

Cabinet Office Order on Financial Instruments Firms Associations

(Cabinet Office Order No. 53 of August 7, 2007)

Pursuant to the provisions of the Financial Instruments and Exchange Act (Act No. 25 of 1948) and the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965), and for the purpose of enforcing the Act and the Order, the Cabinet Office Order on Financial Instruments Firms Associations is established as follows.

Chapter I General Provisions (Article 1)

Chapter II Authorized Financial Instruments Firms Associations (Article 1-2 to Article 21)

Chapter III Certified Financial Instruments Firms Associations (Article 22 to Article 29)

Chapter IV Certified Investor Protection Organization (Article 30 to Article 32)

Chapter V Miscellaneous Provisions (Articles 33 and 34)

Supplementary Provisions

Chapter I General Provisions

Article 1 (1) The terms "Securities", "Issuer", "Authorized Financial Instruments Firms Association", "Financial Instruments Exchange" and "Financial Instruments Exchange Market" as used in this Cabinet Office Order mean Securities, Issuer, Authorized Financial Instruments Firms Association, Financial Instruments Exchange and Financial Instruments Exchange Market, respectively, as prescribed in Article 2 of the Financial Instruments and Exchange Act (hereinafter referred to as "the Act").

(2) In this Cabinet Office Order, the meanings of the terms set forth in the following items are as prescribed respectively in those items:

- (i) Over-the-Counter Traded Securities mean Over-the-Counter Traded Securities prescribed in Article 2, paragraph (8), item (x), (c) of the Act;
- (ii) Over-the-Counter Securities Market means Over-the-Counter Securities Market prescribed in Article 67, paragraph (2) of the Act;
- (iii) Tradable Securities mean Tradable Securities prescribed in Article 67-18, item (iv) of the Act;
- (iv) Listed Share Certificates, etc. mean Listed Share Certificates, etc. prescribed in Article 67-18, item (vii) of the Act.

Chapter II Authorized Financial Instruments Firms Associations

(Persons Not Subject to Prohibition of Purchasing for General Investors)

Article 1-2 (1) The persons specified by Cabinet Office Order prescribed in Article 67, paragraph (3) of the Act are the following persons (persons set forth in items (i) to (iii) are limited to persons who entrust the purchase of the Securities to a Member Firm (meaning members of an Authorized Financial Instruments Firms Association (hereinafter referred to as "Authorized Association"); the same applies hereinafter):

(i) Issuer of Securities;

(ii) director, etc. of the Issuer of Securities (meaning a person who is a director, company auditor, executive officer, board member or auditor or a person equivalent thereto) who holds, under the name of the person or another person, voting rights (including voting rights of shares or contribution which cannot be asserted against the Issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of the Act on Transfer of Bonds, Shares, etc. (Act No. 75 of 2001) (including the cases where those provisions are applied mutatis mutandis pursuant to Article 228, paragraph (1), Article 235, paragraph (1), Article 239, paragraph (1) and Article 276 (limited to the part in relation to item (ii)) of that Act; hereinafter referred to as "Subject Voting Rights" in this Article) exceeding 50 percent of the Voting Rights Held by All the Shareholders, etc. (meaning Voting Rights Held by All the Shareholders, etc. prescribed in Article 29-4, paragraph (2) of the Act; hereinafter the same applies in this Article) of the Issuer (hereinafter referred to as "Specified Officer" in this Article) or a Controlled Juridical Person, etc. of the Specified Officer (excluding those set forth in the preceding item);

(iii) a company which holds, under the name of the person or another person, Subject Voting Rights exceeding 50 percent of the Voting Rights Held by All the Shareholders, etc. of the Issuer of Securities (excluding those set forth in the preceding item);

(iv) officer, etc. of the Issuer of Securities (limited to those set forth as follows) (limited to persons who entrust the purchase of the Securities issued by the Issuer (limited to those conducted jointly with other Officers, etc. of the Issuer according to a certain plan, which is not based on individual investment decisions but based on a contract in which it is agreed that purchase will be conducted continually and that the amount contributed by Officers, etc. will be less than one million yen per purchase) to a Member Firm, excluding those set forth in item (ii)):

(a) Securities set forth in Article 2, paragraph (1), item (ix) of the Act;

(b) among the Securities set forth in Article 2, paragraph (1), item (xi) of the

Act, investment securities, investment equity subscription rights certificates or foreign investment securities similar to investment securities or investment equity subscription rights certificates prescribed in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951);

- (c) Securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of Securities set forth in item (ix) of that paragraph;
 - (d) beneficiary securities of securities trusts prescribed in Article 2-3, item (iii) of the Order for Enforcement of the Financial Instruments and Exchange Act (hereinafter referred to as "the Order") in which Securities set forth in (a) to (c) are entrusted securities prescribed in the same item; and
 - (e) Securities set forth in Article 2, paragraph (1), item (xx) of the Act which indicate the rights in relation to Securities set forth in (a) to (c).
- (2) When a Specified Officer and Controlled Juridical Person, etc. of the Specified Officer jointly hold, under their own respective names or under the name of another person, Subject Voting Rights exceeding 50 percent of the Voting Rights Held by All the Shareholders, etc. of another juridical person, etc. (meaning juridical person or other organization; hereinafter the same applies in this Article), the relevant other juridical person, etc. is deemed as a Controlled Juridical Person, etc. of the Specified Officer, and the provisions of item (ii) of the preceding paragraph and this paragraph apply to the cases.
- (3) "Controlled Juridical Person, etc." as used in paragraph (1), item (ii) and the preceding paragraph means, when a Specified Officer holds, under the name of the person or another person, Subject Voting Rights exceeding 50 percent of the Voting Rights Held by All the Shareholders, etc. of another juridical person, etc., the relevant other juridical person, etc.
- (4) "Officer, etc." as used in paragraph (1), item (iv) means Officer, etc. prescribed in Article 1-3-3, item (v) of the Order.

(Submission of Written Application for Authorization)

- Article 2 (1) A person who intends to obtain an authorization under Article 67-2, paragraph (2) of the Act must attach the documents prescribed in Article 67-3, paragraph (2) of the Act to the written application for authorization referred to in paragraph (1) of that Article, and submit the same to the Prime Minister via the Commissioner of the Financial Services Agency.
- (2) Documents specified by Cabinet Office Order prescribed in Article 67-3, paragraph (2) of the Act are the following documents:
- (i) résumés of the officers;
 - (ii) extracts of a copy of a resident record of the officers (limited to those stating their registered domicile) or other documents in lieu thereof;

- (iii) if the name of an officer that was used before marriage is stated together with the officer's current name in a written application for authorization referred to in Article 67-3, paragraph (1) of the Act, and the document set forth in the preceding item does not certify the officer's name used before marriage, a document certifying the name before marriage; and
- (iv) a document with which the officer pledges that the officer does not fall under any of Article 29-4, paragraph (1), item (ii), (a) to (i) of the Act.

(Entrustment of Services)

Article 3 (1) An Authorized Association may, pursuant to the provisions of the articles of incorporation, entrust part of a service related to matters set forth in Article 67-8, paragraph (1), items (ix), (xii) and (xiv) of the Act to another Authorized Association or a Certified Financial Instruments Firms Association prescribed in Article 78, paragraph (2) of the Act (hereinafter referred to as "Recognized Association"), beyond the service prescribed in Article 77-3, paragraph (1) of the Act.

- (2) An Authorized Association or a Recognized Association that has been entrusted with a service pursuant to the provisions of the preceding paragraph may not entrust that service to another person.

(Public Inspection of Copy of Register of Over-the-Counter Traded Securities)

Article 4 An Authorized Association must, pursuant to the provisions of Article 67-11, paragraph (2) of the Act, make a copy of the Register of Over-the-Counter Traded Securities available for public inspection during its operating hours.

(Notification in Relation to Registration in Registers of Over-the-Counter Traded Securities)

Article 5 (1) An Authorized Association making notification in relation to the registration pursuant to the provisions of Article 67-13 of the Act must attach the following documents to a written notice stating the class, issues and the scheduled date of the registration of Securities to be registered, and submit the same to the Director-General of the Local Finance Bureau having jurisdiction over the location of the principal office of the Authorized Association (if the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; hereinafter the same applies in paragraph (1) of the following Article):

- (i) documents indicating that the registration of the Securities is in accordance with the standards and methods of registration specified by the Authorized Association in its rules pursuant to the provisions of Article 67-12, item (i) of the Act; and

- (ii) other materials that will be helpful for understanding the Securities.
- (2) The notification referred to in the preceding paragraph must be made by the day before the date on which registration referred to in that paragraph is to be done.

(Notification in Relation to Rescission of Registration of Over-the-Counter Traded Securities)

Article 6 (1) An Authorized Association making notification in relation to the rescission of registration pursuant to the provisions of Article 67-13 of the Act must attach the following documents to a written notice stating the class and issues of Over-the-Counter Traded Securities of which registration is to be rescinded as well as the scheduled date of the rescission of registration and the reason for it, and submit the same to the Director-General of the Local Finance Bureau having jurisdiction over the location of the principal office of the Authorized Association:

- (i) documents indicating that the rescission of registration of the Over-the-Counter Traded Securities is in accordance with the standards and methods of the rescission of registration specified by the Authorized Association in its rules pursuant to the provisions of Article 67-12, item (i) of the Act; and
 - (ii) documents stating whether or not the Issuer of the Over-the-Counter Traded Securities has consented to the rescission of the registration of the Over-the-Counter Traded Securities.
- (2) The notification referred to in the preceding paragraph must be made by seven days before the date on which the rescission of registration referred to in that paragraph is to be done (if any of the following facts has occurred in the Issuer of the Over-the-Counter Traded Securities, the day before the relevant date):
- (i) dishonoring negotiable instruments or checks (limited to those on the grounds of shortage of funds for payment) or a disposition to suspend transactions with a clearinghouse;
 - (ii) suspension or closing of the entire business;
 - (iii) application for commencement of bankruptcy proceedings, rehabilitation proceedings or reorganization proceedings; or
 - (iv) beyond the facts set forth in the preceding three items, facts specified by the Authorized Association in its rules as those which require prompt rescission of registration.

(Reporting When the Purchase and Sale of Over-the-Counter Traded Securities Has Been Effected)

Article 7 (1) The report pursuant to the provisions of Article 67-18 of the Act in the case set forth in item (i) of that Article must be made in accordance with

the categories of cases set forth in the following items by the time specified therein; provided, however, that in the event of malfunctioning or maintenance/inspection of the electronic data processing system, or if matters to be reported have dramatically and rapidly increased or if there is any other compelling reason, the report is to be made promptly after the reason ceases to exist:

- (i) if purchase and sale has been effected between 8:10am and 5:00pm on a business day of the Authorized Association to which a Member Firm belongs (hereinafter referred to as "Member Firm's Authorized Association" in this Chapter): within five minutes after purchase and sale was effected;
 - (ii) if purchase and sale has been effected at 8:10am or earlier on a business day of the Member Firm's Authorized Association: 8:30am of the business day; or
 - (iii) in cases other than those set forth in the preceding two items: 8:30am on the business day following the day on which purchase and sale was effected.
- (2) Matters specified by Cabinet Office Order prescribed in Article 67-18, item (i) of the Act are the date and time when purchase and sale was effected.

(Reporting When an Offer for Sales or Purchase of Over-the-Counter Traded Securities Has Been Made)

- Article 8 (1) The report pursuant to the provisions of Article 67-18 of the Act in the case set forth in item (ii) of that Article on an offer made between 8:00am and 11:00am and between 12:05pm and 3:00pm on a business day of the Member Firm's Authorized Association must be made immediately after the offer; provided, however, that in the event of malfunctioning or maintenance/inspection of the electronic data processing system, or if matters to be reported have dramatically and rapidly increased or if there is any other compelling reason, the report is to be made promptly after the reason ceases to exist.
- (2) Matters specified by Cabinet Office Order prescribed in Article 67-18, item (ii) of the Act are volume and sales or purchase.

(Reporting When Entrustment of Purchase and Sale of Over-the-Counter Traded Securities Has Been Accepted)

- Article 9 (1) The report pursuant to the provisions of Article 67-18 of the Act in the case set forth in item (iii) of that Article on orders performed (limited to those performed between 8:00am and 11:00am and between 12:05pm and 3:00pm on a business day of the Member Firm's Authorized Association) based on Acceptance of an Entrustment, etc. (meaning Accepting an Entrustment, etc. prescribed in Article 44-2, paragraph (1), item (i) of the Act; the same applies hereinafter) must be made immediately after the order; provided, however,

that in the event of malfunctioning or maintenance/inspection of the electronic data processing system, or if matters to be reported have dramatically and rapidly increased or if there is any other compelling reason, the report is to be made promptly after the reason ceases to exist.

- (2) Matters specified by Cabinet Office Order prescribed in Article 67-18, item (iii) of the Act are sales or purchase.

(Reporting When the Purchase and Sale of Tradable Securities Has Been Effected)

Article 10 (1) The report pursuant to the provisions of Article 67-18 of the Act in the case set forth in item (iv) of that Article must be made by 5:00pm on the day on which purchase and sale was effected (for issues of which reporting by the first Monday after the day on which the purchase and sale was effected is deemed sufficient by the Member Firm's Authorized Association in its rules, by that Monday (if the Monday falls on a non-business day of the Member Firm's Authorized Association, by the following business day: hereinafter the same applies in Article 12, paragraph (1) and Article 13, paragraph (1)); provided, however, that in the event of malfunctioning or maintenance/inspection of the electronic data processing system, or if matters to be reported have dramatically and rapidly increased or if there is any other compelling reason, the report is to be made promptly after the reason ceases to exist.

- (2) Matters specified by Cabinet Office Order prescribed in Article 67-18, item (iv) of the Act are the date and time when purchase and sale was effected.

(Tradable Securities)

Article 11 Securities specified by Cabinet Office Order prescribed in Article 67-18, item (iv) of the Act are as follows:

- (i) share option certificates;
- (ii) subscription certificates (meaning Securities set forth in Article 2, paragraph (1), item (vi) of the Act; the same applies hereinafter);
- (iii) preferred equity investment certificates prescribed in the Act on the Securitization of Assets (Act No. 105 of 1998);
- (iv) investment securities (meaning investment securities prescribed in the Act on Investment Trusts and Investment Corporations; the same applies hereinafter); and
- (v) investment equity subscription rights certificates (meaning investment equity subscription rights certificates prescribed in the Act on Investment Trusts and Investment Corporations; the same applies hereinafter).

(Reporting When an Offer for Sales or Purchase of Tradable Securities Has Been Made)

Article 12 (1) The report pursuant to the provisions of Article 67-18 of the Act in the case set forth in item (v) of that Article on the latest offer must be made by 5:00pm on the day on which the offer was made (for issues of which reporting by the first Monday after the day on which the offer was made is deemed sufficient by the Member Firm's Authorized Association in its rules, by that Monday); provided, however, that in the event of malfunctioning or maintenance/inspection of the electronic data processing system, or if matters to be reported have dramatically and rapidly increased or if there is any other compelling reason, the report is to be made promptly after the reason ceases to exist.

(2) Matters specified by Cabinet Office Order prescribed in Article 67-18, item (v) of the Act are volume and sales or purchase.

(Reporting When the Entrustment of Purchase and Sale of Tradable Securities Has Been Accepted)

Article 13 (1) The report pursuant to the provisions of Article 67-18 of the Act in the case set forth in item (vi) of that Article on the latest Acceptance of an Entrustment, etc. must be made by 5:00pm on the day of the Acceptance of an Entrustment, etc. (for issues of which reporting by the first Monday after the day of the Acceptance of an Entrustment, etc. is deemed sufficient by the Member Firm's Authorized Association in its rules, by that Monday); provided, however, that in the event of malfunctioning or maintenance/inspection of the electronic data processing system, or if matters to be reported have dramatically and rapidly increased or if there is any other compelling reason, the report is to be made promptly after the reason ceases to exist.

(2) Matters specified by Cabinet Office Order prescribed in Article 67-18, item (vi) of the Act are sales or purchase.

(Listed Share Certificates)

Article 14 Those specified by Cabinet Office Order prescribed in Article 67-18, item (vii) of the Act are as follows:

- (i) share certificates;
- (ii) corporate bond certificates with share options;
- (iii) share option certificates;
- (iv) subscription certificates;
- (v) preferred equity investment certificates prescribed in the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions (Act No. 44 of 1993);
- (vi) beneficiary securities of investment trusts prescribed in the Act on Investment Trusts and Investment Corporations;
- (vii) investment securities; and

(viii) investment equity subscription rights certificates.

(Reporting When the Purchase and Sale of Listed Share Certificates Conducted Outside of Financial Instruments Exchange Market Has Been Effected)

Article 15 (1) The report pursuant to the provisions of Article 67-18 of the Act in the case set forth in item (vii) of that Article must be made in accordance with the categories of cases set forth in the following items by the time specified therein; provided, however, that in the event of malfunctioning or maintenance/inspection of the electronic data processing system, or if matters to be reported have dramatically and rapidly increased or if there is any other compelling reason, the report is to be made promptly after the reason ceases to exist:

- (i) if purchase and sale has been effected by using an electronic data processing system in which a large number of persons participate simultaneously as one party or individual parties: 8:30am on the business day following the day on which purchase and sale was effected;
 - (ii) if purchase and sale has been effected in the time frame specified by the Member Firm's Authorized Association in its rules (excluding the case set forth in the preceding item): within five minutes after purchase and sale was effected; or
 - (iii) in cases other than those set forth in the preceding two items: The time specified by the Member Firm's Authorized Association in its rules on the day on which purchase and sale was effected or the following business day.
- (2) Matters specified by Cabinet Office Order prescribed in Article 67-18, item (vii) of the Act are the date and time when purchase and sale was effected as well as the Financial Instruments Exchange which publicized the trading price that served as the basis of calculation of price and the trading price.

(Reporting When Offer for Sales or Purchase of Listed Share Certificates Conducted Outside of Financial Instruments Exchange Market Has Been Made to a Large Number of Persons Simultaneously)

Article 16 (1) The report pursuant to the provisions of Article 67-18 of the Act in the case set forth in item (viii) of that Article must be made by 8:30am on the business day following the day on which the offer was made; provided, however, that in the event of malfunctioning or maintenance/inspection of the electronic data processing system, or if matters to be reported have dramatically and rapidly increased or if there is any other compelling reason, the report is to be made promptly after the reason ceases to exist.

- (2) The case specified by Cabinet Office Order prescribed in Article 67-18, item (viii) of the Act is the case in which an offer for sales or purchase of Listed Share Certificates, etc. outside of a Financial Instruments Exchange Market is

made to a large number of persons simultaneously.

- (3) When reporting the price of Securities for which an offer for sales or purchase is made as prescribed in Article 67-18, item (viii) of the Act, among the issues of the Securities for which an offer for sales is made, the lowest price on the day on which the offer is made is to be reported, and among issues of the Securities for which an offer for purchase is made, the highest price on the day on which the offer is made is to be reported.
- (4) Matters specified by Cabinet Office Order prescribed in Article 67-18, item (viii) of the Act are volume and sales or purchase at the time when an offer in relation to the preceding paragraph has been made.

(Notices of Trading Volume, Price, and Other Matters)

Article 17 (1) Pursuant to the provisions of Article 67-19 of the Act, an Authorized Association must, by a method specified in its rules, notify its Member Firms or also publicize the matters set forth in the middle column of Appended Table 1 according to the respective categories of notice and public announcement set forth in the left column of the same Table with respect to the purchase and sale of Over-the-Counter Traded Securities conducted in an Over-the-Counter Securities Market established by the Authorized Association, and the matters set forth in the middle column of Appended Table 2 according to the respective categories of notice and public announcement set forth in the left column of the same Table with respect to the purchase and sale of Tradable Securities.

- (2) Pursuant to the provisions of Article 67-19 of the Act, an Authorized Association must, by a method specified in its rules, notify its Member Firms or also publicize the matters set forth in the middle column of Appended Table 3 according to the category of notice or public announcement set forth in the left column of the same Table with respect to the purchase and sale of Listed Share Certificates, etc. conducted outside of a Financial Instruments Exchange Market.

(Report of Trading Volume, Price, and Other Matters)

Article 18 Pursuant to the provisions of Article 67-20 of the Act, an Authorized Association must report to the Commissioner of the Financial Services Agency the matters set forth in the middle column of Appended Table 4 according to the reporting categories set forth in the left column of the same Table with respect to the purchase and sale of Over-the-Counter Traded Securities conducted in an Over-the-Counter Securities Market established by the Authorized Association, the matters set forth in the middle column of Appended Table 5 according to the reporting categories set forth in the left column of the same Table with respect to the purchase and sale of Tradable

Securities, and the matters set forth in the middle column of Appended Table 6 according to the reporting categories set forth in the left column of the same Table with respect to the purchase and sale of Listed Share Certificates, etc. conducted outside of a Financial Instruments Exchange Market.

(Persons Who Cannot Serve as a Mediator)

Article 19 A person who falls under any of the following items may not become a mediator prescribed in Article 77-2, paragraph (2) of the Act (including the cases where it is applied mutatis mutandis pursuant to Article 77-3, paragraph (4) of the Act; hereinafter the same applies in the following Article and Article 21, paragraph (1)):

- (i) an adult ward, a person under curatorship or person under assistance, or a person who has received an order commencing bankruptcy proceedings and has not obtained restoration of rights;
- (ii) a person who has been sentenced to imprisonment without work or heavier punishment, and for whom 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 public officer who has been dismissed from that position by disciplinary action and two years have not yet passed from the date of the disposition;
- (iv) a person whose removal from office has been decreed by an impeachment court;
- (v) a person who has been subjected to exclusion from membership in a bar association through disciplinary action pursuant to the provisions of the Attorney Act (Act No. 205 of 1949) or the Act on Special Measures concerning the Handling of Legal Services by Foreign Lawyers (Act No. 66 of 1986), and three years have not yet passed from the date of the disposition; or
- (vi) a person who has been subjected to deletion of registration as a certified public accountant, prohibition of business as a certified public tax accountant or prohibition of business as a judicial scrivener through disciplinary action pursuant to the provisions of the Certified Public Tax Accountants Act (Act No. 103 of 1948), Licensed Tax Accountants Act (Act No. 237 of 1951) or Judicial Scrivener Act (Act No. 197 of 1950), and three years have not yet passed from the date of the disposition.

(Special Interest of Mediators)

Article 20 A person who has no special interest in any party involved in the Case as prescribed in Article 77-2, paragraph (2) of the Act (hereinafter simply referred to as the "party" in this Article and the following Article) is a person who does not fall under any of the following items:

- (i) the party or the party's spouse, or the party's former spouse;

- (ii) a person who is or has been the party's relative by blood within the fourth degree of kinship, the party's relative by affinity within the third degree of kinship or a relative sharing residence with the party;
- (iii) a person who is the party's guardian, a supervisor of the guardian, the party's curator, a supervisor of the curator, the party's assistant, or a supervisor of the assistant;
- (iv) a person who is or has been the party's proxy or assistant in the Case; or
- (v) a person who receives an income from the party by providing a service or three years have not yet passed from the day on which receipt of the income terminated.

(Notice of Not Conducting Mediation)

- Article 21 (1) An Authorized Association (if the Authorized Association has entrusted the mediation service prescribed in Article 77-2, paragraph (1) of the Act pursuant to the provisions of Article 77-3, paragraph (1) of the Act, the person entrusted with the service; hereinafter the same applies in this Article) is to, when the mediator prescribed in Article 77-2, paragraph (2) of the Act has decided not to conduct mediation pursuant to the provisions of the proviso to that paragraph, notify the party to that effect in writing without delay.
- (2) An Authorized Association may, in lieu of the written notice pursuant to the provisions of the preceding paragraph, indicate to the party referred to in that paragraph the method to be used by the Authorized Association from among the following methods (hereinafter referred to as "electronic or magnetic means" in this Article) and the form of file recording in advance, obtain the party's consent in writing or by electronic or magnetic means, and notify the matters to be notified pursuant to the provisions of that paragraph by electronic or magnetic means. In this case, the Authorized Association is deemed to have given the notice in writing:
- (i) among methods involving the use of an electronic data processing system, a method by which the matters to be notified are transmitted through electric telecommunication lines that interconnects the computer used by the sender and the computer used by the recipient and recorded in a file stored in the computer used by the recipient; or
 - (ii) magnetic disk, CD-ROM or other means similar thereto by which a file prepared in the form of media capable of making accurate records of certain matters is recorded and delivered.
- (3) The methods set forth in the items of the preceding paragraph must enable the recipient to prepare written documents by outputting the records in the file.
- (4) An Authorized Association that has obtained the party's consent prescribed in paragraph (2) must not, when a request not to receive a notice by electronic or magnetic means has been made by the party in writing or by electronic or

magnetic means, notify the party of the matters to be notified pursuant to the provisions of paragraph (1) by electronic or magnetic means; provided, however, that this does not apply to cases where the party has given consent again under the provisions of paragraph (2).

Chapter III Certified Financial Instruments Firms Associations

(Documents to Be Attached to a Written Application for Recognition)

Article 22 The documents specified by Cabinet Office Order prescribed in Article 18-4-14, paragraph (2) of the Order are the following documents:

- (i) a document stating the method of carrying out operations in relation to the application for recognition;
- (ii) a document showing that the Association has the knowledge and ability sufficient to carry out operations in relation to the application for recognition appropriately and certainly;
- (iii) inventory of assets in the last business year (in the case of a juridical person established in the business year to which the day of the application belongs, at the time of its establishment) and other documents showing that the Association has financial basis;
- (iv) résumés of the officers;
- (v) extracts of a copy of a resident record of the officers (limited to those stating their registered domicile) or other documents in lieu thereof;
- (vi) if the name of an officer that was used before marriage is stated together with the officer's current name in a written application referred to in Article 18-4-14, paragraph (1) of the Order, and the document set forth in the preceding item does not certify the officer's name used before marriage, a document certifying the name before marriage; and
- (vii) other documents stating matters that will be helpful.

(Entrustment of Services)

Article 23 (1) A Recognized Association may, pursuant to the provisions of Article 79-3, paragraph (1) of the Act, entrust part of the services set forth in Article 78, paragraph (2), items (i) to (iii) of the Act to an Authorized Association or another Recognized Association, beyond the service specified in Article 78-8, paragraph (1) of the Act.

(2) An Authorized Association or a Recognized Association that has been entrusted with a service pursuant to the provisions of the preceding paragraph may not entrust the entrusted service to another person.

(Reporting When Purchase and Sale of Listed Share Certificates Conducted Outside of Financial Instruments Exchange Market Has Been Effected)

Article 24 (1) The report pursuant to the provisions of Article 78-3 of the Act in the case set forth in item (i) of that Article must be made in accordance with the categories of cases set forth in the following items by the time specified therein; provided, however, that in the event of malfunctioning or maintenance/inspection of the electronic data processing system, or if matters to be reported have dramatically and rapidly increased or if there is any other compelling reason, the report is to be made promptly after the reason ceases to exist:

- (i) if purchase and sale has been effected by using an electronic data processing system in which a large number of persons participate simultaneously as one party or individual parties or if purchase and sale has been effected between 8:10 am and 5:00 pm on a business day of the Recognized Association to which the member belongs (hereinafter referred to as "Member's Recognized Association" in the following item): 8:30am on the business day following the day on which purchase and sale was effected;
 - (ii) if purchase and sale has been effected in the time frame specified by the Recognized Association to which the member belongs (hereinafter referred to as "Member's Recognized Association" in the following item) in its rules (excluding the case set forth in the preceding item): within five minutes after the purchase and sale was effected; or
 - (iii) in cases other than those set forth in the preceding two items: the time specified by the Member's Recognized Association in its rules on the day on which purchase and sale was effected or the following business day.
- (2) Matters specified by Cabinet Office Order prescribed in Article 78-3, item (i) of the Act are the date and time when purchase and sale was effected as well as the Financial Instruments Exchange which publicized the trading price that served as the basis of calculation of price and the trading price.

(Reporting When an Offer for Sales or Purchase of Listed Share Certificates Conducted Outside of Financial Instruments Exchange Market Has Been Made to a Large Number of Persons Simultaneously)

Article 25 (1) The report pursuant to the provisions of Article 78-3 of the Act in the case set forth in item (ii) of that Article must be made by 8:30am on the business day following the day on which the offer was made; provided, however, that in the event of malfunctioning or maintenance/inspection of the electronic data processing system, or if matters to be reported have dramatically and rapidly increased or if there is any other compelling reason, the report is to be made promptly after the reason ceases to exist.

- (2) The case specified by Cabinet Office Order prescribed in Article 78-3, item (ii) of the Act is the case in which an offer for sales or purchase of Listed Share Certificates, etc. outside of a Financial Instruments Exchange Market is made

to a large number of persons simultaneously.

- (3) When reporting the price of Securities for which an offer for sales or purchase is made as prescribed in Article 78-3, item (ii) of the Act, among the issues of the Securities for which an offer for sales is made, the lowest price on the day on which the offer is made is to be reported, and among issues of the Securities for which an offer for purchase is made, the highest price on the day on which the offer is made is to be reported.
- (4) Matters specified by Cabinet Office Order prescribed in Article 78-3, item (ii) of the Act are volume and sales or purchase at the time when an offer in relation to the preceding paragraph has been made.

(Notices of Trading Volume, Price, and Other Matters)

Article 26 Pursuant to the provisions of Article 78-4 of the Act, a Recognized Association must, by a method specified in its rules, notify its members or publicize the matters set forth in the middle column of Appended Table 7 according to the category of notice or public announcement set forth in the left column of the same Table.

(Report of Trading Volume, Price, and Other Matters)

Article 27 Pursuant to the provisions of Article 78-5 of the Act, a Recognized Association must report to the Commissioner of the Financial Services Agency the matters set forth in the middle column of Appended Table 8 according to the reporting categories set forth in the left column of the same Table.

(Application Mutatis Mutandis of Provisions on Mediation)

Article 28 The provisions of Articles 19 to 21 apply mutatis mutandis to cases in which the provisions of Article 77-2, paragraph (2) of the Act are applied mutatis mutandis pursuant to Article 78-7 of the Act, and cases in which the provisions of Article 77-2, paragraph (2) are applied mutatis mutandis under Article 78-7 of the Act pursuant to Article 78-8, paragraph (4) of the Act.

(Securities for Which Solicitation for Purchase and Sale or for Other Transactions Is Not Prohibited)

Article 29 Securities specified by Cabinet Office Order prescribed in Article 79-3, paragraph (1), item (ii) of the Act are as follows:

- (i) share option certificates;
- (ii) subscription certificates;
- (iii) preferred equity investment certificates prescribed in the Act on the Securitization of Assets;
- (iv) investment securities; and
- (v) investment equity subscription rights certificates.

Chapter IV Certified Investor Protection Organization

(Resolution of Complaints or Mediation Services)

- Article 30 (1) The service specified by Cabinet Office Order prescribed in Article 18-4-15, paragraph (2), item (viii) of the Order is the resolution of complaints against services to perform Commodity Derivatives Transactions, etc. prescribed in Article 241, paragraph (1) of the Commodity Futures Act (Act No. 239 of 1950) or mediation if there is a dispute over the services.
- (2) The documents specified by Cabinet Office Order prescribed in Article 18-4-15, paragraph (2), item (viii) of the Order are documents stating the opinions of the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry as to whether the Organization has the knowledge and ability sufficient to resolve complaints and conduct mediation referred to in the preceding paragraph appropriately and with certainty.

(Covered Operators)

- Article 31 Persons specified by Cabinet Office Order prescribed in Article 79-11, paragraph (1) of the Act are persons set forth in the left column of the table in Article 18-4-15, item (v) of the Order (limited to persons who conduct transactions set forth in the middle column of the same table).

(Transactions Subject to Mediation)

- Article 32 (1) Transactions specified by Cabinet Office Order prescribed in Article 77-2, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 79-13 of the Act following the deemed replacement of terms are purchase and sale or other transactions of Securities or transactions incidental to Derivative Transactions, etc. (meaning Derivative Transactions, etc. prescribed in Article 33, paragraph (3) of the Act) and transactions set forth in the middle column of the table in Article 18-4-15, paragraph (5) of the Order.
- (2) The provisions of Articles 19 to 21 apply mutatis mutandis to cases in which the provisions of Article 77-2, paragraph (2) of the Act are applied mutatis mutandis pursuant to Article 79-13 of the Act.

Chapter V Miscellaneous Provisions

(Reports on Business)

- Article 33 (1) Pursuant to the provisions of Article 188 of the Act, an Authorized Association must prepare documents stating the status of maintenance and administration of the electronic data processing system used in the business to establish an Over-the-Counter Securities Market (hereinafter simply referred

to as "electronic data processing system" in this Article) every month, and submit the same to the Commissioner of the Financial Services Agency by the last day of the following month.

- (2) Pursuant to the provisions of Article 188 of the Act, an Authorized Association must, in the event of the malfunction of the electronic data processing system, when it has become difficult to continually conduct the purchase and sale, public announcement of market price, transfer or other settlement of Securities or the public inspection prescribed in Article 30, paragraph (1), item (ii) of the Order by using the electronic data processing system, immediately report to that effect to the Commissioner of the Financial Services Agency, and submit a document stating the outline of the malfunctioning, cause, process, matters to be improved upon and other necessary matters to the Commissioner of the Financial Services Agency without delay.
- (3) Pursuant to the provisions of Article 188 of the Act, an Authorized Association must, if there have been changes in the content of the electronic data processing system which involve changes in its installation site, capacity, the method of maintaining the electronic data processing system, or the method of troubleshooting in the event of malfunctioning of the electronic data processing system, submit a document describing the changes to the Commissioner of the Financial Services Agency without delay.

(Standard Processing Period)

- Article 34 (1) The Prime Minister or the Commissioner of the Financial Services Agency is to endeavor to process an application for authorization referred to in Article 67-2, paragraph (2), Article 67-8, paragraph (2), Article 67-12, Article 77-6, paragraph (2) or Article 79-3, paragraph (1) of the Act, recognition under the provisions of Article 78, paragraph (1) or certification under Article 79-7, paragraph (1) within one month of the arrival of the application at the office of the Prime Minister or the Commissioner.
- (2) The period prescribed in the preceding paragraph is not to include the following periods:
- (i) period required to make corrections to the application;
 - (ii) period required by the person who filed the application to change the content of the application; or
 - (iii) period required by the person who filed the application to add materials deemed necessary for examination of the application.

Appended Table 1 (related to Article 17)

Appended Table 2 (related to Article 17)

Appended Table 3 (related to Article 17)

Appended Table 4 (related to Article 18)

Appended Table 5 (related to Article 18)

Appended Table 6 (related to Article 18)

Appended Table 7 (related to Article 26)

Appended Table 8 (related to Article 27)