed, the Prime Minister may rescind the license.

(2) If a foreign financial instruments clearing organization violates a law or

regulation or a disposition by a government agency which is based on a law or regulation, the Prime Minister may rescind the license referred to in Article 156-20-2, order the suspension of all or part of its business during a fixed period of no longer than six months, or order the dismissal of its domestic representative (if a foreign financial instruments clearing organization has a domestic office, this includes any officer stationed there).

(Authorization to Discontinue Financial Instruments Obligation Assumption Services)

Article 156-20-15 A foreign financial instruments clearing organization must obtain the authorization of the Prime Minister if it seeks to discontinue financial instruments obligation assumption service.

Section 3 Interoperation between a Financial Instruments Clearing Organization and Other Financial Instruments Clearing Organizations

(Authorization When Interoperating with Other Financial Instruments Clearing Organizations)

Article 156-20-16 (1) With the authorization of the Prime Minister, a financial instruments clearing organization may conclude a contract for collaborating financial instruments obligation assumption services (meaning the performance, on a regular basis, of an act specified by Cabinet Office Order as the act of having a third party bear the obligations of a clearing member related to a subject transaction that is other than a transaction set forth in Article 156-62, item (i), and to personally bear the obligations of the other party to the subject transaction with that clearing member; the same applies hereinafter) with a collaborating clearing organization, etc. (meaning another financial instruments clearing organization, foreign financial instruments clearing organization, or corporation incorporated based on foreign laws and regulations that performs services of the same type as financial instruments obligation assumption services in a foreign country; the same applies hereinafter) and may perform collaborative financial instruments obligation assumption services.

(2) A financial instruments clearing organization must receive the authorization referred to in the preceding paragraph for each collaborating clearing organization, etc. with which it concludes a contract for collaborative financial instruments obligation assumption services.

(3) Notwithstanding the provisions of the preceding two Sections, the collaborating clearing organization, etc. (limited to those other than financial instruments clearing organization or foreign financial instruments clearing organization) that concluded a contract for collaborative financial instruments

obligation assumption services with a financial instruments clearing organization that has obtained the authorization under paragraph (1) (hereinafter referred to as "authorized financial instruments clearing organization" in this Section) may conduct a financial instruments obligation assumption service relating to the collaborative financial instruments obligation assumption services.

(4) The provisions of Article 30-2 apply mutatis mutandis to the authorization referred to in paragraph (1).

(Application for Authorization)

Article 156-20-17 (1) A financial instruments clearing organization seeking the authorization referred to in paragraph (1) of the preceding Article must submit a written application for authorization to the Prime Minister, in which it states the following particulars:

(i) its trade name;

(ii) the trade name or name of the collaborating clearing organization, etc.;

(iii) if the collaborating clearing organization, etc. is neither a financial instruments clearing organization nor a foreign financial instruments clearing organization, the following matters:

(a) the amount of stated capital or total amount of contributions of the collaborating clearing organization, etc.;

(b) the location of the head office or principal office of the collaborating clearing organization, etc.;

(c) if an office of the collaborating clearing organization, etc. is in Japan, its location; and

(d) the titles and names of the officers of the collaborating clearing organization, etc.;

(iv) the transactions giving rise to obligations that are subject to collaborative financial instruments obligation assumption services; and

(v) the particulars of the business method for collaborative financial instruments obligation assumption services.

(2) The following documents must accompany the written application for authorization referred to in the preceding paragraph:

(i) a copy of the contract for collaborative financial instruments obligation assumption services (hereinafter referred to as the "collaboration agreement");

(ii) a document stating the things specified by Cabinet Office Order as constituting the business outline and business methods for collaborative financial instruments obligation assumption services;

(iii) if the collaborating clearing organization, etc. is neither a financial instruments clearing organization nor a foreign financial instruments

clearing organization, the following matters:

(a) a document pledging that the collaborating clearing organization, etc. does not fall under the purview of the requirement set forth in paragraph (2), items (i) through (iv) of the following Article;

(b) the articles of incorporation and business rules of the collaborating clearing organization, etc. (including anything equivalent to these, and limited to those that are related to collaborative financial instruments obligation assumption services; hereinafter the same applies in this Section);

(c) a document stating the things specified by Cabinet Office Order as constituting the business outline and business methods of the collaborating clearing organization, etc. (limited to business related to collaborating financial instruments obligation assumption services);

(d) the balance sheet and profit and loss statement of the collaborating clearing organization, etc.; and

(e) documents stating the expected income and expenditures of the collaborating clearing organization, etc.;

(iv) a document outlining the method of securing the collateral needed to settle outstanding obligations (meaning outstanding obligations as prescribed in Article 156-20-19, paragraph (1); hereinafter the same applies in paragraph (1), item (v) of the following Article) and other arrangements for settling them, and outlining the facilities, staff, and other systems for performing such settlement operations; and

(v) beyond what is set forth in the preceding items, documents specified by Cabinet Office Order.

(3) In the case referred to in the preceding paragraph, if the articles of incorporation or balance sheet has been prepared as an electronic or magnetic record or an electronic or magnetic record has been prepared for a profit and loss statement in lieu of a written document, the electronic or magnetic record (limited to those specified by Cabinet Office Order) may accompany the written application for authorization in lieu of the written document.

(Examination Criteria for Authorization)

Article 156-20-18 (1) When an application for authorization under the provisions of paragraph (1) of the preceding Article is filed, the Prime Minister must examine whether the application conforms to the following criteria:

(i) the collaborating clearing organization, etc. (limited to one other than a financial instruments clearing organization or foreign financial instruments clearing organization; hereinafter the same applies in the following paragraph and the following Article) has obtained the same kind of license as that referred to in Article 156-2 or permission or any other administrative

disposition similar to such a license in the state where its head office or principal office is located;

(ii) the provisions of the articles of incorporation and business rules of the collaborating clearing organization, etc., as well as the provisions of the collaboration agreement, conform to laws and regulations; and the provisions of the articles of incorporation and business rules of the applicant for authorization and the collaborating clearing organization, etc., as well as the provisions of the collaboration agreement, are sufficient to allow collaborative financial instruments obligation assumption services and business of the collaborating clearing organization, etc. (limited to business related to collaborative financial instruments obligation assumption services) to be performed properly and reliably;

(iii) the applicant for authorization and the collaborating clearing organization, etc. have a sufficient financial basis to soundly perform collaborative financial instruments obligation assumption services and conduct the business of the collaborating clearing organization, etc. (limited to those related to collaborative financial instruments obligation assumption services) and have good prospects in terms of expected income and expenditures in connection with collaborative financial instruments obligation assumption services;

(iv) in light of their personnel structures, the applicant for authorization and the collaborating clearing organization, etc. have sufficient knowledge and experience to perform collaborative financial instruments obligation assumption services and to conduct the business of the collaborating clearing organization, etc. (limited to business related to collaborative financial instruments obligation assumption services) properly and reliably, and have sufficient social credibility;

(v) there is an adequately developed structure and system for properly securing collateral to allocate for settling outstanding obligations, for managing highly reliable facilities in order to facilitate such settlement, and for otherwise executing such settlement properly and reliably;

(vi) the articles of incorporation, business rules, or collaboration agreement stipulates that the applicant for authorization will reliably perform the obligations of the other party to a subject transaction by a clearing member that the applicant for authorization bears; and

(vii) it is unlikely that the applicant for authorization's engagement in collaborative financial instruments obligation assumption services will compromise its proper and reliable operation of financial instruments obligation assumption services.

(2) If, as a result of having conducted an examination pursuant to the provisions of the preceding paragraph, the Prime Minister finds that an application

conforms to the criteria in that paragraph, the Prime Minister must grant the authorization, except in a case that falls under any of the following items:

(i) the collaborating clearing organization, etc. is a person that has not yet had the period specified by Cabinet Order pass since it commenced the same kind of business as financial instruments obligation assumption services in a foreign country based on a foreign law or regulation (unless this falls under a case specified by Cabinet Order);

(ii) the collaborating clearing organization, etc. is a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto, or for violating the provisions of a foreign law or regulation that is equivalent to one of these Acts, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(iii) the collaborating clearing organization, etc. is a person that has had their license rescinded pursuant to the provisions of Article 156-20-14, paragraph (1) or (2); a person that has had their registration rescinded pursuant to the provisions of Article 52, paragraph (1), Article 53, paragraph (3), Article 57-6, paragraph (3), Article 66-20, paragraph (1), Article 66-42, paragraph (1), Article 66-63, paragraph (1), or Article 66-8585, paragraph (1); a person that has had their permission rescinded pursuant to the provisions of Article 60-8, paragraph (1) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)); a person that has had their authorization rescinded pursuant to the provisions of Article 106-7, paragraph (1), Article 106-21, paragraph (1), Article 106-28, paragraph (1), Article 155-6, Article 155-10, paragraph (1), or Article 156-5-9, paragraph (1); or a person that has had their registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations) rescinded pursuant to the provisions of Article 38, paragraph (1) of that Act (excluding items (ii), (iii), and (v)); or is a person that had a license or registration of the same kind obtained in a foreign country rescinded pursuant to the provisions of a foreign law or regulation that is equivalent to this Act or the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (including permission or any other administrative disposition similar to such a license or registration); for whom five years have not passed since the date of the rescission;

(iv) the collaborating clearing organization, etc. has a person falling under any of the provisions of Article 82, paragraph (2), item (iii), (a) through (f) as an

officer;

(v) the authority responsible for the enforcement of the foreign law or regulation that is equivalent to this Act in the country where the head office or principal office of the collaborating clearing organization, etc. is located has not given the assurance prescribed in Article 189, paragraph (2), item (i) or has anything else that is found to be equivalent to the assurance; or

(vi) the application for authorization or a document or electronic or magnetic record that is required to be attached to it contains a false statement or false record regarding a material particular.

(Procedures at the Commencement of Special Liquidation Proceedings)

Article 156-20-19 (1) If a collaborating clearing organization, etc. establishes provisions in its business rules for the method of netting off outstanding obligations (meaning obligations which have arisen out of subject transactions conducted by a clearing member and which the collaborating clearing organization, etc. has taken over from the other parties to those subject transactions or has novated or in any other way borne as financial instruments obligation assumption services; claims (limited to claims with the same contents as such obligations) that the collaborating clearing organization, etc. has acquired against a clearing member as the value of the obligations which have arisen out of subject transactions and which the collaborating clearing organization, etc. has borne for the clearing member; and collateral; hereinafter the same applies in this paragraph), the method of allocating collateral to cover outstanding obligations, or other means of settling outstanding obligations, and special liquidation proceedings, bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings have been commenced for a clearing member, the calculation of the amount of the claim that the collaborating clearing organization, etc. or the clearing member has in terms of the outstanding obligations and other means of settlement in relation to these proceedings, are to be in accordance with the provisions of the business rules.

(2) In bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings, the claims provided for in the preceding paragraph which a collaborating clearing organization, etc. has are bankruptcy claims, rehabilitation claims, or reorganization claims, and the claims provided for in that paragraph which a clearing member has are the property that is part of the bankruptcy estate, rehabilitation debtor's assets, the property of the corporation in need of reorganization, or the property of the cooperative financial institution in need of reorganization.

(Rescission of Authorization)

Article 156-20-20 If an authorized financial instruments clearing organization is discovered to have fallen under Article 156-20-18, paragraph (2), item (vi) at the time it obtained the authorization referred to in Article 156-20-16, paragraph (1), or it the collaborating clearing organization, etc. subject to that authorization is discovered to have fallen under any of the provisions of Article 156-20-18, paragraph (2), items (i) through (v), the Prime Minister may rescind that authorization.

(Authorization of Changes)

Article 156-20-21 (1) An authorized financial instruments clearing organization must obtain the authorization of the Prime Minister if it seeks to change a particular set forth in Article 156-20-17, paragraph (1), item (iv) or (v) or a particular stated in a document set forth in paragraph (2), item (i) or (ii) of that Article.

(2) If a particular set forth in Article 156-20-17, paragraph (1), item (ii) or (iii), or a particular stated in a document set forth in paragraph (2), item (iii), (b) or (c) of that Article changes, the authorized financial instruments clearing organization must notify the Prime Minister of this, pursuant to the provisions of Cabinet Office Order.

(3) If an authorized financial instruments clearing organization discontinues collaborative financial instruments obligation assumption services, the authorization referred to in Article 156-20-16, paragraph (1) ceases to be effective. In such a case, the authorized financial instruments clearing organization must notify the Prime Minister of this, pursuant to the provisions of Cabinet Office Order.

(Supervisory Dispositions for Authorized Financial Instruments Clearing Organizations)

Article 156-20-22 If an authorized financial instruments clearing organization or the collaborating clearing organization, etc. subject to the authorization falls under any of the following items and the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may rescind the authorized financial instruments clearing organization's Article 156-20-16, paragraph (1) authorization, order the suspension of all or a part of its collaborative financial instruments obligation assumption services during a fixed period of no longer than six months, order a change in its collaborative financial instruments obligation assumption services, or issue an order prohibiting a part of its collaborative financial instruments obligation assumption services:

(i) the authorized financial instruments clearing organization falls under any of the following:

(a) it becomes unable to satisfy a criterion set forth in any of the items of Article 156-20-18, paragraph (1) (excluding item (i));
(b) it violates the conditions attached to authorization; or
(c) it violates a law or regulation, a disposition by a government agency which is based on a law or regulation, the authorized financial instruments clearing organization's business rules, or the collaboration agreement;
(ii) the collaborating clearing organization, etc. subject to authorization falls under any of the following:
(a) it becomes unable to satisfy a criterion set forth in any of Article 156-20-18, paragraph (1), items (i) through (v);
(b) it comes to fall under any of the categories in Article 156-20-18, paragraph (2), items (ii) through (v);
(c) it violates a law or regulation, a disposition by a government agency which is based on a law or regulation, or the business rules of the collaborating clearing organization, etc., or the collaboration agreement.

Section 4 Miscellaneous Provisions

(Hearing of Opinions from the Bank of Japan)
Article 156-20-23 If the Prime Minister finds it to be necessary in order to reach a disposition based on the provisions of this Chapter, the Prime Minister may seek the opinion of the Bank of Japan.

(Application to Brokerage for Clearing of Securities)
Article 156-21 (1) In brokerage for clearing of securities, etc., the customer that entrusts a person with brokerage for clearing of securities, etc. is deemed to be the person conducting the subject transaction that is connected with the brokerage for clearing of securities, etc., and the provisions of Article 116 (including as applied mutatis mutandis pursuant to Article 132) and Article 119, paragraphs (1) through (3) apply.
(2) In the brokerage of a person's entrustment with brokerage for clearing of securities, etc. in connection with a market derivatives transaction, the customer that entrusts a person with the brokerage for clearing of securities, etc. is deemed to be the person conducting the brokerage for the market derivatives transaction, and the provisions of Article 119, paragraphs (1) through (3) apply.

(Delegation to Cabinet Office Order)
Article 156-22 The procedures for implementing the provisions of Articles 156-2 through the preceding Article and other necessary particulars for the implementation are specified by Cabinet Office Order.

Chapter V-4 Securities Finance Companies

(Minimum Amount of Stated Capital)

Article 156-23 A securities finance company must be a stock company whose amount of stated capital exceeds the amount that is specified by Cabinet Order as being necessary and appropriate in order for it to perform the business prescribed in paragraph (1) of the following Article.

(Licenses and License Applications)

Article 156-24 (1) A person seeking use the clearing framework of a financial instruments exchange market operated by a financial instruments exchange or the clearing framework of an over-the-counter securities market operated by an authorized financial instruments firms association, to engage in the business of lending, to the members, etc. of that financial instruments exchange or to the association members of that authorized financial instruments firms association, the money or securities that are needed for the settlement of purchase and sales and other transactions of securities that a financial instruments business operator effects by granting credit to a customer (hereinafter referred to as a "margin transaction") or for the settlement of a transaction specified by Cabinet Order, must be licensed by the Prime Minister.

(2) A stock company seeking the license referred to in the preceding paragraph must submit a written application to the Prime Minister, in which it states the following particulars:

(i) its trade name and amount of stated capital;

(ii) the names and locations of its head office, branch offices, and other business offices; and

(iii) the names of its officers.

(3) The articles of incorporation, documents giving a business outline and stating the business methods, and other documents specified by Cabinet Office Order must accompany the written application referred to in the preceding paragraph.

(4) The provisions of Article 81, paragraph (3) apply mutatis mutandis to the articles of incorporation referred to in the preceding paragraph.

(Licensing Examination Criteria)

Article 156-25 (1) When a written application under the provisions of paragraph (2) of the preceding Article is submitted, the Prime Minister must examine whether the applicant is sufficiently qualified to conduct business as a securities finance company, in light of its personnel structure, credit status,

and capacity for fund procurement.

(2) If, as a result of having conducted an examination pursuant to the provisions of the preceding paragraph, the Prime Minister finds that an application conforms to the criteria in that paragraph, the Prime Minister must grant the license, except in a case that falls under any of the following items:

(i) the license applicant is not a stock company with a stated capital exceeding the amount specified by Cabinet Order which is referred to in Article 156-23;

(ii) the license applicant is not a stock company (meaning a stock company that has the following organs):

(a) a board of directors; or

(b) a company auditor, a supervisory committee, or a nominating committee, etc.;

(iii) the license applicant is a person that falls under Article 29-4, paragraph (1), item (i), (c);

(iv) the license applicant is a company that has had the license referred to in Article 80, paragraph (1) rescinded pursuant to the provisions of Article 148 or Article 152, paragraph (1); a company that has had the license referred to in Article 156-2 rescinded pursuant to the provisions of Article 156-17, paragraph (1) or (2); a company that has had the license referred to in paragraph (1) of the preceding Article rescinded pursuant to the provisions of Article 148 or Article 156-32, paragraph (1) as applied mutatis mutandis pursuant to the following Article; a company that has had the registration referred to in Article 29 rescinded pursuant to the provisions of Article 52, paragraph (1), Article 53, paragraph (3), Article 54, or Article 57-6, paragraph (3); a company that has had the registration referred to in Article 66 rescinded pursuant to the provisions of Article 66-20, paragraph (1); a company that has had the registration referred to in Article 66-27 rescinded pursuant to the provisions of Article 66-42, paragraph (1); a company that has had the registration referred to in Article 66-50 rescinded pursuant to the provisions of Article 66-63, paragraph (1) or Article 66-64; a company that has had the registration referred to in Article 66-71 rescinded pursuant to the provisions of Article 66-85, paragraph (1); a company that has had the registration referred to in Article 12 of the Act on the Provision of Financial Services and the Development of the Accessible Environment Thereto (limited to the registration related to the type of securities, etc. intermediary business operations) rescinded pursuant to the provisions of Article 38, paragraph (1) of that Act (excluding items (ii), (iii), and (v)); or the license applicant is a company that had a license or registration of the same kind obtained in a foreign country rescinded pursuant to the provisions of a foreign law or regulation that is equivalent to this Act or the Act on the Provision of Financial Services and the Development of the Accessible

Environment Thereto (including permission or any other administrative disposition similar to such a license or registration); for which five years have not passed since the date of the rescission;

(v) the license applicant is a company that has a person falling under any of the categories in Article 82, paragraph (2), item (iii), (a), (b) and (e) as a director, accounting advisor, company auditor, or executive officer; or

(vi) the license application, or a document or electronic or magnetic record that is required to be attached to it contains a false statement or false record regarding a material particular.

(Mutatis Mutandis Application of Provisions for Refusal of a License)

Article 156-26 The provisions of Articles 83 and 148 apply mutatis mutandis to the license of a securities finance company. In this case, in Article 148, the phrase " any of the categories in the items of Article 82, paragraph (2)" is deemed to be replaced with " any of the categories in the items of Article 156-25, paragraph (2)".

(Restriction on Concurrent Business)

Article 156-27 (1) A securities finance company may conduct the following business in addition to the business prescribed in Article 156-24, paragraph (1), to the extent that such concurrent business does not obstruct the execution of the business prescribed in that paragraph:

(i) the lending and borrowing of securities (excluding the business prescribed in Article 156-24, paragraph (1)), or intermediation or agency for the lending and borrowing of securities;

(ii) the lending of money to financial instruments business operators (excluding business prescribed in Article 156-24, paragraph (1));

(iii) the lending of money to the customers of financial instruments business operators; and

(iv) other business specified by Cabinet Office Order.

(2) If a securities finance company seeks to conduct business prescribed in any of the items of the preceding paragraph, it must notify the Prime Minister of this pursuant to the provisions of Cabinet Office Order.

(3) A securities finance company may conduct business for which it has obtained the approval of the Prime Minister, in addition to business prescribed in paragraph (1) of this Article and Article 156-24, paragraph (1).

(4) If a securities finance company seeks the approval referred to in the preceding paragraph but the Prime Minister finds that the securities finance company's concurrent engagement in the business for which it seeks approval would impede its execution of the business prescribed in Article 156-24, paragraph (1), the Prime Minister may refuse to grant the approval referred to

in the preceding paragraph, after notifying the securities finance company and having the relevant official conduct a hearing.

(Authorization of Changes to a Business Outline)

Article 156-28 (1) A securities finance company must obtain the authorization of the Prime Minister if it seeks to change the business outline or business methods for business prescribed in Article 156-24, paragraph (1), or to reduce its stated capital.

(2) A securities finance company must notify the Prime Minister pursuant to the provisions of Cabinet Office Order if it seeks to set or change the conditions for lending money or securities (limited to lending in connection with the business prescribed in Article 156-24, paragraph (1)), to increase its stated capital, or to change its trade name.

(3) If a securities finance company comes to fall under any of the following items, it must notify the Prime Minister of this without delay, pursuant to the provisions of Cabinet Office Order:

(i) a particular set forth in Article 156-24, paragraph (2), item (ii) or (iii) changes;

(ii) it discontinues the business to which the notification referred to in paragraph (2) of the preceding Article pertains; or

(iii) it discontinues the business to which the approval referred to in paragraph (3) of the preceding Article pertains.

(Order for a Change of Business Methods)

Article 156-29 The Prime Minister may order a change of methods by which or conditions under which a securities finance company lends money or securities (limited to lending connected with the business prescribed in Article 156-24, paragraph (1)), if those methods or conditions are found to have become inappropriate in light of general economic conditions or the transactions on the financial instruments exchange market or over-the-counter securities market tend to be unsound, and the Prime Minister finds it to be particularly necessary for facilitating fair purchase and sales on the financial instruments exchange market or over-the-counter securities market as well as for achieving a smooth distribution of securities. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(Eligibility as a Representative Director)

Article 156-30 (1) The representative director or representative executive officer of a securities finance company must be a person that is not the officer or

employee of a financial instruments business operator.

(2) The provisions of the proviso to Article 331, paragraph (2) of the Companies Act (including as applied mutatis mutandis pursuant to Article 335, paragraph (1) of that Act) and of Article 332, paragraph (2) (including as applied mutatis mutandis pursuant to Article 334, paragraph (1) of that Act); Article 336, paragraph (2); and the proviso to Article 402, paragraph (5) of that Act do not apply to a securities finance company.

(Restriction on the Concurrent Holding of Positions by Directors)

Article 156-31 (1) A person that falls under any of the following persons may not become the director, accounting advisor, company auditor, or executive officer of a securities finance company.

(i) a person specified by Cabinet Office Order as being unable to properly perform their duties due to a mental of physical disorder; or

(ii) a person falling under any of the provisions of Article 82, paragraph (2), item (iii), (a), (b), or (e).

(2) The officer of a securities finance company loses that position if that officer comes to fall under a person provided for in the preceding paragraph.

(3) If the Prime Minister discovers that a person has become the officer of a securities finance company by wrongful means, or if a securities finance company or its officer violates a law or regulation or a disposition by a government agency which is based on a law or regulation, the Prime Minister may order the securities finance company to dismiss that officer.

(Obligation to Conclude a Contract with a Designated Dispute Resolution Organization)

Article 156-31-2 (1) A securities finance company that conducts the business referred to in Article 156-27, paragraph (1), item (i), (iii), or (iv) must take the measures specified in the following items in accordance with the category of cases set forth in each of those items:

(i) if there is a designated dispute resolution organization for securities finance companies (meaning a designated dispute resolution organization for which the category of dispute resolution services is the specified services of a securities finance company (meaning the specified services of a securities finance company as defined in Article 156-38, paragraph (7); hereinafter the same applies in this paragraph); hereinafter the same applies in this Article): measures to conclude a basic contract for the implementation of dispute resolution procedures in connection with the specified services of a securities finance company with a single designated dispute resolution organization for securities finance companies; or

(ii) if there is no designated dispute resolution organization for securities

finance companies: complaint processing measures and dispute resolution measures in connection with the specified services of a securities finance company.

(2) If a securities finance company takes measures to conclude a basic contract for the implementation of dispute resolution procedures pursuant to the provisions of the preceding paragraph, it must publicly announce the trade name or name of the designated dispute resolution organization for securities finance companies that is the other party to the basic contract for the implementation of dispute resolution procedures.

(3) The provisions of paragraph (1) do not apply to the period specified in the following items in accordance with the category of cases set forth in each of those items:

(i) a case that formerly fell under the case set forth in paragraph (1), item (i), which has come to fall under the case set forth in item (ii) of that paragraph: the period that the Prime Minister specifies as the period necessary for taking the measures set forth in paragraph (1), item (ii) at the time of granting the authorization to discontinue dispute resolution services, etc. under Article 156-60, paragraph (1) or at the time of rescinding the designation under Article 156-61, paragraph (1);

(ii) a case that formerly fell under the case set forth in paragraph (1), item (i), in which the discontinuation of the dispute resolution services, etc. of a single designated dispute resolution organization for securities finance companies under that item has been authorized pursuant to Article 156-60, paragraph (1) or the designation under Article 156-39, paragraph (1) of a single designated dispute resolution organization for securities finance companies under that item has been rescinded pursuant to Article 156-61, paragraph (1) (excluding a case set forth in the preceding item): the period specified by the Prime Minister as the period necessary for taking the measures set forth in paragraph (1), item (i) at the time of granting that authorization or making such rescission; or

(iii) a case that formerly fell under the case set forth in paragraph (1), item (ii), which has come to fall under the case set forth in item (i) of that paragraph: the period specified by the Prime Minister as the period necessary for taking the measures set forth in that item at the time of the designation under Article 156-39, paragraph (1).

(Supervisory Dispositions)

Article 156-32 (1) If a securities finance company violates a law or regulation or a disposition by a government agency which is based on a law or regulation, the Prime Minister may rescind its license or order the suspension of all or part of its business during a fixed period of no longer than six months.

(2) Irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to order the suspension of business pursuant to the provisions of the preceding paragraph, the Prime Minister must conduct a hearing.

(Business Improvement Orders)

Article 156-33 (1) Beyond issuing an order under Article 156-29, if the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors as concerns a securities finance company's business operations or the state of its assets, the Prime Minister may, to the extent necessary, order the securities finance company to change its business outline or business methods, or otherwise take measures that are necessary for improving its business operations or the state of its assets.

(2) Irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to issue an order under the provisions of the preceding paragraph, the Prime Minister must conduct a hearing.

(Collection of Reports and Inspections)

Article 156-34 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a securities finance company or the person that a securities finance company has entrusted with its business (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this Article) to report or submit materials that should serve as a reference with regard to the business or assets of the securities finance company, and may have the relevant officials inspect the state of the business or assets, or the books, documents, and any other articles, of a securities finance company or the person that a securities finance company has entrusted with its business (but may only have the relevant officials inspect the person that a securities finance company has entrusted with its business as is necessary in connection with the business or assets of the securities finance company).

(Submission of Business Report)

Article 156-35 Each business year, pursuant to the provisions of Cabinet Office Order, a securities finance company must prepare a business report and submit it to the Prime Minister within three months after the end of the business year.

(Authorization for Discontinuation of Business)

Article 156-36 The following particulars do not become effective without the authorization of the Prime Minister:

(i) a resolution to discontinue the business of a securities finance company (limited to the business prescribed in Article 156-24, paragraph (1)), or a resolution to dissolve a securities finance company; and

(ii) a merger, company split, or transfer or acquisition of all or a part of business operations, to which a securities finance company is the party.

(Delegation to Cabinet Office Order)

Article 156-37 The procedures for implementing the provisions of Article 156-23 through the preceding Article and other necessary particulars for the implementation are specified by Cabinet Office Order.

Chapter V-5 Designated Dispute Resolution Organizations

Section 1 General Provisions

(Definitions)

Article 156-38 (1) The term "designated dispute resolution organization" as used in this Chapter means a person that has obtained the designation under paragraph (1) of the following Article.

(2) The term "specified type-I financial instruments business" as used in this Chapter means services that a financial instruments business operator performs in connection with the acts set forth in the items of Article 28, paragraph (1) and services it performs pursuant to Article 35, paragraph (1), as well as services that a financial instruments intermediary service provider provides on behalf of a financial instruments business operator, in connection with the acts set forth in Article 2, paragraph (11), items (i) through (iii).

(3) The term "specified type-II financial instruments business" as used in this Chapter means services that a financial instruments business operator performs in relation to the acts set forth in the items of Article 28, paragraph (2) (excluding services related to the acts set forth in Article 63, paragraph (1), item (i) or Article 63-8, paragraph (1), item (ii)) and services incidental to the services.

(4) The term "specified investment advisory and agency business" as used in this Chapter means services that a financial instruments business operator performs in relation to the acts set forth in the items of Article 28, paragraph (3), and services incidental to the services.

(5) The term "specified investment management business" as used in this Chapter means services that a financial instruments business operator performs in relation to the acts set forth in the items of Article 28, paragraph (4) (excluding services related to the acts set forth in Article 63, paragraph (1),

item (ii) or Article 63-8, paragraph (1), item (i)) and services it performs pursuant to Article 35, paragraph (1), as well as services that a financial instruments intermediary service provider performs on behalf of a financial instruments business operator, in connection with the acts set forth in Article 2, paragraph (11), item (iv).

(6) The term "specified services of a registered financial institution" as used in this Chapter means services that a registered financial institution performs in connection with the registration under Article 33-2 and services incidental thereto, the specified financial instruments business (meaning specified financial instruments business defined in Article 33-8, paragraph (2); hereinafter the same applies in this paragraph) that a person performing specified financial instruments business for that registered financial institution performs, as well as services that a financial instruments intermediary service provider performs on behalf of the registered financial institution, in relation to the acts set forth in Article 2, paragraph (11), items (i) through (iv).

(7) The term "specified services of a securities finance company" as used in this Chapter means services that a securities finance company performs pursuant to the provisions of Article 156-27, paragraph (1), items (i), (iii), and (iv).

(8) The term "financial instruments transaction services" as used in this Chapter means specified type-I financial instruments business, specified type-II financial instruments business, specified investment advisory and agency business, specified investment management business, the specified services of a registered financial institution, or the specified services of a securities finance company.

(9) The term "complaint processing procedures" as used in this Chapter means procedures for processing complaints related to financial instruments transaction services (meaning the complaints about financial instruments transaction services; the same applies in Article 156-44, Article 156-45 and Article 156-49).

(10) The term "dispute resolution procedures" as used in this Chapter means procedures to resolve disputes related to financial instruments transaction services (meaning disputes concerning financial instruments transaction services which can be settled between the parties; the same applies in Article 156-44, Article 156-45 and Articles 156-50 through 156-52) without using court proceedings.

(11) The term "dispute resolution services, etc." as used in this Chapter means the services involved in complaint processing procedures and dispute resolution procedures, as well as services incidental to them.

(12) The term "category of dispute resolution services" as used in this Chapter means the categorization of specified type-I financial instruments business,

specified type-II financial instruments business, specified investment advisory and agency business, specified investment management business, the specified services of a registered financial institution, or the specified services of a securities finance company related to dispute resolution services.

(13) The term "basic contract for the implementation of dispute resolution procedures" as used in this Chapter means a contract concluded between a designated dispute resolution organization and a business operator involved in financial instruments transactions (meaning a financial instruments business operator, etc. or a securities finance company; the same applies in the following Article, Article 156-42, paragraph (2), Article 156-44, and Article 156-56, item (i)) with regard to the implementation of dispute resolution services, etc.

(Designation of a Person that Conducts Dispute Resolution Services)

Article 156-39 (1) At the application of a person satisfying the following requirements, the Prime Minister may designate that person as a person that conducts dispute resolution services, etc.:

(i) it is a corporation (including an organization without legal personality for which a representative or administrator has been designated and excluding a corporation incorporated based on foreign laws and regulations or other foreign organizations; the same applies in item (iv), (d));

(ii) it does not fall under a person that has had a designation under this paragraph rescinded pursuant to Article 156-61, paragraph (1) and for whom five years have not passed since the date of the rescission, or does not fall under a person that has had the designation under the provisions of other laws which is specified by Cabinet Order as involving business equivalent to dispute resolution services, etc. rescinded and for whom five years have not passed since the date of the rescission;

(iii) it does not fall under a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Attorneys Act (Act No. 205 of 1949) or for violating the provisions of a foreign law or regulation that is equivalent to any of these Acts, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(iv) it has no officer (including the representative or administrator of an organization without legal personality for which a representative or administrator has been designated; hereinafter the same applies in this Chapter) that falls under any of the following categories of persons:

(a) a person specified by Cabinet Office Order as being unable to properly perform their duties related to Dispute Resolution Services, etc. due to a mental or physical disorder;

(b) a person that has become subject to an order to commence bankruptcy proceedings and has not been released from bankruptcybankruptcy restrictions, or a person that is treated in the same manner under foreign laws and regulations;

(c) a person that has been sentenced to imprisonment or a heavier punishment (including an equivalent sentence under foreign laws and regulations), and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(d) a person that, during the 30 days prior to the date of rescission, was the officer (including a person treated in the same manner under foreign laws and regulations; the same applies in (d)) of a corporation, in a case in which a designation under this paragraph has been rescinded pursuant to the provisions of Article 156-61, paragraph (1) or an administrative disposition which is similar to such a designation and which a corporation has received in a foreign country pursuant to the provisions of a foreign law or regulation that is equivalent to this Act, has been rescinded, and five years have not yet passed since the date of rescission; or a person that, during the 30 days prior to the date of rescission, was the officer of a corporation, in a case in which a designation under the provisions of other Acts, which is specified by Cabinet Order as being for business equivalent to dispute resolution services, etc., has been rescinded or an administrative disposition which is similar to that designation, which is specified by Cabinet Order, and which a corporation has been issued in a foreign country pursuant to the provisions of a foreign law or regulation that is equivalent to any of those other Acts, has been rescinded, and five years have not yet passed since the date of the rescission; or

(e) a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Attorney Act, or for violating the provisions of a foreign law or regulation that is equivalent to any of these Acts, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(v) it has a sufficient financial and technical basis to perform dispute resolution services, etc. in an appropriate manner;

(vi) the composition of its officers and employees is unlikely to compromise the fair implementation of dispute resolution services, etc.;

(vii) its rules for implementing dispute resolution services, etc. (hereinafter referred to as the "operational rules") conform to laws and regulations and are found to be sufficient for allowing it to implement dispute resolution services, etc. fairly and appropriately pursuant to the provisions of this Act;

and

(viii) the result of the hearing of opinions held pursuant to the following paragraph is that the proportion of the number of persons and firms involved in financial instruments transactions that have stated an objection to the particulars of the cancellation of the basic contract for the implementation of dispute resolution procedures, other contents of the basic contract for the implementation of dispute resolution procedures (excluding the matters set forth in the items of Article 156-44, paragraph (2)), and other contents of the operational rules (excluding the matters that are to constitute the content of those rules pursuant to paragraph (3) of that Article and the particulars that are necessary for conforming to the criteria set forth in the items of paragraph (4) of that Article and paragraph (5), item (i)) (limited to objections for which there are reasonable grounds), to the total number of persons an firms involved in financial instruments transactions, is less than the proportion specified by Cabinet Order.

(2) A person seeking to file the application referred to in the preceding paragraph must explain the contents of the operational rules to persons and firms involved in financial instruments transactions, hear opinions as to whether there are any objections to these (if there are objections, this includes the grounds for them) and prepare documents stating the results of this, in advance and pursuant to the provisions of Cabinet Office Order.

(3) Before seeking to make a designation under paragraph (1), the Prime Minister must consult the Minister of Justice with regard to the relevant person satisfying the requirements set forth in items (v) through (vii) of that paragraph (limited to the part related to the operation of dispute resolution procedures, and with regard to the requirements set forth in item (vii), limited to the requirements involving the criteria set forth in the items of Article 156-44, paragraph (4) and the items of paragraph (5) of that Article).

(4) A designation under paragraph (1) is to be made for each category of dispute resolution services, and the proportion under item (viii) of that paragraph is to be calculated for each category of dispute resolution services.

(5) Upon making a designation under paragraph (1), the Prime Minister must make a public notice of the trade name or name and the location of the principal business office or office of the designated dispute resolution organization and the category of dispute resolution services under designation, as well as the day on which the Prime Minister made the designation, in the Official Gazette.

(Application for Designation)

Article 156-40 (1) A person seeking designation under paragraph (1) of the preceding Article must submit a written application for designation to the

Prime Minister, in which it states the following particulars:
(i) the category of dispute resolution services for which it seeks designation;
(ii) its trade name or name;
(iii) the name and location of its principal business office or office or any other business offices or offices for dispute resolution services, etc.; and
(iv) the names or trade names of its officers.

(2) The following documents must accompany the written application for designation referred to in the preceding paragraph:
(i) a document pledging that the applicant satisfies the requirements set forth in paragraph (1), items (iii) and (iv) of the preceding Article;
(ii) the articles of incorporation and the corporation's certificate of registered information (including anything equivalent to these);
(iii) the operational rules;
(iv) documents stating matters relevant to the organization;
(v) an inventory of property, balance sheet, and any other documents clarifying that the applicant has the necessary financial basis for conducting dispute resolution services, etc. which are specified by Cabinet Office Order;
(vi) the documents prescribed in paragraph (2) of the preceding Article and any other documents specified by Cabinet Office Order as evidencing that the applicant satisfies the requirements set forth in paragraph (1), item (viii) of that Article; and
(vii) other documents specified by Cabinet Office Order.

(3) In the case referred to in the preceding paragraph, if the articles of incorporation, inventory of property, or balance sheet has been prepared as an electronic or magnetic record, such electronic or magnetic record may accompany the written application for designation in lieu of the written document.

(Duty of Confidentiality)

Article 156-41 (1) It is prohibited for a dispute resolution mediator (meaning a dispute resolution mediator appointed pursuant to Article 156-50, paragraph (2); the same applies in the following paragraph, paragraph (2) of the following Article, and Article 156-44, paragraphs (2) and (4)), the officer or employee of a designated dispute resolution organization, or a person that has held any of these positions, to divulge or use for personal benefit any secret learned in connection with dispute resolution services, etc.

(2) With regard to the application of the Penal Code and other penal provisions, the dispute resolution mediator or officer or employee of a designated dispute resolution organization is deemed to be an official engaged in public service pursuant to laws and regulations.

Section 2 Services

(Services of a Designated Dispute Resolution Organization)

Article 156-42 (1) A designated dispute resolution organization is to perform dispute resolution services, etc. pursuant to the provisions of this Act and the operational rules.

(2) A designated dispute resolution organization (including a dispute resolution mediator) may receive burden charges, fees, or any other remuneration for performing dispute resolution services, etc., pursuant to the basic contract for the implementation of dispute resolution procedures or any other contract concluded with a member person or firm involved in financial instruments transactions (meaning a person or firm involved in financial instruments transactions with which a basic contract for the implementation of dispute resolution procedures has been concluded; hereinafter the same applies in this Chapter) that is a party to procedures or with its customer (including a rights holder prescribed in Article 42, paragraph (1) other than a customer; hereinafter the same applies in this Chapter) or concluded with a person other than those persons.

(Entrustment of the Operation of Complaint Processing Procedures or Dispute Resolution Procedures)

Article 156-43 A designated dispute resolution organization must not entrust a person other than another designated dispute resolution organization or a person that has obtained designation under the provisions of another Act which is specified by Cabinet Order as being for services equivalent to dispute resolution services, etc. (such other designated dispute resolution organization or person is referred to as an "entrusted dispute resolution organization" in Article 165-50, paragraph (4) or (5)) with the operation of complaint processing procedures or dispute resolution procedures.

(Operational Rules)

Article 156-44 (1) A designated dispute resolution organization must establish operational rules in respect of the following particulars:

(i) particulars concerning the content of the basic contract for the implementation of dispute resolution procedures;

(ii) particulars concerning the conclusion of a basic contract for implementation of dispute resolution procedures;

(iii) particulars concerning the implementation of dispute resolution services, etc.;

(iv) particulars concerning the burden charges that a member person or firm involved in financial instruments transactions incurs for the cost required for

dispute resolution services, etc.;

(v) if it collects fees for implementing dispute resolution services, etc. from the member person or firm involved in financial instruments transactions which is a party to its services or from its customer (hereinafter, such a member person or firm or customer is simply referred to as a "party" in this Chapter), matters relevant to those fees;

(vi) matters relevant to coordination with other designated dispute resolution organizations, national organs, local governments, private firms, or any other persons processing complaints or implementing dispute resolution;

(vii) matters relevant to the processing of complaints about dispute resolution services, etc.; and

(viii) matters specified by Cabinet Office Order as being necessary for the implementation of dispute resolution services, etc., other than what is set forth in the preceding items.

(2) The basic contract for the implementation of dispute resolution procedures referred to in item (i) of the preceding paragraph must have the following matters as its content:

(i) that the designated dispute resolution organization commences complaint processing procedures based on an application for the resolution of a complaint related to financial instruments transaction services from the customer of a member person or firm involved in financial instruments transactions, and commences dispute resolution procedures based on an application for dispute resolution procedures from a party;

(ii) that when the designated dispute resolution organization or dispute resolution mediator commences complaint processing procedures, or when one of them commences dispute resolution procedures based on an application from the customer of a member person or firm involved in financial instruments transactions, the designated dispute resolution organization or dispute resolution mediator may request the member person or firm involved in financial instruments transactions to comply with these procedures, and that the member person or firm involved in financial instruments transactions must not refuse such a request without just cause for doing so;

(iii) that the designated dispute resolution organization or dispute resolution mediator may request a member person or firm involved in financial instruments transactions to make a report or to submit books, documents, and any other articles in the course of complaint processing procedures or dispute resolution procedures, and that the member person or firm involved in financial instruments transactions must not refuse such a request without just cause for doing so;

(iv) that the dispute resolution mediator may prepare the settlement proposal

that is needed for resolving a dispute related to financial instruments transaction services in the course of dispute resolution procedures, and recommend that the parties accept it;

(v) that, if there is no prospect of reaching a settlement between the parties by recommending that they accept the settlement proposal referred to in the preceding item, and the dispute resolution mediator finds it to be reasonable in light of the nature of the case, the intentions of the parties, the parties' pursuance of the procedures, or any other circumstances, the dispute resolution mediator may prepare the special conciliation proposal that is needed for resolving the dispute related to financial instruments transaction services and present it to the parties, giving them the reason for this;

(vi) that, if dispute resolution procedures are commenced for a claim in pending litigation, the member person or firm involved in financial instruments transactions must report to the designated dispute resolution organization indicating that litigation is pending, the grounds for the claim under litigation, and the progress of the litigation;

(vii) that, if litigation is filed in connection with a claim that is subject to dispute resolution procedures, the member person or firm involved in financial instruments transactions must report to the designated dispute resolution organization indicating that litigation has been filed and the grounds for the claim under litigation;

(viii) that, beyond what is provided for in the preceding two items, if a member person or firm involved in financial instruments transactions is requested to report the progress of litigation connected to a claim that is subject to dispute resolution procedures or any other matter, it must report that matter to the designated dispute resolution organization;

(ix) that, if the litigation referred to in item (vi) or (viii) comes to be no longer pending before the court, or if the judicial decision on the litigation becomes final and binding, the member person or firm involved in financial instruments transactions must report the fact and its content to the designated dispute resolution organization;

(x) that a member person or firm involved in financial instruments transactions must provide the necessary information or take other measures that are necessary for informing its customers of the implementation of dispute resolution services, etc. by the designated dispute resolution organization; and

(xi) beyond what is provided for in the preceding items, matters specified by Cabinet Office Order as necessary for facilitating the processing of complaints related to financial instruments transaction services or the resolution of disputes related to financial instruments transaction services.

(3) The operational rules with regard to the matters related to the conclusion of

the basic contract for the implementation of dispute resolution procedures referred to in paragraph (1), item (ii) must have as their contents that, if the designated dispute resolution organization receives an offer to conclude a basic contract for the implementation of dispute resolution procedures from a member person or firm involved in financial instruments transactions, unless the member person or firm involved in financial instruments transactions' performance of the obligations connected with the basic contract for the implementation of dispute Resolution procedures or any other obligations connected with the implementation of dispute resolution services, etc. is expected to be unreliable, the designated dispute resolution organization must not refuse the offer.

(4) The operational rules with regard to the matters set forth in paragraph (1), item (iii), must conform to the following criteria:

(i) measures have been taken to ensure coordination between complaint processing procedures and dispute resolution procedures;

(ii) the operational rules establish the method for appointing a dispute resolution mediator and for excluding a dispute resolution mediator if that mediator has an interest in the party to a dispute related to financial instruments transaction services or if there are any other circumstances that are likely to hinder the fair implementation of dispute resolution procedures;

(iii) if the designated dispute resolution organization has decided to carry out operations for dispute resolution procedures in a dispute related to financial instruments transaction services to which its substantial controller, etc. (meaning a person specified by Cabinet Office Order as one that is related to the designated dispute resolution organization in such a way as to substantially control the business of the designated dispute resolution organization or to have a material influence on its business due to its holding of shares in the designated dispute resolution organization, its financing of the designated dispute resolution organization, or any other circumstance) or its subsidiary company, etc. (meaning a person specified by Cabinet Office Order as one to which the designated dispute resolution organization is related in such a way as to substantially control its business due the holding of its shares or any other circumstance) is a party, measures have been taken to prevent the substantial controller, etc., subsidiary company, etc., or designated dispute resolution organization from exercising undue influence on the dispute resolution mediator;

(iv) the operational rules establish measures for receiving the advice of an attorney-at-law when the dispute resolution mediator is not an attorney-at-law (unless the dispute resolution mediator is a judicial scrivener as prescribed in Article 3, paragraph (2) of the Judicial Scriveners Act (Act No. 197 of 1950), and the dispute resolution procedures are carried out for a

dispute set forth in Article 3, paragraph (1), item (vii) of that Act) and the implementation of dispute resolution procedures necessitates expert knowledge with regard to the interpretation and application of laws and regulations;

(v) the operational rules establish an appropriate means of giving notice upon implementing dispute resolution procedures;

(vi) the operational rules establish a standard operation process from the commencement to the termination of dispute resolution procedures;

(vii) the operational rules establish the requirements and formalities for the customer of a member person or firm involved in financial instruments transactions to file an application for the resolution of a complaint related to financial instruments transaction services with the designated dispute resolution organization, or for a party to a dispute related to financial instruments transaction services to file an application for dispute resolution procedures with the designated dispute resolution organization;

(viii) the operational rules establish procedures for the designated dispute resolution organization to promptly notify the customer of a member person or firm involved in financial instruments transactions which is to be the other party to a dispute related to financial instruments transaction services when it receives an application for dispute resolution procedures from a member person or firm involved in financial instruments transactions, as well as for confirming with the customer whether or not it requests the implementation of dispute resolution procedures in response to this;

(ix) the operational rules establish procedures for the designated dispute resolution organization to promptly notify the member person or firm involved in financial instruments transactions which is to be the other party to a dispute related to financial instruments transaction services when it receives an application for dispute resolution procedures as referred to in item (vii) from the customer of the member person or firm involved in financial instruments transactions;

(x) the operational rules establish the way of retaining, returning, and other handling of books, documents, and any other articles submitted in the course of dispute resolution procedures;

(xi) the operational rules establish a method for properly keeping the confidential information of the parties to a dispute related to financial instruments transaction services and of any third party, that is included in an opinion stated or books, documents, or any other article submitted or presented in the course of dispute resolution procedures, in accordance with the nature of the confidential information; the same applies to confidential information stated in the dispute resolution procedures record referred to in Article 156-50, paragraph (9);

(xii) the operational rules establish the requirements and formalities for the parties to a dispute related to financial instruments transaction services to terminate the dispute resolution procedures;

(xiii) the operational rules stipulate that if the dispute resolution Mediator judges there to be no prospect of reaching a settlement between the parties to the dispute related to financial instruments transaction services through dispute resolution procedures, the dispute resolution mediator will promptly terminate the dispute resolution procedures and notify the parties to the dispute related to financial instruments transaction services of the same; and

(xiv) the operational rules establish measures for the dispute resolution mediators and the officers and employees of the designated dispute resolution organization to reliably retain any confidential information learned in the course of dispute resolution services, etc.

(5) The operational rules with regard to the matters set forth in paragraph (1), items (iv) and (v) must conform to the following criteria:

(i) the operational rules establish the amount of the burden charges provided for in paragraph (1), item (iv), the fees referred to in item (v) of that paragraph, or the method of calculating them, as well as the method of payment for them (referred to as the "amount of burden charges, etc." in the following item); and

(ii) the amount of burden charges, etc. are not extremely unreasonable.

(6) The term "special conciliation proposal" as used in paragraph (2), item (v) means a settlement proposal that the member person or firm involved in financial instruments transactions must accept, except in any of the following cases:

(i) the customer of the member person or firm involved in financial instruments transactions that is a party (hereinafter simply referred to as the "customer" in this paragraph) does not accept the settlement proposal;

(ii) at the time the settlement proposal is presented, litigation has not been filed in connection with a claim subject to the dispute resolution procedures, but by one month after the day on which the member person or firm involved in financial instruments transactions learns that the customer accepts the settlement proposal, litigation has been filed in connection with such a claim and not withdrawn;

(iii) at the time the settlement proposal is presented, litigation has been filed in connection with a claim subject to the dispute resolution procedures, and by one month after the day on which the member person or firm involved in financial instruments transactions learns that the customer accepts the settlement proposal, that litigation has not been withdrawn; or

(iv) by one month after the day on which the member person or firm involved in

financial instruments transactions learns that the customer accepts the settlement proposal, an arbitration agreement provided for in Article 2, paragraph (1) of the Arbitration Act (Act No. 138 of 2003) is entered into or a settlement or conciliation other than through the relevant settlement proposal is reached between the parties with regard to the dispute related to financial instruments transaction services for which the dispute resolution procedures have been implemented.

(7) Changes to the operational rules do not become effective without the authorization of the Prime Minister.

(8) Before seeking to grant the authorization under the preceding paragraph, the Prime Minister must consult the Minister of Justice as to whether the operational rules subject to that authorization conform to the criteria set forth in the items of paragraph (4) and the items of paragraph (5) (limited to the part related to the operation of dispute resolution procedures).

(Disclosure of the Fact of a Breach of a Basic Contract for the Implementation of Dispute Resolution Procedures)

Article 156-45 (1) If the obligations that a member business operator involved in financial instruments transactions bears pursuant to a basic contract for the implementation of dispute resolution procedures are breached, and the designated dispute resolution organization hears the opinion of the member person or firm involved in financial instruments transactions and finds there to be no legitimate reason for the breach, the designated dispute resolution organization must disclose the trade name or name of the member person or firm involved in financial instruments transactions and the fact of the breach to the public, as well as reporting it to the Prime Minister, without delay.

(2) A designated dispute resolution organization must endeavor to provide information, consultation, and other support to member person or firms involved in financial instruments transactions and to other persons, in order to preemptively prevent complaints related to financial instruments transaction services and disputes related to financial instruments transaction services, and to facilitate the processing of complaints related to financial instruments transaction services and the resolution of disputes related to financial instruments transaction services.

(Prohibition on the Employment of an Organized Crime Group Member)

Article 156-46 A designated dispute resolution organization must not allow an organized crime group member, etc. (meaning an organized crime group member as defined in Article 2, item (vi) of the Act on Prevention of Unjust Acts by Organized Crime Group Members (hereinafter referred to as an "organized crime group member" in this Article) or a person for whom five

years have not passed since the day on which they ceased to be an organized crime group member) to engage in dispute resolution services, etc., or use such a person as an assistant in dispute resolution services, etc.

(Prohibition on Discriminatory Treatment)

Article 156-47 A designated dispute resolution organization must not subject any particular member person or firm involved in financial instruments transactions to unfair and discriminatory treatment.

(Archiving Records)

Article 156-48 A designated dispute resolution organization must prepare and archive records of its dispute resolution services, etc. pursuant to the provisions of Cabinet Office Order, beyond the records under the provisions of Article 156-50, paragraph (9).

(Complaint Processing Procedures by a Designated Dispute Resolution Organization)

Article 156-49 If the customer of a member person or firm involved in financial instruments transactions files an application for the resolution of a complaint related to financial instruments transaction services, beyond providing the customer with the necessary advice and investigating the circumstances to which the complaint related to financial instruments transaction services pertains based on its consultation with the customer, the designated dispute resolution organization must notify the member person or firm involved in financial instruments transactions of the substance and content of the complaint related to financial instruments transaction services, and request that the member person or firm involved in financial instruments transactions process the complaint expeditiously.

(Dispute Resolution Procedures by a Designated Dispute Resolution Organization)

Article 156-50 (1) The party to a dispute related to financial instruments transaction services may file an application for dispute resolution procedures with the designated dispute resolution organization with which the member person or firm involved in financial instruments transactions has concluded a basic contract for the implementation of dispute resolution procedures, for the purpose of resolving the dispute related to the financial instruments transaction services of the member person or firm involved in financial instruments transactions.

(2) When a designated dispute resolution organization receives the application referred to in the preceding paragraph, it is to appoint dispute resolution

mediators.

(3) Dispute resolution mediators are to be appointed from among persons of the highest moral character that fall under any of the following items (excluding any person that has an interest in a party connected with the application referred to in paragraph (1)). In such a case, at least one of the dispute resolution mediators must be a person that falls under item (i) or (iii) (or in item (i), (iii) or (iv), if the application pertains to a dispute provided for in Article 3, paragraph (1), item (vii) of the Judicial Scrivener Act):

(i) an attorney-at-law who has been practicing for five years or more in total;

(ii) a person that has engaged in financial instruments transaction services for ten years or more in total;

(iii) a person provided for by Cabinet Office Order as having specialized knowledge of and experience in consulting on complaints that arise between consumers and person or firms in business with regard to consumer affairs or on any other consumer affairs matters;

(iv) if the application pertains to a dispute prescribed in Article 3, paragraph (1), item (vii) of the Judicial Scriveners Act, a judicial scrivener as prescribed in paragraph (2) of that Article that has engaged in summary court legal representation services, etc. as defined in that paragraph for five years or more in total; or

(v) a person specified by Cabinet Office Order as being equivalent to a person set forth in any of the preceding items.

(4) A designated dispute resolution organization is to send the application referred to in paragraph (1) into dispute resolution procedures by the dispute resolution mediators appointed pursuant to paragraph (2) (hereinafter simply referred to as "dispute resolution mediators" in this Article and paragraph (1) of the following Article); provided, however, that if the dispute resolution mediators find that it is not appropriate to carry out dispute resolution procedures due to it being found that the customer of the member person or firm involved in financial instruments transactions that is a party under that application has sufficient ability to properly resolve the dispute related to financial instruments transaction services or due to any other grounds, or if the dispute resolution mediators find that a party has filed the application referred to in paragraph (1) for unjust purposes and without due cause, they are not to implement dispute resolution procedures, and if the dispute resolution mediators find it to be appropriate to send the application into procedures equivalent to dispute resolution procedures at an entrusted dispute resolution organization, the designated dispute resolution organization is to entrust the operation of dispute resolution procedures to an entrusted dispute resolution organization.

(5) If the dispute resolution mediators decide not to implement dispute resolution

procedures pursuant to the proviso to the preceding paragraph, or if they decide to entrust the operation to an entrusted dispute resolution organization, the designated dispute resolution organization is to notify the person that filed the application referred to in paragraph (1), indicating that they have done so and giving the reason.

(6) A dispute resolution mediator may hear the opinions of the parties and witnesses, request them to submit written reports, request the parties to submit books, documents, and any other articles that should serve as a reference, prepare the settlement proposal that is needed to resolve the case and recommend that the parties accept it, or implement a special conciliation (meaning presenting the special conciliation proposal provided for in Article 56-44, paragraph (6)).

(7) Dispute resolution procedures are not open to the public; provided, however, that a dispute resolution mediator may allow the attendance of a person that is considered to be appropriate, with the consent of the parties.

(8) Prior to the commencement of dispute resolution procedures and pursuant to the provisions of Cabinet Office Order, a designated dispute resolution organization must deliver a document that states the following particulars or provide an electronic or magnetic record in which these have been recorded to the customer of the member person or firm involved in financial instruments transactions that is a party to the dispute, and give an explanation of the same:

(i) the particulars of the fees to be paid by the customer;

(ii) the standard operation process from the commencement to the termination of dispute resolution procedures, as provided in Article 156-44, paragraph (4), item (vi); and

(iii) beyond what is set forth in the preceding two items, matters specified by Cabinet Office Order.

(9) A designated dispute resolution organization must prepare and archive a dispute resolution procedures record detailing the following matters with regard to the dispute resolution procedures it implemented, pursuant to the provisions of Cabinet Office Order:

(i) the date on which the party to the dispute related to financial instruments transaction services filed the application for dispute resolution procedures;

(ii) the name or trade name of the parties to the dispute related to financial instruments transaction services and their agents;

(iii) the names of the dispute resolution mediators;

(iv) the particulars of the dispute resolution procedures;

(v) the results of the dispute resolution procedures (including the reasons for the termination of dispute resolution procedures and its date); and

(vi) beyond what is set forth in the preceding items, the particulars necessary

for clarifying the content of the implemented dispute resolution procedures which are specified by Cabinet Office Order.

(Postponement of Expiry of the Prescription Period)

Article 156-51 (1) If the dispute resolution mediators terminate dispute resolution procedures on the grounds that there is no prospect of reaching a settlement between the parties to a dispute related to financial instruments transaction services through dispute resolution procedures, and the party to the dispute related to financial instruments transaction services which filed the application for dispute resolution procedures files an action on a claim that was subject to the dispute resolution procedures within one month from the day on which that party receives notice of the termination, the action is deemed to have been filed at the time that the claim was filed in dispute resolution procedures in terms of the postponement of the expiration of the prescription period.

(2) The provisions of the preceding paragraph also apply if the discontinuation of dispute resolution services, etc. by a designated dispute resolution organization is authorized pursuant to Article 156-60, paragraph (1) or if the designation under Article 156-39, paragraph (1) is rescinded pursuant to Article 156-61, paragraph (1) and there is a dispute related to financial instruments transaction services for which dispute resolution procedures have been implemented as of the day of authorization or rescission, and the party to the dispute related to financial instruments transaction services which has filed the application for dispute resolution procedures files an action on a claim that was subject to those dispute resolution procedures within one month from the day on which the party receives the notice under Article 156-60, paragraph (3) or Article 156-61, paragraph (3), or within one month from the day on which the party comes to know of the authorization or rescission, whichever comes earlier.

(Suspension of Court Proceedings)

Article 156-52 (1) If litigation is pending with regard to a dispute related to financial instruments transaction services between the parties to a dispute related to financial instruments transaction services, and if any of the following grounds exist and the parties to the dispute related to financial instruments transaction services file a joint petition, the court in charge of the case may decide to suspend the court proceedings for a fixed period of no longer than four months:

(i) dispute resolution procedures have been implemented for a dispute related to financial instruments transaction services, between the parties to the relevant dispute related to financial instruments transaction services; and

(ii) beyond the case referred to in the preceding item, the parties to the dispute related to financial instruments transaction services reach an agreement to endeavor to resolve the dispute related to financial instruments transaction services through dispute resolution procedures.

(2) The court in charge of the case may rescind the decision referred to in the preceding paragraph at any time.

(3) No appeal may be entered against a decision dismissing the petition referred to in paragraph (1) or a decision rescinding the decision referred to in paragraph (1).

(Public Inspection of the List of Members and Firms Involved in Financial Instruments Transactions)

Article 156-53 A designated dispute resolution organization must make the register of members and firms involved in financial instruments transactions available for public inspection.

(Restriction on the Use of Names)

Article 156-54 A person that is not a designated dispute resolution organization (other than a person that has obtained the designation under Article 52-62, paragraph (1) of the Banking Act or any other person specified by Cabinet Order as being similar thereto) must not use a term in its name or trade name which could give rise to the misconception that it is a designated dispute resolution organization.

Section 3 Supervision

(Notification of a Change)

Article 156-55 (1) If a particular set forth in Article 156-40, paragraph (1), items (ii) through (iv) changes, the designated dispute resolution organization must notify the Prime Minister of this.

(2) If the Prime Minister is notified of a change in the trade name or name of a designated dispute resolution organization or in the location of its principal business office or office, the Prime Minister must give public notice of this in the Official Gazette.

(Notification of the Conclusion of a Basic Contract for the Implementation of Dispute Resolution Procedures)

Article 156-56 If a designated dispute resolution organization falls under any of the following items, it must notify the Prime Minister of this pursuant to the provisions of Cabinet Office Order:

(i) it concludes a basic contract for the implementation of dispute resolution

procedures with a person or firm involved in financial instruments transactions, or it terminates such a basic contract for the implementation of dispute resolution procedures; and

(ii) cases other than what is set forth in the preceding item, which are specified by Cabinet Office Order.

(Submission of Business Reports)

Article 156-57 (1) Each business year, a designated dispute resolution organization must prepare a report on the dispute resolution services, etc. in that business year and submit it to the Prime Minister.

(2) The particulars to be stated in the report referred to the preceding paragraph, the submission date, and other necessary particulars are specified by Cabinet Office Order.

(Collection of Reports and On-Site Inspections)

Article 156-58 (1) If the Prime Minister finds it to be necessary for the fair and appropriate execution of dispute resolution services, etc., the Prime Minister may order a designated dispute resolution organization to make reports or submit materials relevant to its business, or may have relevant officials enter the business office, office, or any other facilities of the designated dispute resolution organization and ask questions about the state of the business of the designated dispute resolution organization or to inspect its books, documents, and any other articles.

(2) If the Prime Minister finds it to be particularly necessary for the fair and appropriate execution of dispute resolution services, etc., the Prime Minister may, to the extent necessary, order a designated dispute resolution organization's member person or firm involved in financial instruments transactions or the person that a designated dispute resolution organization has entrusted with its business, to make reports or submit materials, or may have relevant officials enter the business office, office, or any other facilities of those persons, ask questions about the state of the business of the designated dispute resolution organization, or inspect their books, documents, and any other articles.

(Business Improvement Orders)

Article 156-59 (1) If the Prime Minister finds it to be necessary for ensuring the fair and appropriate execution of dispute resolution services, etc. concerning a designated dispute resolution organization's operation of dispute resolution services, etc., the Prime Minister may, to the extent necessary, order the designated dispute resolution organization to take measures that are necessary for improving its business operations.

(2) If a designated dispute resolution organization falls under any of the following items, the Prime Minister must consult with the Minister of Justice before seeking to give the order under the preceding paragraph:
(i) it comes to no longer satisfy the requirements set forth in Article 156-39, paragraph (1), items (v) through (vii) (limited to the part that involves the operation of dispute resolution procedures, the requirement set forth in item (vii) of that paragraph involving the criteria set forth in the items of Article 156-44, paragraph (4) or the items of paragraph (5) of that Article; hereinafter the same applies in this item), or it is found to be likely that it will come to no longer satisfy the requirements set forth in Article 156-39, paragraph (1), items (v) to (vii); or
(ii) it violates the provisions of Article 156-42, Article 156-43, Article 156-46, or Article 156-50 (but only if such violation is related to the operation of dispute resolution procedures).

(Suspension or Discontinuation of Dispute Resolution Services)
Article 156-60 (1) A designated dispute resolution organization must obtain the authorization of the Prime Minister if it seeks to suspend (excluding suspension on the grounds prescribed in the following paragraph) or discontinue the whole or part of the dispute resolution services, etc.
(2) If a designated dispute resolution organization suspends all or part of its dispute resolution services, etc. due to a natural disaster or for any other compelling reason, it must immediately notify the Prime Minister of this, indicating that it has done so and giving the reason. The same applies when the designated dispute resolution organization recommences all or a part of the dispute resolution services, etc. so suspended.
(3) A designated dispute resolution organization that obtains the authorization for suspension or discontinuation under paragraph (1) or that implements the suspension referred to in the preceding paragraph must notify a party for which complaint processing procedures or dispute resolution procedures have been implemented as of the day of the suspension or discontinuation (if the designated dispute resolution organization has been entrusted with business by another designated dispute resolution organization or by a person that has obtained a designation under the provisions of other Acts which is specified by Cabinet Order as being connected with business equivalent to dispute resolution services, etc. (hereinafter collectively referred to as an "entrusting dispute resolution organization" in this paragraph), this includes procedures for processing complaints for the entrusting dispute resolution organization in connection with that entrustment and procedures for resolving disputes that have been implemented as of the day of the suspension or discontinuation; the same applies in paragraph (3) of the following Article), the member persons

and firms involved in financial instruments transactions that are not parties, and other designated dispute resolution organizations, of the suspension or discontinuation, within two weeks from the day of the suspension or discontinuation. The same applies if the designated dispute resolution organization recommences all or a part of dispute resolution services, etc. so suspended.

(Rescission of a Designation)

Article 156-61 (1) If a designated dispute resolution organization falls under any of the following items, the Prime Minister may rescind the designation under Article 156-39, paragraph (1) or order the suspension of all or part of its business during a fixed period of no longer than six months:

(i) it comes to no longer satisfy the requirements set forth in Article 156-39, paragraph (1), items (ii) through (vii), or it is discovered not to have fallen under any of the items of that paragraph at the time it obtained the designation;

(ii) it has obtained the designation under Article 156-39, paragraph (1) by wrongful means; or

(iii) it violates a law or regulation or a disposition based on a law or regulation.

(2) If a designated dispute resolution organization falls under any of the following items, the Prime Minister must consult with the Minister of Justice before seeking to issue a disposition or order under the preceding paragraph:

(i) it comes to no longer satisfy the requirements set forth in Article 156-39, paragraph (1), items (v) through (vii) (limited to the part that involves the operation of dispute resolution procedures; the requirement set forth in item (vii) of that paragraph is limited to that which is related to the criteria set forth in the items of Article 156-44, paragraph (4) or the items of paragraph (5) of that Article; hereinafter the same applies in this item), or it is discovered not to have satisfied the requirements set forth in Article 156-39, paragraph (1), items (v) through (vii) at the time it obtained the designation under Article 156-29, paragraph (1); or

(ii) it violates the provisions of Article 156-42, Article 156-43, Article 156-46, or Article 156-50 (but only if that violation is related to the operation of dispute resolution procedures).

(3) A person that is issued a disposition for the rescission of a designation under Article 156-39, paragraph (1) or an order for the suspension of all or part of its business pursuant to the provisions of paragraph (1) must notify a party for which complaint processing procedures or dispute resolution procedures have been implemented as of the day of that disposition or order, the member persons and firms involved in financial instruments transactions that are not parties, and other designated dispute resolution organizations, that it has been

issued the disposition or order, within two weeks from the day of the disposition or order.

(4) If the Prime Minister rescinds a designation under Article 156-39, paragraph (1) pursuant to the provisions of paragraph (1), the Prime Minister must give public notice of this in the Official Gazette.

Chapter V-6 Trade Repositories

Section 1 Centralization of Clearing

Article 156-62 If a financial instruments business operator, etc. conducts a transaction set forth in any of the following items, it must have the person prescribed in the relevant item bear its obligations and the counterparty's obligations from that transaction:

(i) the over-the-counter derivatives transactions and other transactions specified by Cabinet Office Order as those which, in light of the transaction volume and other conditions of the transaction, if defaulted on, the default could have a material impact on Japan's capital market, and which, in consideration of the character of the transaction, need to be cleared in Japan: a financial instruments clearing organization;

(ii) the over-the-counter derivatives transactions and other transactions specified by Cabinet Office Order as those which, in light of the transaction volume and other conditions of the transaction, if defaulted on, the default could have a material impact on Japan's capital market (other than a transaction set forth in the preceding item): a financial instruments clearing organization (if the financial instruments clearing organization provides collaborative financial instruments obligation assumption services, this includes the collaborating clearing organization, etc.) or foreign financial instruments clearing organization.

Section 2 Preservation and Reporting of Trade Data

(Provision of Data on Centrally Cleared Trades by Financial Instruments Clearing Organizations)

Article 156-63 (1) A financial instruments clearing organization, etc. (meaning a financial instruments clearing organization or foreign financial instruments clearing organization; hereinafter the same applies in this Chapter) must, pursuant to the provisions of Cabinet Office Order, provide data on centrally cleared trades to a trade repository (meaning a person that has been designated under the provisions of Article 156-67, paragraph (1); the same applies hereinafter) or a designated foreign trade repository (meaning a person that conducts the same kind of business as a trade repository business

(meaning a business concerning the collection and preservation of trade data; the same applies hereinafter) in a foreign country that is designated by the Prime Minister as a person from whom the Prime Minister expects to obtain trade data that has been collected and preserved by that person; the same applies in the following paragraph and the following Article).

(2) Notwithstanding the provisions of the preceding paragraph, if a financial instruments clearing organization, etc. is unable to provide data on centrally cleared trades to a trade repository or designated foreign trade repository due to a disaster or other compelling reasons specified by Cabinet Office Order, the financial instruments clearing organization, etc. must, pursuant to the provisions of Cabinet Office Order, prepare and preserve records concerning the particulars specified by Cabinet Office Order with regard to data on centrally cleared trades, and must, pursuant to the provisions of Cabinet Office Order, report the data on centrally cleared trades it has preserved to the Prime Minister.

(3) The term "trade data" as used in paragraph (1) and this paragraph means data on trades specified by Cabinet Office Order as data for which the status of transactions by a financial instruments business operator, etc. is required to be made clear for the protection of investors, and the term "data on centrally cleared trades" as used in the preceding two paragraphs means trade data concerning transactions for which a financial instruments clearing organization, etc. bears obligations, which is related to the trade specified by Cabinet Office Order in consideration of the transactions set forth in the items of the preceding Article and the status of transactions, etc.

(Provision of Data on Non-Centrally Cleared Trades by Financial Instruments Business Operators)

Article 156-64 (1) A financial instruments business operator, etc. must, pursuant to the provisions of Cabinet Office Order, provide data on non-centrally cleared trades (meaning trade data (meaning the trade data prescribed in paragraph (3) of the preceding Article; hereinafter the same applies in this Chapter), excluding data on centrally cleared trades (meaning the data on centrally cleared trades prescribed in that paragraph; the same applies in Article 198-6, item (xvii)-2-2); the same applies in the following paragraph and that item) to a trade repository or designated foreign trade repository.

(2) Notwithstanding the provisions of the preceding Article, if a financial instruments business operator, etc. is unable to provide data on non-centrally cleared trades to a trade repository or designated foreign trade repository due to a disaster or other compelling reasons specified by Cabinet Office Order, the financial instruments business operator, etc. must, pursuant to the provisions of Cabinet Office Order, prepare records on the particulars specified by Cabinet

Office Order with regard to data on non-centrally cleared trades and preserve those records, and pursuant to the provisions of Cabinet Office Order, report the data on non-centrally cleared trades it has preserved to the Prime Minister

(Preservation and Reporting of Trade Data by Trade Repositories)

Article 156-65 (1) A trade repository must, pursuant to the provisions of Cabinet Office Order, prepare records on the particulars specified by Cabinet Office Order with regard to the trade data that has been provided based on the provisions of Article 156-63, paragraph (1) and paragraph (1) of the preceding Article and preserve those records.

(2) A trade repository must, pursuant to the provisions of Cabinet Office Order, report the trade data it has preserved based on the provisions of the preceding paragraph to the Prime Minister.

(3) If a trade repository, in lieu of making a report under the provisions of the preceding paragraph, takes measures to enable the Prime Minister to inspect the trade data that is subject to the report under the provisions of that paragraph by means of using an electronic data processing system which is specified by Cabinet Office Order, the trade repository is deemed to have made the report.

(Publication of Trade Data)

Article 156-66 (1) A trade repository must, pursuant to the provisions of Cabinet Office Order, publicize the size of the trade and other particulars specified by Cabinet Office Order with regard to the trades related to the trade data that is subject to the reporting under the provisions of the preceding two Articles.

(2) The Prime Minister is to publicize the size of the transaction and other necessary particulars for making clear the outline of the transaction with regard to the transactionstransactions related to the trade data reported under the provisions of Article 156-63, paragraph (2) or Article 156-64, paragraph (2).

Section 3 Trade Repositories

(Designation of an Entity to Perform Trade Repository Business)

Article 156-67 (1) At the application of an entity satisfying the following requirements, the Prime Minister may designate that entity as an entity that conducts trade repository business pursuant to the provisions of this Section:

(i) it is a corporation (including an organization without legal personality for which a representative or administrator has been designated and excluding a corporation incorporated based on foreign laws and regulations or any other foreign organization);

(ii) it does not fall under an entity that has had a designation under this

paragraph rescinded pursuant to Article 156-83, paragraph (1) and five years have not passed since the date of the rescission;

(iii) it does not fall under an entity that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or for violating the provisions of a foreign law or regulation that is equivalent to this Act, and five years have not passed since the day on which the entity finished serving the sentence or ceased to be subject to its enforcement;

(iv) it has no officer (including the representative or administrator of an organization without legal personality for which a representative or administrator has been designated; hereinafter the same applies in this Section) that falls under any of the following persons:

(a) a person specified by Cabinet Office Order as being unable to properly perform their duties due to a mental or physical disorder;

(b) a person that has become subject to an order to commence bankruptcy proceedings and has not been released from bankruptcy restrictions, or a person that is treated in the same manner under foreign laws and regulations;

(c) a person that has been sentenced to imprisonment or a heavier punishment (including an equivalent sentence under foreign laws and regulations), and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(d) a person that, during the 30 days prior to the date of rescission, was the officer (including a person treated in the same manner under foreign laws and regulations; the same applies in (e)) of a corporation (including an organization without legal personality for which a representative or administrator has been designated and a corporation or any other foreign organization incorporated based on foreign laws and regulations), in a case in which the designation under this paragraph has been rescinded pursuant to the provisions of Article 156-83, paragraph (1) or in a case in which an administrative disposition that is similar to the designation and that has been issued in a foreign country pursuant to the provisions of a foreign law or regulation that is equivalent to this Act, has been rescinded; for whom five years have not passed since the date of the rescission;

(e) a person falling under an officer whose dismissal has been ordered pursuant to the provisions of Article 156-83, paragraph (1) or the provisions of a foreign law or regulation that is equivalent to this Act, for whom five years have not passed since the day of the disposition; or

(f) a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of

this Act or the provisions of a foreign law or regulation that is equivalent to this Act, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;

(v) the relevant entity has a financial basis sufficient to soundly conduct trade repository business, and has good prospects in terms of expected income and expenditures in connection with trade repository business; and

(vi) in light of its personnel structure, the relevant entity is found to have sufficient knowledge and experience for conducting trade repository business properly and reliably, and to have sufficient social credibility.

(2) Upon making a designation under the preceding paragraph, the Prime Minister must make public notice of the trade name or name and the location of the principal business office or office of the trade repository, and of the day on which the Prime Minister made that designation, in the Official Gazette.

(Application for Designation)

Article 156-68 (1) An entity seeking designation under paragraph (1) of the preceding Article must submit a written application for designation stating the following particulars to the Prime Minister:

(i) its trade name or name;

(ii) the name and location of its principal business office or office and any other business offices or offices for conducting trade repository business;

(iii) the names or trade names of its officers;

(iv) transactions subject to trade repository business; and

(v) if the entity conducts business other than trade repository business and business incidental to trade repository business, the details of that business.

(2) The following documents must be attached to the written application for designation referred to in the preceding paragraph:

(i) a document pledging that the applicant satisfies the requirements set forth in paragraph (1), items (iii) and (iv) of the preceding Article;

(ii) the articles of incorporation and certificate of registered information of the corporation (including documents equivalent to them);

(iii) its operational rules;

(iv) an inventory of property, balance sheet, profit and loss statement or income statement, and business report;

(v) documents stating the expected income and expenditures; and

(vi) documents other than what is set forth in the preceding items, which are specified by Cabinet Office Order.

(3) In the case referred to in the preceding paragraph, if the articles of incorporation, inventory of property, balance sheet, profit and loss statement or income statement, or business report has been prepared as an electronic or

magnetic record, the electronic or magnetic record may be attached to the written application for designation in lieu of a written document.

(Restriction on the Concurrent Holding of Positions by the Officers of a Trade Repository)

Article 156-69 Unless the representative of a trade repository or an officer engaging in its day-to-day business obtains the authorization of the Prime Minister to do so, it is prohibited for that representative or officer to become the representative of a financial instruments business operator, etc. or other corporation specified by Cabinet Office Order or engage in its day-to-day business, or to engage in financial instruments business or any other business specified by Cabinet Office Order.

(Duty of Confidentiality)

Article 156-70 It is prohibited for the officer or employee of a trade repository or a person that has held any of these positions to divulge or misappropriate any secret learned in connection with trade repository business.

(Business of a Trade Repository)

Article 156-71 A trade repository is to conduct trade repository business pursuant to the provisions of this Section and its operational rules.

(Restriction on Concurrent Business)

Article 156-72 (1) A trade repository may not conduct business other than trade repository business and business incidental to this; provided, however, that this does not apply if the trade repository has obtained the approval of the Prime Minister pursuant to the provisions of Cabinet Office Order, for business that is found to be unlikely to compromise the trade repository to properly and reliably conduct trade repository business.

(2) If a trade repository discontinues business for which the trade depository has obtained the approval referred to in the proviso to the preceding paragraph, the approval ceases to be effective. In such a case, the trade repository must notify the Prime Minister of this pursuant to the provisions of Cabinet Office Order.

(3) If the written application for designation referred to in Article 156-68, paragraph (1) states that the applicant will conduct business other than trade repository business and business incidental to this, and the applicant has received the designation under the provisions of Article 156-67, paragraph (1), the applicant is deemed to have obtained the approval referred to in the proviso to paragraph (1) for conducting that business.

(Entrustment of Part of Trade Repository Business)

Article 156-73 (1) A trade repository may entrust a part of trade repository business to another party with the approval of the Prime Minister, pursuant to the provisions of Cabinet Office Order.

(2) A person that has been entrusted pursuant to the provisions of the preceding paragraph may further entrust a part of the trade repository business with which they are entrusted, with the consent of the entrusting trade repository.

(3) A person that has been entrusted pursuant to the provisions of the preceding paragraph may further entrust a part of the trade repository business with which they are entrusted, with the consent of the person that has accepted the entrustment provided for in that paragraph and the trade repository referred to in that paragraph.

(Approval of the Operational Rules)

Article 156-74 (1) A trade repository must establish operational rules in respect of the following particulars relevant to its trade repository business and obtain the authorization of the Prime Minister. The same applies if the trade repository seeks to change the operational rules:

(i) particulars relevant to the conclusion of a contract with a financial instruments clearing organization, etc. or financial instruments business operator, etc. providing that trade data is to be provided (hereinafter referred to as "contract for trade data collection");

(ii) particulars relevant to the transactions that are subject to trade repository business;

(iii) particulars relevant to the collection and preservation of trade data;

(iv) particulars relevant to preventing the leak, loss, or damage of trade data, and other particulars relevant to the secure management of trade data;

(v) particulars relevant to ensuring the accuracy of trade data;

(vi) particulars relevant to fees;

(vii) if it entrusts a part of trade repository services to another person, particulars relevant to the measures for ensuring that the entrusted business is performed properly and reliably; and

(viii) beyond what is set forth in the preceding items, particulars specified by Cabinet Office Order as those necessary for the implementation of trade repository business.

(2) The operational rules on the particulars set forth in item (vi) of the preceding paragraph must have as their content that the fees for trade repository business are to be fair and proper in light of appropriate costs under efficient business operations.

(3) If the Prime Minister finds that operational rules for which the Prime Minister has given the approval referred to in paragraph (1) have become

inappropriate from the perspective of the proper and reliable implementation of trade repository business, the Prime Minister may order the trade repository to change those operational rules.

(Prohibition on Discriminatory Treatment)

Article 156-75 A trade repository must not subject any particular financial instruments clearing organization, etc. or financial instruments business operator, etc. to unfair and discriminatory treatment.

(Restriction on the Use of Names)

Article 156-76 A person that is not a trade repository must not use a term in its name or trade name which could give rise to the misconception that it is a trade repository.

(Notification of a Change)

Article 156-77 (1) If a particular set forth in Article 156-68, paragraph (1), items (i) through (iii) changes, the trade repository must notify the Prime Minister of this.

(2) If the Prime Minister is notified of a change in the trade name or name of a trade repository or in the location of its principal business office or office pursuant to the provisions of the preceding paragraph, the Prime Minister must give public notice of this in the Official Gazette.

(Notification of the Commencement of Approved Concurrent Business)

Article 156-78 (1) When a trade repository commences business for which it has obtained the approval referred to in the proviso to Article 156-72, paragraph (1), it must notify the Prime Minister of this pursuant to the provisions of Cabinet Office Order.

(2) When the representative or an officer engaged in the day-to-day business of a trade repository that has been granted the authorization referred to in Article 156-69 becomes the representative of the corporation for which that authorization has been granted or comes to engage in that corporation's day-to-day business, or when such a representative or officer commences the business for which that authorization has been granted, the representative or officer must notify the Prime Minister of this pursuant to the provisions of Cabinet Office Order.

(3) If a trade repository changes the articles of incorporation (including anything equivalent to these) or when specified by Cabinet Office Order, the trade repository must notify the Prime Minister of this, pursuant to the provisions of Cabinet Office Order.

(Submission of Business and Asset Reports)

Article 156-79 (1) Each business year, a trade repository must prepare a report on its business and assets in the relevant business year and submit it to the Prime Minister.

(2) The particulars for inclusion in the report referred to in the preceding paragraph, the submission date, and other necessary particulars relevant to the preparation and submission of such a report, are specified by Cabinet Office Order.

(Collection of Reports and Inspections)

Article 156-80 When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a trade repository, a person that has concluded a contract for trade data collection with a trade repository, or a person that has taken on the entrustment under the provisions of the paragraphs of Article 156-73, to report or submit materials that should serve as a reference with regard to the business or assets of the trade repository, and may have the relevant officials inspect the state of the business or assets, or the books, documents, and any other articles, of a trade repository or a person that has taken on the entrustment under the provisions of the paragraphs of that Article (but may only have the relevant officials inspect a person that has taken on the entrustment under the provisions of the paragraphs of that Article as is necessary in connection with the business or assets of the trade repository).

(Business Improvement Orders)

Article 156-81 If the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors concerning a trade repository's operation of trade repository business or the state of its assets, the Prime Minister may, to the extent necessary, order the trade repository to take measures that are necessary for improving its business operations or the state of its assets.

(Suspension or Discontinuation of Trade Repository Business)

Article 156-82 (1) A trade repository must obtain the authorization of the Prime Minister if it seeks to suspend (excluding a suspension on the grounds prescribed in the following paragraph) all or part of its trade repository business or to discontinue its trade repository business.

(2) If a trade repository suspends all or part of its trade repository business due to a natural disaster or for any other compelling reason, it must immediately notify the Prime Minister of this with the reason attached, as well as notify the persons with which the trade repository has concluded a contract for trade data

collection. The same applies when the trade repository recommences all or part of the trade repository business so suspended.

(Rescission of a Designation)

Article 156-83 (1) If a trade repository falls under any of the following items, the Prime Minister may rescind the designation under Article 156-67, paragraph (1) or the approval set forth in the proviso to Article 156-72, paragraph (1), order the suspension of all or part of its business during a fixed period of no longer than six months, or order the dismissal of its officers:

(i) it comes to no longer satisfy the requirements set forth in Article 156-67 paragraph (1), items (iii) through (vi), or it is discovered not to have fallen under any of the items of that paragraph at the time it obtained the designation;

(ii) it has obtained the designation under Article 156-67, paragraph (1) by wrongful means; or

(iii) it violates a law or regulation or a disposition that is based on a law or regulation.

(2) If the Prime Minister rescinds a designation under Article 156-67, paragraph (1) pursuant to the provisions of the preceding paragraph, the Prime Minister must make a public notice of this in the Official Gazette.

(Order to Transfer Trade Repository Business)

Article 156-84 (1) If a trade repository falls under any of the following items, the Prime Minister may order the trade repository to have all or part of its trade repository business conducted by another trade repository:

(i) the Prime Minister rescinds its designation under Article 156-67, paragraph (1) rescinded pursuant to the provisions of paragraph (1) of the preceding Article or orders the suspension of all or part of its business (limited to trade repository business);

(ii) the Prime Minister grants the authorization referred to in Article 156-82, paragraph (1);

(iii) it is found to be likely for circumstances to occur in which the payment of debt that is due and payable substantially compromises the continuation of trade repository business, or for a fact to occur that causes the commencement of bankruptcy proceedings; or

(iv) it has become difficult for the trade repository to implement all or part of its trade repository business due to a natural disaster or any other reason.

(2) If the Prime Minister issues an order under the provisions of the preceding paragraph, the Prime Minister must make a public notice of this in the Official Gazette.

Chapter V-7 Specified Financial Index Administrator

(Designation of Specified Financial Index Administrator)

Article 156-85 (1) When the Prime Minister finds that securing appropriate performance of specified financial index administration services (meaning the business of calculating and publicizing specified financial indicators; the same applies hereinafter) conducted by a person engaged in specified financial index administration services is necessary for the public interest or protection of investors, the Prime Minister may designate that person as a specified financial index administrator.

(2) When the Prime Minister makes designation under the provisions of the preceding paragraph (hereinafter simply referred to as "designation" in this Chapter), the Prime Minister must give written notice to that effect and of the name of the specified financial indexes subject to the designation to the specified financial index administrator.

(3) When the Prime Minister makes designation, the Prime Minister must give public notice of the trade name or name and the location of the head office or principal business office or office of the specified financial index administrator (in the case of a foreign person that has a business office or office in Japan, including the location of its principal business office or office in Japan; the same applies in paragraph (1), item (iv) of the following Article), and the name of the specified financial indexes subject to the designation in the Official Gazette. The same applies in the event of any changes in those particulars.

(4) When the Prime Minister determines that the reason for designation of a specified financial index administrator no longer exists, the Prime Minister must rescind the designation and give a written notice to that effect to the specified financial index administrator.

(5) When the Prime Minister rescinds the designation under the provisions of the preceding paragraph, the Prime Minister must give public notice to that effect in the Official Gazette.

(6) When a person engaged in specified financial index administration services is a person specified by Cabinet Office Order as a person that is found to be under appropriate supervision with respect to their specified financial index administration services by a foreign administrative organ or any other equivalent organization based on foreign laws and regulations, the Prime Minister is not to make the designation, notwithstanding the provisions of paragraph (1).

(Submission of Documents)

Article 156-86 (1) A specified financial index administrator must submit a document to the Prime Minister stating the following particulars, during the

period specified by Cabinet Order starting from the day they received the designation; provided, however, that this does not apply if the specified financial index administrator discontinues the specified financial index administration services subject to the designation during that period:

(i) its trade name or name;

(ii) the amount of stated capital or total amount of contributions, if it is a corporation;

(iii) the names of its officers, if it is a corporation;

(iv) the name and location of its head office, principal business office or office; and

(v) other particulars specified by Cabinet Office Order.

(2) The articles of incorporation, the certificate of registered information, and other documents specified by Cabinet Office Order must be attached to the document referred to in the preceding paragraph.

(3) In the case referred to in the preceding paragraph, if the articles of incorporation have been prepared as electronic or magnetic records, the electronic or magnetic records (limited to those specified by Cabinet Office Order) may be attached to the document in lieu of written documents.

(4) If any particular set forth in the items of paragraph (1) changes, the specified financial index administrator must notify the Prime Minister of this, pursuant to the provisions of Cabinet Office Order.

(Operational Rules)

Article 156-87 (1) A specified financial index administrator must establish operational rules concerning specified financial index administration services pursuant to the provisions of Cabinet Office Order and obtain the authorization starting from the Prime Minister within the period specified by Cabinet Order from the day of receiving designation.

(2) The operational rules set forth in the preceding paragraph must provide for the following matters and any other matters specified by Cabinet Office Order:

(i) particulars concerning the policy and method of calculation and publication of specified financial indexes;

(ii) particulars concerning the operational control system for the proper execution of specified financial index administration services;

(iii) rules to be observed by a person that provides the calculation basis data (meaning the calculation basis data prescribed in Article 38, item (vii); the same applies in Article 156-89, paragraph (2)) to the specified financial index administrator (the person is referred to as a "data provider" in the following item and Article 156-89, paragraph (2), and the rules are referred to as the "code of conduct" in the following item);

(iv) particulars concerning the conclusion of a contract (including a contract

related to the code of conduct) with a data provider;
(v) particulars concerning entrustment of specified financial index administration services;
(vi) particulars concerning audits related to specified financial index administration services;
(vii) particulars concerning public inspection of explanatory documents related to specified financial index administration services; and
(viii) particulars concerning suspension or discontinuation of specified financial index administration services.

(3) When a specified financial index administrator seeks to change its operational rules, it must obtain an authorization from the Prime Minister.

(4) After obtaining the authorization set forth in paragraph (1) or the preceding paragraph for its operational rules, a specified financial index administrator must conduct its specified financial index administration services pursuant to the provisions of the operational rules.

(Notification of Suspension or Discontinuation)

Article 156-88 If a specified financial index administrator seeks to suspend or discontinue its specified financial index administration services, it must notify the Prime Minister of this in advance, pursuant to the provisions of Cabinet Office Order.

(Collection of Reports and Inspections)

Article 156-89 (1) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a specified financial index administrator or the person that the specified financial index administrator has entrusted with its services (including a person that has received entrustment from that person (including entrustment at two or more degrees of separation from the original entrustment); hereinafter the same applies in this paragraph), to submit reports or materials that should serve as a reference in connection with the specified financial index administration services, and may have the relevant officials inspect the state of the business, or the books, documents, and any other articles, of the specified financial index administrator or the person that the specified financial index administrator has entrusted with its business (limited to the inspection necessary in connection with the specified financial index administration services).

(2) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may, within the scope that is found to be necessary for confirming the accuracy of the calculation basis data provided to a specified financial index administrator,

order the data provider to submit reports or materials that should serve as a reference in connection with the calculation basis data, and may have the relevant officials inspect the state of the business, or the books, documents, and any other articles, of the data provider.

(Improvement Orders)

Article 156-90 (1) If the Prime Minister finds that improvement is needed in connection with operations of a specified financial index administration services, the Prime Minister may, to the extent necessary, order the specified financial index administrator to take measures that are necessary for the improvement.

(2) If a specified financial index administrator violates a law or regulation or a disposition based on a law or regulation in connection with its specified financial index administration services, the Prime Minister may order the suspension of all or part of its business during a fixed period of no longer than six months.

(3) If the Prime Minister orders the suspension of all or part of the business pursuant to the provisions of the preceding paragraph, the Prime Minister must issue public notice of this in the Official Gazette.

(4) Irrespective of the category of procedures for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, before seeking to issue a disposition based on the provisions of paragraph (1) or (2), the Prime Minister must conduct a hearing.

(Recommendation to Transfer Business)

Article 156-91 If a specified financial index administrator seeks to suspend or discontinue its specified financial index administration services or in any other case specified by Cabinet Office Order, the Prime Minister may recommend the specified financial index administrator to have all or part of its specified financial index administration services conducted by another person.

(Delegation to Cabinet Office Order)

Article 156-92 The procedures for implementing the provisions of Article 156-85 through the preceding Article and other necessary particulars for the implementation are specified by Cabinet Office Order.

Chapter VI Regulations on Transactions of Securities

(Prohibition of Wrongful Acts)

Article 157 It is prohibited for any person to engage in the following acts:

(i) using wrongful means, schemes, or techniques in a purchase and sale or

other transaction of Securities or in a derivatives transaction, etc.;
(ii) acquiring money or other property through the use of a document that contains a false indication regarding a material particular or that lacks an indication of a material particular that is necessary to prevent it from being misleading, or other indication for the purchase and sale or other transaction of securities or a derivatives transaction, etc.; or
(iii) using false quotations in order to induce a purchase and sale or other transaction of securities or a derivatives transaction, etc.

(Prohibition on the Spreading of Rumors, the Use of Fraudulent Means, and Assault and Intimidation)

Article 158 It is prohibited for any person to spread rumors, to use fraudulent means, or to commit assault or use intimidation for the purpose of carrying out a public offering, secondary distribution, purchase and sale or other transaction of securities, or a derivatives transaction, etc. or for the purpose of causing a fluctuation in the market price of a security, etc. (meaning a security, an option, or a financial instrument (other than a security) or financial index that is connected with a derivatives transaction; the same applies in Article 168, paragraph (1), Article 173, paragraph (1) and Article 197, paragraph (2), item (i)).

(Prohibition on Market Manipulation)

Article 159 (1) It is prohibited for any person to engage in any of the following acts with the aim of misleading others into believing that purchase and sales of securities (limited to purchase and sales of securities that are listed on a financial instruments exchange, over-the-counter traded securities, or tradable securities; hereinafter the same applies in this Article), market derivatives transactions, or over-the-counter derivatives transactions (limited to those involving financial instruments listed on a financial instruments exchange, over-the-counter traded securities, or tradable securities (including financial indexes calculated based on their prices or interest rates) or financial indexes that are listed on a financial instruments exchange; hereinafter the same applies in this Article) are thriving, or otherwise misleading others about the state of these transactions:
(i) conducting a false purchase and sale of securities, a false market derivatives transaction (limited to one specified in Article 2, paragraph (21), item (i)), or a false over-the-counter derivatives transaction (limited to one specified in Article 2, paragraph (22), item (i)) without the intent to transfer the rights;
(ii) conducting a false market derivatives transaction (limited to one specified in Article 2, paragraph (21), items (ii) and (iv) though (v)) or a false over-the-counter derivatives transaction (limited to one specified in Article 2,

paragraph (22), items (ii), (v) and (vi)) without the intent to pay or receive money;

(iii) conducting a false market derivatives transaction (limited to one specified in Article 2, paragraph (21), item (iii)) or a false over-the-counter derivatives transaction (limited to one specified in Article 2, paragraph (22), item (iii) or (iv)) without the intent to grant or acquire the options;

(iv) selling financial instruments (limited to a sale conducted through a transaction set forth in Article 2, paragraph (21), item (i) or paragraph (22), item (i) of that Article, if they are financial instruments other than securities) after colluding in advance with another party that promises to purchase the financial instruments at the same price and around the same time as the sale (limited to a purchase conducted through a transaction set forth in Article 2, paragraph (21), item (i) or paragraph (22), item (i) of that Article, if they are financial instruments other than securities);

(v) purchasing financial instruments (limited to a purchase conducted through market derivatives transactions (limited to transactions listed in Article 2, paragraph (21), item (i)) in the case of commodities, and limited to a purchase conducted through a transaction set forth in Article 2, paragraph (21), item (i) or paragraph (22), item (i) of that Article if they are financial instruments other than securities and commodities) after colluding in advance with another party that promises to sell the financial instruments at the same price and around the same time as the purchase (limited to a sale conducted through market derivatives transactions (limited to transactions listed in paragraph (21), item (i) of that Article) in the case of commodities, and limited to a sale conducted through a transaction set forth in Article 2, paragraph (21), item (i) or paragraph (22), item (i) of that Article if they are financial instruments other than securities and commodities);

(vi) making an offer in connection with a market derivatives transaction (limited to one set forth in Article 2, paragraph (21), item (ii)) or an over-the-counter derivatives transaction (limited to one set forth in paragraph (22), item (ii) of that Article) after colluding in advance with another party that promises to become the other party to the transaction at around the same time as the offer and at the same agreed figure as in the offered transaction;

(vii) making an offer in connection with a market derivatives transaction (limited to one set forth in Article 2, paragraph (21), item (iii)) or an over-the-counter derivatives transaction (limited to one set forth in paragraph (22), item (iii) or (iv) of that Article) after colluding in advance with another party that promises to become the other party to the transaction at around the same time as the offer and for the same amount of consideration as in the offered transaction;

(viii) making an offer in connection with a market derivatives transaction

(limited to one set forth in Article 2, paragraph (21), items (iv) through (v)) or over-the-counter derivatives transaction (limited to one set forth in paragraph (22), item (v) or (vi) of that Article) after colluding in advance with another party that promises to become the other party to the transaction at around the same time as the offer and with the same conditions as in the offered transaction; or

(ix) entrusting, etc. a person, etc. with an act set forth in the preceding items or becoming entrusted, etc. with such an act.

(2) It is prohibited for any person to engage in any of the following acts for the purpose of inducing purchase and sales of securities, market derivatives transactions, or over-the-counter derivatives transactions (hereinafter referred to "purchase and sales of securities, etc." in this Article):

(i) conducting a series of purchase and sales of securities, etc. that are likely to mislead a person into believing that purchase and sales of securities, etc. are thriving or to cause fluctuations in market prices of listed financial instruments, etc. (meaning financial instruments, financial indexes, or options listed on a financial instruments exchange market; hereinafter the same applies in this Article) on a financial instruments exchange market or prices of over-the-counter traded securities on an over-the-counter securities market; offering to conduct such transactions; entrusting, etc. a person with conducting such transactions; or becoming entrusted, etc. with conducting such transactions;

(ii) spreading a rumor that market prices of listed financial instruments, etc. on a financial instruments exchange market or market prices of over-the-counter traded securities on an over-the-counter securities market will fluctuate due to one's own or another party's market manipulation; or

(iii) intentionally making a false representation regarding a material particular or a representation that causes a person to misunderstand something, in conducting a purchase and sale of securities, etc.

(3) It is prohibited for any person to effect a series of purchase and sales of securities, etc., to offer to conduct such transactions, to entrust, etc. a person with conducting such transactions, or to become entrusted, etc. with conducting such transactions, for the purpose of pegging, fixing, or stabilizing market prices of listed financial instruments, etc. on a financial instruments exchange market or the market prices of over-the-counter traded securities on an over-the-counter securities market, in a way that constitutes a violation of the provisions of Cabinet Order.

(Compensatory Liability for Market Manipulation)

Article 160 (1) A person that violates the provisions of the preceding Article is liable to compensate for damages from purchase and sales of securities on a

financial instruments exchange market, market derivatives transactions, purchase and sales of securities on an over-the-counter securities market, and purchase and sales of tradable securities (hereinafter referred to "purchase and sales of securities, etc. on a financial instruments exchange market, etc." in this paragraph) in connection with a financial instrument, financial index, or option whose price, agreed figure, or amount receivable the person formed through that violation, which damages are incurred by any person that conducts, or entrusts another person with conducting, such a purchase and sale of securities, etc. on a financial instruments exchange market, etc. at the so-formed price, agreed figure, or amount of compensation.

(2) A claim for compensation under the preceding paragraph extinguishes by prescription if it is not exercised within one year from when the claimant learns that an act that is in violation of the provisions of the preceding Article has taken place or within three years from when the act takes place.

(Restriction on Transactions by a Financial Instruments Business Operator on Its Own Account)

Article 161 (1) The Prime Minister may specify, in Cabinet Office Order, matters that the Prime Minister finds to be necessary and appropriate for ensuring the public interest or the protection of investors, in order to restrict the purchase and sale of the securities that a financial instruments business operator, etc. or authorized firm for on-exchange transactions conducts on its own account, or restrict a financial instruments business operator, etc. or authorized firm for on-exchange transactions from conducting excessive volumes of purchase and sales which are found to be detrimental to the order of the financial instruments exchange market or the over-the-counter securities market.

(2) The provisions of the preceding paragraph apply mutatis mutandis to market derivatives transactions and over-the-counter derivatives transactions.

(3) The Prime Minister may specify the matters by Cabinet Office Order, which are found to be necessary and appropriate to secure the public interest or protection of investors, in order to restrict commodity-related market derivatives transactions to be conducted by a commodity trading participant on its own account, or restrict excessive volumes of transactions to be conducted by a commodity trading participant if such transactions are found to disturb the order of a financial instruments exchange market.

(Depositing Money for Margin Transactions)

Article 161-2 (1) In a margin transaction or other transaction specified by Cabinet Office Order, a financial instruments business operator, pursuant to the provisions of Cabinet Office Order, must receive money that a customer deposits with it in an amount not less than that arrived at by multiplying the

market value of the securities for which the transaction is to be conducted by the rate decided by the Prime Minister with a view to ensuring fairness in purchase and sales and other transactions of securities.

(2) Securities may serve as the money referred to in the preceding paragraph, pursuant to the provisions of Cabinet Office Order.

(Prohibition of Short Selling and Stop Orders)

Article 162 (1) It is prohibited for any person to engage the following acts in a way that constitutes a violation of the provisions of Cabinet Order:

(i) selling securities without having them or by borrowing them (including cases specified by Cabinet Order as being equivalent thereto), entrusting, etc. a person with such a sale, or becoming entrusted, etc. with such a sale; or

(ii) entrusting, etc. a person with making an immediate purchase of securities if the market price rises above the market price at the time of entrustment to at least the level that the entrusting person indicates, or with making an immediate sale of securities if the market price falls below the market price at the time of entrustment to at least the level that the entrusting person indicates.

(2) The provisions of item (ii) of the preceding paragraph apply mutatis mutandis to transactions specified in Article 2, paragraph (21), items (ii) and (iii). In this case, with regard to a transaction set forth in Article 2, paragraph (21), item (ii), in item (ii) of the preceding paragraph, the term "securities" is deemed to be replaced with "the agreed figure", the term "rises" is deemed to be replaced with "goes up to", the phrase "purchase of" is deemed to be replaced with "transaction, so that the entrusting person will receive money in the event that the actual figure rises above", the term "falls" is deemed to be replaced with "goes down to", and the phrase "sale of" is deemed to be replaced with "transaction, so that the entrusting person will receive money in the event that the actual figure falls below"; and with regard to a transaction set forth in Article 2, paragraph (21), item (iii), in item (ii) of the preceding paragraph, the term "securities" is deemed to be replaced with "options", the phrase "purchase of" is deemed to be replaced with "transaction wherein the entrusting party will acquire", and the phrase "sale of" is deemed to be replaced with "transaction wherein the entrusting party will grant".

(Regulation of the Purchase and Sale of Listed or Over-the-Counter Traded Share Certificates by the Issuer of These Shares)

Article 162-2 The Prime Minister, through Cabinet Office Order, may stipulate the particulars that the Prime Minister finds to be necessary and appropriate for preventing manipulation of the market price of share certificates listed on a

financial instruments exchange or share certificates falling under the category of over-the-counter traded securities or other securities specified by Cabinet Order (hereinafter such share certificates are collectively referred to as "listed or over-the-counter traded share certificates, etc." in this Article) or for ensuring fairness in transactions of listed or over-the-counter traded share certificates, etc., with regard to the issuer of listed or over-the-counter traded share certificates, etc. effecting a purchase and sale of listed or over-the-counter traded share certificates, etc. under Article 156, paragraph (1) of the Companies Act (including as applied pursuant to the provisions of Article 163 or Article 165, paragraph (3) of that Act following the deemed replacement of terms), Article 199, paragraph (1) of that Act (including the provisions of laws and regulations specified by Cabinet Order as being equivalent thereto) (but only if the issuer seeks to solicit persons to subscribe for treasury shares it disposes of), or a foreign law or regulation that is equivalent to these provisions (but only if the issuer is a foreign person), or entrusting, etc. a person with such a purchase and sale; with regard to a trust company, etc., based on a trust contract, becoming entrusted, etc. with effecting such transactions on the account of the issuer of listed or over-the-counter traded share certificates, etc.; with regard to a financial instruments business operator or an authorized firm for on-exchange transactions becoming entrusted, etc. with effecting such transactions; and with regard to anything else that is specified by Cabinet Office Order.

(Submission of Reports on Purchase and Sales of Regulated Securities by the Officer of a Listed Company)

Article 163 (1) An officer (including an officer of an asset management company (meaning an asset management company as defined in Article 2, paragraph (21) of the Act on Investment Trusts and Investment Corporations; the same applies in Article 166) of a listed company, etc. that is an investment corporation as defined in Article 2, paragraph (12) of that Act (referred to as a "listed investment corporation, etc." in Article 166) and a major shareholder (meaning a shareholder that holds voting rights exceeding 10 percent of the voting rights held by all the shareholders, etc. in their own name or the name of another person (or under a fictitious name); makes a purchase, etc. of securities set forth in Article 2, paragraph (1), item (v), item (vi), item (ix), or item (xi) (excluding those specified by Cabinet Office Order) and other securities specified by Cabinet Order (hereinafter referred to as "regulated securities" in this Article through Article 166) or securities specified in Article 2, paragraph (1), item (xix) which indicate options related to regulated securities of the listed company, etc. in consideration of the manner of acquisition or holding thereof or other circumstances) the issuer of securities

set forth in Article 2, paragraph (1), item (v), item (vii), item (ix), or item (xi) (excluding those specified by Cabinet Order) which are listed in a financial instruments exchange, those that fall under over-the-counter traded securities or tradable securities or of any other securities designated by Cabinet Order (hereinafter the issuer is referred to as a "listed company, etc." in this Article to Article 166 and Article 167-2, paragraph (1)), an officer; hereinafter the same applies in this Article to Article 165) or a major shareholder hereinafter the same applies in this Article through Article 166) of the listed company, etc. i), (ix) or (xi) (excluding those specified by Cabinet Order) or any other securities specified by Cabinet Order or other securities specified by Cabinet Order (hereinafter such securities are referred to as "related securities" in this paragraph) (the term "purchase, etc." means purchase of regulated securities and related securities (hereinafter these securities are collectively referred to as "regulated securities, etc." in this Article through Article 166, Article 167-2, paragraph (1), Article 175-2, and Article 197-2, item (xiv)) and other transaction specified by Cabinet Order; hereinafter the same applies in this Article, the following Article and Article 165-2) or makes sales, etc. thereof (meaning sales of regulated securities, etc. and other transaction specified by Cabinet Order; hereinafter the same applies in this Article to Article 165-2), on their own account (including the cases where the trustee of a trust of which the relevant officer or the relevant major shareholder is the settlor or beneficiary makes purchase, etc. or sales, etc. of regulated securities, etc. of the listed company, etc. as specified by Cabinet Office Order; hereinafter the same applies in this and the following Articles), the relevant officer or the relevant major shareholder must submit to the Prime Minister a report on the purchase and sale or other transactions (hereinafter referred to as "purchase and sale, etc." in this paragraph, the following Article, and Article 165-2) on or before the 15th day of the month following the month that includes the day of the purchase and sale, etc. pursuant to the provisions of Cabinet Office Order; provided, however, that this does not apply to the cases specified by Cabinet Office Order taking into account of the manner of the purchase, etc. or sales, etc. or other circumstances.

(2) If the officer or major shareholder prescribed in the preceding paragraph conductsconducts a purchase, etc. or sale, etc. of the regulated securities, etc. of the listed company, etc. by entrusting, etc. a financial instruments business operator, etc. or authorized firm for on-exchange transactions to do so, the report prescribed in the preceding paragraph is to be submitted through the financial instruments business operator, etc. or authorized firm for on-exchange transactions. The same applies if the other party to the purchase, etc. or sale, etc. is a financial instruments business operator, etc. or authorized firm for on-exchange transactions.

(Restitution of Profits Arising from Short-Term Purchase and Sales by the Officer of a Listed Company)

Article 164 (1) In order to prevent wrongful use by the officer or major shareholder of a listed company, etc. of any secret information acquired in the course of duty or by virtue of position, a listed company, etc. may request an officer or major shareholder that conducts a sale, etc. of regulated securities, etc. of the listed company, etc. within six months after having conducted their purchase, etc. on their own or major shareholder's own account, or an officer or major shareholder that conducts a purchase, etc. of regulated securities, etc. of the listed company, etc. within six months after having conducted their sale, etc. on their own or major shareholder's own account, to provide the listed company, etc. with the profit earned from the sale.

(2) If a listed company, etc. fails to make a request under the preceding paragraph within 60 days from the day on which a shareholder (including a member that is an insurance policy holder, an equity holder, or an investor (meaning an investor as defined in Article 2, paragraph (16) of the Act on Investment Trusts and Investment Corporations and including a member of the foreign investment corporation as defined in paragraph (25) of that Article); hereinafter the same applies in this paragraph and paragraph (8)) of the listed company, etc. demands that the listed company, etc. make the request under the preceding paragraph, the shareholder may make the request in subrogation of the listed company, etc.

(3) The right to make a request of the officer or major shareholder of a listed company, etc. pursuant to the preceding two paragraphs extinguishes by prescription if that right is not exercised within two years from the time the profit is made.

(4) If the Prime Minister finds, based on the report referred to in the preceding Article that the officer or major shareholder of a listed company, etc. has made the profit referred to in paragraph (1), the Prime Minister is to send a copy of the portion of the report related to the profit (hereinafter referred to as a "document related to profit" in this Article) to the officer or major shareholder, and if there is no filing as referred to in the following paragraph from the officer or major shareholder within the period specified therein with regard to the document related to profit, the Prime Minister is to send a copy of the document related to profit to the listed company, etc. and information concerning the trade name or name of the officer or major shareholder; provided, however, that this does not apply if the Prime Minister learns that the profit referred to in paragraph (1) has already been provided to the listed company, etc. before the Prime Minister sends the copy of the document related to profit to the officer or major shareholder or to the listed company, etc.

(5) If a copy of a document related to profit is sent to the officer or major shareholder of a listed company, etc. pursuant to the main clause of the preceding paragraph, and the officer or major shareholder finds that the officer or major shareholder has not made a purchase and sale, etc. as stated in the copy of the document related to profit, the officer or major shareholder may submit a filing indicating this to the Prime Minister within a period not exceeding 20 days from the day on which the officer or major shareholder receives the copy of the document related to profit.

(6) If a filing indicating that the officer or major shareholder has not made a purchase and sale, etc. as stated in the copy of a document related to profit is submitted by the officer or major shareholder pursuant to the preceding paragraph, for the purpose of the application of the main clause of paragraph (4), the portion to which the filing pertains is deemed not to have been included in the report to the Prime Minister under paragraph (1) of the preceding Article.

(7) If the Prime Minister sends a copy of a document related to profit to a listed company, etc. based on the provisions of paragraph (4), the Prime Minister is to make the copy of the document related to profit available for public inspection during the period starting from the day on which 30 days have elapsed since the day the copy is sent and ending on the day that the right to a request which is provided for in paragraph (3) extinguishes (or the day that the Prime Minister learns that the profit referred to in paragraph (1) has been provided to the listed company, etc., if the Prime Minister learns of this before the right to a request extinguishes); provided, however, that this does not apply if the Prime Minister learns that the profit referred to in paragraph (1) has already been provided to the listed company, etc. before the Prime Minister makes the copy of the document related to profit available for public inspection.

(8) If a copy of a document related to profit is made available for public inspection pursuant to the preceding paragraph, a shareholder of the listed company, etc. referred to in that paragraph may request the Prime Minister to provide information concerning the trade name or name of the officer or major shareholder that is found to have made the profit referred to in paragraph (1).

(9) The provisions of the preceding paragraphs do not apply if the major shareholder is not a major shareholder either at the time of effecting the purchase, etc. or at the time of effecting the sale, etc., nor do they apply in cases that are specified by Cabinet Office Order in consideration of the features the purchase, etc. or sale, etc. that an officer or major shareholder effects and other circumstances.

(10) The method of calculating profit, if, as in paragraph (4), the Prime Minister finds the officer or major shareholder of a listed company, etc. to have made

the profit referred to in paragraph (1), is specified by Cabinet Office Order.

(Acts Prohibited for the Officer of a Listed Company)

Article 165 It is prohibited for the officer or major shareholder of a listed company, etc. to engage in the following acts:

(i) sale of regulated securities, etc. of the listed company, etc. or other transactions specified by Cabinet Order (hereinafter referred to as "specified transactions" in this Article and paragraph (166) of the following Article), for which the amount of regulated securities subject to the specified transactions (meaning the amount of regulated securities sold in the case of a sale of regulated securities, or the amount specified by Cabinet Office Order for other transactions) exceeds the amount specified by Cabinet Office Order as the amount of regulated securities that are of the same type as the regulated securities of the listed company, etc. that the officer or major shareholder holds; or

(ii) conducting a sale, etc. of regulated securities, etc. of the listed company, etc. (other than a specified transaction), in which the volume of the regulated securities, etc. specified by Cabinet Office Order as the basis to be used for calculating the amount paid or received in the sale, etc. exceeds the volume specified by Cabinet Office Order as the volume for regulated securities that are of the same type as the regulated securities of the listed company, etc. that the officer or major shareholder holds.

(Handling of Regulated Securities that Belong to the Property of Specified Partnerships)

Article 165-2 (1) In a partnership, etc. (meaning a partnership established based on a partnership contract provided for in Article 667, paragraph (1) of the Civil Code, an investment limited partnership provided for in Article 2, paragraph (2) of the Limited Partnership Act for Investment (hereinafter referred to as an "investment limited partnership" in this Article), or a limited liability partnership provided for in Article 2 of the Limited Liability Partnership Act (hereinafter referred to as a "limited liability partnership" in this Article), or any similar organization specified by Cabinet Order; hereinafter the same applies in this Article) whose property includes voting rights related to the shares in a listed company, etc. which constitute 10 percent or more of voting rights held by all the shareholders, etc. (hereinafter referred to as a "specified partnership, etc." in this Article), if one of the partners in the specified partnership, etc. (including a person specified by Cabinet Office Order as being similar to that person; hereinafter the same applies in this Article) conducts a purchase, etc. or sale, etc. of the regulated securities, etc. of a listed company, etc. which is connected with the property of the specified partnership, etc.

(including if the trustee of a trust in which all of the partners in the specified partnership, etc. are the settlor or beneficiary conducts a purchase, etc. or sale, etc. of the regulated securities, etc. of a listed company, etc. as specified by Cabinet Office Order; hereinafter the same applies in this Article), the partner that conducts the purchase, etc. or sale, etc. (including a partner specified by Cabinet Office Order as equivalent to that person; hereinafter the same applies in this Article) must submit a report on the purchase and sale, etc. to the Prime Minister, pursuant to the provisions of Cabinet Office Order, by the 15th day of the month following the month that includes the day of the purchase and sale, etc.; provided, however, that this does not apply in the cases that are specified by Cabinet Office Order taking into account of the manner of the purchase, etc. or sale, etc. and other circumstances.

(2) If a partner in a specified partnership, etc. prescribed in the preceding paragraph conducts a purchase, etc. or sale, etc. of the regulated securities, etc. of a listed company, etc. which is connected with the property of the specified partnership, etc. by entrusting, etc. a financial instruments business operator, etc. or authorized firm for on-exchange transactions to do so, the report prescribed in the preceding paragraph is to be submitted through the financial instruments business operator, etc. or authorized firm for on-exchange transactions. The same applies if the other party to the purchase, etc. or sale, etc. is a financial instruments business operator, etc. or authorized firm for on-exchange transactions.

(3) In order to prevent wrongful use by a partner in a specified partnership, etc. of any secret information acquired by virtue of position, a listed company, etc. may request a partner in a specified partnership, etc. that, in connection with the property of the specified partnership, etc., conducts a sale, etc. of the regulated securities, etc. of the listed company, etc. within six months after having conducted their purchase, etc., or conducts a purchase, etc. of the regulated securities, etc. of the listed company, etc. within six months after having conducted their sale, etc., to use the property of the specified partnership, etc. to provide the listed company, etc. with the profit earned from the sale, etc. or purchase, etc.

(4) If a listed company, etc. makes a request pursuant to the preceding paragraph and limited to if the obligation linked to that request and other obligations of the specified partnership, etc. cannot be repaid in full using the property of the specified partnership, etc., the listed company, etc. may request each partner in the specified partnership, etc., at the time that the profit referred to in that paragraph accrued (excluding limited partners in an investment limited partnership and partners in a limited liability partnership and any person specified by Cabinet Office Order as similar to those persons) to provide the listed company, etc. with the profit (limited to the amount that

remains after deducting the amount of the profit already provided to the listed company, etc. pursuant to that paragraph) in proportion to the liability of each partner for the obligation of the specified partnership, etc.

(5) In the case prescribed in the preceding paragraph, the provisions of the preceding paragraph also apply if a judicial enforcement against the property of the specified partnerships, etc. does not prove to be effective.

(6) The preceding paragraph does not apply if apartner in the specified partnership, etc. at the time that the profit referred to in paragraph (3) accrued proves that the specified partnership, etc. has sufficient property against which a judicial enforcement may be easily made.

(7) If a listed company, etc. fails to make a request under the provisions of paragraphs (3) through (5) within 60 days from the day on which a shareholder (including a member that is an insurance policy holder, or an equity holder; hereinafter the same applies in this paragraph and paragraph (13)) of the listed company, etc. has demanded that the listed company, etc. make a request under those provisions, the shareholder may make the request in subrogation of the listed company, etc.

(8) The right to request the restitution of profit pursuant to paragraphs (3) through (5) or the preceding paragraph extinguishes by prescription if that right is not exercised within two years from the time that a profit accrues to the property of the specified partnership, etc.

(9) Based on the report referred to in paragraph (1), if the Prime Minister finds that the profit referred to in paragraph (3) has accrued to the property of the specified partnership, etc., the Prime Minister is to send a copy of the portion of the report related to the profit (hereinafter referred to as a "document related to partnership profit" in this Article) to the partner that submits a report (meaning the partner that has submitted the report (limited to a report of the most recent purchase, etc. or sale, etc.) pursuant to the provisions of paragraph (1); the same applies in paragraph (13)), and if there is no filing referred to in the following paragraph made by the partner that submits a report within the period specified in that paragraph with regard to the document related to partnership profit, the Prime Minister is to send a copy of the document related to partnership profit or information concerning the trade name or name of the partner that submits a report to the listed company, etc.; provided, however, that this does not apply if the Prime Minister learns that the profit referred to in paragraph (3) has already been provided to the listed company, etc. before the Prime Minister sends the copy of the document related to partnership profit to the partner that submits a report or the listed company, etc.

(10) If a copy of a document related to the partnership profit is sent to a partner that submits a report pursuant to the provisions of the main clause of the

preceding paragraph, and the partner that submits a report acknowledges that they have not made a purchase and sale, etc. as stated in the copy of the document related to partnership profit, they may submit a filing indicating that fact to the Prime Minister within a period not exceeding 20 days commencing from the day on which the partner that submits a report receives the copy of the document related to partnership profit.

(11) If a filing indicating that the partner that submits a report has not made a purchase and sale, etc. as stated in the copy of a document related to partnership profit they have submitted pursuant to the provisions of the preceding paragraph, for the purpose of the application of the main clause of paragraph (9), the portion to which the filing concerns is deemed not to been stated in the report submitted to the Prime Minister under the provisions of paragraph (1).

(12) If the Prime Minister sends a copy of a document related to partnership profit to a listed company, etc. based on the provisions of paragraph (9), the Prime Minister is to make the copy of the document related to partnership profit available for public inspection during the period commencing on the day on which 30 days have passed since the day the copy is sent and ending on the day that the right to the request provided for in paragraph (8) extinguishes (the day that the Prime Minister learns that the profit referred to in paragraph (3) has been provided to the listed company, etc., if the Prime Minster learns the fact before the right to a request extinguishes); provided, however, that this does not apply if the Prime Minister learns that the profit referred to in paragraph (3) has been provided to the listed company, etc. before the Prime Minister makes a copy of the document related to partnership profit available for public inspection.

(13) If a copy of a document related to partnership profit is made available for public inspection pursuant to the preceding paragraph, a shareholder of the listed company, etc. referred to in that paragraph may request the Prime Minister to provide information concerning the trade name or name of the partner that submits a report of a specified partnership, etc. for which the profit referred to in paragraph (3) is found to have accrued to its property.

(14) The provisions of paragraph (3) to the preceding paragraph do not apply if a specified partnership, etc. was not a specified partnership, etc. either at the time the purchase, etc. or sale was made in connection with the property of the specified partnership, etc., or to the cases that are specified by Cabinet Office Order taking into account of the manner of the purchase, etc. or sale, etc. that is conducted in connection with the property of the specified partnership, etc. or other circumstances.

(15) The method of calculating the profit if the Prime Minister finds the profit referred to in paragraph (3) to have accrued to the propertyproperty of a

specified partnership, etc. referred to in paragraph (3) in paragraph (9), is specified by Cabinet Office Order.

(16) A partner in a specified partnership, etc. must not engage in the following acts concerning the property of the specified partnership, etc.:

(i) conducting a specified transaction in which the amount of regulated securities traded in the specified transaction (meaning the amount of regulated securities sold in the case of a sale of regulated securities, or the amount specified by Cabinet Office Order in the case of other transactions) exceeds the amount specified by Cabinet Office Order as the amount for regulated securities that are of the same type as the regulated securities of the listed company, etc. that the partner holds; or

(ii) conducting a sale, etc. of regulated securities, etc. of the listed company, etc. (other than a specified transaction) in which the volume of the regulated securities, etc. specified by Cabinet Office Order as the basis for calculating the amount paid or received in the sale, etc. exceeds the volume specified by Cabinet Office Order as the volume for regulated securities that are of the same type as the regulated securities of the listed company, etc. that the partner holds.

(17) The provisions of the preceding three Articles do not apply to a major shareholder that comes to fall under a major shareholder of a listed company, etc. as a result of owning the shares in the listed company, etc. as a part of the property of a partnership, etc.

(Acts Prohibited for Company Insiders)

Article 166 (1) A person set forth in the following items (hereinafter referred to as a "company insider" in this Article) that comes to know a material fact about the business of a listed company, etc. (in the case of the company insider of a subsidiary company of the listed company, etc. (other than one that falls under a company insider of the listed company, etc.), this is limited to a material fact about the business of the subsidiary company which is provided for in the items (v) through (viii) of the following paragraph; the same applies hereinafter) in the manner prescribed in the item must not make a purchase and sale, or any other transfer or acquisition for value, or succession upon a merger or company split (meaning to cause the other party to succeed or to succeed upon merger or company split) of regulated securities, etc. of the listed company, etc., nor effect a derivatives transaction connected with the same (hereinafter referred to as a "purchase and sale, etc." in this Article, Article 167-2, paragraph (1), Article 175-2, paragraph (1), and Article 197-2, paragraph (1), item (xiv)) before the disclosure of the material fact about its business. The same applies for one year to a company insider that comes to know a material fact about the business of a listed company, etc. in a manner

prescribed in any of the following items even after the person ceases to be the company insider set forth in the relevant item:

(i) the officer (if the accounting advisor is a corporation, its member), agent, employee, or any other worker (hereinafter referred to as an "officer, etc." in this Article and the following Article) of the listed company, etc. (including its parent company and subsidiary companies, and if the listed company, etc. is a listed investment corporation, etc., an asset management company of the relevant listed company, etc. or a specified associated corporation; hereinafter the same applies in this paragraph): coming to know the material fact related to the person's duty;

(ii) a shareholder of the listed company, etc. that has the right prescribed in Article 433, paragraph (1) of the Companies Act or an ordinary equity investor in the listed company, etc. as prescribed in the Act on Preferred Equity Investment that is specified by Cabinet Office Order as being deemed to have a right similar to such a right, or a member of the listed company, etc. that has the right prescribed in Article 433, paragraph (3) of that Act (this includes the officer, etc. of the shareholder, ordinary equity holder, or member, if the shareholder, ordinary equity investor, or member is a corporation (including an organization without legal personality for which a representative or administrator has been designated; hereinafter the same applies in this and the following Articles), and includes the agent or employee of the shareholder, ordinary equity investor, or member, if the shareholder, ordinary equity investor, or member is a person other than a corporation): coming to know the material fact related to the exercise of that right;

(ii)-2 an investor (meaning an investor as defined in Article 2, paragraph (16) of the Act on Investment Trusts and Investment Corporations; hereinafter the same applies in this item) of the listed company, etc. or an investor that has the right specified in Article 433, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 128-3, paragraph (2) of that Act (including an officer, etc. of the investor when the investor is a corporation, and an agent or employee of the investor when the investor is a person other than a corporation): when the investor has come to know a material fact related to the exercise of the right specified in Article 128-3, paragraph (1) of the Act on Investment Trusts and Investment Corporations or the right specified in Article 433, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 128-3, paragraph (2) of the Act on Investment Trusts and Investment Corporations;

(iii) a person that has statutory authority over the listed company, etc.: coming to know the material fact related to the exercise of that authority;

(iv) a person other than an officer, etc. of the listed company, etc., that has

concluded, or is in negotiations to conclude, a contract with the listed company, etc. (including an officer, etc. of that person if that person is a corporation, and an agent or employee of that person if that person is a person other than a corporation): coming to know the material fact in the conclusion, negotiation, or implementation of the contract; and

(v) the officer, etc. of a person set forth in item (ii), item (ii)-2 or the preceding item that is a corporation (limited to the officer, etc. of a corporation when another officer, etc. of the corporation comes to know a material fact about the business of the listed company, etc. pursuant to item (ii), item (ii)-2 or the preceding item): coming to know the material fact related to the person's duties.

(2) The material fact about the business provided for in the preceding paragraph means any of the following facts (for item (i), item (ii), item (v), item (vi), item (ix), item (x), item (xii) and item (xiii), this excludes a fact that falls under the criteria specified by Cabinet Office Order as having only a minor influence on investors' investment decisions):

(i) the organ that is responsible for making decisions about the execution of operations at the listed company, etc. (excluding a listed investment corporation, etc.; hereinafter the same applies in this item through item (viii)) has decided that the listed company, etc. will perform any of the following acts, or has decided that the listed company, etc. will not perform an act that was subject to the decision (limited to a decision that has already been publicized):

(a) the solicitation, as prescribed in Article 199, paragraph (1) of the Companies Act, of persons to subscribe for the shares that a stock company issues or the treasury shares it disposes of (including solicitation of persons to subscribe for preferred equity investments that a cooperative financial institution issues) (in the case of solicitation for persons to subscribe for treasury shares, this includes solicitation under a foreign law or regulation that is equivalent to the relevant provisions of the Companies Act (but only if the listed company, etc. is a foreign company; hereinafter the same applies in this Article)), or solicitation, as prescribed in Article 238, paragraph (1) of that Act, of persons to subscribe for share options;

(b) a reduction of the stated capital;

(c) a reduction of the capital reserves or retained earnings reserves;

(d) the acquisition of its own shares prescribed in Article 156, paragraph (1) of the Companies Act (including as applied pursuant to the provisions of Articles 163 and Article 165, paragraph (3) of that Act following the deemed replacement of terms) or under a foreign law or regulation that is equivalent to these provisions of that Act (but only if the listed company, etc. is a foreign company; hereinafter the same applies in this Article);

(e) the allotment of shares without a contribution or allotment of share option without contribution;
(f) a share split (including a split of preferred equity investment as prescribed in the Act on Preferred Equity Investment);
(g) a distribution of surplus;
(h) a share exchange;
(i) a share transfer;
(j) a partial share exchange;
(k) a merger;
(l) a company split;
(m) the transfer or acquisition of all or a part of business;
(n) dissolution (other than dissolution as a result of a merger);
(o) the commercialization of a new product or new technology; or
(p) a business alliance or anything else that is specified by Cabinet Order as being equivalent to the acts set forth in (a) through (o);

(ii) any of the following facts has arisen at the listed company, etc.:
(a) damage arising from a disaster or in the performance of its operations;
(b) any change in its major shareholders;
(c) a fact constituting the cause for the delisting of regulated securities or options on regulated securities, or for the recession of their registration; or
(d) any fact specified by Cabinet Order as being equivalent to the facts set forth in (a) through (c);

(iii) a variance arises in the forecasts that the listed company, etc. has newly prepared or in the results in the settlement of accounts for the business year, when compared against the last disclosed forecasts (or disclosed actual figures for the preceding business year, if there are no such forecasts) of net sales, current profits, or net income of the listed company, etc. (hereinafter referred to as "net sales, etc." in this Article), of the dividends prescribed in item (i), sub-item (g) from the listed company, etc., or of the net sales, etc. of the corporate group of which the listed company, etc. is a part (limited to a variance that falls under the criteria specified by Cabinet Office Order as having a material influence on investors' investment decisions);

(iv) a material fact other than any of the facts specified in the preceding three items, which concerns the operations, business, or assets of the listed company, etc. and has a significant influence on investors' investment decisions;

(v) the organ that is responsible for making decisions about the execution of operations at the subsidiary company of the listed company, etc. has decided that the subsidiary company will perform any of the following acts, or has decided that the subsidiary company will not perform an act that was subject to the decision (limited to a decision that has already been publicized):

(a) a share exchange;
(b) a share transfer;
(c) a partial share exchange;
(d) a merger;
(e) a company split;
(f) a transfer or acquisition of all or part of business;
(g) dissolution (other than dissolution as a result of a merger);
(h) the commercialization of a new product or new technology; or
(i) a business alliance or any other act specified by Cabinet Order as being equivalent to any of the acts set forth in (a) through (h);

(vi) any of the following facts has arisen at a subsidiary company of the listed company, etc.:
(a) damage arising from a disaster or in the performance of its operations; or
(b) any fact specified by Cabinet Order as being equivalent to the fact specified in (a);

(vii) a variance arises in the forecasts that a subsidiary company (limited to a subsidiary company that is the issuer of securities specified in Article 2, paragraph (1), item (v), (vii), or (ix) that are listed on a financial instruments exchange, or any other subsidiary company specified by Cabinet Office Order) of the listed company, etc. has newly prepared or in the results in the settlement of accounts for the business year, when compared against the last disclosed forecasts (or disclosed actual figures for the preceding business year, if there are no such forecasts) of net sales, etc. of the subsidiary company (limited to a variance that falls under the criteria specified by Cabinet Office Order as having a material influence on investors' investment decisions); or

(viii) a material fact, other than any of the facts specified in the preceding three items, which concerns the operations, business, or assets of a subsidiary company of the listed company, etc. and has a significant influence on investors' investment decisions;

(ix) a decision by the organ of the listed company, etc. (limited to a listed investment corporation, etc.; hereinafter the same applies in the following item to item (xiv)) which is responsible for making decisions on the execution of the operations of the listed company, etc. to perform any of the following acts, or a decision by the relevant organ not to perform the act which is decided to be performed in such a decision (limited to acts that have already been publicized):
(a) conclusion or cancellation of an entrustment contract for asset investments;
(b) solicitation of persons to subscribe for the investment equity issued by an investment corporation as prescribed in Article 82, paragraph (1) of the Act

on Investment Trusts and Investment Corporations;

(c) acquisition of one's own investment equity as prescribed in 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) following the deemed replacement of terms);

(d) allotment of investment equity subscription rights without contribution as prescribed in Article 88-13 of the Act on Investment Trusts and Investment Corporations;

(e) split of investment equity;

(f) distribution of money;

(g) merger;

(h) dissolution (excluding dissolution by a merger); or

(i) acts specified by Cabinet Order as acts equivalent to those set forth in (a) through (h);

(x) occurrence of any of the following facts in the listed company, etc.:

(a) damage arising from disaster or in the course of performing operations;

(b) facts constituting the cause for delisting or rescission of registration of regulated securities or options related to them; or

(c) acts specified by Cabinet Order as those equivalent to the act listed in (a) or (b);

(xi) a variance arises (limited to that which is regarded under the criteria specified by Cabinet Office Order as a variance that may have a material influence on investors' investment decisions) between, on one hand, the latest publicized forecasts (or publicized actual figures of the preceding business period (meaning the business period prescribed in Article 129, paragraph (2) of the Act on investment trusts and investment corporations; hereinafter the same applies in this item) in the case of lack of such forecasts) of operating revenue, current profits or net income (referred to as "operating revenue, etc." in paragraph (4), item (ii)) or of the dividend prescribed in item (ix), (f) of the listed company, etc., and, on the other hand, new forecasts newly prepared by the listed company, etc. or the results in the settlement of accounts for the business period of the listed company, etc.;

(xii) a decision by the organ of an asset management company of the listed company, etc. which is responsible for making decisions on the execution of the operations of the asset management company to have the asset management company perform any of the following acts, or a decision by the relevant organ not to have the asset management company perform the act which is decided to be performed in such a decision (limited to acts that have already been publicized):

(a) asset investment conducted under entrustment from the listed company, etc. involving acquisition, transfer, or lending or borrowing of specified

assets (meaning the specified assets prescribed in Article 2, paragraph (1) of the Act on Investment Trusts and Investment Corporations; the same applies in paragraph (5), item (ii)) by the listed company, etc.;

(b) cancellation of the entrustment contract for asset investment concluded with the listed company, etc.;

(c) share exchange;

(d) share transfer;

(e) partial share exchange;

(f) merger;

(g) dissolution (excluding dissolution by a merger); or

(h) act specified by Cabinet Order as those equivalent to the acts listed in (a) through (g);

(xiii) occurrence of any of the following facts in the asset management company of the listed company, etc.:

(a) rescission of the registration referred to in Article 29 made under the provisions of Article 52, paragraph (1), disposition of the suspension of business related to asset investment conducted under entrustment from the listed company, etc. rendered under the provisions of that paragraph, or a disposition based on laws and regulations that is equivalent to them made by an administrative agency;

(b) any change of specified associated corporations;

(c) any change of its major shareholders; or

(d) facts specified by Cabinet Order as those equivalent to the facts listed in (a) through (c);

(xiv) beyond the facts set forth in item (ix) through the preceding item, material facts concerning operation, business, or property of the listed company, etc. that has a significant influence on investors' investment decisions.

(3) It is prohibited for a person that receives information from a company insider (including a company insider prescribed in the second sentence of paragraph (1); hereinafter the same applies in this paragraph) regarding a material fact about business provided for in paragraph (1) that the company insider comes to know in the manner as prescribed in any of the items of that paragraph (other than a person that is set forth in any of the items of that paragraph and that comes to know the material fact about business in the manner as prescribed in the relevant item), or for another officer, etc., at corporation to which the person that receives this information in the course of duty is affiliated, that comes to know the material fact about business in connection with that person's duties, to make the purchase and sale, etc. of regulated securities, etc. of the listed company, etc. before the material fact about business is publicized.

(4) The fact of being publicized as referred to in paragraph (1), paragraph (2),

item (i), item (iii), item (v), item (vii), item (ix), item (xi) and (xii) and the preceding paragraph means that the measures specified by Cabinet Order as those for making information available to a large number of persons with regard to the particulars set forth in the following items have been taken by the persons respectively specified in the following items, or that the documents specified in Article 25, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) (excluding documents specified in Article 25, paragraph (1), item (ixx)) submitted by the persons respectively specified in those items have been made available for public inspection pursuant the provisions of Article 25, paragraph (1) if the above-mentioned particulars are stated in those documents:

(i) the material fact related to business or other particulars referred to in paragraph (1) of the listed company, etc. which is prescribed in paragraph (2), items (i) through (viii), the decision by the organ of the listed company, etc. (excluding a listed investment corporation, etc.; hereinafter the same applies in this item) which is responsible for making decisions on the execution of the operations of the listed company, etc., net sales, etc. or the dividend prescribed in paragraph (2), item (i), (g) of the listed company, etc., net sales, etc. of the corporate group to which the listed company, etc. belongs, the decision by the organ of the subsidiary company of the listed company, etc. which is responsible for making decisions on the execution of the operations of the subsidiary company, or net sales, etc. of the subsidiary company of the listed company, etc.: the listed company, etc. or the subsidiary company of the listed company, etc. (in the case of the subsidiary company, limited to the material fact related to business or other particulars referred to in paragraph (1) of the subsidiary company, the decision by the organ of the subsidiary company which is responsible for making decisions on the execution of the operations of the subsidiary company or net sales, etc. of the subsidiary company);

(ii) the material fact concerning business or other particulars prescribed in paragraph (1) related to the listed investment corporation, etc. which is prescribed in paragraph (2), item (ix) or (xi), the decision by the organ of the listed investment corporation, etc. which is responsible for making decisions on the execution of the operations of the listed investment corporation, etc., or net sales, etc. or the dividend prescribed in item (ix), sub-item (f) of that paragraph of the listed investment corporation, etc.: the listed investment corporation, etc.;

(iii) the material fact concerning business or other particulars prescribed in paragraph (1) related to the listed investment corporation, etc. which is prescribed in paragraph (2), item (xii), or the decision by the organ of an asset management company of the listed investment corporation, etc. which

is responsible for making decisions on the execution of the operations of the asset management company, etc.: the asset management company of the listed investment corporation, etc.; and

(iv) the material fact concerning business or other particulars prescribed in paragraph (1) related to the listed investment corporation, etc. which is prescribed in paragraph (2), item (x), (xiii), or (xiv): the listed investment corporation, etc. or the asset management company of the listed investment corporation, etc.

(5) The term "parent company" as used in paragraph (1) and the following Article means a company specified by Cabinet Order as one that controls another company (including a cooperative financial institution; hereinafter the same applies in this paragraph), and the term "subsidiary company" as used in this Article means a company stated or recorded as belonging to the corporate group that belongs to another company, in the most recent version of the statements under Article 5, paragraph (1), annual securities reports under Article 24, paragraph (1), or semiannual securities reports under Article 24-5, paragraph (1), which that other company has submitted, and which has been made available for public inspection pursuant to Article 25, paragraph (1); in the latest specified information on securities disclosed pursuant to Article 27-31, paragraph (2); or in the latest information on the issuer disclosed pursuant to Article 27-32, paragraph (1) or (2), and the term "specified associated corporation" as used in paragraphs (1) and (2) means a person that falls under either of the following items:

(i) a company specified by Cabinet Order as a company that has controls the asset management company of the listed investment corporation, etc.; and

(ii) interested persons, etc. (meaning the interested persons, etc. prescribed in Article 201, paragraph (1) of the Act on Investment Trusts and Investment Corporations) of the asset management company of the listed investment corporation, etc. which are specified by Cabinet Order as corporations that conduct or have conducted transactions that have a material impact on the value of specified assets to be invested by the asset management company under entrustment from the listed investment corporation, etc.

(6) The provisions of paragraphs (1) and (3) do not apply in the following cases:

(i) a person with the right prescribed in Article 202, paragraph (1), item (i) of the Companies Act (including the right to be allotted a preferred equity investment prescribed in the Act on Preferred Equity Investment) acquires share certificates (including preferred equity investment certificates as prescribed in the Act on Preferred Equity Investment) by exercising that right;

(ii) a person with a share option, etc. (meaning the share option or the investment equity subscription right prescribed in Article 2, paragraph (17)

of the Investment Trust and Investment Corporation Act) acquires share certificates or the investment securities prescribed in Article 2, paragraph (1), item (xi) by exercising the share option, etc.;

(ii)-2 a person that has acquired an option on regulated securities, etc. makes a purchase and sale, etc. of regulated securities, etc. by exercising the option;

(iii) a purchase of shares is demanded under the provisions of 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 purchase of investment equity is demanded 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 Investment Trust and Investment Corporation Act; or a purchase and sale, etc. is made based on statutory obligation;

(iv) a purchase (or acquisition, in the case of an option; the same applies in the following item) or other acquisition for value of regulated securities, etc. of a listed company, etc. or of an option for their purchase and sale (limited to an option that causes the person that exercises it to acquire the position of the buyer in a purchase and sale of the regulated securities, etc. subject to that option) is made as per the request that the board of directors (including the organ specified by Cabinet Order as being equivalent thereto; the same applies in paragraph (5), item (v) of the following Article) of the listed company, etc. have decided to make (including a request that a director has decided to make based on the delegation made by resolution at the board of directors meeting under Article 399-13, paragraph (5) of the Companies Act or based on the delegation made by resolution at the board of directors meeting as provided in the articles of incorporation under paragraph (6) of that Article, if it is a company with supervisory committee; and including a request that an executive officer has decided to make based on the delegation made by resolution at the board of directors meeting under Article 416, paragraph (4) of that Act, if it is a company with nominating committee, etc.) in order to cope with a tender offer under Article 27-2, paragraph (1) (but only if the main clause of Article 27-2, paragraph (1) applies) or any other act specified by Cabinet Order as being equivalent to such a tender offer, for the share certificates, etc. (meaning share certificates, etc. as defined in Article 27-2, paragraph (1)) of the listed company, etc.;

(iv)-2 if, after resolution at a shareholders meeting or board of directors meeting of the listed company, etc. (including a decision of a director made based on the delegation made by resolution at the board of directors meeting under Article 399-13, paragraph (5) of the Companies Act or based on the delegation made by resolution at the board of directors meeting provided in

the articles of incorporation under paragraph (6) of that Article, in the case of a company with supervisory committee; and including a decision of an executive officer made based on the delegation made by resolution at the board of directors meeting under Article 416, paragraph (4) of that Act, in the case of a company with nominating committee, etc.) (limited to resolution on the particulars set forth in any of the items of Article 156, paragraph (1) of that Act) made under Article 156, paragraph (1) of that Act (including as applied pursuant to Articles 163 and Article 165, paragraph (3) of that Act following the deemed replacement of terms; hereinafter the same applies in this item) or under Article 80-2, paragraph (1) of the Investment Trust and Investment Corporation Act (including as applied pursuant to Articles 80-5, paragraph (2) of that Act following the deemed replacement of terms; hereinafter the same applies in this item) or resolution at a board of officers meeting made under Article 80-2, paragraph (3) of the Investment Trust and Investment Corporation Act (limited to resolution related to the particulars listed in the items of paragraph (1) of that Article) or resolution or other similar decision of the listed company, etc. made under laws and regulations of a foreign country equivalent to the above-mentioned resolutions with regard to acquisition of own shares, etc. (meaning shares or investment equities; hereinafter the same applies in this item) provided in Article 156, paragraph (1) of that Act or laws and regulations of a foreign country equivalent to these provisions (these resolutions or decisions are hereinafter referred to as "resolution at a shareholders meeting, etc." in this item) is publicized as provided in paragraph (1) (including a decision of the organ of the listed company, etc. which is responsible for making decisions on the execution of the operations of the listed company, etc., when the resolution at a shareholders meeting, etc. has the same content as the organ's decision and has been publicized as provided in paragraph (1) before the resolution at a shareholder meeting, etc. is made), purchase of share certificates of the relevant own shares, etc. securities indicating the rights related to such share certificates specified in Article 2, paragraph (1), item (xx) or other securities specified by Cabinet Order (hereinafter referred to as "share certificates, etc." in this item) or an option related to purchase and sale of the share certificates, etc. (limited to an option which causes the person to acquire a position as a buyer in the purchase and sale of the share certificates, etc. related to the relevant option; hereinafter the same applies in this item) is made under the resolution at a shareholders meeting, etc. (excluding the cases where no material fact related to business or other particulars provided in paragraph (1) other than the decision on acquisition of the relevant own shares, etc. made by the organ of the listed company, etc. which is responsible for making decisions on the execution of the operations

of the listed company, etc. has been publicized as provided in that paragraph (excluding the cases where purchase of share certificates, etc. of the relevant own shares, etc. or an option related to such share certificates, etc. is made pursuant to this item with regard to acquisition of own shares, etc. under Article 156, paragraph (1) of the Companies Act or Article 80-2, paragraph (1) of the Investment Trust and Investment Corporation Act or laws and regulations of a foreign country equivalent to those Acts other than acquisition of the relevant own shares, etc.));

(v) a purchase and sale, etc. is made pursuant to the provisions of Cabinet Order which are referred to in Article 159, paragraph (3);

(vi) a purchase and sale, etc. of corporate bond certificates (excluding corporate bond certificates with share options) investment corporation bond certificates prescribed in Article 2, paragraph (1), item (xi) or other securities specified by Cabinet Order is made (except in a case specified by Cabinet Office Order);

(vii) a purchase and sale, etc. is made between the person that has come to know a material fact related to business or other matters prescribed in paragraph (1) and a person that knows that material fact concerning business or other particulars, through neither a financial instruments exchange market nor an over-the-counter securities market (unless both parties making the purchase and sale, etc. know that a further purchase and sale, etc. of the regulated securities, etc. linked to that purchase and sale, etc. that is in violation of the provisions of that paragraph or paragraph (3) will be made);

(viii) if, upon a merger, company split, or transfer or acquisition of all or part of business (hereinafter referred to as a "merger, etc." in this paragraph and paragraph (5) of the following Article), regulated securities, etc. are caused to be succeeded to by the other party or they succeed to those regulated securities, etc. and the proportion of the book value of the regulated securities, etc. to the total amount of the book value of the assets succeeded due to the merger, etc. is below the proportion specified by Cabinet Office Order as a particularly low proportion;

(ix) if a resolution at a board of directors meeting relating to a decision on the content of a contract for a merger, etc. (for an incorporation-type company split, an incorporation-type company split plan) has been passed before coming to know a material fact related to business or other particulars of a listed company, etc. prescribed in paragraph (1) and regulated securities, etc. of the relevant listed company, etc. are caused to be succeeded by the other party or they succeed to those regulated securities, etc. due to the merger, etc. based on the relevant resolution;

(x) if, upon an incorporation-type company split, regulated securities, etc. are

caused to be succeeded by a company incorporated through an incorporation-type company split (excluding an incorporation-type company split that a corporation implements jointly with another corporation) (meaning a company incorporated through incorporation-type company split prescribed in Article 763, paragraph (1) of the Companies Act; the same applies in paragraph (5), item (xii) of the following Article);

(xi) if, upon a merger, etc., share exchange, or partial share exchange, regulated securities, etc. of a listed company, etc. that is a party to that merger, etc., share exchange, or partial share exchange held by that listed company, etc. are delivered or receives delivery of the relevant regulated securities, etc.;

(xii) a purchase and sale, etc. is made as a performance of a contract for the purchase and sale, etc. of regulated securities, etc. of the listed company, etc. that is concluded before the relevant person comes to know the material fact about the business of the listed company, etc. provided for in paragraph (1), or is made as the implementation of a plan for the purchase and sale, etc. of regulated securities, etc. of the listed company, etc. that is decided before the relevant person comes to know the material fact about the business of the listed company, etc., or a purchase and sale, etc. that is obviously based on other special circumstances equivalent to such a case (limited to a case specified by Cabinet Office Order) is made.

(Acts Prohibited for Persons Affiliated with the Tender Offeror)

Article 167 (1) A person set forth in any of the following items (hereinafter referred to as a "person affiliated with the tender offeror, etc." in this Article) that comes to know the fact that a tender offer, etc. will be launched by the person launching a tender offer provided for in Article 27-2, paragraph (1) (but only if the main clause of that paragraph applies) or an act specified as equivalent to this by Cabinet Order or by the person launching a tender offer provided for in Article 27-22-2, paragraph (1) (hereinafter referred to as a "tender offer, etc." in this Article) for share certificates, etc. provided for in Article 27-2, paragraph (1) that are listed on a financial instruments exchange or that fall under over-the-counter traded securities or tradable securities (hereinafter referred to as "listed or other share certificates, etc." in this Article) (such a person is hereinafter referred to as the "tender offeror, etc." in this Article and paragraph (2) of the following Article) or the fact that a tender offer, etc. will be suspended by such tender offeror, etc. in the manner as prescribed in the relevant item, must not effect a purchase, etc. (meaning a purchase of specified share certificates, etc. as defined below and related share certificates, etc. as defined below (hereinafter collectively referred to as "share certificates, etc." in this Article, paragraph (2) of the following Article, Article

175-2, and Article 197-2, paragraph (1), item (xv)) or other transaction designated by Cabinet Order; hereinafter the same applies in this Article, paragraph (2) of the following Article, Article 175-2, paragraph (2), and Article 197-2, paragraph (1), item (xv)) of the listed or other share certificates, etc. subject to the tender offer, etc., or of share certificates or corporate bond certificates with share options issued by the company issuing those listed or other share certificates, etc. or other securities specified by Cabinet Order (hereinafter referred to as "specified share certificates, etc." in this paragraphparagraph), or of securities set forth in Article 2, paragraph (1), item (xix) that indicate options on specified share certificates, etc. or other securities specified by Cabinet Order (hereinafter referred to as "related share certificates, etc." in this paragraph) if the person comes to know the fact that the tender offer, etc. will be launched, and must not make the sale, etc. (meaning the sale of share certificates, etc. and other transactions specified by Cabinet Order; hereinafter the same applies in this Article, paragraph (2) of the following Article, Article 175-2, paragraph (2), and Article 197-2, paragraph (1), item (xv)) of share certificates, etc. subject to the tender offer, etc., if the person comes to know the fact that the tender offer, etc. will be suspended, before the fact that the tender offer, etc. will be launched or the fact that the tender offer, etc. will be suspended is publicized. The same applies for six months to a person affiliated with the tender offeror, etc. that comes to know the fact that a tender offer, etc. will be launched or the fact that a tender offer, etc. will be suspended in the manner as prescribed in any of the following items, even after that person ceases to be the person affiliated with the tender offeror, etc. set forth in the relevant item:

(i) the officer, etc. of the tender offeror, etc. (including its parent company, if the tender offeror, etc. is a corporation; hereinafter the same applies in this paragraph) (or, if the tender offeror, etc. is a person other than a corporation, its agent or employee): coming to know the relevant fact related to the person's duties;

(ii) a shareholder of the tender offeror, etc. which has the right prescribed in Article 433, paragraph (1) of the Companies Act, or a member of the tender offeror, etc. which has the right prescribed in Article 433, paragraph (3) of that Act (including the officer, etc. of such a shareholder or member, if such a shareholder or member is a corporation, and the agent or employee of such a shareholder or member, if such a shareholder or member is a person other than a corporation): coming to know the relevant fact related to the exercise of that right;

(iii) a person that has statutory authority over the tender offeror, etc.: coming to know the relevant fact in the course of exercising that authority;

(iv) a person other than the officer, etc. of the tender offeror, etc., if the tender

offeror, etc. is a corporation, a person other than the agent or employee of the tender offeror, etc., if the tender offeror, etc. is a person other than a corporation, which has concluded, or is in negotiations to conclude, a contract with the tender offer, etc. (including the officer, etc. of such a person, if such a person is a corporation, and the agent or employee of such a person, if such a person is a person other than a corporation): coming to know the relevant fact in relation to the conclusion, negotiation, or implementation of that contract;

(v) the issuer (including its officer, etc.) of listed or other share certificates, etc. related to the tender offer, etc. (excluding the tender officer prescribed in Article 27-22-2, paragraph (1) for listed share certificates, etc.): if such a person has come to know the fact by receiving information from the tender offeror, etc. (in the case of an officer, etc., if the person has come to know the fact related to their duties by receiving information from the tender offeror, etc.);

(vi) the officer, etc. of a person set forth in item (ii), item (iv) or the preceding item which is a corporation (limited to the officer, etc. of a corporation when another officer, etc. of the corporation comes to know the fact that the tender offer, etc. will be launched or the fact that the tender offer, etc. will be suspended by the tender offeror, etc. pursuant to item (ii), item (iv) or the preceding item): coming to know the relevant fact related to the person's duties.

(2) The fact that a tender offer, etc. will be launched or the fact that a tender offer, etc. will be suspended provided for in the preceding paragraph means the fact that the tender offeror, etc. (or the organ that is responsible for making decisions about the execution of operations at the tender offeror, etc., if the tender offeror, etc. is a corporation; hereinafter the same applies in this paragraph) has decided to launch a tender offer, etc. or has decided not to launch a tender offer, etc. that they have decided to launch (limited to decisions that have already been publicized); provided, however, that this does not apply to a fact that falls under the criteria specified by Cabinet Office Order as one that has only a minor influence on investors' investment decisions.

(3) It is prohibited for a person that receives information from the person affiliated with a tender offeror, etc. (including a person prescribed in the second sentence of paragraph (1); hereinafter the same applies in this paragraph and paragraph (5)) about the fact that a tender offer, etc. will be launched or the fact that a tender offer, etc. will be suspended (hereinafter referred as to the "facts of the tender offer, etc." in this Article, paragraph (2) of the following Article, Article 175-2, paragraph (2), and Article 197-2, paragraph (1), item (xv)) as provided in that paragraph, which the person

affiliated with the tender offeror, etc. comes to know in the manner as prescribed in any of the items of that paragraph (other than a person that is set forth in any of the items of paragraph (1) and that comes to know the facts of the tender offer, etc. in the manner as prescribed in the relevant item), or for another officer, etc., of the corporation to which the person that comes to know the facts of the tender offer, etc. in the course of duty is affiliated, that comes to know the facts of the tender offer, etc. in connection with that person's duties, to make a purchase, etc. of the share certificates, etc. subject to the tender offer, etc., if the person has received information about the fact that a tender offer, etc. will be launched as provided in that paragraph, and to make a sale, etc. of the share certificates, etc. subject to the tender offer, etc., if the person has received information about the fact that a tender offer, etc. will be suspended as provided in that paragraph, before the facts of the tender offer, etc. are publicized.

(4) The fact of being publicized under paragraph (1) through the preceding paragraph means that the measures specified by Cabinet Order as those for making information available to a large number of persons with regard to the fact concerning tender offer, etc. have been taken, that the public notice under Article 27-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2); the same applies in item (viii) of the following paragraph) or public notice or public announcement under Article 27-11, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) has been made, or the tender offer notification prescribed in Article 27-3, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2); the same applies in that item) or written withdrawal of tender offer prescribed in Article 27-11, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) has been made available for public inspection pursuant to the provisions of Article 27-14, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2); the same applies in that item).

(5) The provisions of paragraphs (1) and (3) do not apply in the following cases:

(i) a person with the right prescribed in Article 202, paragraph (1), item (i) of the Companies Act acquires share certificates by exercising that right;

(ii) a person with a share option (including a right specified by Cabinet Order as being equivalent thereto) acquires share certificates by exercising that share option (including securities specified by Cabinet Order as being equivalent thereto);

(ii)-2 a person that has acquired an option on share certificates, etc. effects a purchase, etc. or sale, etc. of share certificates, etc. by exercising that option;

(iii) a purchase of shares is demanded 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 (including a demand specified by Cabinet Order as a demand under other laws and regulations that is equivalent thereto), or a purchase, etc. or sale, etc. of share certificates, etc. is made based on statutory obligations;

(iv) a purchase, etc. of the listed or other share certificates, etc. that are subject to the tender offer, etc. (including an option for the purchase and sale of the listed or other share certificates, etc.; hereinafter the same applies in this item) is made as per the request of the tender offeror, etc. (limited to a request that the board of directors of the tender offeror, etc. have decided to make, if the tender offeror, etc. is a company (this includes a request that a director has decided to make based on the delegation made by resolution at the board of directors meeting under Article 399-13, paragraph (5) of the Companies Act or based on the delegation made by resolution at the board of directors meeting provided in the articles of incorporation under the provisions of paragraph (6) of that Article, if it is a company with supervisory committee; and including a request that an executive officer has decided to make based on the delegation made by resolution at the board of directors meeting under the provisions of Article 416, paragraph (4) of that Act, if it is a company with nominating committee, etc.)) (but only if the purchase, etc. of the listed or other share certificates, etc. is made for the purpose of selling, etc. the listed or other share certificates, etc. to the tender offeror, etc.);

(v) a purchase, etc. of the listed or other share certificates, etc. that are subject to the tender offer, etc. (these include options for the purchase and sale of listed or other share certificates, etc.) is made as per a request that the board of directors of the issuer of the listed or other share certificates, etc. have decided to make (including a request that a director has decided to make based on the delegation made by resolution at the board of directors meeting under the provisions of Article 399-13, paragraph (5) of the Companies Act or based on the delegation made by resolution at the board of directors meeting provided in the articles of incorporation under paragraph (6) of that Article, if it is a company with supervisory committee; and including a request that an executive officer has decided to make based on the delegation made by resolution at the board of directors meeting under the provisions of Article 416, paragraph (4) of that Act, if it is a company with nominating committee, etc.) in order to cope with the tender offer, etc.;

(vi) a purchase, etc. or sale, etc. of share certificates, etc. is made pursuant to the provisions of Cabinet Order referred to in Article 159, paragraph (3);

(vii) a person that comes to know the fact that a tender offer, etc. will be launched as prescribed in paragraph (1) makes a purchase, etc. from another person that knows the fact that the tender offer, etc. will be launched,

through neither a financial instruments exchange market nor an over-the-counter securities market, or a person that comes to know the fact that a tender offer, etc. will be suspended as provided in paragraph (1) makes a sale, etc. to another person that knows the fact that the tender offer, etc. will be suspended, through neither a financial instruments exchange market nor an over-the-counter securities market (unless both parties to the sale, etc. know that a further sale, etc. of the share certificates, etc. linked to that sale, etc. that is in violation of the provisions of paragraph (1) or (3) will be made);

(viii) if a person that receives information on a fact concerning launch of a tender offer, etc. from a specified person concerned with tender offeror, etc. (meaning a person concerned with tender offeror, etc. that comes to know the fact concerning the launch of a tender offer, etc. prescribed in paragraph (1) in the manner as prescribed in any of the items of that paragraph; the same applies in the following item) (including an officer, etc. of that person when that person is a corporation, and an agent or employee of that person when the person is a person other than a corporation) makes a purchase, etc. of share certificates, etc. (limited to cases in which, in the public notice made by the person that receives the information pursuant to Article 27-3, paragraph (1), the following matters are clearly indicated and a tender offer notification prescribed in paragraph (2) of that Article which states those particulars and is submitted by the person that receives the information is made available for public inspection pursuant to the provisions of Article 27-14, paragraph (1)):

(a) the name of the person that provides the information;

(b) the time when the information is received; and

(c) the particulars specified by Cabinet Office Order as content of the fact concerning launch of a tender offer, etc. on which information is received;

(ix) if a specified person concerned with tender offeror, etc. that is not the person set forth in paragraph (1), item (i) or a person that receives information on the fact concerning launch of a tender offer, etc. prescribed in that paragraph from a specified person concerned with tender offeror, etc. (the person excludes a specified person concerned with tender offeror, etc., and includes an officer, etc. of the person when the person is a corporation, and an agent or employee of the person when the person is a person other than a corporation) makes purchase, etc. of share certificates, etc. (limited to cases in which six months have passed from the day of coming to know the fact concerning launch of a tender offer, etc. as prescribed in any of the items of that paragraph for a specified person concerned with tender offeror, etc., and from the day of receiving the information for a person that receives information);

(x) if, upon a merger, etc., share certificates, etc. are succeeded or the other party is caused to succeed those share certificates, etc. and the proportion of the book value of the share certificates, etc. to the total amount of the book value of the assets succeeded upon the relevant merger, etc. is below the proportion specified by Cabinet Office Order as a particularly low proportion;

(xi) if a resolution at a board of directors meeting relating to a decision on the content of a contract for a merger, etc. (for an incorporation-type company split, an incorporation-type company split plan) has been passed before coming to know the fact concerning tender offer, etc. by a tender offeror, etc. and share certificates, etc. related to that tender offer, etc. are succeeded to or the other party is caused to succeed to those share certificates, etc. upon the merger, etc. in accordance with the relevant resolution;

(xii) if, upon an incorporation-type company split, share certificates, etc. are caused to be succeeded to by a company incorporated through incorporation-type company split (excluding incorporation-type company split that a corporation implements jointly with another corporation);

(xiii) if, upon a merger, etc., share exchange, or partial share exchange, share certificates, etc. of a company that is a party to the relevant merger, etc., share exchange, or partial share exchange and an issuer of listed or other share certificates, etc. related to a tender offer, etc. or listed share certificates, etc. held by the relevant company have been delivered, or the relevant share certificates, etc. are delivered;

(xiv) a purchase, etc. or sale, etc. is made as a performance of a contract for the purchase, etc. or sale, etc. of the share certificates, etc. that are subject to the tender offer, etc., which is concluded before the person comes to know the facts of the tender offer, etc. launched by the tender offeror, etc., as implementation of a plan for the purchase, etc. or sale, etc. of the share certificates, etc. subject to the tender offer, etc. which is decided before the person comes to know the facts of the tender offer, etc. launched by the tender offeror, etc., or a purchase, etc. or sale, etc. that is obviously based on other special circumstances equivalent to the case (limited to a case specified by Cabinet Office Order) is made.

(Prohibition of Providing Information on Unpublished Material Facts)

Article 167-2 (1) The corporate insider prescribed in Article 166, paragraph (1) of a listed company, etc. (including the person prescribed in the second sentence of that paragraph) that has come to know a material fact related to business or other matters of the listed company, etc. in a manner prescribed in any of the items of that paragraph must not provide information on the material facts related to business or other matters or recommend the purchase and sale, etc. for the purpose of having other persons gain profits or preventing them from

incurring losses by having them make purchase and sale, etc. of regulated securities, etc. of the listed company, etc. before the publication set forth in that paragraph is made with regard to the material facts related to business or other matters.

(2) The person concerned with tender offeror, etc. prescribed in paragraph (1) of the preceding Article (including the person prescribed in the second sentence of that paragraph) related to a tender offeror, etc. that has come to know a fact concerning tender offer, etc. by the tender offeror, etc. in the manner as prescribed in any of the items of that paragraph must not provide information on the fact concerning tender offer, etc. or recommend the purchase, etc. or the sales, etc. for the purpose of having other persons gain profits or preventing them from incurring losses by having them make purchase and sale, etc. of share certificates, etc. related to the tender offer, etc. in cases where the fact is the fact concerning launch of a tender offer, etc. prescribed in that paragraph, or by having them make sales, etc. of share certificates, etc. related to the tender offer, etc. in cases where the fact is the fact concerning suspension of a tender offer, etc. prescribed in that paragraph, before the publication set forth in that paragraph is made with regard to the fact concerning tender offer, etc.

(Prohibition of Trading in an Unlicensed Market)

Article 167-3 It is prohibited for any person to conduct the following transactions on a financial instruments market established in violation of Article 80, paragraph (1):

(i) the purchase and sale of securities; or

(ii) a market derivatives transaction.

(Prohibition of Issuing Public Notice of False Quotations)

Article 168 (1) It is prohibited for any person to issue public notice of a false quotation on the market price of securities, etc., to prepare documents that state a false quotation on the market price of securities, etc. for the purpose of issuing a public notice of or distributing them, or to distribute those documents.

(2) It is prohibited for any person to accede to the request of the issuer, person making a secondary distribution of securities, person making a solicitation for selling, etc. only for professional investors, underwriter, or financial instruments business operator, etc., and prepare documents that state a false statement regarding a material particular in respect of securities issued by, apportioned to, or handled by that person, for the purpose of issuing a public notice of or distributing them, or to distribute those documents.

(3) It is prohibited for an issuer, person making a secondary distribution of securities, person making a solicitation for selling, etc. only for professional

investors, underwriter, or financial instruments business operator, etc. to make the request referred to in the preceding paragraph.

(Restriction on Presenting an Opinion in the Newspaper for a Consideration)

Article 169 Any person that receives or promises to receive consideration from an issuer, person making a secondary distribution of securities, person making a solicitation for selling, etc. only for professional investors, underwriter, or financial instruments business operator, etc., or from a tender offeror, etc. provided for in Article 27-3, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), to publish an opinion that is to provide a decision about investment in respect of securities, issuer, or a tender offeror provided for in Article 27-3, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) in a newspaper or magazine, or to present the opinion to the public in writing, through broadcasting, in a movie, or by any other means, must convey that the person has received or promised to receive consideration for doing so, together with the opinion; provided, however, that this does not apply if a person that receives or promises to receive an advertising fee presents the opinion as an advertisement in exchange for the advertising fee.

(Prohibition on Representing a Purchase as Advantageous)

Article 170 In soliciting offers to acquire newly issued securities or in offering to sell or soliciting offers to purchase already-issued securities to many and unspecified persons (referred to as "solicitation to many and unspecified number of persons for securities" in the following Article), it is prohibited for any person to represent to such many and unspecified persons that it or any other person will purchase the securities acquired by those many and unspecified persons at a predetermined price or more (including a price calculated from a predetermined amount using fixed criteria; hereinafter the same applies in this Article), or that it or any other person will arrange for such securities to be sold at a predetermined price or more, and it is prohibited for any person to make a representation that could give rise to the misconception that this is what is being represented; provided, however, that this does not apply if the securities are securities set forth in Article 2, paragraph (1), items (i) through (vi) or other securities specified by Cabinet Office Order.

(Prohibition on Representations of Fixed Amount of Dividends)

Article 171 In a solicitation to many and unspecified number of persons for securities (excluding a solicitation involving the securities set forth in Article 2, paragraph (1), items (i) through (vi) or other securities specified by Cabinet

Office Order; hereinafter the same applies in this Article), it is prohibited for the person issuing the solicitation to many and unspecified number of persons for securities, its officer, advisor, consultant, or other person in an equivalent position, or its agent, employee, or any other worker to make a representation to many and unspecified persons indicating that a fixed amount of money or more (including an amount that can be calculated in advance using fixed criteria; hereinafter the same applies in this Article) (including anything that can be disposed of to generate a fixed amount or of money or more) will be provided for the securities after a certain period (including a representation that could give rise to the misconception that this is what is being represented), as a dividend of profits, distribution of profits, or any other kind of apportionment, regardless of what it is called; provided however, that this does not apply if it is clearly indicated that such representation only indicates an expectation.

(Effect of Sale of Unlisted Securities by Unregistered Business Operators)

Article 171-2 (1) In cases where an unregistered business operator (meaning a person that engages in type-I financial instruments business as defined in Article 28, paragraph (1) or type-II financial instruments business as defined in Article 28, paragraph (2) without obtaining registration from the Prime Minister in violation of Article 29; hereinafter the same applies in this paragraph) performed a sale, etc. of unlisted securities (meaning sales, or intermediary or agency therefor, dealings in public offering or secondary distribution or any other similar act specified by Cabinet Order; hereinafter the same applies in this paragraph), the subject contract (meaning a contract related to the relevant sale, etc. or a contract concluded based on the relevant sale, etc., in order for the customer to acquire the relevant unlisted securities; hereinafter the same applies in this paragraph) are void; provided, however, that this does not apply where the relevant unregistered business operator or the seller or issuer of the relevant unlisted securities related to the relevant subject contract (limited to the parties to the relevant subject contract) proves that the relevant sale, etc. neither impairs customer protection nor corresponds to an act of unfair profiting in light of the customer's knowledge, experience, the status of property or the purpose of concluding the relevant subject contract.

(2) "Unlisted securities" under the preceding paragraph means bonds, share certificates, share option certificates and other securities specified by Cabinet Order for which it is particularly necessary to ensure appropriate transactions that do not correspond to:

(i) securities listed on a financial instruments exchange;

(ii) over-the-counter traded securities or tradable securities; or

(iii) beyond what is listed in the preceding two items, securities whose trading price or issuer's information can easily be obtained as specified by Cabinet Order.

Chapter VI-2 Administrative Monetary Penalty

Section 1 Payment Order

(Administrative Monetary Penalty Payment Order Issued to a Person that Conducts a Public Offering of Securities Without Having Its Notification Accepted by the Prime Minister)

Article 172 (1) If, in respect of a public offering or secondary distribution of securities subject to a notification under Article 4, paragraph (1), a general solicitation involving securities acquired by a qualified institutional investor subject to a notification under Article 4, paragraph (2), or a general solicitation involving securities acquired by a professional investor subject to a notification under Article 4, paragraph (3), a person conducts a public offering or secondary distribution, or issues a general solicitation involving securities acquired by a qualified institutional investor or a general solicitation involving securities acquired by a professional investor without having the their notification accepted by the Prime Minister (for a person that makes a secondary distribution or issues a general solicitation involving securities acquired by a qualified institutional investors or a general solicitation involving securities acquired by a professional investor, this is limited to a person that engages in any of these acts in connection with the securities owned by that person), the Prime Minister, in accordance with the procedures prescribed in the following Section, must order that person to pay an administrative monetary penaltypenalty that is equivalent to the amount specified in the following items in accordance with the category of cases set forth in each of those items (if the person falls under both of the following items, the sum of the amounts specified in those items) to the national treasury:

(i) the person causes the securities to be acquired through the public offering: 2.25 percent (or 4.5 percent, if the securities are share certificates, etc. (meaning share certificates, preferred equity investment certificates under the Act on Preferred Equity Investment, and other securities specified by Cabinet Order as being equivalent to them; hereinafter the same applies in this Article, the following Article, Article 172-9, and Article 172-10)) of the total issue value of the securities it causes to be acquired (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total issue value includes the amount to be paid in upon the exercise of the share options under the share option certificates or any other amount specified by Cabinet Office Order as

being equivalent to this); and

(ii) the person sells securities it owns through the secondary distribution, general solicitation involving securities acquired by a qualified institutional investor, or general solicitation involving securities acquired by a professional investor: 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total distribution value of the securities it sells (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total distribution value includes the amount to be paid in upon the exercise of the share options under the share option certificates or any other amount specified by Cabinet Office Order as being equivalent to this).

(2) If an issuer violates the provisions of Article 15, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) in causing securities set forth in Article 15, paragraph (1) to be acquired through a public offering (meaning a public offering of securities as prescribed in Article 4, paragraph (1); hereinafter the same applies in this Chapter, except in Articles 173 through 174-3) or if a person violates such provisions in selling such securities through a secondary distribution (meaning a secondary distribution of securities prescribed in Article 4, paragraph (4); the same applies in this Chapter, except in the following paragraph; Article 172-2, paragraphs (4) and (5); Article 178, paragraphs (3), (5), and (8); and Article 185-7, paragraphs (14) and (15)) (limited to a person that sells securities that it owns), the Prime Minister, in accordance with the proceedings prescribed in the following Section, must order the issuer or that person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount specified in the relevant of the following items for the category of cases set forth in that item (or, if the issuer or person falls under both of the following items, the total of the amounts specified in those items):

(i) the issuer causes securities to be acquired through such a public offering: 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total issue value of the securities it causes to be acquired (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total issue value includes the amount to be paid in upon the exercise of the share options under those share option certificates or any other amount specified by Cabinet Office Order as being equivalent to this);

(ii) the person sells securities that it owns through such a secondary distribution: 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total distribution value of the securities it sells (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total distribution value

includes the amount to be paid in upon the exercise of the share options under those share option certificates or any other amount specified by Cabinet Office Order as being equivalent to this).

(3) If a person violates the provisions of Article 15, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27) in selling securities that it owns through a secondary distribution without delivering a prospectus (limited to a prospectus in a secondary distribution of securities for which disclosure has already been made as prescribed in Article 13, paragraph (1) (meaning a secondary distribution of the securities prescribed in that paragraph; hereinafter the same applies in this paragraph; Article 172-2, paragraphs (4) and (5); Article 178, paragraphs (5) and (8); and Article 185-7, paragraph (14); hereinafter the same applies in this Chapter), the Prime Minister, in accordance with the proceedings prescribed in the following Section, must order that person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total distribution value of the securities it sells (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total distribution value includes the amount to be paid in upon the exercise of the share options under those share option certificates or any other amount specified by Cabinet Office Order as being equivalent to this).

(4) The provisions of paragraph (2) apply mutatis mutandis if an issuer violates the provisions of Article 23-8, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) in causing securities specified in that paragraph to be acquired through a public offering or if a person violates such provisions in selling those securities through a secondary distribution (limited to a person selling securities that it owns).

(Administrative Monetary Penalty Payment Order Issued to an Issuer That Submits Disclosure Documents for Offerings Containing a False Statement)

Article 172-2 (1) If an issuer that submits a disclosure document for offerings that contains a false statement about a material particular or lacks a statement of a material particular that is required to be stated, causes securities to be acquired or sells securities through a public offering or secondary distribution (limited to a secondary distribution of securities that they own) based on such an offering disclosure document, the Prime Minister, in accordance with the procedures prescribed in the following Section, must order that issuer to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount specified in the following items in accordance with the category of cases set forth in each of those items (if the issuer falls under both of the following items, the sum of the

amounts specified in those items):

(i) the issuer causes the securities to be acquired through a public offering based on the disclosure document for offerings: 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total issue value of the securities they cause to be acquired (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total issue value includes the amount to be paid in upon the exercise of the share options under those share option certificates or any other amount specified by Cabinet Office Order as being equivalent to this); or

(ii) the issuer sells securities they own through a secondary distribution based on the disclosure document for offerings: 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total distribution value of the securities it sells (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total distribution value includes the amount to be paid in upon the exercise of the share options under those share option certificates or any other amount specified by Cabinet Office Order as being equivalent to this).

(2) If an issuer submits a disclosure document for offerings that contains a false statement about a material particular or that lacks a statement of a material particular that is required to be stated, and an officer, etc. of that issuer (meaning an officer, agent, employee, or any other worker of the issuer; hereinafter the same applies in this paragraph, paragraph (5) and Article 172-10, paragraph (2)) that is involved in the submission of the offering disclosure document with the knowledge that the offering disclosure document contains a false statement or lacks a statement of a material particular that is required to be stated, sells securities that the officer, etc. owns through a secondary distribution based on the offering disclosure document, the Prime Minister, in accordance with the procedures prescribed in the following Section, must order that officer, etc. to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total distribution value of the securities the officer, etc. sells (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total distribution value includes the amount to be paid in upon the exercise of the share options under those share option certificates or any other amount specified by Cabinet Office Order as being equivalent to this).

(3) The term "disclosure document for offerings" as used in the preceding two paragraphs means a statement and other documents under Article 5 (including as applied mutatis mutandis pursuant to Article 27) (including a reference document for the statement and other documents, if the statement is one to

which the provisions of Article 5, paragraph (4) apply), an amended statement under Article 7,paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) (including a reference document for the amended statement), a shelf registration statement under Article 23-3, paragraphs (1) and (2) (including as applied mutatis mutandis pursuant to Article 27) (including a reference document for the shelf registration statement) and accompanying documents, as well as an amended shelf registration statement under Article 23-4, Article 23-9, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) or Article 23-10, paragraph (1) (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (5) (including as applied mutatis mutandis pursuant to Article 27) and Article 27) (including a reference document for the amended shelf registration statement) or shelf registration supplement (including a reference document for the shelf registration supplement) under Article 23-8, paragraphs (1) and (5) (including as applied mutatis mutandis pursuant to Article 27) (including a reference document for the shelf registration supplement) and accompanying documents.

(4) The provisions of paragraph (1) (excluding item (i)) apply mutatis mutandis if an issuer that uses a prospectus that contains a false statement about a material particular (limited to one that constitutes a particular set forth in any of the items of Article 5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); hereinafter the same applies in this and the following paragraph) or omits a statement as to a material particular that is required to be stated sells securities that it owns through a secondary distribution involving such a prospectus.

(5) The provisions of paragraph (2) apply mutatis mutandis if an issuer uses a prospectus that contains a false statement about a material particular or omits a statement as to a material particular that is required to be stated, and an officer, etc. of that issuer that is involved in the preparation of that prospectus with the knowledge that the prospectus contains a false statement or omits a statement as to a material particular that is required to be stated, sells securities that the officer, etc. owns through a secondary distribution that involves such a prospectus.

(6) If an issuer that is required to submit an amended offering disclosure document (meaning an amended statement under the first sentence of Article 7,paragraph (1), (including as applied mutatis mutandis pursuant to Article 27) or an amended shelf registration statement under the first sentence of Article 23-4 (including as applied mutatis mutandis pursuant to Article 27); hereinafter the same applies in this Chapter) causes securities to be acquired or sells securities through a public offering or secondary distribution (limited to a secondary distribution of securities that the issuer owns) without

submitting the amended offering disclosure document, the Prime Minister, in accordance with the procedures prescribed in the following Section, must order that issuer to pay an administrative monetary penalty to the national treasury anamount that is equivalent to the amount specified in the following items in accordance with the category of cases set forth in each of those items (if the issuer falls under both of the following items, the sum of the amounts specified in those items):

(i) the issuer causes the securities to be acquired through a public offering without submitting the amended offering disclosure document: 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total issue value of the securities it causes to be acquired (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total issue value includes the amount to be paid in upon the exercise of the share options under those share option certificates or any other amount specified by Cabinet Office Order as being equivalent to them); or

(ii) the issuer sells securities that it owns through a secondary distribution without submitting the amended offering disclosure document: 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total distribution value of the securities that it sells (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total distribution value includes the amount to be paid in upon the exercise of the share options under those share option certificates or any other amount specified by Cabinet Office Order as being equivalent to this).

(Administrative Monetary Penalty Payment Order Issued to an Issuer That Fails to Submit an Annual Securities Report)

Article 172-3 (1) If an issuer violates the provisions of Article 24, paragraph (1) or (3) (including as applied mutatis mutandis pursuant to Article 24, paragraph (5), and also including as applied mutatis mutandis pursuant to Article 27) in failing to submit an annual securities report, the Prime Minister, in accordance with the procedures prescribed in the following Section, must order the issuer to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount of the audit certification fee (meaning the amount of money or value of other assets as specified by Cabinet Office Order which has been paid or is payable as consideration for the audit certification set forth in Article 193-2, paragraph (1); the same applies in the following paragraph) for the business year immediately preceding the business year for which the annual securities report was required to be submitted pursuant to these provisions (if the issuer falls

under an issuer of regulated securities set forth in Article 5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27), the business year immediately preceding the specified period set forth in Article 24, paragraph (1) as applied mutatis mutandis pursuant to Article 24, paragraph (5) (including as applied mutatis mutandis pursuant to Article 27) in relation to those regulated securities; hereinafter the same applies in this Article, Article 172-4, paragraph (1), and Article 185-7, paragraph (31) (excluding item (iv)) (or, if there is no such immediately preceding business year for which an audit certification is required or in other cases specified by Cabinet Office Order as being equivalent to this, four million yen).

(2) If an issuer violates the provisions of Article 24-5 in failing to submit a , the Prime Minister, in accordance with the proceedings prescribed in the following Section, must order the issuer to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to half of the amount of the audit certification fee for the business year immediately preceding the business year that includes the period for which thesemiannual securities report was required to be submitted pursuant to such provisions (or, if there is no such immediately preceding business year for which an audit certification is required or in other cases specified by Cabinet Office Order as being equivalent to this, two million yen).

(Administrative MonetaryMonetary Penalty Payment Order Issued to an Issuer That Submits an Annual Securities Report Containing a False Statement)

Article 172-4 (1) If an issuer submits an annual securities report, etc. (meaning an annual securities report as prescribed in Article 24, paragraph (1) or (3) (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) and also including as applied mutatis mutandis pursuant to Article 27) and Article 24, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27) and accompanying documents, or an amended report as prescribed in Article 7,paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); hereinafter the same applies in this Chapter) that contains a false statement about a material particular or that omits a statement as to a material particular that is required to be stated, the Prime Minister, in accordance with the proceedings prescribed in the following Section, must order the issuer to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount specified in item (i) (or, if the amount set forth in item (ii) exceeds the amount set forth in item (i), the amount set forth in item (ii)); provided, however, that if the issuer's business year is other than one year in length, the

Prime Minister must order the issuer to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount arrived at when the number of months in its business year is divided by 12 and the quotient is multiplied by that amount:

(i) six million yen; or

(ii) the amount arrived at when the amount specified in (a) is multiplied by the number specified in (b):

(a) the total market value of index securities for calculation (meaning share certificates, preferred equity investment certificates under the Act on Preferred Equity Investment, and other securities specified by Cabinet Order as being equivalent to them; hereinafter the same applies in this item and Article 172-11, paragraph (1)) issued by the issuer, as calculated pursuant to the provisions of Cabinet Office Order (if the index securities for calculation have no market value or if the issuer has not issued any index securities for calculation, the amount calculated pursuant to the provisions of Cabinet Order as being equivalent to this); and

(b) six hundred thousandths.

(2) If an issuer submits a semiannual securities or extraordinary report, etc. (meaning a semiannual securities report or extraordinary report under Article 24-5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 24-5, paragraph (3)) or paragraph (4) of that Article (including as applied mutatis mutandis pursuant to Article 27), or an amended report under Article 7,paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1) as applied mutatis mutandis pursuant Article 24-5, paragraph (5) (including as applied mutatis mutandis pursuant to Article 27); hereinafter the same applies in this Chapter), which contains false statement about a material particular or omits a statement as to a material particular that is required to be stated, the Prime Minister, in accordance with the proceedings prescribed in the following Section, must order the issuer to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to half of the amount set forth in item (i) of the preceding paragraph (or, if the amount set forth in item (ii) of that paragraph exceeds the amount set forth in item (i) of that paragraph, the amount set forth in item (ii) of that paragraph). In such a case, the proviso to the preceding paragraph applies mutatis mutandis.

(3) The provisions of the preceding paragraph apply mutatis mutandis if an issuer fails to submit an extraordinary report under Article 24-5, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27) stating the particulars specified by Cabinet Office Order as having a material influence on investors' investment decisions.

(4) The number of months referred to in the proviso to paragraph (1) (including as applied mutatis mutandis pursuant to the second sentence of paragraph (2)

(including as applied mutatis mutandis pursuant to the preceding paragraph)) is calculated in accordance with the calendar, and if a period of less than one month is subject to calculation, it is counted as one month.

(Administrative Monetary PenaltyPenalty Payment Order Issued to a Person Making a Purchase of Share Certificates Without Issuing Public Notice of the Commencement of a Tender Offer)

Article 172-5 If a person violates the provisions of Article 27-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2); hereinafter the same applies in this Article) in effecting a purchase, etc. (meaning a purchase, etc. as prescribed in Article 27-2, paragraph (1) or Article 27-22-2, paragraph (1); hereinafter the same applies in this Article, the following Article, and Article 178, paragraph (13)) of share certificates, etc. (meaning the share certificates, etc. prescribed in Article 27-2, paragraph (1); hereinafter the same applies in this Article, the following Article and Article 178, paragraph (13)) or listed share certificates, etc. (meaning the listed share certificates, etc. prescribed in Article 24-6, paragraph (1); hereinafter the same applies in this Article, the following Article, Article 178, paragraph (13), and Article 185-7, paragraph (15)), without making the public notice under Article 27-3, paragraph (1) (hereinafter referred to as "public notice of the commencement of a tender offer" in this Chapter), the Prime Minister, in accordance with the proceedings prescribed in the following Section, must order that person to pay an administrative monetary penalty that is equivalent to the amount arrived at when the amount set forth in item (i) is multiplied by the amount set forth in item (ii) to the national treasury:

(i) the amount arrived at when the prices for the purchases, etc. of share certificates, etc. or listed share certificates, etc. that it effects without making public notice of the commencement of the tender offer, are multiplied by the volumes of those purchases, etc.;

(ii) 25 percent.

(Administrative Monetary Penalty Payment Order Issued to a Person Issuing a Public Notice of the Commencement of a Tender Offer That Contains a False Representation)

Article 172-6 (1) If a person makes a public notice of the commencement of a tender offer, etc. (meaning a public notice of the commencement of a tender offer or a public notice or public announcement amending the contents of a public notice of the commencement of the tender offer as prescribed in Article 27-7, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); hereinafter the same applies in this Chapter) that contains a false representation about a material particular or that lacks a

representation of a material particular that is required to be represented, or if a person submits a tender offer statement, etc. (meaning a tender offer statement as prescribed in Article 27-3, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), an amended statement under Article 27-8, paragraphs (1) through (4) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), a tender offeror's answer as prescribed in Article 27-10, paragraph (11), or an amended report under Article 27-8, paragraphs (1) through (4) as applied mutatis mutandis pursuant to Article 27-10, paragraph (12); hereinafter the same applies in this Chapter) that contains a false statement about a material particular or that lacks a statement of a material particular that is required to be stated, the Prime Minister, in accordance with the procedures prescribed in the following Section, must order that person to pay an administrative monetary penalty that is equivalent to the amount arrived at when the amount set forth in item (i) is multiplied by the amount set forth in item (ii) to the national treasury:

(i) the amount arrived at when the closing price of the share certificates, etc. or listed share certificates, etc. subject to the tender offer (meaning a tender offer as prescribed in Article 27-2, paragraph (1) or Article 27-22-2, paragraph (1); hereinafter the same applies in this Article and Article 185-7, paragraphs (8) and (9)) to which that public notice of the commencement of a tender offer, etc. or tender offer statement, etc. pertains (meaning the closing price as set forth in Article 67-19 or Article 130 as of the day immediately preceding the day of the public notice of the commencement of the tender offer (or, if there is no such price, the amount specified by Cabinet Office Order as being equivalent to this), is multiplied by the number of share certificates, etc. or listed share certificates, etc. that the person purchases, etc. through that tender offer;

(ii) 25 percent.

(2) The provisions of the preceding paragraph apply mutatis mutandis if a person fails to submit an amended tender offer statement, etc. (meaning a tender offer statement prescribed in Article 27-3, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), an amended statement under Article 27-8, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2), a tender offeror's answer prescribed in Article 27-10, paragraph (11), or an amended report under Article 27-8, paragraph (2) as applied mutatis mutandis pursuant to Article 27-10, paragraph (12); hereinafter the same applies in this Chapter).

(Administrative Monetary Penalty Payment Order Issued to a Person That Fails to Submit a Statement of Large-Volume Holdings or Changes)

Article 172-7 If a person violates the provisions of Article 27-23, paragraph (1), Article 27-25, paragraph (1), or Article 27-26, paragraph (1), (2), (4), or (5) in failing to submit a statement of large-volume holdings or a statement of changes (hereinafter referred to as a "statement of large-volume holdings or changes" in this Chapter), the Prime Minister, in accordance with the procedures prescribed in the following Section, must order that person to pay an administrative monetary penalty that is equivalent to the amount arrived at when the amount set forth in item (i) is multiplied by the amount set forth in item (ii) to the national treasury:

(i) the amount arrived at when the closing price provided for in Article 67-19 or Article 130 on the day after that on which the person is required to submit a statement of large-volume holdings or changes for share certificates issued by the issuer (meaning the issuer prescribed in Article 27-23, paragraph (1); hereinafter the same applies in this Article and the following Article) of share certificates, etc. (meaning share certificates, etc. prescribed in Article 27-23, paragraph (1); the same applies in the following Article) that are the subject of the statement of large-volume holdings or changes that the person is required to submit or the closing price of securities specified by Cabinet Office Order as being equivalent to those share certificates on that day, is multiplied by the issuer's total number of issued shares on that day or by the number specified by Cabinet Office Order as being equivalent to this (or, if there is no such price, the amount calculated pursuant to the provisions of Cabinet Office Order as being equivalent to this);

(ii) one hundred thousandths.

(Administrative Monetary Penalty Payment Order Issued to a Person Submitting a Statement of Large-Volume Holdings or Changes That Contains a False Statement)

Article 172-8 If a person submits a statement of large-volume holdings or changes, etc. (meaning a statement of large-volume holdings or changes or an amended statement prescribed in Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 27-25, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-26, paragraph (6)) or Article 27-29, paragraph (1); hereinafter the same applies in this Chapter) that contains a false statement about a material particular or that lacks a statement of a material particular that is required to be stated, the Prime Minister, in accordance with the procedures prescribed in the following Section, must order that person to pay an administrative monetary penalty that is equivalent to the amount arrived at when the amount set forth in item (i) is multiplied by the amount set forth in item (ii) to the national treasury:

(i) the amount arrived when the closing price provided for in Article 67-19 or Article 130, of share certificates issued by the issuer of share certificates, etc. which are the subject of that statement of large-volume holdings or changes, or that of securities specified by Cabinet Office Order as being equivalent to those share certificates, on the day after the day on which that statement of large-volume holdings or changes has been submitted, is multiplied by the issuer's total number of issued shares on that day or by the number specified by Cabinet Office Order as being equivalent to this (or, if there is no such price, the amount calculated pursuant to the provisions of Cabinet Office Order as being equivalent to this);

(ii) one hundred thousandth.

(Administrative Monetary Penalty Payment Order Issued to a Person That Makes a Specified Solicitation When Specified Information on Securities is not Provided or Disclosed)

Article 172-9 If a person makes a specified solicitation, etc. (if the person makes a specified solicitation for selling, etc., this is limited to a specified solicitation for selling, etc. securities that the person owns) even though the issuer of the securities has not provided the other party with or disclosed the specified information on securities, etc. for the relevant securities pursuant to the provisions of Article 27-31, paragraph (2), the Prime Minister, in accordance with the procedures prescribed in the following Section, must order that person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount specified in the following items in accordance with the category of cases set forth in each of those items (if the person falls under both of the following items, the sum of the amounts specified in those items):

(i) the person causes the securities to be acquired through an exclusive solicitation for acquisition: 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total issue value of the securities acquired (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total issue value includes the amount to be paid in upon the exercise of the share options under those share option certificates or any other amount specified by Cabinet Office Order as being equivalent to this);

(ii) if the person sells securities that they own through a specified solicitation for selling, etc.: 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total price of the securities that they sell (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total price includes the amount to be paid in upon the exercise of the share options under those

share option certificates or any other amount specified by Cabinet Office Order as being equivalent to this).

(Administrative Monetary Penalty Payment Order Issued to an Issuer That Has Provided or Disclosed Specified Information on Securities That Contains a Falsehood)

Article 172-10 (1) If an issuer that provides or discloses specified information on securities, etc. which contains false information about a material particular or which lacks information about a material particular that is required to be provided or disclosed (hereinafter referred to as "specified information on securities, etc. that contains a falsehood, etc." in this Article, Article 172-12, paragraph (1), Article 178, paragraph (20), and Article 185-7, paragraph (15)) causes securities to be acquired or sells securities through a specified solicitation, etc. involving specified information on securities, etc. that contains a falsehood, etc. (if this constitutes a specified solicitation for selling, etc., limited to a specified solicitation for selling, etc. securities that the issuer owns), the Prime Minister, in accordance with the procedures prescribed in the following Section, must order the issuer to pay an administrative monetary penalty to the national treasury in the amount specified in item (i) (if the specified information on securities, etc. that contains a falsehood, etc. is not disclosed, the amount arrived at when that amount is multiplied by the number set forth in item (ii)):

(i) the amount equivalent to each of the amounts specified in the following sub-items in accordance with the category of cases set forth in each of those sub-items (or, in a case that falls under both of the following, the sum of the amounts specified as follows):

(a) the issuer causes securities to be acquired through an exclusive solicitation for acquisition involving specified information on securities, etc. that contains a falsehood, etc.: 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total issue value of the securities it causes to be acquired (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total issue value includes the amount to be paid in upon the exercise of the share options under those share option certificates or any other amount specified by Cabinet Office Order as being equivalent to this);

(b) the issuer sells the securities it owns through a specified solicitation for selling, etc. involving specified information on securities, etc. that contains a falsehood, etc.: 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total distribution value of the securities that they sell (if the securities are share option certificates or any other securities

specified by Cabinet Office Order as being equivalent to them, the total distribution value includes the amount to be paid in upon the exercise of the share options under those share option certificates or any other amount specified by Cabinet Office Order as being equivalent to this);

(ii) the number arrived at when the number set forth in (a) is divided by the number set forth in (b):

(a) the number of persons provided with the specified information on securities, etc. that contains a falsehood, etc.;

(b) the number of persons to which the specified solicitation, etc. is made.

(2) If an issuer provides or discloses specified information on securities, etc. that contains a falsehood, etc., and an officer, etc. that is involved in providing or disclosing that specified information on securities, etc. that contains a falsity, etc. with the knowledge that the specified information on securities, etc. that contains a falsity, etc. contains false information or lacks information about a particular that is required to be provided or disclosed, sells the securities that the officer, etc. owns through a specified solicitation for selling, etc. that involves the specified information on securities, etc. that contains a falsehood, etc., the Prime Minister, in accordance with the procedures prescribed in the following Section, must order that officer, etc. to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to 2.25 percent (or 4.5 percent, if the securities are share certificates, etc.) of the total price of the securities that the officer, etc. sells (if the securities are share option certificates or any other securities specified by Cabinet Office Order as being equivalent to them, the total price includes the amount to be paid in upon the exercise of the share options under those share option certificates or any other amount specified by Cabinet Office Order as being equivalent to this) (or, if the specified information on securities, etc. that contains a falsehood, etc. is not disclosed, meaning the amount arrived at when the amount is multiplied by the number set forth in item (ii) of the preceding paragraph).

(Administrative Monetary Penalty Payment Order Issued to an Issuer That Provides or Discloses Information on the Issuer That Contains a Falsehood)

Article 172-11 (1) If an issuer provides or discloses information on the issuer that contains false information about a material particular or that lacks information about a material particular that is required to be provided or disclosed (hereinafter referred to as "information on the issuer, etc. that contains a falsehood, etc." in this paragraph, paragraph (1) of the following Article, Article 178, paragraph (21), and Article 185-7, paragraph (155)), the Prime Minister, in accordance with the procedures prescribed in the following Section, must order the issuer to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount set forth

in item (i) (if the information on the issuer, etc. that contains a falsehood, etc. is not disclosed, meaning the amount arrived at when that amount is multiplied by the number set forth in item (ii)); provided, however, that if the issuer's business year is other than one year in length, the Prime Minister must order the issuer to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount arrived at when the number of months in its business year is divided by 12 and the quotient is multiplied by that amount:

(i) the amount specified in (a) (or, if the amount set forth in (b) exceeds that set forth in (a), the amount set forth in (b)):

(a) six million yen;

(b) the amount arrived at when the amount set forth in 1. is multiplied by the number set forth in 2.:

1. the total market value of the index securities for calculation issued by the issuer, as calculated pursuant to the provisions of Cabinet Office Order (or, if there is no market value for the index securities for calculation or if the issuer has not issued any index securities for calculation, the amount calculated pursuant to the provisions of Cabinet Order as being equivalentequivalent to this);

2. six hundred thousandths;

(ii) the number arrived at when the number set forth in (a) is divided by the number set forth in (b):

(a) the number of persons provided with the information on the issuer, etc. that contains a falsehood, etc.;

(b) the number of persons to which the information on the issuer, etc. are to be provided, in a case when the information is required to be provided pursuant to the provisions of Article 27-32, paragraphs (1) through (3).

(2) The number of months referred to in the proviso to the preceding paragraph is calculated in accordance with the calendar, and if a period of less than one month is subject to the calculation, this is counted as one month.

(Administrative Monetary Penalty Payment Order Issued to a Person That Conducted an Act Which Facilitates or Incites Submission of Fake Disclosure Documents)

Article 172-12 (1) When a person specified in the following items (the person is referred to as a "person submitting disclosure documents, etc." in the following paragraph) has submitted, provided, or publicized documents or information specified in any of the items (the documents and information are referred to as the "fake disclosure documents, etc." in that paragraph) and there is a person that performed a specified involvement act (hereinafter referred to as "specified involved person" in this paragraph), the Prime Minister must, in

accordance with the procedures prescribed in the following Section, order the specified involved person to pay to the national treasury an administrative monetary penalty in the amount specified by Cabinet Office Order as the amount equivalent to the amount of money or the value of other assets which has been paid or is payable as the fees, remuneration, or any other consideration for the specified involvement act:

(i) issuer: disclosure documents for offerings (meaning the disclosure documents for offerings prescribed in Article 172-2, paragraph (3)), annual securities report, etc., semiannual securities report, or extraordinary securities report, etc., which contain any fake statement on material particular or lack a statement on material particulars that are required to be stated, specified information on securities, etc. containing a falsehood, etc. or issuer's information, etc. containing a falsehood, etc.; and

(ii) tender offeror prescribed in Article 27-3, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)): tender offer notification, etc. which contains any fake statement on material particulars or lacks a statement on material particulars that are required to be stated.

(2) The term "specified involvement act" as used in the preceding paragraph means an act which facilitates the submission, provision, or public announcement of fake disclosure documents, etc. by a person submitting disclosure documents, etc. which falls under any of the following items or an act which incites the submission, provision, or publicization of fake disclosure documents, etc. by a person submitting disclosure documents, etc.:

(i) conducting a series of acts to hide or disguise all or part of the facts that should constitute the basis for accounting procedures necessary for the preparation of the fake disclosure documents, etc. and providing advice concerning the preparation of the fake disclosure documents, etc. by the person that prepares the fake disclosure documents, etc. based on the relevant hidden or disguised facts; and

(ii) with the knowledge that the act constitutes all or part of a series of acts to hide or disguise that are prescribed in the preceding paragraph, perform all or part of a series of acts to hide or disguise (excluding an act for making an audit certification prescribed in Article 193-2, paragraph (1)).

(Administrative Monetary Penalty Payment Order Issued to a Person That Influences the Price of Securities by Spreading Unfounded Rumors)

Article 173 (1) If a person, in violation of the provisions of Article 158, spreads unfounded rumors or uses fraudulent means, or influences the prices of securities, etc. by spreading those unfounded rumors or using those fraudulent means (hereinafter such an act is referred to as a "violation" and the person is

referred to as the "violator" in this Article), the Prime Minister, in accordance with the procedures prescribed in the following Section, must order the violator to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount specified in the following items in accordance with the category of cases set forth in each of those items (or, if the violation falls under two or more of the following items, the sum of the amounts specified in those items):

(i) if, in the period between the time of commencement of the violation to the end of the violation (hereinafter referred to as the "duration of the violation" in this Article), the volume of securities sales, etc. that the violator makes on the their own account for the securities, etc. involved in the violation, exceeds the volume of purchases, etc. of securities that they make on their own account related to the securities, etc. involved in the violation: the amount arrived at when the amount set forth in (b) is deducted from the amount set forth in (a) (if the resulting amount is less than zero, it is to be zero):

(a) the value of the volume of sales, etc. of securities that is in excess;

(b) the amount arrived at when the lowest securities purchase, etc. price for those securities, etc., from among the lowest prices prescribed in Article 67-19 or Article 130 on each day in the period from the end of the violation until one month has elapsed since the violation ended (if there is no such lowest price, meaning the price specified by Cabinet Office Order as being equivalent to it; the lowest price on the day on which the violation ends is to be the amount specified by Cabinet Office Order), is multiplied by the volume that is in excess;

(ii) during the duration of the violation, the volume of purchases, etc. of securities that the violator makes on their own account for the securities, etc. involved in the violation, exceeds the volume of sales, etc. of securities that they make on their own account for the securities, etc. involved in the violation: the amount arrived at when the amount set forth in (b) is deducted from the amount set forth in (a) (if the resulting amount is less than zero, the amount is to be zero):

(a) the amount arrived at when the highest price for sale, etc. of the securities, etc., from among the highest prices prescribed in Article 67-19 or Article 130 on each day in the period from the end of the violation until one month has elapsed since the violation ended (if there is no such highest price, meaning the price specified by Cabinet Office Order as being equivalent to it; the highest price on the day on which the violation ends is to be the amount specified by Cabinet Office Order), is multiplied by the volume that is in excess;

(b) the value of the volume of purchases, etc. of sales that is in excess;

(iii) during the period from the commencement of the violation until one month has elapsed since the violation ended, the violator causes the securities involved in the violation, which the violator or a person set forth in the items of paragraph (5) issues, to be acquired through a solicitation with a view to issuing new securities or delivers those securities in a corporate reorganization (meaning a corporate reorganization as defined in Article 2-3, paragraph (1); hereinafter the same applies in this Chapter): the amount arrived at when the amount set forth in (b) below is deducted from the amount set forth in (a) below (if the resulting amount is less than zero, the amount is to be zero):

(a) the amount arrived at when the highest securities purchase, etc. price for the securities that the violator causes to be acquired through the solicitation with a view to issuing new securities or delivers in the corporate reorganization, from among the highest prices as prescribed in Article 67-19 or Article 130 on each day in the period from the end of the violation until one month has elapsed since the violation ended (if there is no such highest price, this means the price specified by Cabinet Office Order as being equivalent to it; the highest price on the day on which the violation ends is the amount specified by Cabinet Office Order), is multiplied by the volume of securities that the violator causes to be acquired through such solicitation with a view to issuing new securities or delivers in the corporate reorganization;

(b) the amount arrived at when the price specified by Cabinet Order as the price of the securities that the violator causes to be acquired through the solicitation with a view to issuing new securities or delivers in the corporate reorganization at the time immediately preceding the violation (hereinafter referred to as the "price immediately preceding the violation" in this Article), is multiplied by the volume of the securities that the violator causes to be acquired through the solicitation with a view to issuing new securities or delivers in the corporate reorganization;

(iv) during the period from the commencement of the violation until one month has elapsed since the violation ended, the violator makes a sales, etc. of securities, etc. or a purchase, etc. of securities on the account of any person other than themselves: the amount specified in (a) or (b) in accordance with the category of the person that has conducted the sales, etc. of securities or the purchase, etc. of securities set forth in (a) or (b):.

(a) a person that has made the sales, etc. of securities or the purchase, etc. of securities as an investment of property subject to investment (meaning money or other properties invested by a person that performs any of the acts listed in the items of Article 28, paragraph (4) on a regular basis on behalf of the right holders prescribed in Article 42, paragraph (1);

hereinafter the same applies in this Article through Article 175): the amount obtained by multiplying by three, the amount specified by Cabinet Office Order as an amount equivalent to the consideration for investment of the property subject to investment which is specified by Cabinet Office Order in the month that includes the day of the sales, etc. of securities or the purchase, etc. of securities (if the sales, etc. of securities or the purchase, etc. of securities has been made over two or more months, the last month of those months); or

(b) a person other than the person set forth in (a): the amount specified by Cabinet Office Order as the amount of fees, remuneration, or any other consideration for the sales, etc. of securities or the purchase, etc. of securities.

(2) The term "sale, etc. of securities" as used in this Article means the sale of securities or commodities (in the case of commodities, limited to sales conducted through market derivatives transactions (limited to transactions set forth in Article 2, paragraph (21), item (i)), a transaction set forth in item (ii) of that paragraph (limited to a transaction in which the violator is the party to pay the money if the actual figure exceeds the agreed figure), a transaction set forth in Article 2, paragraph (21), item (iii) (limited to a transaction in which the relevant person is the party to grant the option), or any other transaction specified by Cabinet Order.

(3) The term "purchase, etc. of securities" as used this Article means a purchase of securities or commodities (in the case of commodities, limited to purchase made through market derivatives transactions (limited to transactions set forth in Article 2, paragraph (21), item (i)), a transaction set forth in item (ii) of that paragraph (limited to a transaction in which the relevant person is the party to receive the money if the actual figure exceeds the agreed figure), a transaction set forth in Article 2, paragraph (21), item (iii) (limited to a transaction in which the relevant person is the party to acquire the option), or any other transaction specified by Cabinet Order.

(4) The term "value" as used in paragraph (1) means the amount arrived at when the price for sale, etc. of securities is multiplied by the volume of that sale, etc. or when the price for purchase, etc. of securities is multiplied by the volume of that purchase, etc.

(5) In the case referred to in paragraph (1), if the violator makes the sale, etc. of securities or the purchase, etc. of securities on the account of a person set forth in any of the following items, the violator is deemed to have made the sale, etc. of securities or purchase, etc. of securities on their own account (if the person set forth in the relevant item commits the same violation as the violator, this excludes anything that constitutes the same sale, etc. of securities or purchase, etc. of securities as one that the person set forth in that item makes on that

person's own account), and the provisions of the preceding paragraphs apply:
(i) a company in which the violator holds the majority of the voting rights held by all the shareholders, etc. or any other person specified by Cabinet Office Order as being closely related to the violator;
(ii) a person that shares living expenses with the violator or any other person specified by Cabinet Office Order has a unique relationship with the violator.

(6) For the purposes of calculating the amounts set forth in the items of paragraph (1), if the violator, at the time of the commencement of the violation, makes a sale of the securities or commodities involved in the violation without possessing those securities or commodities (in the case of commodities, limited to sales made through market derivatives transactions (limited to transactions set forth in Article 2, paragraph (21), item (i))) on their own account or on the account of a person set forth in any of the items of the preceding paragraph (this means a person other than one that commits the same violation; hereinafter the same applies in this paragraph); if the violator, at the time of commencement of the violation, has agreed to conduct a transaction set forth in Article 2, paragraph (21), item (ii) (limited to a transaction of the securities or commodities involved in the violation), in which the violator will be the party to pay the money if the actual figure exceeds the agreed figure on their own account or on the account of a person set forth in any of the items of the preceding paragraph; or in any other case specified by Cabinet Order; the violator, at the time of the commencement of the violation, is deemed to have made a sales, etc. of securities at the price preceding the violation on their own account.

(7) For the purposes of calculating the amounts set forth in the items of paragraph (1), if the violator, at the time of the commencement of the violation owns the securities or commodities involved in the violation; if the violator, at the time of the commencement of the violation has agreed to conduct a transaction set forth in Article 2, paragraph (21), item (ii) in which the violator will be the party to receive the money if the actual figure exceeds the agreed figure (limited to a transaction of the securities or commodities involved in the violation), on their own account or on the account of a person set forth in any of the items of paragraph (5) (this means a person other than one that commits the same violation); and in any other case specified by Cabinet Order; the violator, at the time of the commencement of the violation, is deemed to have made the purchase, etc. of securities at the price preceding the violation on their own account.

(8) The amount set forth in the items of paragraph (1) is calculated for each issue of securities.

(9) If a transaction set forth in Article 2, paragraph (21), item (ii) is settled through the payment and receipt of money based on the actual figure; if the

options on a transaction set forth in item (iii) of that paragraph extinguish without being exercised; and in any other case specified by Cabinet Order as being similar; the necessary particulars relevant to the calculation of the administrative monetary penalty referred to in paragraph (1) are specified by Cabinet Order.

(10) Beyond what is provided for in paragraph (2) through the preceding paragraph, the necessary particulars relevant to the calculation of the value of the sales, etc. of securities and the value of the purchase, etc. of securities provided for in paragraph (1), and necessary particulars otherwise relevant to the calculation of the administrative monetary penalty referred to in that paragraph are specified by Cabinet Order.

(Administrative Monetary Penalty Payment Order Issued to a Person That Makes a Purchase and Sale of Securities For the Purpose of Misleading Other Persons on the Status of Transactions)

Article 174 (1) If a person makes a purchase and sale of securities, market derivatives transaction, or over-the-counter derivatives transaction that is in violation of the provisions of Article 159, paragraph (1), offers to conduct such a transaction, or entrusts, etc. a person with conducting such a transaction (hereinafter the act is referred to as a "violation" and the person is referred to as a "violator" in this Article), the Prime Minister, in accordance with the procedures prescribed in the following Section, must order the violator to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount specified in the following items in accordance with the category of cases set forth in each of those items (or, if the violation falls under two or more cases set forth in the following items, the sum of the amounts specified in those items):

(i) during the period from the commencement of the violation to the end of the violation (hereinafter referred to as the "duration of the violation" in this Article), the volume of sales, etc. of securities that the violator makes on their own account for the securities, etc. (meaning securities or options, or financial instruments (other than securities) or financial indexes connected with derivatives transactions; hereinafter the same applies in this Article and the following Article) that are involved in the violation, exceeds the volume of purchases, etc. of securities that the violator makes on their own account for the securities, etc. that are involved in the violation: the amount arrived at when the amount set forth in (b) is deducted from the amount set forth in (a) (if the resulting amount is less than zero, the amount is to be zero):

(a) the value of the volume of sales, etc. of securities that is in excess;

(b) the amount arrived at when the lowest price for purchase, etc. of

securities for the relevant securities, etc., from among the lowest prices prescribed in Article 67-19 or Article 130 on each day in the period from the end of the violation until one month has elapsed since the violation has ended (if there is no such price, this means the price specified by Cabinet Office Order as being equivalent to it, and the lowest price on the day on which the violation ends is the amount specified by Cabinet Office Order), is multiplied by the volume that is in excess;

(ii) during the duration of the violation, the volume of purchases, etc. of securities that the violator makes on their own account for the securities, etc. that are involved in the violation, exceeds the volume of sales, etc. of securities that the violator makes on their own account for the securities, etc. that are involved in the violation: the amount arrived at when the amount set forth in (b) below is deducted from the amount set forth in (a) below (if the resulting amount is less than zero, the amount is to be zero):

(a) the amount arrived at when the highest price for sale, etc. of securities for the relevant securities, etc., from among the highest prices as prescribed in Article 67-19 or Article 130 on each day in the period from the end of the violation until one month has elapsed since the violation ended (if there is no such price, this means the price specified by Cabinet Office Order as being equivalent to it and the highest price on the day on which the violation ends is the amount specified by Cabinet Office Order), is multiplied by the volume that is in excess;

(b) the value of the volume of purchases, etc. of securities that is in excess.

(iii) during the period from the commencement of the violation until one month has elapsed since the violation ended, the violator causes the securities involved in the violation which they or a person set forth in the items of paragraph (5) issues, to be acquired through a solicitation with a view to issuing new securities or delivers the securities in a corporate reorganization: the amount arrived at when the amount set forth in (b) below is deducted from the amount set forth in (a) below (if the resulting amount is less than zero, the amount is to be zero):

(a) the amount arrived at when the highest securities purchase, etc. price for the securities that the violator causes to be acquired through the solicitation with a view to issuing new securities or delivers in the corporate reorganization, from among the highest prices as prescribed in Article 67-19 or Article 130 on each day in the period from the end of the violation until one month has elapsed since the violation ended (if there is no such price, this means the price specified by Cabinet Office Order as being equivalent to it and the highest price on the day on which the violation ends is the amount specified by Cabinet Office Order), is multiplied by the volume of securities that the violator causes to be

acquired through the solicitation with a view to issuing new securities or delivers in the corporate reorganization;

(b) the amount arrived at when the price at the commencement of the violation for the securities that the violator causes to be acquired through the solicitation with a view to issuing new securities or delivers in the corporate reorganization, is multiplied by the volume of securities that the violator causes to be acquired through the solicitation with a view to issuing new securities or delivers in the corporatecorporate reorganization;

(iv) during the period from the commencement of the violation until one month has elapsed since the violation ended, the violator commits a violation or makes a sale, etc. of securities or purchase, etc. of securities on the account of any person other than themselves: the amount specified in (a) or (b) in accordance with the category of the person that has committed the violation, the sales, etc. of securities or the purchase, etc. of securities set forth in (a) or (b):

(a) a person that has committed the violation or has made the sales, etc. of securities or the purchase, etc. of securities as an investment of property subject to investment: the amount obtained by multiplying by three, the amount specified by Cabinet Office Order as an amount equivalent to the consideration for investment of the property subject to investment which is specified by Cabinet Office Order in the month that includes the day of the violation, the sales, etc. of securities or the purchase, etc. of securities (if the violation, the sales, etc. of securities or the purchase, etc. of securities has been conducted over two or more months, the last month of those months); or

(b) a person other than the person set forth in (a): the amount specified by Cabinet Office Order as the amount of fees, remuneration, or any other consideration for the violation, the sales, etc. of securities or the purchase, etc. of securities.

(2) The term "sale, etc. of securities" as used in this Article means the sale of securities or commodities (in the case of commodities, limited to sales made through market derivatives transactions (limited to transactions set forth in Article 2, paragraph (21), item (i))), a transaction set forth in item (ii) of that paragraph (limited to a transaction in which the violator is the party to pay the money if the actual figure exceeds the agreed figure), a transaction set forth in Article 2, paragraph (21), item (iii) (limited to a transaction in which the relevant person is the party to grant the option), or any other transaction specified by Cabinet Order.

(3) The term "purchase, etc. of securities" as used this Article means a purchase of securities or commodities (in the case of commodities, limited to purchase made through market derivatives transactions (limited to transactions set

forth in Article 2, paragraph (21), item (i))), a transaction set forth in item (ii) of that paragraph (limited to a transaction in which the violator is the party to receive money if the actual figure exceeds the agreed figure), a transaction set forth in Article 2, paragraph (21), item (iii) (limited to a transaction in which the relevant person is the party to acquire the option), or any other transaction specified by Cabinet Order.

(4) The term "value" as used in paragraph (1) means the amount arrived at when the price for sale, etc. of securities is multiplied by the volume of that sale, etc. or when the price for purchase, etc. of securities is multiplied by the volume of that purchase, etc.

(5) In the case referred to in paragraph (1), if the violator makes the sale, etc. of securities or purchase, etc. of securities on the account of a person set forth in any of the following items, the violator is deemed to have made the sale, etc. of securities or purchase, etc. of securities on their own account (if the person set forth in the relevant item commits the same violation as the violator, this excludes anything that constitutes the same sale, etc. of securities or purchase, etc. of securities as one that the person set forth in that item makes on their own account), and the provisions of the preceding paragraphs apply:

(i) a company in which the violator holds the majority of the voting rights held by all the shareholders, etc. or any other person specified by Cabinet Office Order as being closely related to the violator;

(ii) a person that shares living expenses with the violator, or any other person specified by Cabinet Office Order as having a unique relationship with the violator.

(6) For the purposes of calculating the amount set forth in the items of paragraph (1), if a violator has, at the time of the commencement of the violation, made sales of the securities or commodities subject to the violation without possessing those securities or commodities (in the case of commodities, limited to sales made through market derivatives transactions (limited to transactions set forth in Article 2, paragraph (21), item (i))) on their own account or on the account of any person listed in the items of the preceding paragraph (excluding a person that has committed the same violation; hereinafter the same applies in this paragraph), if the violator has, at the time of the commencement of the violation, concluded an agreement for a transaction set forth in Article 2, paragraph (21), item (ii) (limited to the transactions of securities or commodities subject to the violation) under which the person is obligated to pay money if the actual figure exceeds the agreed figure on their own account or on account of any person listed in the items of the preceding paragraph, or in any other cases specified by Cabinet Order, the violator is deemed to have made on their own account, the sales, etc. of securities at the time of the commencement of the violation and the price at that time.

(7) For the purposes of calculating the amounts set forth in the items of paragraph (1), if the violator possessespossesses, at the time of the commencement of the violation, the securities or commodities involved in the violation, if the violator has, at the time of the commencement of the violation, agreed to conduct a transaction set forth in Article 2, paragraph (21), item (ii), in which the violator will be the party to receive money if the actual figure exceeds the agreed figure (limited to a transaction of the securities or commodities involved in the violation) on their own account or on the account of a person set forth in any of the items of paragraph (5) (excluding a person that has committed the same violation); and in any other case specified by Cabinet Order; the violator is deemed to have made on the their own account, the purchase, etc. of securities at the time of the commencement of the violation and the price at that time.

(8) The amount set forth in the items of paragraph (1) is calculated for each issue of securities.

(9) If a transaction set forth in Article 2, paragraph (21), item (ii) is settled through the payment and receipt of money based on the actual figure, if the options on a transaction set forth in item (iii) of that paragraph extinguish without being exercised, and in any other case specified by Cabinet Order as being similar, the necessary particulars relevant to the calculation of the administrative monetary penalty referred to in paragraph (1) are specified by Cabinet Order.

(10) Beyond what is provided for in paragraph (2) through the preceding paragraph, the necessary particulars relevant to the calculation of the value of the sale, etc. of securities and the value of the purchase, etc. of securities provided for in paragraph (1), and necessary particulars otherwise relevant to the calculation of the administrative monetary penalty referred to in that paragraph are specified by Cabinet Order.

(Administrative Monetary Penalty Payment Order Issued to a Person That Makes a Series of Purchase and Sales of Securities for the Purpose of Inducing Transactions)

Article 174-2 (1) If a person makesmakes a series of purchase and sales of securities, etc. (meaning purchase and sales of securities, etc. prescribed in Article 159, paragraph (2)) that is in violation of the provisions of Article 159, paragraph (2), item (i), offers to make such a series of purchase and sales, or entrusts, etc. a person with making such a series of purchase and sales (hereinafter the act is referred to as a "violation" and the person is referred to as the "violator" in this Article), the Prime Minister must, in accordance with the procedures prescribed in the following Section, order the violator to pay an administrative monetary penalty to the national treasury in an amount that is

equivalent to the total of the amounts set forth in each of the following items (referred to as the "total amount" in paragraphs (10) and (11)):

(i) the amount arrived at when the amount set forth in (b) below is deducted from the amount set forth in (a) below:

(a) the value of the sales, etc. of securities on the violator's own account (limited to those connected with the volume of corresponding purchases or sales that is involved in the relevant violation);

(b) the value of the purchases, etc. of securities on the violator's own account (limited to those connected with the volume of corresponding purchases or sales that is involved in the relevant violation);

(ii) the amount specified in the following sub-items (a) through (d) in accordance with the category of cases set forth in the sub-items (a) through (d) (or, if the violation falls under two or more cases set forth in the following sub-items (a) through (d), the sum of the amounts specified in those two or more provisions of (a) through (d)):

(a) the volume of sales, etc. of securities on the violator's own account that are involved in the violation, exceeds the volume of purchases, etc. of securities on the violator's own account that are involved in violation: the amount arrived at when the amount specified in 2. below is deducted from the amount specified in 1. below (if the resulting amount is less than zero, the amount is to be zero):

1. the value of the volume of sales, etc. of securities that is in excess;

2. the amount arrived at when the lowest price for purchase, etc. of the securities, etc. involved in the violation, from among the lowest prices as prescribed in Article 67-19 or Article 130 on each day in the period from the end of the violation until one month has elapsed since it ended (if there is no such price, this means the price specified by Cabinet Office Order as being equivalent to it and the lowest price on the day on which the violation ends is the amount specified by Cabinet Office Order), is multiplied by the volume that is in excess;

(b) the volume of purchases, etc. of securities on the violator's own account that the violation involves, exceeds the volume of sales, etc. of securities on the violator's own account that the violation involves: the amount arrived at when the amount specified in 2. below is deducted from the amount specified in 1. below (if the resulting amount is less than zero, the amount is to be zero):

1. the amount arrived at when the highest price for sale, etc. of the securities, etc. involved in the violation, from among the highest prices as prescribed in Article 67-19 or Article 130 on each day in the period from the end of the violation until one month has elapsed since the violation ended (if there is no such price, this means the price specified

by Cabinet Office Order as being equivalent to it; the highest price on the day on which the violation ends is the amount specified by Cabinet Office Order), is multiplied by the volume that is in excess;

2. the value of the volume of purchases, etc. of securities that is in excess;

(c) during the period from the commencement of the violation until one month has elapsed since the violation ended, the violator causes the securities involved in the violation that they or a person set forth in the items of paragraph (6) issues, to be acquired through a solicitation with a view to issuing new securities or delivers such securities in a corporate reorganization: the amount arrived at when the amount specified in 2. below is deducted from the amount specified in 1. below (if the resulting amount is less than zero, it is deemed to be zero):

1. the amount arrived at when the highest securities purchase, etc. price for the securities that the violator causes to be acquired through the solicitation with a view to issuing new securities or delivers in the corporate reorganization, from among the highest prices as prescribed in Article 67-19 or Article 130 on each day in the period from the end of the violation until one month has elapsed since it ended (if there is no such price, this means the price specified by Cabinet Office Order as being equivalent to it and the highest price on the day on which the violation ends is the amount specified by Cabinet Office Order), is multiplied by the volume of securities that the violator causes to be acquired through the solicitation with a view to issuing new securities or delivers in the corporate reorganization;

2. the amount arrived at when the price at the commencement of the violation for the securities that the violator causes to be acquired through the solicitation with a view to issuing new securities or delivers in the corporate reorganization, is multiplied by the volume of securities that the violator causes to be acquired through the solicitation with a view to issuing new securities or delivers in the corporate reorganization;

(d) during the period from the commencement of the violation until one month has elapsed since the violation ended, the violator commits a violation or makes a sales, etc. of securities or purchase, etc. of securities on the account of any person other than themselves: the amount specified in 1. or 2. below in accordance with the category of the person that has conducted the violation, the sales, etc. of securities or the purchase, etc. of securities set forth in 1. or 2.:

1. a person that has committed the violation or has made the sales, etc. of securities or the purchase, etc. of securities as an investment of property subject to investment: the amount obtained by multiplying by

three, the amount specified by Cabinet Office Order as an amount equivalent to the consideration for investment of the property subject to investment which is specified by Cabinet Office Order in the month that includes the day of the violation, the sales, etc. of securities or the purchase, etc. of securities (if the violation, the sales, etc. of securities or the purchase, etc. of securities has been conducted over two or more months, the last month of those months); or

2. a person other than the person set forth in 1.: the amount specified by Cabinet Office Order as the amount of fees, remuneration, or any other consideration for the violation, the sales, etc. of securities or the purchase, etc. of securities.

(2) The term "sale, etc. of securities" as used in this Article means the sale of securities or commodities (in the case of commodities, limited to sales made through market derivatives transactions (limited to transactions set forth in Article 2, paragraph (21), item (i))), a transaction set forth in item (ii) of that paragraph (limited to a transaction in which the violator is the party to pay the money if the actual figure exceeds the agreed figure), a transaction set forth in Article 2, paragraph (21), item (iii) (limited to a transaction in which the relevant person is the party to grant the option), or any other transaction specified by Cabinet Order.

(3) The term "purchase, etc. of securities" as used this Article means a purchase of securities or commodities (in the case of commodities, limited to purchase made through market derivatives transactions (limited to transactions set forth in Article 2, paragraph (21), item (i))), a transaction set forth in item (ii) of that paragraph (limited to a transaction in which the violator is the party to receive the money if the actual figure exceeds the agreed figure), a transaction set forth in Article 2, paragraph (21), item (iii) (limited to a transaction in which the relevant person is the party to acquire the option), or any other transaction specified by Cabinet Order.

(4) The term "volume of corresponding purchases and sales" as used in paragraph (1), item (i) means either the volume of sales, etc. of securities on the violator's own account that are involved in the violation, or the volume of purchases, etc. of securities on the violator's own account that are involved in the violation, whichever is smaller.

(5) The term "value" as used in paragraph (1) means the amount arrived at when the price for sale, etc. of securities is multiplied by the volume of that sale, etc. or when the price for purchase, etc. of securities is multiplied by the volume of that purchase, etc.

(6) In the case referred to in paragraph (1), if the violator commits the violation or makes the sale, etc. of securities or purchase, etc. of securities on the account of a person set forth in any of the following items, the violator is

deemed to have committed the violation or made the sale, etc. of securities or purchase, etc. of securities on their own account (if the person set forth in the relevant item commits the same violation as the violator, this excludes anything that constitutes the same sale, etc. of securities or purchase, etc. of securities as one that the person set forth in that item makes on their own account), and the provisions of the preceding paragraphs apply:

(i) a company in which the violator holds the majority of the voting rights held by all the shareholders, etc., or any other person specified by Cabinet Office Order as being closely related to the violator;

(ii) a person that shares living expenses with the violator, or any other person specified by Cabinet Office Order as having a unique relationship with the violator.

(7) For the purposes of calculating the amount listed in the items of paragraph (1), if a violator has, at the time of the commencement of the violation, made the sales of the securities or commodities subject to a violation without possessing those securities or commodities (in the case of commodities, limited to sales conducted through market derivatives transactions (limited to transactions set forth in Article 2, paragraph (21), item (i))), on their own account or on the account of any person listed in the items of the preceding paragraph (excluding a person that has committed the same violation; hereinafter the same applies in this paragraph), if the violator has, at the time of the commencement of the violation, concluded an agreement for the transaction set forth in Article 2, paragraph (21), item (ii) (limited to the transactions of securities or commodities subject to the relevant violation) under which the person is obligated to pay money if the actual figure exceeds the agreed figure on their own account or on the account of any person listed in the items of the preceding paragraph, or in any other cases specified by Cabinet Order, the relevant violator is deemed to have made on their own account, the sales, etc. of securities subject to the violation at the time of the commencement of the violation and the price at that time.

(8) For the purposes of calculating the amount set forth in the items of paragraph (1), if the violator possesses, at the time of the commencement of the violation, the securities or commodities involved in the violation, if the violator has, at the time of the commencement of the violation, agreed to conduct a transaction set forth in Article 2, paragraph (21), item (ii), in which the violator will be the party to receive money if the actual figure exceeds the agreed figure (limited to a transaction of the securities or commodities involved in the violation) on their account or on the account of a person set forth in any of the items of paragraph (5) (excluding a person that has committed the same violation), and in any other case specified by Cabinet Order, the violator is deemed to have made the purchase, etc. of securities on their own account at the time of the

commencement of the violation and the price at that time.

(9) The amounts set forth in the items of paragraph (1) are calculated for each issue of securities.

(10) If a negative amount arises from the deduction set forth in paragraph (1), item (i) for a single issue, the total amount is the amount arrived at when that negative amount is deducted from the amount specified in item (ii) of that paragraph for the same issue.

(11) If there are two or more issues connected with a violation and the amount for any of those issues is still negative even after a deduction is made pursuant to the provisions of the preceding paragraph, the negative amount is deducted from the total amount for other issues.

(12) If a transaction set forth in Article 2, paragraph (21), item (ii) is settled through the payment and receipt of money based on the actual figure; if the options on a transaction set forth in item (iii) of that paragraph extinguish without being exercised; and in any other case specified by Cabinet Order as being similar; the necessary particulars relevant to the calculation of the administrative monetary penalty referred to in paragraph (1) are specified by Cabinet Order.

(13) Beyond what is provided for in paragraph (2) through the preceding paragraph, the necessary particulars relevant to the calculation of the value of the sale, etc. of securities and the value of the purchase, etc. of securities provided for in paragraph (1), and necessary particulars otherwise relevant to the calculation of the administrative monetary penalty referred to in that paragraph are specified by Cabinet Order.

(Administrative Monetary Penalty Payment Order Issued to a Person Violating the Prohibition on Stabilizing Transactions)

Article 174-3 (1) If a person makes a series of purchase and sales of securities, etc. that is in violation of the provisions of Article 159, paragraph (3) (meaning purchase and sales of securities, etc. prescribed in paragraph (2) of that Article), or offers to make such a series of purchase and sales or entrusts, etc. a person with effecting such a series of purchase and sales (hereinafter the act is referred to as a "violation" and the person is referred to as the "violator" in this Article), the Prime Minister must, in accordance with the procedures prescribed in the following Section, order the violator to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the sum of the amounts specified in each of the following items (referred to as the "total amount" in paragraphs (11) and (12)):

(i) the amount arrived at when the amount specified in (b) below is deducted from the amount specified in (a) below:

(a) the value of the sales, etc. of securities on the violator's own account that

the violation involves;

(b) the value of the purchases, etc. of securities on the violator's own account that the violation involves;

(ii) the amount specified in the following sub-items (a) through (d) in accordance with the category of cases set forth in the sub-items (a) through (d) (or, if the violation falls under two or more cases set forth in the following sub-items (a) through (d), the sum of the amounts specified in those two or more provisions of (a) through (d)):

(a) at the time of the commencement of the violation, the violator's sales volume, etc. in respect of the listed financial instruments, etc. (meaning listed financial instruments, etc. prescribed in Article 159, paragraph (2), item (i); hereinafter the same applies in this Article) or over-the-counter traded securities involved in the violation exceeds the violator's purchase volume, etc. of the over-the-counter traded securities: the amount arrived at when the amount specified in 2. below is deducted from the amount specified in 1. below, and the difference is multiplied by the volume specified in 3. below (if the resulting amount is less than zero, the amount is deemed to be zero):

1. the price for purchase, etc. of securities for the listed financial instruments, etc. or over-the-counter traded securities after the violation (meaning the average price during the period from the end of the violation until one month has elapsed since the violation ended, calculated pursuant to the provisions of Cabinet Office Order; hereinafter the same applies in this paragraph);

2. the price for purchase, etc. of securities for the listed financial instruments, etc. or over-the-counter traded securities, during the violation (meaning the average price during the period from the commencement of the violation until the violation ends, calculated pursuant to the provisions of Cabinet Office Order; hereinafter the same applies in this paragraph);

3. the volume that is in excess;

(b) at the time of the commencement of the violation, the violator's purchase volume, etc. in respect of the listed financial instruments, etc. or over-the-counter traded securities involved in the violation exceeds the violator's sales volume, etc. of the over-the-counter traded securities: the amount arrived at when the amount specified in 2. below is deducted from the amount specified in 1. below, and the difference is multiplied by the volume specified in 3. below (if the resulting amount is less than zero, the amount is deemed to be zero):

1. the price for sale, etc. of securities for the relevant listed financial instruments, etc. or the over-the-counter traded securities, during the

violation;

2. the price for sale, etc. of securities for the relevant listed financial instruments, etc. or the over-the-counter traded securities, after the violation;

3. the volume that is in excess;

(c) during the period from the commencement of the violation until one month has elapsed since the violation ended, the violator causes the securities involved in the violation that they or a person with a specified relationship issues, to be acquired through a solicitation with a view to issuing new securities, or delivers those securities in a corporate reorganization: the amount arrived at when the amount set forth in 2. is deducted from the amount set forth in 1., and the difference is multiplied by the volume set forth in 3. (if the resulting amount is less than zero, the amount is to be zero):

1. the price, during the violation, of the securities that the violator causes to be acquired through the solicitation with a view to issuing new securities or delivers in the corporate reorganization;

2. the price, after the violation, of the securities that the violator causes to be acquired through the solicitation with a view to issuing new securities or delivers in the corporate reorganization;

3. the volume of securities that the violator causes to be acquired through the solicitation with a view to issuing new securities or delivers in the corporate reorganization;

(d) during the period from the commencement of the violation until one month has elapsed since the violation ended, the violator commits a violation or makes a sale, etc. of securities, or purchase, etc. securities on the account of any person other than themselves: (excluding persons in a specified relationship): the amount specified in 1. or 2. in accordance with the category of the person that has conducted the violation, the sales, etc. of securities or the purchase, etc. of securities set forth in 1. or 2.:

1. a person that has conducted the violation, the sales, etc. of securities or the purchase, etc. of securities as an investment of property subject to investment: the amount obtained by multiplying by three, the amount specified by Cabinet Office Order as an amount equivalent to the consideration for investment of the property subject to investment which is specified by Cabinet Office Order in the month that includes the day of the violation, the sales, etc. of securities or the purchase, etc. of securities (if the violation, the sales, etc. of securities or the purchase, etc. of securities has been conducted over two or more months, the last month of those months); or

2. a person other than the person set forth in 1.: the amount specified by

Cabinet Office Order as the amount of fees, remuneration, or any other consideration for the violation, the sales, etc. of securities or the purchase, etc. of securities.

(2) The term "sale, etc. of securities" as used in this Article means the sale of securities or commodities (in the case of commodities, limited to sales made through market derivatives transactions (limited to transactions set forth in Article 2, paragraph (21), item (i))), a transaction set forth in item (ii) of that paragraph (limited to a transaction in which the violator is the party to pay the money if the actual figure exceeds the agreed figure), a transaction set forth in Article 2, paragraph (21), item (iii) (limited to a transaction in which the relevant person is the party to grant the option), or any other transaction specified by Cabinet Order.

(3) The term "purchase, etc. of securities" as used this Article means a purchase of securities or commodities (in the case of commodities, limited to purchase made through market derivatives transactions (limited to transactions set forth in Article 2, paragraph (21), item (i))), a transaction set forth in item (ii) of that paragraph (limited to a transaction in which the violator is the party to receive the money if the actual figure exceeds the agreed figure), a transaction set forth in Article 2, paragraph (21), item (iii) (limited to a transaction in which the relevant person is the party to acquire the option), or any other transaction specified by Cabinet Order.

(4) The term "value" as used in paragraph (1), item (i) means the amount arrived at when the price for sale, etc. of securities is multiplied by the volume of that sale, etc. or when the price for purchase, etc. of securities is multiplied by the volume of that purchase, etc.

(5) The term "volume of sales, etc." as used in this Article means the volume of the securities or commodities related to the transactions which the violator, on their own account or on the account of the persons in specified relationship, has made the sales, etc. of securities or commodities without possessing the securities or commodities (in the case of commodities, limited to sales made through market derivatives transactions (limited to transactions set forth in Article 2, paragraph (21), item (i))) or any other transactions specified by Cabinet Order; or the volume of the transaction set forth in item (ii) of that paragraph (limited to the transaction in which the person becomes a party paying money when the actual figure exceeds the agreed figure) which the violator has conducted on their own account or on the account of the persons in specified relationship or any other transactions specified by Cabinet Order, as calculated pursuant to the provisions of Cabinet Order.

(6) The term "purchase volume, etc." as used in this Article means the volume of the securities or commodities that the violator or a person with a specified relationship possesses or any other securities or commodities specified by

Cabinet Order as being equivalent to them, and the volume calculated pursuant to the provisions of Cabinet Order as the volume of a transaction set forth in Article 2, paragraph (21), item (ii) (limited to a transaction in which the violator is the party to receive money if the actual figure exceeds the agreed figure) or any other transaction specified by Cabinet Order, which the violator agrees to conduct on their own account or on the account of a person with a specified relationship.

(7) The term "person with a specified relationship" as used in this Article means any of the following persons:

(i) a company in which the violator holds the majority of the voting rights held by all of the shareholders, etc. or any other person specified by Cabinet Office Order as being closely related to the violator;

(ii) a person that shares living expenses with the violator, or any other person specified by Cabinet Office Order as having a unique relationship with the violator.

(8) If a person with a specified relationship has committed the same violation as that committed by the violator, the following volume is excluded from the volume of sales, etc.: the volume of the securities or commodities related to the transactions in which, at the time of the commencement of the violation and with regard to the listed financial instruments, etc. or the over-the-counter traded securities subject to the violation, the person with a specified relationship has conducted sales of the securities or commodities or any transaction specified by Cabinet Order on their own account without possessing the securities or commodities (in the case of commodities, limited to sale made through market derivatives transactions (limited to transactions set forth in Article 2, paragraph (21), item (i))); or the volume of the transactions calculated pursuant to the provisions of Cabinet Order, in which, at the time of the commencement of the violation and with regard to the listed financial instruments, etc. or the over-the-counter traded securities subject to the violation, the person with a specified relationship has, on their own account, conducted the transaction set forth in Article 2, paragraph (21), item (ii) (limited to the transaction in which the person becomes a party to pay money when the actual figure exceeds the agreed figure) or any other transactions specified by Cabinet Order.

(9) If a person with a specified relationship commits the same violation as the violator, the volume of the securities or commodities that the person with the specified relationship possesses, and any other securities or commodities specified by Cabinet Order as being equivalent to them at the time of the commencement of the violation, in respect of the listed financial instruments or over-the-counter traded securities involved in the violation and the volume calculated pursuant to the provisions of Cabinet Order as the volume of a

transaction set forth in Article 2, paragraph (21), item (ii) (limited to a transaction in which the person with the specified relationship is the party to receive money if the actual figure exceeds the agreed figure) or any other transaction specified by Cabinet Order in respect of the listed financial instruments, etc. or over-the-counter traded securities involved in the violation in which the person with the specified relationship has agreed to conduct on their own account, is to be deducted from the purchase volume, etc.

(10) The amount set forth in the items of paragraph (1) are calculated for each issue of securities.

(11) If a negative amount arises from the deduction set forth in paragraph (1), item (i) for a single issue, the total amount is the amount arrived at when the negative amount is deducted from the amount specified in item (ii) of that paragraph for the same issue.

(12) If there are two or more issues connected with a violation and the amount for any of those issues is still negative even after a deduction is made pursuant to the provisions of the preceding paragraph, the negative amount is deducted from the total amount for other issues.

(13) If a transaction set forth in Article 2, paragraph (21), item (ii) is settled through the payment and receipt of money based on the actual figure, if the options on a transaction set forth in item (iii) of that paragraph extinguish without being exercised; and in any other case specified by Cabinet Order as being similar, the necessary particulars relevant to the calculation of the administrative monetary penalty referred to in paragraph (1) are specified by Cabinet Order.

(14) Beyond what is provided for in paragraph (2) through the preceding paragraph, the necessary particulars relevant to the calculation of the value of the sale, etc. of securities and the value of the purchase, etc. of securities provided for in paragraph (1), item (i), and necessary particulars otherwise relevant to the calculation of the administrative monetary penalty referred to in that paragraph are specified by Cabinet Order.

(Administrative Monetary Penalty Payment Order Issued to a Person That Violates Acts Prohibited for Company Insiders)

Article 175 (1) If a person violates the provisions of Article 166 paragraph (1) or (3) in making a purchase and sale, etc. prescribed in Article 166 paragraph (1), the Prime Minister must, in accordance with the procedures prescribed in the following Section, order that person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount specified in the following items in accordance with the category of cases set forth in each of those items (or, if the violation falls under two or more cases set forth in the following items, the sum of the amounts specified in those two

or more items):

(i) the person violates the provisions of Article 166, paragraph (1) or (3) in making a sale, etc. of securities on their own account (limited to one made within six months prior to the date on which a material fact about the business that is provided for in Article 166, paragraph (1) is publicized (excluding a sale, etc. of securities on the date of the publicization which is made after thematerial fact is publicized); hereinafter the same applies in this item): the amount arrived at when the amount specified in (b) below is deducted from the amount specified in (a) below:

(a) the amount arrived at when the price at which the person made the sale, etc. of securities is multiplied by the volume of that securities sale, etc.;

(b) the amount arrived at when the lowest price during the two weeks after the material fact about the business, etc. is publicized, is multiplied by the volume of that sale, etc. of securities;

(ii) the person violates the provisions of Article 166, paragraph (1) or (3) in making a purchase, etc. of securities on their own account (limited to one made within six months prior to the date on which the material fact about the business, etc. set forth in Article 166, paragraph (1) is publicized (excluding a purchase, etc. of securities on the date of publicization which is made after the material fact is publicized); hereinafter the same applies in this item): the amount arrived at when the amount specified in (b) below is deducted from the amount specified in (a) below:

(a) the amount arrived at when the highest price during the two weeks after the material fact about the business, etc. is publicized, is multiplied by the volume of that purchase, etc. of securities;

(b) the amount arrived at when the price at which the person made the purchase, etc. of securities, is multiplied by the volume of that purchase, etc. of securities;

(iii) the person that makes a purchase and sale, etc. as prescribed in Article 166, paragraph (1) has made that purchase and sale, etc. on the account of any person other than themselves (excluding the cases in which an officer, etc. prescribed in paragraph (9) has made the purchase and sale, etc. referred to in that paragraph): the amount set forth in (a) or (b) below in accordance with the category of the person that has conducted the purchase and sale, etc. set forth in (a) or (b):arrived at when the price for the purchase, etc. of securities made is multiplied by the volume of that purchase, etc.:

(a) a person that has made the purchase and sale, etc. as an investment of property subject to investment: the amount obtained by multiplying by three, the amount specified by Cabinet Office Order as an amount equivalent to the consideration for investment of the property subject to

investment which is specified by Cabinet Office Order in the month that includes the day of the purchase and sale, etc. (in cases where the purchase and sale, etc. has been conducted over two or more months, the last month of those months); or

(b) a person other than the person set forth in (a): the amount specified by Cabinet Office Order as the amount of fees, remuneration, or any other consideration for the purchase and sale, etc.

(2) If a person violates the provisions of Article 167, paragraph (1) or (3) in making a purchase, etc. involving the specified share certificates, etc. or related share certificates, etc. prescribed in Article 167, paragraph (1) or a sale, etc. involving the share certificates, etc. prescribed in that paragraph, the Prime Minister must, in accordance with the procedures prescribed in the following Section, order that person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount specified in the following items in accordance with the category of cases set forth in each of those items (or, if the violation falls under two or more cases set forth in the following items, the sum of the amounts specified in those two or more items):

(i) the person violates the provisions of Article 167, paragraph (1) or (3) in making a sale, etc. of securities on their own account (limited to one made within six months prior to the date on which the fact that a tender offer, etc. will be launched or of the fact that a tender offer, etc. will be suspended as provided in Article 167, paragraph (1) is disclosed (excluding a sale, etc. of securities on the date of disclosure which is made after the fact is disclosed); hereinafter the same applies in this item): the amount arrived at when the amount specified in (b) below is deducted from the amount specified in (a) below:

(a) the amount arrived at when the price at which the person made the sale, etc. of securities is multiplied by the volume of that sale, etc.;

(b) the amount arrived at when the lowest price during the two weeks after the disclosure of the fact that the tender offer, etc. will be launched or of the fact that the tender offer, etc. will be suspended, for that sale, etc. of securities is multiplied by the volume of that sale, etc.;

(ii) the person violates the provisions of Article 167, paragraph (1) or (3) in making a purchase, etc. of securities on their own account (limited to one made within six months prior to the date on which the fact that the tender offer, etc. will be launched or the fact that a tender offer, etc. will be suspended as provided in Article 167, paragraph (1) is disclosed (excluding a purchase, etc. of securities on the date of disclosure which is made after the fact is disclosed); hereinafter the same applies in this item): the amount arrived at when the amount specified in (b) below is deducted from the

amount specified in (a) below:

(a) the amount arrived at when the highest price during the two weeks after the disclosure of the fact that the tender offer, etc. will be launched or the fact that the tender offer, etc. will be suspended for that purchase, etc. of securities is multiplied by the volume of that purchase, etc.;

(b) the amount arrived at when the price at which the person made the purchase, etc. of securities is multiplied by the volume of that purchase, etc.;

(iii) the person that makes a purchase, etc. of the specified share certificates, etc. or related share certificates, etc. prescribed in Article 167, paragraph (1), or a sale, etc. of the share certificates, etc. prescribed in that paragraph, makes that purchase, etc. or sale, etc. on the account of any person other than themselves: the amount specified in (a) or (b) below in accordance with the category of the person that has made the purchase, etc. or sales, etc. set forth in (a) or (b):

(a) a person that has made the purchase, etc. or sales, etc. as an investment of property subject to investment: the amount obtained by multiplying by three, the amount specified by Cabinet Office Order as an amount equivalent to the consideration for investment of the property subject to investment which is specified by Cabinet Office Order in the month that includes the day of the purchase, etc. or sales, etc. (in cases where the purchase, etc. or sales, etc. has been made over two or more months, the last month of those months); or

(b) a person other than the person set forth in (a): the amount specified by Cabinet Office Order as the amount of fees, remuneration, or any other consideration for the purchase, etc. or sales, etc.

(3) The term "sale, etc. of securities" as used in the preceding two paragraphs means the sale of securities, a transaction set forth in Article 2, paragraph (21), item (ii) (limited to a transaction in which the violator is the party to pay the money if the actual figure exceeds the agreed figure), a transaction set forth in Article 2, paragraph (21), item (iii) (limited to a transaction in which the relevant person is the party to grant the option), or any other transaction specified by Cabinet Order.

(4) The term "purchase, etc. of securities" as used in paragraphs (1) and (2) means a purchase of securities, a transaction set forth in Article 2, paragraph (21), item (ii) (limited to a transaction in which the relevant person is the party to receive the money if the actual figure exceeds the agreed figure), a transaction set forth in Article 2, paragraph (21), item (iii) (limited to a transaction in which the relevant person is the party to acquire the option), or any other transaction specified by Cabinet Order.

(5) The term "lowest price in the two weeks after the disclosure of the material

fact about the business" as used in paragraph (1), item (i), (b) means the lowest price from among the lowest prices prescribed in Article 67-19 or Article 130 on each day in the period from the day on which a material fact about business which is provided for in Article 166, paragraph (1) is disclosed until two weeks have elapsed since it was disclosed (if there is no such price, this means the price specified by Cabinet Office Order as being equivalent to it and the lowest price on the day on which the material fact is disclosed is the amount specified by Cabinet Office Order).

(6) The term "highest price in the two weeks after the disclosure of the material fact about the business" as used in paragraph (1), item (i), (a) means the highest price among the highest prices prescribed in Article 67-19 or Article 130 on each day in the period from the day on which a material fact about business which is provided for in Article 166, paragraph (1) is disclosed until two weeks have elapsed since it was disclosed (if there is no such price, this means the price specified by Cabinet Office Order as being equivalent to it and the highest price on the day on which the material fact is disclosed is the amount specified by Cabinet Office Order).

(7) The term "lowest price in the two weeks after the disclosure of the fact that the tender offer, etc. will be launched or the fact that the tender offer, etc. will be suspended" as used in paragraph (2), item (i), (b) means the lowest price from among the lowest prices prescribed in Article 67-19 or Article 130 on each day in the period from the day on which the fact that the tender offer, etc. will be launched or of the fact that the tender offer, etc. will be suspended as provided in Article 167, paragraph (1) is disclosed until two weeks have elapsed since it was disclosed (if there is no such price, this means the price specified by Cabinet Office Order as being equivalent to it and the lowest price on the day on which the fact is disclosed is the amount specified by Cabinet Office Order).

(8) The term "highest price in the two weeks after the disclosure of the fact that the tender offer, etc. will be launched or the fact that the tender offer, etc. will be suspended " as used in paragraph (2), item (ii), (a) means the highest among the highest prices prescribed in Article 67-19 or Article 130 on each day in the period from the day on which the fact that the tender offer, etc. will be launched or the fact that the tender offer, etc. will be suspended as provided in Article 167, paragraph (1) is disclosed until two weeks have elapsed since it was disclosed (if there is no such price, this means the price specified by Cabinet Office Order as being equivalent to it and the highest price on the day on which the fact is disclosed is the amount specified by Cabinet Office Order).

(9) The provisions of paragraph (1) (excluding item (iii)) apply mutatis mutandis if the officer, etc., prescribed in Article 166, paragraph (1), item (i), of a listed company, etc. (meaning a listed company, etc. prescribed in Article 163,

paragraph (1), and including a parent company, subsidiary company, asset management company, and specified associated corporation prescribed in Article 166, paragraph (1), item (i); the same applies in paragraph (13) of the following Article) violates the provisions of Article 166, paragraph (1) or (3) in making a purchase and sale, etc. prescribed in Article 166, paragraph (1) on the account of that listed company, etc. In this case, the term "person" in paragraph (1) is deemed to be replaced with "listed company, etc.", and the phrase "on its own account" in items (i) and (ii) of that paragraph is deemed to be replaced with "on the account of the listed company, etc."

(10) In the case referred to in paragraph (1), a person that makes a purchase and sale, etc. prescribed in Article 166, paragraph (1) on the account of a person set forth in any of the following items is deemed to have made that purchase and sale, etc. on their own account (if the person set forth in the items of that paragraph makes a purchase and sale, etc. prescribed in paragraph (1) of that Article in violation of the provisions of paragraph (1) or (3) of that Article on their own account, excluding the same purchase and sale, etc. as that purchase and sale, etc.), and the provisions of paragraph (1) apply:

(i) a company in which the person that makes the purchase and sale, etc. holds the majority of the voting rights held by all of the shareholders, etc., or any other person specified by Cabinet Office Order as being closely related to the person that makes that purchase and sale, etc.;

(ii) a person that shares living expenses with the person that makes the purchase and sale, etc., or any other person specified by Cabinet Office Order as having a unique relationship with the person that makes that purchase and sale, etc.

(11) In the case referred to in paragraph (2), a person that makes a purchase, etc. of the specified share certificates, etc. or the related share certificates, etc. prescribed in Article 167, paragraph (1) or a sale, etc. of the share certificates, etc. prescribed in that paragraph on the account of a person set forth in any of the following items, is deemed to have made that purchase, etc. or sale, etc. on their own account (if the person set forth in the items of that Article has violated the provisions of paragraph (1) or (3) of that Article in making a purchase, etc. of the specified share certificates, etc. or the related share certificates, etc. prescribed in paragraph (1) of that Article or a sale, etc. of the share certificates, etc. prescribed in that paragraph on their own account, excluding the same purchase, etc. or sale, etc. as that purchase, etc. or sale, etc.), and the provisions of paragraph (2) apply:

(i) a company in which the person that makes the purchase and sale, etc. holds the majority of the voting rights held by all of the shareholders, etc., or any other person specified by Cabinet Office Order as being closely related to the person that makes the purchase, etc. or sale, etc.;

(ii) a person that shares living expenses with the person that makes the purchase, etc. or sale, etc., or any other person specified by Cabinet Office Order as having a unique relationship with the person that makes the purchase, etc. or sale, etc.

(12) Beyond what is prescribed in paragraphs (3) through (8) and the preceding two paragraphs, if the sale, etc. of securities or purchase, etc. of securities provided for in paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (9); hereinafter the same applies in this paragraph) and paragraph (2) constitutes a transaction set forth in Article 2, paragraph (21), item (ii), the price and volume and other necessary particulars relevant to calculation of the administrative monetary penalty referred to in paragraph (1) or (2) are specified by Cabinet Order.

(Administrative Monetary Penalty Payment Order Issued to a Person That Has Violated the Prohibition on Providing Information on Unpublished Material Facts)

Article 175-2 (1) When a person has, in violation of the provisions of Article 167-2, paragraph (1), performedperformed the act of providing information set forth in that paragraph or recommending the purchase and sale, etc. set forth in that paragraph (hereinafter the act is referred to as a "violation" and the person is referred to as the "violator" in this paragraph), the Prime Minister must, in accordance with the procedures prescribed in the following Section, order the violator to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount prescribed in the following items in accordance with the category of the cases set forth in each of those items only when the person that has received information or the person that has been recommended to make the purchase and sale, etc. by the violation (hereinafter referred to as the "information recipient, etc." in this paragraph and paragraph (3)) makes the purchase and sale, etc. of regulated securities, etc. related to the violation before the disclosure set forth in Article 166, paragraph (1) is made with regard to the material facts related to business or other particulars prescribed in that paragraph related to the violation (excluding cases that fall under the cases set forth in the items of paragraph (6) of that Article):

(i) when the violation has been committed in relation to business related to the acts set forth in Article 2, paragraph (8), item (ii) or (iii), the acts set forth in item (iv) of that paragraph (excluding over-the-counter derivatives transactions), the acts listed in item (x) of that paragraph (excluding purchase and sale of securities), or acts specified by Cabinet Order as being equivalent to them (including business specified by Cabinet Office Order as business incidental to them; hereinafter referred to as "intermediation-related business" in this paragraph and the following paragraph) concerning

regulated securities, etc. (excluding the case specified in the following item): the amount obtained by multiplying by three, the amount specified by Cabinet Office Order as an amount equivalent to the consideration for intermediation-related business in the month that includes the day of the violation (if the violation has been committed over two or more months, the last month of those months) to be paid by the information recipient, etc. to the violator;

(ii) when the violation has been committed in relation to business related to the acts set forth in Article 2, paragraph (8), item (ix) concerning regulated securities, etc. (hereinafter referred to as "business of public offering, etc." in this item, item (ii) of the following paragraph, and Article 185-7, paragraphs (xii) and (xiii)): the sum of the amounts listed in (a) and (b):

(a) the amount obtained by multiplying by three, the amount specified by Cabinet Office Order as an amount equivalent to the consideration for intermediation-related business in the month that includes the day of the violation (if the violation has been committed over two or more months, the last month of those months) to be paid by the information recipient, etc. to the violator; and

(b) the amount obtained by multiplying by one-half, the amount specified by Cabinet Office Order as an amount equivalent to the consideration for the business of public offering, etc. and the business related to the acts set forth in Article 2, paragraph (8), item (vi) performed together with the business of public offering, etc.; and

(iii) cases other than those set forth in the preceding two items: the amount obtained by multiplying by one-half, the amount equivalent to the profit obtained from the purchase and sale, etc. made by the information recipient, etc. through the violation.

(2) When a person has, in violation of the provisions of Article 167-2, paragraph (2), performed the act of providing information set forth in that paragraph or recommending the purchase, etc. or the sales, etc. set forth in that paragraph (hereinafter the act is referred to as a "violation" and the person is referred to as the "violator" in this paragraph), the Prime Minister must, in accordance with the procedures prescribed in the following Section, order the violator to pay to the national treasury an administrative monetary penalty equivalent to the amount as prescribed in the following items in accordance with the category of the cases listed in each of those items only when the person that has received information or the person that has been recommended to make the purchase, etc. or the sales, etc. by the violation (hereinafter referred to as the "information recipient, etc." in this paragraph and paragraph (4)) makes the purchase, etc. or the sales, etc. of share certificates, etc. related to the violation before the publication set forth in Article 167, paragraph (1) is made

with regard to the fact concerning tender offer, etc. related to the violation (excluding cases that fall under the cases set forth in the items of paragraph (5) of the Article):

(i) when the violation has been committed in relation to intermediation-related business related to share certificates, etc. (excluding the case set forth in the following item): the amount obtained by multiplying, by three, the amount specified by Cabinet Office Order as an amount equivalent to the consideration for intermediation-related business in the month that includes the day of the violation (if the violation has been committed over two or more months, the last month of those months) to be paid by the information recipient, etc. to the violator;

(ii) when the violation has been committed in relation to business of public offering, etc. related to the share certificates, etc.: the sum of the amounts listed in (a) and (b):

(a) the amount obtained by multiplying by three, the amount specified by Cabinet Office Order as an amount equivalent to the consideration for intermediation-related business in the month that includes the day of the violation (if the violation has been committed over two or more months, the last month of those months) to be paid by the information recipient, etc. to the violator; and

(b) the amount obtained by multiplying by one-half, the amount specified by Cabinet Office Order as an amount equivalent to the consideration for the business of public offering, etc. and the business related to the acts set forth in Article 2, paragraph (8), item (vi) conducted together with the business of public offering, etc.; and

(iii) cases other than those set forth in the preceding two items: the amount obtained by multiplying by one-half, the amount equivalent to the profit obtained from the purchase, etc. or the sales, etc. made by the information recipient, etc. through the violation.

(3) The term "amount equivalent to the profit" as used in paragraph (1), item (iii) means the amount prescribed in the following items in accordance with the category of the cases set forth in each of those items (if the information recipient, etc. falls under both of the following items, the sum of the amounts prescribed in those items):

(i) when the information recipient, etc. has made sales, etc. of regulated securities, etc.: the amount obtained by deducting the amount set forth in (b) below from the amount set forth in (a) below:

(a) the amount obtained by multiplying the price for the sales, etc. of the regulated securities, etc. by the volume of the sales, etc. of the regulated securities, etc.; and

(b) the amount obtained by multiplying the lowest price during the two

weeks after the disclosure set forth in paragraph (1) is made with regard to the sales, etc. of regulated securities, etc. by the volume of the sales, etc. of regulated securities, etc.;

(ii) when the information recipient, etc. has made a purchase, etc. of regulated securities, etc.: the amount obtained by deducting the amount set forth in (b) below from the amount set forth in (a) below:

(a) the amount obtained by multiplying the highest price during the two weeks after the disclosure set forth in paragraph (1) with regard to the purchase, etc. of regulated securities, etc. is made by the volume of the purchase, etc. of regulated securities, etc.; and

(b) the amount obtained by multiplying the price for the purchase, etc. of regulated securities, etc. by the volume of the purchase, etc. of the regulated securities;

(4) The term "amount equivalent to the profit" as used in paragraph (2), item (iii) means the amount prescribed in the following items in accordance with the category of the cases set forth in each of those items (if the information recipient, etc. falls under both of the following items, the sum of the amounts prescribed in those items):

(i) when the information recipient, etc. has made sales, etc. of share certificates, etc.: the amount obtained by deducting the amount set forth in (b) below from the amount set forth in (a) below:

(a) the amount obtained by multiplying the price for the sales, etc. of the share certificates, etc. by the volume of the sales, etc. of the share certificates; and

(b) the amount obtained by multiplying the lowest price during the two weeks after the disclosure set forth in paragraph (2) with regard to the sales, etc. of the share certificates, etc. is made by the volume of the sales, etc. of the share certificates, etc.;

(ii) when the information recipient, etc. has made a purchase, etc. of share certificates, etc.: the amount obtained by deducting the amount set forth in (b) below from the amount set forth in (a) below:

(a) the amount obtained by multiplying the highest price during the two weeks after the disclosure set forth in paragraph (2) with regard to the purchase, etc. of the share certificates, etc. is made by the volume of the purchase, etc. of the share certificates, etc.; and

(b) the amount obtained by multiplying the price for the purchase, etc. of the share certificates, etc. by the volume of the purchase, etc. of the share certificates, etc.

(5) The term "sales, etc. of regulated securities, etc." as used in paragraph (3), item (i) means sales of regulated securities, etc., a transaction set forth in Article 2, paragraph (21), item (ii) (limited to a transaction in which the person

becomes the party to pay money when the actual figure exceeds the agreed figure), a transaction set forth in item (iii) of that paragraph (limited to the transaction in which the person becomes a party to grant options) and any other transaction specified by Cabinet Order.

(6) The term "lowest price during the two weeks after the disclosure set forth in paragraph (1)" as used in paragraph (3), item (i), (b) means the lowest price among the lowest prices prescribed in Article 67-19 or Article 130 for each day in the period between the day the disclosure set forth in paragraph (1) is made and the day two weeks have elapsed from the disclosure (when there is no such price, what is specified by Cabinet Office Order as being equivalent, and for the day of the disclosure, the amount specified by Cabinet Office Order).

(7) The term "purchase, etc. of regulated securities, etc." as used in paragraph (3), item (ii) means the purchase of regulated securities, etc., a transaction set forth in Article 2, paragraph (21), item (ii) (limited to a transaction in which the person becomes the party to receive money when the actual figure exceeds the agreed figure), a transaction set forth in item (iii) of that paragraph (limited to the transaction in which the person becomes a party to acquire options) and any other transaction specified by Cabinet Order.

(8) The term "highest price during the two weeks after the disclosure set forth in paragraph (1)" as used in paragraph (3), item (ii), (a) means the highest price among the highest prices prescribed in Article 67-19 or Article 130 for each day in the period between the day the disclosure set forth in paragraph (1) is made and the day two weeks have elapsed from the disclosure (when there is no such price, what is specified by Cabinet Office Order as being equivalent, and for the day of the disclosure, the amount specified by Cabinet Office Order).

(9) The term "sale, etc. of share certificates, etc." as used in paragraph (4), item (i) means the sale of share certificates, etc., a transaction as set forth in Article 2, paragraph (21), item (ii) (limited to a transaction in which the person becomes the party to pay money when the actual figure exceeds the agreed figure), a transaction set forth in item (iii) of that paragraph (limited to a transaction in which the person becomes the party to grant options) and any other transaction specified by Cabinet Order.

(10) The term "lowest price during the two weeks after the disclosure set forth in paragraph (2)" as used in paragraph (4), item (i), (b) means the lowest price among the lowest prices prescribed in Article 67-19 or Article 130 for each day in the period between the day the disclosure set forth in paragraph (2) is made and the day two weeks have elapsed from the disclosure (when there is no such price, what is specified by Cabinet Office Order as being equivalent, and for the day of the disclosure, the amount specified by Cabinet Office Order).

(11) The term "purchase, etc. of share certificates, etc." as used in paragraph (4), item (ii) means the purchase of share certificates, etc., a transaction set forth

in Article 2, paragraph (21), item (ii) (limited to a transaction in which the person becomes the party to receive money when the actual figure exceeds the agreed figure), a transaction set forth in item (iii) of that paragraph (limited to a transaction in which the person becomes the party to acquire options) and any other transaction specified by Cabinet Order.

(12) The term "highest price during the two weeks after the disclosure set forth in paragraph (2)" as used in paragraph (4), item (ii), (a) means the highest price among the highest prices prescribed in Article 67-19 or Article 130 for each day between the period the disclosure set forth in paragraph (2) is made and the day two weeks have elapsed from the disclosure (when there is no such price, what is specified by Cabinet Office Order as being equivalent, and for the day of the disclosure, the amount specified by Cabinet Office Order).

(13) The provisions of paragraph (1) apply mutatis mutandis to the case in which an officer, etc. specified in Article 166, paragraph (1), item (i) of a listed company, etc. has conducted a specified act of providing information, etc. (meaning an act of providing information set forth in Article 167-2, paragraph (1) or recommending the purchase and sale, etc. set forth in that paragraph for the purpose prescribed in that paragraph) as the business of the listed company, etc. In this case, the term "the violator" in paragraph (1) is deemed to be replaced with "the listed company, etc."

(14) The provisions of paragraph (2) apply mutatis mutandis to the case in which an officer, etc. specified in Article 166, paragraph (1), item (i) of a tender offeror, etc. (meaning the tender offeror, etc. prescribed in Article 167, paragraph (1), and including the parent company prescribed in item (i) of that paragraph) has conducted a specified act of providing information, etc. (meaning an act of providing information set forth in Article 167-2, paragraph (2) or recommending the purchase, etc. or the sales, etc. set forth in that paragraph for the purpose prescribed in that paragraph) as the business of the tender offeror, etc. In this case, the term "the violator" in paragraph (2) is deemed to be replaced with "the tender offeror, etc."

(15) Beyond what is prescribed in paragraphs (3) through (12), when the sales, etc. of regulated securities, etc. or the purchase, etc. of regulated securities, etc. prescribed in paragraph (3) or the sales, etc. of share certificates, etc. or the purchase, etc. of share certificates, etc. prescribed in paragraph (4) falls under the transaction set forth in Article 2, paragraph (21), item (ii), the price and volume and any other necessary particulars relevant to the calculation of an administrative monetary penalty set forth in paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (13)) or paragraph (2) (including as applied mutatis mutandis pursuant to the preceding paragraph) is specified by Cabinet Order.

(Calculation of Fractions for Amount of Administrative Monetary Penalty)

Article 176 (1) It is not permitted to order the payment of an administrative monetary penalty if the amount of the administrative monetary penalty calculated pursuant to the provisions of Articles 172 through the preceding Article is less than ten thousand yen.

(2) If the amount of the administrative monetary penalty calculated pursuant to the provisions of Article 172 through the preceding Article includes an amount that is less than ten thousand yen, the amount is rounded down to the nearest ten thousand yen.

(3) A person that is issued an order under the provisions of Article 172 through the preceding Article must pay the administrative monetary penalty under those provisions.

(4) If a person prescribed in the paragraphs of Article 172; an issuer prescribed in Article 172-2, paragraph (1), (4), or (6); an issuer prescribed in the paragraphs of Article 172-3; an issuer prescribed in Article 172-4, paragraphs (1) through (3); a person prescribed in Article 172-5; a person prescribed in the paragraphs of Article 172-6; a person prescribed in Article 172-7; a person prescribed in Article 172-8; a person prescribed in Article 172-9; an issuer prescribed in Article 172-10, paragraph (1); an issuer prescribed in Article 172-11, paragraph (1) a specified involved person prescribed in Article 172-12, paragraph (1)chou; a violator prescribed in Article 173, paragraph (1); a violator prescribed in Article 174, paragraph (1); a violator prescribed in 174-2, paragraph (1); a violator prescribed in Article 174-3, paragraph (1); a person prescribed in Article 175, paragraph (1), or paragraph (2) of that Article; or a listed company, etc. prescribed in paragraph (9) of that Article, a violator prescribed in paragraph (1) of the preceding Article, a violator prescribed in paragraph (2) of that Article, a listed company, etc. prescribed in paragraph (13) of that Article, or a tender offeror, etc. prescribed in paragraph (14) of that Article is a corporation, and if that corporation disappears in a merger, the acts performed by the corporation that has disappeared are deemed to be acts performed by the corporation that has survived the merger or by the corporation incorporated in the merger, and the provisions of Article 172 through the preceding Article and the preceding three paragraphs apply.

(Dispositions for Conducting Investigations)

Article 177 (1) The Prime Minister may have relevant officials make the following dispositions in order to conduct the necessary investigation into a case concerning an administrative monetary penalty under the provisions of Article 172-12, paragraph (1), Article 173, paragraph (1); Article 174, paragraph (1); Article 174-2, paragraph (1); Article 174-3, paragraph (1); Article 175, paragraph (1) (including as applied mutatis mutandis pursuant to

paragraph (9) of that Article) paragraph (2) of that Article, Article 175-2, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (13) of that Article), or paragraph (2) of the Article (including as applied mutatis mutandis pursuant to paragraph (14) of that Article):

(i) requesting a person concerned in the case or a witness to appear and asking them questions, or obtaining their opinions or reports; and

(ii) ordering a person concerned with a case to submit books, documents, and any other articles, or retaining the submitted articles; and

(iii) entering the business office of a person concerned in the case and other necessary places to inspect the books, documents, and any other articles.

(2) The Prime Minister may make inquiries to public offices or public or private organizations and request them to report necessary particulars with regard to the investigation under the preceding paragraph.

Section 2 Trial Procedures

(Decision to Commence Trial Procedures)

Article 178 (1) If the Prime Minister finds that any of the following facts have occurred, the Prime Minister must issue a decision to commence trial procedures for a case that involves that fact:

(i) a fact that falls under Article 172, paragraph (1) or paragraph (2) (including as applied mutatis mutandis pursuant to paragraph (4) of that Article) or paragraph (3) of that Article;

(ii) a fact that falls under Article 172-2, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (4) of that Article), paragraph (2) of that Article (including as applied mutatis mutandis pursuant to paragraph (5) of that Article), or paragraph (6) of that Article;

(iii) a fact that falls under any of the paragraphs of Article 172-3;

(iv) a fact that falls under Article 172-4, paragraph (1) or paragraph (2) (including as applied mutatis mutandis pursuant to paragraph (3) of that Article);

(v) a fact that falls under Article 172-5;

(vi) a fact that falls under Article 172-6, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (2) of that Article);

(vii) a fact that falls under Article 172-7;

(viii) a fact that falls under Article 172-8;

(ix) a fact that falls under Article 172-9;

(x) a fact that falls under the paragraphs of Article 172-10;

(xi) a fact that falls under Article 172-11, paragraph (1);

(xi)-2 the fact which falls under Article 172-12, paragraph (1);

(xii) a fact that falls under Article 173, paragraph (1);

(xiii) a fact that falls under Article 174, paragraph (1);
(xiv) a fact that falls under Article 174-2, paragraph (1);
(xv) a fact that falls under Article 174-3, paragraph (1); or
(xvi) a fact that falls under Article 175, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (9) of that Article) or paragraph (2) of that Article;
(xvii) a fact which falls under Article 175-2, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (13) of that Article) or paragraph (2) of that Article (including as applied mutatis mutandis pursuant to paragraph (14) of that Article).

(2) Once the Prime Minister issues a decision to commence trial procedures, the Prime Minister may not decide to commence trial procedures on the grounds that a fact set forth in the item of the preceding paragraph on which that decision is based also falls under other facts set forth in the items of that paragraph.

(3) Once five years have elapsed since the opening day of a public offering or secondary distribution of securities for which a notification under Article 4, paragraph (1) is required, the opening day of a general solicitation involving securities acquired by a qualified institutional investor for which a notification under paragraph (2) of that Article is required, or the opening day of a general solicitation involving securities acquired by a professional investor for which a notification under paragraph (3) of that Article is required, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (i) in connection with that public offering or secondary distribution, general solicitation involving securities acquired by a qualified institutional investor, or general solicitation involving securities acquired by a professional investor (limited to a fact that falls under Article 172, paragraph (1)).

(4) Once five years have elapsed since the day on which a person prescribed in Article 15, paragraph (1) violates the provisions of Article 15, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) in causing the securities specified in that paragraph to be acquired or selling those securities through a public offering or secondary distribution, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (i) in connection with the Securities that the person causes to be acquired or sells.

(5) Once five years have elapsed since the day on which a person prescribed in Article 15, paragraph (2) violates the provisions of Article 15, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27) in selling securities through a secondary distribution without having delivered a prospectus, the Prime Minister may not issue a decision to commence trial

procedures based on the occurrence of the fact set forth in paragraph (1), item (i) in connection with the securities that the person sells.

(6) Once five years have elapsed since the day on which a person prescribed in Article 23-8, paragraph (1) violates the provisions of Article 23-8, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) in causing the securities prescribed in that paragraph to be acquired or selling those securities through a public offering or secondary distribution, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (i) in connection with the securities that the person causes to be acquired or sells.

(7) Once five years have elapsed since the day of submission of a disclosure document for offerings prescribed in Article 172-2, paragraph (3) that contains a false statement about a material particular or that omits a statement as to a material particular that is required to be stated, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (ii) in connection with that disclosure document for offerings.

(8) Once five years have elapsed since the opening day of a secondary distribution under a prospectus that contains a false statement about a material particular provided for in Article 172-2, paragraph (4) or lacks a statement on a material particular provided for in that paragraph that is required to be stated, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (ii) in connection with that Prospectus.

(9) Once five years have elapsed since the day on which the issuer causes securities to be acquired or sells securities through a public offering or secondary distribution without having submitted an amended offering disclosure document, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (ii) in connection with the amended offering disclosure document (limited to a fact that falls under Article 172-2, paragraph (6)).

(10) Once five years have elapsed since the due date for the submission of an annual securities report or semiannual securities report (for the annual securities report prescribed in Article 24, paragraph (3) (including as applied mutatis mutandis pursuant to the provisions of paragraph (5) of that Article and also including as applied mutatis mutandis pursuant to Article 27), from the day on which any grounds for the submission of the annual securities report arises), the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (iii) in connection with that annual securities report or semiannual securities report.

(11) Once five years have elapsed since the day of submission of an annual securities report, etc., semiannual securities report, or extraordinary report, etc. that contains a false statement about a material particular or that omits a statement as to a particular that is required to be stated, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (iv) in connection with that annual securities report, etc., semiannual securities report, or extraordinary report, etc.

(12) Once five years have elapsed since the day on which any ground for the submission of an extraordinary report arises, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (iv) in connection with that extraordinary report (limited to the fact which falls under Article 172-4, paragraph (2), as applied mutatis mutandis pursuant to paragraph (3) of that Article).

(13) Once five years have elapsed since the day on which a purchase, etc. of share certificates, etc. or listed share certificates, etc. violates the provisions of Article 27-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) in being conducted without a public notice of the commencement of a tender offer having being given, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (iv) in connection with that purchase, etc.

(14) Once five years have elapsed since the day of issuance of public notice of the commencement of a tender offer, etc. which contains a false representation about a material particular or which omits a representation as to a material particular that is required to be represented, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (vi) in connection with that public notice for commencement of tender offer, etc.

(15) Once five years have elapsed since the day of submission of a tender offer statement, etc. that contains a false statement about a material particular or that omits a statement as to a material particular that is required to be stated, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (vi) in connection with that tender offer statement, etc.

(16) Once five years have elapsed since the due date for the submission of an amended tender offer statement, etc. (or, for an amended statement under Article 27-8, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) or an amended report under Article 27-8, paragraph (2) as applied mutatis mutandis pursuant to Article 27-10, paragraph (12), from the day on which any ground for the submission of any of

these documents arises), the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (iv) in connection with that amended tender offer statement, etc. (limited to a fact that falls under Article 172-6, paragraph (1) as applied mutatis mutandis pursuant to paragraph (2) of that Article).

(17) Once five years have elapsed since the due date for the submission of a statement of large-volume holdings or changes, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (iv) involving that statement of large-volume holdings or changes.

(18) Once five years have elapsed since the day on which a person submits a statement of large-volume holdings or changes, etc. that contains a false statement about a material particular or that omits a statement as to a material particular that is required to be stated, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (viii) in connection with that statement of large-volume holdings or statement of changes, etc.

(19) Once five years have elapsed since the day on which a person commences a specified solicitation, etc., the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (ix) in connection with that specified solicitation, etc.

(20) Once five years have elapsed since the day on which a person provides or discloses specified information on securities, etc. that contains a falsity, etc., the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (x) in connection with that specified information on securities, etc. that contains a falsehoodfalsehood, etc.

(21) Once five years have elapsed since the day on which a person provides or discloses information on the issuer, etc. that contains a falsity, etc., the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (xi) in connection with that Information on the issuer, etc. that contains a falsity, etc.

(22) When seven years have elapsed from the day when a person submitting disclosure documents, etc. prescribed in Article 172-12, paragraph (1) submitted, provided or publicly announced the fake disclosure documents, etc. prescribed in that paragraph, the Prime Minister may not issue a decision on the commencement of trial procedures concerning the facts specified in paragraph (1), item (xi)-2 related to the relevant fake disclosure documents, etc.

(23) Once five years have elapsed since the day on which the violation set forth in Article 173, paragraph (1) ends, the Prime Minister may not issue a decision to

commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (xii) in connection with that violation.

(24) Once five years have elapsed since the day on which the violation prescribed in Article 174, paragraph (1) ends, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (xiii) in connection with that violation.

(25) Once five years have elapsed since the day on which the violation prescribed in Article 174-2, paragraph (1) ends, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (xiv) in connection with that violation.

(26) Once five years have elapsed since the day on which a violation prescribed in Article 174-3, paragraph (1) ends, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (xv) in connection with that violation.

(27) Once five years have elapsed since the day on which a purchase and sale, etc. prescribed in Article 166, paragraph (1) is conducted, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (xvi) in connection with that purchase and sale, etc.

(28) Once five years have elapsed since the day on which a purchase, etc. of specified share certificates, etc. or related share certificates, etc. prescribed in Article 167, paragraph (1) or a sale, etc. of share certificates, etc. prescribed in that paragraph is made, the Prime Minister may not issue a decision to commence trial procedures based on the occurrence of the fact set forth in paragraph (1), item (xvi) in connection with that purchase, etc. or sale, etc.

(29) When five years have elapsed from the day when the violation prescribed in Article 175-2, paragraph (1) or (2) or the specified act of providing information, etc. prescribed in paragraph (13) or (14) of that Article was conducted, the Prime Minister may not issue a decision on the commencement of trial procedures concerning the facts specified in paragraph (1), item (xvii) related to the violation or the specified act of providing information, etc.

(Record of Decision to Commence Trial Procedures)

Article 179 (1) If the Prime Minister issues the decision referred to in paragraph (1) of the preceding Article, the Prime Minister must record an electronic or magnetic record in of that decision (referred to as the "record of a decision to commence trial procedures" in the following paragraph, paragraph (3), and Article 183) into a file stored on a computer used by the Cabinet Office (including its input and output devices; hereinafter the same applies in this Section) (such file is hereinafter simply referred to as the "file" in this Section).

(2) A record of a decision to commence trial proceduresmust contain a record of

the date and place for the first trial procedure, the fact set forth in the item of paragraph (1) of the preceding Article which is connected with the administrative monetary penalty, the amount of the administrative monetary penalty that is required to be paid, and the basis for its calculation.

(3) Trial procedures are commenced through the service of a certified copy of a record of a decision to commence trial procedures on the person that would be ordered to pay the administrative monetary penaltypenalty (hereinafter referred to as the "respondent" in this Section).

(4) A respondent must be ordered to appear on the date for thethe first trial procedure.

(Trial Procedures)

Article 180 (1) Trial procedures (other than the decision to commence trial procedures and a decision under Article 185-7, paragraph (19)) are conducted by a panel composed of three trial examiners; provided, however, that in a simple case, the procedures are conducted by a single trial examiner.

(2) For each trial case, the Prime Minister must designate the trial examiners composing the panel referred to in the main clause of the preceding paragraph, or the single trial examiner referred to in the proviso to that paragraph.

(3) If the Prime Minister decides to have a panel conduct trial procedures, the Prime Minister must designate one chief trial examiner from among the trial examiners designated pursuant to the provisions of the preceding paragraph.

(4) The Prime Minister may not designate a person that has participated in the investigation of the case as a trial examiner.

(Trial Procedures Based on Communication Through Audio and Visual Transmissions)

Article 180-2 (1) If a trial examiner finds it to be appropriate, after hearing the opinions of the respondent, the trial examiner may conduct trial procedures using a means that enables the trial examiner and the respondent to communicate with each other through audio and visual transmissions while gaining an awareness of each other's situation, pursuant to the provisions of Cabinet Office Order.

(2) In the case referred to in the preceding paragraph, the respondent is deemed to have appeared on the date for trial procedure.

(Representative of the Respondent)

Article 181 (1) A respondent may appoint as its representative an attorney-at-law, legal professional corporation, attorney-at-law and registered foreign lawyer joint corporation, or an appropriate person that has been approved by the Prime Minister.

(2) The Prime Minister may have relevant officials the Prime Minister has designated (hereinafter each of those officials is referred to as a "designated official" in this Article) participate in trial procedures.
(3) A designated official may attend a trial procedure, and offer evidence and perform other necessary acts.
(4) A designated official may, when finding it necessary to change any facts listed in the items of Article 178, paragraph (1), the application of laws or regulations, the amount of administrative monetary penalty to be paid or the basis for its calculation (limited to the extent specified by Cabinet Office Order), claim that the change be made; provided, however, that this does not apply if the change will impair the interests of the respondent.

(Opening Trial Procedures to the Public)
Article 182 Trial procedures are opened to the public; provided, however, that this does not apply if it is found to be necessary not to do so in the public interest.

(Written Answer)
Article 183 (1) Upon being served with a record of a decision to commence trial procedures, the respondent must submit a written answer to this to the trial examiners without delay.
(2) If a respondent submits a written answer acknowledging the fact set forth in the item of Article 178, paragraph (1) related to the administrative monetary penalty and acknowledging the amount of the administrative monetary penalty prior to the date for the first trial procedure recorded in a record of a decision to commence trial procedures (if that date is changed, the date after the change), the date for a trial procedure is not required to be set.

(Statement of Opinions)
Article 184 (1) A respondent may state an opinion when appearing on the date of a trial procedure.
(2) If a trial examiner finds it necessary, the trial examiner may request the respondent to state an opinion.

(Hearing of a Witness)
Article 185 (1) A trial examiner may order a witness to appear and conduct an hearing of the witness, at the petition of the respondent or ex officio. In such a case, the respondent may also question the witness.
(2) If a trial examiner finds it to be appropriate in the following cases, the trial examiner may conduct a hearing under the preceding paragraph using a means that enables the trial examiner, the respondent, and the witness to

communicate with one another through audio and visual transmissions while gaining an awareness of one another's situation, pursuant to the provisions of Cabinet Office Order; in such a case, the respondent may also question the witness:

(i) if the trial examiner finds that it would be difficult for the witness to appear on the date for trial procedure due to the witness's domicile, age, mental or physical state, or other such circumstances;

(ii) if the trial examiner finds that, due to the nature of the case, the witness's age or mental or physical state, the relationship between the witness and the respondent, or other such circumstances, the pressure that the witness would incur if they were to give their statement from the location where the trial examiner and the respondent had come to examine them would likely seriously disrupt their mental balance; or

(iii) if the respondent has no objection.

(3) In the case referred to in the preceding paragraph, the witness is deemed to have appeared on the date for trial procedure.

(4) The provisions of Article 190, Article 191, Article 196, Article 197, and Article 201, paragraphs (1) through (4) of the Code of Civil Procedure (Act No. 109 of 1996) apply mutatis mutandis to the procedures of a hearing of a witness pursuant to the provisions of paragraphs (1) and (2).

(Hearing of the Respondent)

Article 185-2 A trial examiner may conduct a hearing of the respondent at the petition of the respondent or ex officio.

(2) If a trial examiner finds it to be appropriate in the following cases, the trial examiner may conduct a hearing under the preceding paragraph using a means that enables the trial examiner and the respondent to communicate with each other through audio and visual transmissions while gaining an awareness of each other's situation, pursuant to the provisions of Cabinet Office Order:

(i) if the trial examiner finds that it would be difficult for the respondent to appear on the date for trial procedure due to the respondent's domicile, age, mental or physical state, or other such circumstances;

(ii) if the trial examiner finds that, due to the nature of the case, the respondent's age or mental or physical state, or other such circumstances, the pressure that the respondent would incur if they were to give their statement from the location where the trial examiner had come to examine the respondent would likely seriously disrupt their mental balance; or

(iii) if the respondent has no objection.

(Submission of Documentary Evidence)

Article 185-3 (1) The respondent may submit documentary evidence or an article

of evidence during the trial procedures; provided, however, that if trial examiners designates a reasonable period for the respondent to submit documentary evidence or an article of evidence, the respondent must submit it within that designated period.

(2) Trial examiners may order the possessor of a document or other articles to submit that article and retain the submitted article, at the petition of the respondent or ex officio.

(3) The provisions of Article 132-13 (excluding the items) of the Code of Civil Procedure as applied mutatis mutandis pursuant to Article 185-13 do not apply to any articles (limited to the documents, etc. prescribed in Article 132-10, paragraph (1) of that Code) submitted pursuant to the preceding paragraph.

(Order to Present an Expert Opinion Issued to a Person with Relevant Expertise)

Article 185-4 (1) Trial examiners may order a person with relevant expertise to present an expert opinion, at the petition of the respondent or ex officio.

(2) If trial examiners order an expert to appear in order to conduct a hearing, the respondent may also ask questions to that expert.

(3) If a trial examiner finds it to be appropriate, the trial examiner may conduct a hearing under the preceding paragraph using a means that enables the trial examiner, the respondent, and the expert to communicate with one another through audio and visual transmissions while gaining an awareness of one another's situation, pursuant to the provisions of Cabinet Office Order; in such a case, the respondent may also question the expert.

(4) The provisions of Article 191, Article 197, Article 201, paragraph (1), and Article 212 of the Code of Civil Procedure apply mutatis mutandis to the procedures for ordering an expert to present an expert opinion pursuant to the provisions of paragraph (1).

(On-Site Inspections)

Article 185-5 Trial examiners may enter the business office of a persons concerned in a case and other necessary place to inspect the books, documents, and any other articles, at the petition of the respondent or ex officio.

(Submission of a Draft Decision)

Article 185-6 After the completion of trial procedures, trial examiners must prepare a draft decision on a trial case and submit the draft decision to the Prime Minister.

(Decision to Issue an Administrative Monetary Penalty Payment Order)

Article 185-7 (1) If, after the completion of trial procedures, the Prime Minister

finds a fact set forth in any of the items of Article 178, paragraph (1) to have occurred, unless otherwise provided for in this Article, the Prime Minister must issue a decision against the respondent, ordering the respondent to pay the administrative monetary penalty under the provisions of Article 172, paragraph (1), paragraph (2) (including as applied mutatis mutandis pursuant to paragraph (4) of that Article), or paragraph (3) of that Article; Article 172-2, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (4) of that Article), paragraph (2) of that Article (including as applied mutatis mutandis pursuant to paragraph (5) of that Article), or paragraph (6) of that Article; Article 172-3, paragraph (1) or (2); Article 172-4, paragraph (1) or paragraph (2) (including as applied mutatis mutandis pursuant to paragraph (3) of that Article); Article 172-5; Article 172-6, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (2) of that Article); Articles 172-7 through 172-9; Article 172-10, paragraph (1) or (2); Article 172-11, paragraph (1), Article 172-12, paragraph (1), Article 173, paragraph (1), Article 174, paragraph (1), Article 174-2, paragraph (1); Article 174-3, paragraph (1); or Article 175, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (9) of that Article) or paragraph (2) of that Article, or Article 175-2, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (13) of that Article) or paragraph (2) of that Article (including as applied mutatis mutandis pursuant to paragraph (14) of that Article) to the national treasury.

(2) If the Prime Minister is required to issue the decision referred to the preceding paragraph in connection with a fact that falls under Article 172, paragraph (1) and a fact that falls under Article 172, paragraph (2) for the same public offering or secondary distribution (limited to a decision under Article 178, paragraph (1), item (i)), in lieu of the amount under Article 172, paragraph (1) or (2), the Prime Minister must issue an order for the relevant person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount arrived at when the amount calculated pursuant to paragraph (1) of that Article is proportionally divided in parallel with the amounts calculated pursuant to paragraph (1) and paragraph (2) of that Article in respect of each fact subject to a decision.

(3) Once the Prime Minister has issued a decision with regard to a public offering or secondary distribution that falls under both Article 172, paragraph (1) and paragraph (2) pursuant to the provisions of paragraph (1) (but only if the Prime Minister finds the fact set forth in Article 178, paragraph (1), item (i) to have occurred; hereinafter the same applies in this paragraph), the preceding paragraph, or paragraph (15) (but only if the Prime Minister finds the fact set forth in Article 178, paragraph (1), item (i) to have occurred), the Prime Minister may not issue a new decision with regard to such a public offering or

secondary distribution pursuant to the preceding two paragraphs.

(4) If the Prime Minister is required to issue the decision referred to in paragraph (1) with regard to the fact that falls under Article 172-3, paragraph (1) and the fact that falls under paragraph (2) of that Article, respectively, in connection with the submission of ongoing disclosure documents (meaning an annual securities report or asemiannual securities report; the same applies in the following paragraph) covering the same business year subject to disclosure (limited to a decision under Article 178, paragraph (1), item (iii)), in lieu of the amount set forth in Article 172-3, paragraph (1) or the amount set forth in Article 172-3, paragraph (2), the Prime Minister must issue an order for the relevant person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount arrived at when the amount calculated pursuant to paragraph (1) of that Article is proportionally divided in parallel with the amount calculated for each decision (meaning the amount calculated pursuant to Article 172-3, paragraph (1) or (2) in respect of each fact subject to a decision).

(5) If the Prime Minister is required to issue the decision referred to in paragraph (1) (but only if a fact set forth in Article 178, paragraph (1), item (iii) is found to have occurred; hereinafter the same applies in this paragraph)), and is required to issue a decision (hereinafter each is referred to as a "new decision" in this paragraph) in connection with an ongoing disclosure document for the same business year subject to disclosure, as an ongoing disclosure document in connection with which the Prime Minister has already issued a decisiona pursuant to paragraph (1) or paragraph (15) (but only if the Prime Minister found the fact set forth in Article 178, paragraph (1), item (iii) to have occurred; hereinafter the same applies in this paragraph) (each such decision is hereinafter referred to as a "prior decision" in this paragraph), in lieu of the amount set forth in Article 172-3, paragraph (1) or (2), the Prime Minister must issue an order in respect of the new decisions, for the relevant person to pay an administrative monetary penalty to the national treasury that is equivalent to the amount arrived at when the amount specified in item (ii) is deducted from the amount specified in item (i); provided, however, that unless the amount specified in item (i) exceeds the amount specified in item (ii), the Prime Minister may not issue an administrative monetary penalty payment order under Article 172-3, paragraph (1) or (2):

(i) the amount calculated pursuant to Article 172-3, paragraph (1);

(ii) the sum of the amount of the administrative monetary penalty under the provisions of Article 172-3, paragraph (1) or (2)or paragraph (15) of this Article related to the prior decision.

(6) If the Prime Minister is required to issue the decision referred to in paragraph (1) (limited to a decision under Article 178, paragraph (1), item (iv))

in connection with two or more ongoing disclosure documents, etc. covering the same business year subject to disclosure (meaning an annual securities report, etc. orsemiannual securities report, extraordinary report, etc., but excluding an amended report to amend a false statement contained in any of those documents or to correct a deficiency in respect of a material particular that is required to be stated as prescribed in Article 7,paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-2, paragraph (1) and Article 24-5, paragraph (5) (including as applied mutatis mutandis pursuant to Article 27); the same applies in the following paragraph), and the sum total of the amounts calculated pursuant to Article 172-4, paragraphs (1) and (2) (including as applied mutatis mutandis pursuant to paragraph (3) of that Article) in respect of each fact subject to a decision (hereinafter referred to as the "amount calculated for each decision" in this paragraph, the following paragraph, and paragraph (16) (but only if the Prime Minister finds the fact set forth in Article 178, paragraph (1), item (iv) to have occurred)) exceeds the higher of the amounts set forth in either of the following items, in lieu of the amount provided for in Article 172-4, paragraph (1) or Article 172-4, paragraph (2) (including as applied mutatis mutandis pursuant to paragraph (3) of that Article), the Prime Minister must issue an order for the relevant person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount arrived at when the higher of those amounts is proportionally divided in parallel with the amount calculated for each decision, pursuant to the provisions of Cabinet Office Order:

(i) the highest of the amounts calculated pursuant to Article 172-4, paragraph (1) for the fact that has occurred in respect of the decision, for each annual securities report, etc.;

(ii) the highest of the amounts arrived at when the amount calculated pursuant to Article 172-4, paragraph (2) (including as applied mutatis mutandis pursuant to paragraph (3) of that Article) for the fact that has occurred in respect of the decision is multiplied by two, for each semiannual securities report, or extraordinary report, etc.

(7) If the Prime Minister is required to issue the decision referred to in paragraph (1) (but only if the Prime Minister finds the fact set forth in Article 178, paragraph (1), item (iv) to have occurred; hereinafter the same applies in this paragraph)) or the decision referred to in the preceding paragraph, and is required to issue one or more decisions (hereinafter each is referred to as a "new decision" in this paragraph) in connection with an ongoing disclosure document, etc. for the same business year subject to disclosure, as an ongoing disclosure document, etc. in connection with which the Prime Minister has already issued one or more decisions pursuant to paragraph (1), the preceding

paragraph, this paragraph, paragraph (14) (but only if the Prime Minister found the fact set forth in Article 178, paragraph (1), item (iv) to have occurred; hereinafter the same applies in this paragraph), paragraph (15) (but only if the Prime Minister found the fact set forth in Article 178, paragraph (1), item (iv) to have occurred; hereinafter the same applies in this paragraph), or paragraph (16) (but only if the Prime Minister found the fact set forth in Article 178, paragraph (1), item (iv) to have occurred; hereinafter the same applies in this paragraph) (each such a decision is hereinafter referred to as a "prior decision" in this paragraph), in lieu of the amount set forth in Article 172-4, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to paragraph (3) of that Article) or the preceding paragraph, the Prime Minister must issue an order in respect of the new decisions, for the relevant person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount arrived at when the amount specified in item (ii) is deducted from the amount specified in item (i), and the difference is then proportionally divided in parallel with the amount calculated for each decision in respect of each fact subject to a new decision, pursuant to the provisions of Cabinet Office Order; provided, however, that unless the amount specified in item (i) exceeds the amount specified in item (ii), the Prime Minister may not issue an administrative monetary penalty payment order under paragraph (1) or (2) of that Article (including as applied mutatis mutandis pursuant to paragraph (3) of that Article) or the preceding paragraph:

(i) the sum total of the amounts calculated for each decision, in respect of each fact subject to a prior decision and to a new decision (if this amount exceeds the higher of the amounts set forth in the following (a) or (b), this means the higher of those amounts):

(a) the highest of the amounts calculated pursuant to Article 172-4, paragraph (1) in respect of each fact subject to a prior decision and to a new decision for each annual report, etc.; or

(b) the highest of the amounts arrived at when the amounts calculated pursuant to Article 172-4, paragraph (2) (including as applied mutatis mutandis pursuant to paragraph (3) of that Article) in respect of each fact subject to a prior decision and to a new decision for each semiannual securities report, extraordinary report, etc., are multiplied by two;

(ii) the sum of the amount of administrative monetary penalty under Article 172-4, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to paragraph (3) of that Article), the preceding paragraph, this paragraph, and paragraphs (14) through (16), in connection with the prior decisions.

(8) If the Prime Minister is required to issue the decision referred to in paragraph (1) in connection with two or more tender offer documents, etc. (meaning a public notice of the commencement of the tender offer, etc. or a

tender offer statement; the same applies in the following paragraph) for the same tender offer (limited to a decision under Article 178, paragraph (1), item (vi)), in lieu of the amount set forth in Article 172-6, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (2) of that Article), the Prime Minister must issue an order for the relevant person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount arrived at when the amount calculated pursuant to paragraph (1) of that Article is divided proportionally in parallel with the amounts calculated pursuant to that paragraph (including as applied mutatis mutandis pursuant to paragraph (2) of that Article) in respect of each fact subject to a decision.

(9) If the Prime Minister has already issued a decision pursuant to paragraph (1) (but only if the Prime Minister found the fact set forth in Article 178, paragraph (1), item (vi) to have occurred; hereinafter the same applies in this paragraph), the preceding paragraph, or paragraph (15) (but only if the Prime Minister found the fact set forth in Article 178, paragraph (1), item (vi) to have occurred) in connection with a tender offer document, etc., the Prime Minister may not issue a new decision pursuant to paragraph (1) or the preceding paragraph in connection with a tender offer document, etc. linked to the same tender offer as that tender offer document, etc.

(10) If the Prime Minister is required to issue the decision referred to in paragraph (1) (limited to a decision under Article 178, paragraph (1), item (xi)) in connection with two or more pieces of information on the issuer, etc. for the same business year subject to disclosure (excluding amended information on the issuer that amends false information contained in the relevant information on the issuer, etc. or that corrects a deficiency of information about a material particular that is required to be provided or disclosed; the same applies in the following paragraph), in lieu of the amount under Article 172-11, paragraph (1), the Prime Minister must issue an order for the relevant person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount arrived at when the highest of the amounts calculated pursuant to that paragraph in respect of each fact subject to a decision (hereinafter referred to as the "amount calculated for each decision" in this paragraph, the following paragraph and paragraph (166) (but only if the Prime Minister finds the fact set forth in Article 178, paragraph (1), item (xi) to have occurred)) is proportionally divided in parallel with the amount calculated for each decision, pursuant to the provisions of Cabinet Office Order.

(11) If the Prime Minister is required to issue the decision referred to in paragraph (1) (but only if the Prime Minister finds the fact set forth in Article 178, paragraph (1), item (xi) to have occurred; hereinafter the same applies in

this paragraph)) or the preceding paragraph, and must issue one or more decisions (hereinafter each is referred to as a "new decision" in this paragraph) in connection with information on the issuer, etc. for the same business year subject to disclosure as information on the issuer, etc. in connection with which the Prime Minister has already issued one or more decisions pursuant to paragraph (1), the preceding paragraph, this paragraph, paragraph (14) (but only if the Prime Minister found the fact set forth in Article 178, paragraph (1), item (xi) to have occurred; hereinafter the same applies in this paragraph), paragraph (15) (but only if the Prime Minister found the fact set forth in that Article 178, paragraph (1), item (xi) to have occurred; hereinafter the same applies in this paragraph), or paragraph (16) (but only if the Prime Minister found the fact set forth in Article 178, paragraph (1), item (xi) to have occurred; hereinafter the same applies in this paragraph) (each such a decision is hereinafter referred to as a "prior decision" in this paragraph), in lieu of the amount set forth in Article 172-11, paragraph (1) or the preceding paragraph, the Prime Minister must issue an order in connection with the new decisions, for the relevant person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount arrived at when the amount specified in item (ii) is deducted from the amount specified in item (i) and the difference is then divided proportionally in parallel with the amount calculated for each decision in respect of each fact subject to a new decision, pursuant to the provisions of Cabinet Office Order; provided, however, that unless the amount specified in item (i) exceeds the amount specified in item (ii), the Prime Minister may not issue an administrative monetary penalty payment order under Article 172-11, paragraph (1) or the preceding paragraph:

(i) the highest of the amount calculated for each decision in respect of each fact subject to a prior decision or a new decision;

(ii) the sum of the amount of administrative monetary penalty under Article 172-11, paragraph (1), the preceding paragraph, this paragraph, and paragraphs (14) through (16) in connection with the prior decisions.

(12) When the Prime Minister is required to issue decisions under paragraph (1) (limited to the decision related to Article 178, paragraph (1), item (xvii)) in relation to two or more Acts of Violation (meaning the violation prescribed in Article 175-2, paragraph (1) or (2), and including the specified act of providing information, etc. prescribed in paragraphs (13) and (14) of that Article; hereinafter the same applies in this paragraph and the following paragraph) committed in relation to the same business of public offering, etc., the Prime Minister must issue an order to pay to the national treasury an administrative monetary penalty in an amount equivalent to the amount obtained by adding the amount set forth in paragraph (1), item (ii), (a) or paragraph (2), item (ii),

(a) of that Article to the amount obtained by dividing the amount set forth in paragraph (1), item (ii), (b) or paragraph (2), item (ii), (b) of that Article by the number of such decisions, for the respective acts of violation, in lieu of the amount set forth in Article 175-2, paragraph (1) (including the cases where applied mutatis mutandis pursuant to paragraph (13) of that Article; hereinafter the same applies in this paragraph and the following paragraph) or paragraph (2) of that Article (including as applied mutatis mutandis pursuant to paragraph (14) of that Article; hereinafter the same applies in this paragraph and the following paragraph).

(13) When the Prime Minister is required to issue a decision under paragraph (1) (limited to the cases where any fact specified in Article 178, paragraph (1), item (xvii) has been found; hereinafter the same applies in this paragraph) or the preceding paragraph, if the Prime Minister needs to issue one or more decisions (hereinafter referred to as the "new decision" in this paragraph) for the violation conducted in relation to the same business of public offering, etc. as that related to one or more decisions already issued under paragraph (1), the preceding paragraph, this paragraph, or paragraph (15) (limited to the cases where any fact specified in that item has been found), the Prime Minister must issue an order to pay to the national treasury an administrative monetary penalty equivalent to the amount set forth in paragraph (1), item (ii), (a) or paragraph (2), item (ii), (a) of that Article related to the respective acts of violation, in lieu of the amount set forth in Article 175-2, paragraph (1) or (2), with regard to the new decision.

(14) If the Prime Minister is required to issue the decision referred to in paragraph (1) (but only if the Prime Minister finds a fact set forth in Article 178, paragraph (1), item (ii) to have occurred that comes under the purview of Article 172-2, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (4) of that Article; hereinafter the same applies in this paragraph); finds a fact set forth in Article 178, paragraph (1), item (iv) to have occurred that comes under the purview of Article 172-4, paragraph (1) or (2); finds a fact set forth in Article 178, paragraph (1), item (vii) or a fact set forth in Article 178, paragraph (1), item (x) to have occurred that comes under the purview of Article 172-10, paragraph (1); or finds a fact set forth in Article 178, paragraph (1), item (xi), a fact set forth in Article 178, paragraph (1), item (xi)-2 or Article 178, paragraph (1), item (xvi) to have occurred that comes under the purview of Article 175, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (9) of that Article); hereinafter the same applies in this paragraph), paragraph (6), paragraph (7), paragraph (10), or paragraph (11) (if the Prime Minister finds a fact set forth in the relevant item to have occurred that comes under the purview of paragraph (1) of the relevant Article (including as applied mutatis mutandis pursuant to paragraph (9) of

that Article), this is only if the purchase and sale, etc. under Article 166, paragraph (1) involving that fact falls under the category of an acquisition, by a listed company, etc. as prescribed in Article 175, paragraph (9), of its own shares, pursuant to the provisions of Article 156, paragraph (1) of the Companies Act (including as applied pursuant to the provisions of Article 163 and Article 165, paragraph (3) of that Act following the deemed replacement of terms) or a foreign law or regulation that is equivalent to those provisions, or in any other case specified by Cabinet Office Order as being equivalent to this), and the person set forth in Column 1 of the following table, prior to the disposition set forth in Column 3 of that table being issued with regard to a fact falling under the provisions set forth in Column 2 of that table, reports that fact to the Prime Minister pursuant to the provisions of Cabinet Office Order, in lieu of the amounts set forth in Column 4 of that table, the Prime Minister must issue an order for the relevant person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to the amount arrived at when the relevant amount is multiplied by 50 percent.

Column 1	Column 2	Column 3	Column 4
An issuer set forth in Article 172-2, paragraph (1)	Article 172-2, paragraph (1)	order for the submission of reports or materials, inspection of books and documents or other articles, as set forth in Article 26, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 27), or dispositions listed in each item of Article 177, paragraph (1)	The amount set forth in Article 172-2, paragraph (1) (in cases where the Prime Minister is required to issue a decision under paragraph (1) with regard to the submission of two or more offering disclosure documents (meaning the offering disclosure documents set forth in paragraph (3) of that Article; hereinafter the same applies in this paragraph) or with regard to a secondary distribution related to two or more prospectuses, limited to the amount related to the most recently submitted offering disclosure documents or the amount pertaining to the most recently commenced secondary distribution related to the prospectuses)
An issuer set forth in Article 172-4, paragraph (1) or (2)	Article 172-4, paragraph (1) or (2)	order for the submission of reports or materials, inspection of books and documents or other articles, as	The amount set forth in Article 172-4, paragraph (1) or (2), or Article 185-7, paragraph (6) or (7) (in cases where the Prime Minister is required to issue a decision under Article 185-7, paragraph (1), (6) or (7) with

		set forth in Article 26, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 27), or dispositions listed in each item of Article 177, paragraph (1)	regard to the submission of two or more annual securities reports or quarterly securities reports, semiannual securities reports or extraordinary reports, etc., limited to the amount related to the most recently submitted annual securities reports or quarterly securities reports, semiannual securities reports or extraordinary reports, etc.)
A person set forth in Article 172-7	Article 172-7	order for the submission of reports or materials, or the inspection of books and documents or other articles, as set forth in Article 27-30, paragraph (1)	The amount set forth in Article 172-7 (in cases where the Prime Minister is required to issue a decision under paragraph (1) with regard to two or more statements of large volume holdings or changes, limited to the amount related to the statement of large volume holdings or changes for which the deadline for submission comes latest)
An issuer set forth in Article 172-10, paragraph (1)	Article 172-10, paragraph (1)	order for the submission of reports or materials, inspection of books and documents or other articles, as set forth in Article 27-35, paragraph (1), or dispositions listed in each item of Article 177, paragraph (1)	The amount set forth in Article 172-10, paragraph (1) (in the cases where the Prime Minister is required to issue a decision under paragraph (1) with regard to the provision or disclosure of two or more pieces of specified information on securities, etc., limited to the amount related to the latest provision or publication)
An Issuer set forth in Article 172-11, paragraph (1)	Article 172-11, paragraph (1)	order for the submission of reports or materials, inspection of books and documents or other articles, as set forth in Article 27-35, paragraph (1), or dispositions listed in each item of Article 177, paragraph (1)	The amount set forth in Article 172-11, paragraph (1), or Article 185-7, paragraph (10) or (11) or the preceding two paragraphs (in the cases where the Prime Minister is required to issue a decision under paragraph (1), or Article 185-7, paragraph (10) or (11) or the preceding two paragraphs with regard to the provision or disclosure of two or more pieces of issuer's information, etc., limited to the

			amount related to the latest provision or disclosure)
A specified involved person set forth in Article 172-12, paragraph (1)	Article 172-12, paragraph (1) (excluding the cases where a person set forth in item (ii) of that paragraph has submitted the documents set forth in that item)	order for the submission of reports or materials, inspection of books and documents or other articles, as set forth in Article 26, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 27), or dispositions listed in each item of Article 177, paragraph (1)	The amount set forth in Article 172-12, paragraph (1)
A person set forth in Article 175, paragraph (1) or listed companies, etc. set forth in Article 175, paragraph (9)	Article 175, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to paragraph (9) of that Article)	any of the dispositions listed in each item of Article 177, paragraph (1)	The amount set forth in Article 175, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to paragraph (9) of that Article) (in the cases where the Prime Minister is required to issue a decision under paragraph (1) with regard to two or more occasions of purchase and sale, etc. set forth in Article 166, paragraph (1), limited to the amount pertaining to the latest purchase and sale, etc.)

(15) If the Prime Minister is required to issue the decision referred to in paragraph (1), paragraph (2), paragraphs (4) through (8), or paragraphs (10) to the preceding paragraph, and the person subject to the decision that is set forth in the left column of the following table, in the five years prior to the date set forth in the middle column of that table, was subject to an administrative monetary penalty payment order as provided in Article 185-15, paragraph (1) (if, in connection with such an administrative monetarymonetary penalty payment order, the legal action referred to in Article 185-18, paragraph (1) has been filed, this is only if the judicial decision on the legal action has become final and binding) or to a decision as provided in paragraph (18) (limited to a

decision to which paragraph (3), the proviso to paragraph (5), the proviso to paragraph (7), paragraph (9), the proviso to paragraph (11), the proviso to the following paragraph, or the proviso to paragraph (17) is applicable), in lieu of the amount set forth in the provisions specified in the right-hand column of that table, the Prime Minister must issue an order for the relevant person to pay an administrative monetary penalty to the national treasury in an amount that is equivalent to 150 percent of that amount.

A person set forth in Article 172, paragraph (1)	the day when any of the following was commenced: the Public Offering or Secondary Distribution of Securities for which a notification under Article 4, paragraph (1) is required, the General Solicitation for Securities Acquired by Qualified Institutional Investors for which a notification under Article 4, paragraph (2) is required, or the General Solicitation for Securities Acquired by Professional Investors, etc. for which a notification under Article 4, paragraph (3) is required.	Article 172, paragraph (1) or Article 185-7, paragraph (2)
An Issuer set forth in Article 172, paragraph (2) or a person set forth in that paragraph	the day when, in violation of the provisions of Article 15, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 27), the Securities under that paragraph were acquired or sold through the Public Offering, or through the Secondary Distribution under Article 172, paragraph (2).	Article 172, paragraph (2) or Article 185-7, paragraph (2)
A person set forth in Article 172, paragraph (3)	the day when, in violation of the provisions of Article 15, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 27), the Securities were sold through Secondary Distribution under Article 172, paragraph (3) without a Prospectus having been delivered.	Article 172, paragraph (3)
An issuer set forth in Article 172, paragraph (4) or a person set forth in that paragraph	the day when, in violation of the provisions of Article 23-8, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 27), the Securities under that	Article 172, paragraph (2) as applied mutatis mutandis pursuant to Article 172, paragraph (4)

	paragraph were acquired or sold through the Public Offering, or through the Secondary Distribution under Article 172, paragraph (2).	
An issuer set forth in Article 172-2, paragraph (1) or its officers, etc. set forth in paragraph (2) of that Article	the day when the Offering Disclosure Documents under Article 172-2, paragraph (3) which contain any fake statement on important matters or lack a statement on any important matters that should be stated therein was submitted.	Article 172-2, paragraph (1) or (2), or the preceding paragraph (limited to the cases where the fact specified in Article 178, paragraph (1), item (ii) which falls under Article 172-2, paragraph (1) has been found)
An issuer set forth in Article 172-2, paragraph (4) or its officers, etc. set forth in paragraph (2) of that Article	the day when the Secondary Distribution under Article 172, paragraph (3) pertaining to the Prospectus which contains any fake statement on important matters set forth in Article 172-2, paragraph (4) or lacks a statement on important matters that should be stated therein as set forth in that paragraph was commenced.	Article 172-2, paragraph (1) as applied mutatis mutandis pursuant to Article 172-2, paragraph (4), Article 172-2, paragraph (2) as applied mutatis mutandis pursuant to Article 172-2, paragraph (5), or the preceding paragraph (limited to the cases where any fact specified in Article 178, paragraph (1), item (ii) which falls under Article 172-2, paragraph (1) as applied mutatis mutandis pursuant to Article 172-2, paragraph (4) has been found)
An issuer set forth in Article 172-2, paragraph (6)	the day when the Securities were acquired or sold through the Public Offering, or through the Secondary Distribution under Article 172, paragraph (2), without the Amended Offering Disclosure Documents having been submitted.	Article 172-2, paragraph (6)
An issuer set forth in the	the time limit for the submission of each Annual Securities Report or Quarterly or Semiannual	Article 172-3, paragraph (1) or (2), or

paragraphs of Article 172-3	Securities Report (with regard to the Annual Securities Report under Article 24, paragraph (3) (including the cases where it is applied mutatis mutandis pursuant to paragraph (5) of that Article, and also including the cases where these provisions are applied mutatis mutandis pursuant to Article 27), the day when the ground for the submission of such Annual Securities Report has arisen)	Article 185-7, paragraph (4) or (5)
An issuer set forth in Article 172-4, paragraph (1) or (2)	the day when each of the Annual Securities Reports etc., or Quarterly Securities Reports, Semiannual Securities Reports or Extraordinary Reports, etc. which contains any fake statement on important matters or lacks a statement on important matters that should be stated therein was submitted.	Article 172-4, paragraph (1) or (2), or Article 185-7, paragraph (6), (7) or the preceding paragraph (limited to the cases where any fact specified in Article 178, paragraph (1), item (iv) has been found)
An issuer set forth in Article 172-4, paragraph (3)	the day on which the ground for the submission of the Extraordinary Report has arisen.	Article 172-4, paragraph (2) as applied mutatis mutandis pursuant to Article 172-4, paragraph (3), or Article 185-7, paragraph (6) or (7)
A person set forth in Article 172-5	the day when, in violation of the provisions of Article 27-3, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), the Purchase, etc. under Article 27-2, paragraph (1) or Article 27-22-2, paragraph (1) with regard to the Share Certificates, etc. or the Listed Share Certificates, etc. set forth in Article 27-2, paragraph (1) was made, without a Public Notice for Commencing Tender Offer having been made	Article 172-5
A person set forth in Article	the day when the Public Notice for Commencing Tender Offer, etc. containing any fake indication on	Article 172-6, paragraph (1) or

172-6, paragraph (1)	important matters or lacking an indication on important matters was made, or the day when the Tender Offer Notification, etc. containing any fake statement on important matters or lacking a statement on important matters that should be contained therein was submitted.	Article 185-7, paragraph (8)
A person set forth in Article 172-6, paragraph (2)	the time limit for the submission of the Amended Tender Offer Notification, etc. (with regard to the amendment under Article 27-8, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) or the amendment report under Article 27-8, paragraph (2) as applied mutatis mutandis pursuant to Article 27-10, paragraph (12), the day when the ground for the submission of any of these documents has arisen)	Article 172-6, paragraph (1) as applied mutatis mutandis pursuant to Article 172-6, paragraph (2), or Article 185-7, paragraph (8)
A person set forth in Article 172-7	the time limit for the submission of Reports of Possession of Large Volume or Change Reports	Article 172-7 or the preceding paragraph (limited to the case where any fact specified in Article 178, paragraph (1), item (vii) has been found)
A person set forth in Article 172-8	the day when a Report of Possession of Large Volume or Change Report, etc. containing any fake statement on important matters or lacking important matters that should be contained therein was submitted	Article 172-8
A person set forth in Article 172-9	the day when the Specified Solicitation, etc. was commenced	Article 172-9
An issuer set forth in Article 172-10, paragraph (1) or its officers, etc. set forth in Article 172-2, paragraph (2)	the day when the Information on Securities, etc. Containing Fake Information, etc. was provided or publicized	Article 172-10, paragraph (1) or (2), or the preceding paragraph (limited to the cases where any fact specified in Article 178, paragraph

		(1), item (x) has been found)
An issuer set forth in Article 172-11, paragraph (1)	the day when the issuer's information, etc. containing fake information, etc. was provided or disclosed	Article 172-11, paragraph (1), Article 185-7, paragraph (10) or (11) or the preceding paragraph (limited to the cases where any fact specified in Article 178, paragraph (1), item (xi) has been found)
A specified involved person set forth in Article 172-12, paragraph (1)	the day when the specified involvement act prescribed in Article 172-12, paragraph (2) was commenced	Article 172-12, paragraph (1) or the preceding paragraph (limited to the cases where any fact specified in Article 178, paragraph (1), item (xi)-2 has been found)
A violator set forth in Article 173, paragraph (1)	the day when the violation prescribed in Article 173, paragraph (1) was commenced	Article 173, paragraph (1)
A violator set forth in Article 174, paragraph (1)	the day when the violation prescribed in Article 174, paragraph (1) was commenced	Article 174, paragraph (1)
A violator set forth in Article 174-2, paragraph (1)	the day when the violation prescribed in Article 174-2, paragraph (1) was commenced	Article 174-2, paragraph (1)
A violator set forth in Article 174-3, paragraph (1)	the day when the violation prescribed in Article 174-3, paragraph (1) was commenced	Article 174-3, paragraph (1)
A person set forth in Article 175, paragraph (1), a person set forth in Article 175, paragraph (2) or the listed companies, etc. set forth in Article 175, paragraph (9)	the day when the purchase and sale, etc. under Article 166, paragraph (1) was conducted, or the day when the purchase, etc. of the regulated share certificates, etc. or related share certificates, etc. under Article 167, paragraph (1), or the sale, etc. of the share certificates, etc. prescribed in that paragraph were conducted	Article 175, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to paragraph (9) of that Article) or paragraph (2) of that Article, or the preceding paragraph (limited to the case where any fact specified in

		Article 178, paragraph (1), item (xvi) has been found)
A violator set forth in Article 175-2, paragraph (1), a violator set forth in Article 175-2, paragraph (2), the listed companies, etc. set forth in Article 175-2, paragraph (13) or a tender offeror, etc. set forth in Article 175-2, paragraph (14)	the day when the violation prescribed in Article 175-2, paragraph (1) or (2), or the specified act of providing information, etc. prescribed in Article 175-2, paragraph (13) or (14) was conducted	Article 175-2, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to paragraph (13) of that Article) or paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to paragraph (14) of that Article), or Article 185-7, paragraph (12) or (13)

(16) If the Prime Minister is required to issue one or more decisions pursuant to paragraph (1) (but only if the Prime Minister finds the fact set forth in Article 178, paragraph (1), item (iv) or (xi) to have occurred), paragraph (6), paragraph (7), paragraph (10), paragraph (11), or the preceding two paragraphs (but only if the Prime Minister finds the fact set forth in Article 178, paragraph (1), item (iv) or (xi) to have occurred; hereinafter the same applies in this paragraph), and a final and binding judicial decision for the same case imposes a fine on the respondent, in lieu of the amount specified in Article 172-4, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to paragraph (3) of that Article; hereinafter the same applies in this paragraph), Article 172-11 (1), or Article 185-7, paragraph (6), (7), (10),(11) or the preceding two paragraphs, the Prime Minister must issue an order for the relevant person to pay an administrative monetary penalty to the national treasury that is equivalent to the amount arrived at when the amount specified in item (ii) is deducted from the amount specified in item (i), and the difference is then proportionally divided in parallel with the amount calculated for each decision in respect of the facts subject to those one or more decisions, pursuant to the provisions of Cabinet Office Order; provided, however, that unless the amount specified in item (i) exceeds the amount specified in item (ii), the Prime Minister may not issue an administrative monetary penalty payment order under Article 172-4, paragraph (1) or (2), Article 172-11, paragraph (1), or Article 185-7, paragraph (6), (7), (10), (11) or the preceding two paragraphs:

(i) the sum total of the amounts calculated pursuant to the provisions of Article 172-4, paragraphs (1) and (2) or Article 172-11, paragraph (1), or the provisions of paragraphof (6), (7), (10) or (11) or the preceding two

paragraphs, in respect of the facts subject to those one or more decisions;
(ii) the amount of the fine.

(17) In the case referred to in paragraph (1) (but only if the Prime Minister finds a fact set forth in Article 178, paragraph (1), items (xii) through (xvi) to have occurred), paragraph (14) of that Article (but only if the Prime Minister finds a fact set forth in Article 178, paragraph (1), items (xii) through (xvi) to have occurred; hereinafter the same applies in this paragraph), or in paragraph (15) of that Article (but only if the Prime Minister finds a fact set forth in Article 178, paragraph (1), items (xii) through (xvi) to have occurred; hereinafter the same applies in this paragraph), if the final and binding judicial decision in the same case imposes on the respondent a confiscation of the properties set forth in the items of Article 198-2, paragraph (1) or the collection of the value of the properties set forth in the items of Article 198-2, paragraph (1), in lieu of the amount set forth in Article 173, paragraph (1), Article 174, paragraph (1), Article 174-2, paragraph (1), Article 174-3, paragraph (1), or Article 175, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (9) of that Article) or paragraph (2) of that Article, or Article 185-7, paragraph (14) or (15), the Prime Minister must issue an order for the relevant person to pay an administrative monetary penalty to the national treasury in an amount after the amount equivalent to the properties set forth in the items of Article 198-2, paragraph (1) whose confiscation is ordered in that judicial decision, or the amount equivalent to the value of the properties set forth in the items of Article 198-2, paragraph (1) whose collection is ordered in that judicial decision (or, if both the confiscation of the properties set forth in the items of Article 198-2, paragraph (1) and the collection of the value of the properties set forth in the items of Article 198-2, paragraph (1) are ordered in that judicial decision, this means the sum total of the amount equivalent to the properties set forth in the items of Article 198-2, paragraph (1) whose confiscation is ordered in that judicial decision and the amount equivalent to the values of the properties set forth in the items of Article 198-2, paragraph (1) whose collection is ordered in that judicial decision; hereinafter referred to as the "amount equivalent to confiscated properties, etc." in this paragraph), is deducted from the relevant of those amounts; provided, however, that unless the amount set forth in Article 173, paragraph (1), Article 174, paragraph (1), Article 174-2, paragraph (1), Article 174-3, paragraph (1), Article 175, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (9) of that Article) or paragraph (2) of that Article, or Article 185-7, paragraph (14) or (15) exceeds the amount equivalent to confiscated properties, etc., the Prime Minister may not issue an administrative monetary penalty payment order under those provisions.

(18) If, after the conclusion of trial procedures, the Prime Minister finds no fact

to have occurred that falls under an item of Article 178, paragraph (1), or in a case to which paragraph (3), the proviso to paragraph (5), the proviso to paragraph (7), paragraph (9), the proviso to paragraph (11), the proviso to paragraph (16), or the proviso to the preceding paragraph is applicable, the Prime Minister must issue a decision that gives a clear indication of this.

(19) A decision referred to in paragraphs (1), (2), (4) through (8), and (10) to the preceding paragraph must be issued based on the draft decision submitted by a trial examiner pursuant to the provisions of the preceding Article. In this case, the Prime Minister must record the electronic or magnetic record of the decision into a file, pursuant to the provisions of Cabinet Office Order.

(20) The electronic or magnetic record of a decision provided for in the preceding paragraph must contain a record of the facts found by the Prime Minister and the application of laws and regulations to those facts (including the basis for the calculation of the administrative monetary penalty and the due date for its payment, in the case of a decision under paragraph (1), paragraph (2), paragraphs (4) through (8), and paragraphs (10) through (177)).

(21) The due date for payment as referred to in the preceding paragraph is the day on which two months have elapsed since the date on which thethe document under Article 185-10-2 is issued or the notification under the main clause of Article 190-2, paragraph (1) of the Code of Civil Procedure as applied mutatis mutandis pursuant to Article 185-10 is issued in respect of the electronic or magnetic record provided for in that paragraph (limited to one for a decision under paragraphs (1), (2), (4) through (8), and (10) through (17)).

(22) A decision provided for in paragraph (19) becomes effective through the service of an electronic or magnetic record related to the decision on the respondent.

(23) Notwithstanding the provisions of the preceding paragraph, if, at the time of the decision referred to in paragraph (1) (limited to a decision connected with Article 178, paragraph (1), item (iv) or (xi)) or a decision as referred to in paragraph (6), paragraph (7), paragraph (10), paragraph (11), paragraph (14) (but only if the Prime Minister finds a fact set forth in Article 178, paragraph (1), item (iv) or (xi) to have occurred), or paragraph (15) (but only if the Prime Minister finds a fact set forth in Article 178, paragraph (1), item (iv) or (xi) to have occurred), prosecution has been instituted for the same case and that case is still pending before the court, the decision comes into effect once the judicial decision in that case becomes final and binding; provided, however, that if the final and binding judicial decision in that case imposes a fine on the person subject to the decision, the decision comes into effect once an electronic or magnetic recordconcerning a disposition for changes under the provisions of paragraph (6) of the following Article is served.

(24) Notwithstanding the provisions of paragraph (22), if, at the time of the

decision referred to in paragraph (1) (limited to a decision connected with any of Article 178, paragraph (1), items (xii) through (xvi)), paragraph (14) (but only if the Prime Minister finds a fact set forth in any of Article 178, paragraph (1), items (xii) through (xvi) to have occurred) and paragraph (15) (but only if the Prime Minister finds a fact set forth in any of Article 178, paragraph (1), items (xii) through (xvi) to have occurred), prosecution has been instituted for the same case and that case is still pending before the court, the decision comes into effect once the judicial decision in that case becomes final and binding; provided, however, that if the final and binding judicial decision in that case imposes the confiscation of the properties set forth in the items of Article 198-2, paragraph (1) or the collection of the value of the properties set forth in the items of Article 198-2, paragraph (1) against the person subject to the decision, the decision comes into effect once an electronic or magnetic recordthe following Article is served.

(25) The provisions of the main clause of paragraph (21) and the main clause of the preceding paragraph do not apply if an electronic or magnetic recordin respect of the decision referred to in paragraphs (1), (6), (7), (10) (11), (14) or (15) is not served as of the time the judicial decision in the same case becomes final and binding.

(26) The provisions of the proviso to paragraph (23) do not apply if an electronic or magnetic recordin respect of the decision referred to in paragraph (1) (limited to a decision connected with Article 178, paragraph (1), item (iv) or (xi)), paragraph (6), paragraph (7), paragraph (10), paragraph (11), paragraph (14) (but only if the Prime Minister finds a fact set forth in Article 178, paragraph (1), item (iv) or (xi) to have occurred) or paragraph (15) (but only if the Prime Minister finds a fact set forth in Article 178, paragraph (1), item (iv) or (xi) to have occurred) is not served as of the time that an electronic or magnetic recordconcerning a disposition for changes under paragraph (6) of the following Article is served.

(27) The provisions of the proviso to paragraph (24) do not apply if an electronic or magnetic recordin respect of the decision referred to in paragraph (1) (limited to a decision connected with Article 178, paragraph (1), items (xii) through (xvi)), paragraph (14) (but only if the Prime Minister finds a fact set forth in any of Article 178, paragraph (1), items (xii) through (xvi) to have occurred), or paragraph (15) (but only if the Prime Minister finds a fact set forth in any of Article 178, paragraph (1), items (xii) through (xvi) to have occurred) is not served as of the time that an electronic or magnetic recordconcerning a disposition for changes under paragraph (7) of the following Article is served.

(28) Notwithstanding the provisions of paragraph (21), in the case referred to in the main clause of paragraph (23) or the main clause of paragraph (24), the due

date for the payment of an administrative monetary penalty is the day on which two months have elapsed since the day on which the judicial decision in the case becomes final and binding.

(29) Notwithstanding the provisions of paragraph (21), in the case referred to in the proviso to paragraph (23) or the proviso to paragraph (24), the due date for the payment of an administrative monetary penalty is the day on which two months have elapsed since the day on which the document under Article 185-10-2 is issued or the notification under the main clause of Article 190-2, paragraph (1) of the Code of Civil Procedure as applied mutatis mutandis pursuant to Article 185-10 is issued in respect of the electronic or magnetic recordrecord concerning a disposition for changes under the provisions of paragraph (6) or (7) of the following Article.

(30) If the amount of an administrative monetary penalty calculated pursuant to the provisions of paragraph (2), paragraphs (4) through (8), and paragraphs (10) through (16), includes an amount that is less than one yen, the amount is rounded down to the nearest one yen.

(31) The term "business year subject to disclosure" as used in paragraphs (4) through (7), and paragraphs (10) and (11) means the business year specified in the relevant of the following items for the category of documents or information set forth in that item:

(i) an annual securities report or accompanying document under Article 24, paragraph (1) or (3) (including as applied mutatis mutandis pursuant to paragraph (5) of that Article, and also including as applied mutatis mutandis pursuant to Article 27) or Article 24, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27), as well as under Article 7,paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27), or any amended report in connection with the same: the business year of the annual securities report or accompanying document;

(ii) a semiannual securities report under Article 24-5, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (3) of that Article, and also including as applied mutatis mutandis pursuant to Article 27), as well as under Article 7,paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-5, paragraph (5) (including as applied mutatis mutandis pursuant to Article 27) or any amended report in connection with the same: the business year that includes the period to which that semiannual securities report pertains;

(iii) an extraordinary report under Article 24-5, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27), as well as under Article 7,paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1) as

applied mutatis mutandis pursuant to Article 24-5, paragraph (5) (including as applied mutatis mutandis pursuant to Article 27) or any amended report in connection with the same: the business year that includes the day on which the extraordinary report was submitted; and

(iv) the information on the issuer or any amended information on the issuer in connection with the same: the business year for the relevant information on the issuer.

(Suspension of the Validity of a Decision)

Article 185-8 (1) If, after the decision referred to in paragraph (1) of the preceding Article (limited to a decision connected with Article 178, paragraph (1), item (iv) or (xi), or items (xii) through (xvi); hereinafter the same applies in paragraphs (4), (5), (8), and (11)) or the decision referred to in Article 185-7, paragraph (6), (7), (10), (11), or (14) (but only if the Prime Minister finds a fact set forth in Article 178, paragraph (1), item (iv), (xi), or (xvi) to have occurred; the same applies in paragraphs (4), (5), (8), and (11) of this Article), or Article 185-7, paragraph (15) (but only if the Prime Minister finds a fact set forth in Article 178, paragraph (1), item (iv) or (xi), or items (xii) through (xvi) to have occurred; the same applies in paragraphs (4), (5), (8), and (11) of this Article) is reached and before the due date for payment in connection with that decision, prosecution is instituted against the person subject to that decision in connection with the same case, the Prime Minister must suspend the validity of the decision until the judicial decision in the same case becomes final and binding; provided, however, that this does not apply if the administrative monetary penalty under that decision has already been paid in full.

(2) If the validity of the decision referred to in paragraph (1) of the preceding paragraph (limited to a decision connected with Article 178, paragraph (1), item (iv) or (xi); hereinafter the same applies in paragraph (6)) or the validity of the decision referred to in Article 185-7, paragraph (6), (7), (10), (11), or (14) (but only if the Prime Minister finds a fact set forth in Article 178, paragraph (1), item (iv) or (xi) to have occurred; the same applies in paragraph (6) of this Article), or Article 185-7, paragraph (15) (but only if the Prime Minister finds a fact set forth in Article 178, paragraph (1), item (iv) or (xi) to have occurred; the same applies in paragraph (6) of this Article) is suspended pursuant to the main clause of the preceding paragraph, and the final and binding judicial decision in the case imposes a fine on the person subject to that decision, the Prime Minister must suspend the validity of the decision until an electronic or magnetic record concerningdisposition for changes under paragraph (6) is served.

(3) If the validity of the decision referred to in Article 185-7, paragraph (1) (limited to a decision connected with any of Article 178, paragraph (1), items

(xii) through (xvi); the same applies in paragraph (7) of this Article), Article 185-7, paragraph (14) (but only if the Prime Minister finds a fact set forth in any of Article 178, paragraph (1), items (xii) through (xvi) to have occurred; the same applies paragraph (7) of this Article), or Article 185-7, paragraph (15) (but only if the Prime Minister finds a fact set forth in any of Article 178, paragraph (1), items (xii) through (xvi) to have occurred; the same applies in paragraph (7) of this Article) is suspended pursuant to the main clause of paragraph (1), and the final and binding judicial decision in the case imposes a confiscation of the properties set forth in the items of Article 198-2, paragraph (1) or the collection of the value of the properties set forth in the items of Article 198-2, paragraph (1) against the person subject to the decision, the Prime Minister must suspend the validity of the decision until an electronic or magnetic record concerningdisposition for changes under paragraph (7) is served.

(4) Notwithstanding the provisions of paragraph (21) of the preceding Article, if the validity of the decision referred to in paragraph (1), (6), (7), (10), (11), (14) or (15) of that Article is suspended pursuant to the provisions of paragraph (1), the due date for the administrative monetary penalty payment is the day on which two months have elapsed since the day that the judicial decision in the case becomes final and binding.

(5) Notwithstanding the provisions of paragraph (21) of the preceding Article and the preceding paragraph, if the validity of the decision referred to in paragraph (1), (6), (7), (10), (11), (14) or (15) of that Article is suspended pursuant to the provisions of paragraph (2) or (3) of this Article, the due date for the administrative monetary penalty payment is the day on which two months have elapsed since the day that the document under Article 185-10-2 is issued or the notification under the main clause of Article 190-2, paragraph (1) of the Code of Civil Procedure as applied mutatis mutandis pursuant to Article 185-10 is issued in respect of the electronic or magnetic record concerning a disposition for changes under the following paragraph or paragraph (7).

(6) After the issuance of the decision referred to in paragraph (1) of the preceding Article or the decision referred to in paragraph (6), (7), (10), (11), (14) or (15) of that Article, if a final and binding judicial decision in the same case imposes a fine on the person subject to the decision, the Prime Minister must change the amount of the administrative monetary penalty subject to the decision, from the amount under those provisions to the amount equivalent to what is arrived at when the amount set forth in item (ii) is deducted from the amount set forth in item (i), and the difference is divided proportionally in parallel to the amount of the administrative monetary penalty subject to the decision, pursuant to the provisions of Cabinet Office Order; provided however, that this does not apply unless the amount set forth in item (i) exceeds the amount set

forth in item (ii):

(i) the sum of the amounts of the administrative monetary penalty subject to the relevant decisions;

(ii) the amount of the fine.

(7) After the decision referred to in paragraph (1), (14), or (15) of the preceding Article, if the final and binding judicial decision in the same case imposes a confiscation of the properties set forth in the items of Article 198-2, paragraph (1) or the collection of the value of the properties set forth in the items of Article 198-2, paragraph (1) against the person subject to the decision, the Prime Minister must change the amount of the administrative monetary penalty subject to the decision referred to in paragraph (1), (14), or (15) of the preceding Article, to the amount arrived at when the amount set forth in item (ii) is deducted from the amount set forth in item (i); provided, however, this does not apply unless the amount set forth in item (i) exceeds the amount set forth in item (ii):

(i) the amount specified in the provisions of Article 173, paragraph (1), Article 174, paragraph (1), Article 174-2, paragraph (1), Article 174-3, paragraph (1), Article 175, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (9) of that Article) or paragraph (2) of that Article, or Article 185-7, paragraph (14) or (15);

(ii) the amount equivalent to the properties set forth in the items of Article 198-2, paragraph (1) whose confiscation is ordered in the judicial decision, or the amount equivalent to the values of the properties set forth in the items of Article 198-2, paragraph (1) whose collection is ordered in the judicial decision (if both the confiscation of the properties set forth in the items of Article 198-2, paragraph (1) and the collection of the value of the properties set forth in the items of Article 198-2, paragraph (1) are ordered in the judicial decision, this means the sum total of the amount equivalent to the properties set forth in the items of Article 198-2, paragraph (1) whose confiscation is ordered in the judicial decision and the amount equivalent to the values of the properties set forth in the items of Article 198-2, paragraph (1) whose collection is ordered in the judicial decision).

(8) In a case as referred to in the proviso to paragraph (6) or the proviso to the preceding paragraph, the Prime Minister must rescind the decision referred to in paragraph (1), (6), (7),(10), (11), (14) or (15) of the preceding Article.

(9) If the Prime Minister makes aa disposition for changes under paragraph (6) or (7), the Prime Minister must record the electronic or magnetic record of the disposition into a file, pursuant to the provisions of Cabinet Office OrderOrder.

(10) A disposition for changes under paragraph (6) or (7) becomes effective through the service of an electronic or magnetic record concerning that disposition.

(11) Prescription of a claim involving an administrative monetary penalty does not run while the validity of the decision referred to in paragraph (1), paragraph (6), paragraph (7), paragraph (10), paragraph (11), paragraph (14), or paragraph (15) of the preceding Article is suspended pursuant to the provisions of paragraphs (1) through (3).
(12) If the amount of an administrative monetary penalty calculated pursuant to the provisions of paragraph (6) includes an amount that is less than one yen, the amount is rounded down to the nearest one yen.

(Documents to Be Served)
Article 185-9 The documents or electronic or magnetic records that are required to be served other than those prescribed in this section are specified by Cabinet Office Order.

(Application, Mutatis Mutandis of Provisions of the Code of Civil Procedure Concerning Service)
Article 185-10 The provisions of Articles 99 through 101, and Articles 102-2 through 109-44 of the Code of Civil Procedure apply mutatis mutandis to the service of documents. In this case, in these provisions, the phrase "the court in charge of the case" is deemed to be replaced with "the Prime Minister or a trial examiner"; in Article 100, paragraph (1) of that Code, the term "the court" is deemed to be replaced with "the Prime Minister or a trial examiner"; in Article 100, paragraph (2) of that Code, the phrase "the Rules of the Supreme Court" is deemed to be replaced with "Cabinet Office Order", the term "files" is deemed to be replaced with "files (meaning the files as defined in Article 179, paragraph (1) of the Financial Instruments and Exchange Act; the same applies in Article 109)", and the phrase "paper document referred to in that paragraph" is deemed to be replaced with "paper document referred to in the preceding paragraph"; in Article 101, paragraph (1) in that Code, the term "a court enforcement officer" is deemed to be replaced with "an official carrying out clerical work relating to trial procedures"; in Article 104, paragraph (1) of that Code, the phrase "party, statutory agent, or litigation representative" is deemed to be replaced with "respondent or representative; in Article 107, paragraph (1) of that Code, the term "the court clerk" is deemed to be replaced with "an official carrying out clerical work relating to trial procedures"; in item (iii) of that paragraph, the term "case record" (meaning record for litigation) is deemed to be replaced with "case record"(meaning record for a case); in Article 108 of that Code, the term "presiding judge" is deemed to be replaced with "Prime Minister or the chief trial examiner (or the trial examiner, if the proviso to Article 180, paragraph (1) of the Financial Instruments and Exchange Act applies)"; in Article 109-2, paragraphs (1) and (2) and Article

109-3, paragraph (1), item (i) of that Code, the phrase "the Rules of the Supreme Court" is deemed to be replaced with "Cabinet Office Order"; and in Article 109-4, paragraph (1) of that Code, the phrase "person stated in the items of Article 132-11, paragraph (1)" is deemed to be replaced with "representative (limited to one that is an attorney-at-law, legal professional corporation, or attorney-at-law and registered foreign lawyer joint corporation)", and the phrase "to Article 109-2, paragraph (1)" is deemed to be replaced with "to that paragraph".

(Special Provisions on the Service of Electronic or Magnetic Record of Decision of Administrative Monetary Penalty Payment Order)

Article 185-10-2 Notwithstanding the provisions of Article 109 of the Code of Civil Procedure as applied mutatis mutandis pursuant to the preceding Article, service under Article 185-7, paragraph (22) and Article 185-8, paragraph (10) is effected by means of a document in which the particulars recorded in an electronic or magnetic record of the decision under Article 185-7, paragraph (19) or electronic or magnetic record of a disposition for changes under Article 185-8, paragraph (6) or (7) are stated and for which an officer carrying out clerical work relating to trial procedures has certified that the content of that document is identical with the particulars recorded in these electronic or magnetic records through a means specified by Cabinet Office Order, or by the method under the main clause of Article 109-2, paragraph (1) of that Code as applied mutatis mutandis pursuant to the preceding Article (limited to the case where the service may be effected under Article 109-2, paragraph (1) of that Code).

(Service by Publication)

Article 185-11 (1) The Prime Minister or a trial examiner may make service by publication in the following cases:

(i) the domicile or residence of the person to be served, or the place where to serve is unknown (unless the service may be effected pursuant to Article 109-2, paragraph (1) of the Code of Civil Procedure as applied mutatis mutandis pursuant to Article 185-10);

(ii) it is not possible to make the service pursuant the provisions of Article 107, paragraph (1) of the Code of Civil Procedure as applied mutatis mutandis pursuant to Article 185-10;

(iii) with regard to service of a document that must be made in a foreign country, it is not possible to make the service through the means prescribed in Article 108 of the Code of Civil Procedure as applied mutatis mutandis pursuant to Article 185-10, or in a case that is found not possible to make the service even through those means; or

(iv) even after six months have elapsed since the competent government agency of a foreign country is issued a request to make the service pursuant to the provisions of Article 108 of the Code of Civil Procedure as applied mutatis mutandis pursuant to Article 185-10, a document certifying that the agency has made the service have not been sent.

(2) Service by publication is effected by taking measures that will enable a large, non-exclusive group of persons to inspect the information that the following items prescribe for the categories stated in those items by the means specified by Cabinet Office Order and posting a paper document giving that information at the posting area for the Financial Service Agency, or by taking measures that will make it possible to inspect that information on the screen display of a computer located at the Financial Service Agency:

(i) serviceis of documents by publication: that an official carrying out clerical work relating to trial procedures retains the documents to be served and will deliver them to the person that is to be served with them at any time; and

(ii) service of electronic or magnetic records by publication: that, in connection with the particulars recorded in the electronic or magnetic record to be served, an official carrying out clerical work relating to trial procedures will deliver the paper documents under Article 109 of the Code of Civil Procedure as applied mutatis mutandis pursuant to Article 185-10 or the paper documents under the preceding Article to the person to be served or will take the measures prescribed in the main clause of Article 109-2, paragraph (1) of that Code as applied mutatis mutandis pursuant to Article 185-10 and issue a notice under the main clause of that paragraph, at any time.

(3) Service by publication becomes effective after two weeks have elapsed from the day on which the measures under the provisions of the preceding paragraph were commencedcommenced.

(4) For service by publication in respect of service that must be made in a foreign country, the period referred to in the preceding paragraph is six weeks.

(Inspection of Case Records)

Article 185-12 (1) After a decision to commence trial procedures is issued, an interested party may file a request with the Prime Minister to inspect or copy the hard-copy case records (meaning the portion of a case record excluding the electronic or magnetic case record prescribed in item (i) of the following paragraph).)

(2) After a decision to commence trial procedures is issued, an interested party may file a request with the Prime Minister for any of the following acts, pursuant to the provisions of Cabinet Office Order:

(i) to inspect the content of an electronic or magnetic case record (meaning the portion of a case record relating to particulars recorded into a file pursuant

to this Act or other laws and regulations; the same applies in the following item), displayed in a manner prescribed by Cabinet Office Order;

(ii) to copy particulars recorded in an electronic or magnetic case record by using an electronic data processing system specified by Cabinet Office Order to record them in a file stored on the computer that the party is using, or by any other method specified by Cabinet Office Order; and

(iii) to be delivered a paper document in which the whole or part of the particulars recorded in an electronic or magnetic record of the decision prescribed in Article 185-7, paragraph (19) is stated and for which an officer carrying out clerical work relating to trial procedures has certified that the content of that document is identical with these particulars through a means specified by Cabinet Office Order, or to be provided with an electronic or magnetic record in which the whole or part of the particulars recorded in an electronic or magnetic record of the decision prescribed in that paragraph is recorded and for which an officer carrying out clerical work relating to trial procedures has certified that the content of that electronic or magnetic record is identical with these particulars through a means specified by Cabinet Office Order, by using an electronic data processing system specified by Cabinet Office Order to record it in a file stored on the computer that the party is using, or by any other method specified by Cabinet Office Order.

(3) If a request is filed under the preceding two paragraphs, the Prime Minister may not refuse the request, unless the relevant act requested would be detrimental to the interests of a third party or unless there are any other legitimate grounds for refusal.

(Application, Mutatis Mutandis of Provisions of the Code of Civil Procedure Concerning Motions)

Article 185-13 The provisions of Article 132-10, Article 132-11 (excluding the items of paragraph (1)), Article 132-12 (excluding the items of paragraph (1)), and Article 132-13 (excluding the items) of the Code of Civil Procedure apply mutatis mutandis to motions and other statements in trial procedures. In this case, in these provisions, the phrase "proceedings for a civil action" is deemed to be replaced with "trial procedures", the phrase "the Rules of the Supreme Court" is deemed to be replaced with "Cabinet Office Order", the phrase "the court clerk" is deemed to be replaced with "an official carrying out clerical work relating to trial procedures", and the phrase "the particular... (excluding the particular specified in the following items in the cases stated in those items)" is deemed to be replaced with "the particular..."; in Article 132-10, paragraph (1) of that Code, the phrase "with the court" is deemed to be replaced with "with the Prime Minister or a trial examiner", the phrase "the court's presiding judge, authorized judge, commissioned judge, or court clerk" is deemed to be

replaced with "an official carrying out clerical work relating to trial procedures", and the term "files" is deemed to be replaced with "files (meaning the files prescribed in Article 179, paragraph (1) of the Financial Instruments and Exchange Act; hereinafter the same applies in this Chapter)"; in Article 132-10, paragraph (3) of that Code, the phrase "the court" is deemed to be replaced with "the Prime Minister or a trial examiner"; in Article 132-11, paragraph (1) of that Code, the phrase "A person as stated in one of the following items" is deemed to be replaced with "A representative (limited to one that is an attorney-at-law, legal professional corporation, or attorney-at-law and registered foreign lawyer joint corporation; the same applies in the following paragraph and paragraph (3))", and the phrase "motions and statements in a case as provided in that item" is deemed to be replaced with "motions and statements"; the phrase "The persons stated in the items of the preceding paragraph" in Article 132-11, paragraph (2) of that Code and the phrase "a person stated in an item of that paragraph" in paragraph (3) of that Article is deemed to be replaced with "the representative"; in Article 132-11, paragraph (3) of that Code, the phrase "the court" is deemed to be replaced with "the Cabinet Office"; and in Article 132-13 of that Code, the phrase "to the court" is deemed to be replaced with "to the Prime Minister of a trial examiner".

(Demand for Payment)

Article 185-14 (1) If a person fails to pay an administrative monetary penalty by the due date of payment, the Prime Minister must demand payment of the administrative monetary penalty by designating a deadline in the written demand.

(2) If the Prime Minister makes the demand for payment under the provisions of the preceding paragraph, the Prime Minister may collect a delinquent charge at a rate of 14.5 percent per annum accrued on the amount of the administrative monetary penalty referred to in that paragraph, calculated based on the number of days from the day after the due date of payment to the day on which the administrative monetary penalty is paid; provided, however, that this does not apply if the amount of the delinquent charge is less than one thousand yen.

(3) If the amount of the delinquent charge calculated pursuant to the provisions of the preceding paragraph includes an amount that is less than one hundred yen, the amount is rounded down to the nearest hundred yen.

(Execution of an Administrative Monetary Penalty Payment Order)

Article 185-15 (1) If a person that is issued a demand pursuant to paragraph (1) of the preceding Article fails to pay the amount that person is required to pay

by the designated due date, a decision under Article 185-7, paragraphs (1), (2), (4) through (8), and (10) through (17) (including a decision following a modification under Article 185-8, paragraph (6) or (7); hereinafter referred to as an "administrative monetary penalty payment order" in this Article and the following Article) is executed by order of the Prime Minister. This order has the same effect as that of an enforceable title of obligation.

(2) An administrative monetary penalty payment order is executed in accordance with the provisions of the Civil Execution Act (Act No. 4 of 1979) and other laws and regulations on enforcement proceedings.

(3) If the Prime Minister finds it to be necessary for executing an administrative monetary penaltypenalty payment order, the Prime Minister may make inquiries to public offices or public and private organizations, and request them to report necessary particulars.

(Claim for an Administrative Monetary Penalty)

Article 185-16 In applying the provisions of the Bankruptcy Act, the Civil Rehabilitation Act, the Corporate Reorganization Act, and the Act on Special Measures for the Reorganization Proceedings of Financial Institutions, a claim for an administrative monetary penalty under an administrative monetary penalty payment order or a claim for delinquent charges under the provisions of Article 185-14, paragraph (2) is deemed to be a claim for a civil fine.

(Delegation to Cabinet Office Order)

Article 185-17 Beyond what is provided for in this Section, necessary particulars relevant to trial procedures are specified by Cabinet Office Order.

Section 3 Litigation

Article 185-18 (1) An action to rescind a decision under Article 185-7, paragraphs (1), (2), (4) through (8), and (10) through (177) must be filed within 30 days from the day on which the decision becomes valid.

(2) The period set forth in the preceding paragraph is a peremptory term.

Section 4 Miscellaneous Provisions

(Request for Travel Expenses by Witnesses)

Article 185-19 A witness or expert that is ordered to appear or to present an expert opinion pursuant to the provisions of Article 177, paragraph (1), item (i) or Article 185, paragraph (1) or Article 185-4, paragraph (1) may request travel expenses and an allowance, pursuant to the provisions of Cabinet Order.

(Exclusion from Application of the Administrative Procedure Act)

Article 185-20 The provisions of Chapter II and Chapter III of the Administrative Procedure Act do not apply to a decision or other disposition that the Prime Minister renders pursuant to the provisions of Section 1 or Section 2 (including a disposition that a trial examiner renders pursuant to the provisions of those Sections).

(Requests for Review)

Article 185-21 A request for review may not be filed against a decision or other disposition that the Prime Minister renders pursuant to the provisions of Section 1 or Section 2 (including a disposition that a trial examiner reaches pursuant to the provisions of those Sections) or against the inaction of the disposition.

Chapter VI-3 Regulations on Transactions of Cryptoassets

(Prohibition of Wrongful Acts)

Article 185-22 (1) It is prohibited for any person to engage in the following acts:

(i) using wrongful means, schemes, or techniques in a purchase and sale (excluding one that falls under the category of a derivatives transaction; hereinafter the same applies in this Chapter and Article 197, paragraph (2), item (ii)) or other transaction of cryptoassets or in a derivatives transaction, etc. (limited to one involving a crypto-and other asset or a financial index (limited to the price or interest rate, etc. of a crypto-and other asset or a numerical value calculated based on any of these); referred to as a "cryptoasset-related financial index" in paragraph (1) of the following Article and Article 185-24, paragraph (1); hereinafter referred to as a "cryptoasset-related derivatives transaction, etc." in this Article, the following Article, and in that item);

(ii) acquiring money or other property through the use of a document, or by giving any other indication, that contains a false indication about a material particular or that lacks an indication of a material particular that is necessary to prevent it from being misleading, with regard to the purchase and sale or other transaction of crypto-and other assets or a cryptoasset-related derivatives transaction, etc.; or

(iii) using false quotations in order to induce a purchase and sale or other transaction of crypto-and other assets or a cryptoasset-related derivatives transaction, etc.

(2) The provisions of Article 157 do not apply to a cryptoasset-related derivatives transaction, etc.

(Prohibition on Spreading Rumors, Using Fraudulent Means, Committing Assault, and Using Intimidation)

Article 185-23 (1) It is prohibited for any person to spread rumors, to use fraudulent means, to commit assault, or to use intimidation for the purpose of conducting a purchase and sale or other transaction of crypto-and other assets or a cryptoasset-related derivatives transaction, etc. or for the purpose of causing a fluctuation in the market price of a crypto-and other asset, etc. (meaning a crypto-and other asset or option (limited to one involving a crypto-and other asset or a cryptoasset-related financial indicator; referred to as a "cryptoasset-related option" in paragraph (1), item (iii) of the following Article), or a cryptoasset-related financial index that is connected with a derivatives transaction; the same applies in the following paragraph, paragraph (2), items (i) and (ii) of that Article, and Article 197, paragraph (2), item (ii)).

(2) The provisions of Article 158 do not apply to cryptoasset-related derivatives transactions, etc. and to crypto-and other assets, etc.

(Prohibition on Market Manipulation)

Article 185-24 (1) It is prohibited for any person to engage in one of the following acts with the aim of misleading others into believing that purchase and sales of a crypto-and other asset, market derivatives transactions (limited to those involving crypto-and other assets or a cryptoasset-related financial index; hereinafter referred to as "cryptoasset-related market derivatives transactions" in this Article), or over-the-counter derivatives transactions (limited to those involving crypto-and other assets or a cryptoasset-related financial index; hereinafter referred to as "cryptoasset-related over-the-counter derivatives transactions" in this Article) are thriving, or otherwise misleading others about the state of those transactions:

(i) conducting a false purchase and sale of crypto-and other assets, a false cryptoasset-related market derivatives transaction (limited to one specified in Article 2, paragraph (21), item (i)), or a false cryptoasset-related cover-the-counter derivatives transaction (limited to one specified in Article 2, paragraph (22), item (i)) without the intent to transfer the rights;

(ii) conducting a false cryptoasset-related market derivatives transaction (limited to one specified in Article 2, paragraph (21), item (ii), (iv), or (v)) or a false cryptoasset-related over-the-counter derivatives transaction (limited to one specified in Article 2, paragraph (22), item (ii), (v), or (vi)) without the intent to pay or receive money;

(iii) conducting a false cryptoasset-related market derivatives transaction (limited to one specified in Article 2, paragraph (21), item (iii)) or a false cryptoasset-related over-the-counter derivatives transaction (limited to one specified in Article 2, paragraph (22), item (iii) or (iv)) without the intent to

grant or acquire the cryptoasset-related options;

(iv) selling crypto-and other assets after colluding in advance with another party that promises to purchase the crypto-and other assets at the same price and around the same time as the sale;

(v) purchasing crypto-and other assets after colluding in advance with another party that promises to sell the crypto-and other assets at the same price and around the same time as the purchase;

(vi) making an offer in connection with a cryptoasset-related market derivatives transaction (limited to one set forth in Article 2, paragraph (21), item (ii)) or a cryptoasset-related over-the-counter derivatives transaction (limited to one set forth in paragraph (22), item (ii) of that Article) after colluding in advance with another party that promises to become the other party to the transaction at around the same time as the offer and at the same agreed figure as in the offered transaction;

(vii) making an offer in connection with a cryptoasset-related market derivatives transaction (limited to one set forth in Article 2, paragraph (21), item (iii)) or a cryptoasset-related over-the-counter derivatives transaction (limited to one set forth in paragraph (22), item (iii) or (iv) of that Article) after colluding in advance with another party that promises to become the other party to the transaction at around the same time as the offer and for the same amount of consideration as in the offered transaction;

(viii) making an offer in connection with a cryptoasset-related market derivatives transaction (limited to one set forth in Article 2, paragraph (21), item (iv) or (v)) or cryptoasset-related over-the-counter derivatives transaction (limited to one set forth in paragraph (22), item (v) or (vi) of that Article) after colluding in advance with another party that promises to become the other party to the transaction at around the same time as the offer and with the same conditions as in the offered transaction; or

(ix) entrusting, etc. a person, etc. with an act set forth in the preceding items or becoming entrusted, etc. with such an act.

(2) It is prohibited for any person to perform one of the following acts (in the case of the acts set forth in items (i) and (ii), excluding acts specified by Cabinet Office Order as those that are found to have little likelihood of resulting in insufficient investor protection or harm the fairness of transactions) for the purpose of inducing a purchase and sale of crypto-and other assets, cryptoasset-related market derivatives transaction, or cryptoasset-related over-the-counter derivatives transaction (hereinafter referred to a "purchase and sale of crypto-and other assets, etc." in items (i) and (iii)):

(i) making a series of purchase and sales of crypto-and other assets, etc. that are likely to mislead a person into believing that purchase and sales of crypto-and other assets, etc. are thriving or to cause fluctuations in market

prices of crypto-and other assets, etc.; offering to conduct such transactions; entrusting, etc. a person with conducting such transactions; or becoming entrusted, etc. with conducting such transactions;

(ii) spreading a rumor that market prices of crypto-and other assets, etc. will fluctuate due to one's own or another party's market manipulation; or

(iii) intentionally making a false representation regarding a material particular or a representation that causes a person to misunderstand something, in conducting a purchase and sale of crypto-and other assets, etc.

(3) The provisions of Article 159 do not apply to a cryptoasset-related market derivatives transaction, a cryptoasset-related over-the-counter derivatives transaction, or an act of offering to conduct such transactions, entrusting, etc. a person with conducting such transactions, or becoming entrusted, etc. with conducting such transactions.

Chapter VII Miscellaneous Provisions

(Procedures of Hearings)

Article 186 (1) If the Prime Minister or the Prime Minister and the Minister of Finance seek to have relevant officials conduct a hearing pursuant to the provisions of this Act, but the person subject to the hearing fails to comply without just cause for doing so, the Prime Minister or the Prime Minister and the Minister of Finance may issue the disposition prescribed in the relevant provisions without having the hearing conducted.

(2) When the Prime Minister or the Prime Minister and the Minister of Finance issue a notice to a person to which they seek to have the relevant officials conduct a hearing, the Prime Minister or the Prime Minister and the Minister of Finance must expressly indicate the subject matter and date of the hearing in that notice.

(3) Hearings are opened to the public; provided, however, that this does not apply if the person subject to the hearing requests that the hearing be closed to the public (but only if it is found that there are reasonable grounds for closing the hearing to the public), or if this is found to be necessary in the public interest.

(4) When the Prime Minister or the Prime Minister and the Minister of Finance have the relevant officials conduct a hearing pursuant to the provisions of this Act, the Prime Minister or the Prime Minister and the Minister of Finance must create a record of this and preserve the record for 10 years.

(Opening Hearings to the Public)

Article 186-2 Hearings involving a disposition under the provisions of this Act are opened to the public; provided, however, that this does not apply if the person subject to the hearing requests that the hearing be closed to the public

(but only if it is found that there are reasonable grounds for closing the hearing to the public), or if this is found to be necessary in the public interest.

(Dispositions for Investigations Involving Hearings)

Article 187 (1) The Prime Minister or the Prime Minister and the Minister of Finance may have the relevant officials render the following dispositions for the purpose of conducting the investigations necessary for a hearing under the provisions of this Act, a hearing involving a disposition under the provisions of this Act, or a petition under the provisions of Article 192:

(i) ordering a person concerned or a witness to appear and hear that person's opinion, or having the person submit a written opinion or a written report;

(ii) ordering an expert to appear and have the expert present an expert opinion;

(iii) ordering a person concerned to submit books, documents, and any other articles, or retaining submitted articles; and

(iv) inspecting the state of the business or assets, or the books, documents, and any other articles, of a person concerned.

(2) The Prime Minister or the Prime Minister and Minister of Finance may make inquiries to public offices or public or private organizations and request them to report necessary particulars with regard to the investigation under the preceding paragraph.

(Obligation to Prepare, Preserve, and Report Documents Related to the Business of Financial Instruments Business Operators)

Article 188 Except as otherwise prescribed in this Act, a financial instruments business operator, etc., designated parent company, notifier of specially permitted services, notifier of specially permitted services for foreign investors, etc., financial instruments intermediary service provider, credit rating agency, high-speed trader, investment management-related service entrusted business operator, authorized financial instruments firms association, certified financial instruments business association under Article 78, paragraph (2), investor protection fund, financial instruments exchange or its member, etc., a self-regulatory organization under Article 85, paragraph (1), financial instruments exchange holding company, foreign financial instruments exchange or the participant of a foreign financial instruments exchange, a financial instruments clearing organization or its clearing member, a foreign financial instruments clearing organization or its clearing member, a securities finance company, designated dispute resolution organization provided for in Article 156-38, paragraph (1), trade repository, or specified financial index administrator must prepare and preserve the books, statements, correspondences, payment slips, and other documents concerning theirtheir business, or submit report on their business, pursuant to the provisions of

Cabinet Office Order (or, with regard to an investor protection fund, pursuant to the provisions of Cabinet Office Order and Ministry of Finance Order).

(Providing Investigatory Cooperation to a Foreign Regulatory Authority for Financial Instruments)

Article 189 (1) If the Prime Minister receives a request for cooperation from the foreign authority that is responsible for the enforcement of a foreign law or regulation that is equivalent to this Act (hereinafter referred to as a "foreign regulatory authority for financial instruments" in this Article) concerning an administrative investigation it conducts in order to enforce the laws and regulations under its jurisdiction, and the Prime Minister finds it to be appropriate to accommodate the request, the Prime Minister may order a person conducting a purchase and sale or other transaction of securities or a derivatives transaction with a person residing in the foreign country, or any other concerned party or witness, to report or submit materials that should serve as a reference, to the extent that is necessary and appropriate for accommodating the request.

(2) The Prime Minister may not make the disposition referred to in the preceding paragraph in a case that falls under any of the following items:

(i) the foreign regulatory authority for financial instruments has not given its assurance that the authority will accommodate similar requests from Japan;

(ii) it is found that if the disposition is made based on the request by the foreign regulatory authority for financial instruments, it is likely to have an adverse material impact on the capital market or to otherwise be detrimental to Japan's national interests; or

(iii) it is found that there is a risk of the report or materials submitted pursuant to the disposition under the preceding paragraph being used at the foreign regulatory authority for financial instruments other than for a purpose that contributes to the execution of its duties.

(3) If the request for cooperation referred to in paragraph (1) is made for the purpose of an administrative disposition (limited to one that restricts the right of the person subject to the disposition or that imposes a duty on that person) by the foreign regulatory authority for financial instruments based on a foreign law or regulation that is equivalent to this Act, the Prime Minister is to consult with the Minister of Foreign Affairs before accommodating the request.

(4) Appropriate measures must be taken in respect of a report or materials submitted pursuant to a disposition under paragraph (1), to ensure that they will not be used for criminal proceedings conducted by a court or a judge in a foreign country.

(5) Necessary particulars relevant to the application of the provisions of the preceding paragraphs are specified by Cabinet Order.

(Carrying of Identification Cards by Inspection Officials)

Article 190 (1) A trial examiner or official that conducts an inspection pursuant to the provisions of Article 26, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); Article 27-22, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) or paragraph (2) of that Article; Article 27-30, paragraph (1); Article 27-35, paragraph (1); Article 27-37, paragraph (1); Article 56-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 65-3, paragraph (3)); Article 56-2, paragraphs (2) through (4); Article 57-10, paragraph (1); Article 57-23; Article 57-26, paragraph (2); Article 60-11 (including as applied mutatis mutandis pursuant to Article 60-12, paragraph (3) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)) and Article 60-14, paragraph (2)); Article 63-6 (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)); Article 63-14 (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)); Article 66-22; Article 66-45, paragraph (1); Article 66-67; Article 66-88; Article 75; Article 79-4; Article 79-77; Article 103-4; Article 106-6, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (2) of that Article); Article 106-16; Article 106-20, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (2) of that Article); Article 106-27 (including as applied mutatis mutandis pursuant to Article 109); Article 151 (including as applied mutatis mutandis pursuant to Article 153-4); Article 155-9; Article 156-5-4; Article 156-5-8; Article 156-15; Article 156-20-12; Article 156-34; Article 156-58; Article 156-80; Article 156-89; Article 177, paragraph (1), item (iii); Article 185-5; or Article 187 paragraph (1), item (iv) must carry an identification card and present the card to the person subject to inspection.

(2) The authority for an inspection under any of the provisions specified in the preceding paragraph must not be interpreted as having been accorded for the purpose of a criminal investigation.

(Right to Request Expenses by a Witness or an Expert)

Article 191 A witness that is ordered to appear or an expert that is ordered to present an expert opinion pursuant to the provisions of Article 187 paragraph (1), item (i) or (ii) may request travel and other expenses pursuant to the provisions of Cabinet Office Order, or the provisions of Cabinet Office Order and Ministry of Finance Order.

(Prohibition Orders and Stay Orders Issued by the Court)

Article 192 (1) If the court finds that the case falls under any of the following items, it may issue an order against a person that has performed or is

attempting to perform the acts specified respectively in those items, prohibiting or staying that act, at the petition of the Prime Minister or at the petition of the Prime Minister and the Minister of Finance:

(i) there is urgent necessity and it is necessary and appropriate in the public interest and for the protection of investors: an act in violation of this Act or an order issued based on this Act; or

(ii) the business execution related to the business conducted by allocating the money (including anything specified by Cabinet Order as being similar to money) invested or contributed for the rights set forth in Article 2, paragraph (2), item (v) or (vi) or the rights set forth in item (vii) of that paragraph (limited to rights specified by Cabinet Order as having an economic nature similar to the rights set forth in item (v) or (vi) of that paragraph) is highly inappropriate and has actually caused or will obviously cause serious damage to the investors' interests, and there is an urgent need to prevent further damage to investors: the acts set forth in paragraph (8), items (vii) through (ix) of that Article related to these rights.

(2) A court may rescind or change an order issued pursuant to the provisions of preceding paragraph.

(3) The district court governing the domicile of the respondent or the place where the act prescribed in paragraph (1) was conducted or is to be conducted has jurisdiction over the cases referred to in the preceding two paragraphs.

(4) The judicial decisions referred to in paragraphs (1) and (2) are governed by the Non-Contentious Cases Procedure Act (Act No. 51 of 2011)

(Publication of Name of a Person That Has Committed an Act in Violation of a Law or Regulation)

Article 192-2 When the Prime Minister finds it necessary and appropriate for the public interest or protection of investors, the Prime Minister may, pursuant to the provisions of Cabinet Office Order, make public the name of a person that has committed an act in violation of this Act or orders issued under this Act (hereinafter referred to as an "act in violation of a law or regulation" in this Article) and other matters necessary for preventing the occurrence or spread of damage from the act in violation of a law or regulation or for ensuring fairness in transactions.

(Terms, Forms, and Preparation Methods for Financial Statements)

Article 193 A balance sheet, profit and loss statement, or other documents related to financial accounting submitted pursuant to the provisions of this Act must be prepared in conformity with the terms, forms, and preparation methods that the Prime Minister prescribes in Cabinet Office Order in accordance with the manner generally accepted as fair and proper.

(Audit Certification by a Certified Public Accountant or Audit Corporation)

Article 193-2 (1) A balance sheet, profit and loss statement, or other documents related to financial accounting specified by Cabinet Office Order, which is submitted pursuant to the provisions of this Act by a company issuing securities listed on a financial instruments exchange or any other person specified by Cabinet Order (the issuing company or person is referred to as the "specified issuer" in this paragraph and the following Article; and the document is referred to as a "documents on financial accounting" in paragraph (4) and the following Article) require an audit certification by a certified public accountant or audit corporation (if the specified issuer is a listed company, etc. prescribed in Article 34-34-2 of the Certified Public Accountants Act, it is limited to a certified public accountant or audit corporation registered under that Article) that has no special interest in the company or person; provided, however, that the above does not apply in the following cases:

(i) the issuer of the securities set forth in Article 2, paragraph (1), item (xvii) which have the nature of securities set forth in item (ix) of that paragraph or any other securities specified by Cabinet Order, receives certification that is found to be equivalent to audit certification as specified by Cabinet Office Order, from a foreign audit corporation, etc. (meaning a foreign audit corporation, etc. prescribed in Article 1-3, paragraph (7) of the Certified Public Accountants Act; the same applies in item (i) of the following paragraph and paragraph (3));

(ii) the issuer set forth in the preceding item receives certification that is found to be equivalent to audit certification as specified by Cabinet Office Order, from a person specified by Cabinet Office Order that is prescribed in the proviso to Article 34-35, paragraph (1) of the Certified Public Accountants Act;

(iii) the company or person obtains the approval of the Prime Minister as prescribed by Cabinet Office Order that, even if the company or person does not receive audit certification, this does not damage the public interest or result in insufficient investor protection.

(2) An internal control report that the company issuing securities listed on a financial instruments exchange or any other person specified by Cabinet Order (referred to as a "listed company, etc." in this paragraph) submits pursuant to the provisions of Article 24-4-4 must receive audit certification by a certified public accountant or an audit corporation (if the listed company, etc. is a listed company, etc. prescribed in Article 34-34-2 of the Certified Public Accountants Act, limited to a certified public accountant or audit corporation registered under that Article) that has no special interest in that company or person; provided, however, that this does not apply in the following cases:

(i) the issuer referred to in item (i) of the preceding paragraph receives certification that is found to be equivalent to audit certification as prescribed by Cabinet Office Order, from a foreign audit corporation, etc.;

(ii) the issuer set forth in the preceding item receives certification that is found to be equivalent to audit certification as prescribed by Cabinet Office Order, from a person that is specified by Cabinet Office Order that is prescribed in the proviso to Article 34-35, paragraph (1) of the Certified Public Accountants Act;

(iii) the company or person obtains the approval of the Prime Minister as prescribed by Cabinet Office Order that, even if the company or person does not receive audit certification, this does not damage the public interest or result in insufficient investor protection;

(iv) a listed company, etc. (limited to a listed company, etc. whose amount of capital or any other operational size falls short of the standard specified by Cabinet Office Order) submits an internal control report within the period from the day on which it first became the issuer of the securities set forth in Article 24, paragraph (1), item (i) or any other day specified by Cabinet Order to the day on which three years have elapsed since that day.

(3) The provisions of paragraph (1), item (i) and item (i) of the preceding paragraph do not apply if the fact that the foreign audit corporation, etc. prescribed in those provisions has failed to follow the instructions referred to in Article 34-38, paragraph (1) of the Certified Public Accountants Act has been publicized pursuant to the provisions of paragraph (2) of that Article, or the fact that the corporation has given a notification under Article 34-39, paragraph (1) of that Act has been publicized pursuant to the provisions of paragraph (2) of that Article (excluding a case in which the publicization under Article 34-38, paragraph (2) of that Act is made, in which the publicization under paragraph (3) of that Article has been made).

(4) The special interest referred to in paragraphs (1) and (2) means an interest from the relationship prescribed in Article 24 of the Certified Public Accountants Act (including as applied mutatis mutandis pursuant to Article 16-2, paragraph (6) of that Act), Article 24-2 of that Act (including as applied mutatis mutandis pursuant to Article 16-2, paragraph (6) of that Act), Article 24-3 of that Act (including as applied mutatis mutandis pursuant to Article 16-2, paragraph (6) of that Act), Article 34-11, paragraph (1), or Article 34-11-2, paragraph (1) or (2) of that Act, which a certified public accountant or audit corporation has to a person submitting a document on financial accounting or to a person submitting an internal control report; the relationship as a shareholder or an equity holder that a certified public accountant or audit corporation has to the person; or the relationship which a certified public accountant or audit corporation has in connection with such a person's

business or property accounting; which the Prime Minister specifies in Cabinet Office Order as an interest from a relationship that the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors.

(5) The audit certification referred to in paragraphs (1) and (2) must be done in accordance with the criteria and procedures specified by Cabinet Office Order.

(6) When the Prime Minister finds it to be necessary and appropriate in the public interest or for the protection of investors, the Prime Minister may order a certified public accountant or audit corporation that conducts an audit certification under paragraph (1) or (2) to report or submit materials that should serve as a reference.

(7) If a certified public accountant or audit corporation conducts an audit certification for a document on financial accounting provided for in paragraph (1) or for an internal control report provided for in paragraph (2), and the audit certification falls under the provisions of Article 30 or Article 34-21, paragraph (2), item (i) or (ii) of the Certified Public Accountants Act, or is otherwise wrongful, the Prime Minister may issue a decision not to accept all or part of any securities registration statement, annual securities report (including any amended report in connection with the same), or internal control report (including any amended report in connection with the same) connected with an audit certification by that certified public accountant or audit corporation, which is submitted within a fixed period of no longer than one year. In such a case, irrespective of the category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act, the Prime Minister must conduct a hearing.

(8) If the Prime Minister issues the decision referred to in the preceding paragraph, the Prime Minister must notify the certified public accountant or audit corporation of this and must publicly announce that decision.

(Responses to the Discovery of a Fact That Constitutes a Violation of Laws and Regulations)

Article 193-3 (1) If a certified public accountant or audit corporation, in the course of the audit certification referred to in paragraph (1) of the preceding Article, discovers a fact concerning a specified issuer which constitutes a violation of laws and regulations or any other fact that is likely to have an impact on ensuring the appropriateness of a document on financial accounting (referred to as a "fact constituting a violation of laws and regulations" in item (i) of the following paragraph), the certified public accountant or audit corporation must issue a notice in writing or by means of using an electronic data processing system or by any other means using information and communications technology that are specified by Cabinet Office Order, to the

specified issuer, without delay and pursuant to the provisions of Cabinet Office Order, giving the details of that fact, as well as indicating that the specified issuer should rectify the violation of laws and regulations related to the fact and that they should take other appropriate measures.

(2) If a certified public accountant or audit corporation that has issued a notice under the preceding paragraph finds all of the following particulars apply even after the day on which the period specified by Cabinet Order has elapsed since the day of that notice, and finds it to be necessary in order to prevent the material impact provided for in item (i), the certified public accountant or audit corporation must file an opinion concerning those particulars to the Prime Minister pursuant to the provisions of Cabinet Office Order. In such a case, the certified public accountant or the audit corporation must give notice in writing or by means of using an electronic data processing system or by any other means of using information and communications technology that are specified by Cabinet Office Order to the specified issuer in advance that an opinion will be filed with the Prime Minister:

(i) the fact constituting a violation of laws and regulations may have a material impact on ensuring the appropriateness of the documents on financial accounting of the specified issuer; and

(ii) the specified issuer that has received the notice under the preceding paragraph has not taken the appropriate measures provided for in that paragraph.

(3) A certified public accountant or audit corporation that files an opinion under the preceding paragraph must notify the specified issuer of the fact that the opinion has been filed and the details of the opinion, in writing or by means of using an electronic data processing system or by any other means using information and communications technology that Cabinet Office Order specifies.

(Prohibition on Soliciting Exercise of Voting Rights by Proxy)

Article 194 It is prohibited for any person to solicit to have a person to act as a proxy in exercising the person's or a third party's voting rights for the shares in a company issuing shares that are listed on a financial instruments exchange, in violation of the provisions of Cabinet Order.

(Application of This Act to Transactions on a Foreign Financial Instruments Market)

Article 194-2 The technical replacement of terms when the provisions of this Act are applicable to a purchase and sale of securities or intermediation, brokerage, or agency for the entrustment of foreign market derivatives transactions conducted on a foreign financial instruments market, and

necessary particulars otherwise relevant to the application of the provisions of this Act to the relevant transactions conducted on a foreign financial instruments market are specified by Cabinet Order.

(Consultation with the Minister of Finance)

Article 194-3 If the Prime Minister finds that effecting any of the following dispositions against a financial instruments business operator (limited to a person engaged in type-I financial instruments business set forth in Article 28, paragraph (1)), registered financial institution, authorized firm for on-exchange transactions, the business operator authorized to conduct electronic over-the-counter derivatives transactions, etc. business operator, authorized financial instruments firms association, financial instruments exchange, foreign financial instruments exchange, financial instruments clearing organization, foreign financial instruments clearing organization, or securities finance company is likely to have a material impact on the distribution of Securities or market derivatives transactions, the Prime Minister must consult with the Minister of Finance about measures necessary for achieving a smooth distribution of securities or market derivatives transactions, before effecting that disposition:

(i) an order for the suspension of all or part of the business under the provisions of Article 52, paragraph (1), Article 52-2, paragraph (1) or Article 53, paragraph (2);

(ii) the rescission of the registration referred to in Article 29 registration under the provisions of Article 52, paragraph (1) or Article 53, paragraph (3);

(iii) the rescission of the registration referred to in Article 33-2 under the provisions of Article 52-2, paragraph (1);

(iii)-2 an order for the suspension of all or part of the business under the provisions of Article 57-6, paragraph (1) or Article 57-20, paragraph (2);

(iii)-3 the rescission of the registration referred to in Article 29 under the provisions of Article 57-6, paragraph (3);

(iv) an order for the suspension of all or part of the business under the provisions of Article 60-8, paragraph (1) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2));

(v) the rescission of the permission referred to in Article 60, paragraph (1) under the provisions of Article 60-8, paragraph (1) or rescission of the permission referred to in Article 60-14, paragraph (1) under the provisions of Article 60-8, paragraph (1) as applied mutatis mutandis pursuant to Article 60-14, paragraph (2);

(vi) the rescission of the authorization referred to in Article 67-2, paragraph (2) under the provisions of Article 67-6 or Article 74, paragraph (1);

(vii) an order for the suspension of all or a part of the business under the

provisions of Article 74, paragraph (1);
(viii) the rescission of the license referred to in Article 80, paragraph (1) under the provisions of Article 148 or Article 152, paragraph (1), item (i);
(ix) an order for the suspension of all or part of the business under the provisions of Article 152, paragraph (1), item (i);
(x) an order under the provisions of Article 152, paragraph (1), item (ii);
(xi) the rescission of the authorization referred to in Article 155, paragraph (1) under the provisions of Article 155-6 or Article 155-10, paragraph (1);
(xii) an order for the suspension of all or a part of foreign market transactions under Article 155-10, paragraph (1);
(xiii) the rescission of the license referred to in Article 156-2 under the provisions of Article 156-17, paragraph (1) or (2) or the rescission of the approval referred to in Article 156-19, paragraph (1) under the provisions of Article 156-17, paragraph (2) or Article 156-20, paragraph (1);
(xiv) an order for the suspension of all or part of the business under the provisions of Article 156-17, paragraph (2);
(xiv)-2 the rescission of the license referred to in Article 156-20-2 under the provisions of Article 156-20-14, paragraph (1) or (2);
(xiv)-3 an order for the suspension of all or part of the business under the provisions of Article 156-20-14, paragraph (2);
(xiv)-4 the rescission of the authorization referred to in Article 156-20-16, paragraph (1) under the provisions of Article 156-20-20 or Article 156-20-22;
(xiv)-5 an order for the suspension of all or part of the business under the provisions of Article 156-20-22;
(xv) the rescission of the license referred to in Article 156-24, paragraph (1) under the provisions of Article 148 as applied mutatis mutandis pursuant to Article 156-26, or Article 156-32, paragraph (1); or
(xvi) an order for the suspension of all or part of the business under the provisions of Article 156-32, paragraph (1).

(Notice to the Minister of Finance)
Article 194-4 (1) Upon rendering any of the following dispositions, the Prime Minister is to promptly notify the Minister of Finance of this; provided, however, that this does not apply if the Prime Minister notifies the Minister of Finance pursuant to the provisions of Article 79-53, paragraph (3):
(i) a registration under the provisions of Article 29 or Article 33-2 (for the registration referred to in Article 29, this is only if a financial instruments exchange services provider that has obtained the registration engages in type-I financial instruments business (meaning the type-I financial instruments business prescribed in Article 28, paragraph (1); hereinafter the same applies in this item)), or the registration of a change under Article 31,

paragraph (4) (limited to the registration of a change indicating that a person other than a person engaged in type-I financial instruments business has become a person engaged in type-I financial instruments business, or the registration of a change indicating that a person engaged in type-I financial instruments business is to only engage in business other than type-I financial instruments business);

(ii) authorization under the provisions of Article 30, paragraph (1);

(iii) an order under the provisions of Article 52, paragraph (1), Article 52-2, paragraph (1), or Article 53, paragraph (1) or (2);

(iv) the rescission of the registration referred to in Article 29 under the provisions of Article 52, paragraph (1) or (4), Article 53, paragraph (3) or Article 54;

(v) the rescission of the registration referred to in Article 33-2 under the provisions of Article 52-2, paragraph (1) or (3) or Article 54;

(vi) the rescission of the authorization referred to in Article 30, paragraph (1) under the provisions of Article 52, paragraph (1);

(vi)-2 an order under the provisions of Article 57-6, paragraph (1); Article 57-20, paragraph (2); or Article 57-21, paragraph (4) (for an order under the provisions of Article 57-20, paragraph (2), limited to one that concerns a subject special financial instruments business operator);

(vi)-3 the rescission of the registration referred to in Article 29 under the provisions of Article 57-6, paragraph (3);

(vi)-4 a designation under the provisions of Article 57-12, paragraph (1);

(vi)-5 the cancellation of the designation referred to in Article 57-12, paragraph (1) under the provisions of paragraph (5) of that Article;

(vi)-6 an order under the provisions of Article 57-20, paragraph (1) or (2) or Article 57-21, paragraph (1) or (2) (for an order under the provisions of Article 57-20, paragraph (2), limited to one that concerns a designated parent company);

(vii) permission under the provisions of Article 60, paragraph (1) or Article 60-14, paragraph (1);

(viii) an order under the provisions of Article 60-8, paragraph (1) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2));

(ix) the rescission of the permission referred to in Article 60, paragraph (1) under the provisions of Article 60-8, paragraph (1) or Article 60-9, paragraph (1) or rescission of the permission referred to in Article 60-14, paragraph (1) under the provisions of Article 60-8, paragraph (1) or Article 60-9, paragraph (1) as applied mutatis mutandis pursuant to Article 60-14, paragraph (2);

(x) authorization under the provisions of Article 67-2, paragraph (2);

(xi) the rescission of the authorization referred to in Article 67-2, paragraph (2) under the provisions of Article 67-6 or Article 74, paragraph (1);

(xii) authorization to change the articles of incorporation in connection with the particulars set forth in Article 67-8, paragraph (1), item (xiii) (limited to authorization for the establishment or closure of an over-the-counter securities market) under the provisions of Article 67-8, paragraph (2);
(xiii) an order for the suspension of all or part of the business, an order for a change of business methods, or an order prohibiting performance of part of the business, under the provisions of Article 74, paragraph (1);
(xiv) authorization under the provisions of Article 77-6, paragraph (2);
(xv) a license under the provisions of Article 80, paragraph (1);
(xvi) authorization under the provisions of Article 106-3, paragraph (1);
(xvii) an order under the provisions of Article 106-7, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (4) of that Article);
(xviii) the rescission of an Article 106-3, paragraph (1) authorization under the provisions of Article 106-7, paragraph (1);
(xix) authorization under the provisions of Article 106-10, paragraph (1) or the proviso to paragraph (3) of that Article;
(xx) authorization under the provisions of Article 106-17, paragraph (1);
(xxi) an order under the provisions of Article 106-21, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (4) of that Article);
(xxii) the rescission of an Article 106-17, paragraph (1) authorization under the provisions of Article 106-21, paragraph (1);
(xxiii) the rescission of authorization referred to in Article 106-10, paragraph (1) or the authorization referred to in the proviso to paragraph (3) of that Article, under the provisions of Article 106-26;
(xxiv) an order under the provisions of Article 106-28, paragraph (1) (including as applied mutatis mutandis pursuant to Article 109);
(xxv) the rescission of authorization referred to in Article 106-10, paragraph (1) or the authorization referred to in the proviso to paragraph (3) of that Article, under the provisions of Article 106-28, paragraph (1);
(xxvi) authorization under the provisions of Article 135, paragraph (1);
(xxvii) authorization under the provisions of Article 140, paragraph (1);
(xxviii) the rescission of the license referred to in Article 80, paragraph (1) under the provisions of Article 148 or Article 152, paragraph (1), item (i);
(xxix) authorization under the provisions of Article 149, paragraph (1) (limited to authorization for the closure of all financial instruments exchange markets);
(xxx) an order for the suspension of all or part of the business, an order for a change in the business, or an order prohibiting performance of part of the business, under the provisions of Article 152, paragraph (1), item (i);
(xxxi) an order under the provisions of Article 152, paragraph (1), item (ii);
(xxxii) authorization under the provisions of Article 155, paragraph (1);

(xxxiii) the rescission of authorization referred to in Article 155, paragraph (1) under the provisions of Article 155-6 or 155-10, paragraph (1);
(xxxiv) an order under the provisions of Article 155-10, paragraph (1);
(xxxv) a license under the provisions of Article 156-2, or approval under the provisions of Article 156-19, paragraph (1);
(xxxv)-2 authorization under the provisions of Article 156-5-5, paragraph (1) or the proviso to paragraph (4) of that Article;
(xxxv)-3 an order under the provisions of Article 156-5-9, paragraph (1);
(xxxv)-4 the rescission of authorization referred to in Article 156-5-5, paragraph (1) or the authorization referred to in the proviso to paragraph (4) of that Article, under the provisions of Article 156-5-9, paragraph (1);
(xxxvi) the rescission of the license referred to in Article 156-2 under the provisions of Article 156-17, paragraph (1) or (2); or the rescission of approval referred to in Article 156-19, paragraph (1) under the provisions of Article 156-17, paragraph (2) or Article 156-20, paragraph (1);
(xxxvii) an order for the suspension of all or part of the business under the provisions of Article 156-17, paragraph (2);
(xxxviii) authorization under the provisions of Article 156-18;
(xxxviii)-2 a license under the provisions of Article 156-20-2;
(xxxviii)-3 the rescission of the license referred to in Article 156-20-2 under the provisions of Article 156-20-14, paragraph (1) or (2);
(xxxviii)-4 an order for the suspension of all or part of the business under the provisions of Article 156-20-14, paragraph (2);
(xxxviii)-5 authorization under the provisions of Article 156-20-15;
(xxxviii)-6 authorization under the provisions of Article 156-20-16, paragraph (1);
(xxxviii)-7 the rescission of the authorization referred to in Article 156-20-16, paragraph (1) under the provisions of Article 156-20-20 or Article 156-20-22;
(xxxviii)-8 an order under the provisions of Article 156-20-22;
(xxxix) a license under the provisions of Article 156-24, paragraph (1);
(xl) the rescission of the license referred to in Article 156-24, paragraph (1) under the provisions of Article 148 as applied mutatis mutandis pursuant to Article 156-26, or the provisions of Article 156-32, paragraph (1);
(xli) an order for the suspension of all or part of the business under the provisions of Article 156-32, paragraph (1); or
(xlii) authorization under the provisions of Article 156-36.

(2) Upon accepting any of the following notifications, the Prime Minister is to promptly notify the Minister of Finance to that effect:
(i) a notification under the provisions of Article 50-2, paragraph (1) or (7);
(i)-2 a notification under the provisions of Article 57-18, paragraph (2);
(ii) a notification under the provisions of Article 60-7 (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2));

(iii) a notification under the provisions of Article 67-16 (limited to a notification of the suspension of all purchase and sales of over-the-counter traded securities registered by an authorized financial instruments firms association, or notification of the cancellation of that suspension);
(iv) a notification under the provisions of Article 77-6, paragraph (3);
(v) a notification under the provisions of Article 106-8, paragraph (2), Article 106-22, paragraph (2), or Article 107, paragraph (2);
(vi) a notification under the provisions of Article 120;
(vii) a notification under the provisions of Article 128 (limited to a notification of the suspension of all purchase and sales of securities or market derivatives transactions for each financial instruments exchange market, or notification of the cancellation of that suspension);
(viii) a notification under the provisions of Article 134, paragraph (2) or Article 135, paragraph (2);
(ix) a notification under the provisions of Article 155-8, paragraph (2);;
(x) a notification under the provisions of Article 156-5-10, paragraph (1) or (2); or
(xi) a notification under the provisions of Article 156-20-21, paragraph (3).

(3) If the Prime Minister receives a notice under the provisions of Article 77-6, paragraph (4) or Article 154 concerning an authorized financial instruments firms association or financial instruments exchange, the Prime Minister is to promptly notify the Minister of Finance to that effect.

(Submission of Materials to the Minister of Finance)

Article 194-5 (1) If the Minister of Finance finds it to be necessary for planning or making policies for financial instruments trading systems related to the system for handling failed financial institutions and financial risk management under the Minister's jurisdiction, the Minister may request the Prime Minister to provide necessary materials and explanations.

(2) If the Minister of Finance finds it to be particularly necessary for planning or making policies for financial instruments trading systems related to the system for handling failed financial institutions and financial risk management under the Minister's jurisdiction, the Minister may, to the extent necessary, request a financial instruments business operator, etc., designated parent company, authorized firm for on-exchange transactions, the business operator authorized to conduct electronic over-the-counter derivatives transactions, etc. business operator, financial instruments intermediary service provider, high-speed trader, authorized financial instruments firms association, certified financial instruments business association (meaning a certified financial instruments business association prescribed in Article 78, paragraph (2); the same applies in Article 194-7, paragraph (2), item (v)), financial instruments exchange, self-

regulatory organization under Article 85, paragraph (1), financial instruments exchange holding company, foreign financial instruments exchange, financial instruments clearing organization, foreign financial instruments clearing organization, securities finance company, or other relevant persons to provide materials or explanations or any other cooperation.

(Consultation with the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry)

Article 194-6 (1) Cabinet Order specifies consultations with the Minister of Agriculture, Forestry and Fisheries or the Minister of Economy, Trade and Industry, the notices to these Ministers, and other procedures, if, pursuant to the provisions of this Act, the Prime Minister establishes Cabinet Office Order (limited to those specified by Cabinet Order), issues an order or renders other dispositions (limited to those specified by Cabinet Order), or receives a notification (limited to those specified by Cabinet Order) or an application for registration, for the business of performing the following acts in connection with rights set forth in Article 2, paragraph (2), item (i), (ii), (v), or (vi) which fall under the rights specified by Cabinet Order as those whose purpose is for a person to engage in the commodity investment provided for in Article 2, paragraph (1) of the Act Regulating Business Involving Commodity Investment, or whose purpose is for a person to invest goods with substantial price volatility or goods generating a profit when used that is difficult to estimate, by acquiring them (including producing them), transferring them, using them, or causing them to be used:

(i) purchase and sales, or its intermediation, brokerage, or agency;

(ii) public offerings or private placements;

(iii) secondary distributions; or

(iv) dealings in public offerings or secondary distributions, or dealings in private placements.

(2) If the Prime Minister makes the registration referred to in Article 29 or Article 33-2 or accepts a notification referred to in Article 31, paragraph (1) or Article 33-6, paragraph (1) for a person seeking to perform an act set forth in any of the following items on a regular basis, the Prime Minister is to notify the Minister of Economy, Trade and Industry of the information set forth in Article 29-2, paragraph (1) or Article 33-3, paragraph (1) with regard to that person:

(i) an act set forth in Article 2, paragraph (8), item (vii) (limited to an act involving a right based on a limited partnership agreement for investment prescribed in Article 3, paragraph (1) of the Limited Partnership Act for Investment, which falls under a right referred to in Article 2, paragraph (2), item (v) of this Act (hereinafter referred to as a "right in an investment

limited partnership" in this Article)); or
(ii) an act set forth in Article 2, paragraph (8), item (xv) (limited to an act involving a right in an investment limited partnership).

(3) If the Prime Minister accepts a notification based on the provisions of Article 63, paragraph (2) in connection with a person that seeks to perform an act set forth in any of the following items on a regular basis, the Prime Minister is to notify the Minister of Economy, Trade and Industry of the particulars set forth in the items of Article 63, paragraph (2) concerning that person:
(i) an act set forth in Article 63, paragraph (1), item (i) (limited to an act involving a right in an investment limited partnership); and
(ii) an act set forth in Article 63, paragraph (1), item (ii) (limited to an act involving a right in an investment limited partnership).

(4) If the Prime Minister accepts a notification based on the provisions of Article 63-9, paragraph (1) in connection with a person that seeks to perform an act set forth in one of the following items on a regular basis, the Prime Minister is to notify the Minister of Economy, Trade and Industry of the particulars set forth in the items of that paragraph concerning that person:
(i) an act set forth in Article 63-8, paragraph (1), item (i) (limited to an act involving a right in an investment limited partnership); and
(ii) an act set forth in Article 63-8, paragraph (1), item (ii) (limited to an act involving a right in an investment limited partnership).

(Consultation with the Minister with Jurisdiction Over a Commodity Market)

Article 194-6-2 When the Prime Minister makes the following dispositions, the Prime Minister must consult with and obtain consent from the Minister with jurisdiction over a commodity market (meaning the Ministers specified in the items of Article 354, paragraph (1) of the Commodity Derivatives Transaction Act in accordance with the categories set forth in each of those items; the same applies hereinafter) in advance; provided, however, that, with regard to the dispositions set forth in item (ii), (c) through (e), item (iv), (b), or item (v), (b), when there is an urgent need for the public interest or protection of investors, it is sufficient to notify the Minister with jurisdiction over a commodity market of the outline of the necessary measures in advance:
(i) granting a license under Article 80, paragraph (1) (limited to a license to be granted to a person that seeks to establish a financial instruments market for conducting commodity-related market derivatives transactions);
(ii) making dispositions set forth in the following subitems (a) through (f) to a financial instruments exchange:
(a) giving an order under Article 127, paragraph (1) (limited to an order related to commodity or financial indexes (limited the prices of commodities or the figures calculated based on them));

(b) granting the authorization for changes to the operational rules under Article 149, paragraph (1) (limited to the authorization related to the particulars set forth in Article 117, paragraph (1), item (v) (limited the particulars concerning commodity-related market derivatives transactions) or item (viii) (limited to the particulars concerning transfer of commodities related to commodity-related market derivatives transactions) or the particulars concerning the detailed regulations prescribed in paragraph (2) of that Article);

(c) giving an order under Article 152, paragraph (1), item (i) (limited to an order to take necessary measures (limited to the measures for the particulars concerning clearing margins or other particulars specified by Cabinet Order), specified in the articles of incorporation or any other rules for commodity-related market derivatives transactions);

(d) giving an order under Article 152, paragraph (1), item (ii) (limited to an order related to commodity-related market derivatives transactions);

(e) giving an order under Article 153 (limited to an order to change the operational rules concerning the particulars related to clearing margins for commodity market derivatives transactions or other orders specified by Cabinet Order); and

(f) granting the approval under Article 156-19, paragraph (1) (limited to the approval to a person that seeks to conduct financial instruments obligation assumption service in relation to commodity-related market derivatives transactions);

(iii) granting a license under Article 156-2 (limited to a license to a person that seeks to conduct financial instruments obligation assumption service in relation to commodity-related market derivatives transactions);

(iv) making dispositions set forth in the following sub-items (a) and (b) to a financial instruments clearing organization (excluding a financial instruments clearing organization that conducts commodity transaction debt assumption services, etc.):

(a) granting the authorization to change business rules under Article 156-12 (limited to the authorization related to the particulars set forth in Article 156-7, paragraph (2), item (iv) which concerns particulars concerning transfer of commodities related to commodity-related market derivatives transactions; and

(b) giving an order under Article 156-16 (limited to an order to change business rules on the particulars concerning clearing margins related to commodity-related market derivatives transactions;

(v) making dispositions set forth in the following sub-items (a) and (b) to a financial instruments clearing organization (limited to a financial instruments clearing organization that conducts commodity transaction debt

assumption services, etc.):

(a) granting the authorization to change business rules under Article 156-12 (limited to the authorization related to the particulars concerning commodity-related market derivatives transactions); and

(b) giving an order under Article 156-16 (limited to an order to change business rules on the particulars concerning clearing margins related to commodity-related market derivatives transactions).

(Prior Notice to the Minister with Jurisdiction Over a Commodity Market)

Article 194-6-3 Before rendering any of the following dispositions against a financial instruments business operator, etc., an authorized firm for on-exchange transactions, a financial instruments exchange holding company, or a financial instruments exchange, the Prime Minister is to notify the Minister with jurisdiction over the commodity market:

(i) giving an order under Article 52, paragraph (1), Article 52-2, paragraph (1), or Article 60-8, paragraph (1) (limited to an order given on the grounds that a violation of Cabinet Office Order under the provisions of Article 161, paragraph (1) as applied mutatis mutandis pursuant to paragraph (2) of that Article specifying the particulars concerning commodity-related market derivatives transactions has been committed);

(ii) the rescission of the authorization referred to in Article 106-10, paragraph (1) or the authorization referred to in the proviso to paragraph (3) of that Article under the provisions of Article 106-26 or Article 106-28, paragraph (1) (limited to the authorization of a financial instruments exchange holding company that has a company that performs the business of operating the necessary market for conducting commodity futures transactions (hereinafter referred to as "business related to a commodity market" in this Article) as its subsidiary company (meaning a subsidiary company prescribed in Article 87-3, paragraph (3); the same applies in item (iv))),;

(iii) the rescission of the authorization referred to in the proviso to Article 106-24, paragraph (1) under the provisions of Article 106-28, paragraph (1) (limited to the authorization of a company that performs business related to a commodity market);

(iv) the rescission of the license referred to in Article 80, paragraph (1) under the provisions of Article 148 or Article 152, paragraph (1), item (i) (limited to the license of a financial instruments exchange that has obtained the authorization referred to in the proviso to Article 87-2, paragraph (1) (limited to the authorization for business related to a commodity market) or a financial instruments exchange that has a company that performs business related to a commodity market with the authorization referred to in the proviso to Article 87-3, paragraph (1) as its subsidiary company);

(v) the rescission of the authorization referred to in the proviso to Article 87-2, paragraph (1) under the provisions of Article 152, paragraph (1), item (iii) (limited to the authorization for business related to a commodity market);
(vi) the rescission of the authorization referred to in the proviso to Article 87-3, paragraph (1) under the provisions of Article 152, paragraph (1), item (iv) (limited to the authorization for a company that performs business related to a commodity market); or
(vii) giving an order under Article 153-5 (limited to one issued on the grounds that a commodity trading participant has violated the Cabinet Office Order under the provisions of Article 161, paragraph (3))..

(Delegation of Authority to the Commissioner of the Financial Services Agency)
Article 194-7 (1) The Prime Minister is to delegate the authority under this Act to the Commissioner of the Financial Services Agency (excluding the authority specified by Cabinet Order).
(2) Among the authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of the preceding paragraph, the Commissioner is to delegate the following authority to the Securities and Exchange Surveillance Commission (hereinafter referred to as the "Commission" in this Article and the following Article); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority to give an order to submit reports or materials:
(i) the authority under the provisions of Article 56-2, paragraph (1), (3), or (4) (limited to the authority in connection with provisions specified by Cabinet Order as those for securing fairness in purchase and sales and other transactions of securities or in derivatives transactions, etc.);
(ii) the authority under the provisions of Article 60-11 (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)) (limited to the authority in connection with the provisions specified by Cabinet Order as those for securing fairness in purchase and sales and other transactions of securities or in derivatives transactions, etc.);
(ii)-2 the authority under the provisions of Article 63-6 (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)) (limited to the authority in connection with the provisions specified by Cabinet Order as those for securing fairness in the acts set forth in the items of Article 63, paragraph (1));
(ii)-3 the authority under the provisions of Article 63-14 (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)) (limited to the authority in connection with the provisions specified by Cabinet Order as those for securing fairness in the acts set forth in the items of Article 63-8,

paragraph (1));

(iii) the authority under the provisions of Article 66-22 (limited to the authority in connection with the provisions specified by Cabinet Order as those for securing fairness in the acts set forth in Article 2, paragraph (11), items (i) through (iii));

(iii)-2 the authority under the provisions of Article 66-45, paragraph (1) (limited to the authority in connection with the provisions specified by Cabinet Order as those for securing fairness in the acts provided for in Article 2, paragraph (35));

(iii)-3 the authority under the provisions of Article 66-67 (limited to the authority in connection with the provisions specified by Cabinet Order as those for securing fairness in the acts set forth in the items of Article 2, paragraph (41));

(iv) the authority under the provisions of Article 75 (limited to the authority over the business specified by Cabinet Order as the business of an authorized financial instruments firms association in connection with securing fairness in purchase and sales and other transactions of securities and in derivatives transactions, etc.);

(v) the authority under the provisions of Article 79-4 (limited to the authority over the business specified by Cabinet Order as the business of a certified financial instruments business association in connection with securing fairness in purchase and sales and other transactions of securities and in derivatives transactions, etc.);

(vi) the authority under the provisions of Article 151 (including as applied mutatis mutandis pursuant to Article 153-4) (limited to the authority over the business specified by Cabinet Order as the business of a financial instruments exchange or a self-regulatory organization provided for in Article 85, paragraph (1), in connection with securing fairness in purchase and sales of securities and market derivatives transactions on a financial instruments exchange);

(vii) the authority under the provisions of Article 155-9 (limited to the authority over the business specified by Cabinet Order as the business of a foreign financial instruments exchange in connection with securing fairness in foreign market transactions);

(viii) the authority under the provisions of Article 177; and

(ix) other authority specified by Cabinet Order.

(3) Among the authority delegated to the Commissioner of the Financial Services Agency pursuant to paragraph (1), the Commissioner may, pursuant to the provisions of Cabinet Order, delegate the authority under Article 26 (including as applied mutatis mutandis pursuant to Article 27); Article 27-22, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2,

paragraph (2)); Article 27-22, paragraph (2) Article 27-22, paragraph (3) (including the cases where applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); Article 27-30; Article 27-35; Article 27-37; Article 56-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 65-3, paragraph (3)); Article 56-2, paragraph (2) to paragraph (4); Article 57-10, paragraph (1); Article 57-23; Article 57-26, paragraph (2); Article 60-11 (including as applied mutatis mutandis pursuant to Article 60-12, paragraph (3) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)) and Article 60-14, paragraph (2)); Article 63-6 (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)); Article 63-14 (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)); Article 66-22; Article 66-45, paragraph (1); Article 66-67; Article 66-88; Article 75; Article 79-4; Article 79-77; Article 103-4; Article 106-6, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (2) of that Article); Article 106-16; Article 106-20, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (2) of that Article); Article 106-27 (including as applied mutatis mutandis pursuant to Article 109); Article 151 (including as applied mutatis mutandis pursuant to Article 153-4); Article 155-9; Article 156-5-4; Article 156-5-8; Article 156-15; Article 156-20-12; Article 156-34; Article 156-58; Article 156-80; Article 156-89; Article 192-2; and Article 193-2, paragraph (6) to the Commission (other than the authority delegated to the Commission pursuant to the provisions of the preceding paragraph).

(4) Among the authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of paragraph (1) (other than authority delegated to the Commission pursuant to the preceding two paragraphs), the Commissioner is to delegate the following authority to the Commission; provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority:

(i) the authority under the provisions of Article 187 (limited to that related to the authority set forth in the following item); and

(ii) the authority under Article 192, paragraph (1).

(5) If the Commission exercises authority delegated to it pursuant to the provisions of the preceding two paragraphs, it is to promptly report the results of this to the Commissioner of the Financial Services Agency.

(6) The Commissioner of the Financial Services Agency may delegate a part of the authority delegated to them pursuant to the provisions of paragraph (1) (other than authority delegated to the Commission pursuant to the provisions of paragraphs (2) through (4)) to the Director-General of a Local Finance Bureau or the Director-General of a Local Finance Branch Bureau, pursuant to the provisions of Cabinet Order.

(7) The Commission may delegate a part of the authority delegated to it pursuant to the provisions of paragraphs (2) through (4) to the Director-General of a Local Finance Bureau or the Director-General of a Local Finance Branch Bureau, pursuant to the provisions of Cabinet Order.
(8) The Commission guides and supervises the affairs related to the authority that is delegated to the Director-General of the Local Finance Bureau or the Director-General of the Local Finance Branch Bureau pursuant to the provisions of the preceding paragraph.

(Request for Review to the Commission)
Article 195 A request for review that concerns an order to submit reports or materials that the Commission issues pursuant to paragraph (2) or (3) of the preceding Article (including an order that the Director-General of a Local Finance Bureau or the Director-General of a Local Finance Branch Bureau issues pursuant to the provisions of paragraph (7) of that Article) may only be filed to the Commission.

(Effect of Invalid Provisions)
Article 196 Even if a certain provision of this Act becomes invalid, the invalidity does not affect other provisions of this Act.

(Transitional Measures)
Article 196-2 If an order is enacted, amended, or repealed based on the provisions of this Act, any required transitional measures (including transitional measures for penal provisions) may be prescribed by that order, to the extent that is considered to be reasonably necessary for the enactment, amendment, or repeal of that order.

Chapter VIII Penal Provisions

Article 197 (1)If any of the following items applies, the person that has committed the violation is subject to punishment by imprisonment for not more than 10 years, a fine of not more than ten million yen, or both:
(i) a personsubmits a statement or other documents under Article 5 (including as applied mutatis mutandis pursuant to Article 27) (including any reference document for the statement, if it is a statement to which the provisions of Article 5, paragraph (4) apply); an amended statement under Article 7,paragraph (1),; Article 9, paragraph (1); or Article 10, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) (including any reference document for that amended statement); a shelf registration statement under Article 23-3, paragraph (1) or (2) (including as applied

mutatis mutandis pursuant to Article 27) (including any reference document for that shelf registration statement) and documents attached to it; an amended shelf registration statement under Article 23-4; Article 23-9, paragraph (1); or Article 23-10, paragraph (1); or under Article 23-10, paragraph (1) as applied mutatis mutandis pursuant to paragraph (5) of that Article (including as applied mutatis mutandis pursuant to Article 27) (including any reference document for that amended shelf registration statement); a shelf registration supplement under Article 23-8, paragraph (1) or (5) (including as applied mutatis mutandis pursuant to Article 27) (including any reference document for that shelf registration supplement) and documents attached to it; or an annual securities report under Article 24, paragraph (1) or (3) (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) (including as applied mutatis mutandis pursuant to Article 27) or Article 27) or Article 24-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) or any amended report in connection with it, that contains a false statement about a material particular or that lacks a statement of a material particular that is required to be stated;

(ii) a personmakes a false representation about a material particular in issuing a public notice or making a disclosure, under Article 27-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); Article 27-6, paragraph (2) or (3) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); Article 27-7, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to Article 27-8, paragraph (12) and Article 27-22-2, paragraphs (2) and (6)); Article 27-8, paragraph (8) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) and Article 27-22-3, paragraph (4)); Article 27-8, paragraph (11) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); Article 27-10, paragraphs (4) through (6); Article 27-11, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); or Article 27-13, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2));

(iii) a personsubmits a tender offer statement under Article 27-3, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); an amended statement under Article 27-8, paragraphs (1) through (4) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); a written tender offer withdrawal notice under Article 27-11, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); a tender offer report under Article 27-13, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-

22-2, paragraph (2)); or an amended report under Article 27-8, paragraphs (1) through (4) as applied mutatis mutandis pursuant to Article 27-13, paragraph (3) and Article 27-22-2, paragraph (7), that contains a false statement about a material particular or that lacks a statement pf a material particular that is required to be stated;

(iv) a person fails to make a disclosure under Article 27-22-3, paragraph (1) or (2), or makes a false disclosure;

(iv)-2 a personprovides or discloses specified information on securities under Article 27-31, paragraph (2) (if this is specified information on securities to which the provisions of paragraph (3) of that Article applies, including reference information related to that specified information on securities); amended specified information on securities under paragraph (4) of that Article (including reference information related to the amended specified information on securities), information on the issuer under Article 27-32, paragraph (1) or (2); or amended information on the issuer under paragraph (3) of that Article, which contains a false statement about a material particular;

(v) a personviolates the provisions of Article 157, Article 158, or Article 159 (excluding the cases in which the violation only concerns commodity-related market derivatives transactions); or

(vi) a person violates the provisions of Article 185-22, paragraph (1), Article 185-23, paragraph (1), or Article 185-24, paragraph (1) or (2).

(2) If any of the following items applies, the person that has committed the violation is subject to punishment by imprisonment for not more than ten years and a fine of not more than thirty million yen:

(i) a person, by committing the crime referred to in item (v) of the preceding paragraph and for the purpose of gaining an economic benefit, causes the market price of securities, etc. to fluctuate or that pegs their market price, fixes their market price, or causes their market price to stabilize, and makes a purchase and sale or conducts other transactions of securities or a derivatives transaction, etc. involving those securities, etc., at the market price that the person has caused to fluctuate or has pegged, fixed, or caused to stabilize (excluding the cases in which the crime only concerns commodity-related market derivatives transactions); or

(ii) a person, by committing the crime referred to in item (vi) of the preceding paragraph and for the purpose of gaining an economic benefit, causes the market price of crypto-and other assets to fluctuate, and makes a purchase and sale or conducts other transactions of crypto-and other assets or a cryptoasset-related derivatives transaction, etc. involving those crypto-and other assets, at the market price that the person has caused to fluctuate.

Article 197-2 If any of the following items applies, the person that has committed the violation is subject to punishment by imprisonment for not more than five years, a fine of not more than five million yen, or both:

(i) a personconducts a public offering or secondary distribution of securities for which a notification under Article 4, paragraph (1) is required; a person issues a general solicitation involving securities acquired by a qualified institutional investor for which a notification under Article 4, paragraph (2) is required; a person issues a general solicitation involving securities acquired by a professional investor for which a notification under Article 4, paragraph (3) is required; without the notification having been accepted; or a person handles any of these without the notification having been accepted;

(ii) a person, in submitting or sending a copy of a document under Article 6 (including as applied mutatis mutandis pursuant to Article 12; Article 23-12, paragraph (1); Article 24, paragraph (7); Article 24-2, paragraph (3); Article 24-4-4, paragraph (5); Article 24-4-5, paragraph (2); 5, paragraph (6); Article 24-6, paragraph (3); and these provisions (excluding Article 24-6, paragraph (3)) as applied mutatis mutandis pursuant to Article 27); Article 24-7, paragraph (4) (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27) and Article 27); Article 27-3, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27-8, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27-13, paragraph (3)); Article 27-11, paragraph (4); Article 27-13, paragraph (3); and Article 27-22-2, paragraphs (2) and (3)); or Article 27-22-2, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (8)), submits or sends, as a copy of the original document, a document that contains a false statement about a material particular and whose content differ from that of the original document;

(iii) a personviolates the provisions of Article 15, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); Article 23-8, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); Article 27-3, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); Article 27-8, paragraph (7) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); or Article 27-8, paragraph (9) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) and Article 27-22-3, paragraph (4));

(iv) a personfails to issue public notice under Article 27-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) or Article 27-10, paragraph (4);

(v) a personfails to submit an annual securities report under Article 24, paragraph (1) or (3) (including as applied mutatis mutandis pursuant to,

paragraph (5) of that Article (including as applied mutatis mutandis pursuant to Article 27) and Article 27) or Article 24, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27) or a document attached to it, an amended report under Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27), an internal control report under Article 24-4-4, paragraph (1) (including as applied mutatis mutandis pursuant to Article 24-4-4, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27) and Article 27) or Article 24-4-4, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27) or a document attached to it, an amended report under Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-4-5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27), a tender offer statement under Article 27-3, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), a written tender offer withdrawal notice under Article 27-11, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), a tender offer report under Article 27-13, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), a statement of large-volume holdings under Article 27-23, paragraph (1) or Article 27-26, paragraph (1), or a statement of changes under Article 27-25, paragraph (1) or Article 27-26, paragraph (2);

(vi) a person submits an attached document, an internal control report or a document attached to it, or a semiannual securities report, extraordinary report, or an amended report in connection with any of these reports, under Article 24, paragraph (6); Article 24-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); Article 24-4-4, paragraph (1) (including as applied mutatis mutandis pursuant to Article 24-4-4, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27) and Article 27); Article 24-4-4, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27); Article 24-4-5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); 5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 24-5, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27) and Article 27), or Article 24-5, paragraph (4) or (5) (including as applied mutatis mutandis pursuant to Article 27); a report on repurchase under Article 24-6, paragraph (1) or (2) or its amended report; a parent company, etc. status report under Article 7, paragraph (1); Article 9, paragraph (1); or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-7, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) (including as applied mutatis mutandis pursuant

to Article 27) and Article 27) or Article 24-7, paragraph (3) (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27) and Article 27) or its amended report; a target company's position statement under Article 27-10, paragraph (1), an amended report under Article 27-8, paragraphs (1) through (4) as applied mutatis mutandis pursuant to Article 27-10, paragraph (8), a tender offeror's answer under Article 27-10, paragraph (11), an amended report under Article 27-8, paragraphs (1) through (4) as applied mutatis mutandis pursuant to Article 27-10, paragraph (12), a statement of large-volume holdings under Article 27-23, paragraph (1) or Article 27-26, paragraph (1), a statement of changes under Article 27-25, paragraph (1) or Article 27-26, paragraph (2), or an amended report under Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 27-25, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27-26, paragraph (6)) or Article 27-29, paragraph (1) that contains a false statement about a material particular;

(vii) a person, in making a copy of a document under Article 25, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27) (other than a document set forth in Article 25, paragraph (1), items (iv) and (viivi)) available for public inspection, makes a document that contains a false statement about a material particular and whose content differ from that of the original document available for public inspection, as a copy of the original document;

(viii) a persondelivers a tender offer explanation under Article 27-9, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), or a tender offer explanation that is amended pursuant to Article 27-9, paragraph (44) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), that contains a false statement about a material particular;

(ix) a person issues public notice indicating that it will change the terms of purchase, etc. of a tender offer in a way that violates the provisions of Article 27-6, paragraph (1), or issuesissues public notice indicating that it will effect a tender offer withdrawal, etc. under the main clause of Article 27-11, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) despite not falling under the provisions of the proviso to Article 27-11, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2));

(x) a person fails to give the notice under Article 27-22-3, paragraph (2), or gives a false notice;

(x)-2 a person issues or handles a specified solicitation, etc., despite the specified information on the securities involved in that specified solicitation,

etc. not having been provided or disclosed;

(x)-3 a person fails to provide or disclose the information on the issuer under Article 27-32, paragraph (1) or (2), or commits a violation of the provisions of paragraph (4) of that Article (limited to the part that involves the information on the issuer);

(x)-4 a person a has, in violation of Article 29, conducted financial instruments business without obtaining a registration from the Prime Minister;

(x)-5 a person has obtained the registration under Article 29 by wrongful means;

(x)-6 a person has, in violation of Article 36-3, had other persons conduct financial instruments business;

(x)-7 a person commits a violation of the provisions of Article 40-4 or Article 66-14-2;

(x)-8 a person fails to make a notification under Article 63, paragraph (2) or Article 63-3, paragraph (1), or makes a false notification, or makes a false statement or record in a document or electronic or magnetic record that is required to be attached to the notification referred to in Article 63, paragraph (2) pursuant to paragraph (3) or (4) of that Article and submits the document or record;

(xi) a personviolates a disposition to discontinue services under the provisions of Article 63-5, paragraph (3) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)) or Article 63-13, paragraph (3) (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2));

(xii) a personmakes a false notification when making a notification under Article 63-9, paragraph (1) or Article 63-11, paragraph (1), or makes a false statement or record in a document or electronic or magnetic record that is required to be attached to the notification referred to in Article 63-9, paragraph (1) pursuant to paragraph (2) or (3) of that Article and submits the document or record;

(xiii) a personviolates the provisions of Article 157, Article 158, or Article 159 (limited to the cases in which the violation only concerns commodity-related market derivatives transactions), or violatesviolates the provisions of Article 166, paragraph (1) or (3) or Article 167, paragraph (1) or (3);

(xiv) a personviolates the provisions of Article 167-2, paragraph (1) (limited to the cases in which the person that receives information referred to in that paragraph or the person that has been recommended to make the purchase and sale, etc. referred to in that paragraph by the violation makes the purchase and sale, etc. of regulated securities, etc. related to the violation before the disclosure referred to in that paragraph is considered to be made for the material facts related to business or other particulars prescribed in

Article 166, paragraph (1) related to the violation (excluding cases that fall under the cases set forth in the items of paragraph (6) of that Article)); or

(xv) a personviolates the provisions of Article 167-2, paragraph (2) (limited to the cases in which the person that has received information referred to in that paragraph or that has been recommended to make the purchase, etc. or the sales, etc. referred to in that paragraph by the violation makes the purchase, etc. or the sales, etc. of share certificates, etc. related to the violation before the disclosure referred to in Article 167, paragraph (1) is considered to be made for the fact concerning tender offer, etc. related to the violation (excluding cases that fall under the cases set forth in the items of paragraph (5) of that Article)).

(2) A person that falls under any of the following items is subject to punishment by imprisonment for not more than five years, a fine of not more than five million yen, or both:

(i) an officer of an incorporated association-operated financial instruments exchange (including a provisional board member or provisional auditor; the same applies in the following item) or an employee of an incorporated association-operated financial instruments exchange entrusted with a certain type of particular concerning business or a specific particular concerning business, who uses a prospectus, advertisement on the solicitation, or other documents concerning the solicitation that contains a false statement regarding a material particular, in soliciting persons to subscribe for shares issued pursuant to the provisions of Article 101-9 (including private placement; hereinafter the same applies in this item); or

(ii) an officer of an incorporated association-operated financial instruments exchange or an employee of an incorporated association-operated financial instruments exchange who is entrusted with a certain type of particular concerning business or a specific particular concerning business, who falsifies payment to disguise the payment of shares issued pursuant to the provisions of Article 101-9, or a person that complies with the falsifying of payment.

Article 197-3 In the cases of violating Article 38-2, item (i) (limited to cases in which the violation has been committed in connection with an investment management business (meaning the investment management business prescribed in Article 28, paragraph (4); hereinafter the same applies in this Chapter)), a representative, an agent, an employee, or any other worker of a financial instruments business operator, etc. that has committed that act is subject to imprisonment for not more than five years or a fine of not more than five million yen, or both.

Article 198 If any of the following items applies, the person that has committed the violation is subject to imprisonment for not more than three years, a fine of not more than three million yen, or both:

(i) a person receives the registration referred to in Article 66, Article 66-27, Article 66-50, or Article 66-7171, the registration of a change referred to in Article 31, paragraph (4) or Article 66-75, paragraph (4),) or the permission referred to in Article 59, paragraph (1), Article 60, paragraph (1), or Article 60-14, paragraph (1), by wrongful means;

(ii) a person violates the provisions of Article 36-3, Article 66-9, Article 66-34, or Article 66-7979 in having another person perform the services of a registered financial institution, financial instruments intermediary service, credit rating business, or investment management-related service entrusted business;

(ii)-2 a person violates Article 38, item (i) (limited to cases in which the violation has been committed in connection with an investment management business);

(ii)-3 a person has violated Article 38, item (vii) or Article 66-14, item (i), (c);

(ii)-4 a person has, in violation of Article 42-7, paragraph (1), failed to provide information under that paragraph false information;information

(iii) a personviolates the provisions of Article 59, paragraph (1), Article 60, paragraph (1), or Article 60-14, paragraph (1), in conducting business prescribed in Article 59, paragraph (1), Article 60, paragraph (1), or Article 60-14, paragraph (1), without obtaining permission of the Prime Minister;

(iii)-2 a personviolates the provisions of Article 36-3 as applied mutatis mutandis pursuant to Article 59-6 or Article 60-13 (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)), in having another person conduct the business prescribed in Article 59, paragraph (1), Article 60, paragraph (1), or Article 60-14, paragraph (1);

(iii)-3 a person has, in violation of Article 66-50, conducted high-speed trading without obtaining registration from the Prime Minister;

(iii)-4 a person has, in violation of Article 66-56, had another person conduct high-speed trading;

(iv) a person has, in violationviolation of Article 80, paragraph (1) or Article 155, paragraph (1), established a financial instruments market or had another person conduct transactions on a foreign financial instruments market;

(v) a personperforms, in violation of Article 102-14, self-regulatory services prescribed in Article 84, paragraph (2) without obtaining authorization of the Prime Minister;

(vi) a person performs financial instruments obligation assumption services in violation of Article 156-2;

(vi)-2 a person performs, in violation of Article 156-20-16, paragraph (1), collaborative financial instruments obligation assumption services without obtaining authorization of the Prime Minister;

(vii) a person performs, in violation of Article 156-24, paragraph (1), the business prescribed in that paragraph without obtaining license of the Prime Minister; or

(viii) a person violates an order of the court under the provisions of Article 192, paragraph (1) or (2).

(2) An2A officer (including a provisional board member or provisional auditor) or inspector of an incorporated association-operated financial instruments exchange, or a person that is to be the director or company auditor of an incorporated financial instruments exchange incorporated financial instruments exchange, who has made a false statement to or concealed a fact from the Prime Minister, the court, or the members of a general meeting with regard to subscription or payment for the total number shares to be issued pursuant to the provisions of Article 101-9, the delivery of property other than money, or the particulars set forth in Article 101-9, item (iii) is subject to imprisonment for not more than three years, a fine of not more than three million yen, or both..

Article 198-2 (1) The following property is to be confiscated; provided, however, that if it is not appropriate to confiscate all or part of the property in light of the circumstances of its acquisition, the progress of a person's performance of the obligation to pay damages, and other circumstances, the property may be exempted from confiscation:

(i) property obtained through criminal act in a crime referred to in Article 197, paragraph (1), item (v) or (vi), or paragraph (2), or Article 197-2, paragraph (1), item (xiii); and

(ii) property obtained in exchange for property set forth in the preceding item, or if property set forth in the preceding item is an option or other rights, the property obtained through exercising those rights.

(2) If property is required to be confiscated pursuant to the provisions of the preceding paragraph but it is not possible to confiscate the property, its value is collected from the perpetrator.

Article 198-3 In the case of a violation of the provisions of Article 38-2 or Article 39, paragraph (1) (including as applied mutatis mutandis pursuant to Article 66-15); Article 41-2, item (ii) or (v); or Article 42-2, item (i), (iii), or (vi) (in the case of violation of Article 38-2, item (i), excluding the case in which the violation has been committed in connection with an investment management business), the representative, agent, employee, or any other worker of a

financial instruments business operator or financial instruments intermediary service provider that has committed the violation, or the financial instruments business operator or financial instruments intermediary service provider that has committed the violation, is subject to imprisonment for not more than three years, a fine of not more than three million yen, or both.

Article 198-4 If aa personviolates the provisions of Article 106-10, paragraph (1) or (3), the person that has committed the violation is subject to punishment by imprisonment for not more than two years, a fine of not more than three million yen, or both.

Article 198-5 If any of the following items applies, the person that has committed the violation is subject to punishment by imprisonment for not more than two years, a fine of not more than three million yen, or both:If appliesperson that has committed the violation

(i) a person violates the provisions of Article 42-4, Article 43-2, paragraph (1) or (2), Article 43-2-2, or Article 43-3;

(ii) a person violates a disposition for suspending business under the provisions of Article 52, paragraph (1); Article 53, paragraph (2); Article 57-6, paragraph (1); Article 57-20, paragraph (2); Article 60-8, paragraph (1) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)); Article 63-5, paragraph (2) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)); Article 63-13, paragraph (2) (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)); Article 66-20, paragraph (1); Article 66-42, paragraph (1); Article 66-63, paragraph (1); or Article 66-8585, paragraph (1) (excluding a disposition for suspending business that is related to the authorization referred to in Article 30, paragraph (1));

(ii)-2 a person violates an order under the provisions of Article 57-20, paragraph (1) or (2), Article 57-21, paragraph (2), or Article 153-5 (if it is an order under the provisions of Article 57-20, paragraph (2), excluding the disposition for suspending business);

(iii) a person violates a disposition for suspension, change, prohibition, or measure (excluding an order to dismiss officers) under the provisions of Article 74, paragraph (1), suspension or measure under the provisions of Article 79-6, suspension, change, prohibition, or measure under the provisions of Article 152, paragraph (1) (including as applied mutatis mutandis pursuant to Article 153-4), change, prohibition, or measure under the provisions of Article 153-2, suspension, change, or prohibition under the provisions of Article 155-10, paragraph (1), suspension under the provisions of Article 156-17, paragraph (2) or Article 156-20-14, paragraph (2),

suspension, change, or prohibition under the provisions of Article 156-20-22, or suspension under the provisions of Article 156-32, paragraph (1), Article 156-83, paragraph (1), or Article 156-90, paragraph (2); or

(iv) a person violates the provisions of Article 106-28, paragraph (3).

Article 198-6 If any of the following items applies, the person that has committed the violation is subject to punishment by imprisonment for not more than one year, a fine of not more than three million yen, or both:

(i) a personmakes a false statement or record in a written application, or a document or electronic or magnetic record required to be attached to it under the provisions of Article 29-2, paragraphs (1) through (3); Article 33-3; Article 59-2, paragraph (1) or (3); Article 60-2, paragraph (1) or (3) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)); Article 66-2; Article 66-28; Article 66-51; Article 66-72; Article 67-3; Article 81; Article 102-15; Article 106-11; Article 155-2; Article 156-3; Article 156-20-3; Article 156-20-17; Article 156-24, paragraphs (2) to (4); Article 156-40; or Article 156-68, and submits the application, document, record;

(ii) a personviolates the provisions of Article 38, item (i) (excluding the case in which the violation has been committed in connection with an investment management business) or a person has violated the provisions of Article 66-14, item (i), (a);

(ii)-2 a person violates the provisions of Article 43-6, paragraph (2) (including as applied mutatis mutandis pursuant to Article 66-15);

(iii) a personfails to prepare or preserve a document or record under the provisions of Article 46-2 (including as applied mutatis mutandis pursuant to Article 60-6 (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)), Article 47, Article 48, Article 63-4, paragraph (1) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)), Article 63-12, paragraph (1) (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)); Article 66-16, Article 66-37, Article 66-58, Article 66-81, or Article 188, or prepares a false document or record;

(iv) a personfails to submit a report, document, or written document under the provisions of Article 46-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 60-6 (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2); hereinafter the same applies in this item)); Article 47-2; Article 48-2, paragraph (1); Article 49-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 60-6); Article 57-3, paragraph (1); Article 57-15, paragraph (1); Article 63-4 (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)); Article 63-12, paragraph (2) (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)); Article 66-17, paragraph (1); Article 66-38;

Article 66-59; Article 66-82; Article 155-5; Article 156-35; Article 156-57, paragraph (1); or Article 156-79, paragraph (1), or submits a report, document, or written document containing a false statement;

(v) a personfails to make a report under the provisions of Article 46-3, paragraph (2) (including as applied mutatis mutandis pursuant to Article 60-6 (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2); hereinafter the same applies in this item)); Article 48-2, paragraph (2); Article 49-3, paragraph (2) (including as applied mutatis mutandis pursuant to Article 60-6); Article 57-3, paragraph (2); or Article 57-15, paragraph (2), or makes a false report;

(vi) a personfails to make an explanatory document or written document under the provisions of Article 46-4; Article 47-3; Article 57-4; Article 57-16; Article 63, paragraph (6) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)); Article 63-4, paragraph (3) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)), Article 63-9, paragraph (5) (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)); Article 63-12, paragraph (3) (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)); Article 66-17, paragraph (2); or Article 66-18 available for public inspection and fails to make a disclosure under these provisions, or makes an explanatory document or written document in which the person has entered a false statement available for public inspection or makes a false disclosure;

(vi)-2 a person fails to make a written document under the provisions of 6, paragraph (3); 57-5, paragraph (3); or Article 57-17, paragraph (3) available for public inspection, or makes a written document in which the person has entered a false statement available for public inspection;

(vi)-3 a person fails to make an explanatory document under the provisions of Article 66-39 available for public inspection or makes an explanatory document in which the person has entered a false statement available for public inspection; or a person fails to make the disclosure under the provisions of that Article or makes a false disclosure;

(vii) a personfails to make a notification under the provisions of Article 46-6, paragraph (1); Article 57-5, paragraph (2); Article 57-17, paragraph (2); Article 63, paragraph (13) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)); or Article 63-9, paragraph (10) (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)), or makes a false notification;

(viii) a personfails to make a notification under the provisions of Article 50-2, paragraph (1) or (7); Article 57-18, paragraph (2); Article 60-7 (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)); Article 66-40, paragraph (1) or (4); Article 66-61, paragraph (1); or Article 66-8383,

paragraph (1), or makes a false notification;

(ix) a person fails to issue public notice under the provisions of Article 50-2, paragraph (6) or Article 66-40, paragraph (3), or issues a false public notice;

(x) a personfails to make a report or submit materials under the provisions of Article 56-2, Article 57-10, paragraph (1); Article 57-23; Article 57-26, paragraph (2); Article 60-11 (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)); Article 63-6 (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)); Article 63-14 (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)); Article 66-22; Article 66-45, paragraph (1); Article 66-67; Article 66-88, Article 103-4; Article 106-6, paragraph (1); Article 106-16; Article 106-20, paragraph (1); Article 156-5-4; Article 156-5-8; or Article 156-89; or a person makes a false report or submits a false material;

(xi) a personrefuses, hinders, or evades an inspection under the provisions of Article 56-2; Article 57-10, paragraph (1); Article 57-23; Article 57-26, paragraph (2); Article 60-11 (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)); Article 63-6 (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)); Article 63-14 (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)); Article 66-22; Article 66-45, paragraph (1); Article 66-67; Article 66-88; Article 75; Article 79-4; Article 103-4; Article 106-6, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (2) of that Article); Article 106-16; Article 106-20, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (2) of that Article); Article 106-27 (including as applied mutatis mutandis pursuant to Article 109); Article 151 (including as applied mutatis mutandis pursuant to Article 153-4); Article 155-9; Article 156-5-4; Article 156-5-8; Article 156-15; Article 156-20-12; Article 156-34; Article 156-80; Article 156-89; Article 185-5; or Article 187, paragraph (1), item (iv);

(xi)-2 a person violates an order under the provisions of Article 56-3;

(xi)-3 a person fails to make a notification under the provisions of Article 57-2, paragraph (1), or makes a false notification;

(xi)-4 a person fails to submit a document under the provisions of Article 57-2, paragraph (2) or (3), or submits a false document;

(xi)-5 a person that fails to make a notification under the provisions of Article 57-13 or makes a false notification;

(xii) a personfails to make a report or submit materials under the provisions of Article 60-11 as applied mutatis mutandis pursuant to Article 60-12, paragraph (3) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)) or Article 56-2, paragraph (1) as applied mutatis mutandis pursuant to Article 65-3, paragraph (3), or a person makes a false report or

submits a false material;

(xiii) a personrefuses, hinders, or evades an inspection under the provisions of Article 60-11 as applied mutatis mutandis pursuant to Article 60-12, paragraph (3) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)) or Article 56-2, paragraph (1) as applied mutatis mutandis pursuant to Article 65-3, paragraph (3);

(xiii)-2 a personfails to submit a copy of a contract under the provisions of Article 63, paragraph (9) or (10) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)), or submits a copy of a false contract;

(xiv) a personviolates an order under the provisions of Article 63, paragraph (12) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)) or Article 63-9, paragraph (9) (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2));

(xv) a person violates the provisions of Article 156-46;

(xvi) a person fails to answer a question asked by officials under the provisions of Article 156-58, gives a false answer, or refuses, hinders, or evades inspection;

(xvii) a person violates an order under the provisions of Article 156-59, paragraph (1);

(xvii)-2 a person fails to prepare or preserve a record under the provisions of Article 156-63, paragraph (2); Article 156-64, paragraph (2); or Article 156-65, paragraph (1); or prepares a false record;

(xvii)-2-2 a person fails to provide data on centrally cleared trades or data on non-centrally cleared trades under the provisions of Article 156-63, paragraph (1) or Article 156-64, paragraph (1), or provides false data on centrally cleared trades or false data on non-centrally cleared trades;

(xvii)-3 a person fails to make a report under the provisions of Article 156-63, paragraph (2), Article 156-64, paragraph (2) or Article 156-65, paragraph (2); or a person submits a report in which the person has entered a false statement;

(xvii)-4 a person fails to make a notification under the provisions of Article 156-86, paragraph (1), or makes a false notification;

(xvii)-5 a personfails to appear or give a statement, gives a false statement, fails to give a written opinion or a report, or gives a false written opinion or a false report, in violation of a disposition rendered to a person concerned or a witness under the provisions of Article 187, paragraph (1), item (i);

(xvii)-6 a personfails to appear or to present an expert opinion, or presents a false expert opinion, in violation of a disposition rendered to an expert under the provisions of Article 187, paragraph (1), item (ii);

(xvii)-7 a person fails to submit articles, in violation of a disposition rendered to a person concerned under Article 187, paragraph (1), item (iii); or

(xviii) a person fails to make a report under the provisions of Article 188, or makes a false report.

Article 199 If there is a failure to make a report or to submit materials under Article 75; Article 79-4; Article 106-6, paragraph (1) as applied mutatis mutandis pursuant to paragraph (2) of that Article; Article 106-20, paragraph (1) as applied mutatis mutandis pursuant to paragraph (2) of that Article; Article 106-27 (including as applied mutatis mutandis pursuant to Article 109); Article 151 (including as applied mutatis mutandis pursuant to Article 153-4); Article 155-9; Article 156-15; Article 156-20-12; Article 156-34; Article 156-58; or Article 156-80, or if a false report is made or false materials are submitted, the representative, agent, employee, or any other worker of an authorized financial instruments firms association, certified financial instruments business association prescribed in Article 78, paragraph (2), financial instruments exchange, self-regulatory organization prescribed in Article 85, paragraph (1), financial instruments exchange holding company, commodity exchange, commodity exchange holding company, foreign financial instruments exchange, financial instruments clearing organization, foreign financial instruments clearing organization, securities finance company, designated dispute resolution organization prescribed in Article 156-38, paragraph (1), or trade repository (hereinafter referred to as "authorized financial instruments firms association, etc." in this Article) that committed the violation; the representative, agent, employee, or other workers of the subsidiary company of a financial instruments exchange (meaning a subsidiary company prescribed in Article 87-3, paragraph (3); hereinafter the same applies in this Article), subsidiary company of a financial instruments exchange holding company, subsidiary company of a commodity exchange, subsidiary company of a commodity exchange holding company commodity trading participant that has committed the violation; the representative, agent, employee, or other workers of the issuer of securities listed on a financial instruments exchange or over-the-counter traded securities, of the participant in a foreign financial instruments exchange, of the financial instruments clearing organization or clearing member of a foreign financial instruments clearing organization, of a person that has concluded a contract for trade data collection with a trade repository that has committed the violation; or the person that has been entrusted with business by an authorized financial instruments firms association, etc. (including a person that has received entrustment from the person (including entrustment at two or more degrees of separation from the original entrustment); if the person is a corporation, its representative, agent, employee, or other workers) that has committed the violation is subject to imprisonment for not more than one year, a fine of not more than three million

yen, or both.

Article 200 If any of the following items applies, the person that has committed the violation is subject to imprisonment for not more than one year, a fine of not more than one million yen, or both:

(i) a personfails to submit or send copies of documents under the provisions of Article 6 (including as applied mutatis mutandis pursuant to Article 12; Article 23-12, paragraph (1); Article 24, paragraph (7); Article 24-2, paragraph (3); Article 24-4-4, paragraph (5); Article 24-4-5, paragraph (2); 5, paragraph (6); and Article 24-6, paragraph (3); and as these provisions (excluding Article 24-6, paragraph (3)) are applied mutatis mutandis pursuant to Article 27); Article 24-7, paragraph (4) (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27) and Article 27); Article 27-3, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27-8, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27-13, paragraph (3)); Article 27-11, paragraph (4); Article 27-13, paragraph (3); and Article 27-22-2, paragraphs (2) and (3)); or Article 27-22-2, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (8));

(ii) a personfails to submit an amended statement under the provisions of the first sentence of Article 7, paragraph (1); Article 9, paragraph (1); or Article 10, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27);

(iii) a personviolates the provisions of Article 15, paragraph (2) (including as applied mutatis mutandis pursuant to Article 23-12, paragraph (3), and as these provisions are applied mutatis mutandis pursuant to Article 27); Article 15, paragraph (3) or (4) (including as applied mutatis mutandis pursuant to Article 27); Article 27-5 (including as applied mutatis mutandis pursuant to Article 27-8, paragraph (10); Article 27-22-2, paragraphs (2) and (5); and Article 27-22-3, paragraph (5)); or Article 27-13, paragraph (4) or (5) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2));

(iv) a personfails to submit an amended shelf registration statement under the provisions of the first sentence of Article 23-4; Article 23-9, paragraph (1); or Article 23-10, paragraph (1); or under Article 23-10, paragraph (1) as applied mutatis mutandis pursuant to paragraph (5) of that Article (including as applied mutatis mutandis pursuant to Article 27);

(v) a person fails to submit an amended report, semiannual securities report, extraordinary report, parent company, etc. status report, or report on repurchases under the provisions of Article 9, paragraph (1) as applied

mutatis mutandis pursuant to Article 24-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); Article 9, paragraph (1) as applied mutatis mutandis pursuant to Article 24-4-5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); 5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 24-5, paragraph (3) and as these provisions are applied mutatis mutandis pursuant to Article 27); Article 24-5, paragraph (4) (including as applied mutatis mutandis pursuant to Article 27); Article 9, paragraph (1) or Article 10, paragraph (1) as these provisions are applied mutatis mutandis pursuant to Article 24-5, paragraph (5) (including as applied mutatis mutandis pursuant to Article 27); Article 24-6, paragraph (1); Article 9, paragraph (1) or Article 10, paragraph (1) as these provisions are applied mutatis mutandis pursuant to Article 24-6, paragraph (2); Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-7, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27) and Article 27); or Article 24-7, paragraph (3) (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) (including as applied mutatis mutandis pursuant to Article 27) and Article 27);

(vi) a personviolates the provisions of Article 25, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27) or Article 27-14, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) in failing to make copies of a document (other than a document set forth in Article 25, paragraph (1), item (iv) or (viivi)) available for public inspection;

(vii) a personfails to issue public notice or make the disclosure under the provisions of Article 27-7, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-8, paragraph (12) and Article 27-22-2, paragraphs (2) and (6)); Article 27-8, paragraph (8) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) and Article 27-22-3, paragraph (4)); Article 27-8, paragraph (11) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)); Article 27-10, paragraph (6); or Article 27-13, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2));

(viii) a personfails to submit an amended statement under the provisions of Article 27-8, paragraphs (2) through (4) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)) or an amended statement under the provisions of Article 27-8, paragraphs (2) through (4) as applied mutatis mutandis pursuant to Article 27-13, paragraph (3) and Article 27-22-2, paragraph (7);

(ix) a person fails, in violation of Article 27-9, paragraph (33) or (44) (including

as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), to deliver a tender offer explanation statement or an amended tender offer explanation statement;

(x) a personfails to submit a target company's position statement under the provisions of Article 27-10, paragraph (1) or tender offeror's answer under Article 27-10, paragraph (11);

(xi) a personsends, in sending a copy of a document under the provisions of Article 27-10, paragraph (9) (including as applied mutatis mutandis pursuant to Article 27-10, paragraph (10)); Article 27-10, paragraph (13) (including as applied mutatis mutandis pursuant to Article 27-10, paragraph (14)); or Article 27-27 (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2)), as a copy of the original document, a document that contains a false statement about a material particular and whose content differ from that of the original document;

(xii) a personfails to submit an amended report under the provisions of Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 27-29, paragraph (1);

(xii)-2 a personfails to provide or disclose the amended specified information on securities under the provisions of Article 27-31, paragraph (4) concerning a material particular, or a person violates the provisions of Article 27-31, paragraph (5) (limited to the part involving amended specified information on securities) in connection with those amended specified information on securities;

(xii)-3 a person violates the provisions of Article 31-3-2;

(xiii) a personviolates an order under the provisions of Article 32-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 32-4 and Article 57-26, paragraph (1)) or paragraph (3);

(xiv) a person violates the provisions of Article 39, paragraph (2) (including as applied mutatis mutandis pursuant to Article 66-15);

(xv) a personenters a false statement into a written application or document under the provisions of Article 39, paragraph (7) (including as applied mutatis mutandis pursuant to Article 66-15) and submits the written application or document;

(xv)-2 a person violates the provisions of Article 40-6;

(xvi) a person violates the provisions of Article 103-2, paragraph (1) or (4), or Article 106-14, paragraph (1) or (4);

(xvii) a personviolates the provisions of Article 106-3, paragraph (1) or (4); Article 106-7, paragraph (2); Article 106-17, paragraph (1) or (3); Article 106-21, paragraph (2); Article 156-5-5, paragraph (1) or (4); or Article 156-5-9, paragraph (2);

(xviii) a person violates an order under the provisions of Article 106-7,

paragraph (1); Article 106-21, paragraph (1); or Article 156-5-9, paragraph (1);

(xviii)-2 a person violates the provisions of Article 156-41, paragraph (1);

(xix) a person violates the provisions of Article 167-3;

(xx) a person violates the provisions of Article 168; and

(xxi) a person violates the provisions of Article 170 or Article 171 in making a representation.

Article 200-2 In the case referred to in item (xiv) of the preceding Article, any economic benefit received by the perpetrator or a third party with knowledge of the circumstances is to be confiscated. If all or part of an economic benefit cannot be confiscated, an equivalent value is to be collected.

Article 200-3 (1) If a witness or expert who has taken an oath pursuant to the provisions of Article 201, paragraph (1) of the Code of Civil Procedure as applied mutatis mutandis pursuant to Article 185, paragraph (44) or Article 185-4, paragraph (44), gives a false statement or presents a false expert opinion, that witness or expert is subject to imprisonment for not less than three months but not more than ten years.

(2) If a person that commits the crime referred to in the preceding paragraph makes a voluntary confession prior to the completion of trial procedures and before the discovery of that crime, the sentence may be reduced or waived.

Article 201 If any of the following items applies, the person that has committed the violation is subject to imprisonment for not more than one year, a fine of not more than one million yen, or both:If appliesperson that has committed the violation

(i) a person conducts business prescribed in Article 30, paragraph (1) without obtaining authorization under the provisions of that paragraph (excluding the case where the person conducts that business pursuant to the proviso to that paragraph);

(ii) a person violates the conditions attached pursuant to the provisions of Article 30-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 87-2, paragraph (3); Article 87-3, paragraph (5); Article 106-3, paragraph (6); Article 106-10, paragraph (5); Article 106-17, paragraph (5); Article 106-24, paragraph (2); Article 155, paragraph (2); Article 156-5-5, paragraph (6); or Article 156-20-16, paragraph (4)); Article 59, paragraph (2); Article 60, paragraph (2) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)); Article 85, paragraph (2); or Article 156-6, paragraph (4) (including as applied mutatis mutandis pursuant to Article 156-19, paragraph (4));

(iii) a person violates the provisions of Article 31, paragraph (6);
(iv) a person violates the provisions of Article 31-2, paragraph (5); Article 33, paragraph (1); Article 33-2; Articles 41-3 through 41-5; Article 42-5; Article 42-6; or Article 66-13;
(v) a person conducts financial instruments business or performs services prescribed in Article 35, paragraph (1) and services other than those set forth in the items of Article 35, paragraph (2), without obtaining the approval under the provisions of Article 35, paragraph (4);
(vi) a person violates a disposition for the suspension of business under Article 52, paragraph (1) (limited to the part involving the authorization referred to in Article 30, paragraph (1)) or Article 52-2, paragraph (1);
(vii) a person violates the provisions of Article 64, paragraph (2) (including as applied mutatis mutandis pursuant to Article 66-25) in allowing a person to perform the duties of a sales representative;
(viii) a person violates the provisions of Article 67-7, Article 97, or Article 102-21;
(ix) a person entrusts the self-regulatory services prescribed in Article 84, paragraph (2) to a self-regulatory organization prescribed in that paragraph without obtaining the authorization from the Prime Minster, in violation of Article 85, paragraph (1);
(x) a person violates an order under the provisions of Article 106-7, paragraph (1) as applied mutatis mutandis pursuant to paragraph (4) of that Article, or under the provisions of Article 106-21, paragraph (1) as applied mutatis mutandis pursuant to paragraph (4) of that Article;
(xi) a person violates an order under the provisions of Article 106-28, paragraph (1) (including as applied mutatis mutandis pursuant to Article 109);
(xii) the person conducts business other than that prescribed in Article 156-24, paragraph (1) and the items of Article 156-27, paragraph (1) without obtaining the approval under the provisions of Article 156-27, paragraph (3); and
(xiii) a person performs an act that is allowed only with the authorization of the Prime Minister pursuant to Article 156-28, paragraph (1), without obtaining the authorization under the provisions of that paragraph.

Article 202 (1) A person that acts with the aim of paying or receiving the difference in quotations on a financial instruments exchange market (including financial indexes calculated based on prices or interest rates, etc. of financial instruments on a financial instruments exchange market) other than through a financial instruments exchange market, is subject to imprisonment for not more than one year, a fine of not more than one million yen, or both; provided,

however, that this does not preclude the application of the provisions of Article 186 of the Penal Code.

(2) The provisions of the preceding paragraph do not apply to the following transactions:

(i) over-the-counter derivatives transactions in which one of the parties is a financial instruments business operator (limited to one that engages in type-I financial instruments business prescribed in Article 28, paragraph (1); hereinafter the same applies in this paragraph) or a bank, cooperative financial institution, or financial institution specified by Cabinet Order as referred to in Article 33, paragraph (1);

(ii) over-the-counter derivatives transactions for which a financial instruments business operator or a bank, cooperative financial institution, or financial institution specified by Cabinet Order as referred to in Article 33, paragraph (1) conducts intermediation, brokerage, or agency; and

(iii) transactions in which one of the parties is a commodity futures transactions dealer or a person that made a notification prescribed in Article 349, paragraph (1) of the Commodity Derivatives Transaction Act.

Article 203 (1) If the officer or official of a financial instruments business operator (or the domestic representative or officer stationed at a business office or office established in Japan, if the financial instruments business operator is a foreign corporation; hereinafter the same applies in this paragraph); the officer or official of an authorized financial instruments firms association, certified financial instruments business association prescribed in Article 78, paragraph (2), or financial instruments exchange (including a provisional board member, provisional inspector, provisional director, provisional executive officer, or provisional company auditor); or the domestic representative or official of a foreign financial instruments exchange (if the foreign financial instruments exchange has a domestic office, this includes any officer stationed there) accepts a bribe in connection with that person's duties (in the case of the officer or official of a financial instruments business operator, limited to duties involved in the business of a financial instruments business operator is entrusted by an investor protection fund pursuant to the provisions of Article 79-50, paragraph (1)), or requests or promises to do so, that person is subject to imprisonment for not more than five years.

(2) In the case referred to in the preceding paragraph, any bribe that is accepted is subject to confiscation. If all or part of a bribe cannot be confiscated, an equivalent value is to be collected.

(3) A person that provides the bribe referred to in paragraph (1) or that offers or promises to do so is subject to imprisonment for not more than three years or by a fine of not more than three million yen.

Article 203-2 (1) The provisions regarding the crimes referred to in paragraph (1) of the preceding Article also apply to a person that commits a crime referred to in that paragraph outside Japan.
(2) A crime referred to in paragraph (3) of the preceding Article is governed by the provisions of Article 2 of the Penal Code.

Article 204 A person that violates the provisions of Article 72 (including as applied mutatis mutandis pursuant to Article 79 or Article 79-14); Article 77-2, paragraph (7) or (8) (including as applied mutatis mutandis pursuant to Article 77-3, paragraph (4), Article 78-7, Article 78-8, paragraph (4), or Article 79-13), Article 79-47, Article 87-8, Article 156-8, Article 156-20-7, or Article 156-70 is subject to imprisonment for not more than one year, or a fine of not more than 500 thousand yen.

Article 205 If any of the following items applies, the person that has committed the violation is subject to imprisonment for not more than six months, a fine of not more than 500 thousand yen, or both:
(i) a person violates the provisions of Article 4, paragraph (4); Article 4, paragraph (6) (including as applied mutatis mutandis pursuant to Article 23-8, paragraph (4)), Article 13, paragraph (4) or (5) (including as applied mutatis mutandis pursuant to Article 23-12, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27) and Article 27), Article 15, paragraphs (2) through (4) as these provisions are applied mutatis mutandis pursuant to Article 15, paragraph (6) (including as applied mutatis mutandis pursuant to Article 23-12, paragraph (3) and including as these provisions are applied mutatis mutandis pursuant to Article 27); Article 23, paragraph (2) (including as applied mutatis mutandis pursuant to Article 23-12, paragraph (5) and including as these provisions are applied mutatis mutandis pursuant to Article 27), Article 23-8, paragraph (3) (including as applied mutatis mutandis pursuant to Article 27), or Article 24-2, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27);
(ii) a personfails to submit an amended report under Article 27-8, paragraphs (2) through (4) as these provisions are applied mutatis mutandis pursuant to Article 27-10, paragraph (8), or under Article 27-8, paragraphs (2) through (4) as these provisions are applied mutatis mutandis pursuant to Article 27-10, paragraph (12);
(iii) a personfails to send a copy of a document under Article 27-10, paragraph (9) (including as applied mutatis mutandis pursuant to Article 27-10, paragraph (10)); Article 27-10, paragraph (13) (including as applied mutatis mutandis pursuant to Article 27-10, paragraph (14)); or Article 27-27

(including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2));

(iv) a person violates the provisions of Article 27-15, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2));

(v) a personfails to make a report or submit materials under Article 26, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27); Article 27-22, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), Article 27-22, paragraph (2), Article 27-30, paragraph (1) or (2), Article 27-35, paragraph (1), Article 27-37, paragraph (1), or Article 193-2, paragraph (6), or makes a false report or submits false materials;

(vi) a personrefuses, hinders, or evades an inspection under Article 26, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27), Article 27-22, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)), Article 27-22, paragraph (2), Article 27-30, paragraph (1), Article 27-35, paragraph (1), Article 27-37, paragraph (1), or Article 177, paragraph (1), item (iii);

(vi)-2 a person provides or discloses foreign securities information under Article 27-32-2, paragraph (1) or (2) that contains a false statement about a material particular;

(vi)-3 a person, in a secondary distribution of foreign securities, sells the securities subject to the secondary distribution of foreign securities without providing or disclosing the foreign securities information under Article 27-32-2, paragraph (1) in connection with those secondary distribution of foreign securities;

(vi)-4 a person fails to provide or disclose the foreign securities information under Article 27-32-2, paragraph (2);

(vi)-5 a person violates an order under Article 27-38, paragraph (2);

(vii) a personenters a false statement into a written application or an attached document under the provisions of Article 30-3, Article 64, paragraph (3) or (4) (including as applied mutatis mutandis pursuant to Article 66-25), or Article 85-2, paragraph (1) or (2) and submits it;

(viii) a person, in violation of Article 31-2, paragraph (8), fails to make a deposit;

(ix) a personfails to submit a notification or an attached document under the provisions of Article 32, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to Article 32-4 and Article 57-26, paragraph (1)), or submits a false notification or attached document;

(ix)-2 a person fails to make a notification under the provisions of Article 32, paragraph (3), or makes a false notification;

(x) a person fails to represent a matter prescribed in Article 37, paragraph (1)

or Article 66-10, paragraph (1) or makes a false representation;

(xi) a person violates the provisions of Article 37, paragraph (2) or Article 66-10, paragraph (2);

(xii) a person, in violation of Article 37-3, paragraph (1) or Article 37-4, paragraph (1),fails to provide information under these provisions or provides false information;information

(xiii) a person fails to make a notification under Article 37-3, paragraph (3), Article 42-7, paragraph (22), Article 103-2, paragraph (3), Article 106-3, paragraph (3) (including as applied mutatis mutandis pursuant to Article 106-10, paragraph (4) or Article 106-17, paragraph (4)), Article 106-14, paragraph (3), or Article 156-5-5, paragraph (3), or that makes a false notification;

(xiii)-2 a person, in violation of Article 37-5, paragraph (1), fails to deliver a written document, delivers a written document that does not contain the particulars prescribed in that paragraph, or delivers a written document that contains a false statement; or a person, in violation of that paragraph, provides another person with something that lacks those particulars or with something that contains false particulars by the means prescribed in Article 34-2, paragraph (4) as applied mutatis mutandis pursuant to Article 37-5, paragraph (2);

(xiv) a person, in violation of the provisions of Article 43-5, fails to make the particulars prescribed in that Article available for inspection, or makes false particulars available for inspection;

(xv) a person, in violation of the provisions of Article 67-18, makes a false report;

(xvi) a person violates the provisions of Article 86, paragraph (2);

(xvii) a personfails to submit a statement of holdings in subject voting rights under the provisions of Article 103-3, paragraph (1), Article 106-15, or Article 156-5-3, paragraph (1), or that submits a statement of holdings in subject voting rights containing a false statement;

(xviii) a personviolates the Cabinet Office Order under the provisions of Article 161, paragraph (1) (including as applied mutatis mutandis pursuant to Article 161, paragraph (2)) or paragraph (3);

(xix) a personviolates the provisions of Article 163 or Article 165-2, paragraph (1) or (2) in failing to submit a written report or in submitting a written report containing a false statement, or in making a false filing with the Prime Minister in the filing under the provisions of Article 164, paragraph (5) or Article 165-2, paragraph (10); or

(xx) a person violates the provisions of Article 165, Article 165-2, paragraph (166), or Article 169.

Article 205-2 If aa personfails to prepare or preserve the records under Article 156-48 or Article 156-50, paragraph (9), or prepares a false record, the person that has committed the violation is subject to punishment by a fine of not more than one million yen.

Article 205-2-2 If any of the following items applies, the person that has committed the violation is subject to punishment by a fine of not more than 500 thousand yen:

(i) a persondiscontinues financial instruments obligation assumption services without obtaining the authorization referred to in Article 156-20-15;

(ii) a personsuspends or discontinues all or part of dispute resolution services (meaning the dispute resolution services prescribed in Article 156-38, paragraph (11)) without obtaining the authorization referred to in Article 156-60, paragraph (1); or

(iii) a person suspends or discontinues all or part of trade repository business without obtaining the authorization referred to in Article 156-82, paragraph (1).

Article 205-2-3 If any of the following items applies, the person that has committed the violation is subject to punishment by a fine of not more than 300 thousand yen:

(i) a person fails to make a notification under Article 31, paragraph (1),(3) or (7); Article 32-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 32-4 or Article 57-26, paragraph (1)) or paragraph (2); Article 33-6, paragraph (1) or (3); Article 35, paragraph (3) or (6); Article 50, paragraph (1); Article 57-2, paragraph (4) or (6); Article 57-14; Article 57-18, paragraph (1); Article 60-5 (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)); Article 63, paragraph (8) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)); Article 63-2, paragraph (2); Article 63-2, paragraph (3) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)) or paragraph (4); Article 63-9, paragraph (7) (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)); Article 63-10, paragraph (2), paragraph (3) (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)), or paragraph (4); Article 64-4 (including as applied mutatis mutandis pursuant to Article 66-25); Article 66-5, paragraph (1) or (3); Article 66-19, paragraph (1); Article 66-31, paragraph (1) or (3); Article 66-54, paragraph (1) or (3); Article 66-60; Article 66-75, paragraph (1) or (3); Article 79-27, paragraph (4); Article 106-3, paragraph (5) (including as applied mutatis mutandis pursuant to Article 106-10, paragraph (4) or Article 106-17, paragraph (4)); Article 156-5-5, paragraph (5); Article 156-55, paragraph (1);

Article 156-56; Article 156-60, paragraph (2); Article 156-82, paragraph (2); Article 156-86, paragraph (4); or Article 156-88, or a person makes a false notification;

(ii) a person violates the provisions of Article 31-3; Article 43-4, paragraph (1) or (2); Article 66-6; or Article 194;

(iii) a person violates the provisions of Article 36-2, paragraph (1) or (2) or Article 66-8, paragraph (1) or (2);

(iv) a person, in violation of the provisions of Article 36-2, paragraph (33) or Article 66-8, paragraph (33), posts a sign under the provisions of Article 36-2, paragraph (1) or Article 66-8, paragraph (1), or a sign that is similar to the sign;

(v) a personviolates an order under Article 46-3, paragraph (3) (including as applied mutatis mutandis pursuant to Article 60-6 (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2))); Article 48-2, paragraph (3); Article 57-3, paragraph (3); or Article 57-15, paragraph (3);

(vi) a person, in violation of Article 955, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 50-2, paragraph (10) or Article 66-40, paragraph (6), fails to enter or record the particulars specified by Ministry of Justice Order with regard to the electronic public notice investigation specified in that paragraph in the investigation record book, etc. (meaning an investigation record book, etc. prescribed in Article 955, paragraph (1) of the Companies Act; hereinafter the same applies in this item), enters or records a false statement, or in violation of that paragraph, fails to preserve an investigation record book, etc.;

(vii) a person fails to submit a document under the provisions of Article 57-2, paragraph (5), or submits a false document;

(viii) a person violates the provisions of the second sentence of Article 79-3, paragraph (1);

(ix) a person fails to make a report under the provisions of Article 79-16 or Article 156-45, paragraph (1), or makes a false report;

(x) a person enters a false statement in a written application or an attached document under the provisions of Article 79-30 and submits it;

(xi) a personfails to make a report or submit materials under the provisions of Article 79-52, paragraph (2), or makes a false report or submits false materials;

(xii) a person, in violation of Article 79-53, paragraph (1), Article 156-60, paragraph (3), Article 156-61, paragraph (3), or Article 156-82, paragraph (2), fails to give a notice or gives a false notice to the relevant person;

(2) A person that falls under any of the following items is subject to punishment by a fine of not more than 300 thousand yen:

(i) an officer (including a provisional board member or provisional auditor) or

employee of an investor protection fund or a person entrusted by an investor protection fund with its business pursuant to Article 79-50, paragraph (1) (if the person is a corporation, its representative, agent, employee, or any other worker),that fails to make a report or submit materials under the provisions of Article 79-77, or makes a false report or submits false materials; or

(ii) an officer (including a provisional board member or provisional auditor) or employee of an investor protection fund or a person entrusted by an investor protection fund with its business pursuant to Article 79-50, paragraph (1) (if the person is a corporation, its representative, agent, employee, or any other worker), that refuses, evades or hinders an inspection under the provisions of Article 79-77.

Article 205-3 A person that falls under any of the following items is subject to punishment by a fine of not more than 200 thousand yen:

(i) a person that, in violation of a disposition under the provisions of Article 177, paragraph (1), item (i) rendered to a person concerned with a case or a witness, fails to appear or to give a statement, gives a false statement, fails to give a report, or gives a false report;

(ii) a person that fails to submit articles, in violation of the disposition under the provisions of Article 177, paragraph (1), item (ii) rendered to persons concerned with a case;

(iii) a person that, in violation of a disposition under Article 185, paragraph (1) rendered to a witness, fails to appear, fails to give a statement, or gives a false statement;

(iv) a person that, in violation of an order under Article 201, paragraph (1) of the Code of Civil Procedure as applied mutatis mutandis pursuant to Article 185, paragraph (44) or Article 185-4, paragraph (44) issued to a witness or an expert, fails to take an oath;

(v) a person that, in violation of a disposition under the provisions of Article 185-3, paragraph (2) rendered to a possessor of an article, fails to submit the article; or

(vi) a person that, in violation of a disposition under the provisions of Article 185-4, paragraph (1) rendered to an expert, fails to present an expert opinion, or presents a false expert opinion.

Article 206 (1)If any of the following items applies, the person that has committed the violation is subject to punishment by a fine of not more than 300 thousand yen:

(i) a person violates the provisions of Article 64-7, paragraph (4) (including as applied mutatis mutandis pursuant to Article 66-25); Article 67-8, paragraph (2); Article 67-12; Article 87-2, paragraph (1); Article 87-3, paragraph (1);

Article 105, paragraph (1); Article 106-24, paragraph (1); Article 149, paragraph (1) (including as applied mutatis mutandis pursuant to Article 153-4); or Article 156-12-3, paragraph (1);

(ii) a person fails to give a notification under the first sentence of Article 67-8, paragraph (3), Article 67-13, Article 121, Article 126, paragraph (1), the first sentence of Article 149, paragraph (2) (including as applied mutatis mutandis pursuant to Article 153-4); Article 153-3, or Article 155-7, or gives a false notification;

(iii) a person violates an order under the provisions of Article 67-14 or Article 125;

(iv) a person violates an order under the provisions of Article 67-15, paragraph (1), Article 67-17, paragraph (1), Article 127, paragraph (1), or Article 129, paragraph (1);

(v) a person violates the provisions of Article 122, paragraph (1) (including as applied mutatis mutandis pursuant to Article 123, paragraph (1) or (2)) or Article 124, paragraph (1) or (3) in listing securities;

(vi) a person violates the provisions of Article 126, paragraph (2) in delisting securities;

(vii) a person fails to give a notification under the provisions of Article 156-6, paragraph (3), Article 156-13, or Article 156-19, paragraph (3), or gives a false notification;

(viii) a person violates the provisions of Article 156-12, Article 156-20-10, or Article 156-20-21, paragraph (1);

(ix) a person fails to give a notification under the provisions of Article 156-20-11 or Article 156-20-21, paragraph (2) or (3), or gives a false notification;

(x) a person fails to give a notification under the provisions of Article 156-27, paragraph (2) or Article 156-28, paragraph (2) or (3), or gives a false notification;

(xi) a person fails to give a notification under the provisions of Article 156-72, paragraph (2), Article 156-77, paragraph (1), or Article 156-78, or gives a false notification; or

(xii) a person, in violation of the provisions of Article 156-74, paragraph (1), fails to establish operational rules or fails to obtain the authorization of the Prime Minister for them, or changes the operational rules without obtaining the authorization of the Prime Minister; or

(xiii) a person, in violation of the provisions of Article 156-87, paragraph (1), fails to establish operational rules or fails to obtain authorization of the Prime Minister, or, in violation of the provisions of paragraph (3) of that Article, changes the operational rules without obtaining the authorization of the Prime Minister.

(2) An officer (including a provisional board member or provisional auditor) or

employee of an investor protection fund that fails to make a report under the provisions of Article 79-55, paragraph (4) or Article 79-59, paragraph (5), or makes a false report is subject to punishment by a fine of not more than 300 thousand yen.

Article 207 (1) If the representative of a corporation (including an organization without legal personality for which a representative or administrator has been designated; hereinafter the same applies in this paragraph and the following paragraph) or the agent, employee, or any other worker of a corporation or individual commits a violation set forth in any of the provisions of the following items in connection with the business or property of the corporation or individual, in addition to the offender being punished, the corporation is sentenced to the fine prescribed in each of those items and the individual is sentencedsentenced to the fine prescribed in the relevant Articles:

(i) the provisions of Article 197: a fine of not more than 700 million yen;

(ii) the provisions of Article 197-2, paragraph (1)or Article 197-3: a fine of not more than 500 million yen;

(iii) the provisions of Article 198, paragraph (1) (excluding item (v)) or Article 198-3 through Article 198-5: a fine of not more than 300 million yen;

(iv) the provisions of Article 198-6 (excluding item (viii), item (ix), item (xii), item (xiii), and item (xv)) or Article 199: a fine of not more than 200 million yen;

(v) the provisions of Article 200 (excluding item (xii)-3, item (xv)-2, item (xvii), item (xviii)-2, and item (xix)) or Article 201, item (i), item (ii), item (iv), item (vi), or items (ix) through (xi): a fine of not more than 100 million yen; and

(vi) the provisions of Article 198, paragraph (1), item (v), Article 198-6, item (viii), item (ix), item (xii), item (xiii), or item (xv); Article 200, item (xii)-3, item (xv)-2, item (xvii), item (xviii)-2, or item (xix); Article 201 (excluding item (i), item (ii), item (iv), item (vi), and items (ix) through (xi)); Articles 205 through205-2; Article 205-2-3, paragraph (1);) or paragraph (1) of the preceding Article (excluding item (v)): the fine prescribed in the relevant Articles.

(2) The period of prescription for punishing a corporation or individual by a fine due to a violation referred to in Article 197, Article 197-2, paragraph (1)or Article 197-3 pursuant to the provisions of the preceding paragraph is the period of prescription for the crimes in those provisions.

(3) If an organization without legal personality is to be punished pursuant to the provisions of paragraph (1), the representative or administrator of that organization represents the organization with regard to procedural acts, and the provisions of laws on criminal proceedings that have a corporation as the defendant or suspect apply mutatis mutandis.

Article 207-2 If the person provided for in Article 197-2, paragraph (2), item (ii), Article 198, paragraph (2), or Article 203, paragraph (1) is a corporation, those provisions apply to the director, executive officer, or other officer or manager that executes the business of the corporation who has committed that act.

Article 207-3 In the following cases, the officer (including a provisional board member, provisional auditor, provisional director, provisional accounting advisor, provisional company auditor, and provisional executive officer) of an authorized financial instruments firms association, financial instruments exchange, self-regulatory organization prescribed in Article 85, paragraph (1), or financial instruments exchange holding company is sentenced to a civil fine of not more than one million yen:

(i) the officer violates an order under the provisions of Article 73 or Article 153 (including as applied mutatis mutandis pursuant to Article 153-4);

(ii) the officer fails to record the amount of capital reserves prescribed in Article 101-8;

(iii) the officer fails to give a notice under the provisions of Article 101-10, paragraph (1) or (4);

(iv) the officer fails to complete the registration under the provisions of Article 101-20, paragraph (1);

(v) the officer violates the provisions of Article 102-31, paragraph (1) or Article 105-16, paragraph (1) in failing to keep minutes;

(vi) the officer violates the provisions of Article 105-5, paragraph (1) in failing to select a majority of the members of the self-regulatory committee from among outside directors; or

(vii) the officer fails to make the list under the provisions of Article 105-18 available for public inspection.

Article 207-4 A person that falls under any of the following items is sentenced to a civil fine of not more than one million yen:

(i) a person that, in violation of the provisions of Article 941 of the Companies Act as applied mutatis mutandis pursuant to Article 50-2, paragraph (10) and Article 66-40, paragraph (6), fails to request the investigation referred to in Article 941 of the Companies Act;

(ii) a person that, in violation of the provisions of Article 946, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 50-2, paragraph (10) and Article 66-40, paragraph (6), fails to make a report or gives a false report;

(iii) a person that refuses the request set forth in any of the items of Article 951, paragraph (2) or Article 955, paragraph (2) of the Companies Act as

applied mutatis mutandis pursuant to Article 50-2, paragraph (10) and Article 66-40, paragraph (6), without just cause; or

(iv) a person that refuses to allow the inspection or copying prescribed in Article 102-31, paragraph (2) or Article 105-16, paragraph (2) or (3) (including as applied mutatis mutandis pursuant to paragraph (4) of that Article), without just cause.

Article 208 In any of the following cases, the representative or officer of an issuer of securities, a financial instruments business operator etc., specified major shareholder of a financial instruments business operator, designated parent company, notifier of specially permitted services, notifier of specially permitted services for foreign investors, etc., financial instruments intermediary service provider, high-speed trader, or investment management-related service entrusted business operator; a financial instruments business operator that is an individual, specified major shareholder of a financial instruments business operator that is an individual, notifier of specially permitted services that is an individual, notifier of specially permitted services for foreign investors, etc. that is an individual, financial instruments intermediary service provider that is an individual, high-speed trader that is an individual, or investment management-related service entrusted business operator that is an individual; the domestic representative of a financial instruments business operator that is a foreign corporation, person that has obtained permission under Article 59, authorized firm for on-exchange transactions, the business operator authorized to conduct electronic over-the-counter derivatives transactions, etc. business operator, notifier of specially permitted services that is a foreign corporation, notifier of specially permitted services for foreign investors, etc. that is a foreign corporation,high-speed trader that is a foreign corporation, or investment management-related service entrusted business operator that is a foreign corporation; the officer of a credit rating agency (including the representative or administrator of an organization without legal personality for which a representative or administrator has been designated); the domestic representative of a credit rating agency that is a foreign corporation (including an organization without legal personality for which a representative or administrator has been designated); the officer (including a provisional board member) or the former representative of an authorized financial instruments firms association or the certified financial instruments business association prescribed in Article 78, paragraph (2); the officer (including a provisional board member or provisional inspector) or liquidator of an investor protection fund; the officer (including a provisional board member, provisional director, or provisional executive officer), former representative, or liquidator of a financial instruments exchange or the self-regulatory organization prescribed in Article

85, paragraph (1); the domestic representative or former domestic representative of a foreign financial instruments exchange; the representative or officer of a financial instruments clearing organization; the domestic representative of a foreign financial instruments clearing organization; the representative or officer of a securities finance company; the officer of the designated dispute resolution organization prescribed in Article 156-38, paragraph (1) (including the representative or administrator of an organization without legal personality for which a representative or administrator has been designated); the officer of a trade repository (including the representative or administrator of an organization without legal personality for which a representative or administrator has been designated); the officer of a specified financial index administratoradministrator (including the representative or administrator of an organization without legal personality for which a representative or administrator has been designated); or a specified financial index administrator that is an individual is sentenced to a civil fine of not more than 300 thousand yen:

(i) the person violates the provisions of Article 4, paragraph (5) (including as applied mutatis mutandis pursuant to Article 23-8, paragraph (4)); Article 44-4 (including as applied mutatis mutandis pursuant to Article 59-6); Article 79-26, paragraph (2); Article 79-73; Article 119, paragraph (1) or (4); or Article 161-2, paragraph (1);

(ii) the person fails to submit a confirmation letter under the provisions of Article 24-4-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article paragraph (3) (including as applied mutatis mutandis pursuant to paragraph (4) of that Article) and paragraph (4) of that Article as these provisions are applied mutatis mutandis pursuant to Article 27) or an amended confirmation letter under the provisions of Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-4-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) following the deemed replacement of terms;

(iii) the person, in violation of an order under Article 31-2, paragraph (4), fails to make a deposit;

(iv) the person, in violation of Article 31-4, paragraph (1) or (2), Article 64-7, paragraph (5) (including as applied mutatis mutandis pursuant to Article 66-25), the second sentence of Article 67-8, paragraph (3), Article 67-16, Article 77-6, paragraph (3), Article 105, paragraph (2), Article 120, Article 128, Article 134, paragraph (2), Article 135, paragraph (2), the second sentence of Article 149, paragraph (2) (including as applied mutatis mutandis pursuant to Article 153-4), Article 155-8, paragraph (2), or Article 156-12-3, paragraph (2), fails to give a notification;

(v) the person violates an order under the provisions of Article 32-2, paragraph

(2), Article 51, Article 51-2, Article 53, paragraph (1), Article 57-6, paragraph (1), Article 57-19, Article 57-21, paragraph (1) or (4), Article 60-8, paragraph (1) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2); hereinafter the same applies in this item), Article 63-5, paragraph (1) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2)), Article 63-13, paragraph (1) (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2)), Article 66-20, paragraph (1), Article 66-41, Article 66-62, Article 66-84, Article 79-37, paragraph (5), Article 79-75, Article 156-16, Article 156-20-13, Article 156-33, paragraph (1), Article 156-81, or Article 156-90, paragraph (1) (if this is an order referred to in Article 57-6, paragraph (1), Article 60-8, paragraph (1), or Article 66-20, paragraph (1), excluding a disposition for the suspension of business);

(vi) the person violates the provisions of Article 40-2, paragraph (4) or (5) in failing to provide information prescribed in these provisionsprovisions;

(vi)-2 the person fails to make a public announcement under the provisions of Article 40-7, paragraph (2) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)) or makes a false public announcement;

(vii) the person, in violation of the provisions of Article 46-5, Article 48-3, or Article 49-4 does not set aside reserves or uses them;

(viii) the person, in violation of Article 49-5, does not possess the assets in Japan;

(ix) the person, in violation of Article 67-18 or Article 78-3, fails to make a report;

(x) the person, in violation of Article 67-19, Article 78-4, or Article 130, fails to give a notice or make a disclosure;

(xi) the person, in violation of Article 67-20, Article 78-5, Article 79-41, paragraph (3), Article 79-53, paragraph (2), or Article 131, paragraph (1), fails to make a report or gives a false report;

(xii) the person fails to make the list under the provisions of Article 68, paragraph (6), Article 78-2, paragraph (2), or Article 156-53 available for public inspection;

(xiii) the person fails to obtain authorization, in a case that requires the person to obtain the authorization of the Prime Minister and the Minister of Finance pursuant to the provisions of Chapter IV-2;

(xiv) the person does not file a notification under Article 79-34, paragraph (3) or files a false notification;

(xv) the person conducts business other than that prescribed in Article 79-49 paragraph (1);

(xvi) the person fails to submit a document provided for in Article 79-70, paragraph (1) or (2), or submits a false document;

(xvii) the person violates the provisions of Article 79-71 in their accounting;
(xviii) the person violates the provisions Article 79-80, paragraph (1) in disposing of the residual assets of an investor protection fund;
(xix) the person makes a false statement or conceals a fact from the members of an organizational meeting or a general meeting of the members of a financial instruments membership corporation;
(xx) the person violates the provisions of Article 88-11 (including as applied mutatis mutandis pursuant to Article 102-6), Article 101-3, paragraph (1), Article 101-5, paragraph (1), Article 139-3, paragraph (1), Article 139-4, paragraph (1) or (9), Article 139-5, paragraph (1), Article 139-6, paragraph (4), Article 139-7, paragraph (1), Article 139-13, paragraph (2), Article 139-14, paragraph (1), or Article 139-21, paragraph (2) in failing to keep a document, written document, or electronic or magnetic record specified in those provisions, or enters or records a false statement in it;
(xxi) the person, in violation of Article 100-12, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to Article 102-36), Article 100-14, paragraph (1) (including as applied mutatis mutandis pursuant to Article 102-36), Article 101-4, paragraph (2) (including as applied mutatis mutandis pursuant to Article 139-3, paragraph (6), Article 139-4, paragraph (5), and Article 139-5, paragraph (6)), Article 139-3, paragraph (10), Article 139-10, paragraph (1), Article 139-12, paragraph (2) (including as applied mutatis mutandis pursuant to Article 139-19), or Article 139-16, paragraph (1), or the provisions of the Companies Act as applied mutatis mutandis pursuant to this Act, fails to give public notice or a notice, or gives a false public notice or a notice;
(xxii) the person, in violation of Article 100-7, paragraph (2) or Article 100-14, paragraph (1) (including as applied mutatis mutandis pursuant to Article 102-36), fails to file a petition to commence bankruptcy proceedings;
(xxiii) the person violates Article 664 of the Companies Act as applied mutatis mutandis pursuant to Article 100-17, paragraph (1) of this Act in distributing the assets of a financial instruments membership corporation;
(xxiv) the person violates the provisions of Article 101-2 in implementing procedures for entity conversion;
(xxv) the person, in violation of Article 101-3, paragraph (2), Article 101-5, paragraph (2), Article 139-3, paragraph (2), Article 139-4, paragraph (10), Article 139-5, paragraph (2), Article 139-6, paragraph (5), Article 139-7, paragraph (2), Article 139-13, paragraph (3), Article 139-14, paragraph (2), or Article 139-21, paragraph (3), refuses to allow the inspection of a document or a thing that displays the particulars that have been recorded in an electronic or magnetic record through a means specified by Cabinet Office Order, to deliver a certified copy or extract, to provide a person with the

particulars that have been recorded in electronic or magnetic records by electronic or magnetic means, or to deliver a written document that states those particulars, without just cause;

(xxvi) the person violates the provisions of Article 101-4 (including as applied mutatis mutandis pursuant to Article 139-3, paragraph (6), Article 139-4, paragraph (5), and Article 139-5, paragraph (6)), or Article 139-12 (including as applied mutatis mutandis pursuant to Article 139-19) in implementing an entity conversion or a merger of an incorporated association-operated financial instruments exchange;

(xxvi)-2 the person fails to make the disclosure under the provisions of Article 156-66, paragraph (1), or makes a false disclosure;

(xxvi)-3 the person, in violation of the provisions of Article 156-69, becomes the representative of a corporation, engages in the day-to-day business of a corporation, or conducts business, without obtaining the authorization of the Prime Minister; or

(xxvii) the person fails to complete a registration (excluding one under the provisions of Article 101-20, paragraph (1)) prescribed in this Act.

Article 208-2 A person that falls under any of the following items is sentenced to a civil fine of not more than 300 thousand yen:

(i) a person that violates the provisions of Article 79-23, paragraph (2);

(ii) a person that violates the provisions of Article 162, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (2) of that Article);

(iii) a person that violates the Cabinet Office Order under the provisions of Article 162-2;

(iv) a person that violates the provisions of Article 193-3, paragraph (1);

(v) a person that, in violation of the provisions of Article 193-3, paragraph (2), fails to make a proposal or makes a false proposal; or

(vi) a person that, in violation of the provisions of Article 193-3, paragraph (3), fails to give a notice or gives a false notice.

Article 208-3 A person that violates the provisions of Article 88, paragraph (3) is sentenced to a civil fine of not more than 200 thousand yen.

Article 209 A person that falls under any of the following items is sentenced to a civil fine of not more than 100 thousand yen:

(i) a person that violates the provisions of Article 23-13, paragraph (1), paragraph (3), or paragraph (4) (including as applied mutatis mutandis pursuant to Article 27);

(ii) a person that, in violation of the provisions of Article 23-13, paragraph (2)

or (5) (including as applied mutatis mutandis pursuant to Article 27), fails to deliver a written document;

(iii) a person that fails to submit a copy of the confirmation letter under the provisions of Article 6 as applied mutatis mutandis pursuant to Article 24-4-2, paragraph (5) (including as applied mutatis mutandis pursuant to 5-2, paragraph (1), and including as applied mutatis mutandis pursuant to Article 27) or a copy of the amended confirmation letter under the provisions of Article 6 as applied mutatis mutandis pursuant to Article 24-4-3, paragraph (2) (including as applied mutatis mutandis pursuant to 5-2, paragraph (2), and including as applied mutatis mutandis pursuant to Article 27);

(iv) a person that fails to submit a confirmation letter under the provisions of Article 24-4-2, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (3) of that Article (including as applied mutatis mutandis pursuant to paragraph (4) of that Article) and Article 24-4-2, paragraph (4), and including as applied mutatis mutandis pursuant to Article 27) as applied mutatis mutandis pursuant to 5-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) or an amended confirmation letter under the provisions of Article 9, paragraph (1) or Article 10, paragraph (1) as applied mutatis mutandis pursuant to Article 24-4-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27) as applied mutatis mutandis pursuant to 5-2, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27) following the deemed replacement of terms;

(v) a person that violates the provisions of Article 25, paragraph (2) (including as applied mutatis mutandis pursuant to Article 27), in failing to make a copy of a document (limited to a document set forth in Article 25, paragraph (1), item (iv) or (viivi)) available for public inspection;

(vi) a person that, in violation of Article 27-24, fails to deliver a written notice, delivers a written notice that does not state the particulars prescribed in that Article, or delivers a written notice that states a false statement concerning those particulars;

(vi)-2 a person that violates the provisions of Article 40-5, paragraph (1);

(vii) a person that violates an order under the provisions of Article 60-4, paragraph (2) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)), Article 65, paragraph (2), Article 66-46, paragraph (2), or Article 66-9090, paragraph (2);

(viii) a person that fails to make a notification under the provisions of Article 62, paragraph (1) or (3) or Article 79-10, paragraph (1), or makes a false notification;

(ix) a person that fails to make a report or submit materials under the

provisions of Article 62, paragraph (2) or Article 189, paragraph (1), or makes a false report or submits false materials;

(x) a person that violates the provisions of Article 79-15, Article 156-54 or Article 156-76.

(Confiscation of Mixed Property)

Article 209-2 (1) If the property that should be confiscated pursuant to the provisions of Article 198-2, paragraph (1) or Article 200-2 (hereinafter referred to as "illegal property" in this Article, paragraph (1) of the following Article, and Article 209-4, paragraph (1)) is mixed with property other than illegal property, and that illegal property is to be confiscated, the portion of the property generated by the mixing (referred to as "mixed property" in the following paragraph and paragraph (1) of the following Article) which corresponds to the amount or quantity of the illegal property (limited to the portion related to the mixing) may be confiscated.

(2) The provisions of the preceding paragraph also apply if a third party with knowledge of the circumstances acquires the mixed property (limited to mixed property in which illegal property related to the provisions of Article 200-2 is mixed).

(Requirements for Confiscation)

Article 209-3 (1) Confiscation under the provisions of Article 198-2, paragraph (2) is limited to the case in which the illegal property or the mixed property does not belong to any person other than the perpetrator; provided, however, that if a person other than the perpetrator acquires the illegal property or the mixed property by coming to know the circumstances of the crime after the crime has been committed (excluding the case in which property that has been provided as performance of legal obligation has been received or the case in which property that has been provided as performance of obligation related to a contract (limited to a contract under which the creditor is to provide a considerable amount of economic benefit) that has been concluded without knowing that obligations under the contract are to be performed by illegal property or mixed property, at the time of concluding the contract), the illegal property or mixed property may be confiscated even when the property belongs to a person other than the perpetrator.

(2) If property on which a superficies right, a mortgage, or any other right exists is to be confiscated pursuant to the provisions of Article 198-2, paragraph (1) or Article 200-2, and a person other than the perpetrator has acquired the right before the crime or a person other than the perpetrator acquires the right after the crime without knowledge of the circumstances, the right is to be kept in existence.

Chapter VIII-2 Special Provisions on Procedures Concerning Confiscation

(Procedures for Confiscation of the Property of a Third Party)

Article 209-4 (1) If a claim, etc. that is illegal property (meaning property other than real property and movables; the same applies in paragraph (1) of the following Article and Article 209-7) belongs to a person other than the accused (hereinafter referred to as a "third party" in this Article), and the third party is not allowed to participate in the proceedings of the case under public prosecution, a judicial decision for confiscation may not be made.

(2) The provisions of the preceding paragraph also apply when property on which a superficies right, a mortgage or any other right of a third party exists is sought to be confiscated pursuant to the provisions of Article 198-2, paragraph (1) or Article 200-2, and the third party is not allowed to participate in the proceedings of the case under public prosecution.

(3) If property on which a superficies right, a mortgage or any other right of a third party exists is to be confiscated, and the right is to be kept in existence pursuant to the provisions of paragraph (2) of the preceding Article, the court must pronounce to that effect simultaneously with the rendering of confiscation.

(4) If a judicial decision for confiscation without the pronouncement referred to in the preceding paragraph becomes final and binding with regard to a right that is to be kept in existence pursuant to the provisions of paragraph (2) of the preceding Article, a person that holds the relevant right and was unable to claim the right in the proceedings of the case under public prosecution due to a reason unattributable to that person may, demand a judicial decision to the effect that the case falls under a case in which the right should be kept in existence.

(5) If the judicial decision referred to in the preceding paragraph is made, compensation is made pursuant to the rules applicable to the compensation for confiscated property that has been disposed of specified in the Criminal Compensation Act (Act No. 1 of 1950).

(6) With regard to the procedures concerning confiscation of property provided for in paragraphs (1) and (2), unless otherwise provided for in this Act, the provisions of the Act on Emergency Measures on Criminal Procedure to Confiscate Items Owned by Third Parties (Act No. 138 of 1963) apply mutatis mutandis.

(Disposition of Confiscated Claims)

Article 209-5 (1) A claim, etc. that has been confiscated with regard to the crime referred to in Article 197, paragraph (1), item (v) or (vi) or paragraph (2),

Article 197-2, paragraph (1), item (xiii), or Article 200, item (xiv) must be disposed of by a public prosecutor.

(2) If a judicial decision for confiscation of a claim that should be confiscated with regard to the crime referred to in Article 197, paragraph (1), item (v) or (vi) or paragraph (2), Article 197-2, paragraph (1), item (xiii), or Article 200, item (xiv) becomes final and binding, a public prosecutor must notify the debtor of the claim to that effect by sending an extract of the written judgment of the judicial decision for confiscation.

(Registration Based on a Judicial Decision for Confiscation)

Article 209-6 In the case of commissioning a related organization to make registration of transfer of right based on a judicial decision for confiscation of property for which transfer of right requires registration with regard to the crime referred to in Article 197, paragraph (1), item (v) or (vi) or paragraph (2), Article 197-2, paragraph (1), item (xiii), or Article 200, item (xiv), if there is a registration related to restriction on a disposition that has ceased to be effective as a result of the confiscation or a registration related to acquisition of right that has been extinguished as a result of the confiscation, or if there is a registration related to a preservation order for confiscation or a collateral preservation order under the provisions of Chapter IV, Section 1 of the Act on Punishment of Organized Crimes and Control of Crime Proceeds (Act No. 136 of 1999), a deletion of the registration must also be commissioned.

(Special Provisions on Criminal Compensation)

Article 209-7 With regard to the details of compensation under the Criminal Compensation Act for execution of compensation of a claim, etc. to be confiscated with regard to the crime referred to in Article 197, paragraph (1), item (v) or (vi) or paragraph (2), Article 197-2, paragraph (1), item (xiii), or Article 200, item (xiv), the provisions of Article 4, paragraph (6) of that Act apply mutatis mutandis.

Chapter IX Investigations in Criminal Cases

(Questioning, Examination, and Retention)

Article 210 (1) An official of the Securities and Exchange Surveillance Commission (hereinafter referred to as the "Commission" in this Chapter) (hereinafter such an official is referred to as a "Commission official" in this Chapter) may request a suspect or witness in a criminal case (meaning a crime referred to in Chapter VIII, which is specified by Cabinet Order as a crime that is detrimental to the fairness of purchase and sale of securities or other transactions of securities, or derivatives transactions, etc.; hereinafter the

same applies in this Chapter) (hereinafter such a suspect or witness is referred to as a "suspect or witness in a criminal case" in this paragraph and paragraph (1) of the following Article) to appear, ask questions to a suspect or witness in a criminal case, inspect articles in the possession of or abandoned by a suspect or witness in a criminal case, or retain articles that a suspect or witness in a criminal case voluntarily submits or abandons, if this is necessary for investigating a criminal case.

(2) The Commission official may inquire with public agencies, or public or private organizations, and request them to report necessary particulars for the investigation of criminal cases.

(Inspection, Search, or Seizure)

Article 211 (1) If it is necessary for investigating a criminal case, a Commission official may conduct an inspection; search the body of a suspect or witness in a criminal case, an object of a suspect or witness in a criminal case, or a residence or any other place associated with a suspect or witness in a criminal case; seize an article of evidence or a thing the official considers to be an object that should be confiscated; or conduct a seizure with an order to produce a copy of records (meaning ordering the keeper of an electronic or magnetic record or a person with the authority to access an electronic or magnetic record to copy the necessary electronic or magnetic record onto a recording medium, or print out that record, and seizing that recording medium; hereinafter the same applies in this Chapter) through a warrant issued in advance by the judge of the district court or summary court that has jurisdiction over the locality of the Commission; provided, however, that a Commission official may search the body of a witness, an object associated with a witness, or a residence or any other place associated with a witness only if there are sufficient circumstances for the official to discern the existence of an object to be seized.

(2) If an object to be seized is a computer, starting from a recording medium connected via telecommunication lines to that computer which may be reasonably supposed that is used to store an electronic or magnetic record that has been made or altered using that computer or an electronic or magnetic record that may be altered or erased using that computer, the computer or the other recording medium may be seized after the electronic or magnetic record is copied onto that computer or that other recording medium.

(3) In the cases referred to in the preceding two paragraphs, in cases of urgency, a Commission official may make a disposition referred to in the preceding two paragraphs with a warrant issued in advance by the judge of the district court or the summary court that has jurisdiction over the locality of the person who is to record or print out the object or place to be inspected, the body, object, or place to be searched, the object to be seized, or the electronic or magnetic

record.
(4) In requesting a warrant referred to in paragraph (1) or the preceding paragraph (hereinafter referred to as a "warrant" in this Chapter, excluding Article 222-3, paragraphs (4) and (5)), a Commission official must submit materials that confirm the existence of a criminal case.
(5) If a request under the preceding paragraph is made, the judge of the district court or the summary court must deliver a warrant to a Commission official which states the name of the suspect in the criminal case (for a corporation, the name of the corporation), the charged offense, the object or place to be inspected, the person, object, or place to be searched, the object to be seized, or the electronic or magnetic record to be recorded or printed out and the person who is to record or print out the record, and the government position and name of the requester, the valid period, the fact that after the valid period ends, the warrant may not be executed and must be returned, the date of issuance and the name of the court, and bears their name and seal.
(6) In the case referred to in paragraph (2), in addition to the particulars prescribed in the preceding paragraph, the warrant must state the scope of the recording medium that is connected via telecommunication lines to the computer to be seized, and whose electronic or magnetic records are to be copied.
(7) A Commission official may deliver a warrant to another Commission official and have that official execute the inspection, search, seizure, or seizure with an order to produce a copy of records.

(Seizure from a Person That Handles Communications)
Article 211-2 (1) If it is necessary for investigating a criminal case, a Commission official may seize a document concerning a postal item, correspondence item, or telegraphic communication sent by or addressed to a suspect in a criminal case, which, based on the provisions of laws and regulations, is stored by or in the possession of a person handling communications, by receiving delivery of a warrant.
(2) A Commission official may seize a document concerning a postal item, correspondence item, or telegraphic communication not falling under the preceding paragraph, which, based on the provisions of laws and regulations, is stored by or in the possession of a person handling communications only if there are sufficient circumstances to suppose that the document is related to a criminal case.
(3) Upon making the disposition under the provisions of the preceding two paragraphs, Commission official must notify the sender or recipient to that effect; provided, however, that this does not apply if notifying the sender or recipient is likely to hinder the investigation of the criminal case.

(Request for Preservation of Electronic or Magnetic Records of Communications History)

Article 211-3 (1) If it is necessary for carrying out the seizure or the seizure with an order to produce a copy of records, a Commission official may specify the necessary electronic or magnetic records from among the electronic or magnetic records of the sender, recipient, date and time, and other communications history, for telecommunications that are recorded in the course of business, and request in writing that a person engaged in the business of making equipment to be used for telecommunication available for other persons' communications or a person that has established equipment which is used for telecommunication and that is capable of intermediating the communications of unspecified or many persons for their own business not to erase the specified electronic or magnetic records during a fixed period of no longer than 30 days. In such a case, if the Commission official comes to find that it is no longer necessary to carry out the seizure or the seizure with an order to produce a copy of records concerning those electronic or magnetic records, the Commission official must withdraw that request.

(2) If it is particularly necessary, the period during which the request is made not to erase the records pursuant to the provisions of the preceding paragraph may be extended by a period of no longer than 30 days; provided however, that the period during which the request is made not to erase the records may not exceed 60 days in total.

(3) If it is necessary to do so in making a request under the provisions of paragraph (1), the Commission official may request that the particulars of that request not be divulged without reason.

(Dispositions in Lieu of the Seizure of a Recording Medium Containing Electronic or Magnetic Records)

Article 211-4 If the object to be seized is a recording medium containing electronic or magnetic records, a Commission official may make any of the following dispositions in lieu of the seizure of the recording medium:

(i) copying, printing out, or transferring the electronic or magnetic records contained in the recording medium to be seized onto another recording medium, and then seizing that other recording medium; or

(ii) having the person subject to the seizure copy, print out, or transfer the electronic or magnetic records contained in the recording medium to be seized onto another recording medium, and then seizing that other recording medium.

(Restriction on the Execution of Inspection, Search, or Seizure at Night)

Article 212 (1) It is prohibited for an inspection, a search, a seizure, or a seizure with an order to produce a copy of records to be made during the period between sunset and sunrise unless the warrant indicates that this may be executed at night.
(2) An inspection, a search, a seizure, or a seizure with an order to produce a copy of records that was initiated before sunset may be continued after sunset, if this is found to be necessary.

(Presentation of a Warrant)
Article 213 The warrant for an inspection, a search, a seizure, or a seizure with an order to produce a copy of records must be presented to the person subject to those dispositions.

(Proof of Identity)
Article 214 When carrying out questioning, examination, retention, inspection, search, seizure, or seizure with an order to produce a copy of records pursuant to the provisions of this Chapter, a Commission official must carry an identification card and present it if requested by a person concerned.

(Necessary Dispositions at the Time of Inspection, Search, or Seizure)
Article 215 (1) If it is necessary to do so in order to carry out an inspection, a search, a seizure, or a seizure with an order to produce a copy of records, a Commission official may release a lock, open a seal, or make other necessary dispositions.
(2) The dispositions referred to in the preceding paragraph may also be made with respect to retained objects, seized objects, or objects seized with an order to produce a copy of records.

(Request for Cooperation from the Person Subject to the Disposition)
Article 215-2 If the object to be inspected or the object to be seized is a recording medium containing electronic or magnetic records, a Commission official may ask the person subject to the inspection, search, or seizure to operate the computer or provide other necessary cooperation.

(Prohibiting Entrance and Exit During Dispositions)
Article 216 While carrying out questioning, examination, retention, inspection, search, seizure, or seizure with an order to produce a copy of records pursuant to the provisions of this Chapter, a Commission official may prohibit any person from entering or exiting the place without permission.

(Attendance of the Person in Charge)

Article 217 (1) When carrying out an inspection, a search, a seizure, or a seizure with an order to produce a copy of records at a person's residence, or at a mansion, building, or other place that a person watches over, a Commission official must have the owner or manager (or a representative, agent, or other person that may act on the owner's or manager's behalf) or the employee or co-habiting adult relative of the owner or manager, present at the site.
(2) In the case referred to in the preceding paragraph, if it is not possible to have any of the persons prescribed in that paragraph present at the site, a Commission official must have an adult neighbor of the person, or another police officer or official of the local government, present at the site.
(3) When searching a female, a Commission official must have an adult female present; provided, however, that this does not apply in cases of urgency.

(Assistance of Police Officers)
Article 218 A Commission official may request the assistance of police officers if this is necessary at the time the Commission official carries out an inspection, a search, a seizure, or a seizure with an order to produce a copy of records.

(Preparation of a Record)
Article 219 (1) Upon carrying out questioning pursuant to the provisions of this Chapter, a Commission official must prepare a record of the questioning, have the person the official questioned inspect the record, or read it aloud to the person, ask the person whether it contains any errors, and if the person makes a proposal for an addition to, deletion from, or alteration of the record, enter the person's statement in the record, and sign and seal it, as well as have the person sign and seal it; provided, however, that if the person that was questioned will not or cannot sign and seal the record, it is sufficient to append a note of this.
(2) Upon carrying out an examination or retention pursuant to the provisions of this Chapter, a Commission official must prepare a record of this, and sign and seal the record.
(3) Upon carrying outinspection, search, seizure, or seizure with an order to produce a copy of records pursuant to the provisions of this Chapter, a Commission official must prepare a record of this, show the record to a person that was present, and sign and seal it, as well as have that person sign and seal it; provided, however, that if the person that was present will not or cannot sign and seal the record, it is sufficient to append a note of this.

(Preparation of a Retention Inventory)
Article 220 Upon carrying out a retention, seizure, or seizure with an order to produce a copy of records, a Commission official must prepare an inventory and

deliver a certified copy of this to the owner, possessor, or keeper of the retained object, seized object, or object seized with an order to produce a copy of records (including a person rendered a disposition under the provisions of Article 211-4) or to any other person that may act on their behalf.

(Handling of Retained Objects)

Article 221 A Commission official may collect a storage certificate and have the owner or possessor of a retained object, seized object, or object seized with an order to produce a copy of records that is inconvenient to transport or store, or any other person that the Commission official finds to be appropriate, store that object, with the consent of the person in question.

(Return of Retained Objects)

Article 222 (1) If it becomes unnecessary to keep a retained object, seized object, or object seized with an order to produce a copy of records, a Commission official must return it to the person to whom it should be returned.

(2) If the Commission is unable to return a retained object, seized object, or object seized with an order to produce a copy of records referred to in the preceding paragraph because the address or residence of the person to whom it should be returned is unknown or for any other such reason, the Commission must issue public notice of this.

(3) If no request is filed for the return of the retained object, seized object, or object seized with an order to produce a copy of records to which the public notice under the provisions of the preceding paragraph concerns after six months have elapsed since the day of the public notice, the object vests in the national treasury.

(Delivery of a Recording Medium Seized after Transfer)

Article 222-2 (1) If it becomes unnecessary to keep a recording medium that was seized after transferring or having a person transfer electronic or magnetic records pursuant to the provisions of Article 211-4, and the person subject to the seizure is a different person from the owner, possessor, or keeper of the recording medium, a Commission official must deliver the recording medium to the person subject to the seizure or allow the person to copy the electronic or magnetic records.

(2) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis to delivery or copying under the provisions of the preceding paragraph.

(3) If no request is filed for the delivery or copying under the provisions of paragraph (1) after six months have elapsed since the day of the public notice under the provisions of paragraph (2) of the preceding Article as applied

mutatis mutandis pursuant to the preceding paragraph, the Commission official is not required to make the delivery or have the person make the copying.

(Request for Expert Opinion)

Article 222-3 (1) If it is necessary for investigating a criminal case, a Commission official may commission a person with relevant expertise to present an expert opinion or commission that person to perform interpretation or translation services, with regard to a retained object, seized object, or object seized with an order to produce a copy of records.

(2) A person that has received a request for an expert opinion under the provisions of the preceding paragraph (referred to as an "expert" in paragraphs (4) and (5)) may destroy the object for which an expert opinion was requested, with the permission of the judge of the district court or summary court that has jurisdiction over the locality of the Commission.

(3) A request for the permission referred to in the preceding paragraph must come from a commission official.

(4) If the request referred to in the preceding paragraph has been filed and the judge finds the request to be reasonable, the judge must issue a warrant to a Commission official which states the name of the suspect in the criminal case, the charged offense, and the object to be destroyed; states the name of the expert; states the government position and name of the requester; states the valid period; indicates that after the valid period ends, the warrant may not be executed and must be returned; states the date of issuance and the name of the court; and bears the judge's name and seal.

(5) An expert must show the warrant referred to in the preceding paragraph to a person subject to the disposition referred to in paragraph (2).

(Report to the Commission)

Article 223 Upon completing an investigation of a criminal case, a Commission official must report the results of the investigation to the Commission.

(Investigation of a Criminal Case by a Finance Bureau Official)

Article 224 (1) With the approval of the Commission, the Director-General of a Local Finance Bureau or the Director-General of a Local Finance Branch Bureau is to designate persons who will be in charge of investigations of criminal cases from among the officials of a Local Finance Bureau or a Local Finance Branch Bureau.

(2) A person designated by the Director-General of a Local Finance Bureau or the Director-General of a Local Finance Branch Bureau pursuant to the provisions of the preceding paragraph (hereinafter referred to as the "official of a Local

Finance Bureau, etc." in this Chapter) is deemed to be a Commission official, and the provisions of Article 210 through the preceding Article apply. In such a case, the term "of the Commission" in Article 211, paragraph (1) is deemed to be replaced with "of the Local Finance Bureau or Local Finance Branch Bureau to which the official belongs", the term "Commission" in Article 222, paragraph (2) is deemed to be replaced with "the Director-General of a Local Finance Bureau or the Director-General of a Local Finance Branch Bureau", the term "Commission" in Article 222-3, paragraph (2) is deemed to be replaced with "the Local Finance Bureau or the Local Finance Branch Bureau to which the official of a Local Finance Bureau, etc. prescribed in Article 224, paragraph (2) who is deemed to be a Commission official referred to in the preceding paragraph pursuant to the provisions of Article 224, paragraph (2) belongs", and the term "to the Commission" in the preceding Article is deemed to be replaced with "to the Director-General of a Local Finance Bureau or the Director-General of a Local Finance Branch Bureau".

(3) If the Director-General of a Local Finance Bureau or the Director-General of a Local Finance Branch Bureau receives a report from the official of a Local Finance Bureau, etc. under the provisions of the preceding Article as applied pursuant to the preceding paragraph following the deemed replacement of terms, the Director-General must report the content of the report to the Commission.

(4) The Commission guides and supervises the Director-General of a Local Finance Bureau or the Director-General of a Local Finance Branch Bureau in the investigation of a criminal case.

(5) The Commission may directly guide and supervise the official of a Local Finance Bureau, etc., if it finds this to be necessary in connection with the investigation of a criminal case.

(Execution of Duties Outside the Jurisdictional District)

Article 225 The official of a Local Finance Bureau, etc. may execute duties outside the jurisdictional district of the Local Finance Bureau or Local Finance Branch Bureau to which the official belongs, if it is necessary for the official to do so in order to investigate a criminal case.

(Accusation by the Commission)

Article 226 (1) If the Commission is convinced that a criminal offense has taken place based on the investigation of a criminal case, it must file an accusation and if there are any retained objects, seized objects, or objects seized with an order to produce a copy of records, it must hand over the objects together with the retention inventory, seizure inventory, or inventory of seizure with an order to produce a copy of records.

(2) If a retained object, seized object, or object seized with an order to produce a copy of records referred to in the preceding paragraph is related to the storage under the provisions of Article 221, the Commission must use the storage certificate referred to in that Article to keep it in custody, as well as notify the keeper referred to in that Article to that effect.

(3) If a retained object, seized object, or object seized with an order to produce a copy of records is handed over pursuant to the provisions of the preceding two paragraphs, the object is deemed to have been seized pursuant to the provisions of the Code of Criminal Procedure (Act No. 131 of 1948).