

Order for Enforcement of the Financial Instruments and Exchange Act

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

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

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Chapter I General Provisions

(Instruments and Certificates Constituting Securities)

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

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

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

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

- (i) membership rights in a general partnership company all of whose members

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

(Things Similar to Money)

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

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

(Participation in Business Subject to Investment)

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

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

specialized ability that is indispensable to the continuation of the business subject to investment.

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

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

- (i) rights based on a contract connected with the business set forth in the items of Article 2, paragraph (1) of the Insurance Business Act (Act No. 105 of 1995);
- (ii) rights connected with the investment or payment made to a corporation established under Japanese laws and regulations (excluding general incorporated associations other than public interest incorporated associations and general incorporated foundations other than public interest incorporated foundations) (excluding the rights indicated on the securities set forth in Article 2, paragraph (1), items (vi) to (ix) and item (xi) of the Act and the rights set forth in Article 2, paragraph (2), item (iii) of that Act which are deemed to be securities pursuant to the provisions of Article 2, paragraph (2) of that Act);
- (iii) rights based on the profit-sharing forestry contract as defined in Article 2, paragraph (3) of the Act on Special Measures concerning Shared Forest (Act No. 57 of 1958);
- (iv) rights based on a partnership contract, etc. (meaning a partnership contract prescribed in Article 667, paragraph (1) of the Civil Code or other ongoing contracts) to which only the following persons are party, if the business subject to investment connected with those rights is a business of exclusively performing the services of the following persons:
 - (a) a certified public accountant;
 - (b) an attorney-at-law (including registered foreign lawyers);
 - (c) a judicial scrivener;
 - (d) a land and buildings investigator;
 - (e) a certified administrative procedures legal specialist;
 - (f) a certified tax accountant;
 - (g) a real property appraiser;
 - (h) a public consultant on social and labor insurance; and
 - (i) a patent attorney;
- (v) rights based on a contract in which an officer or employee, or any other person specified by Cabinet Office Order of the issuer of share certificates or investment securities (meaning investment securities prescribed in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951); hereinafter the same applies in this item) (hereinafter those persons are

- referred to as the "officer, etc." in this item and Article 2-12-4, paragraph (2), item (iv)) promises to continuously purchase share certificates or investment securities of the issuer jointly with another officer, etc. of the issuer according to a fixed plan and without depending on an individual investment decision, which satisfies the requirements specified by Cabinet Office Order; and
- (vi) what are specified by Cabinet Office Order as being equivalent to the rights set forth in the preceding items.

(Rights Deemed to be Securities)

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

- (i) the loans (excluding loans without interest) are made by two or more persons and the rate, the time of performance, and any other particulars specified by Cabinet Office Order for the loans are the same; and
- (ii) all or some of the loans fall under either of the following:
- (a) the loan is made by a person other than one attending a school established by the incorporated educational institution, etc. (meaning a school as defined in Article 2, paragraph (1) of the Private Educational Institutions Act and including the advanced vocational school and vocational school as defined in paragraph (2) of that Article) that receives the loan or any other person specified by Cabinet Office Order as an interested party (referred to as the "interested party" in (b));
- (b) it is not prohibited to transfer the claim associated with the loan to a person other than an interested party;
- (iii) all or some of the loans fall under either of the following:
- (a) the loan is made by a person other than a bank or any other person permitted to make that loan on a regular basis pursuant to the provisions of laws and regulations (referred to as a "bank, etc." in (b)); or
- (b) it is not prohibited to transfer the claim associated with the loan to a person other than a bank, etc. (including a claim management and collection company as defined in Article 2, paragraph (3) of the Act on Special Measures Concerning Claim Management and Collection Businesses (Act No. 126 of 1998)).

(Cases in Which the Relevant Securities Are Less Likely to Be Transferred to Persons Other Than Qualified Institutional Investors through the Solicitation For Acquisition)

Article 1-4 The case specified by Cabinet Order as being less likely for the

relevant securities to be transferred as provided in Article 2, paragraph (3), item (i) of the Act, and the case specified by Cabinet Order that is provided for in the provisions of Article 2, paragraph (3), item (ii), (a) and Article 2-3, paragraph (4), item (ii), (a) of the Act are the cases specified in the following items in accordance with the category of securities set forth in each of those items:

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

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

- of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
- (b) what is specified by Cabinet Office Order as being the same type of securities as those share certificates, etc. are not securities for professional investors (meaning securities for professional investors prescribed in Article 4, paragraph (3) of the Act; the same applies hereinafter); and
- (c) the requirements specified in the following clause 1. or 2. in accordance with the category of cases prescribed in that clause 1. or 2. are satisfied:
1. cases in which rights associated with the share certificates, etc. are indicated on financial values which can be transferred by using an electronic data processing system (limited to the value that is recorded on an electronic device or any other object by electronic means; the same applies hereinafter) (excluding the cases specified by Cabinet Office Order; the same applies in Article 1-5-2, paragraph (2), item (i), sub-item (b), 1. and item (ii), sub-item (b), 1., Article 1-7-4, item (i), sub-item (c), 1., Article 1-8-2, item (i), sub-item (b), 1. and (ii), sub-item (b), 1. and Article 15-10-6, item (i)): technical measures have been taken that make it impossible to transfer the financial values to persons other than qualified institutional investors (meaning the qualified institutional investors as defined in Article 2, paragraph (3), item (i) of the Act; the same applies hereinafter);
 2. cases other than those set forth in 1. above: the solicitation for acquisition (meaning solicitation for acquisition as defined in Article 2, paragraph (3) of the Act; the same applies hereinafter) is to be conducted or the procedures related to the issuance of securities during a reorganization (meaning the procedures related to the issuance of securities during a reorganization as defined in Article 2-3, paragraph (2) of the Act; the same applies in Article 1-7-3, item (vii) and Article 2-4-2, item (i)) are to be taken that makes the acquisition of the share certificates, etc. conditional upon the conclusion of a contract related to the transfer which provides that the person acquiring the share certificates, etc. will not transfer them to persons other than qualified institutional investors;
- (ii) share option certificates and share options, preferred equity subscription rights (meaning the preferred equity subscription rights prescribed in the Asset Securitization Act; the same applies hereinafter) or securities with the right of converting into preferred equity securities prescribed in the Asset Securitization Act, securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of those securities, and investment equity subscription right certificates (meaning investment equity subscription right certificates prescribed in the Act on Investment Trusts and Investment

Corporations; the same applies hereinafter) and foreign investment securities prescribed in the Act on Investment Trusts and Investment Corporations which are similar to investment equity subscription right certificates (hereinafter referred to as "investment equity subscription right certificates, etc.") (excluding securities set forth in Article 2, paragraph (1), item (xix) of the Act; hereinafter referred to as "share option certificates, etc." in this item, Article 1-5-2, paragraph (2), item (ii), Article 1-7, item (ii), (b), Article 1-7-4, item (ii), Article 1-8-2, item (ii), Article 1-8-4, item (iii), (b), Article 2-4-2, item (ii), (b), Article 2-6-2, item (ii), (b) and Article 2-12-3, item (v)): a case that meets all of the following requirements:

- (a) the issuer of the share certificates which is to be acquired, subscribed for, or converted through the exercise of the rights indicated on the share option certificates, etc., and the share certificates, share option certificates, and investment equity subscription right certificates satisfy the requirements set forth in sub-item (a) and (b) of the preceding item, respectively;
- (b) the issuer of the share option certificates, etc. (excluding share option certificates and investment equity subscription right certificates; hereinafter the same applies in sub-items (b) and (c)) is not a person that has already issued what are specified by Cabinet Office Order as being the same type of securities as those share option certificates, etc. and that fall under any of the items of Article 24, paragraph (1) of the Act (including as applied *mutatis mutandis* pursuant to Article 27 of the Act);
- (c) what are specified by Cabinet Office Order as being the same type of securities as the share option certificates, etc. are not securities for professional investors; and
- (d) a restriction has been placed on the share option certificates, etc. (if those share option certificates, etc. are specified corporate bond certificates with preferred equity subscription rights (meaning the specified corporate bond certificates with preferred equity subscription rights prescribed in the Asset Securitization Act; the same applies hereinafter) and the preferred equity subscription rights may be transferred independently from the specified corporate bond certificates (meaning specified corporate bond certificates prescribed in the Asset Securitization Act; the same applies hereinafter), the specified corporate bond certificates and the preferred equity subscription warrants (meaning a preferred equity subscription warrants prescribed in the Asset Securitization Act; the same applies hereinafter) issued with the specified corporate bond certificates, as per the formalities specified by Cabinet Office Order, prohibiting the person that has acquired or purchased the share option certificates, etc. from transferring them to a person other than a qualified institutional investor,

- or the share option certificates, etc. satisfy the requirements specified by Cabinet Office Order as being equivalent to this;
- (iii) securities other than the securities set forth in the preceding two items: a case that meets all of the following requirements:
 - (a) the issuer of the securities is not a person that has already issued what are specified by Cabinet Office Order as being the same type of securities as the securities and that fall under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
 - (b) what are specified by Cabinet Office Order as being the same type of securities as the securities are not securities for professional investors; and
 - (c) the securities meet the requirements specified by Cabinet Office Order in accordance with the preceding item.

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

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

(Cases in Which the Relevant Securities Are Less Likely to Be Transferred to Persons Other Than Professional Investors through the Solicitation for Acquisition)

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

- (i) non-residents (meaning non-residents as defined in Article 6, paragraph (1), item (vi) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949); the same applies hereinafter) that acquire the relevant securities from residents (meaning the residents prescribed in the first sentence of Article 6, paragraph (1), item (v) of that Act; the same applies hereinafter) through the intermediation, brokerage, or agency of a security related business entity (meaning a financial instruments business operator, etc. (meaning a financial instruments business operator, etc. prescribed in Article 34 of the Act; hereinafter the same applies except in Article 44) or a foreign securities services provider (meaning a foreign securities services provider prescribed in Article 58 of the Act; the same applies hereinafter); the same applies in the following item); or
- (ii) non-residents that acquire the relevant securities from security related business entities or another non-resident.

(2) The case specified by Cabinet Order that is provided for in Article 2, paragraph (3), item (ii), (b), 2. of the Act means a case specified in the following items in accordance with the category of securities set forth in each of those items:

(i) share certificates: a case that meets all of the following requirements:

(a) what are specified by Cabinet Office Order as being the same type of securities as the share certificates, etc. do not fall under any of the securities set forth in the items of Article 24, paragraph (1) of the Act (including as applied *mutatis mutandis* pursuant to Article 27 of the Act); and

(b) the requirements specified in the following clause 1. or 2. in accordance with the category of cases set forth in that clause 1. or 2. are satisfied:

1. cases in which rights associated with the share certificates, etc. are indicated on financial values which can be transferred by using an electronic data processing system: technical measures or other measures specified by Cabinet Office Order have been taken that makes it impossible to transfer the financial values to persons other than professional investors, etc. (meaning the professional investors, etc. as defined in Article 2, paragraph (3), item (ii), (b), 2. of the Act; the same applies hereinafter);
2. cases other than those set forth in 1. above: the solicitation for acquisition is conducted on the condition of concluding a contract between the issuer of the share certificates, etc. and the person that seeks to acquire the share certificates, etc. in response to the solicitation for acquisition (hereinafter such a person is referred to as the "acquirer" in this item), as well as between the person that makes the solicitation for acquisition and the acquirer, which provides that the acquirer of the share certificates, etc. will not transfer the acquired share certificates to a person other than professional investors, etc. and which provides other particulars specified by Cabinet Office Order;

(ii) share option certificates, etc.: a case that meets all of the following requirements:

(a) the share certificates that are to be acquired, subscribed for, or converted through the exercise of the rights indicated on the share option certificates, etc. satisfy the requirements set forth in sub-item (a) of the preceding item;

(b) the requirements specified in the following clause 1. or 2. in accordance with the category of cases set forth in that clause 1. or 2. are satisfied:

1. cases in which rights associated with the share option certificates, etc. are indicated on financial values which can be transferred by using an electronic data processing system: technical measures or other measures specified by Cabinet Office Order have been taken that

makes it impossible to transfer the financial values to persons other than professional investors, etc.;

2. cases other than those set forth in clause 1. above: the solicitation for acquisition is conducted on the condition of concluding a contract for transfer between the issuer of the share option certificates, etc. (if the share option certificates, etc. are specified corporate bond certificates with preferred equity subscription rights and the preferred equity subscription rights may be transferred independently from the specified corporate bond certificate, the specified corporate bond certificate and the preferred equity subscription warrants issued with the bond certificate) and the person that seeks to acquire the share option certificates, etc. in response to the solicitation for acquisition (hereinafter such a person is referred to as the "acquirer" in this item), as well as between the person that makes the solicitation for acquisition and the acquirer, which provides that the acquirer will not transfer the acquired share option certificates, etc. to persons other than professional investors, etc. and which provides other particulars specified by Cabinet Office Order;
- (iii) securities other than the securities set forth in the preceding two items: a case that meets the requirements specified by Cabinet Office Order in accordance with the preceding item.

(Requirements for Solicitation for Acquisition to Not Fall Under Solicitation to a Small Number of Investors)

Article 1-6 The requirement specified by Cabinet Order that is provided for in Article 2, paragraph (3), item (ii), (c) of the Act is that the other securities specified by Cabinet Office Order as being the same type of securities as the relevant securities (excluding securities for which the solicitation for acquisition fell under the case set forth in Article 2, paragraph (3), item (ii), (a) of the Act and the case set forth in Article 2-12 at the time of issuance and securities for which the solicitation for acquisition fell under the category of a public offering of securities at the time of its issuance and for which the notification under Article 4, paragraph (1) of the Act has been made or supplements to shelf registration documents prescribed in Article 23-8, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) have been submitted with regard to the public offering of those securities; hereinafter referred to as the "newly issued securities of the same type" in this Article) have been issued within six months prior to the day on which the relevant securities are issued, and the sum of the number of persons to which the solicitation for acquisition of those securities is to be made (if the solicitation for acquisition the securities is made to qualified

institutional investors and the securities fall under the cases specified in Article 1-4, the qualified institutional investors are excluded) and the persons to which the solicitation for acquisition of newly issued securities of the same type which have been issued within six months prior to the day on which the relevant securities are issued (if the solicitation for acquisition the newly issued securities of the same type is made to qualified institutional investors and the newly issued securities of the same type fall under the cases specified in Article 1-4, the qualified institutional investors are excluded) is not less than 50 persons.

(Cases in Which the Solicitation for Acquisition Falls Under Solicitation to a Small Number of Investors)

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

- (i) the solicitation for acquisition is not made only to professional investors (meaning professional investors as defined in Article 2, paragraph (31) of the Act; the same applies hereinafter) and it is not a case in which more than 50 persons (if those persons are qualified institutional investors and the securities involved in the solicitation for acquisition fall under the cases specified in Article 1-4, those persons are excluded) are the other parties to the solicitation for acquisition;
- (ii) the requirements specified in the following subitems (a) through (c) in accordance with the category of securities set forth in those sub-items (a) through (c) are satisfied:
 - (a) share certificates, etc.: all of the following requirements are satisfied:
 - 1. the issuer of the share certificates, etc. is not a person that has already issued share certificates, etc. indicating the same features as those share certificates, etc. (limited to features concerning the payment of the dividends of surplus, distribution of residual assets, cancellation of equity by using profits, or the cancellation of preferred equity investment under Article 15, paragraph (1) of the Act on Preferred Equity Investment (limited to the part that involves item (ii)) which are related to shares (including preferred equity investment prescribed in the Act on Preferred Equity Investment and the preferred equity prescribed in the Asset Securitization Act) or contribution) and that fall under any of the items of Article 24, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27 of the Act); and
 - 2. what are specified by Cabinet Office Order as being the same type of securities as the share certificates, etc. are not securities for professional investors;

(b) share option certificates, etc.: all of the following requirements are satisfied:

1. the issuer of the share certificates that are to be acquired, subscribed for, or converted through the exercise of the rights indicated on the share option certificates, etc., and the share certificates, share option certificates, and investment equity subscription right certificates satisfy the requirements set forth in sub-items (a), 1. and 2., respectively;
2. the issuer of the share option certificates, etc. (excluding share option certificates and investment equity subscription right certificates; hereinafter the same applies in sub-item (b)) is not a person that has already issued what are specified by Cabinet Office Order as being the same type of securities as the share option certificates, etc. and that fall under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
3. what are specified by Cabinet Office Order as being the same type of securities as the share option certificates, etc. are not securities for professional investors; and
4. a restriction has been placed on the share option certificates, etc. (if those share option certificates, etc. are specified corporate bond certificates with preferred equity subscription rights and the preferred equity subscription rights may be transferred independently from the specified corporate bond certificates, the specified corporate bond certificate and the preferred equity subscription warrants issued with the bond certificate), as per the formalities specified by Cabinet Office Order, prohibiting the person that has acquired or purchased the share option certificates, etc. (if the person that has acquired or purchased the share option certificates, etc. is a qualified institutional investor and the share option certificates, etc. fall under the cases specified in Article 1-4, that qualified institutional investor is excluded) from transferring them other than doing so all at once to another single person, or the share option certificates, etc. satisfy the requirements specified by Cabinet Office Order as being equivalent to this;

(c) securities other than the securities set forth in sub-items (a) and (b): all of the following requirements are satisfied:

1. the issuer of the securities is not a person that has already issued what are specified by Cabinet Office Order as being the same type of securities as the securities and that fall under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);

2. what are specified by Cabinet Office Order as being the same type of securities as the securities are not securities for professional investors; and
3. the securities meet the requirements specified by Cabinet Office Order in accordance with sub-item (b).

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

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

(Transactions of Securities that Do Not Fall Under Secondary Distributions of Securities)

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

- (i) the purchase and sale of securities on a financial instruments exchange market;
- (ii) the purchase and sale of securities on an over-the-counter securities market (meaning an over-the-counter securities market prescribed in Article 67, paragraph (2) of the Act; the same applies hereinafter);
- (iii) the purchase and sale of securities (limited to those listed on a financial instruments exchange or over-the-counter traded securities (meaning over-the-counter traded securities as defined in Article 2, paragraph (8), item (x), (c) of the Act; the same applies hereinafter)) through the acts set forth in Article 2, paragraph (8), item (x) of the Act (if the securities are specified listed securities (meaning specified listed securities as defined in Article 2, paragraph (33) of the Act; the same applies hereinafter), limited to a purchase and sale to which only professional investors, etc. are the parties);
- (iv) the purchase and sale of securities (limited to securities that fall under Article 24, paragraph (1), item (i) of the Act) conducted by a financial instruments business operator, etc. or professional investor with another financial instruments business operator, etc. or professional investor without recourse to a financial instruments exchange market at an appropriate price taking into account the circumstances surrounding securities transactions based on the trading price of the securities on a financial instruments exchange market for the formation of a fair price and facilitation of smooth distribution of the securities;
- (v) the selling of the relevant securities, which have already been issued in a

- foreign country by a foreign securities services provider pursuant to the provisions of the proviso to Article 58-2 of the Act to a financial instruments business operator, etc. or qualified institutional investor (including securities prescribed in Article 2-12-2, limited to offer to sell, etc., (meaning offer to sell, etc. as defined in Article 2, paragraph (4) of the Act; the same applies hereinafter) that falls under the cases specified in Article 2, paragraph (4), item (ii), sub-items (a) through (c) or procedures related to the delivery of securities during a reorganization (meaning procedures related to the delivery of securities during a reorganization as defined in Article 2-3, paragraph (3) of the Act; the same applies hereinafter) that falls under the case specified in Article 2-3, paragraph (5), item (ii), sub-item (a) or (b) which have not been conducted; referred to as "foreign securities with no restriction on transfer" in the following Article and Article 1-8-4, item (iv));
- (vi) the selling of foreign securities with no restriction on transfer by the financial instruments business operator, etc. or qualified institutional investor that has acquired them (hereinafter referred to as "selling financial instruments business operator, etc." in this item) to another financial instruments business operator, etc. (limited to one purchasing the foreign securities with no restriction on transfer for the purpose of having them acquired by other persons; hereinafter referred to as "purchasing financial instruments business operator, etc." in this item) (limited to sales by a selling financial instruments business operator, etc. or purchasing financial instruments business operator, etc. that is a member of an authorized financial instruments firms association (limited to an authorized financial instruments firms association designated by the Commissioner of the Financial Services Agency; hereinafter the same applies in this item and Article 1-8-4, item (iv))), in which the issues, number and other particulars of those foreign securities with no restriction on transfer specified by Cabinet Office Order is reported by the selling financial instruments business operator, etc. (if the selling financial instruments business operator, etc. is not a member of an authorized financial instruments firms association, the purchasing financial instruments business operator, etc.) to the authorized financial instruments firms association;
- (vii) the purchase and sale of securities for which solicitation for acquisition that fall under the cases specified in Article 2, paragraph (3), item (ii), (a) to (c) of the Act, offer to sell, etc. that falls under the cases specified in Article 2, paragraph (4), item (ii), sub-items (a) through (c) of the Act, procedures related to the delivery of securities during a reorganization that falls under the cases specified in Article 2-3, paragraph (4), item (ii), sub-item (a) or (b) of the Act or procedures related to the delivery of securities during a reorganization that fall under the cases specified in Article 2-2, paragraph

- (5), item (ii), (a) or (b) of the Act have not been conducted (hereinafter referred to as "securities with no restriction on transfer" in this item and the following item) and owned by a person other than the following persons:
- (a) the issuer of the securities with no restriction on transfer;
 - (b) an officer (meaning a director, executive officer, accounting advisor, and company auditor (including board members, auditors, and persons equivalent to them); hereinafter the same applies in this item) or incorporator of the corporation (including foreign corporations; hereinafter the same applies in this item) that is the issuer of the securities with no restriction on transfer or any other person equivalent to them (excluding the incorporator and any other person equivalent to them, if there was a period during which that person was not the officer, shareholder, or other member of that corporation after its establishment, and that period exceeded five consecutive years);
 - (c) a major shareholder (meaning a major shareholder as defined in Article 163, paragraph (1) of the Act; hereinafter the same applies in sub-item (c)) of the corporation that is the issuer of the securities with no restriction on transfer or an officer or incorporator of the major shareholder (limited to cases in which the major shareholder is a corporation) or any other person equivalent to them (excluding the incorporator and any other person equivalent to them, if there was a period during which that person was not the officer, shareholder, or other member of the corporation that constitutes that major shareholder after its establishment, and that period exceeded five consecutive years);
 - (d) a subsidiary company, etc. of the corporation that is the issuer of the securities with no restriction on transfer (meaning a subsidiary company prescribed in Article 29-4, paragraph (4) of the Act or any other corporation equivalent to the company; hereinafter the same applies in sub-item (d)), or an officer or incorporator of that subsidiary company, etc. or any other person equivalent to them (excluding the incorporator and any other person equivalent to them, if there was a period during which that person was not the officer, shareholder, or other member of that subsidiary company, etc. after its establishment, and that period exceeded five consecutive years); or
 - (e) a financial instruments business operator, etc.;
- (viii) the purchase and sale of securities with no restriction on transfer (limited to those in which both parties to the purchase and sale are persons set forth in sub-items (a) through (e) of the preceding item (excluding those in which both parties are persons specified in sub-item (e) of that item));
- (ix) a purchase and sale of securities (limited to corporate bond certificates and other securities specified by Cabinet Office Order) on condition of repurchase

or resale in which the repurchase price or resale price and the repurchase date or resale date are set in advance;

- (x) the selling of securities to the issuer or a person that seeks to sell the securities to the issuer (including those that seek to sell the securities to that person); or
- (xi) the purchase and sale of securities associated with the brokerage for the purchase and sale of securities in a financial instruments exchange market or foreign financial instruments market (meaning foreign financial instruments market as defined in Article 2, paragraph (8), item (iii), (b) of the Act; the same applies hereinafter) by a financial instruments business operator, etc. for a customer.

(Cases in Which the Securities Are Less Likely to Be Transferred to Persons Other Than Qualified Institutional Investors through the Offer to Sell)

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

- (i) share certificates, etc.: a case that meets all of the following requirements:
 - (a) the issuer of the share certificates, etc. is not a person that has already issued share certificates, etc. indicating the same features as those share certificates, etc. (limited to features concerning the payment of the dividends of surplus, distribution of residual assets, cancellation of equity by using profits, or the cancellation of preferred equity investment under Article 15, paragraph (1) of the Act on Preferred Equity Investment (limited to the part that involves item (ii)) which are related to shares (including preferred equity investment provided for in the Act on Preferred Equity Investment and the preferred equity provided for in the Asset Securitization Act) or contribution) and which fall under any of the items of Article 24, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27 of the Act);
 - (b) what are specified by Cabinet Office Order as being the same type of securities as the share certificates, etc. are not securities for professional investors; and
 - (c) the requirements specified in the following clause 1. or 2. in accordance with the category of cases set forth in that clause 1. or 2. are satisfied:
 - 1. cases in which rights associated with the share certificates, etc. are indicated on financial values which can be transferred by using an

electronic data processing system: technical measures have been taken that make it impossible to transfer the financial values to persons other than qualified institutional investors;

2. cases other than those set forth in clause 1. above: the offer to sell, etc. is to be made or procedures related to the delivery of securities during a reorganization are to be taken that makes the acquisition of the share certificates, etc. conditional upon the conclusion of a contract related to the transfer which provides that the person acquiring the share certificates, etc. will not transfer them to persons other than qualified institutional investors;

(ii) share option certificates, etc.: a case meeting all of the following requirements:

- (a) the issuer of the share certificates that are to be acquired, subscribed for, or converted through the exercise of the rights indicated on the share option certificates, etc., and the share certificates, share option certificates, and investment equity subscription right certificates satisfy the requirements set forth in (a) and (b) of the preceding item, respectively;
- (b) the issuer of the share option certificates, etc. (excluding share option certificates and investment equity subscription right certificates; hereinafter the same applies in sub-items (b) and (c)) is not a person that has already issued what are specified by Cabinet Office Order as being the same type of securities as the share option certificates, etc. and that fall under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
- (c) what are specified by Cabinet Office Order as being the same type of securities as the share option certificates, etc. are not securities for professional investors; and
- (d) a restriction has been placed on the share option certificates, etc. (if those share option certificates, etc. are specified corporate bond certificates with preferred equity subscription rights and the preferred equity subscription rights may be transferred independently from the specified corporate bond certificates, the specified corporate bond certificates and the preferred equity subscription warrants issued with the bond certificates), as per the formalities specified by Cabinet Office Order, prohibiting the person that has acquired or purchased the share option certificates, etc. from transferring them to a person other than a qualified institutional investor, or the share option certificates, etc. satisfy the requirements specified by Cabinet Office Order as being equivalent to this;

(iii) securities other than the securities set forth in the preceding two items: a case that meets all of the following requirements:

- (a) the issuer of the securities is not a person that has already issued what

are specified by Cabinet Office Order as being the same type of securities as the securities which fall under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);

- (b) what are specified by Cabinet Office Order as being the same type of securities as the securities are not securities for professional investors; and
- (c) the securities meet the requirements specified by Cabinet Office Order in accordance with the preceding item.

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

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

(Cases in Which the Relevant Securities Are Less Likely to Be Transferred to Persons Other Than Professional Investors through Offer to Sell)

Article 1-8-2 The case specified by Cabinet Order that is provided for in Article 2, paragraph (4), item (ii), sub-item (b), 2. of the Act is a case specified in the following items in accordance with the category of securities set forth in each of those items:

- (i) share certificates, etc.: a case that meets all of the following requirements:
 - (a) what are specified by Cabinet Office Order as being the same type of securities as the share certificates, etc. do not fall under the securities set forth in the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act); and
 - (b) the requirements specified in the following clause 1. or 2. in accordance with the category of cases set forth that clause 1. or 2. are satisfied:
 - 1. cases in which rights associated with the share certificates, etc. are indicated on financial values which can be transferred by using an electronic data processing system: technical measures or other measures specified by Cabinet Office Order have been taken that make it impossible to transfer the financial values to persons other than professional investors, etc.;
 - 2. cases other than those set forth in clause 1. above: the offer to sell, etc. is made in a way that makes the purchase of the share certificates, etc. conditional upon the conclusion of a contract related to the transfer between the person making the offer to sell, etc. the share certificates, etc. and the person seeking to purchase those share certificates, etc. in

response to the offer to sell, etc. them (hereinafter such a person is referred to as the "purchaser" in this item) which provides that the purchaser will not transfer the purchased share certificates, etc. to persons other than professional investors, etc., and which provides other particulars specified by Cabinet Office Order;

(ii) share option certificates, etc.: a case that meets all of the following requirements:

(a) the share certificates that are to be acquired, subscribed for, or converted through the exercise of the rights indicated on the share option certificates, etc. satisfy the requirements set forth in sub-item (a) of the preceding item; and

(b) the requirements specified in the following clause 1. or 2. in accordance with the category of cases set forth in that clause 1. or 2. are satisfied:

1. cases in which rights associated with the share option certificates, etc. are indicated on financial values which can be transferred by using an electronic data processing system: technical measures or other measures specified by Cabinet Office Order have been taken that make it impossible to transfer the financial values to persons other than professional investors, etc.;

2. cases other than those set forth in clause 1. above: the offer to sell, etc. is made that makes the purchase of the share option certificates, etc. conditional upon the conclusion of a contract related to the transfer between the person making the offer to sell, etc. the share option certificates, etc. (or, if the share option certificates, etc. are specified corporate bond certificates with preferred equity subscription rights and the preferred equity subscription rights may be transferred independently from the specified corporate bond certificates, the specified corporate bond certificate and the preferred equity subscription warrants issued with the bond certificate) and the person seeking to purchase those share option certificates, etc. in response to the offer to sell, etc. them (hereinafter such a person is referred to as the "purchaser" in this item) which provides that the purchaser will not transfer the purchased share option certificates, etc. to persons other than professional investors, etc., and which provides other particulars specified by Cabinet Office Order; and

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

(Requirements for Solicitation for Selling to Not Fall Under Solicitation to a Small Number of Investors)

Article 1-8-3 The requirement specified by Cabinet Order that is provided for in Article 2, paragraph (4), item (ii), (c) of the Act is that the offer to sell, etc. (excluding transactions referred to in the items of Article 1-7-3; hereinafter the same applies in this Article) other securities specified by Cabinet Office Order as being the same type of securities as the securities (excluding the following securities; hereinafter referred to as "already issued securities of the same type" in this Article) has been made within one month prior to the day on which the offer to sell, etc. the securities is made, and the sum of the number of persons to which the offer to sell, etc. the securities is to be made (if the offer to sell, etc. the securities is made to qualified institutional investors and the securities fall under the cases specified in Article 1-7-4, the qualified institutional investors are excluded) and the persons to which the offer to sell, etc. already issued securities of the same type has been made within one month prior to the day on which the offer to sell, etc. of the securities is made (if the offer to sell, etc. already issued securities of the same type is made to qualified institutional investors and the already issued securities of the same type fall under the cases specified in Article 1-7-4, the qualified institutional investors are excluded) is not less than 50 persons:

- (i) securities for which the offer to sell, etc. fell under the case set forth in Article 2, paragraph (4), item (ii), (a) of the Act at the time of the offer to sell, etc. them;
- (ii) securities for which the offer to sell, etc. fell under the case set forth in Article 2-12 at the time of the offer to sell, etc. them;
- (iii) securities for which the offer to sell, etc. corresponded to a secondary distribution of securities at the time of the offer to sell, etc. them, and for which a notification pursuant to the provisions of Article 4, paragraph (1) of the Act has been given or the supplements to shelf registration documents as defined in Article 23-8, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) have been submitted for that secondary distribution of securities;
- (iv) securities for which the offer to sell, etc. corresponded to a secondary distribution of foreign securities prescribed in Article 27-32-2, paragraph (1) of the Act at the time of the offer to sell, etc. them, and for which foreign securities information (meaning foreign securities information as defined in that paragraph; the same applies hereinafter) was provided or publicized pursuant to the provisions of that paragraph (including securities that fall under the provisions of the proviso to that paragraph).

(Cases in Which Solicitation for Selling Falls Under Solicitation to a Small Number of Investors)

Article 1-8-4 The cases specified by Cabinet Order that are provided for in

Article 2, paragraph (4), item (ii), (c) of the Act are cases that meet all of the following requirements:

- (i) the offer to sell, etc. is not made only to professional investors, and it is not a case in which 50 or more persons (if those persons are qualified institutional investors and the securities involved in the offer to sell, etc. fall under the cases specified in Article 1-7-4, those persons are excluded) are the other parties to the offer to sell, etc.;
- (ii) if a offer to sell, etc. securities that satisfy the requirements set forth in Article 1-7, item (ii) is to be made, the offer to sell, etc. is carried out in accordance with those requirements;
- (iii) if a offer to sell, etc. securities other than the securities set forth in the preceding item is to be made, the requirements specified in the following sub-items (a) through (c) in accordance with the category of securities set forth in sub-items (a) through (c) are satisfied:
 - (a) share certificates, etc.: all of the following requirements are satisfied:
 - 1. the issuer of the share certificates, etc. is not a person that has already issued share certificates, etc. indicating the same features as those share certificates, etc. (limited to features concerning the payment of the dividends of surplus, distribution of residual assets, cancellation of equity by using profits, or the cancellation of preferred equity investment under Article 15, paragraph (1) of the Act on Preferred Equity Investment (limited to the part that involves item (ii)) which are related to shares (including preferred equity investment prescribed in the Act on Preferred Equity Investment and the preferred equity prescribed in the Asset Securitization Act) or contribution) which fall under any of the items of Article 24, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27 of the Act);
 - 2. what is specified by Cabinet Office Order as being the same type of securities as those share certificates, etc. are not securities for professional investors;
 - (b) share option certificates, etc.: all of the following requirements are satisfied:
 - 1. the issuer of the share certificates that are to be acquired, subscribed for, or converted through the exercise of the rights indicated on the share option certificates, etc., and the share certificates, share option certificates, and investment equity subscription right certificates satisfy the requirements set forth in sub-item (a), 1. and 2., respectively;
 - 2. the issuer of the share option certificates, etc. (excluding share option certificates and investment equity subscription right certificates; hereinafter the same applies in sub-item (b)) is not a person that has

already issued what are specified by Cabinet Office Order as being the same type of securities as those share option certificates, etc. and that fall under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);

3. what are specified by Cabinet Office Order as being the same type of securities as the share option certificates, etc. are not securities for professional investors; and
 4. a restriction has been placed on the share option certificates, etc. (if those share option certificates, etc. are specified corporate bond certificates with preferred equity subscription rights and the preferred equity subscription rights may be transferred independently from the specified corporate bond certificates, the specified corporate bond certificate and the preferred equity subscription warrants issued with the bond certificate), as per the formalities specified by Cabinet Office Order, prohibiting the person that has acquired or purchased the share option certificates, etc. (if the person that has acquired or purchased the share option certificates, etc. is a qualified institutional investor and the share option certificates, etc. fall under the cases specified in Article 1-4, that qualified institutional investor is excluded) from transferring the share option certificates, etc. unless they are transferred all at once to another single person, or those share option certificates, etc. satisfy the requirements specified by Cabinet Office Order as being equivalent to this;
- (c) securities other than the securities set forth in sub-items (a) and (b): a case that meets all of the following requirements:
1. the issuer of the securities is not a person that has already issued what are specified by Cabinet Office Order as being the same type of securities as those securities and that fall under any of the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
 2. what are specified by Cabinet Office Order as being the same type of securities as the securities are not securities for professional investors; and
 3. the securities meet the requirements specified by Cabinet Office Order in accordance with (b);
- (iv) if a offer to sell, etc. foreign securities with no restriction on transfer is to be made, all of the following requirements are satisfied:
- (a) it has been established that, if a financial instruments business operator, etc. (limited to a member of an authorized financial instruments firms association) has made a offer to sell, etc. foreign securities with no

restriction on transfer, the issues of the foreign securities with no restriction on transfer, the number calculated according to the provisions of Cabinet Office Order as the number of persons that has acquired and currently hold those foreign securities with no restriction on transfer through the offer to sell, etc. (hereinafter referred to as "number of holders" in this item) and other particulars specified by Cabinet Office Order will be reported to the authorized financial instruments firms association pursuant to the rules of the authorized financial instruments firms association;

- (b) it has been established that an authorized financial instruments firms association that receives a report prescribed in sub-item (a) is to calculate and publicize the total number of holders for each issue of foreign securities with no restriction on transfer, pursuant to the rules of the authorized financial instruments firms association;
- (c) the total number of holders for each issue of foreign securities with no restriction on transfer referred to in sub-item (a) is not to exceed one thousand.

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

Article 1-8-5 The case specified by Cabinet Order that is provided for in Article 2, paragraph (4), item (iii) of the Act is a case in which the securities connected with a offer to sell, etc. are to be held by not less than 500 persons by responding to that offer to sell, etc.

(Acts Excluded from the Scope of Financial Instruments Business)

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

- (i) the acts set forth in the items of Article 2, paragraph (8) of the Act performed by the following persons:
 - (a) the State;
 - (b) a local government;
 - (c) the Bank of Japan; and
 - (d) foreign governments and other persons equivalent to the persons set forth in sub-items (a) through (c) under foreign laws and regulations;
- (ii) among the acts set forth in Article 2, paragraph (8), item (iv) of the Act, acts of conducting over-the-counter derivatives transactions (excluding securities-related over-the-counter derivatives transactions (meaning the transactions set forth in Article 28, paragraph (8), item (iv) of the Act) and cryptoasset-related over-the-counter derivatives transactions (meaning the cryptoasset-related over-the-counter derivatives transactions prescribed in

Article 185-24, paragraph (1) of the Act; the same applies in Article 16-4, paragraph (1), item (i), sub-item (d)); hereinafter the same applies in this item) with any of the following persons, or providing intermediation, brokerage (excluding brokerage for clearing of securities, etc.; hereinafter the same applies in this item), or agency for over-the-counter derivatives transactions on behalf of that person (excluding the acts that fall under those set forth in the preceding item and specified over-the-counter derivatives transactions (meaning specified over-the-counter derivatives transactions prescribed in Article 40-7, paragraph (1) of the Act; the same applies hereinafter) and their intermediation, brokerage, or agency (limited to those in which the person engaged in the specified over-the-counter derivatives transactions or their intermediation, brokerage, or agency conducts those transactions or services using an electronic data processing system used for their business of over-the-counter derivatives transactions, etc. (meaning over-the-counter derivatives transactions, etc. as defined in Article 2, paragraph (8), item (iv) of the Act; the same applies hereinafter))):

- (a) persons specified by Cabinet Office Order as persons found to have expert knowledge of and experience in derivatives transactions; or
- (b) a stock company whose amount of stated capital is not less than the amount specified by Cabinet Office Order;

(iii) among the acts set forth in Article 2, paragraph (8), item (xv) of the Act, investment in a single corporation by allocating all of the money or other property invested or contributed by persons holding a beneficial interest in commodities investment as defined in Article 2, paragraph (6) of the Act on Regulation of Commodity Investment (Act No. 66 of 1991) (if the beneficial interest in commodities investment means the rights set forth in Article 2, paragraph (6), item (ii) of that Act or the rights set forth in Article 2, paragraph (6), item (iii) of that Act (limited to those similar to the rights set forth in Article 2, paragraph (6), item (ii) of that Act), the trustee of a trust related to those rights) (hereinafter the investment is referred to as "specified investment" in this item and the following paragraph) which satisfies all of the following requirements (excluding the acts that falls under those set forth in item (i)):

- (a) it has been provided for in either the commodities investment contract (meaning a commodities investment contract as defined in Article 2, paragraph (5) of the Act on Regulation of Commodity Investment) or the trust contract that is associated with the beneficial interest in commodities investment, or in the contract for sale of the beneficial interest in commodities investment that specified investment in the relevant corporation is to be undertaken and that the relevant corporation is to invest money or other property from that specified investment through

- commodities investment (meaning commodities investment as defined in Article 2, paragraph (1) of that Act; the same applies hereinafter);
 - (b) the corporation is required to entrust the commodities investment advisor, etc. prescribed in Article 33, paragraph (1) of that Act on Regulation of Commodity Investment with an investment decision prescribed in Article 2, paragraph (2) of that Act related to commodities investment; and
 - (c) the investment is not the one in which the corporation invests money or other property from specified investment mainly in securities or rights connected with derivatives transactions; and
 - (iv) beyond what is set forth in the preceding three items, acts specified by Cabinet Office Order taking into account the nature of the acts and other circumstances.
- (2) If the corporation set forth in item (iii) of the preceding paragraph invests in another corporation by allocating all of the money or other property from specified investment, or all of anything other than what is invested by commodities investment, that other corporation is deemed to be the relevant corporation in applying the provisions of sub-item (a) through (c) of the preceding item.

(Scope of Financial Institutions)

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

- (i) The Shoko Chukin Bank, Ltd.;
- (ii) an insurance company (meaning an insurance company as defined in Article 2, paragraph (2) of the Insurance Business Act and including a foreign insurance company, etc. as defined in paragraph (7) of that Article; the same applies hereinafter);
- (iii) a mutual loan company;
- (iv) a securities finance company; and
- (v) the persons mainly engaged in making call loans or in acting as an intermediary in the lending and borrowing of call money on a regular basis, who are designated by the Commissioner of the Financial Services Agency.

(Securities Related to a Public Offering or Private Placement Constituting

Financial Instruments Business)

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

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

(Transactions Excluded from Consideration as Transaction Services Using an Electronic Data Processing System)

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

of persons.

(Criteria for Cases Using the Method of Auction)

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

- (i) the ratio of the average amount of single-business-day total transaction volumes for purchase and sale (excluding those that fall under derivatives transactions; hereinafter the same applies in this Article) of listed securities, etc. (meaning securities listed on a financial instruments exchange and over-the-counter traded securities; hereinafter the same applies in this Article) conducted in the past six months as calculated on the last day of each month, based on a method for deciding the trading price as set forth in Article 2, paragraph (8), item (x), sub-item (a) of the Act, to the average amount of single-business-day total transaction volumes for purchase and sale of listed securities, etc. conducted in all financial instruments exchange markets and over-the-counter securities markets in the past six months is one percent; and
- (ii) the ratio of the average amount of single-business-day total transaction volumes, by issue, for purchase and sale of listed securities, etc. conducted in the past six months, as calculated on the last day of each month, based on a method for deciding the trading price set forth in Article 2, paragraph (8), item (x), sub-item (a) of the Act, to the average amount of single-business-day total transaction volumes for purchase and sale of those issues of listed securities, etc. conducted in all financial instruments exchange markets and over-the-counter securities markets in the past six months is ten percent.

(Scope of Investment Management Business)

Article 1-11 The rights specified by Cabinet Order that are provided for in Article 2, paragraph (8), item (xiv) of the Act are the rights indicated on the securities set forth in paragraph (1), item (x) of that Article.

(Acts Constituting Financial Instruments Business)

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

- (i) purchasing, without the object of reselling, the securities (limited to the following securities) associated with an act set forth in Article 2, paragraph (8), item (vii) of the Act by the person that performed the act:
 - (a) the securities set forth in Article 2, paragraph (8), item (vii), sub-item (a) or (b) of the Act;
 - (b) the rights required to be indicated on the securities set forth in sub-item (a) which are deemed to be securities pursuant to the provisions of Article

- 2, paragraph (2) of the Act; and
- (ii) accepting deposits of the rights set forth in the items of Article 2, paragraph (2) of the Act which are deemed to be securities pursuant to the provisions of that paragraph (limited to cases in which those rights are indicated on financial values that can be transferred by using an electronic data processing system and excluding electronically recorded transferable rights (meaning the electronically recorded transferable rights prescribed in paragraph (3) of that Article; the same applies hereinafter)) from customers, in connection with an act set forth in Article 2, paragraph (8), items (i) through (x) of the Act to be performed.

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

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

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

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

- (i) wind storms, torrential rain, heavy snow, floods, storm surges, earthquakes, tsunamis, volcanic eruptions, and any other abnormal natural phenomena; and
- (ii) war, revolution, insurrection, riot, civil disturbance, and any other grounds specified by Cabinet Office Order as being equivalent to them.

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

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

- (i) the transactions set forth in Article 2, paragraph (22), item (iii) of the Act (excluding sub-item (b)) incidental to transactions of the receipt of deposits, etc. prescribed in Article 2, paragraph (2) of the Deposit Insurance Act (Act No. 34 of 1971) or savings, etc. prescribed in Article 2, paragraph (2) of the Agricultural and Fishery Cooperation Savings Insurance Act (Act No. 53 of 1973) (limited to the transactions involving the purchase and sale of a

- currency);
- (ii) conclusion of contracts in connection with the insurance business prescribed in Article 2, paragraph (1) of the Insurance Business Act and the business set forth in the items of that paragraph;
- (iii) conclusion of contracts in connection with a guarantee of obligations; or
- (iv) if all or a part of the debt for a loan is not to be repaid, conclusion of a contract to compensate the creditors for the part of the amount which is not to be repaid (excluding the contracts set forth in the preceding item).

(Acts to be Cause of Cash Settlement)

Article 1-16 The act specified by Cabinet Order that is provided for in Article 2, paragraph (22), item (i) of the Act is an act of canceling the purchase and sale contract by the parties to a purchase and sale that promise to deliver and take delivery of a financial instrument (excluding those set forth in Article 2, paragraph (24), items (iii)-3 and (v) of the Act) and its value at a fixed time in the future without recourse to a financial instruments market or a foreign financial instruments market.

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

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

(Commodities)

Article 1-17-2 The commodities specified by Cabinet Order that are provided for in Article 2, paragraph (24), item (iii)-3 of the Act are designated by the Commissioner of the Financial Services Agency through consultation with the minister having jurisdiction over a commodity market (meaning the minister having jurisdiction over a commodity market as prescribed in Article 194-6-2 of the Act), from among the commodities prescribed in Article 2, paragraph (1) of the Commodity Futures Act (Act No. 239 of 1950) (excluding those for which measures for the stabilization of the prices of the relevant commodities pursuant to the provisions of laws and regulations that are necessary for achieving the supply and demand balance for the relevant commodities have been taken), taking into account the appropriate volume of transactions expected in light of the conditions of transactions carried out by those engaged in the purchase and sale, intermediation, brokerage or agency, production,

processing or use of the relevant commodities, and other conditions of economic activities relating to the commodities, as well as other circumstances concerning the price formation and the supply and demand of the commodities, and from the perspective that market derivatives transactions involving the relevant commodities conducted in the financial instruments exchange market will lead to the formation of fair prices for the commodities, while reducing the risk of losses that investors might incur due to the price volatility of the commodities and bringing about other positive effects, and thus market derivatives transactions involving the commodities conducted on the financial instruments exchange market will contribute to the sound development of the national economy.

(Scope of Financial Indexes)

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

- (i) figures associated with the results of observations on terrestrial phenomenon, ground motion, geomagnetism, terrestrial electricity, or hydrology published by the Meteorological Agency or other persons;
- (ii) figures associated with national accounts statistics prepared by the Cabinet Office in compliance with the standards specified by the United Nations, figures associated with the results of the designated statistical surveys prescribed in Article 3, paragraph (1) of the Statistics Act (Act No. 18 of 1947), or figures associated with the results of the notified statistical surveys prescribed in Article 14 of that Act or any other figures for foreign statistics equivalent to those surveys;
- (iii) figures for foreign statistics equivalent to those set forth in the preceding item;
- (iv) figures that comprehensively indicate the level of the price of real property or prices of two or more real properties publicized or provided periodically by an administrative organ (including local governments) pursuant to the provisions of laws and regulations or for the purpose of making them available for public use, figures that comprehensively indicate the level of the price of real property or prices of two or more real properties publicized or provided periodically by an organization engaged in business related to real property for the purpose of making them available for use by investors, or any other figures specified by Cabinet Office Order as being equivalent to those figures.

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

Article 1-18-2 The transactions specified by Cabinet Order as those which are

found not to compromise the public interest or the protection of investors, taking into account the status of the transactions provided in Article 2, paragraph (28) of the Act, the impact on Japan's capital market, and other circumstances, are transactions giving rise to obligations that a corporation established in compliance with foreign laws and regulations that conducts the same type of services as financial instruments obligation assumption services in a foreign country (limited to those that have been granted the same kind of license referred to in Article 156-2 of the Act or a permission or other administrative dispositions similar to the license in the foreign country for conducting those services pursuant to the provisions of foreign laws and regulations and who have obtained the assurance prescribed in Article 189, paragraph (2), item (i) of the Act or any other thing that is found to be equivalent to the assurance given by the authority responsible for the enforcement of those foreign laws and regulations; the same applies in item (ii) of the following Article) assumes, novates or in any other way bears, which are designated by the Commissioner of the Financial Services Agency as giving rise to obligations that would have a minor impact on Japan's capital market, if defaulted upon.

(Subject Transactions of Financial Instruments Obligation Assumption Service)

Article 1-19 The transactions specified by Cabinet Order as those incidental or related to purchase and sale of securities or derivatives transactions that are provided in Article 2, paragraph (28) of the Act are as follows:

- (i) the lending and borrowing of the money necessary to settle a margin transaction, etc. (meaning a margin transaction (meaning the margin transaction prescribed in Article 156-24, paragraph (1) of the Act; the same applies hereinafter), a purchase and sale of securities made on a financial instruments business operator's own account (excluding a purchase and sale of securities that falls under a derivative transaction; the same applies hereinafter), or a market derivatives transaction or brokerage for the clearing of securities, etc. (limited to those connected with a margin transaction, the purchase and sale of securities or a market derivatives transaction made on the financial instruments business operator's own account); the same applies in the following item) (limited to an instance of lending and borrowing in which the lending is made by a securities finance company);
- (ii) the lending and borrowing of securities (excluding a lending giving rise to an obligation that a corporation established in compliance with foreign laws and regulations that conducts the same type of services as financial instruments obligation assumption services in a foreign country assumes,

novates or in any other way bears, which is designated by the Commissioner of the Financial Services Agency as lending giving rise to obligations that would have a minor impact on Japan's capital market if defaulted upon, and limited to lending in connection with a margin transaction, etc. made without recourse to a financial instruments exchange market or an over-the-counter securities market if a person other than a securities finance company lends the securities necessary for the settlement of a margin transaction, etc. using the clearing systems of a financial instruments exchange market or over-the-counter securities market);

- (iii) the delivery and receipt of collateral in connection with the transactions set forth in the preceding two items;
- (iv) the delivery and receipt of beneficiary certificates or money, etc. (meaning money or listed securities, etc.; the same applies in this item, Article 15-3, item (iv), and Article 15-20, item (iv)) with regard to the establishment (including additional establishment; the same applies in Article 15-3, item (iv) and Article 15-20, item (iv)) of a securities investment trust (meaning a securities investment trust as defined in Article 2, paragraph (4) of the Act on Investment Trusts and Investment Corporations, and limited to one for which it is provided in the basic terms and conditions of the investment trust prescribed in Article 4, paragraph (1) of that Act that the investment trust will be operated by having the rate of fluctuations in the amount of net assets per unit for the investment trust property correspond to the rate of fluctuations in the quotations on a financial instruments market or any other indicator and that the beneficiary certificates of the securities investment trust will be listed on a financial instruments exchange or registered in a register of over-the-counter traded securities; hereinafter the same applies in this item, Article 15-3, item (iv), and Article 15-20, item (iv)), the redemption of a part of the principal of a securities investment trust, or the exchange between beneficiary certificates of a securities investment trust and listed securities, etc. (meaning listed securities, etc. prescribed in Article 1-10, item (i), and limited to those of any of the issues subject to investment of the securities investment trust or those that belongs to the trust property; and
- (v) beyond what is set forth in the preceding items, delivery and receipt of financial instruments or money, made for the performance of the obligations that arises from the purchase and sale of securities or derivatives transactions (excluding transactions prescribed in the preceding Article), or the transactions set forth in the preceding items.

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

Article 1-20 The person specified by Cabinet Order that is provided for in Article

2, paragraph (38) of the Act is an incorporated commodity exchange as defined in Article 2, paragraph (6) of the Commodity Futures Act (Act No. 239 of 1950).

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

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

(Acts That Constitute High-Speed Trading)

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

- (i) investing money or other assets (including instructions for the investment) to conduct any of the acts set forth in Article 2, paragraph (41), item (i) of the Act (excluding the acts set forth in that item); and
- (ii) conducting a transaction or an act that causes a person engaged in any of the acts set forth in Article 2, paragraph (41), item (i) of the Act to conduct any of the acts set forth in that item, by conducting over-the-counter derivatives transactions with that person or by other means.

(Assets Deemed to be Money)

Article 1-23 The provisions specified by Cabinet Order that are provided for in Article 2-2 of the Act are the provisions of Article 2, paragraph (21), items (i) through (v), Article 22, items (i) through (vi), Article 41-4, the main clause of Article 41-5, Article 42-5, the main clause of Article 42-6, Article 66-13, Article 185-22, paragraph (1), item (i) and Article 202, paragraph (1) of the Act.

Chapter II Disclosure of Corporate Affairs and Other Related Matters

(Scope of Corporate Reorganization)

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

(Scope of a Reorganizing Company)

Article 2-2 The company specified by Cabinet Order that is provided for in Article 2-3, paragraph (4), item (i) of the Act is a company that becomes a company disappearing in a consolidation-type merger (meaning a company disappearing in a consolidation-type merger prescribed in Article 753, paragraph (1), item (i) of the Companies Act (Act No. 86 of 2005)), the company splitting in an absorption-type company split (meaning a company splitting in an absorption-type company split prescribed in Article 758, item (i) of that Act,

limited to those that have concluded an absorption-type company split agreement prescribed in Article 757 of that Act for that absorption-type company split for the particulars specified in Article 758, item (viii), sub-item (b) or Article 760, item (vii), sub-item (b) of that Act and other companies specified by Cabinet Office Order as being equivalent to them), the company splitting in an incorporation-type company split (meaning a company splitting in an incorporation-type company split prescribed in Article 763, paragraph (1), item (v) of that Act, limited to those which have determined the particulars specified in item (xii), sub-item (b) of that paragraph or Article 765, paragraph (1), item (viii), sub-item (b) of that Act in the incorporation-type company split plan prescribed in Article 762 of that Act for that incorporation-type company split and other companies specified by Cabinet Office Order as being equivalent to them) or a wholly owned subsidiary company in a share transfer (meaning a wholly owned subsidiary company resulting from a share transfer prescribed in Article 773, paragraph (1), item (v) of that Act).

(Scope of Securities Issued by a Reorganizing Company)

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

- (i) share option certificates;
- (ii) corporate bond certificates with share options;
- (iii) certificates of a beneficial interest in a securities trust (meaning the securities set forth in Article 2, paragraph (1), item (xiv) of the Act or the rights set forth in paragraph (2), item (i) of that Article which are deemed to be securities pursuant to the provisions of that paragraph (limited to the rights falling under electronically recorded transferable rights) for which securities set forth in the items of Article 2, paragraph (1) of the Act constitute trust property and for which an indication that the content of the rights associated with the securities that constitute trust property (hereinafter referred to as "entrusted securities") is included in the content of the beneficial interest in that trust and other particulars specified by Cabinet Office Order have been provided in the terms of trust for that trust; the same applies hereinafter), if the entrusted securities are share certificates or the securities set forth in the preceding two items; or
- (iv) securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate the rights associated with share certificates or securities set forth in item (i) or item (ii).

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

a Reorganization)

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

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

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

- (i) the reorganizing company's shareholders, etc. that are involved in the procedures related to the issuance of securities during a reorganization do not consist only of qualified institutional investors, and it is not a case in which the number of reorganizing company's shareholders, etc. is 50 or more;
- (ii) the requirements specified in the following sub-items (a) through (c) in accordance with the category of securities set forth in the sub-items (a) through (c) are satisfied:
 - (a) share certificates, etc.: the requirements set forth in Article 1-7, item (ii), (a) are satisfied;
 - (b) share option certificates, etc.: the requirements set forth in Article 1-7, item (ii), (b) are satisfied.

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

Article 2-5 The cases specified by Cabinet Order that are provided for in Article 2-3, paragraph (4), item (iii) of the Act are cases in which the reorganizing company's shareholders, etc. are not less than 500 persons.

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

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

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

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

- (i) the reorganizing company's shareholders, etc. that are involved in the procedures related to the delivery of securities during a reorganization do not consist only of qualified institutional investors, and it is not a case in which the number of reorganizing company's shareholders, etc. is 50 or more;
- (ii) the requirements specified in the following sub-items (a) through (c) in accordance with the category of securities set forth in each of the sub-items (a) through (c) are satisfied:
 - (a) share certificates, etc.: the requirements set forth in Article 1-8-4, item (iii), sub-item (a) are satisfied;
 - (b) share option certificates, etc.: the requirements set forth in Article 1-8-4, item (iii), sub-item (b) are satisfied;
 - (c) securities other than the securities set forth in sub-items (a) and (b): the requirements set forth in Article 1-8-4, item (iii), (c) are satisfied.

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

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

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

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

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

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

- (i) investment in a single corporation (hereinafter referred to as a "specified corporation" in this item) by allocating all of the money or other property

- invested or paid by persons holding a beneficial interest in commodities investment prescribed in Article 2, paragraph (6) of the Act on Regulation of Commodity Investment (limited to a beneficial interest in commodities investment connected with rights set forth in item (i) of that paragraph) (hereinafter the investment is referred to as the "specified investment" in this Article), which satisfies all of the following requirements:
- (a) the specified corporation does not invest in securities by allocating an amount exceeding 50 percent of the total amount of money or other property from specified investment; and
 - (b) the specified corporation is prohibited from receiving contribution from two or more persons by laws and regulations, the articles of incorporation of the specified corporation, articles of endowment, or other things equivalent to them;
- (ii) an investment in which the goods appropriated are limited to the goods set forth in Article 1-3, item (iv) which are specified by Cabinet Office Order (hereinafter the contribution is referred to as the "specified investment in kind" in this item), which satisfies all of the following requirements:
- (a) the person that is to receive the specified investment in kind is prohibited from receiving contribution from two or more persons by laws and regulations, the articles of incorporation of the person that is to receive the specified investment in kind, articles of endowment, other things equivalent to them, or the contract for specified investment in kind; and
 - (b) the contract for specified investment in kind provides that the person that is to receive the specified investment in kind will not acquire securities using the goods associated with the specified investment in kind.
- (2) If the specified corporation prescribed in item (i) of the preceding paragraph makes a contribution in another corporation by allocating all of the money or other property from specified investment, or all the things other than this, that is invested through commodities investment, that other corporation is deemed to be the specified corporation in applying the provisions of sub-items (a) and (b) of that item.

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

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

- (i) among the rights set forth in Article 2, paragraph (2), item (i) of the Act, a beneficial interest in a trust in which investment is made through the allocation of an amount exceeding 50 percent of the total value of the assets belonging to trust property to investment in securities (excluding the following beneficial interests):

- (a) the beneficial interest in a trust prescribed in Article 130-2, paragraph (2) of the Employees' Pension Insurance Act (Act No. 115 of 1954) prior to the amendment pursuant to Article 1 of the Act for Partial Amendment to the Employees' Pension Insurance Act to Ensure the Soundness and Reliability of the Public Pension System (Act No. 63 of 2013; hereinafter referred to as the "2013 Employees' Pension Amendment Act" in sub-item (a)) (the Employees' Pension Insurance Act prior to the amendment is referred to as the "former Employees' Pension Insurance Act" in (a)) as applied mutatis mutandis pursuant to Article 130-2, paragraphs (1) and (2), Article 136-3, paragraph (1), item (i), item (iv), (d) of that paragraph and item (v), (f) of that paragraph, and paragraph (2) of that Article of the former Employees' Pension Insurance Act which remain in force pursuant to the provisions of Article 5, paragraph (1) of the Supplementary Provisions of the 2013 Employees' Pension Amendment Act; and the beneficial interest in a trust prescribed in Article 159-2, paragraphs (1) and (2) of the former Employees' Pension Insurance Act, Article 136-3, paragraph (1), item (i), item (iv), (d) of that paragraph and item (v), (f) of that paragraph of the former Employees' Pension Insurance Act as applied mutatis mutandis pursuant to Article 164, paragraph (3) of that Act, and Article 130-2, paragraph (2) of the former Employees' Pension Insurance Act as applied mutatis mutandis pursuant to Article 136-3, paragraph (2) of that Act as applied mutatis mutandis pursuant to Article 164, paragraph (3) of that Act which remain in force pursuant to the provisions of Article 38, paragraph (1) of the Supplementary Provisions of the 2013 Employees' Pension Amendment Act;
- (b) the beneficial interest in a trust prescribed in Article 128, paragraph (3) and Article 137-15, paragraph (4) of the National Pension Act (Act No. 141 of 1959);
- (c) the beneficial interest in a trust prescribed in Article 30, paragraph (1), item (i), item (iv), sub-item (d), item (v), sub-item (f), and paragraph (2) of the Order for Enforcement of the National Pension Act (Cabinet Order No. 304 of 1990) (including as applied mutatis mutandis pursuant to Article 51, paragraph (1) of that Order);
- (d) the beneficial interest in a trust connected with a qualified retirement pension contract (limited to a trust contract) prescribed in Article 20, paragraph (3) of the Supplementary Provisions of the Corporation Tax Act (Act No. 34 of 1965);
- (e) the beneficial interest in a trust connected with asset management contracts prescribed in Article 65, paragraph (3) of the Defined-Benefit Corporate Pension Act (Act No. 50 of 2001) (limited to a trust contract set forth in Article 65, paragraph (1), item (i) of that Act), a trust contract set

- forth in Article 65, paragraph (1), item (i) of that Act concluded under Article 66, paragraph (1) of that Act (including as applied mutatis mutandis pursuant to Article 91-25 of that Act) and a trust contract prescribed in Article 66, paragraph (2) of that Act (including as applied mutatis mutandis pursuant to Article 91-24 of that Act);
- (f) the beneficial interest in a trust connected with an asset management contract prescribed in Article 8, paragraph (2) of the Defined Contribution Pension Act (Act No. 88 of 2001) (limited to the trust contract set forth in paragraph (1), item (i) of that Article);
- (g) the beneficial interest in a trust prescribed in Article 21, paragraph (1), item (iii) of the Act on the Government Pension Investment Fund (Act No. 105 of 2004);
- (h) the beneficial interest in a trust connected with a protective trust contract concluded pursuant to the provisions of Article 51, paragraph (1) of the Act on Book-Entry Transfer of Corporate Bonds and Shares (Act No. 75 of 2001);
- (i) the beneficial interest in a trust prescribed in Article 43-2, paragraph (2) of the Act and other beneficial interest in a trust specified by Cabinet Office Order as being similar to the beneficial interest;
- (j) the beneficial interest in a trust prescribed in Article 6-2, paragraph (1) and Article 6-3, paragraph (2) of the Workers' Property Accumulation Promotion Act (Act No. 92 of 1971);
- (k) the beneficial interest in a trust which falls under a beneficial interest in commodities investment as defined in Article 2, paragraph (6) of the Act on Regulation of Commodity Investment, if rights set forth in Article 2, paragraph (2), item (v) of the Act (limited to cases in which the business subject to investment prescribed in that item that is associated with those rights is conducted through commodities investment or contribution in a single corporation (hereinafter referred to as a "specified corporation" in this item) (hereinafter the contribution is referred to as "specified investment" in this item and paragraph (3)) which satisfies all of the following requirements) or rights set forth in Article 2, paragraph (2), item (vi) of the Act equivalent to the rights are acquired by allocating all of the trust property in that trust:
1. the business is not one in which the specified corporation invests in securities by allocating an amount exceeding 50 percent of the total amount of money or other property from specified investment; and
 2. the specified corporation is prohibited from receiving contribution from two or more persons by laws and regulations, the articles of incorporation of the specified corporation, articles of endowment, or any other thing equivalent to them;

- (ii) the rights set forth in Article 2, paragraph (2), item (ii) of the Act which have the nature of the rights set forth in the preceding item;
 - (iii) the rights set forth in Article 2, paragraph (2), item (iii) of the Act, which are the membership rights in a general partnership company, limited partnership company, or limited liability company that makes investment in securities by allocating an amount exceeding 50 percent of the total contribution;
 - (iv) the rights set forth in Article 2, paragraph (2), item (iv) of the Act which have the nature of the rights set forth in the preceding item; and
 - (v) the rights set forth in Article 2, paragraph (2), item (vi) of the Act which have the nature of the rights set forth in paragraph (1) of the preceding Article.
- (2) The rights specified by Cabinet Order that are provided for in Article 3, item (iii), sub-item (a), 3. of the Act are the claims prescribed in Article 1-3-4.
- (3) If the specified corporation prescribed in paragraph (1), item (i), sub-item (k) invests in another corporation by allocating all of the money or other property from specified investment, or by allocating things other than those contributed through commodities investment, in applying the provisions of sub-item (k), 1. and 2. of that item., the other corporation is deemed to be the specified corporation.

(Securities to Which the Provisions of Chapter II of the Act Do Not Apply)

Article 2-11 The securities specified by Cabinet Order that are provided for in Article 3, item (v) of the Act are, among the securities set forth in Article 2, paragraph (1), item (xvii) of the Act, the bonds issued by an institution established by a treaty to which Japan is a member state, whose public offering or secondary distribution in Japan requires the consent of the Japanese government pursuant to the treaty.

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

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

- (i) cases in which the company (including a foreign company; hereinafter the same applies except in Article 14-17, item (x), Article 27-4, item (vi) and Article 33-2, item (vi)) that is the issuer of share certificates (limited to those listed on a financial instruments exchange or those that fall under over-the-counter traded securities; hereinafter the same applies in this item) or, the securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of share certificates (hereinafter collectively referred to as

the "share certificates, etc." in this item) makes a solicitation for acquisition or a offer to sell, etc. the share certificates, etc. with a director, accounting advisor, company auditor, executive officer, or employee (hereinafter referred to as a "director, etc." in this Article) of that company or of another company specified by Cabinet Office Order as a company whose management is controlled by that company as the other party (limited to share certificates, etc. with a restriction prohibiting their transfer for a period not shorter than three months (or for foreign companies, six months) after the lapse of the business year that includes the day on which the director, etc. receives the delivery); and

- (ii) cases in which the company that is the issuer of the share option certificates (limited to those for which the particulars set forth in Article 236, paragraph (1), item (vi) of the Companies Act are specified) or, the securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of share option certificates with the conditions specified by Cabinet Office Order attached (hereinafter collectively referred to as the "share option certificates, etc." in this item) makes a solicitation for acquisition or a offer to sell, etc. the share option certificates, etc. with a director, etc. of that company or of another company specified by Cabinet Office Order as a company whose management is controlled by that company as the other party.

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

Article 2-12-2 Securities specified by Cabinet Order that are provided for in Article 4, paragraph (1), item (iv) of the Act are securities that have already been issued in Japan but for which solicitation for newly issued securities, etc. (meaning solicitation for newly issued securities, etc. as defined in paragraph (2) of that Article; the same applies hereinafter) was not conducted in Japan at the time of their issuance.

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

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

- (i) securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of securities set forth in item (i) of that paragraph (hereinafter referred to as "foreign national government bonds" in this item): all of the following requirements are satisfied:
 - (a) any person can easily obtain information on the trading price of the

- foreign national government bonds in Japan by using the internet or by other means;
- (b) purchase and sale of the foreign national government bonds or other foreign national government bonds issued by their issuer are ongoing in a foreign country;
 - (c) financial information on the issuer of the foreign national government bonds and other information on the issuer (limited to information stated in Japanese or English) has been made public by the issuer or other person equivalent to them, and any person can easily obtain that information in Japan by using the internet or by any other means (excluding cases in which the issuer has submitted an annual securities report pursuant to the provisions of Article 24, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 27 of the Act);
- (ii) securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of securities set forth in item (ii) of that paragraph (hereinafter referred to as "foreign municipal bonds" in this item): all of the following requirements are satisfied:
- (a) any person can easily obtain information on the trading price of those foreign municipal bonds in Japan by using the internet or by other means;
 - (b) purchase and sale of the foreign municipal bonds or other foreign municipal bonds that issued by their issuer are ongoing in a foreign country;
 - (c) financial information on the issuer of the foreign municipal bonds and other information on the issuer (limited to information stated in Japanese or English) has been made public by the issuer or any other person equivalent to them, and any person can easily obtain that information in Japan by using the internet or by other means (excluding cases in which the issuer has submitted an annual securities report pursuant to the provisions of Article 24, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 27 of the Act);
- (iii) securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of securities set forth in item (iii) of that paragraph (hereinafter referred to as "foreign public corporate bonds" in this item): all of the following requirements are satisfied:
- (a) any person can easily obtain information on the trading price of the foreign public corporate bonds in Japan by using the internet or by any other means;
 - (b) purchase and sale of the foreign public corporate bonds or of other foreign public corporate bonds issued by their issuer are ongoing in a foreign country;
 - (c) information about the accounting of the issuer of the foreign public

corporate bonds and other information about the issuer (limited to information stated in Japanese or English, and for the information about the accounting of the issuer, limited to information prepared according to criteria found to be appropriate by the Commissioner of the Financial Services Agency for the public interest or protection of investors; the same applies in sub-item (d) of the following item and item (vi), sub-item (c)) is made public by the issuer or other person equivalent to them, and any person can easily obtain that information in Japan by using the internet or by other means (excluding cases in which the issuer has submitted an annual securities report pursuant to the provisions of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act));

(iv) corporate bond certificates (if certain predetermined conditions are met, limited to those converted into share certificates issued by persons other than the issuer of the corporate bond certificates; hereinafter the same applies in this item) and securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of those corporate bond certificates (hereinafter referred to as "convertible corporate bond certificates issued overseas" in this item and item (vi)): all of the following requirements are satisfied:

- (a) any person can easily obtain information on the trading price of the convertible corporate bond certificates issued overseas in Japan by using the internet or by other means;
- (b) the convertible corporate bond certificates issued overseas are listed on a financial instruments exchange in a foreign country (meaning an exchange similar to a financial instruments exchange, which is established under foreign laws and regulations; the same applies in Article 12, item (vii) and Article 14-3-7, item (ii)) which is designated by the Commissioner of the Financial Services Agency taking into account the state of the securities listed, the disclosure of information on the issuer, the trading volume, and other circumstances (hereinafter referred to as "designated foreign financial instruments exchange"), or purchase and sale of the convertible corporate bond certificates issued overseas are ongoing in a foreign country;
- (c) share certificates that will be converted if certain predetermined conditions are met or securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of share certificates (hereinafter referred to as "share certificates" in this Article) are listed on a financial instruments exchange or a designated foreign financial instruments exchange;
- (d) if the convertible corporate bond certificates issued overseas or share

certificates of the issuer of the convertible corporate bond certificates issued overseas are listed on the designated foreign financial instruments exchange, based on the rules provided by a designated foreign financial instruments exchange and in other cases based on foreign laws and regulations in which purchase and sale of the convertible corporate bond certificates issued overseas are ongoing (including rules of international organizations similar to them; hereinafter the same applies in this Article), accounting information about the issuer of the convertible corporate bond certificates issued overseas and other information about the issuer is publicized by the issuer, and any person can easily obtain that information in Japan by using the internet or by other means (excluding cases in which the issuer has submitted an annual securities report pursuant to the provisions of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act));

(v) securities set forth in Article 2, paragraph (1), items (v) through (vii) of the Act (referred to as "bond certificates, etc." in the following item) that fall under share option certificates, etc. (hereinafter referred to as "bond certificates with share options" in this item) and securities set forth in item (xvii) of that paragraph which have the nature of bond certificates with share options (referred to as "bond certificates with share options issued overseas" in this item and the following item): all of the following requirements are satisfied:

- (a) any person can easily obtain information on the trading price of those bond certificates with share options issued overseas in Japan by using the internet or by other means;
- (b) the bond certificates with share options issued overseas are listed on a designated foreign financial instruments exchange, or purchase and sale of the bond certificates with share options issued overseas are ongoing in a foreign country;
- (c) the share certificates that are to be acquired, subscribed for, or converted through the exercise of the rights indicated on the bond certificates with share options issued overseas are listed on a designated foreign financial instruments exchange;
- (d) based on the rules established by the designated foreign financial instruments exchange on which the bond certificates with share options issued overseas or share certificates prescribed in sub-item (c) are listed, accounting information for the issuer of the bond certificates with share options issued overseas and other information on the issuer (limited to information stated in Japanese or English) has been publicized by the issuer, and any person can easily obtain that information in Japan by using the internet or by other means (excluding cases in which the issuer

has submitted an annual securities report pursuant to the provisions of Article 24, paragraph (1) of the Act (including as applied *mutatis mutandis* pursuant to Article 27 of the Act));

(vi) bond certificates, etc. (excluding convertible corporate bond certificates issued overseas and bond certificates with share options issued overseas; hereinafter the same applies in this item) and securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of bond certificates, etc. (hereinafter referred to as "bond certificates issued overseas" in this item): all of the following requirements are satisfied:

(a) any person can easily obtain information on the trading price of those bond certificates issued overseas in Japan by using the internet or by other means;

(b) the bond certificates issued overseas are listed on a designated foreign financial instruments exchange, or purchase and sale of the bond certificates issued overseas are ongoing in a foreign country (excluding cases in which a company that holds, in its own name or in another person's name, the majority of the voting rights held by all the shareholders, etc. (meaning voting rights held by all the shareholders, etc. as defined in Article 29-4, paragraph (2) of the Act; the same applies hereinafter) of the issuer of the bond certificates issued overseas (limited to the issuer of share certificates that are listed on a financial instruments exchange or a designated foreign financial instruments exchange; hereinafter referred to as "parent company" in this item) guarantees the redemption of the principal and the payment of interest of the bond certificates issued overseas);

(c) based on the rules established by the designated foreign financial instruments exchange on which the bond certificates issued overseas are listed, if they are listed on a designated foreign financial instruments exchange, or based on foreign laws and regulations in which purchase and sale of the bond certificates issued overseas are ongoing, in other cases, information about the accounting of the issuer of the bond certificates issued overseas and other information on the issuer (in the case provided in the parentheses in sub-item (b), if the parent company has submitted an annual securities report pursuant to the provisions of Article 24, paragraph (1) of the Act (including as applied *mutatis mutandis* pursuant to Article 27 of the Act), or if information about the accounting of the parent company or other information about the parent company (limited to information stated in Japanese or English) has been publicized by the parent company pursuant to the rules established by the designated foreign financial instruments exchange on which the share certificates of the parent company are listed, and any person can easily obtain that

information in Japan by using the internet or by other means, the fact that a guarantee has been received for the bond certificates issued overseas, the name of the parent company providing the guarantee, the content of the business of the issuer, and other information specified by Cabinet Office Order) has been publicized by the issuer, and that information can easily be obtained in Japan using the internet or by any other means (excluding cases in which the issuer has submitted an annual securities report pursuant to the provisions of that paragraph (including as applied mutatis mutandis pursuant to Article 27 of the Act));

- (vii) share certificates and securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of share certificates (hereinafter referred to as "share certificates issued overseas" in this item): all of the following requirements are satisfied:
 - (a) any person can easily obtain information on the trading price of those share certificates issued overseas in Japan by using the internet or by other means;
 - (b) the share certificates issued overseas are listed on a designated foreign financial instruments exchange;
 - (c) based on the rules established by the designated foreign financial instruments exchange on which the share certificates issued overseas are listed, information about the accounting of the issuer of the share certificates issued overseas and other information about the issuer (limited to information stated in Japanese or English) has been made public by the issuer, and any person can easily obtain that information in Japan by using the internet or by any other means (excluding cases in which the issuer has submitted an annual securities report pursuant to the provisions of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act));
- (viii) beneficiary certificates of foreign investment trusts set forth in Article 2, paragraph (1), item (x) of the Act which are similar to the beneficiary certificates of investment trusts set forth in Article 12, item (ii) of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000) (hereinafter referred to as "foreign-issued beneficiary certificates" in this item) and foreign investment securities set forth in item (xi) of that paragraph (excluding foreign investment securities prescribed in the Act on Investment Trusts and Investment Corporations which are similar to investment equity subscription right certificates or investment corporation bond certificates; hereinafter referred to as "foreign-issued investment securities" in this item): all of the following requirements are satisfied:
 - (a) any person can easily obtain information on the trading price of the

- foreign-issued beneficiary certificates or foreign-issued investment securities (hereinafter referred to as "the foreign-issued beneficiary certificates or investment securities" in this item) in Japan by using the internet or by other means;
- (b) the foreign-issued beneficiary certificates or investment securities are listed on a designated foreign financial instruments exchange;
 - (c) based on the rules established by the designated foreign financial instruments exchange on which the foreign-issued beneficiary certificates or investment securities are listed, information on the foreign-issued beneficiary certificates or investment securities (limited to information stated in Japanese or English) has been publicized by the issuer of the foreign-issued beneficiary certificates or investment securities, and any person can easily obtain that information in Japan by using the internet or by other means (excluding cases in which the issuer has submitted an annual securities report pursuant to the provisions of Article 24, paragraph (1) of the Act applied mutatis mutandis pursuant to paragraph (5) of that Article (including as applied mutatis mutandis pursuant to Article 27 of the Act));
- (ix) securities set forth in Article 2, paragraph (1), item (xix) of the Act (hereinafter referred to as "securities indicating rights" in this item): all of the following requirements are satisfied:
- (a) the securities indicating rights indicate the rights associated with transactions set forth in Article 2, paragraph (22), item (iii) or (iv) related to share certificates, etc. (meaning share certificates, securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding investment corporation bond certificates and foreign investment securities similar to investment corporation bond certificates prescribed in the Act on Investment Trusts and Investment Corporations, as well as investment equity subscription right certificates, etc.; hereinafter referred to as "investment securities" in sub-item (a)) and securities set forth in item (xx) of that paragraph which indicate rights associated with share certificates or investment securities; hereinafter the same applies in sub-item (a)) or corporate bond certificates, etc. (meaning corporate bond certificates and securities set forth in item (xvii) of that paragraph which have the nature of corporate bond certificates; hereinafter the same applies in sub-item (a)) which satisfy all of the following requirements:
 1. the share certificates, etc. or corporate bond certificates, etc. are listed on a financial instruments exchange or a designated foreign financial instruments exchange, or purchase and sale of the corporate bond certificates, etc. are ongoing in a foreign country;
 2. based on the rules established by the designated foreign financial

instruments exchange on which the share certificates, etc. or the corporate bond certificates, etc. are listed, or based on foreign laws and regulations in which purchase and sale of the corporate bond certificates, etc. are ongoing, information about the accounting of the issuer of the share certificates, etc. or the corporate bond certificates, etc. and other information about the issuer (limited to information stated in Japanese or English) has been publicized by the issuer, and any person can easily obtain that information in Japan by using the internet or by other means (excluding cases in which the issuer has submitted an annual securities report pursuant to the provisions of Article 24, paragraph (1) of the Act (including as applied *mutatis mutandis* pursuant to Article 27 of the Act));

- (b) it is agreed upon in advance that by the exercise of rights indicated on the securities indicating rights, the transaction connected with those rights will be executed at a fixed time in the future, and that the parties will make settlements by delivering and taking delivery of the difference in values for the transaction;
- (c) any person can easily obtain information on the trading price of those securities indicating rights in Japan by using the internet or by other means;
- (x) securities set forth in Article 2, paragraph (1), item (xx) of the Act: all of the following requirements are satisfied:
 - (a) the securities indicate the rights associated with the share certificates;
 - (b) any person can easily obtain information on the trading price of the securities in Japan by using the internet or by other means;
 - (c) the securities are listed on a designated foreign financial instruments exchange;
 - (d) based on the rules established by the designated foreign financial instruments exchange on which the securities are listed, information about the accounting of the issuer of the securities and other information about the issuer (limited to information stated in Japanese or English) has been publicized by the issuer, and any person can easily obtain that information in Japan by using the internet or by other means (excluding cases in which the issuer has submitted an annual securities report pursuant to the provisions of Article 24, paragraph (1) of the Act (including as applied *mutatis mutandis* pursuant to Article 27 of the Act)).

(Securities Excluded from Consideration as Securities for Professional Investors)

Article 2-12-4 (1) The securities specified by Cabinet Order as those which are found unlikely to be owned by a large number of professional investors

prescribed in Article 4, paragraph (3) of the Act, are the securities approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order as those which will not compromise the public interest or protection of investors even if the securities (excluding securities specified by Cabinet Office Order as those which are found to be improper for the protection of investors, taking into account the type and distributiveness, and other particulars of the securities) do not fall under securities for professional investors, if the number of holders of those securities on the last day of the immediately preceding business year (if the securities fall under regulated securities, the specified period (meaning a specified period prescribed in Article 24, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act following the deemed replacement of terms; the same applies in Article 4-2, paragraph (1)) relating to those securities; hereinafter the same applies in this paragraph, Article 3-4 and Article 4-2-2) of or all the last days of the business years that started within two years before the day of the commencement of the immediately preceding business year of the issuer of those securities are less than 300 (limited to the cases in which three years have passed since the end of the business year in which the securities came to fall under securities for professional investors (if there are two or more business years, the latest business year)).

- (2) The solicitation with a view to delivering existing securities specified by Cabinet Order that is provided for in Article 4, paragraph (3) of the Act (meaning solicitation with a view to delivering existing securities as defined in paragraph (2) of that Article; hereinafter the same applies in this paragraph and Article 3-3) means solicitation that falls under any of the following items:
- (i) solicitation with a view to delivering existing securities by a financial instruments business operator, etc. to professional investors, etc. for themselves;
 - (ii) solicitation with a view to delivering existing securities to non-residents by entrusting the solicitation to a foreign securities services provider;
 - (iii) offering to sell share certificates, etc. (meaning the share certificates, etc. prescribed in Article 27-2, paragraph (1) of the Act) in response to a tender offer (meaning the tender offer prescribed in Article 27-2, item (vi) of the Act; the same applies in Section 1 of the following Chapter);
 - (iv) solicitation with a view to delivering existing securities to an officer, etc. (limited to an officer, etc. that purchases the securities for professional investors (limited to a purchase based on a contract under which the officer, etc., will continually purchase securities for professional investors jointly with another officer, etc. of the issuer in accordance with a fixed plan and without depending on an individual investment decision, for which each officer, etc. contributes less than one million yen on each occasion)) of the

issuer of the securities for professional investors (limited to the following ones) that are the subject of the solicitation with a view to delivering existing securities:

- (a) the securities set forth in Article 2, paragraph (1), item (ix) of the Act;
 - (b) the securities set forth in Article 2, paragraph (1), item (xi) of the Act, which are investment securities, etc. or investment equity subscription right certificates, etc.;
 - (c) the securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the securities set forth in item (ix) of that paragraph;
 - (d) the securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the securities set forth in sub-item (a), (b) or (c); or
 - (e) certificates of a beneficial interest in a securities trust of which the entrusted securities are the securities set forth in sub-item (a), (b) or (c).
- (3) The securities specified by Cabinet Order that are provided for in Article 4, paragraph (3), item (iv) of the Act are the following securities:
- (i) the securities which were specified listed securities;
 - (ii) the over-the-counter traded securities, sold or purchased only in the over-the-counter securities markets which the authorized financial instruments firms association that establishes the over-the-counter securities market prohibits purchases for general investors, etc. (meaning purchases for general investors, etc. prescribed in Article 67, paragraph (3) of the Act) pursuant to the provisions of its articles of incorporation (hereinafter referred to as the "specified over-the-counter traded securities"); or
 - (iii) the securities which were specified over-the-counter traded securities.

(Scope of Regulated Securities)

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

- (i) the securities set forth in Article 2, paragraph (1), items (iv), (viii), (xiii), and (xv) of the Act (for the securities set forth in Article 2, paragraph (1), item (xv) of the Act, limited to the specified promissory note prescribed in the Asset Securitization Act);
- (ii) the securities set forth in Article 2, paragraph (1), items (x) and (xi) of the Act;
- (iii) the securities set forth in Article 2, paragraph (1), item (xiv) of the Act (excluding those that fall under certificates of a beneficial interest in a securities trust);

- (iv) the securities set forth in Article 2, paragraph (1), item (xvi) of the Act;
- (v) the securities set forth in Article 2, paragraph (1), item (xviii);
- (vi) certificates of a beneficial interest in a securities trust (limited to those of which the entrusted securities are the securities set forth in the preceding items);
- (vii) the rights in a securities investment business, etc. (meaning the rights in a securities investment business, etc. prescribed in Article 3, item (iii), (a) of the Act; the same applies hereinafter) which are deemed to be securities pursuant to the provisions of Article 2, paragraph (2) of the Act (excluding the claims prescribed in Article 1-3-4);
- (viii) the rights set forth in Article 2, paragraph (2), item (i) of the Act which are deemed to be securities pursuant to the provisions of that paragraph (limited to those that fall under electronically recorded transferable rights and excluding those that fall under certificates of a beneficial interest in a securities trust);
- (ix) the rights set forth in Article 2, paragraph (2), item (ii) of the Act which are deemed to be securities pursuant to the provisions of that paragraph (limited to those that fall under electronically recorded transferable rights);
- (x) the rights set forth in Article 2, paragraph (2), item (iii) of the Act which are deemed to be securities pursuant to the provisions of that paragraph (limited to those that fall under electronically recorded transferable rights), which are membership rights in a general partnership company, limited partnership company, or limited liability company that conducts business by making investments in securities by allocating an amount exceeding 50 percent of the total contribution;
- (xi) the rights set forth in Article 2, paragraph (2), item (iv) of the Act which are deemed to be securities pursuant to the provisions of that paragraph (limited to those that fall under electronically recorded transferable rights), which have the nature of the rights set forth in the preceding item;
- (xii) the rights set forth in Article 2, paragraph (2), items (v) and (vi) of the Act which are deemed to be securities pursuant to the provisions of that paragraph (limited to those that fall under electronically recorded transferable rights); and
- (xiii) things specified by Cabinet Office Order as being equivalent to what is set forth in the preceding items.

(Securities Equivalent to Listed Securities)

Article 3 The securities specified by Cabinet Order that are prescribed in Article 6, item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 12, Article 23-12, paragraph (1), Article 24, paragraph (7), Article 24-2, paragraph (3) and Article 24-4-2, paragraph (5) of the Act (including as applied

mutatis mutandis pursuant to Article 24-4-8, paragraph (1) and Article 24-5-2, paragraph (1) of the Act), Article 24-4-3, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-8, paragraph (2) and Article 24-5-2, paragraph (2) of the Act), Article 24-4-4, paragraph (5), Article 24-4-5, paragraph (2), Article 24-4-7, paragraph (5), Article 24-5, paragraph (6) and Article 24-6, paragraph (3) of the Act, and the cases in which these provisions (excluding Article 24-6, paragraph (3) of the Act) are applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article) and the securities specified by Cabinet Order as those for which the state of distribution referred to in Article 24, paragraph (1), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) is regarded as being equivalent to that for the securities set forth in Article 24, paragraph (1), item (i) of the Act are over-the-counter traded securities, and the authorized financial instruments firms association specified by Cabinet Order prescribed in Article 6, item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), Article 24-7, paragraph (4), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), Article 25, paragraphs (3) and (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), Article 27-30-2, Article 27-30-6, paragraph (1), and Article 27-30-8, paragraph (1) of the Act is an authorized financial instruments firms association which registers the over-the-counter traded securities.

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

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

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

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

- (i) the short-term bonds that are prescribed in the Insurance Business Act;
- (ii) the specified short-term corporate bonds that are prescribed in the Asset Securitization Act;
- (iii) the short-term investment corporation bonds that are prescribed in the Act on Investment Trusts and Investment Corporations; or
- (iv) the securities set forth in Article 2, paragraph (1), item (xvii) of the Act

(including foreign investment securities that are similar to the investment corporation bond certificate prescribed in the Act on Investment Trusts and Investment Corporations; the same applies in item (iii) of the following Article) which are specified by Cabinet Office Order as being equivalent to the short-term corporate bonds prescribed in the Act on Book-Entry Transfer of Corporate Bonds and Shares or those set forth in the preceding three items.

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

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

- (i) preferred equity subscription warrants;
- (ii) the securities set forth in Article 2, paragraph (1), item (xv) of the Act (including the securities set forth in item (xvii) of that Article which have the nature of the securities set forth in item (xv) of that paragraph); or
- (iii) the specified short-term corporate bonds prescribed in the Asset Securitization Act, short-term corporate bonds prescribed in the Act on Book-Entry Transfer of Corporate Bonds and Shares, short-term corporate bonds prescribed in the Insurance Business Act, and the short-term investment corporation bond prescribed in the Act on Investment Trusts and Investment Corporations (including the securities set forth in Article 2, paragraph (1), item (xvii) of the Act which are specified by Cabinet Office Order as being equivalent to them).

(Due Date for Submission of Annual Securities Reports for a Foreign Person)

Article 3-4 The period specified by Cabinet Order that is provided for in Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article) and Article 27 of the Act) is six months; provided, however, that if a foreign person that is the issuer of the securities set forth in the items of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) or Article 24, paragraph (1), items (i) through (iii) of the Act as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act is found to be unable to submit the annual securities report within six months after the end of their business year due to the laws and regulations or

practices in their home country or any other compelling reasons, that period is the period approved in advance by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Scope of Securities That Makes It Unnecessary to Submit an Annual Securities Report)

Article 3-5 (1) The securities specified by Cabinet Order that are provided for in the proviso to Article 24, paragraph (1) of the Act are the following securities:

- (i) share certificates;
 - (ii) the securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of share certificates;
 - (iii) certificates of a beneficial interest in a securities trust of which the entrusted securities are the securities set forth in the preceding item; or
 - (iv) securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the securities set forth in item (ii).
- (2) The number calculated pursuant to the provisions of Cabinet Order that is provided for in the proviso to Article 24, paragraph (1) of the Act is 300.

(Amount of Assets That Makes It Unnecessary to Submit an Annual Securities Report)

Article 3-6 (1) The amount that is specified by Cabinet Order as the amount of assets that is provided for in the proviso to Article 24, paragraph (1) of the Act is the amount of the stated capital.

- (2) The amount specified by Cabinet Order that is provided for in the proviso to Article 24, paragraph (1) of the Act is the amount specified in the following items in accordance with the category of the electronically recorded transferable rights set forth in each of those items:
- (i) the rights set forth in Article 2, paragraph (2), item (i) of the Act (limited to certificates of a beneficial interest in a securities trust of which the entrusted securities are share certificates): 500 million yen; and
 - (ii) the rights set forth in Article 2, paragraph (2), item (iii) of the Act: 100 million yen.
- (3) The number specified by Cabinet Order that is provided for in the proviso to Article 24, paragraph (1) of the Act is 300.
- (4) The securities specified by Cabinet Order as those for which the state of distribution is regarded as being equivalent to that for the specified listed securities prescribed in Article 24, paragraph (1), item (ii) of the Act are specified over-the-counter traded securities.
- (5) The securities specified by Cabinet Order that are provided for in Article 24, paragraph (1), item (iv) of the Act are share certificates, certificates of a beneficial interest in a securities trust of which the entrusted securities are

share certificates, the securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with share certificates, and electronically recorded transferable rights that are deemed to be securities pursuant to the provisions of paragraph (2) of the Article (excluding those that fall under regulated securities), which are the rights set forth in item (iii) of that paragraph.

- (6) The number specified by Cabinet Order that are provided for in Article 24, paragraph (1), item (iv) of the Act is the following number specified in the following items in accordance with the category of the securities set forth in each of those items:
- (i) share certificates, certificates of a beneficial interest in a securities trust of which the entrusted securities are share certificates, and securities set forth in Article 2, paragraph (1), item (xx) that indicate rights associated with share certificates: 1000 (if the securities are securities for professional investors, the number obtained by adding the number of professional investors calculated pursuant to the provisions of Cabinet Office Order to 1000); and
 - (ii) securities other than the securities set forth in the preceding item: 500.

(Approval That an Annual Securities Report Need Not Be Submitted)

Article 4 (1) If an issuer of securities set forth in Article 24, paragraph (1), item (iii) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article) or Article 24, paragraph (1), item (iv) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) (excluding the issuer of the securities that fall under regulated securities; the same applies in the following paragraph) seeks the approval provided for in the proviso to Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the issuer must submit a written application for approval together with the articles of incorporation, a copy of the shareholder register, and any other documents specified by Cabinet Office Order to the Commissioner of the Financial Services Agency.

- (2) If the application for approval referred to in the preceding paragraph has been filed, and the Commissioner of the Financial Services Agency finds that the person filing the application falls under any of the following items, the Commissioner is to approve that annual securities reports need not be submitted for the business years starting from the business year that includes the day on which the application has been filed (if the day is a day within three months after the commencement of the business year (if the person is a foreign person, within the period specified in Article 3-4; hereinafter the same applies in this paragraph), the immediately preceding business year) and lasting until

the business year immediately preceding the business year that includes the day on which the person comes to no longer fall under the relevant item (if the day is a day within three months after the commencement of a business year, the immediately preceding business year):

- (i) a person in liquidation;
 - (ii) a person whose business has been suspended for a considerable period of time; or
 - (iii) an issuer of the securities set forth in Article 24, paragraph (1), item (iii) of the Act for which the number of the holders of those securities calculated pursuant to the provisions of Cabinet Office Order is less than the number specified by Cabinet Office Order.
- (3) The approval referred to in the preceding paragraph is to be given on the condition that the person referred to in that paragraph submits a copy of the shareholder register and other documents specified by Cabinet Office Order to the Commissioner of the Financial Services Agency within three months after the end of each business year (limited to the business year that includes the day on which the application set forth in the preceding paragraph has been made and those which end within the period specified by Cabinet Office Order after the day of the end of the business year) (if the person is a foreign person, within the period specified in Article 3-4) pursuant to the provisions of Cabinet Office Order.
- (4) In the case in which an application for approval referred to in paragraph (1) has been filed (excluding cases in which the approval under the provisions of paragraph (2) has been given), if the person filing that application is a person that is subject to a order for commencement of reorganization proceedings and the application has been filed within three months after the day on which the order for commencement of reorganization proceedings has been issued, the Commissioner of the Financial Services Agency is to approve that the person is not required to submit an annual securities report for the business year that includes the day on which the order for commencement of reorganization proceedings was issued.

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

Article 4-2 (1) The provisions of paragraph (1) of the preceding Article apply mutatis mutandis when the issuer of the securities set forth in Article 24, paragraph (1), items (iii) and (iv) of the Act which fall under regulated securities seeks the approval prescribed in the proviso to Article 24, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) and the provisions of paragraphs (2) and (3) of the preceding Article

apply *mutatis mutandis* to that approval. In such a case, the terms "the application has been filed" and "business year" in paragraph (2) of the preceding Article is deemed to be replaced with "the application has been filed with regard to the securities" and "specified period", respectively, the phrase "the securities set forth in Article 24, paragraph (1), item (iii) of the Act" in paragraph (2), item (iii) of the preceding Article is deemed to be replaced with "the securities set forth in Article 24, paragraph (1), item (iii) of the Act which fall under regulated securities" and the terms "each business year" and "the business year that includes the day on which the application set forth in the preceding paragraph was filed and those which end within the period specified by Cabinet Office Order after the day of the end of that business year" in paragraph (3) of the preceding Article are deemed to be replaced with "each specified period with regard to the securities" and "the specified period that includes the day on which the application set forth in the preceding paragraph was filed and those which end within the period specified by Cabinet Office Order after the day of the end of that specified period", respectively.

(2) The amount specified by Cabinet Order as the amount of stated capital of the company that is prescribed in the proviso to Article 24, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 24, paragraph (5) of the Act (including as applied *mutatis mutandis* pursuant to Article 27 of the Act; hereinafter the same applies in this Article) following the deemed replacement of terms, is those specified in the following items in accordance with the category of rights in securities investment business, etc. or electronically recorded transferable rights set forth in each of those items:

(i) the rights set forth in Article 2, paragraph (2), item (i) of the Act: the total value of assets belonging to a trust property;

(ii) the rights set forth in Article 2, paragraph (2), item (iii) of the Act: the amount of stated capital; and

(iii) the rights set forth in Article 2, paragraph (2), item (v) of the Act: the total amount of investment or contribution.

(3) The amount specified by Cabinet Order as prescribed in the proviso to Article 24, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 24, paragraph (5) of the Act following the deemed replacement of terms is 100 million yen.

(4) The securities specified by Cabinet Order referred to in Article 24, paragraph (1), item (iv) of the Act as applied *mutatis mutandis* pursuant to Article 24, paragraph (5) of the Act following the deemed replacement of terms are, among the rights in securities investment business, etc. which are deemed to be securities pursuant to the provisions of Article 2, paragraph (2) of the Act, the rights set forth in items (i), (iii), and (v) of that paragraph, and among electronically recorded transferable rights which are deemed to be securities

pursuant to the provisions of that paragraph (limited to those that fall under regulated securities), the rights set forth in item (i) of that paragraph (excluding those that fall under certificates of a beneficial interest in a securities trust), and the rights set forth in items (iii) and (v) of that paragraph.

(5) The number specified by Cabinet Order that is prescribed in Article 24, paragraph (1), item (iv) of the Act as applied *mutatis mutandis* pursuant to Article 24, paragraph (5) of the Act following the deemed replacement of terms is 500.

(Due Date for Submission of Foreign Company Reports)

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

(Due Date for Submission of an Annual Securities Report If a Person Has Been Notified That They Are Not Allowed to Submit a Foreign Company Report)

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

(Public Notice of the Fact that an Amendment Report Has Been Submitted)

Article 4-2-4 (1) The public notice under the provisions of Article 24-2,

paragraph (2) of the Act must be given by any of the following means after submitting the amendment report referred to in that paragraph, without delay:

- (i) means of taking measures to make the information that is required to be given in a public notice available to many and unspecified persons by a means of using an electronic data processing system for disclosure (meaning an electronic data processing system for disclosure as defined in Article 27-30-2 of the Act; the same applies hereinafter) pursuant to the provisions of Cabinet Office Order (hereinafter referred to as "electronic public notice" in this Article); or
 - (ii) means of publication in a daily newspaper that publishes information on current events pursuant to the provisions of Cabinet Office Order.
- (2) A person that gives public notice by electronic public notice pursuant to the preceding paragraph must continue to provide the public notice by electronic public notice until the last day in the five-year period after the day on which the person submitted the annual securities report and the documents attached to it for which the amendment reports set forth in Article 24-2, paragraph (2) of the Act have been submitted.
- (3) If a person giving public notice by electronic public notice pursuant to the provisions of paragraph (1) is unable to give the public notice by electronic public notice due to a fault in a telecommunications line or any other grounds, the person must give public notice, in lieu of the electronic public notice, by the means set forth in paragraph (1), item (ii) or other means specified by Cabinet Office Order with the approval of the Commissioner of the Financial Services Agency, pursuant to the provisions of Cabinet Office Order.
- (4) Notwithstanding the provisions of paragraph (2), if public notice is interrupted (meaning that the information that was made available to many and unspecified persons is no longer available, or the information has been altered after having been made available; hereinafter the same applies in this paragraph) during the period in which the public notice by electronic public notice is required to be given pursuant to paragraph (2) (the period is referred to as a "public notice period" in item (ii)), and the case falls under all of the following cases, the interruption of the public notice does not impact the effect of the public notice:
- (i) if the person that gives public notice by electronic public notice has acted in good faith and without gross negligence with regard to the interruption of public notice or if that person has legitimate grounds for interrupting the public notice;
 - (ii) the total time during which the public notice was interrupted does not exceed one-tenth of the public notice period; and
 - (iii) promptly after learning that the public notice had been interrupted, the person that gives public notice by electronic public notice has given public

notice of that fact, the time when the public notice was interrupted, and the details of the interruption by appending the information to the relevant public notice, pursuant to the provisions of Cabinet Office Order.

(Scope of Companies Required to Submit a Confirmation Letter)

Article 4-2-5 (1) The company specified by Cabinet Order that is provided for in Article 24-4-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) is the issuer of the securities set forth in Article 24, paragraph (1), item (i) or (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) (limited to securities that fall under the securities set forth in the following items):

- (i) share certificates;
- (ii) preferred equity securities;
- (iii) the securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the securities set forth in the preceding two items;
- (iv) certificates of a beneficial interest in a securities trust of which the entrusted securities are the securities set forth in the preceding three items; or
- (v) the securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the securities set forth in items (i) through (iii).

(2) If the provisions of the Act are applied mutatis mutandis when a person submits an amendment report (meaning an amendment report prescribed in Article 24-2, paragraph (1) of the Act; hereinafter the same applies in this paragraph) pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1), or Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-2, paragraph (1) of the Act following the deemed replacement of terms under the provisions of Article 24-4-2, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph), the technical replacement of terms under Article 24-4-2, paragraph (4) of the Act is as given in the following table:

Provisions of the Act whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 24-4-2, paragraph (1)	statements in the annual securities report	statements in the amendment report
	annual securities report, etc.	amendment report

	foreign company report	documents similar to that amendment report which have been prepared in English
	a foreign company report	documents similar to that amendment report which have been prepared in English
Article 24-4-2, paragraph (2)	together with an annual securities report	together with amendment reports

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

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 6	the statement and other documents under the provisions of paragraph (1) and paragraph (13) of the preceding Article	a confirmation letter

(4) If the provisions of the Act are applied mutatis mutandis when a foreign company submitting a report submits a confirmation letter pursuant to Article 24-4-2, paragraph (1) or (2) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) under Article 24-4-2, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph) (limited to if the foreign company has submitted a foreign company report), the technical replacement of terms pursuant to the provisions of Article 24-4-2, paragraph (6) of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 24, paragraphs (8), paragraph (9) and paragraphs (11) through (13)	annual securities report	confirmation letter
	foreign company report	foreign company confirmation letter
	foreign company submitting a report	foreign company

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

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

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 7	the statement or any of the other documents	the confirmation letter
Article 9, paragraph (1)	Article 5, paragraph (1) and paragraph (13)	the confirmation letter under the provisions of Article 7
	the statement and other documents	the amendment confirmation letter
Article 10, paragraph (1)	securities registration statement	confirmation letter

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

table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 6	the statement and other documents under the provisions of paragraph (1) and paragraph (13) of the preceding Article	amendment confirmation letter

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

Provisions of the Act whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 24, paragraph (8)	annual securities report	amendment confirmation letter
	a foreign company required to submit an annual securities report pursuant to paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph through paragraph (13)) (including foreign companies which have submitted an annual securities report pursuant to Article 23-3, paragraph (4); hereinafter referred to as a "foreign company submitting a report")	a foreign company 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 through paragraph (13)) (limited to foreign companies that have submitted a foreign company report)

	an annual securities report to be submitted under the provisions of paragraph (1) and the documents to be attached to be attached to it pursuant to paragraph (6) (hereinafter referred to as "annual securities reports, etc." in this Article)	an amendment confirmation letter
	is similar to an annual securities report, etc. disclosed in a foreign country (meaning making the report available for public inspection based on laws and regulations of that foreign country (including the rules established by the operator of a foreign financial instruments market or other persons specified by Cabinet Office Order); the same applies in Article 24-4-7, paragraph (6) and Article 24-5, paragraph (7))	state the particulars required to be stated on the amendment confirmation letter
	foreign company report	foreign company amendment confirmation letter
Article 24, paragraph (9)	foreign company report	Foreign Company Amendment Confirmation Letter
	and documents stating the particulars not stated in a foreign company report specified by Cabinet Office Order as necessary and appropriate for the public interest or protection of investors, and other documents	and other documents
Article 24, paragraph (11)	foreign company submitting a report	foreign company (limited to the foreign companies that have submitted a foreign company report)
	foreign company report	foreign company amendment confirmation letter
	to be an annual securities report, etc.	to be an amendment confirmation letter
	an annual securities report, etc.	an amendment confirmation letter

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

Article 4-2-7 (1) The person specified by Cabinet Order provided for in Article 24-4-4, paragraph (1) of the Act (including as applied mutatis mutandis

pursuant to Article 27 of the Act) is the issuer of the securities set forth in Article 24, paragraph (1), item (i) or (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) (limited to the securities that fall under the securities set forth in the following items):

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

- (2) If the provisions of the Act are applied mutatis mutandis when an internal control report (meaning the internal control report prescribed in Article 24-4-4, paragraph (1) of the Act; the same applies hereinafter) and the documents attached to it have been submitted pursuant to the provisions of Article 24-4-4, paragraph (1) or (2) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-4, paragraph (3) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article and the following Article) and Article 24-4-4, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) pursuant to the provisions of Article 24-4-5, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph), the technical replacement of terms pursuant to the provisions of Article 24-4-4, paragraph (5) of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 6	the statement and other documents under the provisions of paragraph (1) and paragraph (13) of the preceding Article	the internal control report and the documents attached to it

- (3) If the provisions of the Act are applied mutatis mutandis when a foreign company submitting a report submits the internal control report under the provisions of Article 24-4-4, paragraph (1) or (2) of the Act pursuant to Article

24-4-4, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph) (limited to if the foreign company has submitted a foreign company report), the technical replacement of terms pursuant to the provisions of Article 24-4-4, paragraph (6) of the Act is as given in the following table:

Provisions of the Act whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to replace the Original Terms
Article 24, paragraph (8), paragraph (9) and paragraphs (11) through (13)	foreign company report	foreign company internal control report
	foreign company submitting a report	foreign company
	annual securities report	internal control report

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

Article 4-2-8 (1) If the provisions of the Act are applied mutatis mutandis to an internal control report and the documents attached to it under Article 24-4-5, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article), the technical replacement of terms pursuant to the provisions of Article 24-4-5, paragraph (1) of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 7	a statement or other documents under the provisions of Article 5, paragraph (1) and paragraph (13)	an internal control report and the documents attached to it
Article 9, paragraph (1)	Article 5, paragraph (1) and paragraph (13)	an internal control report and the documents attached to it
	a statement or other documents	the amendment report

Article 10, paragraph (1)	a securities registration statement	n internal control report and the documents attached to it
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(2) If the provisions of the Act are applied mutatis mutandis when an amendment report (meaning the amendment report prescribed in Article 24-4-5, paragraph (1) of the Act; hereinafter the same applies in this Article and the following Article) has been submitted for an internal control report and the documents attached to it pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-4-5, paragraph (1) of the Act pursuant to Article 24-4-5, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph), the technical replacement of terms pursuant to the provisions of Article 24-4-5, paragraph (2) of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 6	the statement under the provisions of paragraph (1) and paragraph (13) of the preceding Article	the relevant amendment report

(3) If the provisions of the Act are applied mutatis mutandis when a foreign company submits an amendment report for the internal control report submitted pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-4-5, paragraph (1) of the Act following the deemed replacement of terms pursuant to Article 24-4-5, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph), the technical replacement of terms pursuant to the provisions of Article 24-4-5, paragraph (3) of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms

Article 24, paragraph (8)	an annual securities report	an amendment report
	a foreign company required to submit an annual securities report pursuant to the provisions of paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph through paragraph (13)) (including the foreign company that has submitted an annual securities report pursuant to the provisions of Article 23-3, paragraph (4); hereinafter referred to as a "foreign company submitting a report")	a foreign company required to submit an annual securities report pursuant to the provisions of paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5); hereinafter the same applies in this paragraph through paragraph (13)) (limited to the foreign company that has submitted a foreign company report)
	an annual securities report under the provisions of paragraph (1) and the documents required to be attached to it pursuant to the provisions of paragraph (6) (hereinafter referred to as "annual securities report, etc." in this Article)	an amendment report
	is similar to an annual securities report, etc. disclosed in a foreign country (meaning making the report available for public inspection based on laws and regulations of that foreign country (including the rules established by the operator of a foreign financial instruments market or other persons specified by Cabinet Office Order); the same applies in Article 24-4-7, paragraph (6) and Article 24-5, paragraph (7))	and state the particulars required to be stated in an amendment report
	foreign company report	foreign company amendment report
Article 24, paragraph (9)	a foreign company report	a foreign company amendment report

	and documents stating the particulars not stated in the foreign company report specified by Cabinet Office Order as necessary and appropriate for the public interest or protection of investors , and other documents	and other documents
Article 24, paragraph (11)	foreign company submitting a report	foreign company (limited to the foreign company that has submitted a foreign company report)
	a foreign company report	Foreign Company Amendment Report
	an annual securities report	an amendment report
	an annual securities report, etc.	an amendment report

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

Article 4-2-9 If the provisions of the Act are applied mutatis mutandis to a case in which an internal control report (including its amendment report) contains a false statement about a material particular, lacks a statement about a material particular that is required to be stated, or lacks a statement of material fact that is necessary to prevent a misunderstanding, under Article 24-4-6 of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article), the technical replacement of terms pursuant to the provisions of Article 24-4-6 of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 22, paragraph (2)	the preceding paragraph	the preceding paragraph as applied mutatis mutandis pursuant to Article 24-4-6

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

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

mutatis mutandis pursuant to Article 27 of the Act) (limited to the securities that fall under the securities set forth in the following items):

- (i) share certificates;
 - (ii) preferred equity securities;
 - (iii) the securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the securities set forth in the preceding two items;
 - (iv) certificates of a beneficial interest in securities trust of which the entrusted securities are the securities set forth in the preceding three items;
 - or
 - (v) the securities set forth in Article 2, paragraph (1), item (xx) of the Act which indicate the rights associated with the securities set forth in item (i) through (iii).
- (2) The period specified by Cabinet Order that is to be excluded from the three-month periods into which a business year is divided, that is provided for in Article 24-4-7, paragraph (1) of the Act, is the last of those three month periods.
- (3) The period not exceeding 45 days designated by Cabinet Order that is provided for in Article 24-4-7, paragraph (1) of the Act is 45 days.
- (4) The period not exceeding 60 days specified by Cabinet Order that is provided for in Article 24-4-7, paragraph (1) of the Act is the period specified in the following items in accordance with the category of quarters (meaning each three-month period of the business year prescribed in Article 24-4-7, paragraph (1) of the Act; hereinafter the same applies in this paragraph) set forth in each of those items:
- (i) the quarter following the first quarter of the business year: 60 days; and
 - (ii) a quarter other than the quarter set forth in the preceding item: 45 days.
- (5) If the provisions of the Act are applied mutatis mutandis to a quarterly securities report (meaning a quarterly securities report as defined in Article 24-4-7, paragraph (1) of the Act; the same applies hereinafter) under Article 24-4-7, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph and the following paragraph), the deemed replacement of terms pursuant to the provisions of Article 24-4-7, paragraph (4) of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 9, paragraph (1)	Article 5, paragraph (1) and paragraph (13)	a quarterly securities report

	a statement or other documents	an amendment reports
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(6) If the provisions of the Act are applied mutatis mutandis to a case in which a quarterly securities report or its amendment report (meaning the amendment report prescribed in Article 24-4-7, paragraph (4) of the Act; hereinafter the same applies in this Article and the following Article) contains a false statement about a material particular, lacks a statement about a material particular that is required to be stated, or lacks a statement of material fact that is necessary for preventing a misunderstanding, under Article 24-4-7, paragraph (4) of the Act, the technical replacement of terms pursuant to the provisions of Article 24-4-7, paragraph (4) of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 22, paragraph (1)	securities registration statement	quarterly securities report or its amendment report

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

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms

Article 6	the statement and other documents under the provisions of paragraph (1) and paragraph (13) of the preceding Article	the relevant quarterly securities report and its amendment report
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- (8) The period specified by Cabinet Order that is provided for in Article 24-4-7, paragraph (10) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) is a period that starts to run from the day on which the notice under Article 24-4-7, paragraph (9) of the Act has been given until the last day of the period in which the quarterly securities report under Article 24-4-7, paragraph (1) of the Act is to be submitted, if its submission has been decided pursuant to Article 24-4-7, paragraph (1) of the Act, or until the day on which 15 days have elapsed from the day of notice, whichever comes later.
- (9) If the provisions of the Act are applied mutatis mutandis when a foreign company submitting a report submits an amendment report for the foreign company quarterly securities report (meaning the foreign company quarterly securities report prescribed in Article 24-4-7, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act)) and its supplementary documents (meaning the supplementary documents prescribed in Article 24-4-7, paragraph (7) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act)) submitted pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-4-7, paragraph (4) of the Act following the deemed replacement of terms pursuant to Article 24-4-7, paragraph (11) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this paragraph), the technical replacement of terms pursuant to the provisions of Article 24-4-7, paragraph (11) of the Act is as given in the following table:

Provisions of the Act whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms

Article 24-4-7, paragraph (6)	a foreign company submitting a report required to submit a quarterly securities report pursuant to the provisions of paragraph (1)	a foreign company submitting a report required to submit an amendment report of a foreign company quarterly securities report and its supplementary documents which have been submitted pursuant to the provisions of Article 7, Article 9, paragraph (1), or Article 10, paragraph (1) as applied mutatis mutandis pursuant to paragraph (4) following the deemed replacement of terms
	a quarterly securities report	an amendment report
	foreign company quarterly securities report	amendment report of a foreign company quarterly securities report
Article 24-4-7, paragraph (7)	foreign company quarterly securities report	amendment report of a foreign company quarterly securities report
Article 24-4-7, paragraph (8)	foreign company quarterly securities report	amendment report of a foreign company quarterly securities reports
	quarterly securities report	amendment report

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

Article 4-2-11 If the provisions of the Act are applied mutatis mutandis when a person submits a quarterly securities report pursuant to Article 24-4-7, paragraph (1) or (2) of the Act and when a person submits an amendment report pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1) or Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-4-7, paragraph (4) of the Act following the deemed replacement of terms under Article 24-4-8, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article), the technical replacement of terms pursuant to the provisions of Article 24-4-8, paragraph (1) of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms

Article 24-4-2, paragraph (1)	the relevant annual securities report	the relevant quarterly securities report
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(Due Date for the Submission of a Semiannual Securities Report If the Relevant Person Has Been Notified That It Is Not Allowed to Submit a Foreign Company Semiannual Securities Report)

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

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

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

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 24-4-2, paragraph (1)	the relevant annual securities report	the relevant semiannual securities report

(Share Certificates Equivalent to Listed Share Certificates)

- Article 4-3 (1) The share certificates specified by Cabinet Order that are provided for in Article 24-6, paragraph (1) of the Act are share certificates that fall under over-the-counter traded securities.
- (2) The securities specified by Cabinet Order that are provided for in Article 24-6, paragraph (1) of the Act are the following securities:
- (i) investment securities (meaning investment securities prescribed in the Act on Investment Trusts and Investment Corporations; hereinafter the same applies in this paragraph) listed on a financial instruments exchange;
 - (ii) investment securities that fall under over-the-counter traded securities;
 - (iii) certificates of a beneficial interest in a securities trust of which the entrusted securities are share certificates listed on a financial instruments exchange, the share certificates set forth in the preceding paragraph, or the investment securities set forth in the preceding two items;
 - (iv) certificates of a beneficial interest in a securities trust (limited to those of which the entrusted securities are share certificates or investment securities, and excluding those that fall under the preceding item) which fall under listed securities (meaning the securities listed on a financial instruments exchange; the same applies in item (vi)) or over-the-counter traded securities;
 - (v) securities set forth in Article 2, paragraph (1), item (xx) of the Act which indicate rights associated with share certificates listed on a financial instruments exchange, share certificates prescribed in the preceding paragraph, or investment securities set forth in item (i) or (ii); or
 - (vi) securities set forth in Article 2, paragraph (1), item (xx) of the Act (limited to securities that indicate rights associated with share certificates or investment securities, and excluding those that fall under the preceding item) which fall under listed securities or over-the-counter traded securities.
- (3) The decision of an organ specified by Cabinet Order that is provided for in Article 24-6, paragraph (1) of the Act is a resolution of the board of officers meeting under the provisions of Article 80-2, paragraph (3) of the Act on Investment Trusts and Investment Corporations.
- (4) The meeting specified by Cabinet Order that is provided for in Article 24-6, paragraph (1) of the Act is the board of officers meeting at which the resolution set forth in the preceding paragraph has been made.
- (5) The day specified by Cabinet Order that is provided for in Article 24-6, paragraph (1) of the Act is the day on which the period set forth in Article 80-2, paragraph (1), item (iv) of the Act on Investment Trusts and Investment Corporations as applied pursuant to the provisions of Article 80-5, paragraph (2) of that Act following the deemed replacement of terms expires.

(Companies Closely Related to the Relevant Person)

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

- (i) a company that holds the majority of the voting rights held by all the shareholders, etc. of a subsidiary company submitting annual securities reports (meaning the subsidiary company submitting annual securities reports prescribed in Article 24-7, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act); the same applies in the following item, Article 4-7, paragraph (1), Article 39, paragraph (3) and Article 41-2, paragraph (3)) in its own name or another person's name (or under a fictitious name; hereinafter the same applies in this Article and Article 4-7); or
 - (ii) if a company and a corporation, etc. (meaning a corporation or other organization; the same applies hereinafter) in which the company holds a majority of the voting rights held by all the shareholders, etc. in its own name or another person's name, jointly hold the majority of the voting rights held by all the shareholders, etc. of a subsidiary company submitting annual securities reports in their own names or another person's name, the company.
- (2) If a company and a corporation, etc. in which the company holds a majority of the voting rights held by all the shareholders, etc. in its own name or another person's name (hereinafter the corporation, etc. is referred to as the "controlled corporation, etc." in this paragraph and Article 4-7), jointly hold the majority of the voting rights held by all the shareholders, etc. of another corporation, etc. in their own names or another person's name, the other corporation, etc. is deemed to be the controlled corporation, etc. of the company and the provisions of item (ii) of the preceding paragraph and this paragraph apply.

(Due Date for Submission of a Parent Company Status Report for a Foreign Company)

Article 4-5 The period specified by Cabinet Order that is provided for in Article 24-7, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) is three months; provided, however, that if the foreign company (if applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act, a foreign person) that is a parent company, etc. (meaning a parent company, etc. as defined in Article 24-7, paragraph (1) of the Act; the same applies in Article 4-8) is found to be unable to submit a parent company, etc. status report (meaning the parent company, etc. status report prescribed in Article 24-7, paragraph (1) of the Act; the same applies hereinafter) within three months after the end of its business year due to the laws and regulations or practices in its home country or any other compelling

reasons, that period is the period approved in advance by the Commissioner of the Financial Services Agency, pursuant to the provisions of Cabinet Office Order.

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

Article 4-6 With regard to a parent company, etc. status report prescribed in Article 24-7, paragraph (1) of the Act, the technical replacement of terms pursuant to the provisions of paragraph (3) of that Article when the provisions of the Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 9, paragraph (1) of the Act	the statement and other documents under the provisions of Article 5, paragraph (1) and paragraph (13) or Article 7, paragraph (1)	the parent company, etc. status report or the amendment report under the provisions of Article 7

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

Article 4-7 (1) The persons other than a company specified by Cabinet Order that are provided in Article 24-7, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) following the deemed replacement of terms, are the following persons:

- (i) a cooperative financial institution (meaning the issuer of the securities set forth in Article 2, paragraph (1), item (vii) of the Act (including the securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the aforementioned securities)) that holds the majority of the voting rights held by all the shareholders, etc. of a subsidiary company submitting annual securities reports in its own name or another person's name, or any other person specified by Cabinet Office Order (hereinafter referred to as the "cooperative financial institution, etc." in this Article); or
- (ii) if a cooperative financial institution, etc. and its controlled corporation, etc. jointly hold the majority of the voting rights held by all the shareholders, etc. of a subsidiary company submitting annual securities reports in their own names or another person's name, the cooperative financial institution, etc.

- (2) If a cooperative financial institution, etc. and its controlled corporation, etc. jointly hold the majority of voting rights held by all the shareholder, etc. of another corporation, etc. in their own names or in another person's name, the other corporation, etc. is deemed to be the controlled corporation, etc. of the cooperative financial institution, etc. and the provisions of item (ii) of the preceding paragraph and this paragraph apply.

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

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

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 24-7, paragraph (1) of the Act	foreign company	foreign person

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

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

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 13, paragraph (1) of the Act	share option certificates	investment equity subscription right certificates
	allotment of share options without contribution specified in Article 277 of the Companies Act	allotment of investment equity subscription rights without contribution specified in Article 88-13 of the Act on Investment Trusts and Investment Corporations

Article 23-3, paragraph (1) of the Act	share option certificates	investment equity subscription right certificates
	of share options	of investment equity subscription right certificates
Article 24, paragraph (10) of the Act	foreign company	foreign person

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

- Article 4-10 (1) The securities specified by Cabinet Order that are provided for in the proviso to Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; the same applies in the following paragraph and the following Article) are the following securities:
- (i) preferred equity securities;
 - (ii) securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of preferred equity securities;
 - (iii) certificates of a beneficial interest in a securities trust of which the entrusted securities are the securities set forth in the preceding item; or
 - (iv) securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the securities set forth in item (ii).
- (2) The number calculated pursuant to the provisions of Cabinet Order that is provided for in the proviso to Article 24, paragraph (1) of the Act, is 300.

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

- Article 4-11 (1) The amount specified by Cabinet Order as the amount of the stated capital provided for in the proviso to Article 24, paragraph (1) of the Act is the amount of net assets of the incorporated educational institution, etc. stated on the balance sheet.
- (2) The amount specified by Cabinet Order that is provided for in the proviso to Article 24, paragraph (1) of the Act is 100 million yen.
- (3) The number specified by Cabinet Order that is provided for in the proviso to Article 24, paragraph (1) of the Act is 300.
- (4) The securities specified by Cabinet Order that are provided for in Article 24, paragraph (1), item (iv) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; the same applies in the following paragraph) are preferred equity securities and the claims set forth in Article 1-3-4.
- (5) The number specified by Cabinet Order that is provided for in Article 24, paragraph (1), item (iv) of the Act is the number specified in the following

items in accordance with the category of securities set forth in each of those items:

- (i) preferred equity securities: 1000 (if the preferred equity securities are securities for professional investors, the number obtained by adding the number of professional investors calculated pursuant to the provisions of Cabinet Office Order to 1000); or
- (ii) the claims set forth in Article 1-3-4: 500.

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

Article 5 The issuer of the securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the securities set forth in item (i) or (ii) of that paragraph or the issuer of the securities set forth in item (xvii) of that paragraph which have the nature of the securities set forth in item (iii) of that paragraph (limited to the issuer designated by the Commissioner of the Financial Services Agency as those whose omission of submission of a semiannual securities report and an extraordinary report (meaning the semiannual securities report and extraordinary report prescribed in Article 24-5 of the Act as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article) does not compromise the public interest or the protection of investors) is not required to submit a semiannual securities report and an extraordinary report.

Chapter III Disclosure Required for a Tender Offer

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

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

Article 6 (1) The securities set forth in Article 27-2, paragraph (1) of the Act which are specified by Cabinet Order are the following securities (excluding share certificates associated with shares for which voting rights cannot be exercised for all the matters that can be resolved at a shareholders meeting (referred to as "shares with no voting rights" in Article 14-5-2) or other securities specified by Cabinet Office Order; hereinafter referred to as "share certificates, etc." in this Section):

- (i) share certificates, share option certificates, and corporate bond certificates with share options;
- (ii) instruments or certificates issued by a foreign person which have the nature of the securities set forth in the preceding item;
- (iii) investment securities, etc. and investment equity subscription right certificates, etc.;

- (iv) certificates of a beneficial interest in a securities trust of which the entrusted securities are the securities set forth in the preceding three items; and
 - (v) securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with the securities set forth in items (i) through (iii).
- (2) The securities specified by Cabinet Order as those for which the state of distribution provided for in Article 27-2, paragraph (1) of the Act is equivalent to the specified listed securities are specified over-the-counter traded securities.
- (3) The actions specified by Cabinet Order as being similar to an acquisition for value of share certificates, etc. provided for in Article 27-2, paragraph (1) of the Act are as follows:
- (i) a unilateral option contract for a purchase and sale of share certificates, etc. (limited to cases in which the person in question holds the right to complete the purchase and sale and acquires the position of buyer through the exercise of that right);
 - (ii) acquisition of an option (meaning an option as defined in Article 2, paragraph (1), item (xix) of the Act; the same applies hereinafter) to make a purchase and sale of share certificates, etc. (limited to if the exercise of that option causes the person exercising it to acquire the position of buyer in the purchase and sale);
 - (iii) any other actions specified by Cabinet Office Order.

(Purchases Exempted from Tender Offers)

Article 6-2 (1) The purchase, etc. of share certificates, etc. specified by Cabinet Order that is provided for in the proviso to Article 27-2, paragraph (1) of the Act is the following purchase, etc. of share certificates, etc. (meaning a purchase, etc. prescribed in that paragraph; hereinafter the same applies in this Section):

- (i) a purchase, etc. of share certificates, etc. made through the exercise of the right by the person that holds that right to receive the allotment of shares;
- (ii) a purchase, etc. of share certificates, etc. that a person holding a beneficiary certificate of an investment trust set forth in Article 12, item (i) of the Order for the Enforcement of the Act on Investment Trusts and Investment Corporations makes by exchanging that beneficiary certificate pursuant to Article 12, item (i), sub-item (a) of that Order;
- (iii) a purchase, etc. of share certificates, etc. that a person holding a beneficiary certificate of an investment trust set forth in Article 12, item (ii) of the Order for the Enforcement of the Act on Investment Trusts and Investment Corporations makes by exchanging that beneficiary certificate pursuant to Article 12, item (ii), sub-item (c) of that Order;

- (iv) a specified purchase, etc. (meaning a purchase, etc. of share certificates, etc. prescribed in paragraph (3); hereinafter the same applies in this paragraph) of share certificates, etc. that are being issued by the issuer of share certificates, etc. which are in the possession of the person making that specified purchase, etc., if, before the specified purchase, etc., the sum of the rate of that person's ownership ratio of share certificates, etc. (meaning the ownership ratio of share certificates, etc. defined in Article 27-2, paragraph (8) of the Act; hereinafter the same applies in this Section) and the ownership ratio of share certificates, etc. of that person's specially related parties (meaning the specially related parties set forth in the proviso to Article 27-2, paragraph (1) of the Act) exceeds 50 percent (excluding cases in which the ownership ratio of share certificates, etc. for share certificates, etc. in the possession of the person that conducts the specified purchase, etc. (if there are specially related parties (meaning specially related parties set forth in Article 27-2, paragraph (1), item (i) of the Act) to the person, the rate obtained by adding the ownership ratio of share certificates, etc. of those specially related parties; hereinafter the same applies in this Section) is not less than two-thirds after the specified purchase, etc. is made);
- (v) if a corporation, etc. that is in the position of holding shares or contribution associated with a number of voting rights exceeding 50 percent of the number of voting rights held by all the shareholders, etc. of a corporation, etc. (excluding the cases specified by Cabinet Office Order; hereinafter referred to as a "special controlling interest" in this item) (the corporation, etc. is referred to as the "parent corporation, etc." in the following item), holds a special controlling interest over another corporation, etc., the specified purchase, etc. made by the other corporation, etc.;
- (vi) if the person that makes a specified purchase, etc. and the parent corporation, etc. of the person that makes a specified purchase, etc. and any other person specified by Cabinet Office Order (hereinafter referred to as a "related corporation, etc. " in this item) jointly hold shares or investment equity (including the status as a member of a foreign investment corporation (meaning a foreign investment corporation prescribed in Article 2, paragraph (25) of that Act; the same applies hereinafter); hereinafter the same applies in this Section) associated with voting rights (including voting rights associated with shares and investment equity (meaning the investment equity as defined in Article 2, paragraph (14) of the Act on Investment Trusts and Investment Corporations; hereinafter the same applies in this Section) that cannot be asserted against the issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of the Act on the Book-Entry Transfer of Corporate Bonds and Shares (including as applied mutatis mutandis pursuant to Article 228, paragraph (1) of that Act))

- exceeding one-third of the number of voting rights held by all the shareholders, etc. of another issuer, the specified purchase, etc. of share certificates, etc. of the other issuer made by the related corporation, etc. (excluding the persons specified by Cabinet Office Order) (excluding the specified purchase, etc. set forth in the preceding item);
- (vii) a specified purchase, etc. made in a case specified by Cabinet Office Order as a case in which the holders of share certificates, etc. are few in number, which is specified by Cabinet Office Order as a case in which all the holders of the share certificates, etc. have given consent to make the specified purchase, etc. associated with the share certificates, etc. by means other than a tender offer;
 - (viii) a specified purchase, etc. made through the exercise of a security interest;
 - (ix) a specified purchase, etc. made by acquisition of all or part of a business;
 - (x) a purchase, etc. of share certificates, etc. made in response to a secondary distribution of share certificates, etc. (limited to cases in which the notification under the provisions of Article 4, paragraph (1) of the Act has been given or the supplements to shelf registration documents as defined in Article 23-8, paragraph (1) of the Act has been submitted pursuant to the provisions of that paragraph for the secondary distribution);
 - (xi) if the issuer provides, as a feature of all or part of its shares, that the shareholders may demand the issuer to redeem the shares, the purchase, etc. of the share certificates, etc. which are delivered in exchange of the redemption of the shares;
 - (xii) if the issuer provides, as a feature of all or part of its shares, that the issuer may acquire the shares or share options on condition of occurrence of certain events, the purchase, etc. of the share certificates, etc. which are delivered in exchange of the acquisition of the shares or share options;
 - (xiii) if an officer (meaning a director, executive officer, accounting advisor (if the accounting advisor is a corporation, the member to perform its duties is included; the same applies in Article 9, paragraph (1) and Article 14-8-2, paragraph (1)), or company auditor, and in the case of an investment corporation (meaning an investment corporation as defined in Article 2, paragraph (12) of the Act on Investment Trusts and Investment Corporations and including a foreign investment corporation), meaning the corporate officer, supervisory officer, or any equivalent person; hereinafter the same applies in this item) or employee of the issuer of the share certificates, etc. entrusts the purchase, etc. of the issuer's share certificates, etc. to a financial instruments business operator (limited to those that conduct type 1 financial instruments business (meaning the type I financial instruments business as defined in Article 28, paragraph (1) of the Act; the same applies hereinafter); the same applies in Article 10, item (i) and Article 14-3-5, item (i)) jointly

- with other officers or employees of the issuer, the purchase, etc. of share certificates, etc. made if that purchase, etc. is to be made continuously according to a fixed plan and without depending on an individual investment decision, and other cases specified by Cabinet Office Order;
- (xiv) the purchase, etc. of share certificates, etc. which are issued by an issuer other than one that is required to submit an annual securities report pursuant to the provisions of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to paragraph (5) of that Article (including as applied mutatis mutandis pursuant to Article 27 of the Act)) (excluding an issuer of share certificates, etc. which are specified listed securities or specified over-the-counter traded securities);
 - (xv) if a clearing member (meaning a clearing member prescribed in Article 156-7, paragraph (2), item (iii) of the Act) that has the obligation to deliver the share certificates, etc. to the financial instruments clearing organization (if the financial instruments clearing organization conducts collaborative financial instruments obligation assumption services prescribed in Article 156-20-16, paragraph (1), including the collaborating clearing organization, etc. set forth in that paragraph; hereinafter the same applies in this item) or if the foreign financial instruments clearing organization has failed to perform that obligation by the due date for the performance of the obligations specified in the business rules of the financial instruments clearing organization or foreign financial instruments clearing organization, the purchase, etc. of share certificates, etc. to be made pursuant to the provisions of the business rules; or
 - (xvi) the purchase, etc. of share certificates, etc. through a demand for a share, etc. cash-out (meaning a demand for a share, etc. cash-out prescribed in Article 179-3, paragraph (1) of the Companies Act; the same applies in Article 28-2, item (xiii), Article 29-2-5, item (vi), and Article 31) (if the issuer of share certificates, etc. has issued share option certificates by the time of the purchase, etc. (excluding cases in which all the share option certificates are those specified by Cabinet Office Order that is provided for in Article 8, paragraph (5), item (iii)), limited to cases in which the demand for a share option cash-out prescribed in Article 179, paragraph (3) of that Act is made together with the demand for a share, etc. cash-out prescribed in Article 179, paragraph (2) of that Act).
- (2) The transactions specified by Cabinet Order that are provided for in Article 27-2, paragraph (1), item (i) of the Act are the following transactions:
- (i) transactions of over-the-counter traded securities on an over-the-counter securities market;
 - (ii) transactions of securities (limited to those listed on a financial instruments exchange; hereinafter the same applies in this item) through the acts set

- forth in Article 2, paragraph (8), item (x) of the Act (limited to those made using an electronic data processing system designated by the Commissioner of the Financial Services Agency as satisfying all of the following requirements) (if the securities are specified listed securities, the transactions are limited to those in which professional investors, etc. are the only parties):
- (a) it has been established that the class, issue, and price of the securities subject to an offer to sell, an offer to purchase, or a purchase and sale that has been made using an electronic data processing system, and any other particulars specified by Cabinet Office Order as particulars that should indicate the content of the offer or of the purchase and sale, are to be immediately publicized;
 - (b) the method for deciding the trading price associated with a offer to sell, an offer to purchase, or a purchase and sale that is to be made using an electronic data processing system is a method that involves an auction or any other method specified by Cabinet Office Order as one that involves the price being formed with the participation of a large number of persons;
 - (c) it is found that the opportunity for a person holding securities for which an offer to purchase has been made using an electronic data processing system to sell those securities using that electronic data processing system in a timely manner has been ensured; and
 - (iii) transactions of securities by the method of an auction on a foreign financial instruments market designated by the Commissioner of the Financial Services Agency as being equivalent to a financial instruments exchange market or by other methods specified by Cabinet Office Order as being equivalent to an auction.
- (3) The case specified by Cabinet Order as a purchase, etc. being made from an extremely small number of persons, as prescribed in Article 27-2, paragraph (1), item (i) of the Act, and the case specified by Cabinet Order as a purchase, etc. of share certificates, etc. being made from an extremely small number of persons, as prescribed in item (ii) of that paragraph, are cases in which the sum of the number of counterparties to the purchase, etc. of share certificates, etc. and counterparties to purchase, etc. of share certificates, etc. that have been issued by the issuer of the relevant share certificates, etc. which have been made outside a financial instruments exchange market during the period of 60 days prior to the day on which the relevant purchases, etc. are made (excluding the persons specified by Cabinet Office Order) (excluding a purchase, etc. made through a tender offer, a purchase, etc. of share certificates, etc. made through transactions set forth in the items of the preceding paragraph (excluding a purchase, etc. in the case prescribed in the following Article, paragraph (7), item (i)), any purchase, etc. of share certificates, etc. that a

person holding share options makes through the exercise of those share options, and purchases, etc. set forth in paragraph (1), items (i) through (iii) and items (x) through (xv)) is less than ten.

- (4) The transactions specified by Cabinet Order that are provided for in Article 27-2, paragraph (1), item (ii) of the Act are the transactions set forth in paragraph (2), item (i).

(Purchases to Which Restrictions on Tender Offer Are Applied)

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

- (i) a case in which the person that conducts the purchase, etc. has the right to request delivery of share certificates, etc. under a purchase and sale contract or other contracts;
 - (ii) a case in which the person that conducts the purchase, etc. has the authority to exercise voting rights as a shareholder or investor (meaning an investor as defined in Article 2, paragraph (16) of the Act on Investment Trusts and Investment Corporations and including the members of a foreign investment corporation; the same applies in Article 14-6-2, item (ii)) of the issuer of share certificates, etc., or the authority to give instructions on the exercise of voting rights, based on a money trust contract or other contracts, or the provisions of laws;
 - (iii) a case in which the person that conducts the purchase, etc. has the authority necessary to make investments in share certificates, etc. based on a discretionary investment contract (meaning a discretionary investment contract as defined in Article 2, paragraph (8), item (xii), (b) of the Act; the same applies hereinafter) or other contracts, or the provisions of laws;
 - (iv) a case in which the person that conducts the purchase, etc. has entered into a unilateral option contract for a purchase and sale of share certificates, etc. (limited to cases in which the person in question holds the right to complete the purchase and sale and acquires the position of buyer through the exercise of that right);
 - (v) a case in which the person that conducts the purchase, etc. has acquired an option to make a purchase and sale of share certificates, etc. (limited to if the exercise of that option causes the person exercising it to acquire the position of buyer in the purchase and sale); and
 - (vi) any other cases specified by Cabinet Office Order.
- (2) The period specified by Cabinet Order that is provided for in Article 27-2, paragraph (1), item (iv) of the Act is three months.
- (3) The proportion specified by Cabinet Order related to the acquisition of share certificates, etc. referred to in Article 27-2, paragraph (1), item (iv) of the Act,

is ten percent of the total number of share certificates, etc. issued by the issuer of the share certificates, etc. sought to be acquired. In such a case, the calculation of that proportion is to be made pursuant to the provisions of Cabinet Office Order based on the number of voting rights associated with the share certificates, etc.

- (4) The proportion specified by Cabinet Order related to the purchase, etc. of share certificates, etc. made through the specified purchase and sale, etc. or the purchase, etc. made outside of financial instruments exchange markets, referred to in Article 27-2, paragraph (1), item (iv) of the Act, is five percent of the total number of share certificates, etc. issued by the issuer of share certificates, etc. for which the purchase, etc. is sought. In such a case, the calculation of that proportion is to be made pursuant to the provisions of Cabinet Office Order based on the number of voting rights associated with the share certificates, etc.
- (5) The period specified by Cabinet Order that is provided for in Article 27-2, paragraph (1), item (v) of the Act is the period starting from the day of commencement of the period of purchase, etc. of share certificates, etc. stated on the tender offer statement (meaning a tender offer statement prescribed in Article 27-3, paragraph (2) of the Act) for a tender offer conducted for the share certificates, etc. to the day on which the period ends.
- (6) The proportion specified by Cabinet Order that is provided for in Article 27-2, paragraph (1), item (v) of the Act is five percent of the total number of share certificates, etc. issued by the issuer of the share certificates, etc. for which the purchase, etc. is sought. In such a case, the calculation of that proportion is to be made pursuant to the provisions of Cabinet Office Order based on the number of voting rights associated with the share certificates, etc.
- (7) The purchase, etc. of share certificates, etc. specified by Cabinet Order that is provided for in Article 27-2, paragraph (1), item (vi) of the Act is one of the following purchases, etc. of share certificates, etc.:
 - (i) if the ownership ratio of share certificates, etc. for share certificates, etc. in the possession of the purchaser of share certificates, etc. (meaning the person that makes the purchase, etc. of share certificates, etc.; the same applies in the following item) exceeds one-third after the purchase, etc. of share certificates, etc. is made, the purchase, etc. which is made through a transaction set forth in paragraph (2), items (ii) and (iii) of the preceding Article; and
 - (ii) if the provisions of Article 27-2, paragraph (1), item (iv) of the Act are applied to the acquisition of share certificates, etc. (meaning the purchase, etc. of share certificates, etc. and the acquisition of newly issued share certificates, etc. prescribed in Article 27-2, paragraph (1), item (iv) of the Act; hereinafter the same applies in this item) made by the purchaser of share

certificates, etc. and to the acquisition of share certificates, etc. made by their specially related party (meaning a specially related party prescribed in Article 27-2, paragraph (7), item (ii) of the Act) by deeming the acquisition to be the acquisition of share certificates, etc. made by the purchaser of share certificates, etc., the purchase, etc. of share certificates, etc. made as the acquisition of share certificates, etc. that falls under a purchase, etc. of share certificates, etc. prescribed in Article 27-2, paragraph (1), item (iv) of the Act.

(Period of Purchase)

- Article 8 (1) The period specified by Cabinet Order that is provided for in Article 27-2, paragraph (2) of the Act is to be not less than 20 days (the number of days that constitute the days set forth in the items of Article 1, paragraph (1) of the Act on Holidays of Administrative Organs (Act No. 91 of 1988) (hereinafter referred to as "holidays of administrative organs") is not included) but not more than 60 days (holidays of administrative organs are not included) starting from the day on which the tender offeror (meaning the tender offeror prescribed in Article 27-3, paragraph (2) of the Act; hereinafter the same applies in this Section) has given public notice of the commencement of the tender offer (meaning the public notice under the provisions of Article 27-3, paragraph (1) of the Act; hereinafter the same applies in this Section).
- (2) The thing specified by Cabinet Order as being equivalent to the purchase price provided for in Article 27-2, paragraph (3) of the Act, is the ratio of exchange between the share certificates, etc. and the securities or things other than money, if securities or things other than money are delivered as the consideration of the purchase, etc., and if money is delivered for the difference that arises from the exchange, that amount of money is to be included.
- (3) If a purchase, etc. of share certificates, etc. is to be made by a tender offer, the price for the purchase, etc. (meaning the price for the purchase, etc. prescribed in Article 27-2, paragraph (3) of the Act) must be the same for all tendering shareholders, etc. (meaning tendering shareholders, etc. prescribed in Article 27-12, paragraph (1) of the Act; hereinafter the same applies in this Section); provided, however, that if the tender offeror has tendering shareholders, etc. choose two or more types of consideration, they must make the types of consideration that can be chosen the same for all the tendering shareholders, etc., and must make the price same for each type of consideration regarding the tendering shareholders, etc. that have selected that type of consideration.
- (4) The affairs specified by Cabinet Order that are provided for in Article 27-2, paragraph (4) of the Act are as follows:
- (i) the custody and return of tendered share certificates, etc. (meaning tendered share certificates, etc. prescribed in Article 27-12, paragraph (3) of

- the Act);
- (ii) paying for the purchase, etc. (if securities or things other than money are delivered as the consideration for purchase, etc., including the delivery of the securities or things other than money); and
 - (iii) affairs for fixing the number of share certificates, etc. for which purchase, etc. is to be made by the pro rata method (meaning the pro rata method prescribed in Article 27-13, paragraph (5) of the Act).
- (5) The conditions and methods specified by Cabinet Order that are provided for in Article 27-2, paragraph (5) of the Act are as follows:
- (i) once the period of purchase, etc. has ended, a written notice of purchase, etc. stating the number of share certificates, etc. subject to the purchase, etc. and any other particulars specified by Cabinet Office Order is to be sent to the tendering shareholders, etc. without delay;
 - (ii) the transfer or other settlement of the purchase, etc. is to be made after the expiration of the period of purchase, etc. without delay; and
 - (iii) if the sum of the ownership ratio of share certificates, etc. of the person making the purchase, etc. is not less than two-thirds after the purchase, etc. has been conducted, the offer to purchase, etc. or the solicitation for sale, etc. (meaning sale, etc. prescribed in Article 27-2, paragraph (6) of the Act; hereinafter the same applies in this Chapter) is to be made pursuant to the provisions of Cabinet Office Order for all of the share certificates, etc. (excluding share certificates, etc. specified by Cabinet Office Order as those that do not compromise the public interest or the protection of investors) that are issued by the issuer of the relevant share certificates, etc.
- (6) The person that is required to send a written notice pursuant to the provisions of item (i) of the preceding paragraph may, if specified by Cabinet Office Order, provide a person with the particulars that are required to be stated in the written notice by means of using an electronic data processing system or any other means of information and communications technology specified by Cabinet Office Order in lieu of sending the written notice. In such a case, the person that has provided the particulars is deemed to have sent the written notice.

(Special Relationship)

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

- (i) a relative of the person (limited to their spouse and relatives by blood or affinity within the first degree of kinship; hereinafter the same applies in this Article);

- (ii) if the person that makes the purchase, etc. of share certificates, etc. (including the person's relatives) is in the position of holding shares or contribution associated with not less than 20 percent of the voting rights held by all the shareholders, etc. of a corporation, etc. in the person's own name or another person's name (or under a fictitious name; hereinafter the same applies in this Article) (hereinafter the relationship is referred to as a "special capital relationship" in this Article), the corporation, etc. and its officers (meaning director, executive officer, accounting advisor, or company auditor (including board member, inspector, and persons equivalent to them); hereinafter the same applies in this Article) (excluding cases in which the person will come to have a special capital relationship by making the purchase, etc. of the share certificates, etc.).
- (2) The special relationship specified by Cabinet Order that is provided for in Article 27-2, paragraph (7), item (i) of the Act is a person's relationship with the following persons, if the person that makes the purchase, etc. of share certificates, etc. is a corporation, etc.:
 - (i) that person's officers;
 - (ii) if that person has a special capital relationship with another corporation, etc. (excluding a case in which that person will come to have a special capital relationship by making a purchase, etc. of share certificates, etc.), the other corporation, etc. and its officers; and
 - (iii) an individual that has a special capital relationship with that person, a corporation, etc. that has a special capital relationship with that person, or the officer of that corporation, etc.
- (3) If an individual (including that individual's relatives; hereinafter the same applies in this Article) and their controlled corporation, etc., or a corporation, etc. and its controlled corporation, etc. jointly hold shares or contribution associated with voting rights constituting not less than 20 percent of the voting rights held by all the shareholders, etc. of another corporation, etc. in their own names or another person's name, the individual or the corporation, etc. is deemed to have a special capital relationship with the other corporation, etc. and the provisions of the preceding two paragraphs apply.
- (4) If an individual and their controlled corporation, etc. or a corporation, etc. and its controlled corporation, etc. jointly hold shares or contribution associated with voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of another corporation, etc. in their own names or another person's name, the other corporation, etc. is deemed to be the controlled corporation, etc. of the individual or the corporation, etc. and the provisions of the preceding paragraph apply.
- (5) The controlled corporation, etc. referred to in the preceding two paragraphs means another corporation, etc. in which an individual or a corporation, etc.

holds shares or contribution associated with voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of the other corporation, etc. in their own name or another person's name.

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

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

- (i) corporate bond certificates with share options;
- (ii) share option certificates;
- (iii) if the issuer provides, as a feature of all or part of their shares, that the shareholders may demand the issuer to redeem the shares, the share certificates of those shares;
- (iv) if the issuer provides, as a feature of all or part of their shares, that the issuer may acquire their shares on the condition of occurrence of certain events, the share certificates of those shares;
- (v) instruments or certificates issued by a foreign person which have the nature of the securities set forth in the preceding items; and
- (vi) investment equity subscription right certificates, etc.

(Public Notice of the Commencement of a Tender Offer)

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

- (i) means of taking measures to make the information that is required to be given in a public notice available to many and unspecified persons by the means of using an electronic data processing system for disclosure pursuant to the provisions of Cabinet Office Order (referred to as the "electronic public notice" in paragraphs (3) through (5)); or
 - (ii) means of publication in a daily newspaper that publishes information on current events (including daily newspapers that generally report industrial and economic matters; the same applies in item (i) of the following Article and Article 14-3-4, paragraph (1), item (ii)) pursuant to the provisions of Cabinet Office Order.
- (2) Among the public notices referred to in the preceding paragraph, the public notice under the provisions of the main clause of Article 27-8, paragraph (11) of the Act must be given immediately after submitting the amended statement referred to in that paragraph.
- (3) A person that gives public notice by electronic public notice pursuant to the

provisions of paragraph (1) must publish that fact in a daily newspaper that publishes information on current events pursuant to the provisions of Cabinet Office Order after giving the public notice without delay.

- (4) A person that gives public notice by electronic public notice pursuant to paragraph (1) must continue to provide the electronic public notice until the day specified in the following items in accordance with the category of public notice set forth in each of those items:
- (i) a public notice under the provisions of Article 27-3, paragraph (1), Article 27-6, paragraph (1), Article 27-8, paragraph (11), Article 27-10, paragraph (4), or Article 27-11, paragraph (2) of the Act: the last day of the tender offer period; and
 - (ii) a public notice under the provisions of Article 27-13, paragraph (1) of the Act: the last day in the one-month period after giving the public notice.
- (5) The provisions of Article 4-2-4, paragraphs (3) and (4) apply mutatis mutandis to a person that gives public notice by electronic public notice pursuant to the provisions of paragraph (1). In such a case, the term "paragraph (1), item (ii)" in Article 4-2-4, paragraph (3) is deemed to be replaced with "Article 9-3, paragraph (1), item (ii)" and the term "paragraph (2)" in Article 4-2-4, paragraph (4) is deemed to be replaced with "Article 9-3, paragraph (4)".
- (6) The period specified by Cabinet Order that is provided for in the second sentence of Article 27-3, paragraph (1) and Article 27-10, paragraph (2), item (ii) and paragraph (3) of the Act is 30 days (not counting holidays of administrative organs).

(Public Announcement of the Numbers of Tendered Share Certificates)

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

- (i) newspaper publishers engaged in the sale of daily newspapers that publish information on current events on a regular basis;
- (ii) news agencies engaged in the comprehensive transmission of information on current events to the newspaper publishers set forth in the preceding item on a regular basis; and
- (iii) Japan Broadcasting Corporation and private broadcasters (meaning private broadcasters as defined in Article 2, item (iii)-3 of the Broadcast Act (Act No. 132 of 1950); the same applies hereinafter).

(Persons Affiliated with a Tender Offeror)

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

- (i) a financial instruments business operator or a bank, etc. (meaning a bank, a cooperative financial institution as defined in Article 2, paragraph (1) of the Act on Preferred Equity Investment (hereinafter referred to as the "cooperative financial institution"), and a financial institution set forth in the items of Article 1-9; the same applies in Article 14-3-5, item (i)) that conducts the affairs prescribed in Article 8, paragraph (4) on behalf of the tender offeror; or
- (ii) a person that makes the purchase, etc. of share certificates, etc. by means of a tender offer by acting as an agent for the tender offeror.

(Share Certificates Equivalent to Listed Share Certificates)

Article 11 The share certificates, etc. specified by Cabinet Order that are provided for in Article 27-3, paragraph (4), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27-8, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 27-13, paragraph (3) of the Act), Article 27-11, paragraph (4), and Article 27-13, paragraph (3) of the Act; hereinafter the same applies in this Article) are share certificates, etc. that fall under over-the-counter traded securities, and the authorized financial instruments firms association specified by Cabinet Order that is provided for in Article 27-3, paragraph (4), item (ii) of the Act is the authorized financial instruments firms association that registers those share certificates, etc.

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

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

- (i) a case in which the person set forth in the items of Article 10 makes the purchase, etc. under the entrustment of a person other than the tender offeror or their specially related party (meaning a specially related party prescribed in Article 27-2, paragraph (7) of the Act; excluding a person that has given a notice under the provisions of Article 27-5, item (ii) of the Act to the Commissioner of the Financial Services Agency; hereinafter the same applies in this Section);
- (ii) a case in which the person set forth in the items of Article 10 makes a purchase, etc. which is authorized for the facilitation of smooth distribution of securities by the rules established by a financial instruments exchange or an authorized financial instruments firms association;
- (iii) a case in which the person that holds share options makes the purchase, etc. through the exercise of those share options;
- (iv) a case in which the purchase, etc. set forth in Article 6-2, paragraph (1),

- items (i) through (iii), item (xi), and item (xii) is to be made;
- (v) a case in which the person set forth in the items of Article 10 makes the purchase, etc. through the exercise of an option to make a purchase and sale of share certificates, etc. held by the person or through the exercise of the option to make a purchase and sale of share certificates, etc. that the person has granted;
 - (vi) a case in which the purchase, etc. set forth in Article 6-2, paragraph (1), item (xv) is to be made;
 - (vii) a case in which a purchase, etc. is to be made in a foreign country where the foreign financial instruments exchange which lists the share certificates, etc. is located, by a foreign tender offer (meaning an offer to purchase, etc. or the solicitation for sale, etc., of share certificates, etc. that is made to many and unspecified persons based on foreign laws and regulations and that is similar to a tender offer; the same applies in Article 14-3-7, item (ii)) based on the provisions of foreign laws and regulations; and
 - (viii) a case in which a purchase, etc. of share certificates, etc. is to be made in response to the request for the purchase of shares under the provisions of Article 116, paragraph (1), Article 182-4, paragraph (1), Article 192, paragraph (1), Article 469, paragraph (1), Article 785, paragraph (1), Article 797, paragraph (1), Article 806, paragraph (1) or Article 816-6, paragraph (1) of the Companies Act, or in response to the demand for the purchase of investment equity under the provisions of Article 141, paragraph (1), Article 149-3, paragraph (1), Article 149-8, paragraph (1), or Article 149-13, paragraph (1) of the Act on Investment Trusts and Investment Corporations.

(Prohibited Changes to the Terms of Purchase)

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

- (i) the splitting of shares or investment equity; and
 - (ii) the allotment of shares or share options to shareholders (limited to those made without requiring an additional payment), or allotment of investment equity subscription rights (meaning the investment equity subscription rights as defined in Article 2, paragraph (17) of the Act on Investment Trusts and Investment Corporations; the same applies in Article 14, paragraph (1), item (i), sub-item (n)) to investors (meaning the investors as defined in Article 2, paragraph (16) of that Act).
- (2) The changes to the terms of purchase, etc. specified by Cabinet Order that are provided for in Article 27-6, paragraph (1), item (iv) of the Act are as follows:
- (i) if the conditions set forth in Article 27-13, paragraph (4), item (i) of the Act have been attached, increasing the number of share certificates, etc. stated in the public notice of the commencement of the tender offer and tender offer

- statement prescribed in that item; provided, however, that this does not apply if, after giving the public notice of the commencement of the tender offer, a person other than the tender offeror, their specially related party, or the issuer of the share certificates, etc. for which the tender offer has been commenced (hereinafter referred to as the "subject company" in this Section) has given a public notice of the commencement of a tender offer or a public notice or public announcement (meaning a public notice or public announcement under the provisions of Article 27-6, paragraph (2) or (3) of the Act) of a change to the terms of purchase which increases the number of share certificates, etc. planned to be purchased, and has made the tender offer with regard to the share certificates, etc. issued by the subject company;
- (ii) an extension of the period of purchase, etc. that exceeds the period specified in Article 8, paragraph (1); provided, however, that this does not apply if the period specified in the following items in accordance with the category of cases set forth in each of those items is extended:
- (a) if the period of purchase, etc. must be extended pursuant to the provisions of Article 27-8, paragraph (8) of the Act: the period to be extended pursuant to that paragraph; and
 - (b) if a person other than the tender offeror or their specially related party has given for the share certificates, etc. issued by the subject company, public notice of the commencement of the tender offer (including the public notice of the commencement of the tender offer prescribed in Article 27-3, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act) or a public notice or public announcement (meaning the public notice or public announcement under the provisions of Article 27-6, paragraph (2) or (3) of the Act or Article 27-8, paragraph (8) of the Act (including as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act or Article 27-22-3, paragraph (4) of the Act)) of a change to the terms of purchase that extends the period of purchase, etc., during the tender offer period (meaning the tender offer period as prescribed in Article 27-5 of the Act; hereinafter the same applies in this Section): a period not exceeding the number of days counted from the day following the last day of the tender offer period (including the tender offer period prescribed in Article 27-5 of the Act as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act) until the last day of the tender offer period given in the public notice of the commencement of the tender offer or the public notice or public announcement of those changes;
- (iii) to change the type of consideration for purchase, etc.; provided, however, that this does not apply if a new type of consideration is added as an option for the tendering shareholders, etc. to choose; and

- (iv) if the condition set forth in Article 27-11, paragraph (1) of the Act is attached, a change to the details of the condition.

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

- Article 13-2 (1) The period specified by Cabinet Order that is provided for in Article 27-10, paragraph (1) of the Act is ten days (not counting holidays of administrative organs).
- (2) The period specified by Cabinet Order that is provided for in Article 27-10, paragraph (11) of the Act is five days (not counting holidays of administrative organs).

(Withdrawal of a Tender Offer)

- Article 14 (1) The cases specified by Cabinet Order that are provided for in Article 27-11, paragraph (1) of the Act are as follows; provided, however, that in the cases set forth in items (i) through (iii), excluding those that satisfy the criteria specified by Cabinet Office Order as being minor:

- (i) the fact that the organ which is responsible for making decisions on the execution of operations of the subject company or its subsidiary company (meaning a subsidiary company as defined in Article 2, item (iii) of the Companies Act; hereinafter the same applies in this Article and Article 14-8-2) has made a decision to take one of the following actions (limited to an action that has been publicized on or after the day on which it gave the public notice of the commencement of the tender offer):
 - (a) a share exchange;
 - (b) a share transfer;
 - (c) a share delivery;
 - (d) a company split;
 - (e) a merger;
 - (f) a dissolution (excluding the dissolution as a result of merger);
 - (g) the filing of a petition for commencement of bankruptcy proceedings, rehabilitation proceedings or reorganization proceedings;
 - (h) a reduction of the amount of stated capital;
 - (i) the transfer, acquisition, suspension, or discontinuation of all or part of the business;
 - (j) the filing of an application for delisting share certificates, etc. made to a financial instruments exchange;
 - (k) the filing of an application for rescinding the registration of share certificates, etc. made to an authorized financial instruments firms association;
 - (l) the filing of a notice under the provisions of Article 74, paragraph (5) of the Deposit Insurance Act;

- (m) the splitting of shares or investment equity;
 - (n) the allotment of shares or share options (limited to those made without requiring an additional payment), or allotment of investment equity subscription rights;
 - (o) the issuance of shares, share options, corporate bonds with share options or investment equity (excluding those set forth in sub-items (l) and (n));
 - (p) the disposal of treasury shares (meaning the treasury shares prescribed in Article 113, paragraph (4) of the Companies Act) (excluding those set forth in sub-item (n));
 - (q) providing different provisions on the particulars set forth in Article 108, paragraph (1), item (viii) or (ix) of the Companies Act for shares that have already been issued;
 - (r) the disposal or transfer of important properties;
 - (s) borrowing a large amount of money; and
 - (t) an action equivalent to what is set forth in sub-items (a) through (s) which the tender offeror has designated in the public notice of the commencement of the tender offer and the tender offer statement (meaning the tender offer statement as defined in Article 27-3, paragraph (2) of the Act; hereinafter the same applies in this Article);
- (ii) the fact that the organ which is responsible for making decisions on the execution of operations of the subject company has made the following decisions specified in accordance with the category of cases set forth as follows (limited to those publicized on or after the day on which the public notice of the commencement of the tender offer was given):
- (a) if the organ which is responsible for making decisions on the execution of operations of the subject company has already made a decision that it may issue new shares or take other acts (limited to those to be taken on or after the last day of the period of purchase, etc. for that tender offer) that will reduce the ownership ratio of share certificates, etc. of the tender offeror by less than the proportion specified by Cabinet Office Order after the tender offer and has publicized the content of that decision on the day when the public notice of the commencement of the tender offer was given: a decision that the decision is to be maintained; or
 - (b) if a subject company or its subsidiary company has issued share certificates, etc. for two or more classes of shares with different features which have different provisions for the particulars set forth in Article 108, paragraph (1), item (viii) or (ix) of the Companies Act on the day when the public notice of the commencement of the tender offer was given: a decision that the different provisions will not be changed;
- (iii) the occurrence of the following facts for a subject company (limited to those that has occurred on or after the day on which the public notice of the

- commencement of the tender offer was given); provided, however, that in the cases under sub-items (a), (c), (e) and (g), excluding the cases in which the actions are taken by the tender offeror and their specially related party:
- (a) a petition seeking an injunction against the business or a provisional disposition order seeking a disposition equivalent to this has been filed;
 - (b) a revocation of license, suspension of business, or other dispositions equivalent to such an action pursuant to laws and regulations has been given;
 - (c) a petition for the commencement of bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or the exercise of an enterprise mortgage (hereinafter referred to as a "petition for commencement of bankruptcy proceedings, etc.") has been filed by a person other than the subject company;
 - (d) dishonor of a negotiable instrument or check (limited to those due to the shortage of funds necessary for payment), or a disposition to suspend transactions is given by a clearinghouse (hereinafter referred to as "dishonor, etc.");
 - (e) a suspension of transaction has been made by the major trading partner (meaning a trading partner for which the sales or purchases in the previous business year are not less than ten percent of the total amount of sales or purchases);
 - (f) damage resulting from a disaster;
 - (g) an action involving a claim based on a property right has been filed;
 - (h) the delisting of share certificates (limited to the delisting of share certificates from all financial instruments exchanges on which the share certificates are listed);
 - (i) the rescission of registration of share certificates (limited to cases in which all the authorized financial instruments firms associations which register the share certificates have rescinded the registration (excluding rescissions made on the grounds of listing the share certificates)); or
 - (j) facts equivalent to those set forth in sub-items (a) through (i) which the tender offeror has designated in the public notice of the commencement of the tender offer and the tender offer statement;
- (iv) if permission, authorization, approval, or a similar disposition (hereinafter referred to as "permission, etc." in this item) by an administrative agency pursuant to other laws and regulations is necessary for the acquisition of share certificates, etc., the fact that the permission, etc. was not obtained by the day immediately preceding the last day of the tender offer period; and
 - (v) other things specified by Cabinet Office Order as being equivalent to what is set forth in the preceding items.
- (2) The changes to material circumstances specified by Cabinet Order that are

provided for in Article 27-11, paragraph (1) of the Act are the following particulars:

- (i) death;
- (ii) being subject to an order for commencement of guardianship;
- (iii) a dissolution;
- (iv) being subject to an order for commencement of bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings;
- (v) a petition for commencement of bankruptcy proceedings, etc. has been filed by a person other than the tender offeror or their specially related party; or
- (vi) the fact of dishonor, etc.

(Methods of Canceling Contracts)

Article 14-2 The method specified by Cabinet Order that is provided for in Article 27-12, paragraph (2) of the Act is the method of delivering or sending a document canceling the contract connected with a tender offer to the person designated by the tender offeror (limited to the persons specified by Cabinet Office Order), and the time specified by Cabinet Order that is provided for in Article 27-12, paragraph (2) of the Act is the time when the document has been delivered to or has reached the designated person.

(Cases in Which a Partial Tender Offer Is Allowed)

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

(Authorized Financial Instruments Firms Associations Providing Public Inspection)

Article 14-3 The authorized financial instruments firms association specified by Cabinet Order that is provided for in Article 27-14, paragraph (3) of the Act is an authorized financial instruments firms association prescribed in Article 11.

Section 2 Tender Offers for Listed Share Certificates by the Issuer

(Scope of Application of a Tender Offer)

Article 14-3-2 (1) The transactions specified by Cabinet Order that are provided for in Article 27-22-2, paragraph (1) of the Act are the transactions of over-the-counter traded securities in an over-the-counter securities market.

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

(3) The purchase, etc. (meaning a purchase, etc. prescribed in Article 27-22-2, paragraph (1) of the Act; hereinafter the same applies in this Section) specified by Cabinet Order as one that is made by a method that makes the particulars of that purchase, etc. available to a large number of persons that is provided in Article 27-22-2, paragraph (1), item (ii) of the Act, is a purchase, etc. made after informing a large number of persons of the particulars of that purchase, etc. (limited to those which include the wording that an offer to purchase, etc. or solicitation for sale, etc. of listed share certificates, etc. (meaning the listed share certificates, etc. prescribed in Article 24-6, paragraph (1) of the Act; hereinafter the same applies in this Section) is to be made in connection with the purchase, etc.) through publication in a newspaper or magazine, or through documents, broadcasting, movies, or other methods.

(Period of Purchase)

Article 14-3-3 (1) The period specified by Cabinet Order that is provided for in Article 27-2, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act is not less than 20 days (not counting holidays of administrative organs) but not more than 60 days (not counting holidays of administrative organs) from the day on which the tender offeror (meaning the tender offeror prescribed in Article 27-3, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act; hereinafter the same applies in this Section) has given the public notice of the commencement of the tender offer (meaning the public notice under the provisions of Article 27-3, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act; hereinafter the same applies in this Section except in Article 14-3-8, item (i), sub-item (b)).

(2) The thing specified by Cabinet Order as being equivalent to the purchase price that is provided in Article 27-2, paragraph (3) of the Act as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act, is the ratio of exchange between the share certificates, etc. and the securities or things other than money if securities or things other than money are delivered as the consideration of the purchase, etc., and if money is delivered for the difference that arises from the exchange, that amount of money is to be included.

(3) If a purchase, etc. of listed share certificates, etc. is to be made by a tender offer prescribed in the main clause of Article 27-22-2, paragraph (1) of the Act (hereinafter referred to as the "tender offer" in this Section), the price for the purchase, etc. (meaning the price for the purchase, etc. prescribed in Article 27-2, paragraph (3) of the Act as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act; hereinafter the same applies in this Section) must be the same for all tendering shareholders, etc. (meaning an tendering

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

- (4) The affairs specified by Cabinet Order that are provided for in Article 27-2, paragraph (4) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act are as follows:
- (i) the custody and refund of listed share certificates, etc. tendered (meaning the listed share certificates, etc. tendered that are prescribed in Article 27-12, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act following the deemed replacement of terms);
 - (ii) the payment for the purchase, etc. (if securities or things other than money are delivered as the consideration for purchase, etc., the delivery of the securities or things other than money is to be included); and
 - (iii) affairs to fix the number of listed share certificates, etc. for which purchase, etc. is to be made by the pro rata method (meaning the pro rata method prescribed in Article 27-13, paragraph (5) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act).
- (5) The conditions and methods specified by Cabinet Order that are provided for in Article 27-2, paragraph (5) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act are as follows:
- (i) when the period of purchase, etc. has ended, the written notice for the purchase, etc. that states the number of listed share certificates, etc. for which purchase, etc. is to be made and other particulars specified by Cabinet Office Order, is to be sent to the tendering shareholders, etc. without delay; and
 - (ii) the transfer or other settlement of the purchase, etc. is to be made after the expiration of the period of purchase, etc. without delay.
- (6) The person that is required to send a written notice pursuant to the provisions of item (i) of the preceding paragraph may, in the cases specified by Cabinet Office Order, provide relevant persons with the particulars that are required to be stated in the written notice by a means of using an electronic data processing system or other means using information and communications technology which are specified by Cabinet Office Order, in lieu of sending the written notice. In such a case, the person that has provided those particulars is deemed to have sent the written notice.

(Public Notice of the Commencement of a Tender Offer)

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

- (i) means of taking measures to make the information that is required to be given in a public notice available to many and unspecified persons by the means of using an electronic data processing system for disclosure pursuant to the provisions of Cabinet Office Order (referred to as the "electronic public notice" in paragraph (3) to paragraph (5)); or
 - (ii) means of publication in a daily newspaper that publishes information on current events pursuant to the provisions of Cabinet Office Order.
- (2) Among the public notices referred to in the preceding paragraph, the public notice under the provisions of the main clause of Article 27-8, paragraph (11) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act must be given immediately after the amended statement referred to in Article 27-8, paragraph (11) of the Act has been submitted.
- (3) A person that gives public notice by electronic public notice pursuant to the provisions of paragraph (1) must publish that fact in a daily newspaper that publishes information on current events pursuant to the provisions of Cabinet Office Order after having given that public notice without delay.
- (4) A person that gives public notice by electronic public notice pursuant to paragraph (1) must continue to provide the electronic public notice until the day specified in the following items in accordance with the category of public notice set forth in each of those items:
- (i) public notice pursuant to the provisions of Article 27-3, paragraph (1), Article 27-6, paragraph (2), Article 27-8, paragraph (11), or Article 27-11, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act: the last day of the tender offer period; and
 - (ii) public notice pursuant to the provisions of Article 27-13, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act: the last day in the one-month period that starts after giving the public notice.
- (5) The provisions of Article 4-2-4, paragraphs (3) and (4) apply mutatis mutandis to a person that gives the public notice by electronic public notice pursuant to paragraph (1). In such a case, the term "paragraph (1), item (ii)" in Article 4-2-4, paragraph (3) is deemed to be replaced with "Article 14-3-4, paragraph (1), item (ii)" and the term "paragraph (2)" in Article 4-2-4, paragraph (4) is deemed to be replaced with "Article 14-3-4, paragraph (4)".
- (6) The provisions of Article 9-4 apply mutatis mutandis to the public

announcement under the provisions of Article 27-13, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act.

(Person Affiliated with a Tender Offeror)

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

- (i) a financial instruments business operator or a bank, etc. that conducts the affairs prescribed in Article 14-3-3, paragraph (4) on behalf of the tender offeror; or
- (ii) a person that makes the purchase, etc. of listed share certificates, etc. by means of a tender offer by acting as an agent for the tender offeror.

(Share Certificates Equivalent to Listed Share Certificates)

Article 14-3-6 The share certificates, etc. specified by Cabinet Order that are provided for in Article 27-3, paragraph (4), item (ii) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraphs (2) and (3) of the Act are the share certificates, etc. that fall under over-the-counter traded securities, and the authorized financial instruments firms association specified by Cabinet Order that is provided for in Article 27-3, paragraph (4), item (ii) of the Act is the authorized financial instruments firms association that registers the share certificates, etc.

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

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

- (i) a case in which a purchase, etc. of share certificates, etc. is to be made in response to a request for the purchase of shares under 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 demand for the purchase of investment equity under the provisions of Article 141, paragraph (1), Article 149-3, paragraph (1), Article 149-8, paragraph (1), or Article 149-13, paragraph (1) of the Act on Investment Trusts and Investment Corporations, or based on the obligations under laws and regulations;

- (ii) a case in which a purchase, etc. is to be conducted in a foreign country where the foreign financial instruments exchange which lists the share certificates, etc. is located, by means of a foreign tender offer based on the provisions of laws and regulations of that foreign country;
- (iii) a case in which a person set forth in the items of Article 14-3-5 makes a purchase, etc. set forth in Article 12, items (iii) and (iv);
- (iv) a case in which a person set forth in the items of Article 14-3-5 makes the purchase, etc. under the entrustment of a person other than the tender offeror;
- (v) a case in which a person set forth in the items of Article 14-3-5 makes the purchase, etc. which is authorized for the facilitation of smooth distribution of securities by the rules established by a financial instruments exchange or an authorized financial instruments firms association; and
- (vi) a case in which a person set forth in one of the items of Article 14-3-5 makes a purchase, etc. through the exercise of an option to make a purchase and sale of the listed share certificates, etc. held by them or due to the exercise of an option to make a purchase and sale of listed share certificates, etc. that the person has granted.

(Prohibited Changes to the Terms of Purchase)

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

- (i) an extension of the period of purchase, etc. that exceeds the period specified in Article 14-3-3, paragraph (1); provided, however, that this does not apply in the following cases if the period specified in each of those items is to be extended:
 - (a) if the period of purchase, etc. must be extended pursuant to the provisions of Article 27-8, paragraph (8) of the Act as applied mutatis mutandis pursuant to the provisions of Article 27-22-2, paragraph (2) and Article 27-22-3, paragraph (4) of the Act: the period to be extended pursuant to Article 27-8, paragraph (8) of the Act; and
 - (b) if a person other than the tender offeror has given, with regard to the share certificates, etc. issued by the tender offeror, a public notice of the commencement of a tender offer (meaning the public notice prescribed in Article 27-3, paragraph (1) of the Act) or a public notice or public announcement (meaning the public notice or public announcement under the provisions of Article 27-6, paragraph (2) or (3) or Article 27-8, paragraph (8) of the Act) of the changes to the terms of purchase that extend the period of purchase, etc. during the tender offer period (meaning

the tender offer period prescribed in Article 27-5 of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act): a period not exceeding the number of days counted from the day following the last day of the tender offer period until the last day of the tender offer period (meaning the tender offer period set forth in Article 27-5 of the Act) given in the public notice of the commencement of the tender offer or the public notice or public announcement of the changes;

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

(Methods of Canceling Contracts)

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

(Authorized Financial Instruments Firms Associations Providing Public Inspection)

Article 14-3-10 An authorized financial instruments firms association specified by Cabinet Order that is provided for in Article 27-14, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act is the authorized financial instruments firms association prescribed in Article 14-3-6.

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

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

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original terms
Article 27-2 (limited to paragraphs (2) through (6))	Article 27-12, paragraph (3)	Article 27-12, paragraph (3) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	prescribed in this Section	prescribed in the following Section
Article 27-4	paragraph (2) of the preceding Article	paragraph (2) of the preceding Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
Article 27-7	paragraph (2) or (3) of the preceding Article	paragraph (1) or (2) of the preceding Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	paragraph (8) of the following Article	paragraph (8) of the following Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
Article 27-8 (excluding paragraph (6), paragraph (10), and paragraph (12))	the provisions of this Section	the provisions of the following Section
	Article 27-6, paragraph (1)	Article 27-6, paragraph (1) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	Article 27-6, paragraph (2)	Article 27-6, paragraph (2) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
Article 27-9	the provisions of paragraphs (1) through (4) of the preceding Article	the provisions of paragraphs (1) through (4) of the preceding Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)

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

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

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

Provisions of the Act whose terms are Deemed to be replaced	Original Terms	Terms deemed to Replace the Original Terms

Article 27-7	paragraph (8) of the following Article	paragraph (8) of the following Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
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(3) With regard to the tender offer report prescribed in Article 27-13, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act, the technical replacement of terms pursuant to the provisions of Article 27-22-2, paragraph (13) of the Act when the provisions of the Act are applied mutatis mutandis pursuant to Article 27-22-2, paragraph (7) of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original terms	Terms deemed to replace the original terms
Article 27-8 (limited to paragraphs (1) through (5))	(including the period which is required to be extended pursuant to paragraph (8); the same applies in paragraph (7))	(including the period which is required to be extended pursuant to paragraph (8))

(Transitional Period After the Public Announcement)

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

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

Article 14-3-13 If a purchase, etc. of listed share certificates, etc. has been made in violation of Article 27-5 of the Act as applied mutatis mutandis pursuant to Article 27-22-3, paragraph (5) of the Act, the technical replacement of terms pursuant to the provisions of Article 27-22-3, paragraph (8) of the Act when the provisions of the Act are applied mutatis mutandis pursuant to Article 27-22-3, paragraph (8) of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 27-17	Article 27-5	Article 27-5 as applied mutatis mutandis pursuant to Article 27-22-3, paragraph (5)

	paragraph (2), item (i) of the following Article	paragraph (2), item (i) of the following Article as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	Article 27-6, paragraph (2) or (3)	Article 27-6, paragraph (2) or (3) as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2)
	(excluding 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))	(excluding tendered share certificates, etc. that could not have been sold, etc. through the pro rata method)

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

(Scope of Share-Related Securities)

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

- (i) share certificates, share option certificates, and corporate bond certificates with share options;
 - (ii) instruments or certificates issued by a foreign person which have the nature of the securities set forth in the preceding item;
 - (iii) investment securities, etc. or investment equity subscription right certificates, etc.;
 - (iv) certificates of a beneficial interest in a securities trust of which the entrusted securities are the securities set forth in the preceding three items; and
 - (v) securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate the rights associated with the securities set forth in items (i) through (iii).
- (2) The share-related securities specified by Cabinet Order as those for which the state of distribution is equivalent to those listed on a financial instruments exchange, that are provided for in Article 27-13, paragraph (1) of the Act, are over-the-counter traded securities.

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

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

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

(Holidays Days Not Included in the Reporting Period)

Article 14-5 The holidays specified by Cabinet Order that are provided for in Article 27-23, paragraph (1) of the Act are the holidays of administrative organs (excluding Sundays).

(Scope of Subject Securities)

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

- (i) share certificates (excluding the share certificates associated with what is specified by Cabinet Office Order as a share with no voting rights);
- (ii) share option certificates and corporate bond certificates with share options (excluding those that grant only the right to acquire shares with no voting rights as the share option);
- (iii) instruments or certificates issued by a foreign person which have the nature of the securities set forth in the preceding two items;

- (iv) investment securities, etc.; and
- (v) investment equity subscription right certificates, etc.

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

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

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

(Things Excluded from Share Certificates Held)

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

- (i) the right to request delivery of share certificates, etc. under a purchase and sale contract or other contracts;
- (ii) the right to exercise voting rights as a shareholder or investor of the issuer of share certificates, etc. or the right to give instructions on the exercise of voting rights based on a money trust contract or other contracts, or the provisions of laws;
- (iii) the rights necessary to make investments in share certificates, etc. based on a discretionary investment contract or other contracts, or the provisions of laws;
- (iv) the right to complete that purchase and sale and acquire the position of buyer, based on a unilateral option contract for a purchase and sale of share certificates, etc.; and
- (v) the right of a person exercising the option to make a purchase and sale of share certificates, etc. to acquire the position of buyer in the purchase and sale through the exercise of that option.

(Special Relationship)

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

following relationships:

- (i) the relationship of a husband and wife;
 - (ii) the relationship between a person that holds shares or contribution associated with voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company in their own name or another person's name (or under a fictitious name; hereinafter the same applies in this Article) (hereinafter the person is referred to as a "controlling shareholder, etc." in this Article) and that company (hereinafter referred to as the "controlled company" in this Article);
 - (iii) the relationship between a controlled company and another controlled company of its controlling shareholder, etc.; and
 - (iv) any other relationship specified by Cabinet Office Order as being equivalent to the relationships set forth in the preceding three items.
- (2) If a husband and wife jointly hold shares or contribution associated with voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company in their own names or another person's name, the husband and wife are each deemed to be the controlling shareholder, etc. of the company, and the provisions of the preceding paragraph apply.
- (3) If a controlling shareholder, etc. and their controlled company jointly hold shares or contribution associated with voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of another company in their own names or another person's name, the other company is also deemed to be the controlled company of the controlling shareholder, etc. and the provisions of paragraph (1) and this paragraph apply.

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

Article 14-7-2 (1) The cases specified by Cabinet Order as a change to a material particular that is required to be stated in a statement of large-volume holdings, which are provided for in the provisions of Article 27-25, paragraph (1) and Article 27-26, paragraph (2), items (i) and (ii) of the Act are, among the changes to the content required to be stated in the statement of large-volume holdings or statement of changes (including its amendment reports), changes other than those set forth in the following items:

- (i) the fact that a holder whose ratio of share certificates, etc. held singly is less than one percent has become a new joint holder (meaning the joint holder prescribed in Article 27-23, paragraph (5) of the Act and including the person deemed to be a joint holder pursuant to the provisions of paragraph (6) of that Article; hereinafter the same applies in this Chapter);
- (ii) the fact that a holder whose ratio of share certificates, etc. held singly was less than one percent has ceased to be a joint holder;

- (iii) changes to the name, address, or location of a joint holder whose ratio of share certificates, etc. held singly is less than one percent;
 - (iv) increase or decrease of less than one percent in the ratio of share certificates, etc. held singly;
 - (v) conclusion of the following contracts concerning the share certificates, etc. held by a holder of share certificates, etc. and by their joint holder, or among the changes to the content of those contracts, those which are specified by Cabinet Office Order as being minor:
 - (a) contracts providing that the share certificates, etc. are to be provided as a collateral;
 - (b) contracts providing that the share certificates, etc. are to be resold;
 - (c) a unilateral option contract for a purchase and sale (limited to cases in which the person in question holds the right to complete the purchase and sale and acquires the position of seller through the exercise of that right);
 - (d) contracts for lending and borrowing; and
 - (e) contracts equivalent to the contracts set forth in sub-items (a) through (d); and
 - (vi) other things specified by Cabinet Office Order as being equivalent to what is set forth in the preceding items.
- (2) The term "ratio of share certificates, etc. held singly" as used in the preceding paragraph means the ratio obtained by dividing the number of share certificates, etc. held (meaning the share certificates, etc. held prescribed in Article 27-23, paragraph (4) of the Act) by the number obtained by adding the number of corporate bond certificates with share options held by the holder and the joint holder and any other securities specified by Cabinet Office Order to the total number of the issued shares or the issued investment equity of the issuer of the share certificates, etc.

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

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

which calculation of the holding ratio of share certificates, etc. after the change has been based which is nearest to the day 60 days prior to the day on which calculation of the holding ratio of share certificates, etc. after the change has been based) which has been stated or is required to have been stated in the statements of large-volume holdings (meaning the statements of large-volume holdings prescribed in Article 27-23, paragraph (1) or Article 27-26, paragraph (1) of the Act) related to the statement of changes or in another statement of changes (meaning the statement of changes set forth in Article 27-25, paragraph (1) or Article 27-26, paragraph (2) of the Act) related to the statements of large-volume holdings, and has decreased by more than five percent in comparison with the highest holding ratio of share certificates, etc.; provided, however, that this does not apply if the sum of the holding ratio of share certificates, etc. that has decreased as a result of the fact that a person that is to submit a statement of changes due to a decrease in the holding ratio of share certificates, etc. or their joint holder has transferred share certificates, etc. during the 60 days prior to the day on which calculation of the holding ratio of share certificates, etc. after the change has been based (referred to as the "period subject to a report of short-term, large-volume transfer" in the following paragraph) in a volume not more than half of the highest holding ratio of share certificates, etc. or not more than five percent.

- (2) The person specified by Cabinet Order that is provided for in Article 27-25, paragraph (2) of the Act is, if deeming the total number of share certificates, etc. transferred by the person that is to submit a statement of changes due to a decrease in the holding ratio of share certificates, etc. or their joint holder during the period subject to a report of short-term, large-volume transfer to be the person making the submission with the total number of share certificates, etc. held by that person making the submission (meaning the total number of share certificates, etc. prescribed in Article 27-23, paragraph (4) of the Act), the person making the submission with a holding ratio of share certificates, etc. of less than one percent.

(Act of Making a Material Proposal)

Article 14-8-2 (1) The acts specified by Cabinet Order as acts of making material changes in or having a material impact on the business activities of the issuer of share certificates, etc. prescribed in Article 27-26, paragraph (1) of the Act, are the acts of proposing the following particulars related to the issuer or their subsidiary company at a shareholders meeting or investors' meeting, or to the officers (meaning a member that execute the operations, director, executive officer, accounting advisor, company auditor, or equivalent persons and including those that are found to have at least the same amount of control over the corporation as a member that execute the operations, director, executive

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

- (i) disposal or acquisition of important properties;
 - (ii) borrowing a large amount of money;
 - (iii) selection or removal of a representative director;
 - (iv) material changes in the constitution of officers (including material changes in the number of officers or their terms of office);
 - (v) appointment or dismissal of a manager or other important employees;
 - (vi) establishment, changes to, or closure of a branch office or other important organizations;
 - (vii) share exchange, share transfer, share delivery, or splitting or merger of a company;
 - (viii) transfer, acquisition, suspension, or discontinuation of all or part of the business;
 - (ix) material changes in the policy concerning dividend distribution;
 - (x) material changes in the policy concerning the increase or decrease in the amount of stated capital;
 - (xi) delisting from the financial instruments exchange market of the securities issued by the issuer or the rescission of registration on the over-the-counter securities market;
 - (xii) listing on the financial instruments exchange market of the securities issued by the issuer or registration in a register of over-the-counter traded securities; and
 - (xiii) other particulars specified by Cabinet Office Order as being equivalent to what is set forth in the preceding items.
- (2) The combinations of two or more days of each month designated pursuant to the provisions of Cabinet Order that are provided for in Article 27-26, paragraph (3) of the Act, are any of the following combinations:
- (i) the second and fourth Monday of each month (if there is a fifth Monday, this is to be the second, fourth and fifth Monday); or
 - (ii) the fifteenth and last day of each month (if those days fall on a Saturday, this is to be the day before Saturday, and if those days fall on a Sunday, this is to be two days before Sunday).
- (3) The period specified by Cabinet Order that is provided for in Article 27-26, paragraphs (4) and (5) of the Act is the period until five days (not counting holidays of administrative organs) have elapsed from the first base date (meaning the base date set forth in Article 27-26, paragraph (3) of the Act) that arrives after the day on which the holding ratio of share certificates, etc. has exceeded five percent or the day it has increased.

(Share Certificates Equivalent to Listed Share Certificates)

Article 14-9 The share certificates, etc. specified by Cabinet Order that are provided for in Article 27-27, item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2) of the Act; hereinafter the same applies in this Article) are share certificates, etc. that fall under the over-the-counter traded securities, and the authorized financial instruments firms association specified by Cabinet Order that is provided for in Article 27-27, item (ii) and Article 27-28, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 27-29, paragraph (2) of the Act) is the authorized financial instruments firms associations that registers the share certificates, etc.

Chapter III-3 Special Provisions on Procedures Taken Using an Electronic Data Processing System for Disclosure

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

Article 14-10 (1) A person that takes electronic disclosure procedures (meaning the electronic disclosure procedures as defined in Article 27-30-2 of the Act; hereinafter the same applies in this Article and the following Article) or discretionary electronic disclosure procedures (meaning the discretionary electronic disclosure procedures as defined in Article 27-30-2 of the Act; hereinafter the same applies in this Article and the following Article) using an electronic data processing system for disclosure pursuant to the provisions of Article 27-30-3, paragraph (1) or (2) of the Act must, pursuant to the provisions of Cabinet Office Order, take those procedures by inputting the particulars that are required to be stated in documents when electronic disclosure procedures or discretionary electronic disclosure procedures are taken in writing, using an input-output device that complies with the technical standards specified by the Commissioner of the Financial Services Agency.

(2) A person that takes electronic disclosure procedures or discretionary electronic disclosure procedures referred to in the preceding paragraph must, pursuant to the provisions of Cabinet Office Order, notify the Commissioner of the Financial Services Agency to that effect in advance, and submit their articles of incorporation and other documents; provided, however, that this does not apply if the person that has already made the notification pursuant to the provisions of this paragraph periodically submits the articles of incorporation and other documents pursuant to the provisions of Cabinet Office Order and other cases specified by Cabinet Office Order.

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

Article 14-11 (1) A person that seeks to obtain approval from the Commissioner of the Financial Services Agency to take electronic disclosure procedures or discretionary electronic disclosure procedures through the submission of a magnetic disc (including any object that can securely record certain information by equivalent means; hereinafter the same applies in this Article) pursuant to the provisions of Article 27-30-4, paragraph (1) or (2) of the Act must submit documents stating the reasons for submitting a magnetic disc and other particulars specified by Cabinet Office Order to the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(2) A person that submits a magnetic disc by obtaining the approval referred to in the preceding paragraph must, pursuant to the provisions of Cabinet Office Order, record the particulars that are required to be stated in documents when electronic disclosure procedures or discretionary electronic disclosure procedures are taken in writing in a magnetic disc that complies with the technical standards specified by the Commissioner of the Financial Services Agency and submit the magnetic disc to the Commissioner.

(Exclusion of Application of Electronic Disclosure Procedures Taken by Using of Electronic Data Processing System for Disclosure)

Article 14-11-2 The grounds specified by Cabinet Order that are provided for in Article 27-30-5, paragraph (1), item (i) of the Act are the case of not being able to operate the computer referred to in Article 27-30-2 of the Act, due to a cut off of the power supply or other reasons.

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

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

(Means of Public Inspection by a Financial Instruments Exchange)

Article 14-13 When making the particulars which has been notified available for public inspection pursuant to the provisions of Article 27-30-8, paragraph (1) of the Act, a financial instruments exchange or an authorized financial

instruments firms association prescribed in Article 3 is to make those particulars available for public inspection by displaying the particulars on the screens of input-output devices of computers used at their offices.

Chapter III-4 Provision or Public Announcement of Specified Information on Securities

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

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

Chapter III-5 Disclosure of Material Information

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

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

- (i) the securities set forth in Article 2, paragraph (1), item (v) of the Act, which are specified by Cabinet Office Order as the securities by which assets are acquired by money obtained from the issuance of those securities and the obligations of those securities are performed by money obtained from the administration and disposition of those assets; and
- (ii) the securities set forth in Article 2, paragraph (1), item (xi) which are issued by persons other than the following persons:
 - (a) an investment corporation (meaning an investment corporation as defined in Article 2, paragraph (12) of the Act on Investment Trusts and Investment Corporations; hereinafter the same applies in this item and Article 14-17, item (vi)) which provides in its bylaws that it is to invest an amount exceeding 50 percent of the total amount of its assets in real property or other assets specified by Cabinet Office Order;
 - (b) one specified by Cabinet Office Order as an investment corporation in which the sum of the value of the assets specified by Cabinet Office Order that is provided for in sub-item (a), accounts for more than 50 percent of the total amount of its assets; or
 - (c) a foreign investment corporation that is similar to an investment corporation set forth in sub-item (a) or (b).

(Scope of Securities Whose Issuer Becomes a Listed Company)

Article 14-16 The securities set forth in Article 2, paragraph (1), item (v), item (vii), item (ix), or item (xi) of the Act (excluding those set forth in the items of the preceding Article) which are listed on a financial instruments exchange or fall under over-the-counter traded securities, or any other securities specified by Cabinet Order, which are provided for in Article 27-36, paragraph (1) of the Act are as follows:

- (i) the securities set forth in Article 2, paragraph (1), item (v), item (vii), item (ix), or item (xi) of the Act (excluding those set forth in the items of the preceding Article and foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act; hereinafter the same applies in the following item) which are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities (meaning the tradable securities prescribed in Article 67-18, item (iv) of the Act; the same applies hereinafter);
- (ii) a beneficiary certificate of securities in trust of which the entrusted securities are the securities set forth in Article 2, paragraph (1), item (v), item (vii), item (ix), or item (xi) of the Act (excluding those set forth in the preceding item), which are listed on a financial instruments exchange, or fall under over-the-counter traded securities or tradable securities;
- (iii) the instruments or certificates issued by a foreign person which have the nature of the securities set forth in Article 2, paragraph (1), item (v), item (vii), or item (ix) of the Act (excluding those set forth in item (i) of the preceding Article; hereinafter the same applies in this Article) or the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in item (ii) of the preceding Article; hereinafter the same applies in this Article), which are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities (excluding those listed on a designated foreign financial instruments exchange);
- (iv) the instruments or certificates issued by a foreign person which have the nature of the securities set forth in Article 2, paragraph (1), item (v), item (vii), or item (ix) of the Act (excluding those set forth in the preceding item and those listed on a designated foreign financial instruments exchange) or a beneficiary certificate of securities in trust of which the entrusted securities are the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in the preceding item and those listed on a designated foreign financial instruments exchange), which are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities; and
- (v) the instruments or certificates issued by a foreign person which have the nature of the securities set forth in Article 2, paragraph (1), item (v), item

(vii), or item (ix) of the Act (excluding those set forth in item (iii), those listed on a designated foreign financial instruments exchange, and those that are the entrusted securities of the certificates of a beneficial interest in a securities trust set forth in the preceding item) or the instruments or certificates a person that has been deposited the foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in item (iii), those listed on a designated foreign financial instruments exchange, and those that are the entrusted securities of the certificates of a beneficial interest in a securities trust set forth in the preceding item) issues in a country other than the country where the deposited instruments or certificates or foreign investment securities had been issued, which indicate rights related to deposited instruments or certificates or foreign investment securities, among which those listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities.

(Scope of Listed Securities)

Article 14-17 The securities set forth in Article 2, paragraph (1), item (v), item (vii), item (ix), or item (xi) of the Act (excluding those set forth in the items of Article 14-15) that are provided for in the proviso to Article 27-36, paragraph (1) of the Act of the listed company, etc., and those set forth in item (xix) of that paragraph that indicate options on the aforementioned securities, and other securities specified by Cabinet Order are as follows:

- (i) securities set forth in Article 2, paragraph (1), item (v), item (vii), item (ix), or item (xi) of the listed company, etc. (excluding those set forth in the items of Article 14-15 and the foreign investment securities set forth in item (xi) of that paragraph);
- (ii) instruments or certificates issued by the listed company, etc. that is a foreign person which have the nature of the securities set forth in Article 2, paragraph (1), item (v), item (vii), or item (ix) of the Act (excluding those set forth in Article 14-15, item (i); the same applies in the following item and item (iv)) or foreign investment securities set forth in item (xi) of that paragraph of the listed company, etc. (excluding those set forth in Article 14-15, item (ii); the same applies in the following item and item (iv)), which are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities;
- (iii) instruments or certificates issued by the listed company, etc. that is a foreign person which have the nature of the securities set forth in Article 2, paragraph (1), item (v), item (vii), or item (ix) of the Act (excluding those set forth in the preceding item) or foreign investment securities set forth in item (xi) of that paragraph of the listed company, etc. (excluding those set forth in

- the preceding item), and the certificates of a beneficial interest in a securities trust whose entrusted securities constitute those securities are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities;
- (iv) instruments or certificates issued by a listed company, etc. that is a foreign person which have the nature of the securities set forth in Article 2, paragraph (1), item (v), (vii) or (ix) of the Act (excluding those set forth in the preceding two items) or foreign investment securities set forth in item (xi) of that paragraph of a listed company, etc. (excluding those set forth in the preceding two items), which the securities set forth in item (xx) of that paragraph that indicate rights related to those securities are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities;
 - (v) securities set forth in Article 2, paragraph (1), item (x) of the Act which are related to an investment trust (meaning an investment trust as defined in Article 2, paragraph (3) of the Act on Investment Trusts and Investment Corporations; the same applies hereinafter) which are provided in the basic terms and conditions of the trust contract that the trust property is only to be invested in securities set forth in the preceding items of a listed company, etc. (hereinafter referred to as "subject securities" in this Article), or a foreign investment trust (meaning a foreign investment trust as defined in Article 2, paragraph (24) of that Act; the same applies hereinafter) similar to those securities;
 - (vi) securities set forth in Article 2, paragraph (1), item (xi) of the Act which are issued by an investment corporation or by a foreign investment corporation similar to the corporation which provides in its bylaws that assets are only to be invested in subject securities of a listed company, etc.;
 - (vii) securities set forth in Article 2, paragraph (1), item (xix) of the Act that indicate options on subject securities of a listed company, etc.;
 - (viii) securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with subject securities of a listed company, etc.;
 - (ix) certificates of a beneficial interest in a securities trust of which the entrusted securities are subject securities of the listed company, etc.;
 - (x) corporate bond certificates issued by a company other than a listed company, etc. (excluding corporate bond certificates with share options) which have a special provision that allows the redemption of those corporate bond certificates through subject securities of a listed company, etc. (limited to those for which the person that holds the corporate bond certificates has the right to have the issuing company of those corporate bond certificates redeem those corporate bond certificates through subject securities); and
 - (xi) instruments or certificates issued by a foreign person which have the

nature of securities set forth in the preceding item.

Chapter IV Financial Instruments Business Operators

(Wholesale Underwriting of Securities Constituting a Managing Underwriter)

Article 15 The wholesale underwriting of securities specified by Cabinet Order that is provided for in Article 28, paragraph (1), item (iii), sub-item (a) of the Act is that for which discussions are held with the issuer or holder (excluding a financial instruments business operator and registered financial institution (meaning a registered financial institution as defined in Article 2, paragraph (11) of the Act; the same applies hereinafter); hereinafter the same applies in this Article and Article 17-3, item (iii)) of the securities for fixing the content of the wholesale underwriting contract (meaning any of the contracts referred to in the following items concluded for a public offering or secondary distribution of securities, solicitation for acquisition only for professional investors (meaning the solicitation for acquisition only for professional investors set forth in Article 4, paragraph (3), item (i) of the Act; the same applies hereinafter), or solicitation for selling, etc. only for professional investors (meaning the solicitation for selling, etc. only for professional investors as defined in Article 2, paragraph (6) of the Act; the same applies hereinafter)) at the time of concluding that wholesale underwriting contract, and which are specified by Cabinet Office Order:

- (i) a contract providing that the relevant party will acquire all or part of the securities from the issuer or the holder of those securities for the purpose of having those securities acquired by other persons;
- (ii) a contract providing that, if there are no persons to acquire all or part of the securities, the underwriter will acquire the remaining securities from the issuer or holder of the securities; and
- (iii) a contract providing that, if the securities are share option certificates (meaning share option certificates prescribed in Article 28, paragraph (7), item (iii) of the Act; hereinafter the same applies in this item and Article 17-3, item (iii), sub-item (c)) and the person that has acquired the share option certificates does not exercise share options (meaning the share options prescribed in Article 28, paragraph (7), item (iii) of the Act; hereinafter the same applies in this item and Article 17-3, item (iii), sub-item (c)) for all or some of the share option certificates, the relevant person is to acquire the share option certificates for the unexercised share options from the issuer or holder, and that person or a third party exercises those share options.

(Acts that Lead to Cash Settlement)

Article 15-2 The act specified by Cabinet Order that is provided for in Article 28,

paragraph (8), item (iv), sub-item (a) of the Act is, for purchase and sale in which the parties promise to deliver and take delivery of a security and its value at a fixed time in the future without recourse to a financial instruments market or a foreign financial instruments market, an action that cancels the purchase and sale contract taken by the parties.

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

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

- (i) the lending and borrowing of the money needed to settle a margin transaction, etc. (meaning a margin transaction, purchase and sale of securities, or securities-related market derivatives transaction (meaning the transactions set forth in Article 28, paragraph (8), item (iii) of the Act; the same applies hereinafter) made on a financial instruments business operator's own account, or brokerage for clearing of securities, etc. (limited to that related to a margin transaction, purchase and sale of securities, or securities-related market derivatives transaction made on a financial instruments business operator's own account); the same applies in the following item) (limited to lending done by a securities finance company);
- (ii) the lending and borrowing of securities (if a person other than a securities finance company lends the securities necessary for the settlement of a margin transaction, etc. by using the clearing systems of a financial instruments exchange market or over-the-counter securities market, this is limited to lending associated with a margin transaction, etc. made without recourse to a financial instruments exchange market or an over-the-counter securities market);
- (iii) the delivery and receipt of collateral for the transactions set forth in the preceding two items;
- (iv) the delivery and receipt of beneficiary certificates or money, etc. related to the establishment of a securities investment trust, the redemption of a part of the principal of a securities investment trust, or the exchange between beneficiary certificates of a securities investment trust and listed securities, etc.; and
- (v) beyond what is set forth in the preceding three items, the delivery and receipt of securities or money, made for the performance of obligations that arise from the purchase and sale of securities, transactions of securities-related derivatives (meaning the transactions of securities-related derivatives prescribed in Article 28, paragraph (8), item (vi) of the Act; the same applies hereinafter), or the transactions set forth in the preceding items.

(Employees Related to the Application or Notification for Registration)

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

- (i) a person that supervises the work of providing guidance to ensure that laws and regulations, etc. (meaning laws and regulations, dispositions of a government agency given based on laws and regulations, the articles of incorporation, or any other rules; the same applies hereinafter) are observed with regard to a financial instruments business, or any other person specified by Cabinet Office Order as being equivalent to them;
- (ii) a person that supervises the department that gives advice or makes investments (including their instructions) with regard to investment advisory business (meaning an investment advisory business prescribed in Article 28, paragraph (6) of the Act; the same applies hereinafter) or investment management business (meaning the investment management business prescribed in Article 28, paragraph (4) of the Act; the same applies hereinafter), or any other person specified by Cabinet Office Order as being equivalent to that person.

(Securities Not Requiring a Statement in a Written Application for

Registration That Electronic Public offering Services Will Be Conducted)

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

- (i) the securities set forth in Article 2, paragraph (1), items (i) and (ii) of the Act;
- (ii) the securities for which the government guarantees the redemption of the principal or the payment of interest;
- (iii) the securities prescribed in Article 2-11;
- (iv) the securities for which a notification under the provisions of Article 4, paragraphs (1) through (3) or a shelf registration (meaning the shelf registration prescribed in Article 23-3, paragraph (3) of the Act) has been made;
- (v) in the case in which disclosure prescribed in Article 4, paragraph (7) of the Act (limited to the case set forth in item (ii) of that paragraph) has been made for securities, those securities;
- (vi) the securities associated with a secondary distribution that falls under Article 4, paragraph (1), item (iv) of the Act; and
- (vii) the rights set forth in Article 2, paragraph (2), item (v) or (vi) of the Act that are deemed to be securities pursuant to the provisions of that paragraph, which are associated with the business of lending money by allocating an

amount exceeding 50 percent of the total amount of money or other property invested or paid by persons that hold the rights in question.

(Calculation of the Amount of Brought-In Capital)

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

(Scope of Laws That Are to be the Criteria for Registration)

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

- (i) the Patent Act (Act No. 121 of 1959);
- (ii) the Utility Model Act (Act No. 123 of 1959);
- (iii) the Design Act (Act No. 125 of 1959);
- (iv) the Trademark Act (Act No. 127 of 1959);
- (v) the Copyright Act (Act No. 48 of 1970);
- (vi) the Act on Layout-Design of Semiconductor Integrated Circuits (Act No. 43 of 1985);
- (vii) the Act on Special Measures of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions (Act No. 95 of 1996);
- (viii) the Plant Variety Protection and Seed Act (Act No. 83 of 1998);
- (ix) the Civil Rehabilitation Act (Act No. 225 of 1999);
- (x) the Act on Recognition of and Assistance for Foreign Insolvency Procedures (Act No. 129 of 2000);
- (xi) the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006);
- (xii) the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Act No. 49 of 2006);
- (xiii) the Corporate Reorganization Act (Act No. 54 of 2002);
- (xiv) the Bankruptcy Act (Act No. 75 of 2004); and
- (xv) the Companies Act.

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

Article 15-7 (1) The amount specified by Cabinet Order that is provided for in

Article 29-4, paragraph (1), item (iv), sub-item (a) of the Act (including as applied mutatis mutandis pursuant to Article 31, paragraph (5) of the Act) is the amount specified in the following items in accordance with the category of cases set forth in each of those items:

- (i) if a financial instruments business operator seeks to conduct business related to the acts set forth in Article 28, paragraph (1), item (iii), sub-item (a) of the Act: three billion yen;
- (ii) if a financial instruments business operator seeks to conduct business related to the acts set forth in Article 28, paragraph (1), item (iii), sub-item (b) of the Act (excluding the case set forth in the preceding item): 500 million yen;
- (ii)-2 if a financial instruments business operator seeks to conduct specified over-the-counter derivatives transactions or intermediation, brokerage (excluding brokerage for clearing of securities, etc.), or agency by using an electronic data processing system to be used for its business of over-the-counter derivatives transactions, etc. (excluding the cases set forth in the preceding two items): 300 million yen;
- (iii) if a financial instruments business operator seeks to conduct a type I financial instruments business (excluding a type I small amount electronic public offering business (meaning the type I small amount electronic public offering business prescribed in Article 29-4-2, paragraph (10) of the Act; the same applies hereinafter)) (excluding the cases set forth in the preceding three items): 50 million yen;
- (iv) if a financial instruments business operator seeks to conduct an investment management business (excluding an investment management business for qualified investors (meaning the investment management business for qualified investors prescribed in Article 29-5, paragraph (1) of the Act; the same applies hereinafter)) (excluding the cases set forth in items (i) through (ii)-2): 50 million yen;
- (v) if a financial instruments business operator seeks to conduct a Type II Financial Instruments Business (meaning a Type II Financial Instruments Business prescribed in Article 28, paragraph (2) of the Act and excluding a Type II Small Amount Electronic Public offering Service (meaning a Type II Small Amount Electronic Public offering Service prescribed in Article 29-4-3, paragraph (4) of the Act; the same applies hereinafter)) (excluding the cases set forth in the preceding items): ten million yen;
- (vi) if a financial instruments business operator seeks to conduct a type I small amount electronic public offering service (excluding the cases set forth in items (i) through (iv)): ten million yen;
- (vii) if a financial instruments business operator seeks to conduct an investment management business for qualified investors (excluding the cases

- set forth in items (i) through (iv)): ten million yen; and
- (viii) if a financial instruments business operator seeks to conduct a type II small amount electronic public offering service (excluding the cases set forth in the preceding items): five million yen.
- (2) If an applicant is a foreign corporation and the amount of stated capital or the total amount of contribution referred to in Article 29-4, paragraph (1), item (iv), sub-item (a) of the Act is to be converted into Japanese currency, the conversion is to be made by using the exchange rate at the time of registration under Article 29 of the Act, or at the time of filing an application for changes to the registration under Article 31, paragraph (4) of the Act.

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

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

(Minimum Net Assets of a Financial Instruments Business Operator)

- Article 15-9 (1) The amount specified by Cabinet Order that is provided for in Article 29-4, paragraph (1), item (v), sub-item (b) of the Act (including as applied mutatis mutandis pursuant to Article 31, paragraph (5) of the Act) is the amount specified in the items of Article 15-7, paragraph (1) (excluding items (v) and (viii)) in accordance with the category of cases set forth in each of those items.
- (2) If an applicant is a foreign corporation and the amount of net assets referred to in Article 29-4, paragraph (1), item (iv) of the Act is to be converted into Japanese currency, the conversion is to be made using the exchange rate at the time of registration under Article 29 of the Act, or at the time of filing an application for changes to the registration under Article 31, paragraph (4) of the Act.

(Special Relationship)

- Article 15-10 (1) The special relationship specified by Cabinet Order that is provided for in Article 29-4, paragraph (5), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 31, paragraph (5) and Article 32, paragraph (5) of the Act) is the relationship specified in the following items in accordance with the category of persons set forth in each of those items:
- (i) a person that holds subject voting rights (meaning subject voting rights as defined in Article 29-4, paragraph (2) of the Act and excluding subject voting

- rights that are deemed to be held pursuant to the provisions of Article 29-4, paragraph (5) of the Act (limited to the part that involves item (ii)); hereinafter the same applies in this item) or a person whose subject voting rights are held by a controlled company: the relationship between that person and the following persons:
- (a) a person that jointly holds subject voting rights with that person, or that has agreed to jointly exercise subject voting rights with that person (referred to as a "joint holder" in paragraph (3));
 - (b) the person's spouse;
 - (c) the person's controlled company;
 - (d) the person's controlling shareholder, etc.; and
 - (e) another controlled company of the person's controlling shareholder, etc.;
- (ii) persons other than those set forth in the preceding item: the relationship between that person and the persons set forth in sub-item (a) or (b) of that item.
- (2) The term "controlling shareholder, etc." as used in item (i), sub-items (d) and (e) of the preceding paragraph means a person that holds voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company, and the term "controlled company" as used in item (i) of the preceding paragraph means a company in which voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. are held by a controlling shareholder, etc. In such a case, if a controlling shareholder, etc. and their controlled company jointly hold voting rights exceeding 50 percent of voting rights held by all the shareholders, etc. of another company, the other company is deemed to be the controlled company of the controlling shareholder, etc. and the controlling shareholder, etc. is deemed to be the controlling shareholder, etc. of the other company.
- (3) If there is a person that, together with a joint holder, jointly holds voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company, each of those persons is deemed to be a controlling shareholder, etc. (meaning a controlling shareholder, etc. prescribed in the preceding paragraph; the same applies in the following paragraph) of the company and the company is deemed to be a controlled company (meaning a controlled company prescribed in the preceding paragraph; the same applies in the following paragraph) of that person, and the provisions of paragraph (1) apply.
- (4) If there is a person that, together with their spouse, jointly holds voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company, that person is deemed to be the controlling shareholder, etc. of that company, the company is deemed to be the controlled company of that person, and the provisions of paragraph (1) apply.

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

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

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

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

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

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

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

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

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

- (i) a creditor of an investment corporation (meaning a creditor of an investment corporation prescribed in Article 139-3, paragraph (1), item (vii) of the Act on Investment Trusts and Investment Corporations) of a registered investment corporation (meaning a registered investment corporation as defined in Article 2, paragraph (13) of that Act) that is the counterparty to a contract set forth in Article 2, paragraph (8), item (xii), sub-item (a) of the Act; and
- (ii) an investor (meaning an employee of a foreign investment corporation) and a foreign creditor of an investment corporation (meaning a person that holds the rights indicated on the foreign investment securities provided for in the Act on Investment Trusts and Investment Corporations which are equivalent to the investment corporation bond certificates) that is the counterparty to a contract set forth in Article 2, paragraph (8), item (xii), sub-item (b) of the Act.

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

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

(Dealings in Private Placement Less Likely to be Transferred to Persons Other Than Qualified Investors)

Article 15-10-6 The dealings in private placement specified by Cabinet Order that are provided for in Article 29-5, paragraph (2) of the Act are those that satisfy the requirements prescribed in the following items in accordance with the category of cases set forth in each of those items:

- (i) cases in which rights associated with the securities are indicated on financial values which can be transferred by using an electronic data processing system: technical measures or other measures specified by Cabinet Office Order have been taken so that financial values cannot be transferred to persons other than qualified institutional investors (meaning the qualified institutional investors prescribed in Article 29-5, paragraph (3) of the Act; the same applies in the following item); and
- (ii) cases other than those set forth in the preceding item: the dealings in private placement are undertaken in a way that makes the acquisition conditional upon the conclusion of a contract for transfer between the issuer of the securities and the person that seeks to acquire the securities in response to the solicitation for acquisition for those securities (hereinafter the person is referred to as the "acquirer" in this item), as well as between the person that makes the solicitation for acquisition and the acquirer, which provides that the acquirer will not transfer the securities they acquired to persons other than qualified institutional investors and provides other particulars specified by Cabinet Office Order.

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

Article 15-10-7 The persons specified by Cabinet Order as being closely related to a financial instruments business operator (including a person that seeks to obtain the registration referred to in Article 29 of the Act), prescribed in Article 29-5, paragraph (3) of the Act, are the following persons:

- (i) an officer (meaning an officer prescribed in Article 29-2, paragraph (1), item (iii) of the Act) of the financial instruments business operator;
- (ii) an employee of the financial instruments business operator;
- (iii) the parent company, etc. (meaning a parent company, etc. prescribed in Article 15-16, paragraph (3)) of the financial instruments business operator;

and

- (iv) the persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding three items.

(Persons Investing Assets Related to Investment Business)

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

- (i) a financial instruments business operator, etc. (limited to those that engage in investment management business); and
- (ii) a corporation established under foreign laws and regulations, which is engaged in investment management business in a foreign country (excluding those set forth in the preceding item).

(Minimum Amount of Stated Capital for Authorization)

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

- (2) If an applicant is a foreign corporation and the amount of stated capital referred to in Article 30-4, item (ii) of the Act and the amount of net assets referred to in item (iii) of that paragraph are to be converted into Japanese currency, that conversion is made by using the exchange rate at the time of filing an application for the authorization referred to in Article 30, paragraph (1) of the Act.

(Amount of Business Security Deposit)

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

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

(Requirements for Contract in Lieu of Business Security Deposits)

Article 15-13 If a financial instruments business operator (limited to an

individual engaged in a Type II Financial Instruments Business (meaning the Type II Financial Instruments Business prescribed in Article 28, paragraph (2) of the Act; the same applies hereinafter) or a person that engages only in investment advisory and agency business; hereinafter the same applies in this Article through Article 15-15) concludes a contract prescribed in Article 31-2, paragraph (3) of the Act, they must conclude the contract with a bank, an insurance company, or other financial institutions specified by Cabinet Office Order, and the content of that contract must conform to the following requirements:

- (i) if the relevant person becomes subject to an order pursuant to the provisions of Article 31-2, paragraph (4) of the Act, the amount of business security deposit under that order are to be deposited without delay on behalf of the financial instruments business operator;
- (ii) the contract will be valid for a period of one year or longer; and
- (iii) unless approved by the Commissioner of the Financial Services Agency, the contract may not be cancelled, or the content of the contract may not be changed.

(Procedures for the Execution of Rights in Connection with Business Security Deposits)

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

(2) If a petition referred to in the preceding paragraph has been filed and is found to be well-grounded, the Commissioner of the Financial Services Agency must issue public notice to persons holding rights for the business security deposit to the effect that the rights must be reported within a fixed period of not less than 60 days, and that persons not reporting their rights within that period will be excluded from the distribution procedures, and must notify the person that has filed the petition referred to in the preceding paragraph (the person is referred to as the "petitioner" in the following paragraph and paragraph (4)) and the depositor (meaning a financial instruments business operator and the person that has deposited all or part of the business security deposit referred to in Article 31-2, paragraph (1) of the Act on behalf of the financial instruments business operator based on the contract prescribed in paragraph (3) of that Article pursuant to the order issued under the provisions of paragraph (4) of that Article; the same applies in paragraph (4) and paragraph (5)) to that effect.

(3) After a public notice under the provisions of the preceding paragraph has been given, even if the petitioner withdraws the petition, this does not stop the

procedures from proceeding.

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

(Refund of Business Security Deposit)

- Article 15-15 (1) A financial instruments business operator, their successor, or the person that has deposited the business security deposit on behalf of the financial instruments business operator may, if the financial instruments business operator has come to fall under any of the following cases, have all the deposit for operation from the deposit refunded by obtaining the approval of the Commissioner of the Financial Services Agency:
- (i) if the registration under Article 29 of the Act has been rescinded pursuant to the provisions of Article 52, paragraph (1) or (4) or Article 54 of the Act;
 - (ii) if the registration under Article 29 of the Act has become invalid pursuant to the provisions of Article 50-2, paragraph (2) of the Act; or
 - (iii) if the financial instruments business operator has obtained a registration of change referred to in Article 31, paragraph (4) of the Act for conducting financial instruments business other than a Type II Financial Instruments Business (limited to cases in which business is performed by an individual) or investment advisory and agency business.
- (2) A financial instruments business operator or a person that has deposited a business security deposit on behalf of the financial instruments business operator may, if the amount of business security deposit (including the contract

amount (meaning the contract amount prescribed in Article 31-2, paragraph (3) of the Act; hereinafter the same applies in this paragraph)) related to the financial instruments business operator has come to exceed the amount specified in Article 15-12, have all or part of the exceeding amount refunded, within the amount obtained by deducting the contract amount from the amount of the business security deposit, by obtaining the approval of the Commissioner of the Financial Services Agency.

(Scope of a Parent Corporation and a Subsidiary Corporation)

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

- (i) the relevant person's parent company, etc.;
- (ii) a subsidiary company, etc. of the relevant person's parent company, etc. (excluding the person themselves and the person set forth in the preceding item and item (i) of the following paragraph);
- (iii) an affiliated company, etc. of the relevant person's parent company, etc. (excluding the person set forth in item (ii) of the following paragraph); and
- (iv) the following companies, partnerships, or any other business entity equivalent to them (including those equivalent to them in a foreign country and excluding the person themselves and the persons set forth in the preceding three items and the items of the following paragraph; hereinafter referred to as the "company, etc." in this item) related to the individual that holds voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of the relevant person (hereinafter referred to as the "specified individual shareholder"):
 - (a) a company, etc. (including the subsidiary company, etc. and affiliated company, etc. of the company, etc.) in which that specified individual shareholder holds voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc.; and
 - (b) a company, etc. in which that specified individual shareholder holds voting rights that account for not less than 20 percent but not more than 50 percent of the voting rights held by all the shareholders, etc.

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

- (i) the relevant person's subsidiary company, etc.; and
- (ii) the relevant person's affiliated company, etc.

(3) The term "parent company, etc." as used in paragraph (1), items (i) through (iii) means those specified by Cabinet Office Order as a company, etc. which has control over the organ (meaning the shareholders meeting and any other

organs equivalent to it; hereinafter referred to as the "decision making body" in this paragraph) which is responsible for deciding the policies for finance, operations, and business of another company, etc. (meaning a company, partnership, or any other entity equivalent to it (including an equivalent entity in a foreign country); hereinafter the same applies in this Article) and the term "subsidiary company, etc." as used in paragraph (1), item (ii) and item (iv), sub-item (a), and item (i) of the preceding paragraph means another company, etc. whose decision making body is controlled by a parent company, etc. In such a case, if the parent company, etc. and subsidiary company, etc. or the subsidiary company, etc. has control over the decision making body of another company, etc., the other company, etc. is deemed to be the subsidiary company, etc. of the parent company, etc.

- (4) The term "affiliated company, etc." as used in paragraph (1), item (iii), item (iv), sub-item (a), and paragraph (2), item (ii) means another company, etc. (excluding a subsidiary company, etc.) specified by Cabinet Office Order for which a company etc. (including its subsidiary companies, etc. (meaning subsidiary companies, etc. prescribed in the preceding paragraph; hereinafter the same applies in this paragraph)) is able to exert a material influence on decisions on financial policies and operational or business policies through contribution, assumption of office as a director or other equivalent position by a person that is or has been an officer or employee of the company, etc., financing, guarantee of obligations, provision of collateral, provision of technology, or transactions, etc. in operations and business.
- (5) The particulars necessary for the determination of the holding of the voting rights prescribed in paragraph (1), item (iv) are specified by Cabinet Office Order taking into account of the manner in which they are held and other circumstances.

(Scope of Subsidiary Corporation of a Specified Major Shareholder)

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

- (i) the relevant person's subsidiary company, etc.; and
 - (ii) the relevant person's affiliated company, etc.
- (2) The term "subsidiary company, etc." as used in item (i) of the preceding paragraph means another company, etc. whose body that decides its financial and operational or business policies (meaning shareholders meeting or other equivalent body; hereinafter referred to as "decision-making body" in this paragraph) is controlled by its parent company, etc. (company, etc. specified by Cabinet Office Order that controls the decision-making body of another company, etc. (meaning a company, partnership or other equivalent entity,

including an equivalent entity in a foreign country; hereinafter the same applies in this Article) . In such a case, if a parent company, etc. and its subsidiary company, etc. or its subsidiary company, etc. controls the decision-making body of another company, etc., that company, etc. is deemed to be a subsidiary company, etc. of the parent company, etc.

- (3) The term "affiliated company, etc." as used in paragraph (1), item (ii) means another company, etc. (excluding a subsidiary company, etc.) specified by Cabinet Office Order for which a company, etc. (including its subsidiary companies, etc. (meaning subsidiary companies, etc. prescribed in the preceding paragraph; hereinafter the same applies in this paragraph)) is capable of exerting a material influence on decisions on financial policies and operational or business policies through contribution, assumption of office as a director or other equivalent position by a person that is or has been an officer or employee of the company, etc., financing, guarantee of obligations, provision of collateral, provision of technology, or transactions, etc. in operations and business.

(Securities Similar to Short-Term Corporate Bonds)

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

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

of Article 2, paragraph (1), item (iv) or (vii) of the Act.

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

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

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

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

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

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

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

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

- (i) the lending and borrowing of the money necessary for the settlement of brokerage for clearing of securities, etc. (limited to those related to a margin transaction, or the purchase and sale of securities or securities-related market derivatives transaction made on a financial instruments business operator's own account; the same applies in the following item) (limited to those related to lending done by a securities finance company);
- (ii) the lending and borrowing of securities (if persons other than a securities

- finance company lend the securities necessary for the settlement of brokerage for clearing of securities, etc. by using the clearing systems of a financial instruments exchange market or over-the-counter securities market, this is limited to lending related to brokerage for clearing of securities, etc. made without recourse to a financial instruments exchange market or an over-the-counter securities market);
- (iii) the delivery and receipt of collateral in a transaction set forth in the preceding two items;
 - (iv) the delivery and receipt of beneficiary certificates or money, etc. related to the establishment of a securities investment trust, the redemption of a part of the principal of a securities investment trust, or the exchange between beneficiary certificates of a securities investment trust and listed securities, etc.; and
 - (v) beyond what is set forth in the preceding items, delivery and receipt of securities or money made for the performance of the obligations that arise from the purchase and sale of securities, transaction of securities-related derivatives, or the transactions set forth in the preceding items.

(Persons Engaged in a Specified Financial Instruments Business)

Article 15-21 (1) When the person engaged in a specified financial instruments business prescribed in Article 33-8, paragraph (2) of the Act performs that business, they must clarify they are the person that acts as an agent for the registered financial institution related to that business.

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

- (i) a life insurance agent that is an individual (meaning a life insurance agent as defined in Article 2, paragraph (19) of the Insurance Business Act and excluding the officers and employees of a life insurance company as defined in paragraph (3) of that Article or a foreign life insurance company as defined in paragraph (8) of that Article);
- (ii) an officer that has the representative authority of a life insurance agent that is a corporation (meaning a life insurance agent as defined in Article 2, paragraph (19) of the Insurance Business Act);
- (iii) a non-life insurance representative that is an individual (meaning a non-life insurance representative as defined in Article 2, paragraph (21) of the Insurance Business Act; hereinafter the same applies in this paragraph);
- (iv) the employee of a non-life insurance representative that is an individual, for whom the notification under the provisions of Article 302 of the Insurance Business Act has been given;
- (v) the officers or employees of a non-life insurance representative that is a corporation, for whom the notification under the provisions of Article 302 of

the Insurance Business Act has been given; and
(vi) the officers that have the representative authority of a non-life insurance representative that is a corporation.

(Provision of Particulars Using Information and Communications Technology)

Article 15-22 (1) When seeking to provide a person with the particulars prescribed in Article 34-2, paragraph (4) of the Act pursuant to the provisions of that paragraph (including as applied mutatis mutandis pursuant to the provisions of Article 34-3, paragraph (12) (including as applied mutatis mutandis pursuant to the provisions of Article 34-4, paragraph (6) of the Act), Article 34-4, paragraph (3), Article 37-3, paragraph (2), Article 37-4, paragraph (2), Article 37-5, paragraph (2), Article 40-2, paragraph (6), Article 40-5, paragraph (3), and Article 42-7, paragraph (2) of the Act; hereinafter the same applies in this Article), a financial instruments business operator, etc. must indicate to the person to which they will provide that information the type and content of the means prescribed in that paragraph to be used to provide the information (hereinafter referred to as "electronic or magnetic means" in this Article) and obtain consent for this in writing or by electronic or magnetic means, in advance and pursuant to the provisions of Cabinet Office Order.

(2) If a financial instruments business operator, etc. that has obtained the consent under the provisions of the preceding paragraph receives a notice from the relevant person, either in writing or by electronic or magnetic means, indicating that the person is not willing to be provided with particulars by electronic or magnetic means, the financial instruments business operator, etc. must not use electronic or magnetic means to provide the person with the particulars prescribed in Article 34-2, paragraph (4) of the Act; provided, however, that this does not apply if the person gives the consent under the provisions of the preceding paragraph at another time.

(Obtaining Consent Using Information and Communications Technology)

Article 15-23 (1) When seeking to obtain a person's consent by the means specified by Cabinet Office Order that are prescribed in Article 34-2, paragraph (12) of the Act (hereinafter referred to as "electronic or magnetic means" in this Article) in lieu of consent in writing under the provisions of Article 34-2, paragraph (11) of the Act pursuant to the provisions of Article 34-2, paragraph (12) of the Act (including as applied mutatis mutandis pursuant to Article 34-3, paragraph (3) (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Act) and Article 43-4, paragraph (3) of the Act; hereinafter the same applies in this Article) , a financial instruments business operator, etc. must indicate to the person whose consent is sought the type and content of the electronic or magnetic means to be used and obtain consent for this in

writing or by electronic or magnetic means, in advance and pursuant to the provisions of Cabinet Office Order.

- (2) If a financial instruments business operator that has obtained a person's consent pursuant to the provisions of the preceding paragraph receives a notice from that person, either in writing or by electronic or magnetic means, indicating that the person will not give consent by electronic or magnetic means, the financial instruments business operator must not use electronic or magnetic means to obtain the person's consent prescribed in Article 34-2, paragraph (12) of the Act; provided, however, that this does not apply if the person has given the consent under the provisions of the preceding paragraph at another time.

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

Article 15-24 (1) In applying the provisions of Article 34-3, paragraph (4) of the Act when the subject contract referred to in Article 34-3, paragraph (4), item (ii) of the Act is an investment advisory contract (meaning an investment advisory contract as defined in Article 2, paragraph (8), item (xi) of the Act; the same applies hereinafter) or a discretionary investment contract, the phrase "the applicant is deemed to be a professional investor for the purpose of application of this Act (excluding Article 29-5, paragraph (3) and this Subsection)" in Article 34-3, paragraph (4) of the Act is deemed to be replaced with "the applicant is deemed to be a professional investor for the purpose of application of this Act (excluding Article 29-5, paragraph (3), this Subsection, and Article 45 (limited to the part that involves item (iii) and item (iv))), and the applicant is deemed to be a professional investor only during the period until the expiration date (if the financial instruments business operator, etc. has given the consent pursuant to the provisions of paragraph (2) and has given a consent in writing pursuant to the provisions of that paragraph for the request for renewal prescribed in paragraph (7) which the applicant has made prior to the expiration date, the expiration date related to the request for renewal) for the purpose of the application of Article 45 (limited to the part that involves item (iii) and item (iv)))".

- (2) In applying the provisions of Article 34-3, paragraph (4) of the Act when the subject contract referred to in Article 34-3, paragraph (4), item (ii) of the Act as applied *mutatis mutandis* pursuant to Article 34-4, paragraph (6) of the Act is an investment advisory contract or a discretionary investment contract, the phrase "the applicant is deemed to be a professional investor for the purpose of application of this Act (excluding Article 29-5, paragraph (3) and this Subsection)" in Article 34-4, paragraph (4) of the Act is deemed to be replaced with "the applicant is deemed to be a professional investor for the purpose of

application of this Act (excluding Article 29-5, paragraph (3), this Subsection, and Article 45 (limited to the part that involves item (iii) and item (iv))), and the applicant is deemed to be a professional investor only during the period until the expiration date (if the financial instruments business operator, etc. has delivered the documents and made the confirmation pursuant to the provisions of paragraph (2) of the following Article and has given the consent pursuant to the provisions of paragraph (2) as applied mutatis mutandis pursuant to paragraph (6) of the following Article, and has given a consent in writing pursuant to the provisions of paragraph (2) for the request for renewal prescribed in paragraph (7) which the applicant has made prior to the expiration date, the expiration date related to the request for renewal) for the purpose of the application of Article 45 (limited to the part that involves item (iii) and item (iv))".

(Assets Excluded from Specified Assets That Are Subject to Investment)

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

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

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

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

(Material Particulars That Have an Impact on Customers' Judgment)

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

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

- instruments transaction contract, its amount or its calculation method;
- (iii) if there is a possibility that the amount (meaning the amount obtained by multiplying the number or volume of the transactions to the amount of consideration offered for the transactions or the agreed figure (meaning the agreed figure prescribed in Article 2, paragraph (21), item (ii) of the Act; the same applies hereinafter); hereinafter the same applies in this item and Article 18, paragraph (1), item (iii)) of derivative transactions (in the case of the transactions set forth in Article 2, paragraph (21), item (iii) of the Act, the transactions set forth in sub-item (a) and (b) of that item which are closed by the exercise of the rights under that item, in the case of the transactions set forth in Article 2, paragraph (22), item (iii) of the Act, the transactions set forth in sub-items (a) and (b) of that item which are closed by the exercise of the rights under that item, and in the case of the transactions set forth in Article 2, paragraph (22), item (iv) of the Act, the transactions for which money is to be paid or received that are prescribed in that item and which are closed by the exercise of the rights under that item), margin transactions, and other transactions specified by Cabinet Office Order conducted by a customer (hereinafter referred to as the "derivatives transaction, etc." in this item and Article 18, paragraph (1), item (iii)) exceeds the amount of the customer margin, other security deposit, or any other amount specified by Cabinet Office Order payable by the customer for the derivatives transaction, etc. (hereinafter referred to as the "amount of security deposit, etc." in this Article and Article 18), the following particulars:
- (a) the fact that the amount of the derivatives transaction, etc. may exceed the amount of security deposit, etc.; and
- (b) the ratio of the amount of the derivatives transaction, etc. to the amount of security deposit, etc. (if that ratio cannot be calculated, that fact and the reason);
- (iv) the following particulars, if there is a risk of losses arising directly from fluctuations in money rates, the value of currencies, quotations on a financial instruments market, or any other indicators, regarding an act of financial instruments transaction (meaning an act constituting financial instruments transaction prescribed in Article 34 of the Act; the same applies hereinafter) conducted by a customer:
- (a) the indicator in question; and
- (b) the fact that there is a risk of losses arising from fluctuations in that indicator and the reasons for this;
- (v) if there is a risk that the amount of loss referred to in the preceding item may exceed the amount of security deposit, etc. (hereinafter referred to as the "risk of loss in excess of principal" in this item), the following particulars:

- (a) the indicator referred to in the preceding item, which is the direct cause for the risk of loss in excess of principal; and
 - (b) the fact that there is a risk of loss in excess of principal due to fluctuations in the indicator set forth in sub-item (a) and the reason for this;
 - (vi) if there is a difference between the sale price and purchase price of the financial instruments indicated by the financial instruments business operator, etc. for over-the-counter derivatives transactions (in the cases of the transactions set forth in Article 2, paragraph (22), items (ii) through (vi) of the Act, the particulars specified by Cabinet Office Order as being equivalent to the sale price and purchase price), that fact; and
 - (vii) the particulars specified by Cabinet Office Order as being equivalent to the particulars set forth in the preceding items.
- (2) Notwithstanding the provisions of the preceding paragraph, the particulars specified by Cabinet Order that are provided for in Article 37, paragraph (1), item (iii) of the Act, when the acts prescribed in Article 37, paragraph (1) of the Act are to be performed by broadcasting using the broadcasting equipment of a private broadcaster or any other means specified by Cabinet Office Order as being equivalent to this, are as follows:
- (i) if there is a risk of losses arising directly from fluctuations in money rates, the value of currencies, quotations on a financial instruments market, or any other indicator, regarding an act constituting financial instruments transaction conducted by a customer, an indication of this risk (if there is a risk that the amount of loss may exceed the amount of security deposit, etc., including an indication of that risk); and
 - (ii) the particulars specified by Cabinet Office Order as being equivalent to the particulars set forth in the preceding item.

(Scope of Specified Financial Instruments Business Operator)

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

- (i) a financial instruments business operator that engages in the securities-related services (meaning securities-related services prescribed in Article 28, paragraph (8) of the Act; the same applies hereinafter) (limited to persons has obtained the registration referred to in Article 29 of the Act for engaging in type I financial instruments business); and
- (ii) a registered financial institution.

(Scope of Parent Financial Institution and Subsidiary Financial Institution)

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

Article 15-16, paragraph (1).

- (2) The persons engaged in financial business specified by Cabinet Order that are provided for in Article 36, paragraphs (4) and (5) are the following persons:
- (i) a person set forth in the items of Article 1-9;
 - (ii) a notifier of specially permitted services (meaning a notifier of specially permitted services prescribed in Article 63, paragraph (5) of the Act; the same applies hereinafter);
 - (iii) a notifier of specially permitted services for foreign investors, etc. (meaning a notifier of specially permitted services for foreign investors, etc. prescribed in Article 63-9, paragraph (4) of the Act; the same applies hereinafter);
 - (iv) a person engaged in the following business in a foreign country in compliance with foreign laws and regulations (excluding a financial instruments business operator, bank, cooperative financial institution, and a person set forth in the preceding three items):
 - (a) financial instruments business;
 - (b) banking business as defined in Article 2, paragraph (2) of the Banking Act (Act No. 59 of 1981); and
 - (c) insurance business as defined in Article 2, paragraph (1) of the Insurance Business Act.
- (3) The persons specified by Cabinet Order that are provided for in Article 36, paragraph (5) of the Act are the persons set forth in the items of Article 15-16, paragraph (2).

(Solicitation Requiring Notification of the Content of Documents to the Prime Minister)

Article 16-2 The solicitation specified by Cabinet Order that is provided for in Article 37-3, paragraph (3) of the Act is solicitation in response to which not less than 500 persons are to conclude the financial instruments transaction contract related to the solicitation.

(Contracts That May Be Cancelled by the Customer)

- Article 16-3 (1) The financial instruments transaction contract specified by Cabinet Order that is provided for in Article 37-6, paragraph (1) of the Act is an investment advisory contract.
- (2) The number of days specified by Cabinet Order that is provided for in Article 37-6, paragraph (1) of the Act is ten days.

(Contracts Prohibiting Uninvited Solicitation)

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

following contracts:

- (i) a contract providing that the following transactions from among the over-the-counter derivatives transactions are conducted with customers or a contract providing that the relevant person acts as an intermediary, a broker (excluding brokerage for clearing of securities, etc.), or an agent of those transactions on behalf of the customer:
 - (a) a transaction comprising a purchase and sale in which the parties to the purchase and sale promise to deliver and take delivery of a financial instrument (limited to those set forth in Article 2, paragraph (24), item (ii) or (iii) of the Act; hereinafter the same applies in this item) and its value at a fixed time in the future, and which the parties may settle by delivering and taking delivery of the difference in values if they sell back or buy back the underlying financial instrument or if they take an act that cancels the purchase and sale contract;
 - (b) a transaction comprising the parties' promises to pay and receive an amount of money calculated based on the difference between the numerical value of a financial index upon which the parties agree in advance (limited to the prices of the financial instruments or the interest rates, etc. (meaning the interest rate, etc. as defined in Article 2, paragraph (21), item (iv) of the Act; the same applies hereinafter) of the financial instruments (excluding those set forth in Article 2, paragraph (24), item (iii) of the Act) or the figures calculated based on the interest rates, etc.; the same applies in sub-item (b)) and the actual numerical value of the financial index at a fixed time in the future, or any other similar transactions;
 - (c) a transaction comprising the first party's promise to grant the second party the right to close one of the following transactions between them by a unilateral manifestation of the second party's intention, and the second party's promise to pay the value of that right; or any other similar transaction:
 - 1. a purchase and sale of financial instruments (excluding the transactions set forth in sub-item (a)); and
 - 2. a transaction set forth in sub-item (a) or (b);
 - (d) cryptoasset-related over-the-counter derivatives transactions; and
 - (ii) a contract providing that an over-the-counter derivatives transaction is to be conducted with individual customers or intermediation, brokerage (excluding brokerage for clearing of securities, etc.), or agency for over-the-counter derivatives transactions is to be performed on behalf of individual customers (excluding contracts that fall under the contracts set forth in the preceding item).
- (2) The contract specified by Cabinet Order that is provided for in Article 38,

items (v) and (vi) of the Act is one of the contracts set forth in the items of the preceding paragraph or one of the following contracts:

- (i) a contract providing that intermediation, brokerage (excluding brokerage for clearing of securities, etc.), or agency is to be conducted for the following transactions from among the market derivatives transaction on behalf of customers, or that intermediation, brokerage, or agency is to be conducted for the entrustment of those transactions:
 - (a) a transaction comprising a purchase and sale in which the parties to the purchase and sale promise to deliver and take delivery of a financial instrument (limited to those set forth in Article 2, paragraph (24), item (ii) or (iii) of the Act or those set forth in Article 2, paragraph (24), item (v) of the Act (limited to those related those set forth in Article 2, paragraph (24), item (ii) of the Act); hereinafter the same applies in this item) and its value at a fixed time in the future, and which the parties may settle by delivering and taking delivery of the difference in values if they sell back or buy back the underlying financial instrument;
 - (b) a transaction comprising the parties' promises to pay and receive an amount of money calculated based on the difference between the numerical value of a financial index upon which the parties agree in advance (limited to the prices of the financial instruments or the interest rates, etc. of the financial instruments (excluding those set forth in Article 2, paragraph (24), item (iii) of the Act) or the figures calculated based on the interest rates, etc.; the same applies in sub-item (b)) and the actual numerical value of the financial index at a fixed time in the future;
 - (c) a transaction comprising the first party's promise to grant the second party the right to close one of the following transactions between them by a unilateral manifestation of the second party's intention, and the second party's promise to pay the value of that right:
 - 1. a purchase and sale of financial instruments (excluding the transaction set forth in sub-item (a)); and
 - 2. a transaction set forth in sub-item (a) or (b) (including the transactions equivalent to the transaction set forth in sub-item (b), which are specified by a financial instruments exchange);
 - (d) cryptoassets-related over-the-counter derivatives transactions prescribed in Article 185-24, paragraph (1) of the Act;
 - (e) commodity-related market derivatives transactions as defined in Article 2, paragraph (8), item (i) of the Act; and
- (ii) a contract providing that intermediation, brokerage (excluding brokerage for clearing of securities, etc.), or agency for transactions similar to those set forth in sub-items (a) through (d) of the preceding item from among the foreign market derivatives transactions are to be conducted on behalf of

customers or that intermediation, brokerage, or agency for entrustment of those transactions are to be conducted.

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

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

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

(Exemptions to the Prohibition on Compensation for Loss)

Article 16-5 The transactions specified by Cabinet Order that are provided for in Article 39, paragraph (1), item (i) of the Act are, the purchase and sale on condition of repurchase related to the securities set forth in Article 2, paragraph (1), items (i) through (v) and item (xv) of the Act (excluding corporate bond certificates with share options; hereinafter the same applies in this Article), the securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the securities set forth in Article 2, paragraph (1), items (i) through (v) and item (xv) of the Act, and the securities set forth in Article 1, item (i), for which the repurchase price is set in advance (hereinafter referred to as "purchase and sale of bonds, etc. on condition of repurchase" in this Article), which are conducted by a financial instruments business operator, etc. solely for their own procurement of funds (including those conducted for procuring funds that will become insufficient due to their becoming a counterparty to other purchase and sale of bonds, etc. on condition of repurchase)

(Exemptions to the Application of the Best Execution Policy)

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

(i) purchase and sale of securities (excluding those set forth below):

(a) the purchase and sale of listed share certificates, etc. (meaning the share certificates, corporate bond certificates with share options, and any other securities specified by Cabinet Office Order which are listed on a financial instrument exchange; the same applies in paragraph (3)) (excluding purchase and sale that falls under a derivatives transaction; hereinafter the same applies in this item and paragraph (3));

(b) the purchase and sale of over-the-counter traded securities; and

(c) the purchase and sale of tradable securities; and

(ii) derivatives transactions.

(2) The best execution policy, etc. under the provisions of Article 40-2, paragraph (1) of the Act must be established by stating the method for executing orders under the best terms and conditions for each issue for the transactions of securities, etc. prescribed in that paragraph and the reason for choosing that method.

(3) The transactions specified by Cabinet Order that are provided for in Article 40-2, paragraph (4) of the Act are the purchase and sale of listed share certificates, etc. and over-the-counter traded securities.

(Things Similar to Money)

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

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

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

- (i) selling the thing in question (excluding what is set forth below):
 - (a) selling the thing in question on a financial instruments exchange market, over-the-counter securities market, or foreign financial instruments market;
 - (b) selling of share certificates, etc. (meaning share certificates, etc. prescribed in Article 27-2, paragraph (1) of the Act) in connection with a tender offer prescribed in Article 27-2, paragraph (6) of the Act;
 - (c) selling of listed share certificates, etc. (meaning the listed share certificates, etc. prescribed in Article 24-6, paragraph (1) of the Act) in connection with a tender offer prescribed in Article 27-2, paragraph (6) of the Act as applied mutatis mutandis pursuant to the provisions of Article 27-22-2, paragraph (2) of the Act following the deemed replacement of terms;
 - (d) selling of the thing in question through a purchase and sale transaction of securities which is closed when the rights acquired or granted in the transactions of securities-related derivatives (meaning transactions of securities-related derivatives prescribed in Article 28, paragraph (8), item (vi) of the Act and limited to the transactions set forth in Article 28, paragraph (8), item (iii), sub-item (c) of the Act (limited to a transaction related to Article 28, paragraph (8), item (iii), sub-item (c), 1. of the Act) or Article 28, paragraph (8), item (iv), sub-item (c) of the Act (limited to a transaction related to Article 28, paragraph (8), item (iv), sub-item (c), 1. of the Act)) are exercised (such a purchase and sale transaction is referred to as the "specified purchase and sale transaction" in the following item);
 - (e) selling associated with a purchase and sale of securities set forth in Article 2, paragraph (8), item (x) of the Act; and
 - (f) beyond what is set forth in sub-items (a) through (e), a thing specified by Cabinet Office Order as something that would not compromise the protection of investors;
- (ii) the conclusion of a contract providing that intermediation, brokerage, or agency (excluding those set forth below) for purchases (excluding purchases conducted through specified purchase and sale transactions; hereinafter the same applies in this item) are to be conducted:

- (a) intermediation, brokerage (excluding brokerage for clearing of securities, etc.), or agency for purchases made on a financial instruments exchange market, over-the-counter securities market, or foreign financial instruments market;
- (b) the acts set forth in Article 2, paragraph (8), item (x) of the Act;
- (c) brokerage for clearing of securities, etc.; and
- (d) beyond what is set forth in sub-items (a) through (c), acts specified by Cabinet Office Order as those which would not compromise the protection of investors.

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

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

- (i) a case in which the acts are carried out as Type II Financial Instruments Business;
- (ii) a case in which the acts are performed as registered financial institution business (meaning the registered financial institution business set forth in Article 33-3, paragraph (1), item (vi), sub-item (a) of the Act);
- (iii) a case in which a financial instruments business operator that is a financial instruments intermediary service provider performs the acts as a financial instruments intermediary service;
- (iv) a case in which a registered financial institution that is a financial institution engaged in trust business (meaning a financial institution that obtained the authorization referred to in Article 1, paragraph (1) of the Act on Engagement in Trust Business by Financial Institutions (Act No. 43 of 1943); the same applies hereinafter) performs the acts as trust business (meaning trust business set forth in that paragraph; the same applies hereinafter);
- (v) a case in which a financial instruments business operator that is a financial service intermediary (meaning the financial service intermediary prescribed in Article 11, paragraph (6) of the Act on the Provision of Financial Services (Act No. 101 of 2000); the same applies hereinafter) conducts the acts as securities, etc. intermediary business operations (meaning the securities, etc. intermediary business operations prescribed in paragraph (4) of that Article; the same applies in Article 16-11, item (iv)); and
- (vi) cases specified by Cabinet Office Order as being equivalent to the cases set forth in the preceding items.

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

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

- (i) a case in which a registered financial institution that is a financial institution engaged in trust business performs the acts as a trust business;
- (ii) a case in which deposits, savings, or installment savings, etc. prescribed in Article 2, paragraph (4) of the Banking Act are accepted; and
- (iii) cases specified by Cabinet Office Order as being equivalent to the cases set forth in the preceding two items.

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

Article 16-10 The persons specified by Cabinet Order that are provided for in Article 41-4 and Article 42-5 of the Act are any of the following persons that are not a financial instruments business operator, etc. (limited to those engaged in securities, etc. management business (meaning the securities, etc. management business as defined in Article 28, paragraph (5) of the Act; the same applies in Article 18-2)), a bank, or other persons specified by Cabinet Office Order:

- (i) a relative (limited to the spouse and the relatives by blood or affinity within the third degree of kinship) of the financial instruments business operator, etc. (limited to one that is an individual);
- (ii) officers (meaning the officers prescribed in Article 29-2, paragraph (1), item (iii) of the Act and if the officer is a corporation, this includes the members that are to perform the duties of the corporation; the same applies in Article 18-2, item (ii)) or an employee of the financial instruments business operator, etc. (limited to one that is a corporation; hereinafter the same applies in this Article);
- (iii) a parent corporation, etc. (meaning a parent corporation, etc. as defined in Article 31-4, paragraph (3) of the Act; the same applies hereinafter) or subsidiary corporation, etc. (meaning a subsidiary corporation, etc. as defined in Article 31-4, paragraph (4) of the Act; the same applies hereinafter) of the financial instruments business operator, etc.;
- (iv) a specified individual shareholder of the financial instruments business operator, etc. (excluding those set forth in item (ii)); and
- (v) the persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding items.

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

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

- (i) a case in which a financial instruments business operator (limited to one engaged in a type I financial instruments business) performs the following

acts:

- (a) lending of money or securities to customers as a business set forth in Article 35, paragraph (1) of the Act (excluding those incidental to a margin transaction; the same applies in sub-item (c) of this item, sub-item (b) of the following item, and item (iv));
- (b) intermediation or agency for lending of money to customers which are made by another financial instruments business operator incidentally with a margin transaction;
- (c) intermediation or agency for lending of money or securities to customers which are made by another financial instruments business operator as a business prescribed in Article 35, paragraph (1) of the Act;
- (ii) a case in which a financial instruments business operator that is a financial instruments intermediary service provider performs the following acts:
 - (a) intermediation for lending of money or securities to customers which are made by an entrusting financial instruments business operators, etc. (meaning an entrusting financial instruments business operator, etc. prescribed in Article 66-2, paragraph (1), item (iv) of the Act; the same applies hereinafter) incidentally with a margin transaction;
 - (b) intermediation for lending of money or securities to customers which are made by an entrusting financial instruments business operator, etc. as a business prescribed in Article 35, paragraph (1) of the Act;
- (iii) a case in which a registered financial institution that is a financial institution engaged in trust business performs the following acts:
 - (a) lending of money or securities to customers; and
 - (b) intermediation or agency for lending money or securities to customers, performed by other financial institutions (limited to banks, cooperative financial institutions, the Shoko Chukin Bank Limited, insurance companies, or securities finance companies);
- (iv) a case in which a financial instruments business operator that is a financial service intermediary engages in intermediation for lending of money or securities to customers which are made by the counterparty financial institution (meaning the counterparty to a specified financial service contract (meaning the specified financial service contract prescribed in Article 31, paragraph (2) of the Act on the Provision of Financial Services; the same applies in Article 18-4-15, paragraph (5)) concluded by a customer through the securities, etc. intermediary business operations conducted by a financial service intermediary; the same applies in Article 16-13, item (v)), as the services prescribed in Article 35, paragraph (1) of the Act; and
- (v) cases specified by Cabinet Office Order as being equivalent to the cases set forth in the preceding items.

(Persons That May Entrust the Authority for Investment)

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

- (i) another financial instruments business operator, etc. (limited to one engaged in an investment management business); and
- (ii) a corporation established in accordance with foreign laws and regulations which engages in an investment management business in a foreign country (for the types of businesses prescribed in Article 29-2, paragraph (1), item (v) of the Act which are not investment advisory and agency business, excluding the persons that have obtained the registration referred to in Article 29 of the Act).

(Exemptions to the Prohibition on Lending of Money or Securities in Relation to Investment Management Business)

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

- (i) a case in which a financial instruments business operator, etc. provides intermediation or agency for lending of money or securities to customers which are made by another financial instruments business operator incidentally with a margin transaction;
- (ii) a case in which a financial instruments business operator (limited to one engaged in a type I financial instruments business) performs the following acts:
 - (a) the lending of money or securities to customers as a business set forth in Article 35, paragraph (1) of the Act (excluding those incidental to a margin transaction; the same applies in sub-item (b) of this item, sub-item (b) of the following item, and item (v));
 - (b) intermediation or agency for lending of money or securities to customers which are made by another financial instruments business operator as a business set forth in Article 35, paragraph (1) of the Act;
- (iii) a case in which a financial instruments business operator that is a financial instruments intermediary service provider performs the following acts (excluding the cases set forth in item (i)):
 - (a) intermediation or agency for lending of money or securities to customers which are made by an entrusting financial instruments business operator, etc. incidentally with a margin transaction;
 - (b) intermediation for lending of money or securities to customers which are made by an entrusting financial instruments business operator, etc. as a business set forth in Article 35, paragraph (1) of the Act;
- (iv) a case in which a registered financial institution which is a financial institution engaged in trust business performs the following acts:

- (a) lending of money or securities to customers;
- (b) intermediation or agency for lending of money or securities to customers which are made by a financial instruments business operator incidentally with a margin transaction; and
- (c) intermediation or agency for lending of money or securities to customers which are made by other financial institutions (limited to banks, cooperative financial institutions, the Shoko Chukin Bank Limited, insurance companies, or securities finance companies);
- (v) a case in which a financial instruments business operator that is a financial service intermediary engages in intermediation for lending of money or securities to customers which are made by the counterparty financial institution, as the services prescribed in Article 35, paragraph (1) of the Act; and
- (vi) cases specified by Cabinet Office Order as being equivalent to the cases set forth in the preceding items.

(Number of Right Holders Entitled to Investment Property Not Requiring the Submission of Investment Reports)

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

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

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

(Order for Public Notice of Business Reports)

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

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

Article 16-17 The period specified by Cabinet Order that is provided for in the provisions of Article 46-4 and Article 47-3 of the Act is four months; provided, however, that if a financial instruments business operator that is a foreign corporation or an individual having an address in a foreign country is found to be unable to keep the explanatory documents (meaning the explanatory

documents prescribed in Article 46-4 or Article 47-3 of the Act) and provide them for public inspection or publicize them using the internet or through other means pursuant to the provisions of Cabinet Office Order that are prescribed in Article 46-4 or Article 47-3 of the Act from the day on which four months have elapsed from the end of its business year due to the laws and regulations or practices in its home country, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Special Provisions on the Due Date for Submission of Business Reports by Foreign Corporations)

Article 16-18 The period specified by Cabinet Order that is provided for in Article 46-3, paragraph (1) of the Act as applied pursuant to the provisions of Article 49, paragraph (1) of the Act following the deemed replacement of terms and provided for in Article 47-2 and Article 48-2, paragraph (1) of the Act as applied pursuant to the provisions of Article 49, paragraph (3) of the Act following the deemed replacement of terms is three months; provided, however, that if a financial instruments business operator that is a foreign corporation or an individual having an address in a foreign country or a registered financial institution which is a foreign corporation is found to be unable to submit business reports within three months after the end of its business year due to the laws and regulations or practices in their home country, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Due Date for Submission of Other Documents)

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

(Assets Required to Be Retained in Japan)

Article 16-20 The liabilities on the accounts of all business offices or offices that are provided for in Article 49-5 of the Act which are specified by Cabinet Order are liabilities that are other than obligations against the head office of the financial instruments business operator prescribed in that Article or other non-residents among those liabilities.

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

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

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Assets for Which Retention in Japan May Be Ordered)

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

(Total Asset Value Threshold Requiring Notification for a Special Financial Instruments Business Operator)

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

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

Article 17-2-3 (1) The period specified by Cabinet Order that is provided for in Article 57-2, paragraph (2) of the Act is one month (three months in the case of quarterly securities reports and other documents set forth in item (ii) of that paragraph that are specified by Cabinet Office Order as documents that are difficult to submit within that period); provided, however, that if the parent

company (meaning the parent company prescribed in paragraph (8) of that Article; hereinafter the same applies in this Chapter) of a special financial instruments business operator (meaning a special financial instruments business operator prescribed in that paragraph; the same applies hereinafter) is a foreign company, and the special financial instruments business operator is found to be unable to submit the documents within three months after the notification date (meaning the notification date prescribed in paragraph (2) of that Article; the same applies in the following paragraph) due to the laws and regulations or practices in the home country of the parent company or any other compelling reasons, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

- (2) The period specified by Cabinet Order that is provided for in Article 57-2, paragraph (3) of the Act is one month (three months in the case of quarterly securities reports and other documents set forth in paragraph (2), item (ii) of that Article that are specified by Cabinet Office Order as documents that are difficult to submit within that period); provided, however, that if the parent company of a special financial instruments business operator is a foreign company, and the special financial instruments business operator is found to be unable to submit those documents within three months after the date on which the parent company became its parent company on or after the notification date due to the laws and regulations or practices in the home country of the parent company or any other compelling reasons, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.
- (3) The period specified by Cabinet Order that is provided for in Article 57-2, paragraph (5) of the Act is one month (three months in the case of quarterly securities reports and other documents that are specified by Cabinet Office Order as documents that are difficult to submit within that period); provided, however, that if the parent company of a special financial instruments business operator is a foreign company, and the special financial instruments business operator is found to be unable to submit those documents within three months after the end of the quarter (meaning the quarter prescribed in Article 46-6, paragraph (3) of the Act) due to the laws and regulations or practices in the home country of the parent company or any other compelling reasons, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Scope of Subsidiary Corporations of a Special Financial Instruments Business Operator)

Article 17-2-4 The persons that satisfy the requirements specified by Cabinet

Order that are provided for in Article 57-2, paragraph (9) of the Act are the persons set forth in the items of Article 15-16-2, paragraph (1).

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

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

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

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

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

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

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

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

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

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

(Due Date for Submission of Documents by a Designated Parent Company)

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

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

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

(2) The order under the provisions of Article 57-15, paragraph (3) of the Act is to be given by providing that public notice under those provisions is required to be published in a daily newspaper that publishes information on current events.

(Transitional Period Related to Preparation and Public Inspection of

Explanatory Documents of the Ultimate Designated Parent Company)

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

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

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

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

(2) The period specified by Cabinet Order that starts to run from the day on which the company became an ultimate designated parent company prescribed in Article 57-17, paragraph (3) of the Act is one month.

(3) The period specified by Cabinet Order that starts to run from the end of the quarter for the ultimate designated parent company prescribed in Article 57-17, paragraph (3) of the Act is four months; provided, however, that if an ultimate designated parent company that is a foreign company is found to be unable to keep the documents set forth in paragraph (3) of that Article and provide them for public inspection from the day on which four months have elapsed from the end of the quarter for the ultimate designated parent company prescribed in paragraph (2) of that Article due to the laws and regulations or practices in its home country or any other compelling reasons, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Technical Replacement of Terms for Application of the Provisions of the Act to

a Foreign Company)

Article 17-2-12 (1) If the parent company of a special financial instruments business operator is a foreign company, the technical replacement of terms pursuant to the provisions of Article 57-27 of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 57-13, paragraph (2), item (ii)	the articles of incorporation, certificate of registered information,	the articles of incorporation, certificate of registered information (including documents equivalent to them), and certificate of registered information of the principal business office or office in Japan
Article 57-18, paragraph (1), item (ii)	it files a petition to commence bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings	it files a petition to commence bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or liquidation proceedings in Japan or a files the same kind of petition in a country where its head office or principal business office is located based on the laws and regulations of that country
Article 57-18, paragraph (2), item (ii)	the officer that represented the designated parent company	the officer of a designated parent company
Article 57-18, paragraph (2), item (iii)	it dissolves as a result of an order to commence bankruptcy proceedings	it receives an order to commence bankruptcy proceedings, or has commenced the same kind of procedures as bankruptcy proceedings in a country where its head office or principal business office is located based on the laws and regulations of that country
	the bankruptcy trustee	the bankruptcy trustee or the person equivalent to a bankruptcy trustee in that country

Article 57-18, paragraph (2), item (iv)	the liquidator	the liquidator or the person equivalent to a liquidator in the country where its head office or principal business office is located
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(2) In applying the provisions of Article 57-15, paragraph (1) of the Act to cases in which an ultimate designated parent company is a foreign company, the term "within three months" in that paragraph is deemed to be replaced with "within three months (within the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order if the ultimate designated parent company is found to be unable to submit its business reports within three months after the end of its business year due to the laws and regulations or practices in its home country or any other compelling reasons)".

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

Article 17-3 The cases specified by Cabinet Order that are provided for in the proviso to Article 58-2 of the Act are the following cases (excluding cases in which, for securities for professional investors, the acts set forth in Article 2, paragraph (8), items (i) through (iv) or item (x) of the Act are to be performed with general investors (meaning general investors prescribed in Article 40-4 of the Act; hereinafter the same applies in this Article) (excluding cases in which disclosure has been made for the securities for professional investors, those in which intermediation for a sale on behalf of the general investors not based on a solicitation for general investors is made, or any other cases specified by Cabinet Office Order as being less likely to result in insufficient protection of investors) and cases in which the foreign securities services provider conducts specified over-the-counter derivatives transactions or intermediation, brokerage (excluding brokerage for the clearing of securities, etc.), or agency using an electronic data processing system to be used for its business of over-the-counter derivatives transactions, etc.):

- (i) cases in which a foreign securities services provider performs the following acts from a foreign country:
 - (a) the acts set forth in the items of Article 28, paragraph (8) of the Act performed with the government or the Bank of Japan;
 - (b) the acts set forth in the items of Article 28, paragraph (8) of the Act performed with financial institutions (meaning banks, cooperative financial institutions, and financial institutions set forth in the items of Article 1-9; hereinafter the same applies in this Article) that are specified

- by Cabinet Office Order, or a trust company (meaning persons that have obtained the license referred to in Article 3 or Article 53, paragraph (1) of the Trust Business Act (Act No. 154 of 2004)), and are related to the purchase and sale of securities or transactions of securities-related derivatives conducted by those persons for the purpose of investment or on the account of a person that has created a trust under a trust contract;
- (c) the acts set forth in the items of Article 28, paragraph (8) of the Act performed with financial instruments business operators that are engaged in an investment management business, which are related to the investment management business conducted by them;
- (d) the acts set forth in the items of Article 28, paragraph (8) of the Act performed with financial institutions that are specified by Cabinet Office Order, that are acts specified in Article 33, paragraph (2), items (i) through (v) of the Act related to the securities or transactions set forth in those items;
- (e) among the acts set forth in the items of Article 28, paragraph (8) of the Act performed with the financial institution that is specified by Cabinet Office Order, those for which the financial institution makes the purchase and sale of securities upon receiving the customer's order in writing on a customer's account, or the acts set forth in item (iii) or (v) of that paragraph (excluding acts performed based on the solicitation to a customer concerning the order and acts performed upon receiving an order from the customer concerning the investment advisory business conducted by the financial institution), the acts which are related to those specified by Cabinet Office Order;
- (f) the acts set forth in the items of Article 28, paragraph (8) of the Act performed with a Long-Term Credit Bank (meaning the persons that have obtained a license from the Prime Minister pursuant to the provisions of Article 4, paragraph (1) of the Long-Term Credit Bank Act (Act No. 187 of 1952)), an ordinary bank prescribed in Article 8, paragraph (1) of the Act on Financial Institutions' Merger and Conversion (Act No. 86 of 1968) (including as applied mutatis mutandis pursuant to Article 55, paragraph (4) of that Act; hereinafter the same applies in this item) that has received an authorization referred to in Article 8, paragraph (1) of that Act (including an ordinary bank prescribed in Article 17-2, paragraph (1) of the Act on Financial Institutions' Merger and Conversion prior to the amendment pursuant to the provisions of Article 168 of the Supplementary Provisions of the Act on Development, etc. of Relevant Acts for Financial System Reform (Act No. 107 of 1998) which are to remain in force pursuant to the provisions of Article 169 of the Supplementary Provisions of that Act (hereinafter referred to as the "Merger and Conversion Act Prior to the

Amendment in 1998" in this item) (including as applied mutatis mutandis pursuant to Article 24, paragraph (1) of that Act; hereinafter the same applies in this item) which has received an authorization referred to in Article 17-2, paragraph (1) of that Act, and an ordinary bank which has received an authorization referred to in Article 17-2, paragraph (1) of that Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (1) of that Act; hereinafter the same applies in this item) in implementing a merger or conversion for which a written merger agreement or written conversion agreement has been prepared pursuant to the provisions of the Act on Financial Institutions' Merger and Conversion prior to the amendment pursuant to the provisions of Article 199 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act (Act No. 87 of 2005; hereinafter referred to as the "Preparation Act for the Companies Act" in this item) which are to be governed by prior laws pursuant to the provisions of Article 200, paragraph (1) of the Preparation Act for the Companies Act (hereinafter referred to as the "Merger and Conversion Act Prior to the Amendment in 2005" in this item), or a trust company, etc. (meaning a trust company, etc. referred to in Article 3, paragraph (1) of the Trust Loan Act (Act No. 195 of 1952)), which are related to the long-term credit bank bonds issued pursuant to the provisions of Article 8 or Article 9 of the Long-Term Credit Bank Act, the specified corporate bonds issued pursuant to the provisions of Article 8 of the Act on Financial Institutions' Merger and Conversion, or the beneficiary certificates prescribed in Article 2, paragraph (2) of the Trust Loan Act, respectively;

(ii) cases in which a foreign securities services provider performs the following acts from a foreign country without making solicitation for the acts set forth in the items of Article 28, paragraph (8) of the Act (excluding the cases which fall under the preceding item):

(a) receiving an order from a person in Japan, the acts set forth in Article 28, paragraph (8), items (i) through (iii) or item (v) of the Act or the acts set forth in item (vi) of that paragraph (excluding intermediation, brokerage, or agency set forth in item (iv) of that paragraph) performed with the person as the counterparty, which are specified by Cabinet Office Order, or the acts set forth in Article 28, paragraph (8), item (iv) of the Act or the acts set forth in item (vi) of that paragraph (excluding intermediation, brokerage, and agency set forth in item (iv) of that paragraph) performed with the person (limited to one that falls under either sub-item (a) or (b) of Article 1-8-6, paragraph (1), item (ii)) as the counterparty;

(b) through the agency or intermediation performed by a financial instruments business operator engaged in securities-related services

(limited to one that has obtained the registration referred to in Article 29 of the Act to conduct a type 1 financial instruments business), a purchase and sale of securities or an act set forth in Article 28, paragraph (8), item (iii) or (v) of the Act that is specified by Cabinet Office Order performed with a person in Japan as the counterparty, or an act set forth in Article 28, paragraph (8), item (iv) of the Act performed with a person in Japan as the counterparty (limited to those that fall under either sub-item (a) or (b) of Article 1-8-6, paragraph (1));

- (iii) cases in which a foreign securities services provider, pursuant to the provisions of Cabinet Office Order, holds a discussion solely for fixing the content of a wholesale underwriting contract (meaning any of the following contracts concluded through public offering, private placement, or secondary distribution of securities or solicitation for selling, etc. only for professional investors; the same applies in the following Article), among its business of underwriting securities, with the issuer or holder of the securities related to the wholesale underwriting contract in Japan (excluding cases in which the secondary distribution or solicitation for selling, etc. only for professional investors of the securities, or the dealing in public offering, private placement, or secondary distribution of the securities or dealing in solicitation for selling, etc. only for professional investors is made in Japan):
 - (a) a contract providing that the relevant party is to acquire all or some of the securities from the issuer or the holder of the securities for the purpose of having the securities acquired by other persons;
 - (b) a contract providing that, if there are no persons to acquire all or some of the securities, the relevant party is to acquire the remaining securities from the issuer or holder of the securities; and
 - (c) a contract providing that, if the securities are share option certificates and the person that has acquired them does not exercise the share options associated with all or some of them, the relevant party is to acquire the share option certificates associated with the unexercised share options from the their issuer or holder and the relevant party or a third party is to exercise those share options.

(Acts Requiring Permission Among the Underwriting Activities)

Article 17-4 The act specified by Cabinet Order that is provided for in Article 59, paragraph (1) of the Act is, if a foreign securities services provider does not hold a discussion for fixing the content of a wholesale underwriting contract with the issuer or holder of the securities related to the wholesale underwriting contract, and does not conduct the secondary distribution of the securities, solicitation for selling, etc. only for professional investors or the dealing in public offering, private placement, or secondary distribution of the

securities or the dealing in solicitation for selling, etc. only for professional investors in Japan, is to be the participation in that wholesale underwriting contract.

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

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

(Years of Experience in Underwriting Activities)

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

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

- (i) a person merged with or consolidated into the applicant for permission;
- (ii) a person that has had the applicant for permission succeed to all or some of the business involving the same type of activities as underwriting activities through a split;
- (iii) a person that has transferred all or some of the business involving the same type of activities as underwriting activities to the applicant for permission;
- (iv) a person that holds all the issued shares or equity investment of the applicant for permission; and
- (v) persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding items.

(Minimum Amount of Stated Capital for Underwriting Activities)

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

(2) If the amount of stated capital or the total amount of contribution referred to

in Article 59-3, item (ii) of the Act is to be converted into Japanese currency, the conversion is to be made using the exchange rate at the time of filing the application for permission.

(Years of Experience in On-Exchange Transaction Services)

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

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

- (i) a person found to have reorganized into an applicant for permission or a company merged with the applicant for permission;
- (ii) a person that has had the applicant for permission succeed to all or some of the business involving the same type of services as on-exchange transaction services through a split;
- (iii) a person that has transferred all or some of the business involving the same type of services as on-exchange transaction services to the applicant for permission; and
- (iv) a person that holds all the issued shares of the applicant for permission.

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

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

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

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

Article 17-10 (1) The period specified by Cabinet Order that is provided for in Article 46-3, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 60-6 of the Act (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act) following the deemed replacement of terms is three months; provided, however, that if the authorized firm for on-

exchange transactions or the business operator authorized to conduct electronic over-the-counter derivatives transactions, etc. is found to be unable to submit business reports within three months after the end of its business year due to the laws and regulations or practices in their home country, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

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

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

(Cases in Which Electronic Over-the-Counter Derivatives Transactions Business May be Conducted)

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

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

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

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 60, paragraph (2)	the preceding paragraph	Article 60-14, paragraph (1)

Article 60-2, paragraph (1)	paragraph (1) of the preceding Article	Article 60-14, paragraph (1)
	on-exchange transaction office	electronic over-the-counter derivatives transactions, etc. office
Article 60-2, paragraph (3), item (i)	paragraph (1), item (i), sub-items (a) (h), or sub- item (j) of the following Article	paragraph (1), item (i), sub- items (a) through (c), sub- items (e) through (h), or sub- item (j) of the following Article
Article 60-2, paragraph (3), item (ii)	on-exchange transaction office	electronic over-the-counter derivatives transactions, etc. office
Article 60-3, paragraph (1), item (i)	on-exchange transaction offices	electronic over-the-counter derivatives transactions, etc. offices
	as the on-exchange transaction	as the electronic over-the- counter derivatives transactions, etc.
Article 60-3, paragraph (1), item (ii)	on-exchange transaction offices	electronic over-the-counter derivatives transactions, etc. offices
Article 60-3, paragraphs (2) and (3)	Article 60, paragraph (1)	Article 60-14, paragraph (1)
Article 60-5, paragraph (1)	the items of Article 60-2, paragraph (1)	the items of Article 60-2, paragraph (1) (excluding items (iv), (vii), and (x))
Article 60-7 Article 60-8, paragraph (1)	Article 60, paragraph (1)	Article 60-14, paragraph (1)
	Article 60, paragraph (1)	Article 60-14, paragraph (1)
	Article 60-3, paragraph (1), item (i) (excluding sub-items (c) and (j)), item (ii), or item (iii))	Article 60-3, paragraph (1), item (i) (excluding sub-items (c), (d), and (j)) or item (ii)
Article 60-8, paragraph (3) and Article 60-9, paragraph (1)	Article 60, paragraph (1)	Article 60-14, paragraph (1)
Article 60-10	completing on-exchange transactions	completing electronic over-the- counter derivatives transactions, etc.
	Article 60, paragraph (1)	Article 60-14, paragraph (1)
Article 60-12, paragraph (1)	Article 60, paragraph (1)	Article 60-14, paragraph (1)

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

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

pursuant to Article 60-14, paragraph (2) of the Act is one year.

- (2) The cases specified by Cabinet Order that are provided for in Article 60-3, paragraph (1), item (i), (c) of the Act as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act are, if the relevant period has been calculated by deeming a period during which one of the following persons has performed the same type of operations as electronic over-the-counter derivatives transactions, etc. business (meaning the electronic over-the-counter derivatives transactions, etc. business prescribed in Article 60-14, paragraph (1) of the Act; hereinafter the same applies in this paragraph) to be a period during which the applicant for permission has performed the same type of business as electronic over-the-counter derivatives transactions, etc. business, the cases in which that period is one continuous year or longer:
- (i) a person found to have reorganized into an applicant for permission or a company merged with or consolidated into the applicant for permission;
 - (ii) a person that has had the applicant for permission succeed to all or some of the business involving the same type of business as an electronic over-the-counter derivatives transactions, etc. business through a company split;
 - (iii) a person that has transferred all or some of the business involving the same type of business as electronic over-the-counter derivatives transactions, etc. business to the applicant for permission; and
 - (iv) a person that holds all the issued shares of the applicant for permission.

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

- Article 17-10-5 (1) The amount specified by Cabinet Order that is provided for in Article 60-3, paragraph (1), item (i), (e) of the Act as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act is 300 million yen.
- (2) If the amount of stated capital referred to in Article 60-3, paragraph (1), item (i), (e) of the Act as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Act is to be converted into Japanese currency, the conversion is to be made by using the exchange rate at the time of filing the application for permission.

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

- Article 17-11 (1) The persons specified by Cabinet Order that are provided for in Article 61, paragraphs (1) and (3) of the Act are registered financial institutions that are engaged in investment management business.
- (2) The persons specified by Cabinet Order that are provided for in Article 61, paragraph (2) of the Act are financial instruments business operators that are engaged in investment management business (excluding business of conducting

the acts set forth in Article 2, paragraph (8), item (xii) of the Act under a discretionary investment contract) and the person prescribed in the preceding paragraph.

(Specially Permitted Services for Qualified Institutional Investors)

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

- (i) the State;
- (ii) the Bank of Japan;
- (iii) a local government;
- (iv) a financial instruments business operator, etc.;
- (v) a person that, on a regular basis, conducts the act set forth in Article 2, paragraph (8), item (xv) of the Act with regard to the money or any other property invested or contributed by a person that conducts private placements involving the rights set forth in paragraph (2), item (v) or (vi) of that Article or that holds the rights set forth in item (v) or (vi) of that paragraph;
- (vi) a person specified by Cabinet Office Order as a person having a close relationship with the person set forth in the preceding item;
- (vii) a company that is an issuer of share certificates listed on a financial instruments exchange;
- (viii) a corporation whose amount of stated capital is 50 million yen or more;
- (ix) a corporation whose amount of net assets (meaning the amount obtained by deducting the amount of liabilities from the amount of assets on the balance sheet) is 50 million yen or more;
- (x) a corporation established by a special act of establishment pursuant to the provisions of special laws;
- (xi) the specified purpose company prescribed in Article 2, paragraph (3) of the Asset Securitization Act;
- (xii) a corporate pension fund that satisfies the requirements specified by Cabinet Office Order in consideration of the status of property and other circumstances;
- (xiii) a foreign corporation;
- (xiv) an individual that satisfies the requirements specified by Cabinet Office Order in consideration of the status of property and other circumstances; or
- (xv) a person specified by Cabinet Office Order as being equivalent to the

- persons set forth in the preceding items.
- (2) If the rights set forth in Article 2, paragraph (2), item (v) or (vi) of the Act satisfy the following requirements, notwithstanding the provisions of the preceding paragraph, the persons that are not qualified institutional investors prescribed in Article 63, paragraph (1), item (i) of the Act, who are specified by Cabinet Order are persons prescribed in the preceding paragraph and persons that are not qualified institutional investors who are specified by Cabinet Office Order as persons that have knowledge and experience in investment:
- (i) the business conducted by allocating money and other property invested or contributed by the persons holding the rights (hereinafter referred to as the "investors" in this paragraph) which satisfies the following requirements:
 - (a) investments that are made in share certificates and other securities specified by Cabinet Office Order (limited to those that are not listed on a financial instruments exchange at the time of making the investment, and excluding those specified by Cabinet Office Order) by allocating an amount exceeding 80 percent of the amount obtained by deducting the amount specified by Cabinet Office Order from the amount of the money and other property invested or contributed; and
 - (b) borrowing of funds or guarantee of obligations is not to be made, except in the case specified by Cabinet Office Order as a case that is found to have little likelihood of resulting in insufficient investor protection;
 - (ii) the money and other property cannot be refunded at the request of investors, unless there is a compelling reason;
 - (iii) the contract connected with those rights stipulates the particulars specified by Cabinet Office Order, that are prescribed in Article 63, paragraph (9) of the Act; and
 - (iv) a document stating the fact that the requirements set forth in the preceding three items are satisfied is to be delivered, or an electronic or magnetic record (meaning the electronic or magnetic record prescribed in Article 13, paragraph (5) of the Act; the same applies hereinafter) in which that fact is recorded is to be provided, to the investors by the time of concluding the contract connected with the rights.
- (3) The number specified by Cabinet Order that is provided for in Article 63, paragraph (1), item (i) of the Act is 49.
- (4) The private placement specified by Cabinet Order as having little likelihood of persons other than a qualified institutional investor acquire the rights provided for in Article 63, paragraph (1), item (i) of the Act, is one that satisfies the requirements specified in the following items in accordance with the category of cases set forth in each of those items:
- (i) if the acquirer responding to a solicitation for acquisition of the rights is a qualified institutional investor (limited to a person that does not fall under

- any of the sub-items (a) through (c) of Article 63, paragraph (1), item (i) of the Act; hereinafter the same applies in this item and sub-item (a) of the following item): a restriction prohibiting the transfer of rights other than a transfer to a qualified institutional investor is imposed under the contract for the rights or by other juridical acts;
- (ii) if the acquirer responding to a solicitation for acquisition of the rights is an investor subject to specially permitted services (meaning the person prescribed in paragraph (1) (in the case prescribed in paragraph (2), the person prescribed in that paragraph) that does not fall under any of Article 63, paragraph (1), item (i), sub-items (a) through (c) of the Act; the same applies in sub-items (a) and (b)): all of the following requirements:
- (a) a restriction prohibiting the person that has acquired or purchased the rights from transferring the rights unless doing so all at once to another single qualified institutional investor or investor subject to specially permitted services is imposed under the contract of the rights or by other juridical acts; and
- (b) if other rights specified by Cabinet Office Order as being the same type of rights as the relevant rights (those other rights are referred to as "newly issued rights of the same type" in sub-item (b)) have been issued as securities within six months prior to the day on which the relevant rights are to be issued as securities, the sum of the number of investors subject to specially permitted services that acquire the relevant rights in response to the solicitation for acquisition of the rights and the investors subject to specially permitted services that have acquired newly issued rights of the same type which have been issued within six months prior to the day on which the relevant rights are to be issued as securities in response to the solicitation for acquisition is 49 or less.
- (5) The thing specified by Cabinet Order that is prescribed in Article 63, paragraph (1), item (ii) of the Act is the thing that is set forth in the items of Article 1-3.

(Employees of a Notifier of Specially Permitted Services)

Article 17-13 The employees specified by Cabinet Order that are provided for in Article 63, paragraph (2), item (iv), paragraph (7), item (i), sub-item (c), and item (ii), sub-item (c) of the Act are employees of a person that seeks to make the notification for specially permitted services for qualified institutional investors, etc. (meaning the specially permitted services for qualified institutional investors, etc. prescribed in Article 63, paragraph (2) of the Act; hereinafter the same applies in this Article and the following Article) and fall under any of the following items:

- (i) a person that supervises the operations of providing guidance to ensure that

- laws and regulations, etc. are observed for specially permitted services for qualified institutional investors, etc., or any other persons specified by Cabinet Office Order as being equivalent to the person; or
- (ii) a person that supervises the department conducting investments with regard to specially permitted services for qualified institutional investors, etc. and any other person specified by Cabinet Office Order as being equivalent to the person.

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

Article 17-13-2 The specially permitted services for qualified institutional investors, etc. specified by Cabinet Order that are provided for in Article 63, paragraph (9) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act) are specially permitted services for qualified institutional investors, etc. regarding the rights set forth in Article 2, paragraph (2), item (v) or (vi) of the Act conducted with persons that are not qualified institutional investors prescribed in Article 17-12, paragraph (2) that are specified by Cabinet Office Order as having knowledge and experience in investment (limited to those that do not fall under any of Article 63, paragraph (1), item (i), sub-items (a) through (c) of the Act) as the counterparties.

(Special Provisions on the Due Date for Submission of Business Reports by Foreign Corporations)

Article 17-13-3 The period specified by Cabinet Order that is provided for in Article 63-4, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act) is three months; provided, however, that if a notifier of specially permitted services or a financial instruments business operator, etc. that is a foreign corporation or an individual having an address in a foreign country is found to be unable to submit business reports within the three months after the end of their business year due to the laws and regulations or practices in their home country, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

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

Article 17-13-4 The period specified by Cabinet Order that is provided for in Article 63-4, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act; hereinafter the same applies in this Article) is four months; provided, however, that if a notifier of specially permitted services or a financial instruments business operator, etc. that is a

foreign corporation or an individual having an address in a foreign country is found to be unable to keep the explanatory documents (meaning the explanatory documents prescribed in Article 63-4, paragraph (3) of the Act) and provide them for public inspection or disclose them using the internet or through other means pursuant to the provisions of Cabinet Office Order prescribed in that paragraph from the day on which four months have elapsed from the end of their business year due to the laws and regulations or practices in their home country, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Specially Permitted Services for Foreign Investors)

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

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

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

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

(Employee of a Notifier of Specially Permitted Services for Foreign Investors)

Article 17-13-6 The employees specified by Cabinet Order that are provided for in Article 63-9, paragraph (1), item (iv) of the Act are employees of a person that seeks to make the notification for the specially permitted services for foreign investors, etc. (meaning the specially permitted services for foreign

investors, etc. prescribed in Article 63-8, paragraph (1) of the Act; hereinafter the same applies in this Article) and fall under any of the following items:

- (i) a person that supervises the operations of providing guidance to ensure that laws and regulations, etc. are observed for specially permitted services for foreign investors, etc., or any other persons specified by Cabinet Office Order as being equivalent to the person; or
- (ii) a person that supervises the department conducting investments with regard to specially permitted services for foreign investors, etc. and any other person specified by Cabinet Office Order as being equivalent to the person.

(Deemed Replacement of Terms in Connection with Financial Instruments Business Operators That Have Given the Notification of Specially Permitted Services for Foreign Investors)

Article 17-13-7 With regard to a financial instruments business operator that has given the notification under the provisions of Article 63-11, paragraph (1) of the Act, the technical replacement of terms pursuant to the provisions of paragraph (2) of that Article when the provisions of that paragraph are applied mutatis mutandis is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 63-12, paragraph (2)	foreign corporation	foreign corporation or an individual that has an address in a foreign country

(Special Provisions on the Due Date for Submission of Business Reports by Foreign Corporations)

Article 17-13-8 The period specified by Cabinet Order that is provided for in Article 63-12, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act) is three months; provided, however, that if a notifier of specially permitted services for foreign investors, etc. or financial instruments business operator that is a foreign corporation or an individual that has an address in a foreign country is found to be unable to submit business reports within the three months after the end of their business year due to the laws and regulations or practices in their home country, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Period Until the Commencement of Public Inspection of Explanatory

Documents)

Article 17-13-9 The period specified by Cabinet Order that is provided for in the provisions of Article 63-12, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2); hereinafter the same applies in this Article) is four months; provided, however, that if a notifier of specially permitted services for foreign investors, etc. or financial instruments business operator that is a foreign corporation or an individual that has an address in a foreign country is found to be unable to keep the explanatory documents (meaning the explanatory documents prescribed in Article 63-12, paragraph (3) of the Act), provide them for public inspection, or disclose them using the internet or through other means from the day on which four months have elapsed from the end of their business year due to the laws and regulations or practices in their home country, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Acts That are Subject to Registration as a Sales Representative)

Article 17-14 The acts specified by Cabinet Order that are provided for in Article 64, paragraph (1), item (iii) of the Act are the following acts (excluding those related to the securities prescribed in Article 64, paragraph (1), item (i) of the Act):

- (i) a market derivatives transaction or foreign market derivatives transaction, or intermediation, brokerage, or agency for those transactions;
- (ii) intermediation, brokerage, or agency for the entrustment of a market derivatives transaction or foreign market derivatives transaction;
- (iii) a market derivatives transaction or foreign market derivatives transaction, or the solicitation of applications for intermediation, brokerage, or agency for those transactions; and
- (iv) solicitation for the entrustment of a market derivatives transaction or foreign market derivatives transaction.

(Registration Fees)

Article 17-15 (1) The registration fee under the provisions of Article 64-8, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 66-25 of the Act) is the amount specified by Cabinet Office Order taking into consideration of the actual costs, which is within three thousand yen for one sales representative (meaning a sales representative prescribed in Article 64, paragraph (1) of the Act; the same applies hereinafter).

(2) The fee referred to in the preceding paragraph must be paid by affixing revenue stamps in an amount equivalent to the fee to the written application for registration, if it is paid to the State.

(Technical Replacement of Terms in Applying the Provisions of the Act to a Foreign Corporation)

Article 17-16 If a financial instruments business operator, etc., a notifier of specially permitted services, or a notifier of specially permitted services for foreign investors, etc. is a foreign corporation or an individual that has an address in a foreign country, the technical replacement of terms pursuant to the provisions of Article 65-2 of the Act in applying the provisions of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 29-2, paragraph (2), item (iii)	the articles of incorporation, certificate of registered information,	the articles of incorporation, and certificate of registered information (including documents equivalent to them) and certificate of registered information of the principal business office or office in Japan
Article 31-2, paragraph (1)	the deposit office nearest to their principal business office or office.	the deposit office nearest to their principal business office or office in Japan (for those that do not have a business office or office in Japan, the Tokyo Legal Affairs Bureau).
Article 31-4, paragraph (1)	a director, accounting advisor (if the accounting advisor is a corporation, a member who is to perform their duty), company auditor, or executive officer	the representative in Japan or a director, accounting advisor (if the accounting advisor is a corporation, a member who is to perform their duty), company auditor, executive officer, or persons equivalent to those persons stationed at the business office or office established in Japan to perform financial instruments business
Article 31-4, paragraph (2)	a director, accounting advisor, company auditor or executive officer, or employee	the representative in Japan or a director, accounting advisor, company auditor, executive officer (including persons equivalent to those persons), or employee stationed at the business office or office established in Japan to perform financial instruments business

Article 31-4, paragraph (3)	a director (an executive officer for a company with committees)	the representative in Japan or a director, executive officer, or persons equivalent to those persons stationed at the business office or office established in Japan to conduct financial instruments business
Article 31-4, paragraph (4)	a director or executive officer	the representative, a director or executive officer, or persons equivalent to those persons (limited to those engaged in financial instruments business) in Japan
Article 33-3, paragraph (1), item (vii)	the head office, and other business offices, or offices	the head office and the principal business office or office and any other business office or office in Japan
Article 33-3, paragraph (2), item (iv)	articles of incorporation, certificate of registered information,	articles of incorporation and certificate of registered information (including documents equivalent to them), and the certificate of registered information of the principal business office or office in Japan
Article 36-2, paragraph (1)	business offices or other offices	business offices or other offices established in Japan to perform financial instruments business or registered financial institution business
Article 42-2, item (i)	director or executive officer	the representative a director or executive officer, or persons equivalent to those persons in Japan
Article 46-4	all of its business offices or offices	all of its business offices or offices established in Japan to perform financial instruments business (hereinafter referred to as "all of its business offices or offices" in this Subsection and Article 47-3)
Article 46-5, paragraph (1)	the purchase and sale or other transactions of securities or the derivatives transactions, etc.	purchase and sale or other transactions of securities, or derivatives transactions, etc. conducted at all of its business offices or offices
	lay aside financial instruments transaction liability reserves	lay aside financial instruments transaction liability reserves at its principal business office or offices in Japan

Article 46-5, paragraph (2)	the purchase and sale or other transactions of securities or the derivatives transactions, etc.	purchase and sale or other transactions of securities, or the derivatives transactions, etc. conducted at all of its business offices or offices
Article 48-3, paragraph (1)	purchase and sale or other transactions of securities or derivatives transactions, etc.	purchase and sale or other transactions of securities, or derivatives transactions, etc. conducted at all of its business offices or offices established in Japan to perform its registered financial institution business (hereinafter referred to as "all of its business offices or offices" in the following paragraph)
	lay aside financial instruments transaction liability reserves	lay aside financial instruments transaction liability reserves at its principal business office or offices in Japan
Article 48-3, paragraph (2)	the purchase and sale or other transactions of securities or derivatives transactions, etc.	purchase and sale or other transactions of securities, or the derivatives transactions, etc. conducted at all of its business offices or offices
Article 50, paragraph (1), item (i)	they suspend business (limited to financial instruments business or registered financial institution business (hereinafter referred to as a "financial instruments business, etc." in this Section) or resume business	they suspend or resume business (limited to financial instruments business or registered financial Institution Business (hereinafter referred to as a "financial instruments business, etc." in this Section), or for a person engaged in a Type 1 Financial Instruments Business, the person suspends or resumes the business of the same type as a Financial Instruments Business at their head office
	they suspend or resume business subject to the authorization	they suspend or resume the same type of business as that subject to the authorization at their head office, or suspend or resume business subject to the authorization at any of their business offices or offices in Japan

Article 50, paragraph (1), item (ii)	business subject to the authorization referred to in Article 30, paragraph (1)	the same type of business as that subject to authorization referred to in Article 30, paragraph (1) at its head office, or discontinues the business subject to the authorization at any of its business offices or offices in Japan.
Article 50, paragraph (1), item (iii)	succeeds to all or part of the other corporation's business (limited to business related to financial instruments business, etc.; hereinafter the same applies in this item and the following Article) in a company split	succeeds to all or part of the other corporation's business (limited to business related to financial instruments business, etc.; hereinafter the same applies in this item and the following Article) in a company split (for a person engaged in a Type 1 Financial Instruments Business, including when the person has had part of their business that is the same type as a financial instruments business in a foreign country succeeded to)
	acquires all or part of the other corporation's business	acquires all or part of the other corporation's business (for a person engaged in a Type 1 Financial Instruments Business, including when the person transfers part of their business that is the same type as a financial instruments business in a foreign country)
Article 50, paragraph (1), item (vii)	if they file a petition to commence bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings	if they file a petition to commence bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or liquidation in Japan, or file the same kind petition in a country where the head office is located based on the laws and regulations of that country
Article 50-2, paragraph (1), item (ii)	discontinues financial instruments business, etc.	discontinues financial instruments business, etc. (for a person engaged in a Type 1 Financial Instruments Business, including when they the same type of business as a financial instruments business in a foreign country)

Article 50-2, paragraph (1), item (iii)	an officer that represented the corporation	an officer of a corporation
Article 50-2, paragraph (1), item (iv)	is dissolved due to an order commencing bankruptcy proceedings	has become subject to an order commencing bankruptcy proceedings, or has commenced the same kind of procedures as bankruptcy proceedings in a country where the head office is located based on the laws and regulations of that country
	the bankruptcy trustee	the bankruptcy trustee or the person equivalent to a bankruptcy trustee in that country
Article 50-2, paragraph (1), item (v)	is dissolved for reasons other than a merger or an order commencing bankruptcy proceedings	is dissolved for reasons other than a merger or an order commencing bankruptcy proceedings (for a person engaged in a Type 1 Financial Instruments Business, including when the person has commenced the liquidation of the business offices or offices in Japan)
	the liquidator	the liquidator or the person equivalent to a liquidator in the country where the head office is located
Article 50-2, paragraph (1), item (vi)	has had all or part of its business succeeded to in a company split	has had all or part of its business succeeded to in a company split (for a person engaged in a Type 1 Financial Instruments Business, including when the person has had all of their business that is the same type as a financial instruments business in a foreign country succeeded to)
Article 50-2, paragraph (1), item (vii)	transfers all or part of their business	transfers all or part of their business (for a person engaged in a Type 1 Financial Instruments Business, including when the person transfers all of their business that is the same type as a financial instruments business in a foreign country)
Article 50-2, paragraph (2)	has had all of their business succeeded to	has had part of their business succeeded to

	this is only if a Financial Instruments Business Operator, etc. transfers all of their business	excluding if a financial instruments business operator, etc. transfers part of their business
Article 50-2, paragraph (6)	discontinue financial instruments business, etc. (excluding investment advisory and agency business; the same applies in paragraph (8) and Article 56, paragraph (1))	discontinue financial instruments business, etc. (excluding investment advisory and agency business; the same applies in paragraph (8) and Article 56, paragraph (1)) (for a person engaged in a Type 1 Financial Instruments Business, including discontinuation of the same type of business as financial instruments business in a foreign country)
	have all or part of their business succeeded to in a company split	have all or part of their business succeeded to in a company split (for a person engaged in a Type 1 Financial Instruments Business, including succession to all of their business that is the same type as a financial instruments business in a foreign country)
	transfer all or part of their business	transfer all or part of their business (for a person engaged in a Type 1 Financial Instruments Business, including transfer of all of their business that is the same type as a financial instruments business in a foreign country)
	all of their business offices or offices	all of their business offices or offices established in Japan to perform financial instruments business, etc.
Article 50-2, paragraph (8)	succession of all or part of their business upon merger or in a company split	succession of all or part of their business upon merger or in a company split (for a person engaged in a Type 1 Financial Instruments Business, including succession to all of their business that is the same type as a financial instruments business in a foreign country)

	transfer of all or part of their business	transfer of all or part of their business (for a person engaged in a Type 1 Financial Instruments Business, including transfer of all of their business that is the same type as a financial instruments business in a foreign country)
Article 56, paragraph (1)	dissolves	dissolves (for a person engaged in a Type 1 Financial Instruments Business, including commencement of liquidation of the business offices or offices in Japan)
	discontinues	discontinues (for a person engaged in a Type 1 Financial Instruments Business, including discontinuation of the same type of business as a financial instruments business in a foreign country)
Article 63, paragraph (6) and Article 63-4, paragraph (3)	their principal business office or office and all of their business offices or offices that conduct specially permitted services for qualified institutional investors, etc.	all business offices and offices in Japan established for conducting specially permitted services for qualified institutional investors, etc.
Article 63-9, paragraph (5) and Article 63-12, paragraph (3)	their principal business office or office and all of their business offices or offices that conduct specially permitted services for foreign investors, etc.	their principal business office or office in Japan and all of its business offices or offices in Japan established for conducting specially permitted services for foreign investors, etc.
Article 64, paragraph (3), item (ii)	the representative	the representative in Japan

Chapter IV-2 Financial Instruments Intermediary Service Providers

(Material Particulars That Impact Customers' Judgment)

Article 18 (1) The particulars specified by Cabinet Order that are provided for in Article 66-10, paragraph (1), item (iii) of the Act are as follows:

(i) the particulars specified by Cabinet Office Order regarding the fees,

- remuneration, or any other consideration payable by the customer with regard to a financial instruments transaction contract involving intermediation for financial instruments (meaning the acts set forth in the items of Article 2, paragraph (11) of the Act; the same applies hereinafter);
- (ii) if there is customer margin or other security deposit, or any other thing specified by Cabinet Office Order payable by the customer in connection with a financial instruments transaction contract involving intermediation for financial instruments, its amount or method of calculation;
 - (iii) if there is a possibility that the amount of derivatives transaction, etc. conducted by a customer will exceed the amount of security deposit, etc., the following particulars:
 - (a) the fact that the amount of the derivatives transaction, etc. may exceed the amount of security deposit, etc.; and
 - (b) the ratio of the amount of the derivatives transaction, etc. to the amount of security deposit, etc. (if that ratio cannot be calculated, that fact and the reason for this);
 - (iv) the following particulars, if there is a risk of a loss arising directly from fluctuations in money rates, the value of currencies, quotations on a financial instruments market, or any other index, regarding an act of a financial instruments transaction conducted by a customer:
 - (a) the index in question; and
 - (b) the fact that there is a risk that fluctuations in that index could give rise to a loss and the reasons for this;
 - (v) if there is a risk that the amount of loss referred to in the preceding item will exceed the amount of security deposit, etc. (hereinafter referred to as "risk of loss in excess of principal" in this item), the following particulars:
 - (a) among the indexes set forth in the preceding item, those which are the direct cause for the risk of loss in excess of principal; and
 - (b) the fact that there is a risk of loss in excess of principal due to fluctuations in the indicator set forth in sub-item (a) and the reason for this; and
 - (vi) any particulars specified by Cabinet Office Order as being equivalent to the particulars set forth in the preceding item.
- (2) Notwithstanding the provisions of the preceding paragraph, the particulars specified by Cabinet Order that are provided for in Article 66-10, paragraph (1), item (iii) of the Act if the acts set forth in Article 66-10, paragraph (1) of the Act are to be conducted by broadcasting using the broadcast equipment of a private broadcaster or by any other means specified by Cabinet Office Order as being equivalent to this, are as follows:
- (i) if there is a risk of a loss arising directly from fluctuations in money rates, the value of currencies, quotations on a financial instruments market, or any

- other index, regarding an act that constitutes a financial instruments transaction conducted by a customer, the fact that there is such a risk (if there is a risk that the amount of the loss may exceed the amount of security deposit, etc., including the fact that there is such a risk); and
- (ii) any particulars specified by Cabinet Office Order as being equivalent to the particulars set forth in the preceding item.

(Scope of Persons Closely Related to Financial Instruments Intermediary Service Providers)

Article 18-2 The persons specified by Cabinet Order that are provided for in Article 66-13 of the Act are any of the following persons other than a financial instruments business operator (limited to those engaged in securities, etc. management), a bank, or a person specified by Cabinet Office Order:

- (i) a relative (limited to the spouse and a relative by blood or affinity within the third degree of kinship) of the financial instruments intermediary service provider (limited to one that is an individual);
- (ii) an officer or employee of the financial instruments intermediary service provider (limited to one that is a corporation; hereinafter the same applies in this Article);
- (iii) the parent corporation, etc. or subsidiary corporation, etc. of the financial instruments intermediary service provider;
- (iv) specified individual shareholders of all shareholders, etc. of the financial instruments intermediary service provider (excluding those set forth in item (ii)); and
- (v) any person specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding items.

(Deemed Replacement of Terms in Connection with Financial Instruments Intermediary Service Providers)

Article 18-3 With regard to a financial instruments intermediary service provider prescribed in Article 66-15 of the Act or their customers, the registration or the financial instruments intermediary service provider under Article 66 of the Act prescribed in Article 66-23 of the Act, or the financial instruments intermediary service provider prescribed in Article 66-25 of the Act, the technical replacement of terms pursuant to the provisions of Article 66-15, Article 66-23, and Article 66-25 of the Act in applying the provisions of the Act mutatis mutandis is as given in the following table:

Provisions of the Act Whose terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 38-2	investment advisory and agency business or investment management business	financial instruments intermediary service (limited to functions that perform the acts set forth in Article 2, paragraph (11), item (iv))
	an investment advisory contract, a discretionary investment contract, or a contract set forth in Article 2, paragraph (8), item (xii), sub-item (b)	an investment advisory contract or a discretionary investment contract
Article 39, paragraphs (1) and (3)	purchase and sale or other transactions of securities (excluding purchase and sale with a repurchase requirement and a predetermined repurchase price and other transactions specified by Cabinet Order) or derivatives transactions (hereinafter referred to as "purchase and sale or other transactions of securities, etc." in this Article)	intermediation for financial instruments
	the securities or derivatives transactions	the securities, market derivatives transactions, or foreign market derivatives transactions related to the intermediation for financial instruments
	purchase and sale of securities or derivative transactions	purchase and sale of securities, market derivatives transactions, or foreign market derivatives transactions
	with regard to the purchase and sale or other transactions of securities, etc.,	with regard to the intermediation for financial instruments
	this Section and the following Section	this Article
Article 40	an act that constitutes a financial instruments transaction	intermediation for financial instruments

	for a financial instruments transaction contract	for a financial instruments transaction contract related to the intermediation for financial instruments
Article 43-6, paragraph (1)	an act that constitutes a financial instruments transaction	intermediation for financial instruments
Article 57	registration under Article 29 or Article 33-2, authorization under Article 30, paragraph (1) , or registration of a change under Article 31, paragraph (4)	registration under Article 66
	the applicant for registration or the financial instruments business operator	the applicant for registration
	the applicant for registration or the Financial Instruments Business Operator	the applicant for registration
	the provisions of Article 51, Article 51-2, Article 52, paragraph (1), Article 52-2, paragraph (1), Article 53, Article 54, or the preceding Article	the provisions of Article 66-20, paragraph (1)
	registration under Article 29 or Article 33-2, authorization under Article 30, paragraph (1) or Article 31, paragraph (6) , registration of a change under Article 31, paragraph (4) , or approval under Article 35, paragraph (4)	registration under Article 66
	to attach conditions pursuant to the provisions of Article 30-2, paragraph (1), or to issue a disposition based on the provisions of Article 51, Article 51-2, Article 52, paragraph (1) or (2), Article 52-2, paragraph (1) or (2), Article 53, Article 54, or the preceding Article	or to issue a disposition based on the provisions of Article 66-20

Article 64	the following acts on their behalf	the following acts on their behalf (excluding the acts set forth in item (ii))
	Article 2, paragraph (8), items (i) through (iii), item (v), item (viii), and item (ix)	Article 2, paragraph (11), items (i) through (iii)
	(b) the following acts:	(b) the following acts (excluding the acts set forth in 2. below)
	purchase and sale, or in connection with intermediary, brokerage (excluding brokerage for clearing of securities, etc.) or agency for a purchase and sale	intermediation for a purchase and sale
	beyond what is set forth in the preceding two items, acts specified by Cabinet Order	the following acts (excluding the acts set forth in item (i)):
		(a) intermediary service for entrustment of market derivatives transactions or foreign market derivatives transactions; and
		(b) solicitation for entrustment of market derivatives transactions or foreign market derivatives transactions.
Article 64-3	the items of Article 64, paragraph (1)	the items of Article 64, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25 (excluding the acts set forth in Article 64, paragraph (1), item (ii))
Article 64-4	the provisions of Article 64, paragraph (1)	the provisions of Article 64, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25
	Article 64, paragraph (3), item (iii), sub-item (a) or (b)	Article 64, paragraph (3), item (iii), sub-item (a) or (b) as applied mutatis mutandis pursuant to Article 66-25
Article 64-5	the items of Article 64-2, paragraph (1)	the items of Article 64-2, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25

	any act set forth in the items of Article 64, paragraph (1) (or in connection with the Registered Financial Institution Business, if it is a registered financial institution) or incidental business in the financial instruments business	any act set forth in the items of Article 64, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25 (excluding the acts set forth in Article 64, paragraph (1), item (ii)) or incidental service in the financial instruments intermediary services
Article 64-6	the provisions of paragraph (1) of the preceding Article	the provisions of paragraph (1) of the preceding Article as applied mutatis mutandis pursuant to Article 66-25
	is dissolved or discontinues the business of performing the acts set forth in the items of Article 64, paragraph (1) (or discontinues the registered financial institution business, if it is a registered financial institution) in the financial instruments business	has died, is dissolved, or discontinues the business of performing the acts set forth in the items of Article 64, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25 (excluding the acts set forth in Article 64, paragraph (1), item (ii)) in the financial instruments intermediary services
Article 64-7 (excluding paragraph (2))	Article 64, Article 64-2, and the preceding three Articles	the provisions of Article 64, Article 64-2, and the preceding three Articles as applied mutatis mutandis pursuant to Article 66-25
	Article 64-9	Article 64-9 as applied mutatis mutandis pursuant to Article 66-25
	a financial instruments business operator, etc. belonging to that association	a financial instruments intermediary service provider that has the member of the association as the entrusting financial instruments business operator, etc. (meaning an entrusting financial instruments business operator, etc. prescribed in Article 66-2, paragraph (1), item (iv))
	the preceding two paragraphs	paragraph (1)
	pursuant to the provisions of paragraph (1) or (2)	pursuant to the provisions of paragraph (1)

a registration under the provision of Article 64, paragraph (5), change of registration related to the notification under the provisions of Article 64-4, reaches a disposition under the provisions of Article 64-5, paragraph (1) (excluding the deletion of registration), or deletes a registration under the provisions of the preceding Article	a registration under the provisions of Article 64, paragraph (5) as applied mutatis mutandis pursuant to Article 66-25, change of registration related to the notification under the provisions of Article 64-4 as applied mutatis mutandis pursuant to Article 66-25, reaches a disposition under the provisions of Article 64-5, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25 (excluding the deletion of registration), or deletes a registration under the provisions of the preceding Article as applied mutatis mutandis pursuant to Article 66-25
registration work under the provisions of paragraph (1) or paragraph (2)	registration work under the provisions of paragraph (1)
registration work prescribed in paragraph (1) under the provisions of that paragraph as applied mutatis mutandis pursuant to Article 66-25	work related to the registration prescribed in Article 64, Article 64-2, and the preceding three Articles regarding sales representatives of a financial instruments business operator, etc.
a financial instruments business operator, etc. belonging to an association that conducts registration work pursuant to the provisions of paragraph (1)	a financial instruments intermediary service provider
Article 64-5, paragraph (1), item (i)	Article 64-5, paragraph (1), item (i) as applied mutatis mutandis pursuant to Article 66-25
the association... that paragraph	an association... that paragraph
paragraph (1) or (2)	paragraph (1)
these provisions	the provisions of that paragraph

Article 64-8	paragraph (1) or (2) of the preceding Article	paragraph (1) of the preceding Article as applied mutatis mutandis pursuant to Article 66-25
Article 64-9	Article 64-7, paragraph (1) or (2)	Article 64-7, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25
	Article 64, paragraph (3)	Article 64, paragraph (3) as applied mutatis mutandis pursuant to Article 66-25
	Article 64-2, paragraph (1)	Article 64-2, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25
	Article 64-7, paragraph (1)	Article 64-7, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25
	Article 64-5, paragraph (1)	Article 64-5, paragraph (1) as applied mutatis mutandis pursuant to Article 66-25

(Provisions on Explanatory Documents)

Article 18-4 The provisions specified by Cabinet Order that are provided for in Article 66-18 of the Act are the following provisions:

- (i) the provisions of Article 17 of the Long Term Credit Bank Act, Article 89, paragraph (1) of the Credit Union Act (Act No. 238 of 1951), Article 6, paragraph (1) of the Act on Financial Businesses by Cooperatives (Act No. 183 of 1949), or Article 21, paragraphs (1) and (2) of the Banking Act as applied mutatis mutandis pursuant to Article 94, paragraph (1) of the Labor Bank Act (Act No. 227 of 1953);
- (ii) the provisions of Article 81, paragraphs (1) and (2) of the Agriculture and Forestry Credit Union Act (Act No. 93 of 2001);
- (iii) the provisions of Article 53, paragraphs (1) and (2) of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007);
- (iv) the provisions of Article 54-3, paragraphs (1) and (2) of the Agricultural Cooperatives Act (Act No. 132 of 1947);
- (v) the provisions of Article 58-3, paragraphs (1) and (2) of the Fisheries Cooperative Act (Act No. 242 of 1948); and
- (vi) the provisions of Article 101, paragraphs (1) and (2) of the Insurance Business Act.

Chapter IV-3 Credit Rating Agencies

(Due Date for Submission of Business Reports)

Article 18-4-2 The period specified by Cabinet Order that is provided for in

Article 66-38 of the Act is three months; provided, however, that if a foreign corporation (including a foreign organization without legal personality for which a representative or an administrator has been designated; hereinafter the same applies in the following Article and Article 18-4-5) is found to be unable to submit business reports within the three months after the end of their business year due to the laws and regulations or practices in their home country, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

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

Article 18-4-3 The period specified by Cabinet Order that is provided for in the provisions of Article 66-39 of the Act is four months; provided, however, that if a foreign corporation is found to be unable to keep its explanatory documents (meaning the explanatory documents prescribed in that Article), provide them for public inspection, and disclose them using the internet or through other means from the day on which four months have elapsed from the end of its business year due to the laws and regulations or practices in its home country, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis When a Credit Rating Agency Gives Public Notice of the Discontinuation of Its Credit Rating Services by Electronic Public Notice)

Article 18-4-4 If the public notice under Article 66-40, paragraph (3) of the Act is given by electronic public notice, the deemed replacement of terms under Article 66-40, paragraphs (5) and (6) of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 66-40, paragraphs (5) and (6) of the Act is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms eemed to Replace the Original Terms
Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Technical Replacement of Terms in Applying the Provisions of the Act to Foreign Corporations)

Article 18-4-5 If a credit rating agency is a foreign corporation, the technical replacement of terms pursuant to the provisions of Article 66-47 of the Act in applying the provisions of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be eplaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 66-28, paragraph (2), item (iii)	the articles of incorporation, certificate of registered information,	the articles of incorporation and certificate of registered information (including documents equivalent to them), and certificate of registered information of the principal business office or office in Japan
Article 66-39	all of its business offices or offices	all of its business offices or offices established in Japan to conduct credit rating services
Article 66-40, paragraph (1), item (ii)	the officer that represented the corporation	an officer of a corporation
Article 66-40, paragraph (1), item (iii)	is dissolved due to an order to commence bankruptcy proceedings	has become subject to an order commencing bankruptcy proceedings, or has commenced the same kind of procedures as bankruptcy proceedings in a country where its head office is located based on the laws and regulations of that country
	the bankruptcy trustee	the bankruptcy trustee or the person equivalent to a bankruptcy trustee in that country
Article 66-40, paragraph (1), item (iv)	is dissolved for reasons other than a merger or an order to commence bankruptcy proceedings	is dissolved for reasons other than a merger or an order to commence bankruptcy proceedings (including when that corporation has commenced the liquidation of the business offices or offices in Japan)
	the liquidator	the liquidator or the person equivalent to a liquidator in the country where its head office is located

(Technical Replacement of Terms in Applying the Provisions of the Act to an Organization Without Legal Personality for Which a Representative or an Administrator Has Been Designated)

Article 18-4-6 If a credit rating agency is an organization without legal personality for which a representative or an administrator has been designated, the technical replacement of terms pursuant to the provisions of Article 66-47 of the Act for applying the provisions of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 29-4, paragraph (1), item (ii)	the corporation was a credit rating agency	the corporation was a credit rating agency (including an organization without legal personality whose representative or administrator has been designated)
	the officer	the officer (including a representative or administrator of an organization without legal personality whose representative or administrator has been designated)
Article 29-4, paragraph (1), item (ii), sub-item (h)	an officer	an officer (including a representative or administrator of an organization without legal personality whose representative or administrator has been designated)
Article 66-40, paragraph (1), item (ii)	a merger	an act equivalent to merger
Article 66-40, paragraph (1), item (iii)	is dissolved due to an order to commence bankruptcy proceedings	has become subject to an order to commence bankruptcy proceedings
Article 66-40, paragraph (1), item (iv)	a merger	an act equivalent to merger
	is dissolved for reasons other than a merger or an order to commencement of bankruptcy proceedings	has performed an act equivalent to dissolution for reasons other than a merger or an order to commence bankruptcy proceedings

	the liquidator	the person that was the representative or administrator
Article 66-40, paragraph (3)	a merger	an act equivalent to merger
	dissolve	perform an act equivalent to dissolution

(Technical Replacement of Terms in Applying the Provisions of the Act to a Foreign Organization Without Legal Personality for Which a Representative or an Administrator Has Been Designated)

Article 18-4-7 Notwithstanding the provisions of the preceding two Articles, if a credit rating agency is a foreign organization without legal personality for which a representative or an administrator has been designated, the technical replacement of terms pursuant to the provisions of Article 66-47 of the Act for applying the provisions of Article 66-40, paragraph (1), items (iii) and (iv) of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 66-40, paragraph (1), item (iii)	is dissolved due to an order to commence bankruptcy proceedings	has become subject to an order to commence bankruptcy proceedings, or has commenced the same kind of procedures as bankruptcy proceedings in a country where its head office is located based on the laws and regulations of that country
	the bankruptcy trustee	the bankruptcy trustee or the person equivalent to a bankruptcy trustee in that country
Article 66-40, paragraph (1), item (iv)	a merger	an act equivalent to merger
	is dissolved for reasons other than a merger or an order to commence bankruptcy proceedings	has performed an act equivalent to dissolution for reasons other than a merger or an order to commence bankruptcy proceedings (including when that corporation has commenced the liquidation of the business offices or offices in Japan)

	the liquidator	the person that was the representative or administrator (when that corporation has commenced the liquidation of the business offices or offices in Japan, the representative in Japan)
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(Deemed Replacement of Terms in Connection with Credit Rating Agencies)

Article 18-4-8 With regard to the registration under Article 66-27 of the Act or credit rating agency prescribed in Article 66-48 of the Act, the technical replacement of terms pursuant to the provisions of Article 66-48 of the Act when the provisions of the Act are applied mutatis mutandis is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 57	a registration under Article 29 or Article 33-2, an authorization under Article 30, paragraph (1), or a registration of a change under Article 31, paragraph (4)	registration under Article 66-27
	the applicant for registration or the financial instruments business operator	the applicant for registration
	the applicant or the financial instruments business operator	the applicant for registration
	the provisions of Article 51, Article 51-2, Article 52, paragraph (1), Article 52-2, paragraph (1), Article 53, Article 54, or the preceding Article	the provisions of Article 66-41 or Article 66-42, paragraph (1)
	a registration under Article 29 or Article 33-2, an authorization under Article 30, paragraph (1) or Article 31, paragraph (6), a registration of a change under Article 31, paragraph (4), or an approval under Article 35, paragraph (4)	registration under Article 66-27

	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	to issue a disposition based on the provisions of Article 66-40 or Article 66-42, paragraph (1) or (2)
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Chapter IV-4 High-Speed Traders

(Minimum Amount of Stated Capital of a High-Speed Trader)

Article 18-4-9 (1) The amount specified by Cabinet Order that is provided for in Article 66-53, item (v), sub-item (b) of the Act is ten million yen.

(2) If an applicant is a foreign corporation and the amount of stated capital or the total amount of contribution set forth in Article 66-53, item (v), sub-item (b) of the Act is to be converted into Japanese currency, the conversion is to be made by using the exchange rate at the time of filing the application for registration referred to in Article 66-50 of the Act.

(Minimum Net Assets of a High-Speed Trader)

Article 18-4-10 The amount specified by Cabinet Order that is provided for in Article 66-53, item (vii) of the Act is zero.

(Special Provisions on the Due Date for Submission of Business Reports by Foreign Corporations)

Article 18-4-11 The period specified by Cabinet Order that is provided for in Article 66-59 of the Act as applied pursuant to Article 66-68 of the Act following the deemed replacement of terms is three months; provided, however, that if a high-speed trader that is a foreign corporation or an individual that has an address in a foreign country is found to be unable to submit business reports within the three months after the end of their business year due to the laws and regulations or practices in their home country, that period is the period approved by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

(Technical Replacement of Terms for Applying the Provisions of the Act to a Foreign Corporation)

Article 18-4-12 If a high-speed trader is a foreign corporation or an individual that has an address in a foreign country, the technical replacement of terms

pursuant to the provisions of Article 66-68 of the Act in applying the provisions of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 66-60, item (iii)	files a petition to commence bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings	files a petition to commence bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or liquidation proceedings in Japan, or files the same kind in the country where their principal business office or office is located based on the laws and regulations of that country
Article 66-61, paragraph (1), item (iii)	the officer that represented the corporation	an officer of the corporation
Article 66-61, paragraph (1), item (iv)	is dissolved due to an order to commence bankruptcy proceedings	has become subject to an order to commence bankruptcy proceedings, or commences the same kind of procedures as bankruptcy proceedings in the country where its principal business office or office is located based on the laws and regulations of that country
	the bankruptcy trustee	the bankruptcy trustee or a person equivalent to the bankruptcy trustee in that country
Article 66-61, paragraph (1), item (v)	the liquidator	the liquidator or a person equivalent to the liquidator in the country where its principal business office or office is located

(Deemed Replacement of Terms in Connection with High-Speed Traders)

Article 18-4-13 With regard to the registration or a high-speed trader prescribed in Article 66-50 of the Act as prescribed in Article 66-69 of the Act, the technical replacement of terms pursuant to the provisions of Article 66-69 of the Act when the provisions of the Act are applied mutatis mutandis is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms deemed to replace the original terms
Article 57, paragraph (1)	notify the applicant for registration or the financial instruments business operator	notify the applicant for registration
	regarding the applicant for registration or the financial instruments business operator	regarding the applicant for registration
Article 57, paragraph (2)	Article 51, Article 51-2, Article 52, paragraph (1), Article 52-2, paragraph (1), Article 53, Article 54, or the preceding Article	Article 66-62, Article 66-63, paragraph (1), or Article 66-64
Article 57, paragraph (3)	to attach conditions pursuant to the provisions of Article 30-2, paragraph (1), or to issue a disposition based on the provisions of Article 51, Article 51-2, Article 52, paragraph (1) or (2), Article 52-2, paragraph (1) or (2), Article 53, Article 54, or the preceding Article	or to issue a disposition based on the provisions of Article 66-62, Article 66-63, paragraph (1) or (2), or Article 66-64

Chapter IV-5 Financial Instruments Firms Associations

(Application for Certification as a Certified Financial Instruments Business Association)

Article 18-4-14 (1) The application for certification pursuant to the provisions of Article 78, paragraph (1) of the Act must be filed through the submission of a written application stating the following particulars to the Commissioner of the Financial Services Agency:

- (i) the name;
- (ii) the location of its office; and
- (iii) the names of the officers and members.

(2) The articles of incorporation and any other documents specified by Cabinet Office Order must be attached to the written application referred to in the preceding paragraph.

(Application for Certification as a Certified Investor Protection Organization)

Article 18-4-15 (1) The application under the provisions of Article 79-7,

paragraph (2) of the Act must be filed through the submission of a written application stating the following particulars to the Commissioner of the Financial Services Agency:

- (i) the name;
 - (ii) the location of the principal office;
 - (iii) the name of the representative or administrator;
 - (iv) the location of the office where the work related to the application for certification is to be conducted; and
 - (v) an outline of the business related to the application for certification (if specific certified services are included, including the type of those services).
- (2) The following documents must be attached to the written application referred to in the preceding paragraph:
- (i) the articles of incorporation, articles of endowment, and other basic agreements;
 - (ii) a document in which the person seeking the certification pledges that they do not fall under any of the items of Article 79-8 of the Act;
 - (iii) a document stating the method for implementation of the business related to the application for certification;
 - (iv) a document clarifying that the applicant has sufficient knowledge and ability to perform the business related to the application for certification properly and reliably;
 - (v) business report, balance sheet, statement on settlement of accounts, and inventory of property for recent business years and other documents clarifying that the applicant has the necessary financial basis (for a corporation (meaning a corporation prescribed in Article 79-7, paragraph (1) of the Act) established in the business year that includes the day of application, the inventory of property at the time of its establishment and other documents clarifying that the corporation has the necessary financial basis);
 - (vi) a document stating the names, addresses, and brief personal histories of the officers (including the representative and administrator of an organization without legal personality for which the representative or administrator has been designated);
 - (vii) a document stating the name of the subject business operator (meaning a subject business operator prescribed in Article 79-11, paragraph (1) of the Act) and documents proving that the subject business operator is a member of the person that seeks the certification or that the subject business operator has given consent to be the subject of the business related to the application for certification; and
 - (viii) if the applicant is engaged in business other than business related to the application for certification, documents stating the type and outline of the

business (if the applicant is conducting complaint resolution or mediation business which is specified by Cabinet Office Order, the documents specified by Cabinet Office Order as those proving that implementation of the business is unlikely to cause unfairness in the business related to the application for certification).

- (3) If specific certified services are included in the business related to the application for certification (limited to the cases in which there is a specified relevant Minister for the specific certified services), and the Commissioner of the Financial Services Agency seeks to grant the certification referred to in Article 79-7, paragraph (1) of the Act, the Commissioner must hold a consultation with the specified relevant Minister for the specific certified services in advance.
- (4) If there is any change to the particulars set forth in paragraph (1), items (i) through (iv) or the particulars stated in the documents set forth in paragraph (2), items (i) through (iv) or items (vi) through (viii), a certified investor protection organization (meaning a certified investor protection organization prescribed in Article 79-10, paragraph (1) of the Act; the same applies hereinafter) must submit a written notification stating that fact (if there is any change to the particulars stated in the document set forth in Article 2, paragraph (1), item (iii), including the reasons for this) to the Commissioner of the Financial Services Agency without delay.
- (5) The term "specific certified services" as used in paragraph (1), item (v) and paragraph (3) means complaint resolution for businesses of conducting the transactions set forth in the middle column of the following table by the persons set forth in the left column, and mediation if there are any disputes in that business, and the term "specified relevant Minister" referred to in paragraph (3) is the ministers set forth in the right column of the table for each business of conducting the transactions set forth in the middle column of the table by the persons set forth in the left column of the table.

The cooperatives prescribed in Article 5 of the Agricultural Cooperatives Act that are engaged in the business referred to in Article 10, paragraph (1), item (iii) of that Act and the specific credit business agent as defined in Article 92-2, paragraph (3) of that Act	Conclusion of a Contract for Specified Savings, etc. prescribed in Article 11-2-4 of the Agricultural Cooperatives Act or its agency or intermediary service	The Minister of Agriculture, Forestry and Fisheries
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The cooperatives prescribed in Article 5 of the Agricultural Cooperatives Act engaged in the business referred to in Article 10, paragraph (1), item (x) of that Act	Conclusion of a Specified Mutual Aid Contract prescribed in Article 11-10-3 of the Agricultural Cooperatives Act	The Minister of Agriculture, Forestry and Fisheries
The cooperatives specified in Article 4 of the Consumer Cooperatives Act (Act No. 200 of 1948) that are engaged in the mutual aid activities prescribed in Article 10, paragraph (2) of that Act	Conclusion of a specified mutual aid contract prescribed in Article 12-3, paragraph (1) of the Consumer Cooperatives Act	The Minister of Health, Labour and Welfare
The fisheries cooperatives engaged in the business referred to in Article 11, paragraph (1), item (iv) of the Fishery Cooperatives Act, the federation of fisheries cooperatives engaged in the business referred to in Article 87, paragraph (1), item (iv) of that Act, the fishery processing cooperatives engaged in the business referred to in Article 93, paragraph (1), item (ii) of that Act, the federation of fishery processing cooperatives engaged in the business referred to in Article 97, paragraph (1), item (ii) of that Act, and the Specific Credit Business Agent prescribed in Article 106, paragraph (3) of that Act	Conclusion of a contract for specified savings, etc. prescribed in Article 11-11 of the Fishery Cooperatives Act or its agency or intermediary service	The Minister of Agriculture, Forestry and Fisheries

The fisheries cooperatives engaged in the business referred to in Article 11, paragraph (1), item (xii) of the Fishery Cooperatives Act, the fishery processing cooperatives engaged in the business referred to in Article 93, paragraph (1), item (vi)-2 of that Act, and the federation of mutual aid fishery cooperatives	Conclusion of a specified mutual aid contract prescribed in Article 15-12 of the Fisheries Cooperatives Act	The Minister of Agriculture, Forestry and Fisheries
A cooperative prescribed in Article 3 of the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of 1949) and the mutual aid agent prescribed in Article 9-7-5, paragraph (2) of that Act	Conclusion of a specified mutual aid contract prescribed in Article 9-7-5, paragraph (3) of the Small and Medium-Sized Enterprise Cooperatives Act or its agency or intermediary service	The Minister of Economy, Trade and Industry
The credit cooperative, etc. as defined in Article 2, paragraph (1) of the Act on Financial Businesses by Cooperatives and a credit cooperative agent prescribed in Article 6-3, paragraph (3) of that Act	Conclusion of a contract for specified deposit, etc. prescribed in Article 6-5-11 of the Act on Financial Businesses by Cooperatives or its agency or intermediary service	
A specified organizer, etc. prescribed in Article 197 of the Act on Investment Trusts and Investment Corporations	The public offering, etc. (meaning a public offering, etc. prescribed in Article 196, paragraph (1) of the Act on Investment Trusts and Investment Corporations) of investment securities issued by an investment corporation (meaning an investment corporation as defined in Article 2, paragraph (12) of that Act) that is in the process of being established	
A Shinkin Bank as defined in Article 2 of the Shinkin Bank Act and a Shinkin bank agent prescribed in Article 85-2, paragraph (3) of that Act	Conclusion of a contract for specified deposit, etc. prescribed in Article 89-2 of the Shinkin Bank Act or its agency or intermediary service	

A long-term credit bank as defined in Article 2 of the Long-Term Credit Bank Act and a long-term credit bank agent prescribed in Article 16-5, paragraph (3) of that Act	Conclusion of a contract for specified deposit, etc. prescribed in Article 17-2 of the Long-Term Credit Bank Act or its agency or intermediary service	
A labor bank prescribed in Article 3 of the Labor Bank Act and a labor bank agent prescribed in Article 89-3, paragraph (3) of that Act	Conclusion of a contract for specified deposit, etc. prescribed in Article 94-2 of the Labor Bank Act or its agency or intermediary service	The Minister of Health, Labour and Welfare
A bank as defined in Article 2, paragraph (1) of the Banking Act and a bank agent as defined in paragraph (15) of that Article	Conclusion of a contract for specified deposit, etc. prescribed in Article 13-4 of the Banking Act or its agency or intermediary service	
A foreign commodities dealer as defined in Article 2, paragraph (5) of the Act on Assumption of Entrustment, etc. of Future Trading in Foreign Commodities Markets (Act No. 65 of 1982)	The assumption of entrustment, etc. of future trading in a foreign commodities market as defined in Article 2, paragraph (4) of the Act on Assumption of Entrustment, etc. of Future Trading in Foreign Commodities Markets	The Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry
A specified joint real estate enterprise as defined in Article 2, paragraph (5) of the Act on Specified Joint Real Estate Ventures (Act No. 77 of 1994)	Conclusion of a specified joint real estate venture contract as defined in Article 2, paragraph (3) of the Act on Specified Joint Real Estate Ventures or its agency or intermediary service	The Minister of Land, Infrastructure, Transport and Tourism
An insurance company, a small amount and short term Insurer as defined in Article 2, paragraph (18) of the Insurance Business Act, an insurance agent as defined in paragraph (23) of that Article, and an insurance broker as defined in paragraph (25) of that Article	Conclusion of a specified insurance contract (meaning the specified insurance contract prescribed in Article 300-2 of the Insurance Business Act; hereinafter the same applies in this column), its agency or intermediary service, or conclusion of a contract providing that intermediary service for concluding a specified insurance contract on behalf the customer is to be conducted	

A specific purpose company as defined in Article 2, paragraph (3) of the Asset Securitization Act, a specified transferor prescribed in Article 208, paragraph (1) of the Asset Securitization Act and the originator as defined in Article 224 of the Asset Securitization Act	The public Offering, etc. (meaning a Public Offering, etc. prescribed in Article 207 of the Asset Securitization Act) or handling of the public offering, etc. of asset-backed securities (meaning the asset-backed securities as defined in Article 2, paragraph (11) of the Asset Securitization Act) or the public offering, etc. (meaning a public Offering, etc. as defined in Article 286, paragraph (1) of the Asset Securitization Act) of beneficiary certificates (meaning the beneficiary certificates as defined in Article 2, paragraph (15) of the Asset Securitization Act)	
A financial service intermediary	Intermediation of the conclusion of a specified financial service contract	
The Norinchukin Bank and a Norinchukin Bank agent as defined in Article 95-2, paragraph (3) of the Norinchukin Bank Act	Conclusion of a contract for specified deposit, etc. prescribed in Article 59-3 of the Norinchukin Bank Act or its agency or intermediary service	The Minister of Agriculture, Forestry and Fisheries
A trust company, a financial institution authorized under Article 1, paragraph (1) of the Act on Engagement in Trust Business by Financial Institutions, and a life insurance company, etc. engaged in insurance proceeds trust business as defined in Article 13-3 of the Order for Enforcement of the Insurance Business Act (Cabinet Order No. 425 of 1995)	Conclusion of a Specific Trust Agreement as prescribed in Article 24-2 of the Trust Business Act (including the cases where it is applied mutatis mutandis pursuant to Article 99, paragraph (8) of the Insurance Business Act)	
The Shoko Chukin Bank Limited	Conclusion of a contract for specified deposit, etc. prescribed in Article 29 of the Shoko Chukin Bank Limited Act	The Minister of Economy, Trade and Industry and the Minister of Finance

(Notification of Discontinuation of Certified Services)

Article 18-4-16 If a certified investor protection organization seeks to discontinue its certified services (meaning certified services prescribed in Article 79-10, paragraph (1) of the Act; hereinafter the same applies in this Article), it must submit a written notification stating the following particulars to the Commissioner of the Financial Services Agency by three months prior to the day on which it seeks to discontinue the services:

- (i) its name;
- (ii) the location of its principal office;
- (iii) the name of the representative or administrator;
- (iv) the day on which it seeks to terminate the acceptance of filing for resolution under the provisions of Article 77, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 79-12 of the Act or the filing of application under the provisions of Article 77-2, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 79-13 of the Act;
- (v) the day on which it seeks to discontinue certified services; and
- (vi) the reason for discontinuing certified services.

Chapter IV-6 Investor Protection Funds

(Persons Excluded from Consideration as General Customers)

Article 18-5 The persons specified by Cabinet Order that are provided for in Article 79-20, paragraph (1) of the Act are the following persons:

- (i) qualified institutional investors;
- (ii) the State, local governments, or a corporation established by a special act of establishment pursuant to the provisions of special laws (excluding the persons set forth in the preceding item);
- (iii) an investor protection fund (meaning an investor protection fund prescribed in Article 79-21 of the Act; hereinafter referred to as the "fund" except in Chapter VIII);
- (iv) a foreign government or any other person equivalent to the persons set forth in the preceding three items under foreign laws and regulations; and
- (v) in addition to the persons set forth in the preceding items, persons designated by the Commissioner of the Financial Services Agency and the Minister of Finance.

(Transactions Excluded from Consideration as Customer Assets)

Article 18-6 The transactions specified by Cabinet Order that are provided for in Article 79-20, paragraph (3), item (iii) of the Act are the following transactions:

- (i) over-the-counter derivatives transactions;
- (ii) foreign market derivatives transactions;

- (iii) purchase and sale or other transactions of electronically recorded transferable rights or the rights prescribed in Article 1-12, item (ii); and
- (iv) the transactions designated by the Commissioner of the Financial Services Agency or the Minister of Finance as being similar to the transactions set forth in the preceding three items.

(Securities Excluded from Customer Assets)

Article 18-6-2 The securities specified by Cabinet Order that are provided for in Article 79-20, paragraph (3), items (v) and (vi) of the Act are electronically recorded transferable rights that are deemed to be securities pursuant to the provisions of Article 2, paragraph (2) of the Act and the rights prescribed in Article 1-12, item (ii).

(Customer Assets Related to Incidental Businesses)

Article 18-7 The things specified by Cabinet Order that are provided in Article 79-20, paragraph (3), item (vii) of the Act are the following things:

- (i) money or securities belonging to the account of a general customer or money or securities deposited with a financial instruments business operator (meaning the financial instruments business operator prescribed in Article 79-20, paragraph (1) of the Act; hereinafter the same applies in this Article) from a general customer (excluding money or securities prescribed in Article 79-20, paragraph (3), item (i) of the Act, the money prescribed in Article 79-20, paragraph (3), item (iii) of the Act, the securities prescribed in Article 79-20, paragraph (3), item (v) of the Act, the securities that a financial instruments business operator may use under a contract, and the securities specified in the preceding Article), with regard to the services involving the acts set forth in Article 2, paragraph (8), items (xvi) and (xvii) of the Act (limited to securities-related services) and the services conducted pursuant to the provisions of Article 35, paragraph (1) of the Act, which are designated by the Commissioner of the Financial Services Agency or the Minister of Finance;
- (ii) money or securities belonging to the account of a general customer or the money or securities deposited with a financial instruments business operator from a general customer (excluding money or securities prescribed in Article 79-20, paragraph (3), item (ii) of the Act, the money prescribed in Article 79-20, item (iv) of that paragraph, the securities prescribed in item (vi) of that paragraph, the securities that a financial instruments business operator may use under a contract, and the securities specified in the preceding Article), with regard to the services involving the acts set forth in Article 2, paragraph (8), item (xvi) of the Act (limited to those involving commodity derivatives transaction-related business (meaning the commodity derivatives

transaction-related business prescribed in Article 79-20, paragraph (1) of the Act; hereinafter the same applies in this item); the same applies in the following item) and the services conducted pursuant to the provisions of Article 35, paragraph (1) of the Act, which are designated by the Commissioner of the Financial Services Agency and the Minister of Finance (limited to those involving the commodity derivatives transaction-related business; the same applies in the following item); and

(iii) the commodities (meaning the commodities as defined in Article 2, paragraph (24), item (iii)-3 of the Act; the same applies hereinafter) belonging to the account of a general customer (including the instruments or certificates issued for the deposited commodities; hereinafter the same applies in this item), or the commodities deposited with a financial instruments business operator from a general customer (excluding those set forth in Article 79-20, paragraph (3), item (ii) of the Act, the commodities prescribed in item (vi) of that paragraph, and the commodities that a financial instruments business operator may use under a contract), with regard to the services involving the acts set forth in Article 2, paragraph (8), item (xvi) of the Act and the services conducted pursuant to the provisions of Article 35, paragraph (1) of the Act, which are designated by the Commissioner of the Financial Services Agency and the Minister of Finance.

(Financial Instruments Business Operators Not Obligated to Join)

Article 18-7-2 (1) The financial instruments business operator specified by Cabinet Order that is provided for in Article 79-27, paragraph (1) of the Act is a financial instruments business operator that does not conduct type I financial instruments business (excluding type I financial instruments business related to electronically recorded transferable rights or the rights prescribed in Article 1-12, item (ii); the same applies in the following paragraph) and a type I small amount electronic public offering business operator prescribed in Article 29-4-2, paragraph (9) of the Act

(2) The persons specified by Cabinet Order that are provided for in Article 79-27, paragraph (2) of the Act are those that do not conduct type I financial instruments business by obtaining the registration or registration of changes under that paragraph and those that seek to only conduct type I small amount electronic public offering business among type I financial instruments business.

(Particulars to Be Given in a Public Notice in Relation to Payment by the Fund)

Article 18-8 The particulars specified by Cabinet Order that are provided for in Article 79-55, paragraph (1) of the Act are the following particulars:

(i) the method for filing a notification of the request referred to in Article 79-56,

- paragraph (1) of the Act;
- (ii) the period, place, and method for the payment of the amount referred to in Article 79-56, paragraph (1) of the Act;
- (iii) documents and any other thing which a general customer should submit or present to the fund in making the request referred to in Article 79-56, paragraph (1) of the Act; and
- (iv) other particulars found necessary by the fund.

(Grounds for Changing the Period of Notification)

Article 18-9 The grounds specified by Cabinet Order that are provided for in Article 79-55, paragraph (2) of the Act are the following grounds:

- (i) a public notice of dividend distribution under the provisions of Article 197, paragraph (1) of the Bankruptcy Act (including as applied mutatis mutandis pursuant to Article 209, paragraph (3) of that Act);
- (ii) a notice under the provisions of Article 79-55, paragraph (5) of the Act;
- (iii) an order of confirmation of the reorganization plan under the provisions of Article 199, paragraph (1) of the Corporate Organization Act;
- (iv) an order for confirmation of the rehabilitation plan under the provisions of Article 174, paragraph (1) of the Civil Rehabilitation Act; and
- (v) the fact that payment is to be made pursuant to the provisions of Article 60, paragraph (5) of the Act on Book-Entry Transfer of Corporate Bonds and Shares.

(Cases in Which Payment of Claims Is Found to Be Difficult)

Article 18-10 The case in which the fund finds it to be difficult for a distressed financial instruments business operator (meaning a distressed financial instruments business operator prescribed in Article 79-55, paragraph (2) of the Act; the same applies hereinafter) to smoothly make payment of claims that a general customer holds against the distressed financial instruments business operator (limited to a claim associated with customer assets (meaning the customer assets defined in Article 79-20, paragraph (3) of the Act; the same applies hereinafter) of the general customer) is a case in which the full performance of the claims is found to be impossible or in which a considerable number of days are found to be required to pay the claim, in light of the status of the property of the distressed financial instruments business operator or the status of administration under Article 43-2, paragraphs (1) and (2) and Article 43-2-2 of the Act.

(Persons Excluded as the Subject of Payment by the Fund)

Article 18-11 The persons specified by Cabinet Order that are provided for in Article 79-56, paragraph (2) of the Act are the following persons:

- (i) the officers of a distressed financial instruments business operator (in cases of a distressed financial instruments business operator that is a foreign corporation, including their representative in Japan);
- (ii) the parent corporation, etc. and subsidiary corporations, etc. of a distressed financial instruments business operator;
- (iii) a general customer that holds customer assets in another person's name (or under a fictitious name; hereinafter the same applies in this item) (limited to the claims to be compensated (meaning the claims to be compensated prescribed in Article 79-56, paragraph (1) of the Act; the same applies hereinafter) related to the customer assets which the general customer holds in another person's name);
- (iv) a book-entry transfer institution, etc. (meaning a book-entry transfer institution as defined in Article 2, paragraph (5) of the Act on Book-Entry Transfer of Corporate Bonds and Shares; hereinafter the same applies in this item) which holds, among the customer assets related to claims to be compensated, claims in connection with damage that has arisen as a result of an erroneous entry or recording (meaning an erroneous entry or recording prescribed in Article 58 of that Act) by a book-entry transfer institution, etc. which are the claims actually held against the bankrupt current or former immediately superior institution (meaning a bankrupt current or former immediately superior institution prescribed in Article 58 of that Act) at the time of commencement of bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, special liquidation proceedings, or foreign insolvency proceedings (limited to claims to be compensated related to the claims, and excluding the persons set forth in the preceding two items); and
- (v) in addition to the persons set forth in the preceding items, persons designated by the Commissioner of the Financial Services Agency and the Minister of Finance.

(Maximum Amount of Payment by the Fund)

Article 18-12 The amount specified by Cabinet Order that is provided for in Article 79-57, paragraph (3) of the Act is ten million yen.

(Acquisition of Claims to Be Compensated)

Article 18-13 If the amount to be paid by the fund pursuant to the provisions of Article 79-56, paragraph (1) and Article 79-57, paragraphs (1) and (3) of the Act is less than the amount of claims to be compensated in association with that payment, the fund is to acquire the amount it designates, among the claims to be compensated,.

(Special Provisions of the Act on Special Measures Concerning Taxation When

Payment is For Claims to Be Compensated)

Article 18-14 (1) In applying the provisions of Article 4-2, paragraphs (2) and (9) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957) when the facts that cause the workers' property accumulation savings contract prescribed in Article 4-2, paragraph (1) of the Act or its performance from satisfying the requirements provided in Article 6, paragraph (4), item (i), sub-item (b) or (c) of the Act on Promotion of Workers' Property Accumulation (Act No. 92 of 1971) occur and the facts occurred as a result of the payment (meaning payment referred to in Article 79-58, paragraph (1) of the Act; the same applies in the following paragraph) of the claims to be compensated, those facts are deemed to be excluded from the cases specified by Cabinet Order that are prescribed in Article 4-2, paragraph (2) of the Act on Special Measures Concerning Taxation and deemed to not fall under the facts prescribed in paragraph (9) of that Article.

(2) In applying the provisions of Article 4-3, paragraphs (2) and (10) of the Act on Special Measures Concerning Taxation, when the facts that cause the workers' property accumulation pension savings contract in Article 4-3, paragraph (1) of the Act on Special Measures Concerning Taxation or its performance from satisfying the requirements provided in Article 6, paragraph (2), item (i), sub-item (b) or (c) of the Act on Promotion of Workers' Property Accumulation occur and the facts occurred as a result of the payment of the claims to be compensated, those facts are deemed to be excluded from the cases specified by Cabinet Order that are prescribed in Article 4-3, paragraph (2) of the Act on Special Measures Concerning Taxation and deemed not to fall under the facts prescribed in paragraph (10) of that Article.

(Maximum Amount for Borrowings from Financial Institutions)

Article 18-15 The amount specified by Cabinet Order that is provided for in Article 79-72 of the Act is 80 billion yen.

Chapter V Financial Instruments Exchanges

(Minimum Amount of Stated Capital of an Incorporated Financial Instruments Exchange)

Article 19 The amount specified by Cabinet Order that is provided for in Article 83-2 of the Act is one billion yen.

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to an Action to Invalidate the Establishment of a Financial Instruments Membership Corporation)

Article 19-2 With regard to an action to invalidate the establishment of a

financial instruments membership corporation prescribed in Article 88-22 of the Act, the technical replacement of terms pursuant to the provisions of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that Article is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 835, paragraph (1)	the head office	the principal office

(Deemed Replacement of Terms in the Provisions of the Commercial Registration Act as Applied Mutatis Mutandis to the Registration of a Financial Instruments Membership Corporation)

Article 19-2-2 With regard to the registration prescribed in Article 90 of the Act, the technical replacement of terms pursuant to the provisions of that Article when the provisions of the Commercial Registration Act (Act No. 125 of 1963) are applied mutatis mutandis pursuant to that Article is as given in the following table:

Provisions of the Commercial Registration Act Whose Terms are Deemed to be Replaced	Original Terms	Terms deemed to replace the original terms
Article 12-2, paragraph (5)	business office (in the case of a company, its head office)	principal office
Article 17, paragraph (3)	its branch office	its secondary office
Article 21, paragraph (1)	trade name	name
Article 24, item (i)	the business office	the office
Article 24, items (xii) and (xiii)	a trade name	a name
Article 27	trade name	name
	business office (in the case of a company, its head office; hereinafter the same applies in this Article)	principal office
	of the business office	of the principal office

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to the Dissolution and Liquidation of a Financial Instruments Membership Corporation)

Article 19-2-3 (1) With regard to the dissolution and liquidation of a financial instruments membership corporation referred to in Article 100-17, paragraph (1) of the Act, the technical replacement of terms pursuant to the provisions of that paragraph when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 492, paragraph (1)	each item of Article 475	the items of Article 644 (excluding item (iii)) as applied mutatis mutandis pursuant to Article 100-17, paragraph (1) of the Financial Instruments and Exchange Act
Article 663 and Article 664	partners	members

(2) With regard to the liquidation of a financial instruments membership corporation referred to in Article 100-17, paragraph (2) of the Act, the technical replacement of terms pursuant to the provisions of that paragraph when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 868, paragraph (1)	the head office	the principal office

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis If the Members of an Incorporated Association-Operated Financial Instruments Exchange Are Allotted Money or Shares of the Incorporated Financial Instruments Exchange After Entity Conversion)

Article 19-2-4 If shares or money are allotted pursuant to the provisions of Article 101-6, paragraph (1) of the Act, the technical replacement of terms

pursuant to the provisions of paragraph (2) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 234, paragraph (2)	Ministry of Justice Order	Cabinet Office Order

(Means of Using Information and Communications Technology)

Article 19-2-5 (1) When seeking to provide the particulars prescribed in Article 101-10, paragraph (3) of the Act pursuant to that paragraph, a person offering to subscribe for shares issued upon entity conversion (meaning the shares issued upon entity conversion prescribed in Article 101-9, item (i) of the Act) (the person is referred to as the "offeror" in the following paragraph), in advance and pursuant to the provisions of Cabinet Office Order, must indicate to the incorporated association-operated financial instruments exchange the type and details of the means of using an electronic data processing system or other means of using information and communications technology that are specified by Cabinet Office Order (hereinafter referred to as "electronic or magnetic means" in this Article) and obtain consent for this in writing or by electronic or magnetic means.

(2) If an offeror that has obtained a consent pursuant to the provisions of the preceding paragraph receives a notice from the incorporated association-operated financial instruments exchange in writing or by electronic or magnetic means, indicating that it is not willing to be provided with the particulars by electronic or magnetic means, the offeror must not use electronic or magnetic means to provide the incorporated association-operated financial instruments exchange with the particulars prescribed in Article 101-10, paragraph (3) of the Act; provided, however, that this does not apply if the incorporated association-operated financial instruments exchange has given consent pursuant to the provisions of the preceding paragraph at another time.

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis If an Incorporated Association-Operated Financial Instruments Exchange Makes Property Other Than Money the Subject of Contribution Upon Entity Conversion)

Article 19-2-6 If property other than money prescribed in Article 101-9, item (iii) of the Act is to be the purpose of contribution, the technical replacement of

terms pursuant to the provisions of Article 101-16, paragraph (3) of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 101-16, paragraph (3) of the Act is as the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 207, paragraph (1), paragraph (3), paragraph (6) and paragraph (9), item (v), and Article 212, paragraph (1) (excluding item (i))	a stock company	an incorporated association-operated financial instruments exchange
Article 213, paragraph (1) (excluding item (i) and item (iii))	directors, etc.	board members
	the stock company	the incorporated association-operated financial instruments exchange
	shareholders meeting	general meeting
	as the directors	as the board members
Article 213, paragraph (2)	directors, etc.	board members
Article 213, paragraph (3)	the stock company	the incorporated association-operated financial instruments exchange
Article 213, paragraph (4)	directors, etc.	board members
Article 868, paragraph (1)	the head office of the company	the principal office of the incorporated association-operated financial instruments exchange
Article 870, item (vii)	stock company	incorporated association-operated financial instruments exchange

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to an Action to Invalidate the Entity Conversion of an Incorporated Association-Operated Financial Instruments Exchange)

Article 19-2-7 With regard to an action to invalidate the entity conversion of an incorporated association-operated financial instruments exchange prescribed in

Article 102, paragraph (1) of the Act, the technical replacement of terms pursuant to the provisions of that paragraph when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 834, item (vi)	the company after the entity conversion	the incorporated financial instruments exchange after entity conversion
Article 835, paragraph (1)	the head office of the company	the head office of the incorporated financial instruments exchange after entity conversion
Article 937, paragraph (3), item (i)	the company after the entity conversion	the incorporated financial instruments exchange after entity conversion

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to an Action to Invalidate the Establishment of a Self-Regulatory Organization)

Article 19-2-8 With regard to an action to invalidate the establishment of a self-regulatory organization prescribed in Article 102-7 of the Act, the technical replacement of terms pursuant to the provisions of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that Article is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 835, paragraph (1)	the head office	the principal office

(Deemed Replacement of Terms in the Provisions of the Commercial Registration Act as Applied Mutatis Mutandis to the Registration of Self-Regulatory Organizations)

Article 19-2-9 With regard to registration for self-regulatory organizations prescribed in Article 102-11 of the Act, the technical replacement of terms pursuant to the provisions of that Article when the provisions of the Commercial Registration Act are applied mutatis mutandis pursuant to that

Article is as given in the following table:

Provisions of the Commercial Registration Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 12-2, paragraph (5)	business office (in the case of a company, its head office)	principal office
Article 17, paragraph (3)	its branch office	its secondary office
Article 21, paragraph (1)	trade name	name
Article 24, item (i)	the business office	the office
Article 24, items (xii) and (xiii)	a trade name	a name
Article 27	trade name	name
	business office (in the case of a company, its head office; hereinafter the same applies in this Article)	principal office
	of the business office	of the principal office

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to Permission for a Request to Inspect or Copy the Minutes of a Self-Regulatory Organization's Board of Members Meeting)

Article 19-2-10 With regard to the permission referred to in Article 102-31, paragraph (2) of the Act, the technical replacement of terms pursuant to the provisions of paragraph (4) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 868, paragraph (1)	the head office	the principal office

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to the Dissolution and Liquidation of Self-Regulatory Organization)

Article 19-2-11 (1) With regard to the dissolution and liquidation of a self-regulatory organization as prescribed in Article 102-37, paragraph (1) of the Act, the technical replacement of terms pursuant to the provisions of that paragraph when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 492, paragraph (1)	each item of Article 475	the items of Article 644 (excluding item (iii)) as applied mutatis mutandis pursuant to Article 102-37, paragraph (1) of the Financial Instruments and Exchange Act
Article 663 and Article 664	partners	members

(2) With regard to the liquidation of a self-regulatory organization prescribed in Article 102-37, paragraph (2) of the Act, the technical replacement of terms pursuant to the provisions of that paragraph when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 868, paragraph (1)	the head office	the principal office

(Persons Related to Each Other Through a Special Relationship)

Article 19-3 (1) The person that is related to the person in question through a special relationship specified by Cabinet Order that is prescribed in Article 103-2, paragraph (5), item (ii) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 103-3, paragraph (2) and Article 106-9 of the Act) means a person (other than a specified shareholder) that is related to the relevant person through any of the following relationships:

- (i) the relationship of persons that jointly acquire or hold subject voting rights (meaning the subject voting rights prescribed in Article 103-2, paragraph (1))

of the Act; hereinafter the same applies in this item, Article 19-3-3, Article 19-3-3-2, and Article 19-3-4-2) of an incorporated financial instruments exchange (meaning incorporated financial instruments exchange as defined in Article 2, paragraph (18) of the Act; the same applies hereinafter), or that have agreed to jointly exercise subject voting rights of the incorporated financial instruments exchange (hereinafter the person is referred to as a "joint holder" in this Article);

(ii) the relationship of a husband and wife;

(iii) the relationship between a person that holds voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company (hereinafter the person is referred to as a "controlling shareholder, etc." in this Article) and that company (hereinafter referred to as a "controlled company" in this Article); and

(iv) the relationship between a controlled company and another controlled company of that controlling shareholder, etc.

(2) If joint holders jointly hold voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company, each joint holder is deemed to be the controlling shareholder, etc. of the company, and the provisions of the preceding paragraph apply.

(3) If a husband and wife jointly hold voting rights exceeding 50 percent of voting rights held by all the shareholders, etc. of a company, the husband and wife are each deemed to be the controlling shareholder, etc. of the company, and the provisions of paragraph (1) apply.

(4) If a controlling shareholder, etc. and their controlled company jointly hold voting rights exceeding 50 percent of voting rights held by all the shareholders, etc. of another company, that other company is deemed to be the controlled company of the controlling shareholder, etc., and the provisions of paragraph (1) apply.

(5) The term "specified shareholder" as used in paragraph (1) means an authorized financial instruments firms association, a financial instruments exchange, a financial instruments exchange holding company, a commodity exchange, or a commodity exchange holding company.

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to a Petition to Appoint a Person that Temporarily Performs the Duties of a Member of a Self-Regulating Committee)

Article 19-3-2 With regard to a petition to appoint a person that temporarily performs the duties of a member of a self-regulating committee prescribed in Article 105-7, paragraph (4) of the Act, the technical replacement of terms pursuant to the provisions of paragraph (6) of that Article when the provisions

of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 870, item (ii)	a person that is to temporarily perform the duties of a director (in cases of a company with audit and supervisory committee, a director that is an audit and supervisory committee member or other directors), accounting advisor, company auditor, representative director, committee member (meaning a member of a nominating committee, audit committee, or compensation committee; the same applies in Article 874, item (i)), executive officer or representative executive officer appointed pursuant to the provisions of Article 346, paragraph (2), Article 351, paragraph (2) or Article 401, paragraph (3) (including as applied mutatis mutandis pursuant to Article 403, paragraph (3) or Article 420, paragraph (3)), a liquidator, a person that is to temporarily perform the duties of a liquidator or representative liquidator appointed pursuant to the provisions of Article 346, paragraph (2) as applied mutatis mutandis pursuant to Article 479, paragraph (4) or the provisions of Article 351, paragraph (2) as applied mutatis mutandis pursuant to Article 483, paragraph (6), an inspector, or the administrator referred to in Article 825, paragraph (2) (including as applied mutatis mutandis pursuant to Article 827, paragraph (2))	a person that is to temporarily perform the duties of a member of a self-regulating committee

Article 874, item (i)	a person that is to temporarily perform the duties of a director, accounting advisor, company auditor, representative director, committee member, executive officer, or representative executive officer prescribed in Article 870, item (ii), a liquidator, a representative liquidator, a liquidator that represents a liquidating membership company, a person that is to temporarily perform the duties of a liquidator or representative liquidator prescribed in that item, an inspector, the appraiser referred to in Article 501, paragraph (1) (including as applied mutatis mutandis pursuant to Article 822, paragraph (3)) or Article 662, paragraph (1), the person that preserves accounting materials referred to in Article 508, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 822, paragraph (3)) or Article 672, paragraph (3), a special agent of a bond administrator or a bond administration assistant, or the bond administrator or the bond administration assistant to succeed to the administration of bonds referred to in Article 714, paragraph (3) (including as applied mutatis mutandis pursuant to Article 714-7)	a person that is to temporarily perform the duties of a member of a self-regulating committee
	the appointment or selection	the appointment

(Persons That May Acquire or Hold the Number of Subject Voting Rights That Is Equal to or Greater Than the Threshold Holding Ratio of Subject Voting Rights of an Incorporated Financial Instruments Exchange)

Article 19-3-3 The persons specified by Cabinet Order that are provided for in Article 106-3, paragraph (1) of the Act are the following persons:

- (i) a local government;
- (ii) a foreign financial instruments trading market operator (meaning a foreign financial instruments trading market operator prescribed in Article 60-2, paragraph (1), item (vii) of the Act; hereinafter the same applies in this Article) that satisfies all of the following requirements:
 - (a) the operator has received the same kind of license as the license referred to in Article 80, paragraph (1) of the Act, or permission or any other administrative disposition similar to the license in the country where their head office or principal office is located;
 - (b) the authority responsible for enforcing foreign laws and regulations

- equivalent to the Act (including orders given based on the Act; hereinafter the same applies in sub-item (b)) in the country where their head office or principal office is located, has guaranteed that, if the Japanese government requests its cooperation in an administrative investigation to be taken to enforce the Act, it will comply with the request; and
- (c) the incorporated financial instruments exchange or financial instruments exchange holding company in which the person seeks to acquire or hold a number of subject voting rights that is equal to or greater than the threshold holding ratio (meaning the threshold holding ratio defined in Article 103-2, paragraph (1) of the Act; hereinafter the same applies in this Article) of all shareholders' voting rights by obtaining authorization referred to in Article 106-3, paragraph (1) or Article 106-17, paragraph (1) of the Act is a subsidiary company of an authorized financial instruments firms association, a financial instruments exchange, a financial instruments exchange holding company, a commodity exchange or a commodity exchange holding company (meaning a subsidiary company as defined in Article 87-3, paragraph (3) of the Act; hereinafter the same applies in this Article, Article 43-4, paragraph (3), Article 43-6, paragraphs (1) and (2), and Article 44, paragraphs (15) and (16)) (the subsidiary company is referred to as the "specified subsidiary company" in sub-item (c) of the following item, item (iv), sub-item (c) and item (v), sub-item (c));
 - (iii) a foreign financial instruments trading market operator holding company (meaning a company that has a foreign financial instruments trading market operator as its subsidiary company and a person other than one set forth in the preceding item; hereinafter the same applies in this item) that satisfies all of the following requirements:
 - (a) the authority responsible for enforcing foreign laws and regulations equivalent to the Act (including orders given based on the Act; hereinafter the same applies in sub-item (b)) in the country where the holding company's head office or principal office is located, has granted the same kind of authorization as the authorization referred to in Article 106-10, paragraph (1) of the Act, or granted permission or conducted any other acts similar to the authorization with regard to the fact that the person is a foreign financial instruments trading market operator holding company;
 - (b) the authority responsible for enforcing foreign laws and regulations equivalent to the Act in the country where the holding company's head office or principal office is located has guaranteed that, if the Japanese government requests its cooperation in an administrative investigation to be taken to enforce the Act, it will comply with the request; and
 - (c) the incorporated financial instruments exchange in which the person seeks to acquire or hold a number of subject voting rights that is equal to

- or greater than the threshold holding ratio of all shareholders' voting rights by obtaining the authorization referred to in Article 106-3, paragraph (1) of the Act is a specified subsidiary company;
- (iv) a foreign commodity market operator (meaning a foreign commodity market operator as defined in Article 2, paragraph (12) of the Commodity Futures Act; hereinafter the same applies in the following item) that satisfies all of the following requirements:
- (a) the operator has received the same kind of permission as the permission referred to in Article 9 or Article 78 of the Commodity Futures Act or authorization or any other administrative disposition similar to the permission in the country where their head office or principal office is located;
- (b) the authority responsible for enforcing foreign laws and regulations equivalent to the Commodity Futures Act (including orders given based on that Act) in the country where the operator's head office or principal office is located, has guaranteed that, if the Japanese government requests its cooperation in an administrative investigation to be taken to enforce the Act (including orders given based on the Act; hereinafter the same applies in sub-item (b) of the following item), it will comply with the request; and
- (c) the incorporated financial instruments exchange or financial instruments exchange holding company in which the person seeks to acquire or hold a number of subject voting rights that is equal to or greater than the threshold holding ratio of all shareholders' voting rights by obtaining the authorization referred to in Article 106-3, paragraph (1) or Article 106-17, paragraph (1) of the Act is a specified subsidiary company;
- (v) a foreign commodity market operator holding company (meaning a company that has a foreign commodity market operator as its subsidiary company and a person other than a person set forth in the preceding item; hereinafter the same applies in this item) that satisfies all of the following requirements:
- (a) the authority responsible for enforcing foreign laws and regulations equivalent to the Commodity Futures Act (including orders given based on the Act; hereinafter the same applies in sub-item (b)) in the country where the holding company's head office or principal office is located has granted the same kind of authorization as the authorization referred to in Article 96-25, paragraph (1) of the Act, or granted permission or conducted any other acts similar to the authorization with regard to the fact that the person is a foreign commodity market operator holding company;
- (b) the authority responsible for enforcing foreign laws and regulations equivalent to the Commodity Futures Act in the country where the holding company's head office or principal office is located, has guaranteed that, if the Japanese government requests its cooperation in an administrative

investigation to be taken to enforce the Act, it will comply with the request; and

- (c) the incorporated financial instruments exchange in which it seeks to acquire or hold a number of subject voting rights that is equal to or greater than the threshold holding ratio of all shareholders voting rights by obtaining the authorization referred to in Article 106-3, paragraph (1) of the Act is a specified subsidiary company.

(Persons Related to Each Other Through a Special Relationship)

Article 19-3-3-2 (1) The person that is related to the person in question through a special relationship specified by Cabinet Order that is provided for in Article 103-2, paragraph (5), item (ii) of the Act as applied mutatis mutandis pursuant to Article 108 of the Act is a person (excluding a specified shareholder) that is related to the relevant person through any of the following relationships:

- (i) the relationship of persons that jointly acquire or hold subject voting rights of a financial instruments exchange holding company (or, if the provisions of Article 103-2, paragraph (5) of the Act are applied mutatis mutandis pursuant to Article 108 of the Act (limited to the part that involves Article 106-28, paragraph (4) of the Act), an incorporated financial instruments exchange; hereinafter the same applies in this item), or that have agreed to jointly exercise subject voting rights of that financial instruments exchange holding company (hereinafter those persons are referred to as "joint holders" in this Article);
 - (ii) the relationship of a husband and wife;
 - (iii) the relationship between a person that holds voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company (hereinafter the person is referred to as a "controlling shareholder, etc." in this Article) and that company (hereinafter referred to as a "controlled company" in this Article); and
 - (iv) the relationship between a controlled company and another controlled company of that controlling shareholder, etc.
- (2) If joint holders jointly hold voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company, each joint holder is deemed to be the controlling shareholder, etc. of the company and the provisions of the preceding paragraph apply.
- (3) The provisions of Article 19-3, paragraphs (3) and (4) apply mutatis mutandis to the application of paragraph (1).
- (4) The term "specified shareholder" as used in paragraph (1) means an authorized financial instruments firms association, a financial instruments exchange, or a commodity exchange (or, if the provisions of Article 106-28, paragraph (4) of the Act are applied, an authorized financial instruments firms

association, a financial instruments exchange, a financial instruments exchange holding company, a commodity exchange, or a commodity exchange holding company).

(Markets Requiring Approval for Listing)

Article 19-3-4 The market specified by Cabinet Order that is provided for in Article 122, paragraph (1) of the Act is a foreign financial instruments market (including those specified by Cabinet Office Order as being equivalent to the market).

(Persons Related to One Another Through a Special Relationship)

Article 19-3-4-2 (1) The person that is related to the person in question through a special relationship specified by Cabinet Order that is provided for in Article 103-2, paragraph (5), item (ii) of the Act applied mutatis mutandis pursuant to the provisions of Article 133-2 of the Act is a person that is related to the relevant person through any of the following relationships:

- (i) the relationship of persons that jointly acquire or hold subject voting rights of a company, or of persons that have agreed to jointly exercise subject voting rights of the company (hereinafter those persons are referred to as "joint holders" in this Article);
 - (ii) the relationship between a person that holds voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company (hereinafter the person is referred to as a "controlling shareholder, etc." in this Article) and the company (hereinafter referred to as a "controlled company" in this Article); or
 - (iii) the relationship between a controlled company and another controlled company of its controlling shareholder, etc.
- (2) If the joint holders jointly hold voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company, each joint holder is deemed to be the controlling shareholder, etc. of the company, and the provisions of the preceding paragraph apply.
- (3) The provisions of Article 19-3, paragraph (4) apply mutatis mutandis to the application of paragraph (1).
- (4) The provisions of Article 4-4, paragraph (3) apply mutatis mutandis, in the cases specified in paragraph (1), item (ii), paragraph (2), and Article 19-3, paragraph (4) applied mutatis mutandis pursuant to the preceding paragraph, to the voting rights held by the person prescribed in those provisions. In such a case, in Article 4-4, paragraph (3), the phrase "Article 147, paragraph (1) or Article 148, paragraph (1) (including as applied mutatis mutandis pursuant to Article 228, paragraph (1), Article 235, paragraph (1), Article 239, paragraph (1), and Article 276 (limited to the part that involves item (ii)) of that Act)" is

deemed to be replaced with "Article 147, paragraph (1) or Article 148, paragraph (1)", and "shares or contribution" is deemed to be replaced with "shares".

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis When an Incorporated Financial Instruments Exchange Surviving an Absorption-Type Merger Gives Public Notice in Lieu of a Notice by Electronic Public Notice to Its Shareholders and Holders)

Article 19-3-5 If the public notice pursuant to the provisions of Article 139-10, paragraph (2) of the Act is given by electronic public notice, the technical replacement of terms pursuant to the provisions of paragraph (3) of that Article if the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to a Demand for a Share Buy-Out by the Shareholder of an Incorporated Financial Instruments Exchange Surviving an Absorption-Type Merger)

Article 19-3-6 With regard to the demand pursuant to the provisions of Article 139-11, paragraph (1) of the Act, the technical replacement of terms pursuant to the provisions of paragraph (2) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms

Article 797, paragraphs (6) and (7), and Article 798, paragraphs (1), (2), (4), and (5)	the surviving stock company, etc.	the incorporated financial instruments exchange surviving the absorption-type merger
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(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis If an Incorporated Financial Instruments Exchange Surviving an Absorption-Type Merger Gives Public Notice by Electronic Public Notice Indicating That Objections to an Absorption-Type Merger May Be Stated)

Article 19-3-7 If the public notice pursuant to the provisions of Article 139-12, paragraph (2) of the Act is given by electronic public notice, the technical replacement of terms pursuant to the provisions of paragraph (6) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis If an Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger Gives a Public Notice in Lieu of a Notice by Electronic Public Notice to Its Shareholders and Registered Pledges of Shares)

Article 19-3-8 If the public notice under Article 139-16, paragraph (2) of the Act is given by way of electronic public notice, the technical replacement of terms pursuant to the provisions of paragraph (3) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to a Demand for a Share Buy-Out by the Shareholder of an Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger)

Article 19-3-9 With regard to the demand pursuant to the provisions of Article 139-17, paragraph (1) of the Act, the technical replacement of terms pursuant to the provisions of paragraph (2) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 806, paragraph (5)	paragraph (3)	Article 139-16, paragraph (1) of the Financial Instruments and Exchange Act
	the preceding paragraph	paragraph (2) of that Article
Article 806, paragraphs (6) and (7)	the disappearing stock company, etc.	the incorporated financial instruments exchange disappearing in the consolidation-type merger
Article 807, paragraph (1)	the disappearing stock company, etc.	the incorporated financial instruments exchange disappearing in the consolidation-type merger
	the company incorporated in a consolidation-type merger in cases of implementing a consolidation-type merger	the incorporated financial instruments exchange established by a consolidation-type merger

	, the company incorporated in the consolidation-type merger	, the incorporated financial instruments exchange established by a consolidation-type merger
Article 807, paragraphs (2), (4), and (5)	disappearing stock company, etc.	incorporated financial instruments exchange disappearing in the consolidation-type merger

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to a Demand for a Share Option Buy-Out by a Holder of Share Options in an Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger)

Article 19-3-10 With regard to the demand pursuant to the provisions of Article 139-18, paragraph (1) of the Act, the technical replacement of terms pursuant to the provisions of paragraph (2) of that Article when the provisions of the Companies Act are applied mutatis mutandis pursuant to that paragraph is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 808, paragraph (5)	paragraph (3)	Article 139-16, paragraph (1) of the Financial Instruments and Exchange Act
	the preceding paragraph	paragraph (2) of that Article
Article 808, paragraphs (6) through (8)	the disappearing stock company, etc.	the incorporated financial instruments exchange disappearing in the consolidation-type merger
Article 809, paragraph (1)	the disappearing stock company, etc.	the incorporated financial instruments exchange disappearing in the consolidation-type merger
	the company incorporated in the consolidation-type merger in cases of implementing a consolidation-type merger	the incorporated financial instruments exchange established by a consolidation-type merger
	, the company incorporated in the consolidation-type merger	, the incorporated financial instruments exchange established by a consolidation-type merger

Article 809, paragraphs (2), (4), (5), (7), and (8)	the disappearing stock company, etc.	the incorporated financial instruments exchange disappearing in the consolidation-type merger
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(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis If an Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger Gives Public Notice by Electronic Public Notice, Indicating That Objections to the Consolidation-Type Merger May Be Stated)

Article 19-3-11 If the public notice pursuant to the provisions of Article 139-12, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 139-19 of the Act is to be given by electronic public notice, the technical replacement of terms pursuant to the provisions of Article 139-12, paragraph (6) of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 139-12, paragraph (6) of the Act is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis If Fractional Shares Less Than One Unit of Contribution or One Share Result from a Merger)

Article 19-3-12 If fractional shares less than one unit of contribution or one share result from a merger referred to in Article 136, paragraph (1) of the Act, the technical replacement of terms pursuant to the provisions of Article 143, paragraph (1) of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 143, paragraph (1) of the Act is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 234, paragraph (1), items (v) and (vi)	the company	the financial instruments exchange
	members	members
Article 234, paragraph (2)	Ministry of Justice Order	Cabinet Office Order
Article 868, paragraph (1)	the head office of the company	the head office of the financial instruments exchange (in cases of a incorporated association-operated financial instruments exchange, the principal office)

(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to the Submission of Share Certificates of an Incorporated Financial Instruments Exchange Disappearing in a Consolidation-Type Merger)

Article 19-3-13 (1) If a person performs an act set forth in Article 219, paragraph (2) (limited to the part that involves item (iv)) and Article 293, paragraph (2) (limited to the part that involves item (iv)) of the Companies Act as applied mutatis mutandis pursuant to Article 144, paragraph (1) of the Act, the technical replacement of terms pursuant to the provisions of Article 144, paragraph (1) of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 144, paragraph (1) of the Act is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms

Article 219, paragraph (2), item (iv) and Article 293, paragraph (2), item (iv)	the company surviving the absorption-type merger prescribed in Article 749, paragraph (1) or the company incorporated in the consolidation-type merger prescribed in Article 753, paragraph (1)	the incorporated financial instruments exchange surviving the absorption-type merger prescribed in Article 139, item (i) of the Financial Instruments and Exchange Act or the incorporated financial instruments exchange established by a consolidation-type merger prescribed in Article 139-2, paragraph (1), item (ii) of that Act
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(2) If the public notice pursuant to the provisions of Article 219, paragraph (1) or Article 293, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 144, paragraph (1) of the Act or the provisions of Article 220, paragraph (1) of the Companies Act (including as applied mutatis mutandis pursuant to Article 293, paragraph (5) of the Companies Act as applied mutatis mutandis pursuant to Article 144, paragraph (1) of the Act) as applied mutatis mutandis pursuant to Article 144, paragraph (1) of the Act is given by electronic public notice, the technical replacement of terms pursuant to the provisions of Article 144, paragraph (2) of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 144, paragraph (2) of the Act is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 940, paragraph (3) (excluding the items)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of that paragraph

(Deemed Replacement of Terms in the Provisions of the Commercial Registration Act as Applied Mutatis Mutandis to the Registration of a Financial Instruments Exchange Due to Merger)

Article 19-3-14 (1) With regard to the case set forth in Article 136, paragraph (2), item (i) of the Act, the technical replacement of terms pursuant to the provisions of Article 145, paragraph (1) of the Act when the provisions of the Commercial Registration Act are applied mutatis mutandis pursuant to Article 145, paragraph (1) of the Act is as given in the following table:

Provisions of the Commercial Registration Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 80, item (iii)	Article 799, paragraph (2) of the Companies Act	Article 101-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 139-4, paragraph (5) of that Act
	paragraph (3) of that Article	Article 139-4, paragraph (6) of that Act
Article 80, item (iv)	Article 445, paragraph (5) of the Companies Act	Article 143, paragraph (2) of the Financial Instruments and Exchange Act
Article 80, item (viii)	Article 789, paragraph (2) of the Companies Act (excluding item (iii), and including as applied mutatis mutandis pursuant to Article 793, paragraph (2) of that Act)	Article 101-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 139-3, paragraph (6) of that Act
	Article 789, paragraph (3) of that Act (including as applied mutatis mutandis pursuant to Article 793, paragraph (2) of that Act)	Article 139-3, paragraph (7) of that Act
Article 81, item (viii)	Article 810, paragraph (2) of the Companies Act (excluding item (iii), and including as applied mutatis mutandis pursuant to Article 813, paragraph (2) of that Act)	Article 101-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 139-5, paragraph (6) of that Act
	Article 810, paragraph (3) of that Act (including as applied mutatis mutandis pursuant to Article 813, paragraph (2) of that Act)	Article 139-5, paragraph (7) of that Act

(2) With regard to the case set forth in Article 136, paragraph (2), item (ii) of the Act, the technical replacement of terms pursuant to the provisions of Article 145, paragraph (2) of the Act when the provisions of the Commercial Registration Act are applied mutatis mutandis pursuant to Article 145,

paragraph (2) of the Act are as in the following table:

Provisions of the Commercial Registration Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 80, item (ii)	the main clause of paragraph (1) or of paragraph (2) of Article 796 of the Companies Act,	the main clause of Article 139-9, paragraph (1) of the Financial Instruments and Exchange Act
	paragraph (3) of that Article	paragraph (2) of that Article
Article 80, item (iii)	Article 799, paragraph (2) of the Companies Act	Article 139-12, paragraph (2) of the Financial Instruments and Exchange Act
Article 80, item (iv)	Article 445, paragraph (5) of the Companies Act	Article 143, paragraph (2) of the Financial Instruments and Exchange Act
Article 80, item (viii)	Article 789, paragraph (2) of the Companies Act (excluding item (iii), and including as applied mutatis mutandis pursuant to Article 793, paragraph (2) of that Act)	Article 101-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 139-3, paragraph (6) of that Act
	Article 789, paragraph (3) of that Act (including as applied mutatis mutandis pursuant to Article 793, paragraph (2) of that Act)	Article 139-3, paragraph (7) of that Act
Article 81, item (vi)	Article 804, paragraphs (1) and (3) of the Companies Act	Article 139-15, paragraphs (1) and (4) of the Financial Instruments and Exchange Act
Article 81, item (viii)	Article 810, paragraph (2) of the Companies Act (excluding item (iii), and including as applied mutatis mutandis pursuant to Article 813, paragraph (2) of that Act)	the provisions of Article 101-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 139-5, paragraph (6) of that Act or the provisions of Article 139-12, paragraph (2) of that Act as applied mutatis mutandis pursuant to Article 139-19 of that Act

	Article 810, paragraph (3) of that Act (including as applied mutatis mutandis pursuant to Article 813, paragraph (2) of that Act)	Article 139-5, paragraph (7) of that Act or the provisions of Article 139-12, paragraph (3) of that Act as applied mutatis mutandis pursuant to Article 139-19 of that Act
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(Deemed Replacement of Terms in the Provisions of the Companies Act as Applied Mutatis Mutandis to an Action to Invalidate a Merger)

Article 19-3-15 With regard to an action to invalidate a merger referred to in Article 136, paragraph (1) of the Act, the technical replacement of terms pursuant to the provisions of Article 146 of the Act when the provisions of the Companies Act are applied mutatis mutandis pursuant to Article 146 of the Act is as given in the following table:

Provisions of the Companies Act Whose Terms are Deemed to be replaced	Original Terms	Terms Deemed to Replace the Original Terms
Article 835, paragraph (1)	the head office	the head office (in cases of an incorporated association-operated financial instruments exchange, the principal office)
Article 937, paragraph (4)	the branch offices	the branch offices (in cases of an incorporated association-operated financial instruments exchange, the secondary office)

(Deemed Replacement of Terms in the Supervisory Provisions as Applied Mutatis Mutandis to a Self-Regulatory Organization)

Article 19-3-16 With regard to the supervision of a self-regulatory organization that provides self-regulatory services to a financial instruments exchange under the entrustment of the financial instruments exchange with the authorization referred to in Article 85, paragraph (1) of the Act, the technical replacement of terms pursuant to the provisions of Article 153-4 of the Act when the provisions of the Act are applied mutatis mutandis pursuant to Article 153-4 of the Act is as given in the following table:

Provisions of the Act Whose Terms are Deemed to be Replaced	Original Terms	Terms Deemed to Replace the Original Terms

Article 148	license	authorization under Article 102-14 of the Act
	the items of Article 82, paragraph (2)	the items of Article 82, paragraph (2) as applied mutatis mutandis pursuant to Article 102-16, paragraph (2)
Article 149, paragraph (1)	, operational rules or brokerage contract rules	or operational rules
Article 149, paragraph (2)	Article 81, paragraph (1), item (ii)	Article 102-15, paragraph (1), item (ii)
	, operational rules and brokerage contract rules, and operational method statement related to Financial Instruments obligation Assumption service to be conducted by obtaining the approval referred to in Article 156-19	and operational rules
Article 153	, operational rules, brokerage contract rules	, operational rules

Chapter V-2 Foreign Financial Instruments Exchanges

(Requirements for Years of Experience)

Article 19-4-1 (1) The period specified by Cabinet Order that is provided for in Article 155-3, paragraph (2), item (i) of the Act is three years.

(2) The cases specified by Cabinet Order that are provided for in Article 155-3, paragraph (2), item (i) of the Act are, if the relevant period is calculated for an applicant for authorization by deeming the period that has passed since one of the following persons established a foreign financial instruments market to be the period that has passed since the applicant for authorization established that market, cases in which that period is three years or longer:

- (i) a person that has been merged with the applicant for authorization;
- (ii) a person that has had the applicant for authorization succeed to all or part of the business of operating a foreign securities market through a company split (limited to the cases specified by Cabinet Office Order);
- (iii) a person that has transferred all or part of the business of operating a foreign securities market to the applicant for authorization (limited to the cases specified by Cabinet Office Order); and
- (iv) the persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding three items.

Chapter V-3 Financial Instruments Clearing Organizations

(Minimum Amount of Stated Capital of Financial Instruments Clearing Organizations)

Article 19-4-2 The amount specified by Cabinet Order that is provided for in Article 156-5-2 of the Act is one billion yen; provided, however, that the amount is 500 million yen for a financial instruments clearing organization that performs financial instruments obligation assumption service only for the commodity derivatives transaction-related business as defined in Article 2, paragraph (8), item (i) of the Act (excluding cases in which the financial instruments clearing organization is a financial instruments exchange; the same applies in paragraph (1), item (i) of the following Article).

(Persons Related to Each Other Through a Special Relationship)

Article 19-4-3 (1) The person that is related to the person in question through a special relationship specified by Cabinet Order that is provided for in Article 156-5-3, paragraph (2), item (ii) of the Act is a person that is related to the relevant person through any of the following relationships:

- (i) the relationship of persons that jointly hold subject voting rights (meaning the subject voting rights prescribed in Article 156-5-3, paragraph (1) of the Act; hereinafter the same applies in this item) of a financial instruments clearing organization, or that have agreed to jointly exercise subject voting rights of the financial instruments clearing organization (hereinafter those persons are referred to as "joint holders" in this Article);
 - (ii) the relationship of a husband and wife;
 - (iii) the relationship between a person that holds voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company (hereinafter the person is referred to as a "controlling shareholder, etc." in this Article) and that company (hereinafter referred to as a "controlled company" in this Article); and
 - (iv) the relationship between a controlled company and another controlled company of its controlling shareholder, etc.
- (2) If joint holders jointly hold voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company, each joint holder is deemed to be the controlling shareholder, etc. of the company, and the provisions of the preceding paragraph apply.
- (3) If a husband and wife jointly hold voting rights exceeding 50 percent of the voting rights held by all the shareholders, etc. of a company, the husband and wife are each deemed to be the controlling shareholder, etc. of the company, and the provisions of paragraph (1) apply.
- (4) If a controlling shareholder, etc. and their controlled company jointly hold

voting rights exceeding 50 percent of voting rights held by all the shareholders, etc. of another company, that other company is deemed to be the controlled company of the controlling shareholder, etc., and the provisions of paragraph (1) apply.

- (5) The provisions of Article 4-4, paragraph (3) apply mutatis mutandis, in the cases specified in paragraph (1), item (iii) and the preceding three paragraphs, to the voting rights held by the person prescribed in those provisions. In such a case, in Article 4-4, paragraph (3), the phrase "Article 147, paragraph (1) or Article 148, paragraph (1) (including as applied mutatis mutandis pursuant to Article 228, paragraph (1), Article 235, paragraph (1), Article 239, paragraph (1) and Article 276 (limited to the part that involves item (ii)) of that Act)" is deemed to be replaced with "Article 147, paragraph (1) or Article 148, paragraph (1)", and "shares or contribution" is deemed to be replaced with "shares".
- (6) The provisions of the preceding paragraphs apply mutatis mutandis to cases in which the provisions of Article 156-5-3, paragraph (2), item (ii) of the Act are applied mutatis mutandis pursuant to Article 156-5-11. In such a case, the term "hold" in paragraph (1), item (i) is deemed to be replaced with "acquire, or hold".

(Requirements for a License Applicant's Years of Experience in Financial Instruments Obligation Assumption Services)

Article 19-4-4 (1) The period specified by Cabinet Order that is provided for in Article 156-20-4, paragraph (2), item (i) of the Act is three years.

- (2) The cases specified by Cabinet Order that are provided for in Article 156-20-4, paragraph (2), item (i) of the Act are, if the relevant period has been calculated for the license applicant by deeming the period that has passed since one of the following persons commenced the same kind of business as financial instruments obligation assumption services in a foreign country in compliance with foreign laws and regulations to be the period that has passed since the license applicant commenced those services, cases in which that period is three years or more:

- (i) a person that has been merged with the license applicant;
- (ii) a person that has had the license applicant succeed to all or part of the same kind of services as financial instruments obligation assumption services through a company split (limited to the cases specified by Cabinet Office Order);
- (iii) a person that has transferred all or part of the same kind of services as financial instruments obligation assumption services to the license applicant (limited to the cases specified by Cabinet Office Order); and
- (iv) the persons specified by Cabinet Office Order as being equivalent to the

persons set forth in the preceding three items.

(Requirements for Collaborating Clearing Organizations' Years of Experience in Financial Instruments Obligation Assumption Services)

Article 19-4-5 (1) The period specified by Cabinet Order that is provided for in Article 156-20-18, paragraph (2), item (i) of the Act is three years.

(2) The cases specified by Cabinet Order that are provided for in Article 156-20-18, paragraph (2), item (i) of the Act are, if the relevant period is calculated for a collaborating clearing organization, etc. (meaning a collaborating clearing organization, etc. prescribed in paragraph (1), item (i) of that Article; hereinafter the same applies in this paragraph) by deeming the period that has passed since one of the following persons commenced the same kind of services as financial instruments obligation assumption services in a foreign country in compliance with foreign laws and regulations to be the period that has passed since the collaborating clearing organization, etc. commenced those services, cases in which that period is three years or longer:

- (i) a person that has been merged into the collaborating clearing organization, etc.;
- (ii) a person that has had the collaborating clearing organization, etc. succeed to all or part of the same kind of services as a financial instruments obligation assumption services through a company split (limited to the cases specified by Cabinet Office Order);
- (iii) a person that has transferred all or part of the same kind of services as financial instruments obligation assumption services to the collaborating clearing organization, etc. (limited to the cases specified by Cabinet Office Order); and
- (iv) the persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding three items.

Chapter V-4 Securities Finance Companies

(Minimum Amount of Stated Capital of a Securities Finance Company)

Article 19-5 The amount specified by Cabinet Order that is provided for in Article 156-23 of the Act is 100 million yen.

(Transactions That Are Subject to Loan)

Article 19-6 The transactions specified by Cabinet Order that are provided for in Article 156-24, paragraph (1) of the Act are the following transactions:

- (i) purchase and sale of securities or securities-related market derivatives transactions made on a financial instruments business operator's own account;

- (ii) brokerage for clearing of securities, etc. (limited to that which is related to a margin transaction or the purchase and sale of securities or securities-related market derivatives transaction made on a financial instruments business operator's own account which are conducted on the financial instruments exchange market established by the financial instruments exchange) by a member, etc. of a financial instruments exchange (meaning a member, etc. prescribed in Article 81, paragraph (1), item (iii) of the Act; the same applies hereinafter); and
- (iii) brokerage for clearing of securities, etc. by the association members of an authorized financial instruments firms association (limited to that which is related to a margin transaction or the purchase and sale of securities or the securities-related market derivatives transactions made on a financial instruments business operator's own account which are conducted on the over-the-counter securities market established by the authorized financial instruments firms association).

Chapter V-5 Designated Dispute Resolution Organizations

(Designation under the Provisions of Other Laws in Connection with Services Equivalent to Dispute Resolution Services)

Article 19-7 The designation specified by Cabinet Order that is provided for in Article 156-39, paragraph (1), item (ii), and item (iv), sub-item (d), Article 156-43, and Article 156-60, paragraph (3) of the Act is as follows:

- (i) designation under the provisions of Article 52-62, paragraph (1) of the Banking Act; and
- (ii) designation set forth in the items of Article 19-9.

(Proportion of the Number of Business Operators Involved in Financial Instruments Transactions That Stated Objections to the Total Number of Business Operators Involved in Financial Instruments Transactions)

Article 19-8 The proportion specified by Cabinet Order that is provided for in Article 156-39, paragraph (1), item (viii) of the Act is one third.

(Exemptions to Restriction on Use of Names)

Article 19-9 The persons specified by Cabinet Order that are provided for in Article 156-54 of the Act are persons that have received any of the following designations:

- (i) designation under the provisions of Article 35-2, paragraph (1) of the Mutual Loan Business Act (Act No. 42 of 1931);
- (ii) designation under the provisions of Article 12-2, paragraph (1) of the Act on Engagement in Trust Business by Financial Institutions;

- (iii) designation under the provisions of Article 92-6, paragraph (1) of the Agricultural Cooperatives Act;
- (iv) designation under the provisions of Article 118, paragraph (1) of the Fisheries Cooperative Act;
- (v) designation under the provisions of Article 69-2, paragraph (1) of the Small and Medium-Sized Enterprise Cooperatives Act;
- (vi) designation under the provisions of Article 85-12, paragraph (1) of the Credit Union Act;
- (vii) designation under the provisions of Article 16-8, paragraph (1) of the Long-Term Credit Bank Act;
- (viii) designation under the provisions of Article 89-13, paragraph (1) of the Labor Bank Act;
- (ix) designation under the provisions of Article 41-39, paragraph (1) of the Money Lending Business Act (Act No. 32 of 1983);
- (x) designation under the provisions of Article 308-2, paragraph (1) of the Insurance Business Act;
- (xi) designation under the provisions of Article 51, paragraph (1) of the Act on the Provision of Financial Services;
- (xii) designation under the provisions of Article 95-6, paragraph (1) of the Norinchukin Bank Act;
- (xiii) designation under the provisions of Article 85-2, paragraph (1) of the Trust Business Act; and
- (xiv) designation under the provisions of Article 99, paragraph (1) of Payment Services Act (Act No. 59 of 2009).

Chapter V-6 Specified Financial Index Calculation Agents

(Due Date for Submission of Documents by Specified Financial Index Calculation Agents)

Article 19-10 The period specified by Cabinet Order that is provided for in Article 156-86, paragraph (1) of the Act is one month.

(Due Date for Obtaining Authorization for Operational Rules)

Article 19-11 The period specified by Cabinet Order that is provided for in Article 156-87, paragraph (1) of the Act is six months; provided, however, that if a specified financial index calculation agent that is a foreign person (meaning the specified financial index calculation agent prescribed in Article 156-85, paragraph (1) of the Act) is found to be unable to obtain the authorization referred to in that paragraph within six months after the day of obtaining the designation referred to in Article 156-87, paragraph (1) of the Act due to the laws and regulations or practices in its home country or any other

compelling reasons, that period is the period approved in advance by the Commissioner of the Financial Services Agency pursuant to the provisions of Cabinet Office Order.

Chapter VI Regulation on Transactions of Securities

(Cases in Which Stabilizing Transactions May Be Conducted)

Article 20 (1) A stabilizing transaction (meaning a series of purchase and sale of securities, etc. (meaning purchase and sale of securities, etc. prescribed in Article 159, paragraph (2) of the Act; hereinafter the same applies in this paragraph) made for the purposes set forth in Article 159, paragraph (3) of the Act; the same applies hereinafter) or making an offer, entrusting, etc. a person (meaning entrustment, etc. prescribed in Article 44, item (i) of the Act; the same applies in paragraph (3) and the following Article) or becoming entrusted, etc. (meaning receiving offers for a person to act as intermediary, broker (excluding brokerage for clearing of securities, etc.), or agent; the same applies in the following Article), may be conducted only if the series of purchase and sale of securities, etc. are made on a financial instruments exchange market or an over-the-counter securities market for the purpose of facilitating the public offering of securities (limited to those made to not less than 50 persons; hereinafter the same applies in this Article through Article 22) or solicitation for acquisition only for professional investors, etc. (limited to those made to not less than 50 persons; hereinafter the same applies in this Article through Article 22) or secondary distribution of securities (limited to those made to not less than 50 persons; hereinafter the same applies in this Article through Article 22) or solicitation for selling, etc. only for professional investors (limited to those made to not less than 50 persons; hereinafter the same applies in this Article through Article 22).

(2) In the case referred to in the preceding paragraph, a financial instruments business operator that may conduct stabilizing transactions on its own account is limited to the financial instruments business operator specified in the following items in accordance with the category of cases set forth in each of those items:

(i) if a notification referred to in Article 5, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) is submitted for the public offering or secondary distribution: the financial instruments business operator that has been stated on the notification as the financial instruments business operator that will conclude a wholesale underwriting contract prescribed in Article 21, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) with the issuer of the securities involved in the public offering or the holder of the securities

- involved in the secondary distribution;
- (ii) other cases: a financial instruments business operator that, in advance, has been notified by the issuer of the securities involved in a public offering, solicitation for acquisition only for professional investors, or secondary distribution or solicitation for selling, etc. only for professional investors as the financial instruments business operator with which the issuer will conclude a wholesale underwriting contract prescribed in Article 17-3, item (iii) pursuant to the rules of each financial instruments exchange on which the issuer lists the securities issued by them (if the securities are over-the-counter traded securities, each authorized financial instruments firms association that registers the relevant securities; the same applies in item (v) of the following paragraph and Article 22, paragraphs (3) and (4)) to the relevant financial instruments exchange.
- (3) In the case referred to in paragraph (1), the persons that may entrust, etc. a person with stabilizing transactions are limited to the following persons:
- (i) an officer of the issuer of the securities involved in the public offering, solicitation for acquisition only for professional investors, or secondary distribution or solicitation for selling, etc. only for professional investors;
 - (ii) the holder of the securities involved in the secondary distribution or solicitation for selling, etc. only for professional investors (if the holder has acquired the securities through a contract providing that the secondary distribution or solicitation for selling, etc. only for professional investors of the securities is to be conducted from a person that held those securities, the counterparty to the contract);
 - (iii) an officer of a company which has a close relationship specified by Cabinet Office Order with the issuer of the securities involved in the public offering, solicitation for acquisition only for professional investors, or secondary distribution or solicitation for selling, etc. only for professional investors;
 - (iv) the company set forth in the preceding item (excluding those specified by Cabinet Office Order); and
 - (v) a person that, in advance, has been notified by the issuer of the securities involved in the public offering, solicitation for acquisition only for professional investors, secondary distribution or solicitation for selling, etc. only for professional investors as a person that may entrust, etc. the relevant financial instruments exchange with stabilizing transactions, pursuant to the rules of each financial instruments exchange on which the issuer lists the securities issued by them.

(Entry in Prospectuses)

Article 21 A stabilizing transaction or its offering, entrustment, etc., or becoming entrusted, etc. with a stabilizing transaction may be undertaken only

if the following particulars are stated or recorded in the prospectus or specified information on securities, etc. (meaning the specified information on securities, etc. prescribed in Article 27-33 of the Act (limited to those provided or publicized pursuant to the provisions of Article 27-31, paragraph (2) or (4) of the Act); the same applies in paragraph (1) of the following article) related to the securities of which the public offering, solicitation for acquisition only for professional investors, or secondary distribution or solicitation for selling, etc. only for professional investors is intended to be facilitated by the stabilizing transaction:

- (i) the fact that a stabilizing transaction may be conducted;
- (ii) if the relevant securities are listed securities (meaning the securities listed on a financial instruments exchange; the same applies in Article 23, item (i) and Article 25, item (i)), all names or trade names of the financial instruments exchange markets on which stabilizing transactions are conducted and the financial instruments exchanges that establish those financial instruments exchange markets, and the name or trade name of the financial instruments exchange market on which the main stabilizing transaction is expected to be conducted (such a financial instruments exchange market is referred to as the "main financial instruments exchange market" in Article 24) and the financial instruments exchange which establishes that financial instruments exchange market; and
- (iii) if the relevant securities are over-the-counter traded securities, all the names of the over-the-counter securities markets on which the stabilizing transactions are conducted and the authorized financial instruments firms associations that establish those over-the-counter securities markets, and the name of the over-the-counter securities market on which the main stabilizing transaction is expected to be conducted (such an over-the-counter securities market is referred to as the "main over-the-counter securities market" in Article 24) and the authorized financial instruments firms association which has established that over-the-counter securities market.

(Venue and Period of Stabilizing Transactions)

Article 22 (1) A stabilizing transaction may be conducted only through a purchase and sale of securities or market derivatives transaction conducted on the financial instruments exchange market which has been stated or recorded in the prospectus or specified information on securities, etc. pursuant to the provisions of item (ii) of the preceding Article (if the securities involved in the stabilizing transaction are over-the-counter traded securities, a purchase and sale of over-the-counter traded securities made on the over-the-counter securities market which has been stated or recorded in the prospectus or specified information on securities, etc. pursuant to the provisions of item (iii)

of the preceding Article).

(2) A stabilizing transaction may be conducted only during the period specified in the following items in accordance with the category of cases set forth in each of those items:

(i) a public offering or solicitation for acquisition only for professional investors involving securities: the period specified in the following sub-items in accordance with the category of cases set forth in those sub-items, respectively:

(a) a public offering or solicitation for acquisition only for professional investors made by granting the shareholders with the rights to receive the allotment of shares: the period from the day two weeks prior to the date set forth in Article 202, paragraph (1), item (ii) of the Companies Act which is related to the public offering or solicitation for acquisition only for professional investors until the payment date;

(b) a public offering or solicitation for acquisition only for professional investors made by granting the preferred equity investors provided for in the Act on Preferred Equity Investment with the rights to receive the allotment of preferred equity investment prescribed in the Act on Preferred Equity Investment: the period from the day two weeks prior to the date set forth in Article 8, paragraph (1), item (ii) of the Act on Preferred Equity Investment which is related to the public offering or solicitation for acquisition only for professional investors until the payment date;

(c) a public offering or solicitation for acquisition only for professional investors other than those referred to in sub-items (a) and (b): the period from the day 20 days prior to the date on which the period for the application for acquisition of securities involved in the public offering or solicitation for acquisition only for professional investors ends until the day on which that period ends; and

(ii) a secondary distribution or solicitation for selling, etc. only for professional investors of securities: the period from the day 20 days prior to the date on which the period for the offer to purchase securities involved in the secondary distribution or solicitation for selling, etc., only for professional investors ends (in the cases of an offer to sell, the period of sales) until the day on which that period ends.

(3) In the case referred to in the preceding paragraph, if the issue price of the securities of which the public offering, exclusive solicitation for acquisition only for professional investors, secondary distribution or solicitation for selling, etc. only for professional investors is intended to be facilitated by a stabilizing transaction, or the price for secondary distribution or solicitation for selling, etc. only for professional investors (in the cases of corporate bond certificates with share options, the issue price and the content of the share options or the

price for secondary distribution or solicitation for selling, etc. only for professional investors; hereinafter referred to as the "issue price, etc." in this Article) has not been decided before the commencement of the period set forth in the items of the preceding paragraph, notwithstanding the provisions of the preceding paragraph, the stabilizing transaction must not be conducted until the day on which each financial instruments exchange on which the issuer of the securities is to list the securities issued by them receives notice of the issue price, etc. of the relevant securities from the issuer pursuant to the rules of the relevant financial instruments exchanges.

- (4) In the case referred to in paragraph (2), if the issue price, etc. of the securities of which the public offering, solicitation for acquisition only for professional investors, or secondary distribution and solicitation for selling, etc. only for professional investors is intended to be facilitated by a stabilizing transaction, has been decided without depending on a definite value obtained by multiplying a fixed rate to the closing price of the securities issued by the issuer of the relevant securities on a single over-the-counter securities market on a single day (if the securities issued by the issuer are over-the-counter traded securities, the closing price of the over-the-counter traded securities on a single over-the-counter securities market on a single day), notwithstanding the provisions of paragraph (2), the stabilizing transaction must not be conducted until the day on which each financial instruments exchange on which the issuer of the securities is to list its securities, receives the notice of the definite value for the issue price, etc. of the securities from the issuer pursuant to the rules of each financial instruments exchange.

(Notification of Stabilizing Transactions)

Article 23 A financial instruments business operator that has conducted a stabilizing transaction on the day on which stabilizing transactions have been commenced (referred to as the "commencement day of stabilizing transactions" in the following Article) must, immediately after it has made the first stabilizing transaction on that day, submit three copies of the documents stating the trade name of the financial instruments business operator, the issue and concluded price of the securities involved in the stabilizing transaction (hereinafter the securities are referred to as "securities subject to stabilizing transactions" in this Article through Article 25) (the price is referred to as the "price at the commencement of a stabilizing transaction" in the following Article) and any other particulars specified by Cabinet Office Order (the document is referred to as the "written notification of a stabilizing transaction" in Article 26) to the Commissioner of the Financial Services Agency, and pursuant to the provisions of Cabinet Office Order, submit a copy of those documents to the persons specified in the following items in

accordance with the category of securities set forth in each of those items under which the relevant securities subject to stabilizing transactions fall:

- (i) listed securities: each financial instruments exchange that lists the securities subject to stabilizing transactions; and
- (ii) over-the-counter traded securities: each authorized financial instruments firms association that registers the securities subject to stabilizing transactions.

(Restrictions on the Price for Stabilizing Transactions)

Article 24 (1) A financial instruments business operator that conducts stabilizing transactions on a financial instruments exchange market must not purchase the securities subject to stabilizing transactions at a price exceeding the price specified in the following items in accordance with the category of stabilizing transactions set forth in each of those items:

- (i) a stabilizing transaction conducted on the commencement day of stabilizing transactions: the price specified in the following sub-items in accordance with the category of stabilizing transactions set forth in each of those sub-items:
 - (a) the first stabilizing transaction: the closing price of the securities subject to stabilizing transactions on the main financial instruments exchange market on the day immediately preceding the period in which stabilizing transactions may be conducted pursuant to the provisions of Article 22, paragraphs (2) through (4) (the period is referred to as the "period for stabilizing transactions" in the following Article through Article 26) (if purchase and sale of the securities subject to stabilizing transactions are not conducted on the main financial instruments exchange market on the day immediately preceding the period for stabilizing transactions, the closing price on the nearest day on which those purchase and sale were made which is prior to the day on which the first stabilizing transaction was conducted; hereinafter that closing price is referred to as the "index closing price for stabilizing transactions on the immediately preceding day" in this paragraph) or the index closing price for stabilizing transactions on the immediately preceding day of the commencement day of stabilizing transactions, whichever is lower; and
 - (b) stabilizing transactions conducted after the first stabilizing transaction: the price at the commencement of a stabilizing transaction of the financial instruments business operator; and
- (ii) stabilizing transactions conducted after the commencement day of stabilizing transactions: the price at the commencement of a stabilizing transaction (if there are two or more financial instruments business operators that have conducted stabilizing transactions on the commencement

day of stabilizing transactions, the lowest price among the prices at commencement of stabilizing transactions of those financial instruments business operators) or the index closing price for stabilizing transactions on the immediately preceding day of the day on which a stabilizing transaction is sought to be conducted, whichever is lower.

- (2) The provisions of the preceding paragraph apply mutatis mutandis to a financial instruments business operator that conducts a stabilizing transaction on an over-the-counter securities market.

(Submission of Stabilizing Transaction Reports)

Article 25 A financial instruments business operator that has conducted a stabilizing transaction must, for the purchase and sale of securities subject to stabilizing transactions made within the period from the day on which the first stabilizing transaction has been conducted until the last day of the period for stabilizing transactions, submit three copies of the documents stating the details of the purchase and sale and any other particulars specified by Cabinet Office Order (the documents are referred to as the "stabilizing transaction report" in the following Article) to the Commissioner of the Financial Services Agency, and pursuant to the provisions of Cabinet Office Order, submit a copy of those documents to the person specified in the following items in accordance with the category of securities set forth in each of those items under which the relevant securities subject to stabilizing transactions fall:

- (i) listed securities: the financial instruments exchange which establishes the financial instruments exchange market on which the stabilizing transaction has been conducted; and
- (ii) over-the-counter traded securities: the authorized financial instruments firms association which establishes the over-the-counter securities market on which the stabilizing transaction has been conducted.

(Public Inspection of a Written Notification of Stabilizing Transactions)

Article 26 (1) Pursuant to the provisions of Cabinet Office Order, the Commissioner of the Financial Services Agency is to make the documents set forth in the following items available for public inspection for one month starting from the day specified in each of those items:

- (i) a written notification of a stabilizing transaction: the day on which the Commissioner of the Financial Services Agency has accepted the written notification of a stabilizing transaction;
 - (ii) a stabilizing transaction report: the day following the day on which the period for stabilizing transactions has ended.
- (2) A financial instruments exchange and an authorized financial instruments firms association must keep a copy of the documents set forth in the items of

the preceding paragraph which have been submitted pursuant to the provisions of Article 23 and the preceding Article, at its office, head office, branch office, or any other business office pursuant to the provisions of Cabinet Office Order, and make the copy of those documents available for public inspection for one month starting from the day specified in each of those items (for the copy of the written notification of a stabilizing transaction, the day on which that written notification has been submitted to the financial instruments exchange or the authorized financial instruments firms association).

(Cases Falling under Short Selling)

Article 26-2 The case specified by Cabinet Order that is provided for in Article 162, paragraph (1), item (i) of the Act is a case in which it is not clear whether the securities held (excluding securities borrowed) may be provided without delay after their sales.

(Confirmation of a Guarantee of Borrowed Securities)

Article 26-2-2 (1) If the member, etc. of a financial instruments exchange has been entrusted with short selling (meaning selling or entrusting another person with brokerage for clearing of securities, etc. that falls under any of the following items (limited to entrusting another person with making a sale; hereinafter referred to as "entrusting another person with brokerage for clearing of securities, etc." in this paragraph and paragraph (1) of the following Article); the same applies hereinafter) on a financial instruments exchange market established by the financial instruments exchange, and the member, etc. cannot confirm that measures specified by Cabinet Office Order as the measures to ensure the conclusion of contract for borrowing or any other transfer of securities involved in the short selling (limited to the securities designated by the Commissioner of the Financial Services Agency as having the risk to compromise the transfer of securities related to short selling by the large volume of their short selling; hereinafter the same applies in this paragraph (excluding items of the paragraph) through paragraph (4)) (hereinafter the measures are referred to as the "settlement measures" in this Article) have been taken, they must not conduct that short selling:

- (i) the sales of securities made without holding the securities or by borrowing the securities (excluding brokerage for clearing of securities, etc.);
- (ii) the sales of securities in the case referred to in the preceding Article (excluding brokerage for clearing of securities, etc.);
- (iii) entrusting another person with brokerage for the clearing securities, etc. without holding the securities or by borrowing the securities; or
- (iv) entrusting another person with brokerage for clearing of securities, etc. while it is unclear whether the securities can be provided without delay after

- entrusting another person with brokerage for clearing of securities, etc.
- (2) If a person that has received an offer for the person to broker another person's entrustment with short selling on a financial instruments exchange market cannot confirm that settlement measures have been taken for the securities involved in the short selling, they must not broker another person's entrustment with short selling.
- (3) A person offering to entrust another person with short selling on a financial instruments exchange market or to have a first person broker a second person's entrustment with the short selling must clearly indicate to the counterparty to which the person offers to entrust the short selling or to the counterparty that the person offers to have broker another person's entrustment with the short selling that the settlement measures for the securities involved in the short selling have been taken.
- (4) If the settlement measures for the securities subject to the short selling which is to be made on the financial instruments exchange market on the own account of a member, etc. of the relevant financial instruments exchange have not been taken, that short selling must not be conducted.
- (5) The provisions of the preceding paragraphs do not apply to the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order.
- (6) The provisions of the preceding paragraphs apply *mutatis mutandis* to the sale of over-the-counter traded securities made on an over-the-counter securities market established by an authorized financial instruments firms association. In such a case, the phrase "the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order" in the preceding paragraph is deemed to be replaced with "the transactions specified by Cabinet Office Order".
- (7) The provisions of paragraphs (1) through (5) apply *mutatis mutandis* to the sale of securities (limited to the securities listed on a financial instruments exchange or over-the-counter traded securities; the same applies in paragraph (7) of the following Article, Article 26-4, paragraph (6), and Article 26-6, paragraph (3)) on a proprietary trading system (meaning a market on which securities are traded by way of the acts set forth in Article 2, paragraph (8), item (x) of the Act (limited to those performed by the method of auction or any other method for deciding the trading price specified by Cabinet Office Order as being equivalent to the method for deciding trading prices that is used in a financial instruments exchange market or over-the-counter securities market); the same applies in paragraph (7) of the following Article, Article 26-4, paragraph (6), and Article 26-6, paragraph (3)) established by a financial instruments business operator authorized under Article 30, paragraph (1) of the Act. In such a case, the term "member, etc." in paragraphs (1) and (4) is

deemed to be replaced with "customer", and the phrase "the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order" in paragraph (5) is deemed to be replaced with "the transactions specified by Cabinet Office Order".

(Indication and Confirmation in Conducting Short Selling)

- Article 26-3 (1) A member, etc. of a financial instruments exchange must, with regard to the sales of securities made on its own account or sales of the securities that it has become entrusted with selling (excluding becoming entrusted with brokerage for clearing of securities, etc.) or with entrusting another person with brokerage for clearing of securities, etc. on a financial instruments exchange market established by the financial instruments exchange, clearly indicate to the financial instruments exchange whether or not selling of securities or entrusting another person with brokerage for clearing of securities, etc. is short selling.
- (2) In becoming entrusted with selling securities (excluding becoming entrusted with brokerage for clearing of securities, etc.) on a financial instruments exchange market established by a financial instruments exchange, a member, etc. of that financial instruments exchange must confirm with the person entrusting them with selling of those securities whether the selling of those securities is short selling.
- (3) A person that has received an offer for them to broker another person's entrustment with selling of securities on a financial instruments exchange market must confirm with the person offering to broker that entrustment whether the selling of securities are short selling.
- (4) A person offering to entrust another person with selling of securities (excluding entrusting another person with brokerage for clearing of securities, etc.) on a financial instruments exchange market or offering to have a first person broker a second person's entrustment with the selling of securities must clearly indicate to the counterparty to which the person offers to entrust the sale or the counterparty that the person offers to have broker another person's entrustment with the selling of selling of securities whether or not selling the securities is short selling.
- (5) The provisions of the preceding paragraphs do not apply to the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order.
- (6) The provisions of the preceding paragraphs apply mutatis mutandis to the selling of over-the-counter traded securities made on an over-the-counter securities market established by an authorized financial instruments firms association. In such a case, the phrase "the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by

Cabinet Office Order" in the preceding paragraph is deemed to be replaced with "the transactions specified by Cabinet Office Order".

- (7) The provisions of paragraphs (1) through (5) apply mutatis mutandis to the selling of securities on a proprietary trading system established by a financial instruments business operator that obtained the authorization under Article 30, paragraph (1) of the Act. In such a case, the term "member, etc." in paragraphs (1) and (2) is deemed to be replaced with "customer", and the phrase "the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order" in paragraph (5) is deemed to be replaced with "the transactions specified by Cabinet Office Order".

(Prices in Conducting Short Selling)

Article 26-4 (1) If a member, etc. of a financial instruments exchange seeks to conduct short selling on its own account or short selling with which it has become entrusted on a financial instruments exchange market established by the financial instruments exchange, and either of the following items applies, that member, etc. must not conduct that short selling at a price lower than the price of the securities involved in the short selling on the financial instruments exchange market which has been publicized by the financial instruments exchange immediately before that short selling (if the method for deciding the trading price is a method other than the method of auction which is specified by Cabinet Office Order, the price specified by Cabinet Office Order; hereinafter the price is referred to as the "latest publicized price" in this Article); provided, however, that this does not apply to the short selling conducted at the latest publicized price if the latest publicized price exceeds the different price publicized by the financial instruments exchange immediately before the publication of the latest publicized price (if the method for deciding the trading price is a method other than a method of auction which is specified by Cabinet Office Order, the price specified by Cabinet Office Order; the same applies in the following paragraph):

- (i) if any of the trading prices of the securities involved in the short selling on the financial instruments exchange market, which have been publicized by the financial instruments exchange during the period from the commencement of the trading hours (meaning the time frame specified by Cabinet Office Order as a time frame in which the securities involved in the short selling are scheduled to be traded; the same applies in the following item), during which the short selling is conducted on the financial instruments exchange market, until immediately before the short selling falls below the price obtained by taking the standard price (meaning the closing price prescribed in Article 130 of the Act or any price calculated by a method specified by Cabinet Office Order based on a price equivalent to the

- closing price; hereinafter the same applies in this paragraph) on the financial instruments exchange market publicized by the financial instruments exchange with regard to the securities involved in the short selling immediately before the publication of the trading prices and deducting a price calculated by multiplying the standard price by the ratio specified by Cabinet Office Order; or
- (ii) any of the trading prices of the securities involved in the short selling on the principal market (meaning a financial instruments exchange market specified by Cabinet Office Order in consideration of the trading volume and other circumstances concerning the relevant securities) of the securities involved in the short selling, which have been publicized by the financial instruments exchange which operates the principal market during the trading hours on the principal market of the securities involved in the short selling that have ended immediately before the commencement of the trading hours during which the short selling is conducted on the financial instruments exchange market, falls below a price obtained by taking the standard price on the principal market publicized by the financial instruments exchange with regard to the securities involved in the short selling immediately before the publication of the trading prices, and deducting a price calculated by multiplying the standard price by the ratio prescribed in the preceding item.
- (2) If either of the items of the preceding paragraph applies, a person offering to entrust another person with short selling on a financial instruments exchange market or to have a first person broker a second person's entrustment with the same must not instruct the counterparty to which the person offers to entrust the short selling or to the counterparty that the person offers to have broker another person's entrustment with the short selling to conduct short selling at a price lower than the latest publicized price of the securities involved in the short selling; provided, however, that this does not apply to the instructions given for short selling conducted at a latest publicized price which exceeds the different price publicized by the financial instruments exchange immediately before the publication of the latest publicized price.
- (3) In the cases referred to in the preceding two paragraphs, when short selling is conducted after the securities involved in the short selling have become ex-dividends or ex-rights and the latest publicized price of the securities related to short selling is the price publicized before the ex-dividend date or ex-right date, the price set forth in the preceding two paragraphs is calculated, with regard to the securities involved in the short selling, by deducting the price of the dividend or the right from the latest publicized price.
- (4) The provisions of paragraph (1) and paragraph (2) do not apply to the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any

other transactions specified by Cabinet Office Order.

- (5) The provisions of the preceding paragraphs apply mutatis mutandis to the selling of over-the-counter traded securities made on an over-the-counter securities market established by an authorized financial instruments firms association. In such a case, the term "Article 130" in paragraph (1), item (i) is deemed to be replaced with "Article 67-19"; the term "a financial instruments exchange market" and the term "financial instruments exchange" in item (ii) of that paragraph is deemed to be replaced with "an over-the-Counter securities market" and "an authorized financial instruments firms association", respectively; and the phrase "the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order" in the preceding paragraph is deemed to be replaced with "the transactions specified by Cabinet Office Order".
- (6) The provisions of paragraphs (1) through (4) apply mutatis mutandis to the selling of securities on a proprietary trading system established by a financial instruments business operator that obtained the authorization under Article 30, paragraph (1) of the Act. In such a case, the term "member, etc." in paragraph (1) is deemed to be replaced with "customer"; the phrase "the closing price as prescribed in Article 130 of the Act or any price calculated by a method specified by Cabinet Office Order based on a price equivalent to the closing price" in item (i) of that paragraph is deemed to be replaced with "any price calculated by a method specified by Cabinet Office Order as being equivalent to the closing price as prescribed in Article 67-19 or Article 130"; the phrase "a financial instruments exchange market" and "financial instruments exchange" in item (ii) of that paragraph are deemed to be replaced with "a financial instruments exchange market or over-the-counter securities market" and "financial instruments exchange or authorized financial instruments firms association", respectively; and the phrase "the transactions set forth in Article 2, paragraph (21), item (i) of the Act and any other transactions specified by Cabinet Office Order" in paragraph (4) is deemed to be replaced with "the transactions specified by Cabinet Office Order".

(Provision of Information on Short Selling)

Article 26-5 (1) When a member, etc. of the main financial instruments exchange (meaning the person which operates the principal market prescribed in paragraph (1), item (ii) of the preceding Article; hereinafter the same applies in this Article) associated with securities that are listed on a financial instruments exchange and designated by the Commissioner of the Financial Services Agency as having the risk of impairing the formation of fair price due to the large volume of their short selling (hereinafter the securities are referred to as "designated securities" in this Article) has conducted the short

selling set forth in the following items for the designated securities, that member, etc. must, pursuant to the provisions of Cabinet Office Order, provide the main financial instruments exchange with the information set forth in each of those items:

- (i) short selling conducted on their own account: their own balance and other information related to short selling (meaning the information specified by Cabinet Office Order as the information concerning short selling balance; hereinafter the same applies in this Article) related to the designated securities for which the short selling was conducted; and
 - (ii) short selling conducted under the entrustment of customers: the customer's balance and other information related to short selling related to the designated securities for which the short selling was conducted.
- (2) A person that has conducted the short selling set forth in the items of the preceding paragraph for designated securities (excluding a member, etc. of the main financial instruments exchange with which the relevant designated securities are associated) must, pursuant to the provisions of Cabinet Office Order, provide any of the members, etc. of the main financial instruments exchange with the information set forth in that item. In such a case, a member, etc. of the main financial instruments exchange to which that information has been provided must, pursuant to the provisions of Cabinet Office Order, provide the main financial instruments exchange with the information.
- (3) A person that has received an offer for it to broker another person's entrustment with short selling of the designated securities must, pursuant to the provisions of Cabinet Office Order, provide the counterparty whose entrustment with short selling the person is brokering with the balance and other information related to short selling of the person that made the offer to broker the counterparty's entrustment concerning the designated securities.
- (4) A person that has offered to entrust another person with short selling of designated securities must, pursuant to the provisions of Cabinet Office Order, provide the counterparty to which the person has offered to entrust the short selling or to the counterparty that the person has offered to have broker another person's entrustment with the short selling with its own balance and other information related to short selling concerning the designated securities.
- (5) The main financial instruments exchange must, pursuant to the provisions of Cabinet Office Order, compile the balance and other information related to short selling provided pursuant to the provisions of paragraphs (1) and (2) and publicize the their content.
- (6) The provisions of the preceding paragraphs apply mutatis mutandis to the selling of over-the-counter traded securities registered by an authorized financial instruments firms association. In such a case, the phrase "paragraph (1), item (ii) of the preceding Article" in paragraph (1) is deemed to be replaced

with "paragraph (1), item (ii) of the preceding Article as applied mutatis mutandis pursuant to paragraph (5) of the preceding Article".

(Settlement of Borrowing of Securities in Connection with Short Selling)

- Article 26-6 (1) It is prohibited for any person to settle borrowing of securities (including any other transactions specified by Cabinet Office Order as being equivalent to this) connected with short selling using the securities acquired in response to a public offering or secondary distribution if, during the period specified by Cabinet Office Order as the period from the time it has been publicized that a public offering or secondary distribution of securities will take place to the time the issue price or secondary distribution price for those securities has been decided, the person has applied for short selling of securities of the same issue, or entrustment or brokerage for their entrustment, on a financial instruments exchange market.
- (2) The provisions of the preceding paragraph do not apply to the transactions set forth in Article 2, paragraph (21), item (i) of the Act and other transactions specified by Cabinet Office Order.
- (3) The provisions of the preceding two paragraphs apply mutatis mutandis to secondary distribution of over-the-counter traded securities in an over-the-counter securities market established by the authorized financial instruments firms association, and to the selling of securities on a proprietary trading system established by a financial instruments business operator that obtained the authorization under Article 30, paragraph (1) of the Act. In such a case, the phrase "transactions prescribed in Article 2, paragraph (21), item (i) of the Act and other transactions specified by Cabinet Office Order" in the preceding paragraph is deemed to be replaced with "transactions specified by Cabinet Office Order".

(Scope of Listed Share Certificates or Other Share Certificates)

Article 26-7 The securities specified by Cabinet Order that are provided for in Article 162-2 of the Act are the investment securities, etc. listed on a financial instruments exchange and investment securities, etc. that fall under over-the-counter traded securities, and the provisions of laws and regulations specified by Cabinet Order that are provided for in that Article are the provisions of Article 80-2, paragraph (1) of the Act on Investment Trusts and Investment Corporations as applied pursuant to Article 80-5, paragraph (2) of that Act following the deemed replacement of terms.

(Securities Excluded from the Securities of a Listed Company)

Article 27 The securities specified by Cabinet Order as being excluded from securities prescribed in Article 163, paragraph (1) of the Act are the following

securities:

- (i) the securities set forth in Article 2, paragraph (1), item (v) of the Act which are specified by Cabinet Office Order as those by which assets are acquired by money obtained from the issuance of those securities and the obligations of those securities are performed by money obtained from the administration and disposition of those assets; and
- (ii) the securities set forth in Article 2, paragraph (1), item (xi) which are those issued by persons other than the following persons:
 - (a) an investment corporation which provides in its bylaws that it will invest an amount exceeding 50 percent of the total amount of its assets in real property or any other assets specified by Cabinet Office Order (meaning the investment corporation as defined in Article 2, paragraph (12) of the Act on Investment Trusts and Investment Corporations; hereinafter the same applies in this Chapter);
 - (b) an investment corporation specified by Cabinet Office Order as an investment corporation in which ratio of the sum of the value of the assets specified by Cabinet Office Order that is prescribed in sub-item (a), accounts for more than 50 percent of the total amount of its assets; or
 - (c) a foreign investment corporation that is similar to the investment corporation set forth in sub-item (a) or (b).

(Scope of Securities of Which the Issuer Becomes a Listed Company)

Article 27-2 The securities provided for in Article 163, paragraph (1) of the Act that are set forth in Article 2, paragraph (1), item (v), item (vii), item (ix), or item (xi) of the Act (excluding those set forth in the items of the preceding Article) which are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities, or any other securities specified by Cabinet Order are as follows:

- (i) the securities set forth in Article 2, paragraph (1), item (v), item (vii), item (ix) or item (xi) of the Act (excluding those set forth in the items of the preceding Article and foreign investment securities set forth in item (xi) of that Article; hereinafter the same applies in the following item) which are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities;
- (ii) a beneficiary certificate of securities in trust of which the entrusted securities are the securities set forth in Article 2, paragraph (1), item (v), item (vii), item (ix), or item (xi) of the Act (excluding those set forth in the preceding item) which are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities;
- (iii) the instruments or certificates issued by a foreign person which have the nature of the securities set forth in Article 2, paragraph (1), item (v), item

- (vii), or item (ix) of the Act (excluding those set forth in item (i) of the preceding Article; hereinafter the same applies in this Article) or foreign investment securities set forth in item (xi) of that paragraph (excluding those set forth in item (ii) of the preceding Article; hereinafter the same applies in this Article), which are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities;
- (iv) a beneficiary certificate of securities in trust of which the entrusted securities are the instruments or certificates issued by a foreign person which have the nature of the securities set forth in Article 2, paragraph (1), item (v), item (vii), or item (ix) of the Act (excluding those set forth in the preceding item) or foreign investment securities set forth in item (xi) of that paragraph (excluding those set forth in the preceding item), which are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities; and
- (v) instruments or certificates issued by a person, to which the instruments or certificates issued by a foreign person which have the nature of the securities set forth in Article 2, paragraph (1), item (v), item (vii), or item (ix) of the Act (excluding those set forth in the item (iii) and those that are the entrusted securities of the certificates of a beneficial interest in a securities trust set forth in the preceding item) or foreign investment securities set forth in item (xi) of that paragraph (excluding those set forth in the item (iii) and those that are the entrusted securities of the certificates of a beneficial interest in a securities trust set forth in the preceding item) have been deposited, in a country other than the country where the deposited instruments or certificates or foreign investment securities had been issued, and among those that indicate rights associated with the deposited instruments or certificates or foreign investment securities, those listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities.

(Scope of Specified Securities)

- Article 27-3 The securities provided for in Article 163, paragraph (1) of the Act that are set forth in Article 2, paragraph (1), item (v), item (vii), item (ix), or item (xi) of the Act (excluding those set forth in the items of Article 27) and any other securities specified by Cabinet Order (those securities are referred to as the "specified securities" in the following Article through Article 27-6, Article 28-2, item (xii), and Article 29-2-3, item (x)) are as follows:
- (i) the securities set forth in Article 2, paragraph (1), item (v), item (vii), item (ix), or item (xi) of the Act (excluding those set forth in the items of Article 27 and foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act);

- (ii) the instruments or certificates issued by a foreign person which have the nature of the securities set forth in Article 2, paragraph (1), item (x), item (vii), or item (ix) of the Act (excluding those set forth in Article 27, item (i); hereinafter the same applies in this Article) or foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in Article 27, item (ii); hereinafter the same applies in this Article), which are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities;
- (iii) the instruments or certificates issued by a foreign person which have the nature of the securities set forth in Article 2, paragraph (1), item (v), item (vii), or item (ix) of the Act (excluding those set forth in the preceding item) or foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in the preceding item), and the certificates of a beneficial interest in a securities trust of which the entrusted securities are those securities are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities; and
- (iv) the instruments or certificates issued by a foreign person which have the nature of the securities set forth in Article 2, paragraph (1), item (v), item (vii), or item (ix) of the Act (excluding those set forth in the preceding two items) or foreign investment securities set forth in Article 2, paragraph (1), item (xi) of the Act (excluding those set forth in the preceding two items), and the securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with those securities are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities.

(Scope of Related Securities)

Article 27-4 The securities provided for in Article 163, paragraph (1) of the Act that indicate options on the specified securities of the relevant listed company, etc. that are set forth in Article 2, paragraph (1), item (xix) of the Act and other securities specified by Cabinet Order (hereinafter referred to as the "related securities" in the following Article through Article 27-6) are as follows:

- (i) securities set forth in Article 2, paragraph (1), item (x) of the Act that are connected with an investment trust or a foreign investment trust similar to the investment trust which provides in the basic terms and conditions of the trust contract that the trust property will only be invested in the specified securities of the listed company, etc.;
- (ii) securities set forth in Article 2, paragraph (1), item (xi) of the Act which are issued by an investment corporation or by a foreign investment corporation similar to the investment corporation which provides in its bylaws that the assets will only be invested in the specified securities of the listed company,

etc.;

- (iii) securities set forth in Article 2, paragraph (1), item (xix) of the Act that indicate options on the specified securities of the listed company, etc.;
- (iv) securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate the rights associated with the specified securities of the listed company, etc.;
- (v) certificates of a beneficial interest in a securities trust of which the entrusted securities are the specified securities of the listed company, etc.;
- (vi) corporate bond certificates (excluding corporate bond certificates with share options) issued by a company other than the listed company, etc. with a special provision that allows the redemption of those corporate bond certificates through the specified securities of the listed company, etc. (limited to those in connection with which the person that holds the corporate bond certificates has the right to have the issuer company of the corporate bond certificates redeem those corporate bond certificates through specified securities); and
- (vii) instruments or certificates issued by a foreign person which have the nature of the securities set forth in the preceding item.

(Scope of Purchase of Specified or Related Securities)

Article 27-5 The purchase of specified securities or related securities (the securities are referred to as "specified or related securities" in the following Article, Article 33-15, Article 33-16, Article 33-18, and Article 33-19) and other transactions specified by Cabinet Order that are provided for in Article 163, paragraph (1) of the Act are as follows:

- (i) the purchase of specified securities;
- (ii) the purchase of related securities (for related securities that indicate an option to make a purchase and sale of specified securities, limited to if the exercise of that option causes the person exercising it to acquire the position of a buyer in the purchase and sale);
- (iii) the sale of related securities that indicate an option to make a purchase and sale of specified securities, and the exercise of the option causes the person exercising it to acquire the position of a seller in the purchase and sale; and
- (iv) any other transaction specified by Cabinet Office Order as being equivalent to the transactions set forth in the preceding three items.

(Scope of Sales of Specified or Related Securities)

Article 27-6 The sales of specified or related securities that are provided for in Article 163, paragraph (1) of the Act and any other transactions specified by Cabinet Order are as follows:

- (i) the sales of specified securities;
- (ii) the sales of related securities (for related securities that indicate an option to make a purchase and sale of specified securities, limited to if the exercise of that option causes the person exercising it to acquire the position of a buyer in the purchase and sale);
- (iii) the purchase of related securities that indicate an option to make a purchase and sale of specified securities, and the exercise of that option causes the person exercising it to acquire the position of a seller in the purchase and sale; and
- (iv) any other transaction specified by Cabinet Office Order as being equivalent to the transactions set forth in the preceding three items.

(Scope of Specified Transactions)

Article 27-7 The transactions specified by Cabinet Order that are provided for in Article 165, item (i) of the Act are as follows:

- (i) the transactions set forth in items (i) through item (iii) of the preceding Article; and
- (ii) the transactions specified by Cabinet Office Order as being equivalent to the transactions set forth in the preceding item.

(Organizations Similar to Partnerships)

Article 27-8 The organizations specified by Cabinet Order that are provided for in Article 165-2, paragraph (1) of the Act are organizations established under foreign laws and regulations which are similar to the following partnerships:

- (i) a partnership established under the partnership contract provided for in Article 667, paragraph (1) of the Civil Code;
- (ii) the investment limited partnership as defined in Article 2, paragraph (2) of the Limited Partnership Act for Investment (Act No. 90 of 1998); and
- (iii) the limited liability partnership as defined in Article 2 of the Limited Liability Partnership Act (Act No. 40 of 2005).

(Material Facts Regarding the Decisions Made by the Organ Responsible for Making Decisions on the Execution of Operations of a Listed Company)

Article 28 The particulars specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (i), sub-item (p) of the Act are as follows:

- (i) a business alliance or cancellation of a business alliance;
- (ii) the transfer or acquisition of shares or equity involving changes to a subsidiary company (meaning a subsidiary company as defined in Article 166, paragraph (5) of the Act; hereinafter the same applies in this Article through Article 30);
- (iii) the transfer or acquisition of fixed assets (meaning the fixed assets as

- defined in Article 2, item (xxii) of the Companies Tax Act; the same applies in Article 29, item (iii));
- (iv) the suspension or discontinuation of all or part of the business;
 - (v) an application for delisting of share certificates (including preferred equity securities; the same applies in the following item and item (vii)) filed to a financial instruments exchange;
 - (vi) an application for rescission of the registration of share certificates filed to an authorized financial instruments firms association;
 - (vii) an application for rescission of the designation as tradable securities (meaning an authorized financial instruments firms association's designation of the securities as the tradable securities pursuant to its rules; the same applies in this Chapter and Article 43-3, paragraph (4)) for the share certificates which are tradable securities made to an authorized financial instruments firms association;
 - (viii) the filing of a petition for the commencement of bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings;
 - (ix) the commencement of new business (including the sale of new products or the commercialization of the provision of new services; the same applies in Article 29, item (vi));
 - (x) a request prescribed in Article 166, paragraph (6), item (iv) or Article 167, paragraph (5), item (v) of the Act; and
 - (xi) a report pursuant to the provisions of Article 74, paragraph (5) of the Deposit Insurance Act.

(Material Facts Related to Facts Arising at a Listed Company)

Article 28-2 The facts specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (ii), (d) of the Act are as follows:

- (i) an action involving a claim based on a property right has been filed, a judgment regarding the action has been made, or the suit connected with that action has concluded in whole or in part other than by judicial decision;
- (ii) a petition for an injunction against business or for a provisional disposition order seeking other disposition equivalent to it has been filed, or a judicial decision regarding the petition has been made or the procedures connected with the petition have concluded in whole or in part other than by judicial decision;
- (iii) a revocation of license, suspension of business, or other disposition equivalent to them given under laws and regulations by an administrative agency;
- (iv) changes to a parent company (meaning a parent company as defined in Article 166, paragraph (5) of the Act; the same applies in item (vii));
- (v) the filing of a petition for commencement of bankruptcy proceedings, etc. by

- the creditor or persons other than the listed company, etc.;
- (vi) dishonor, etc.;
 - (vii) a filing of a petition, etc. for commencement of bankruptcy proceedings, etc. concerning a parent company;
 - (viii) due to dishonor, etc., filing of a petition, etc. for commencement of bankruptcy proceedings, etc. or occurrence of other equivalent facts with regard to the obligor or the principal obligor of the guarantee obligations, a risk of default has arisen with regard to accounts receivable, loans, or any other claims held against the obligor, or the rights to obtain reimbursement held against the principal obligor if the guarantee obligations have been performed;
 - (ix) a suspension of a transaction with the major trading partner (meaning the trading partner for which the sales or purchase amount in the previous business year accounts for not less than ten percent of the total amount of sales or purchases; the same applies in Article 29-2, item (viii));
 - (x) exemption from obligation by the creditor or assumption or performance of obligations by a third party;
 - (xi) discovery of resources;
 - (xii) facts which are the cause for rescission of the designation as tradable securities for specified securities or options on specified securities; and
 - (xiii) the fact that a special controlling shareholder (meaning the special controlling shareholder prescribed in Article 179, paragraph (1) of the Companies Act, and if the special controlling shareholder is a corporation, meaning the organ that is responsible for making decisions about the execution of its operations; the same applies in Article 29-2-5, item (vi)) has made a decision to make a demand for a share, etc. cash-out involving the listed company, etc. or the fact that the special controlling shareholder has made a decision not to make a demand for a share, etc. cash-out in connection with that decision (limited to a decision that has been publicized (meaning those for which public announcement prescribed in Article 166, paragraph (4) of the Act has been made; the same applies in that item)).

(Material Facts about the Decision of the Organ Responsible for Making Decisions on the Execution of Operations of a Subsidiary Company of a Listed Company)

Article 29 The particulars specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (v), (i) of the Act are as follows:

- (i) a business alliance or cancellation of a business alliance;
- (ii) the transfer or acquisition of shares or equity involving changes to a second-tier subsidiary company (meaning a company specified by Cabinet Office Order as a company controlled by a subsidiary company; the same

- applies in item (vi) of the following Article);
- (iii) the transfer or acquisition of fixed assets;
- (iv) the suspension or discontinuation of all or part of the business;
- (v) the filing of a petition for commencement of bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings;
- (vi) commencement of new business;
- (vii) a notification under Article 74, paragraph (5) of the Deposit Insurance Act;
- (viii) payment of dividends of surplus (limited to the shares issued by a listed company, etc. prescribed in Article 163, paragraph (1) of the Act in connection with a specific subsidiary company, for which the listed company's, etc. articles of incorporation provide that the payment of dividends of surplus is to be decided based on the payment of dividends of surplus of the specific subsidiary company).

(Material Facts Related to Facts Arising at a Subsidiary Company of a Listed Company)

Article 29-2 The facts specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (vi), (b) of the Act are as follows:

- (i) an action involving a claim based on a property right has been filed, a judgment regarding the action has been made, or a suit connected with that action has concluded in whole or in part other than by judicial decision;
- (ii) a petition for an injunction against the business or for a provisional disposition order seeking other dispositions equivalent to the injunction has been filed, a judicial decision regarding the petition has been made, or the procedures for the petition have been completed in whole or in part other than by judicial decision;
- (iii) a revocation of license, suspension of business, or any other disposition equivalent to them given under laws and regulations by an administrative agency;
- (iv) a filing of a petition, etc. for commencement of bankruptcy proceedings by creditors or persons other than the subsidiary company;
- (v) a dishonor, etc.;
- (vi) the filing of a petition, etc. for commencement of bankruptcy proceedings for a second-tier subsidiary company;
- (vii) due to dishonor, etc., filing of a petition, etc. for commencement of bankruptcy proceedings or occurrence of other equivalent facts with regard to the obligor or the principal obligor of the guarantee obligations, a risk of default has arisen with regard to the accounts receivable, loans, any other claims held against the obligor, or the rights to obtain reimbursement held against the principal obligor if the guarantee obligations have been performed;

- (viii) the suspension of transactions with the major trading partner;
- (ix) an exemption from obligation by the creditor or assumption or performance of obligations by a third party; and
- (x) discovery of resources.

(Material Facts About the Decisions Made by the Organ Responsible for Making Decisions on the Execution of Operations of a Listed Investment Corporation)

Article 29-2-2 The particulars specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (ix), (i) of the Act are as follows:

- (i) the reduction to the minimum net assets prescribed in Article 67, paragraph (4) of the Act on Investment Trusts and Investment Corporations which is made pursuant to the provisions of Article 142, paragraph (1) of that Act;
- (ii) an application for delisting of investment securities (meaning the investment securities prescribed in the Act on Investment Trusts and Investment Corporations; hereinafter the same applies in this Article) filed to a financial instruments exchange;
- (iii) an application for rescission of the registration of investment securities filed to an authorized financial instruments firms association;
- (iv) an application for rescission of the designation as tradable securities for the investment securities which are designated as tradable securities, made to an authorized financial instruments firms association;
- (v) a petition for commencement of bankruptcy proceedings or rehabilitation proceedings; and
- (vi) a request prescribed in Article 166, paragraph (6), item (iv) or Article 167, paragraph (5), item (v) of the Act.

(Material Facts Related to Facts Arising at a Listed Investment Corporation)

Article 29-2-3 The facts specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (x), (c) of the Act are as follows:

- (i) an action involving a claim based on a property right has been filed, a judgment regarding the action has been made, or a suit connected with that action has concluded in whole or in part other than by judicial decision;
- (ii) a petition for an injunction against the asset investment or for a provisional disposition order seeking a disposition equivalent to the injunction has been filed, or a judicial decision regarding the petition has been made or the procedures connected with that petition have concluded in whole or in part other than by judicial decision;
- (iii) a rescission of the registration under Article 187 of the Act on Investment Trusts and Investment Corporations pursuant to Article 216, paragraph (1) of that Act or any other disposition equivalent to the rescission given under

- laws and regulations by an administrative agency;
- (iv) the filing of a petition for commencement of bankruptcy proceedings or rehabilitation proceedings by the creditor or persons other than the listed company, etc. (limited to the listed investment corporation, etc. as prescribed in Article 163, paragraph (1) of the Act; hereinafter the same applies in this Article to Article 29-2-5);
- (v) dishonor, etc.;
- (vi) due to dishonor, etc., filing of a petition, etc. for commencement of bankruptcy proceedings, etc. or occurrence of any other facts equivalent to them with regard to the obligor or the principal obligor of the guarantee obligations, a risk of default has arisen with regard to accounts receivable, loans, any other claims held against the obligor, or the rights to obtain reimbursement held against the principal obligor if the guarantee obligations have been performed;
- (vii) a suspension of a transaction with the major trading partner (meaning the trading partner for which the operating profit or operating expenses of the previous business period are not less than ten percent of the total amount of operating profit or operating expenses (in the case of a listed company, etc. specified by Cabinet Office Order as a listed company, etc. whose business period is six months or shorter, the trading partner specified by Cabinet Office Order));
- (viii) exemption from obligation by the creditor or assumption or performance of obligations by a third party;
- (ix) discovery of resources; and
- (x) fact that is the cause for rescission of the designation as tradable securities for specified securities or options on specified securities.

(Material Facts about the Decisions Made by the Organ Responsible for Making Decisions on the Execution of Operations of the Asset Management Company of a Listed Investment Corporation)

Article 29-2-4 The particulars specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (xii), (h) of the Act are as follows:

- (i) company split;
- (ii) business transfer;
- (iii) suspension or discontinuation of the business relating to the asset investment entrusted by the listed company, etc.;
- (iv) asset investment conducted under the entrustment of the listed company, etc., which is to be suspended or discontinued in whole or in part;
- (v) filing of a petition for commencement of bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings; and
- (vi) asset investment conducted under the entrustment of the listed company,

etc., which is to be commenced.

(Material Facts Related to Facts Arising at the Asset Management Company of a Listed Investment Corporation)

Article 29-2-5 The facts specified by Cabinet Order that are provided for in Article 166, paragraph (2), item (xiii), (d) of the Act are as follows:

- (i) an action involving a claim based on a property right involved in the asset investment entrusted by the listed company, etc. has been filed, a judgment regarding the action has been made, or a suit connected with that action has concluded in whole or in part other than by judicial decision;
- (ii) a petition for an injunction against the business relating to the asset investment entrusted by the listed company, etc. or for a provisional disposition order seeking a disposition equivalent to the injunction has been filed, or a judicial decision regarding that petition has been made or the procedures connected with the petition have concluded in whole or in part other than by judicial decision;
- (iii) filing of a petition for commencement of bankruptcy proceedings, etc. by the creditor or persons other than the asset management company (meaning the asset management company as defined in Article 2, paragraph (21) of the Act on Investment Trusts and Investment Corporations; hereinafter the same applies) of the listed company, etc.;
- (iv) dishonor, etc.;
- (v) filing of a petition for commencement of bankruptcy proceedings, etc. for a corporation in specified relationship (meaning the corporation in specified relationship prescribed in Article 166, paragraph (5) of the Act); and
- (vi) the fact that a special controlling shareholder has made a decision to make a demand for a share, etc. cash-out to the asset management company of the listed company, etc. or the fact that the special controlling shareholder has made a decision not to make a demand for a share, etc. cash-out in connection with that decision (limited to a decision that has been publicized).

(Parent Company)

Article 29-3 (1) The company specified by Cabinet Order as having control over another company that is prescribed in Article 166, paragraph (5) of the Act, is the company stated or recorded as the parent company in the latest of the statements under the provisions of Article 5, paragraph (1) of the Act, the annual securities reports under the provisions of Article 24, paragraph (1) of the Act, the quarterly securities reports under the provisions of Article 24-4-7, paragraph (1) or (2) of the Act, or the semiannual securities reports under the provisions of Article 24-5, paragraph (1) of the Act which have been made available for public inspection pursuant to Article 25, paragraph (1) of the Act,

the specified information on securities prescribed in Article 27-31, paragraph (1) of the Act which has been publicized pursuant to paragraph (2) of that Article, or the issuer's information prescribed in Article 27-32, paragraph (1) of the Act which has been publicized pursuant to paragraph (1) or (2) of that Article.

- (2) The company specified by Cabinet Order as one that controls the asset management company of a listed investment corporation, etc., prescribed in Article 166, paragraph (5), item (i) of the Act, is a company specified by Cabinet Office Order as one that controls the organ that decides the financial and operational or business policies (meaning the shareholders meeting or other equivalent organs) of the asset management company of a listed investment corporation, etc. (meaning the listed investment corporation, etc. prescribed in Article 163, paragraph (1) of the Act; the same applies hereinafter).
- (3) The corporation specified by Cabinet Order as one that conducts or has conducted transactions that have a material impact on the value of specified assets prescribed in Article 166, paragraph (5), item (ii) of the Act, is an interested person, etc. of the asset management company of a listed investment corporation, etc. (meaning the interested person, etc. prescribed in Article 201, paragraph (1) of the Act on Investment Trusts and Investment Corporations), which conducts or has conducted any of the following transactions (limited to transactions that satisfy the criteria specified by Cabinet Office Order as being those that have a material impact on the value of specified assets (meaning the specified assets as defined in Article 2, paragraph (1) of the Act on Investment Trusts and Investment Corporations; the same applies in item (iv)) to be invested by the asset management company under the entrustment of the listed investment corporation, etc.):
 - (i) a transaction with the listed investment corporation, etc. for the acquisition or transfer of real property, right of lease to real property or superficies right (referred to as "real property, etc." in the following item);
 - (ii) a transaction with the listed investment corporation, etc. for the acquisition or transfer of a beneficial interest in a trust in which real property, etc. is entrusted;
 - (iii) a transaction with the listed investment corporation, etc. for the lease of real property, etc.; or
 - (iv) a transaction with the trustee of the trust regarding the beneficial interest in a trust prescribed in item (ii), which are the specified assets of the listed investment corporation, etc., for the lease of the real property that is the trust property of the trust.

(Measures for Publication)

Article 30 (1) The fact that the measures specified by Cabinet Order as those for making information available to a large number of persons that are prescribed in Article 166, paragraph (4) or Article 167, paragraph (4) of the Act has been taken is that any of the following measures have been taken:

- (i) a director, executive officer, or executive managing officer that is to represent a listed company, etc. prescribed in Article 163, paragraph (1) of the Act, a subsidiary company of the listed company, etc. or the asset management company of the listed company, etc. (including officers that are to represent a cooperative financial institution; hereinafter the same applies in this paragraph), or a person that has been entrusted by the director, executive officer, or executive managing officer to publicize the material facts, etc. (meaning the particulars set forth in Article 166, paragraph (4) of the Act; hereinafter the same applies in this paragraph), or the tender offeror, etc. prescribed in Article 167, paragraph (1) of the Act (if the tender offeror, etc. is a corporation (including an organization without legal personality for which the representative or administrator has been designated), a person to represent the corporation or the administrator) or a person that has been entrusted by the tender offeror, etc. to disclose the facts of the tender offer, etc. prescribed in Article 167, paragraph (3) of the Act (hereinafter referred to as the "facts of the tender offer, etc." in this paragraph) has disclosed the material facts, etc. or the facts of a tender offer, etc. to news organizations including two or more of the following news organizations and the period necessary for making the disclosed material facts, etc. or facts of the tender offer, etc. known has passed:
 - (a) newspaper publishers engaged in the sale of daily newspapers that comprehensively report information on current events in Japan in the course of trade, and the communications agencies engaged in the comprehensive transmission of information on current events to the newspaper publishers on a regular basis;
 - (b) newspaper publishers engaged in the sale of daily newspapers that generally report industrial and economic matters in Japan on a regular basis; and
 - (c) Japan Broadcasting Corporation and private broadcasters;
- (ii) pursuant to the rules of each financial instruments exchange on which the listed company, etc. prescribed in Article 163, paragraph (1) of the Act lists the securities it issues (if the securities are over-the-counter traded securities, the rules of each authorized financial instruments firms association that registers the securities and if the securities are tradable securities, the rules of each authorized financial instruments firms association that makes the designation as tradable securities for the securities; hereinafter the same applies in this paragraph), the listed

- company, etc. or the asset management company of the listed company, etc. has given notice of the material facts, etc. or facts of the tender offer, etc. (limited to those concerning a tender offer, etc. in which the listed company, etc. is to be the tender offeror, etc. (meaning the tender offeror, etc. prescribed in Article 167, paragraph (1) of the Act; hereinafter the same applies in this paragraph); hereinafter the same applies in this item and the following item) to the relevant financial instruments exchange and the material facts, etc. or facts of the tender offer, etc. for which notification has been given have been made available for public inspection at the relevant financial instruments exchange in Japanese, pursuant to the provisions of Cabinet Office Order;
- (iii) pursuant to the rules of each financial instruments exchange on which the listed company, etc. prescribed in Article 163, paragraph (1) of the Act which falls under any of the following sub-items (a) through (c) lists the securities it issues, the listed company, etc. or the asset management company of the listed company, etc. has given notice of the facts specified in sub-items (a) through (c) to the relevant financial instruments exchanges and the facts notified have been made available for public inspection at the relevant financial instruments exchange in English, pursuant to the provisions of Cabinet Office Order:
- (a) a person that issues securities set forth in the items of Article 27-2, all of which are securities for professional investors: the material facts, etc.;
 - (b) a person that makes a tender offer, etc. prescribed in Article 27-22-2, paragraph (1) of the Act for listed share certificates, etc. (meaning the listed share certificates, etc. prescribed in Article 24-6, paragraph (1) of the Act; hereinafter the same applies in this item) (limited to a person that issues listed share certificates, etc., all of which are securities for professional investors): the fact of the tender offer, etc.; and
 - (c) a person that makes a tender offer, etc. prescribed in Article 167, paragraph (1) of the Act (excluding the tender offer, etc. prescribed in Article 27-22-2, paragraph (1) of the Act for listed or other share certificates, etc., and limited to cases in which all of the listed share certificates, etc. (meaning the listed or other share certificates, etc. prescribed in Article 167, paragraph (1) of the Act; hereinafter the same applies in this paragraph) issued by the issuer of the listed or other share certificates, etc. subject to the tender offer, etc. are securities for professional investors): the fact of the tender offer, etc.;
- (iv) a tender offeror, etc. (excluding a tender offeror, etc. that is a listed company, etc. prescribed in Article 163, paragraph (1) of the Act; the same applies in the following item) has requested the company which is the issuer of the listed or other share certificates, etc. subject to the tender offer, etc.

- (meaning the tender offer, etc. prescribed in Article 167, paragraph (1) of the Act; the same applies in the following item) or the parent company (meaning the parent company as defined in Article 166, paragraph (5) of the Act, and limited to one that is a listed company, etc. prescribed in Article 163, paragraph (1) of the Act; hereinafter the same applies in this paragraph) to give notice of the facts of the tender offer, etc. to each financial instruments exchange on which the issuer or the parent company lists the securities it issues, the issuer or the parent company based on that request, has given notice of the facts of the tender offer, etc. to each financial instruments exchange pursuant to the rules of the relevant financial instruments exchange, and the facts of the tender offer, etc. have been made available for public inspection at the relevant financial instruments exchange in Japanese, pursuant to the provisions of Cabinet Office Order; and
- (v) if all of the listed or other share certificates, etc. issued by the company which is the issuer of the listed or other share certificates, etc. subject to a tender offer, etc. are securities for professional investors, the tender offeror, etc. has requested the issuer or the parent company of the tender offeror, etc. to give notice of the facts of the tender offer, etc. to each financial instruments exchange on which the issuer or the parent company lists the securities it issues, the issuer or the parent company based on that request, has given notice of the facts of the tender offer, etc. to each financial instruments exchange pursuant to the rules of the relevant financial instruments exchange, and the facts of the tender offer, etc. have been made available for public inspection at the relevant financial instruments exchange in English, pursuant to the provisions of Cabinet Office Order.
- (2) The period necessary to have the facts be known that is prescribed in item (i) of the preceding paragraph, is 12 hours from the time when those facts have been disclosed to at least two of the news organizations among the news organizations set forth in sub-item (a), (b), or (c) of that item.

(Acts Equivalent to Tender Offers)

Article 31 The acts specified by Cabinet Order as being equivalent to a tender offer prescribed in Article 166, paragraph (6), item (iv) and Article 167, paragraph (1) of the Act are, with regard to the person that buys up share certificates (including instruments or certificates issued by a foreign person which have the nature of share certificates and excluding those specified by Cabinet Office Order), share option certificates (including instruments or certificates issued by a foreign person which have the nature of share option certificates and excluding those specified by Cabinet Office Order), corporate bond certificates with share options (including instruments or certificates issued by a foreign person which have the nature of corporate bond certificates

with share options and excluding those specified by Cabinet Office Order), investment securities, etc. (excluding those specified by Cabinet Office Order), investment equity subscription right certificates, etc. (excluding those specified by Cabinet Office Order) or any other securities specified by Cabinet Office Order (hereinafter these are referred to as the "share certificates, etc." in this Article) of the issuer of share certificates (including instruments and certificates issued by a foreign person which have the nature of share certificates) or investment securities, etc. which are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities (if there is another person that jointly buys up those share certificates, etc. with the former person, the person that jointly buys up the share certificates, etc. is included; hereinafter the same applies in this Article), and if the total number of the voting rights associated with share certificates, etc. (meaning, for share certificates (including instruments or certificates issued by a foreign person which have the nature of share certificates), the number of voting rights from shares (including voting rights from shares that may not 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); for investment securities, etc., the number of voting rights from investment equity (including the voting rights from investment equity that may not be asserted against the issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 228, paragraph (1) of that Act); and for other securities, the number of voting rights from shares or investment equity which have been converted pursuant to the provisions of Cabinet Office Order; hereinafter the same applies in this Article) bought up by that person in their own name or in another person's name (or under a fictitious name; hereinafter the same applies in this Article) is not less than five percent of the number of voting rights held by all the shareholders, etc. of the issuer of the relevant share certificates, etc., the act of buying up share certificates, etc. (excluding the act of buying up share certificates, etc. by making a demand for a share, etc. cash-out; hereinafter these acts are referred to as "buying up" in this Article); provided, however, that if the share certificates, etc. holding rate (meaning the rate obtained by dividing the total number of voting rights associated with share certificates, etc. which are held in the person's own name or in another person's name by the number of voting rights held by all the shareholders, etc. of the issuer; hereinafter the same applies in this Article) of the person that buys up the share certificates, etc. immediately prior to the commencement of the buying up is less than five percent, buying up is limited to that associated with the part exceeding five percent of the share certificates, etc. holding rate.

(Organ Equivalent to the Board of Directors)

Article 31-2 The organ specified by Cabinet Order as being equivalent to the board of directors of a listed company, etc. prescribed in Article 166, paragraph (6), item (iv) of the Act, is the board of officers of the listed company, etc. (limited to a listed investment corporation, etc.)

(Securities Excluded from Being Subject of Transactions of Specified or Related Securities by Company Insiders)

Article 32 The securities specified by Cabinet Order that are provided for in Article 166, paragraph (6), item (iv)-2 of the Act are as follows:

- (i) share certificates (including instruments or certificates issued by a foreign person which have the nature of share certificates; hereinafter the same applies in this Article);
- (ii) securities set forth in Article 2, paragraph (1), item (xx) of the Act which indicate rights associated with share certificates;
- (iii) certificates of a beneficial interest in a securities trust of which the entrusted securities are share certificates;
- (iv) investment securities, etc.;
- (v) securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate rights associated with investment securities, etc.; and
- (vi) certificates of a beneficial interest in a securities trust of which the entrusted securities are investment securities, etc.

Article 32-2 The securities specified by Cabinet Order that are provided for in Article 166, paragraph (6), item (vi) of the Act are as follows:

- (i) corporate bond certificates (including those issued by a mutual company and excluding corporate bond certificates with share options; hereinafter the same applies in this Article) or instruments or certificates issued by a foreign person which have the nature of corporate bond certificates (hereinafter referred to as "corporate bond certificates, etc." in this Article);
- (i)-2 investment corporation bond certificates set forth in Article 2, paragraph (1), item (xi) of the Act (hereinafter referred to as "investment corporation bond certificates" in this item) or foreign investment securities set forth in item (xi) of that paragraph which are similar to investment corporation bond certificates (hereinafter referred to as "investment corporation bond certificates, etc." in this Article);
- (ii) securities set forth in Article 27-4, item (i), which are related to an investment trust which has been provided in the basic terms and conditions for the investment trust that the trust property will only be invested into the corporate bond certificates, etc. or investment corporation bond certificates,

- etc. of the listed company, etc, or foreign investment trust similar to it;
- (iii) securities set forth in Article 27-4, item (ii) which are investment securities, etc. issued by an investment corporation that has provided in its bylaws that the assets will only be invested into the corporate bond certificates, etc. or investment corporation bond certificates, etc. of the listed company, etc., or by a foreign investment corporation similar to it; and
- (iv) securities set forth in Article 27-4, item (v) of the Act, of which the entrusted securities are the corporate bond certificates, etc. or investment corporation bond certificates, etc. of the listed company, etc.

(Scope of Specified Share Certificates)

Article 33 The share certificates, corporate bond certificates with share options, or other securities specified by Cabinet Order issued by a company that is an issuer of listed or other share certificates, etc. or listed share certificates, etc. prescribed in Article 167, paragraph (1) of the Act (hereinafter referred to as the "specified share certificates, etc.") are as follows:

- (i) share certificates, share option certificates, and corporate bond certificates with share options;
- (ii) investment securities and investment equity subscription right certificates prescribed in the Act on Investment Trusts and Investment Corporations;
- (iii) instruments or certificates issued by a foreign person which have the nature of the securities set forth in item (i) or foreign investment securities prescribed in the Act on Investment Trusts and Investment Corporations which are similar to investment securities or investment equity subscription right certificates, which are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities;
- (iv) instruments or certificates issued by a foreign person which have the nature of the securities set forth in item (i) (excluding those set forth in the preceding item) or foreign investment securities prescribed in the Act on Investment Trusts and Investment Corporations which are similar to investment securities or investment equity subscription right certificates (excluding those set forth in the preceding item), and the certificates of a beneficial interest in a securities trust whose entrusted securities constitute those securities are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities; and
- (v) instruments or certificates issued by a foreign person which have the nature of the securities set forth in item (i) (excluding those set forth in the preceding two items) or foreign investment securities prescribed in the Act on Investment Trusts and Investment Corporations which are similar to investment securities or investment equity subscription right certificates, and the securities set forth in Article 2, paragraph (1), item (xx) of the Act

that indicate rights associated with the relevant securities are listed on a financial instruments exchange or fall under over-the-counter traded securities or tradable securities.

(Scope of Related Share Certificates)

Article 33-2 The securities prescribed in Article 2, paragraph (1), item (xix) of the Act that indicate the options associated with the specified share certificates, etc. prescribed in Article 167, paragraph (1) of the Act or other securities specified by Cabinet Order (hereinafter referred to as "related share certificates, etc."), are as follows:

- (i) the securities set forth in Article 2, paragraph (1), item (x) of the Act which are related to an investment trust for which the basic terms and conditions of the trust provide that the trust property will only be invested in specified share certificates, etc. related to a tender offer, etc., or related to a foreign investment trust similar to it;
- (ii) the securities set forth in Article 2, paragraph (1), item (xi) of the Act which are investment securities, etc. issued by an investment corporation which provides in its bylaws that assets will only be invested in the specified share certificates, etc. related to the tender offer, etc., or issued by a foreign investment corporation similar to it;
- (iii) the securities set forth in Article 2, paragraph (1), item (xix) of the Act that indicate the options associated with specified share certificates, etc. related to the tender offer, etc.;
- (iv) the securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate the rights associated with the specified share certificates, etc. related to the tender offer, etc.;
- (v) certificates of a beneficial interest in a securities trust of which the entrusted securities are the specified share certificates, etc. related to the tender offer, etc.;
- (vi) corporate bond certificates issued by a company other than the company issuing specified share certificates, etc. related to the tender offer, etc. (excluding corporate bond certificates with share options) with a special provision that allows the redemption of those corporate bond certificates through the specified share certificates, etc. related to the tender offer, etc. (limited to those for which the person that holds the corporate bond certificates has the right to have the issuer company of the corporate bond certificates redeem those corporate bond certificates through specified share certificates, etc.); and
- (vii) instruments or certificates issued by a foreign person which have the nature of the securities set forth in the preceding item.

(Scope of Purchase of Share Certificates)

Article 33-3 The purchase of specified share certificates, etc. and related share certificates, etc. that are provided for in Article 167, paragraph (1) of the Act (hereinafter referred to as "share certificates, etc." in the following Article, Article 33-15, Article 33-16, Article 33-20, and Article 33-21) and other transactions designated by Cabinet Order are as follows:

- (i) the purchase or other acquisition for value of specified share certificates, etc.;
- (ii) succeeding to specified share certificates, etc. through a merger or split;
- (iii) the purchase or other acquisition for value of related share certificates, etc. (for related share certificates, etc. that indicate an option to make a purchase and sale of specified share certificates, etc., limited to if the exercise of that option causes the person exercising it to acquire the position of a buyer in the purchase and sale);
- (iv) succeeding to related share certificates, etc. through a merger or split (for related share certificates, etc. that indicate an option to make a purchase and sale of specified share certificates, etc., limited to if the exercise of that option causes the person exercising it to acquire the position of a buyer in the purchase and sale);
- (v) sales or other transfer for value of related share certificates, etc. that indicate an option to make a purchase and sale of specified share certificates, etc., and the exercise of that option causes the person exercising it to acquire the position of a seller in the purchase and sale;
- (vi) having another person succeed to related share certificates, etc. that indicate an option to make a purchase and sale of specified share certificates, etc. through a merger or split, and the exercise of that option causes the person exercising it to acquire the position of seller in the purchase and sale; and
- (vii) any other transactions specified by Cabinet Office Order as being equivalent to the transactions set forth in the preceding items.

(Scope of Sales of Share Certificates)

Article 33-4 The sales of share certificates, etc. that are provided for in Article 167, paragraph (1) of the Act and other transactions specified by Cabinet Order are as follows:

- (i) the sales or other transfer for value of specified share certificates, etc.;
- (ii) having another person succeed to specified share certificates, etc. through a merger or split;
- (iii) the sales or other transfer for value of related share certificates, etc. (for related share certificates, etc. that indicate an option to make a purchase and sale of specified share certificates, etc., limited to if the exercise of that

- option causes the person exercising it to acquire the position of a buyer in the purchase and sale);
- (iv) having another person succeed to related share certificates, etc. through a merger or split (for related share certificates, etc. that indicate an option to make a purchase and sale of specified share certificates, etc., limited to if the exercise of that option causes the person exercising it to acquire the position of a buyer in the purchase and sale);
 - (v) the purchase or other acquisition for value of related share certificates, etc. that indicate an option to make a purchase and sale of specified share certificates, etc., and the exercise of that option causes the person exercising it to acquire the position of a seller in the purchase and sale;
 - (vi) succeeding to related share certificates, etc. that indicate an option to make a purchase and sale of specified share certificates, etc., and the exercise of that option causes the person exercising it to acquire the position of a seller in the purchase and sale; and
 - (vii) other transactions specified by Cabinet Office Order as being equivalent to the transactions set forth in the preceding items.

(Rights Equivalent to Share Options)

Article 33-4-2 The rights specified by Cabinet Order as being equivalent to share options prescribed in Article 167, paragraph (5), item (ii) of the Act, are investment equity subscription rights prescribed in the Act on Investment Trusts and Investment Corporations, and the securities specified by Cabinet Order as being equivalent to shares prescribed in that item, are investment securities prescribed in that Act.

(Demand under the Provisions of Other Laws and Regulations Equivalent to Demand for Purchase of Shares)

Article 33-4-3 The demand specified by Cabinet Order as a demand under the provisions of other laws and regulations that is equivalent to the demand for the purchase of shares prescribed in Article 167, paragraph (5), item (iii) of the Act is the demand for the purchase of investment equity prescribed in Article 141, paragraph (1), Article 149-3, paragraph (1), Article 149-8, paragraph (1), or Article 149-13, paragraph (1) of the Act on Investment Trusts and Investment Corporations.

(Acts Equivalent to Sales or Their Intermediary or Agency, and Handling of Public Offering or Secondary Distribution)

Article 33-4-4 The act specified by Cabinet Order that is provided for in Article 171-2, paragraph (1) of the Act is handling of secondary distribution or private placement.

(Unlisted Securities)

Article 33-4-5 (1) The securities specified by Cabinet Order for which it is particularly necessary to ensure appropriate transactions that are prescribed in Article 171-2, paragraph (2) of the Act, are the following securities:

- (i) corporate bond certificates;
- (ii) share certificates;
- (iii) share option certificates;
- (iv) instruments or certificates issued by a foreign person which have the nature of the securities set forth in the preceding three items; and
- (v) rights required to be indicated on the securities set forth in the preceding items which are deemed to be securities pursuant to the provisions of Article 2, paragraph (2) of the Act.

(2) The securities specified by Cabinet Order that are provided for in Article 171-2, paragraph (2), item (iii) of the Act are the following securities (excluding those set forth in item (i) or (ii) of that paragraph):

- (i) any of the following securities, for which the submitter of the statements under the provisions of Article 5, paragraph (1) of the Act or the annual securities report under the provisions of Article 24, paragraph (1) or (3) of the Act, which has been made available for public inspection pursuant to Article 25, paragraph (1) of the Act, is the issuer:
 - (a) corporate bond certificates (excluding corporate bond certificates with share options);
 - (b) instruments or certificates issued by a foreign person which have the nature of the securities set forth in (a); and
 - (c) the rights required to be indicated on the securities set forth in sub-item (a) or (b) which are deemed to be securities pursuant to the provisions of Article 2, paragraph (2) of the Act; and
- (ii) securities listed on a designated foreign financial instruments exchange.

Chapter VI-2 Administrative Monetary Penalties

(Securities Equivalent to Share Certificates and Preferred Equity Securities)

Article 33-5 The securities specified by Cabinet Order that are provided for in Article 172, paragraph (1), item (i) of the Act are as follows:

- (i) securities prescribed in Article 2-8 (excluding those for which the principal (limited to the principal fixed at the time of issuance of the securities) may be redeemed);
- (ii) securities set forth in Article 2, paragraph (1), item (iv) of the Act which are other than convertible specified corporate bond certificates (meaning convertible specified corporate bond certificates prescribed in the Asset

- Securitization Act; the same applies in item (iv)) or specified corporate bond certificates with preferred equity subscription rights (excluding those for which the principal (limited to the principal fixed at the time of issuance of the securities) may be redeemed);
- (iii) securities set forth in Article 2, paragraph (1), item (v) of the Act which are other than corporate bond certificates or corporate bond certificates with share options for which the government guarantees the redemption of the principal and the payment of interest which are prescribed in Article 3 of the Act (excluding those for which the principal (limited to the principal fixed at the time of issuance of the securities) may be redeemed);
 - (iv) corporate bond certificates with share options, convertible specified corporate bond certificates, or specified corporate bond certificates with preferred equity subscription rights;
 - (v) securities set forth in Article 2, paragraph (1), items (viii) and (ix) of the Act (excluding share certificates);
 - (vi) securities set forth in Article 2, paragraph (1), item (x) of the Act;
 - (vii) securities set forth in Article 2, paragraph (1), item (xi) of the Act which are investment corporation bond certificates or foreign investment securities that are securities similar to investment corporation bond certificates (excluding those for which the principal (limited to the principal fixed at the time of issuance of the investment corporation bond certificates) may be redeemed) which are prescribed in the Act on Investment Trusts and Investment Corporations, or investment securities, etc. or investment equity subscription right certificates, etc.;
 - (viii) securities set forth in Article 2, paragraph (1), item (xiii) of the Act (excluding those for which the principal (limited to the principal fixed at the time of issuance of the securities) may be redeemed);
 - (ix) securities set forth in Article 2, paragraph (1), item (xiv) of the Act (excluding those for which the principal (limited to the principal fixed at the time of issuance of the securities) may be redeemed and those set forth in the following item);
 - (x) certificates of a beneficial interest in a securities trust (limited to those of which the entrusted securities are share certificates, preferred equity securities, or securities set forth in the preceding items or the following item through item (xvii));
 - (xi) securities set forth in Article 2, paragraph (1), item (xvi) of the Act (excluding those for which the principal (limited to the principal fixed at the time of issuance of the securities) may be redeemed);
 - (xii) securities set forth in Article 2, paragraph (1), item (xvii) of the Act (excluding the bonds prescribed in Article 2-11) which have the nature of share certificates, preferred equity securities, or securities set forth in the

- preceding items (excluding items (vi) and (vii));
- (xiii) securities set forth in Article 2, paragraph (1), item (xviii) of the Act (excluding those for which the principal (limited to the principal fixed at the time of issuance of the securities) may be redeemed);
 - (xiv) securities set forth in Article 2, paragraph (1), item (xix) of the Act which indicate options associated with share certificates, preferred equity securities, securities set forth in the preceding items, the following item, or item (xvi), or rights set forth in the items of Article 2, paragraph (2) of the Act which are deemed to be securities pursuant to the provisions of that paragraph (limited to rights that fall under the rights in securities investment business, etc. or electronically recorded transferable rights (excluding those that fall under certificates of a beneficial interest in a securities trust) and excluding those for which the principal (limited to the principal fixed at the time of issuance of the rights) may be redeemed; the same applies in item (xviii));
 - (xv) securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate the rights associated with share certificates, preferred equity securities, or securities set forth in the preceding items;
 - (xvi) securities prescribed in Article 1, item (ii) (excluding those for which the principal (limited to the principal fixed at the time of issuance of the securities) may be redeemed);
 - (xvii) rights required to be indicated on share certificates, preferred equity securities, or securities set forth in the preceding items which are deemed to be securities pursuant to the provisions of Article 2, paragraph (2) of the Act; and
 - (xviii) rights set forth in the items of Article 2, paragraph (2) of the Act which are deemed to be securities pursuant to the provisions of that paragraph.

(Index Securities for Calculation)

Article 33-5-2 The securities specified by Cabinet Order that are provided for in Article 172-4, paragraph (1), item (ii), sub-item (a) of the Act are any of the following securities if the securities are issued by the issuer:

- (i) securities set forth in Article 2, paragraph (1), item (viii) of the Act (excluding the securities that indicate the preferred equity subscription rights);
- (ii) securities set forth in Article 2, paragraph (1), items (x) and (xi) of the Act (excluding investment corporation bond certificates prescribed in the Act on Investment Trusts and Investment Corporations and foreign investment securities which are securities similar to investment corporation bond certificates, and investment equity subscription right certificates, etc.);
- (iii) securities set forth in Article 2, paragraph (1), item (xiii) of the Act;

- (iv) securities set forth in Article 2, paragraph (1), item (xiv) of the Act (excluding those set forth in the following item);
- (v) certificates of a beneficial interest in a securities trust (limited to those of which the entrusted securities are share certificates, preferred equity securities, or the securities set forth in the following item through item (x));
- (vi) securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of share certificates, preferred equity securities, or securities set forth in item (i) or the preceding three items;
- (vii) securities set forth in Article 2, paragraph (1), item (xviii) of the Act;
- (viii) securities set forth in Article 2, paragraph (1), item (xix) of the Act that indicate options associated with share certificates, preferred equity securities, securities set forth in the preceding items or the following item, or rights set forth in the items of paragraph (2) of that Article which are deemed to be securities pursuant to the provisions of paragraph (2) of that Article (limited to the rights that fall under the rights in a securities investment business, etc. or electronically recorded transferable rights (excluding those that fall under certificates of a beneficial interest in a securities trust); the same applies in item (xi));
- (ix) securities set forth in Article 2, paragraph (1), item (xx) of the Act that indicate the rights associated with share certificates, preferred equity securities, or securities set forth in the preceding items;
- (x) rights required to be indicated on share certificates, preferred equity securities, or securities set forth in the preceding items, which are deemed to be securities pursuant to the provisions of Article 2, paragraph (2) of the Act; and
- (xi) rights set forth in the items of Article 2, paragraph (2) of the Act which are deemed to be securities pursuant to the provisions of that paragraph.

(Amount Calculated in the Absence of a Market Value for Index Securities for Calculation and Other Cases)

Article 33-5-3 The amount calculated pursuant to the methods specified by Cabinet Order that is provided for in Article 172-4, paragraph (1), item (ii), sub-item (a) and Article 172-11, paragraph (1), item (i), sub-item (b), 1. of the Act is the amount obtained by deducting the total amount of liabilities from the total amount of stated capital recorded in the balance sheet specified by Cabinet Office Order.

(Price Preceding the Violation)

Article 33-6 The price specified by Cabinet Order that is provided for in Article 173, paragraph (1), item (iii), (b) of the Act is the price specified in the following items in accordance with the category of cases set forth in each of

those items:

- (i) if the securities subject to the violation (meaning a violation prescribed in Article 173, paragraph (1) of the Act; hereinafter the same applies in this Article through Article 33-9) are securities listed on a financial instruments exchange, over-the-counter traded securities, or tradable securities (hereinafter referred to as the "listed securities, etc." in this Article), or if the violator (meaning a violator prescribed in Article 173, paragraph (1) of the Act; hereinafter the same applies in this Article through Article 33-9) has concluded an agreement for the transactions set forth in Article 2, paragraph (21), items (ii) through (v) of the Act: the price publicized by a financial instruments exchange or an authorized financial instruments firms association immediately before the violation; provided, however, that if the sales prescribed in Article 33-8-2, item (i) has been made on a financial instruments market other than a financial instruments exchange market or over-the-counter securities market for those listed securities, etc., unless the Prime Minister finds it inappropriate to use the price on that financial instruments market because the number of transactions of an issue of the listed securities, etc. for which the sales have been made is extremely small or due to any other special circumstances, the price on the financial instruments market immediately before the violation; and
- (ii) if the securities subject to the violation are securities other than listed securities, etc. (hereinafter referred to as the "unlisted securities, etc." in this item) or if the violator has concluded an agreement for the transactions set forth in Article 2, paragraph (22), items (ii) through (vi) or a foreign market derivatives transaction: the price calculated by a reasonable method based on the price publicized by a financial instruments exchange or authorized financial instruments firms association immediately before the violation for the securities, etc. (meaning securities, etc. prescribed in Article 158 of the Act, the same applies in Article 33-8-2 through Article 33-9) listed on a financial instruments exchange, over-the-counter traded securities, or tradable securities which are subject to the violation; provided, however, that if the sales prescribed in Article 33-8-2, item (i) has been made on a financial instruments market for those unlisted securities, etc., unless the Prime Minister finds it inappropriate to use the price on that financial instruments market because the number of transactions of an issue of unlisted securities, etc. for which sales have been made is extremely small or due to any other special circumstances, the price on the financial instruments market immediately before the violation.

(Sales of Securities in Calculating the Administrative Monetary Penalty for Spreading Rumors or Using Fraudulent Means)

Article 33-7 The transactions specified by Cabinet Order that are prescribed in Article 173, paragraph (2) of the Act are the following transactions:

- (i) the sales of securities or commodities (in the case of commodities, limited to sales in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (limited to those in which the person in question will be the party to pay money if the actual figure (meaning the actual figure as defined in Article 2, paragraph (21), item (ii) of the Act; the same applies hereinafter) exceeds the agreed figure);
- (iii) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (limited to those in which the person in question is the party to grant options);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with a violation (including a transaction in which the parties promise that, in addition to paying and receiving money, they will also deliver and receive money or financial instruments equivalent to the amount they have set as the principal) in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to);
- (iv)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in a financial index connected with a violation, in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to);
- (v) the transactions set forth in Article 2, paragraph (21), item (v) of the Act (limited to those in which the person in question will be the party to pay money if the cause set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) of the Act that the parties have specified in advance occurs);
- (vi) foreign-market derivatives transactions (limited to those similar to a transaction set forth in items (ii) through (iv) or the preceding item);
- (vii) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act (limited to those in which the person in question will be the party to pay money if the actual figure exceeds the agreed figure, or any other transaction similar to them);

- (viii) the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to grant an option or any other transaction similar to them);
- (ix) the transactions set forth in Article 2, paragraph (22), item (v) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with a violation (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) or anything similar to them, in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to, or anything similar to them); and
- (x) the transactions set forth in Article 2, paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to pay money if the grounds set forth in Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occur, or anything similar to them).

(Purchase of Securities in Calculating the Administrative Monetary Penalty for Spreading Rumors or Using Fraudulent Means)

Article 33-8 The transactions specified by Cabinet Order that are provided for in Article 173, paragraph (3) of the Act are the following transactions:

- (i) the purchase of securities or commodities (in the case of commodities, limited to their purchase in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (limited to those for which the person in question will be the party to receive money if the actual figure exceeds the agreed figure);
- (iii) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (limited to those for which the person in question will be the party to acquire an option);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or a financial index, that is connected with a violation (including a transaction in which the parties promise that, in addition to paying and receiving money, they will also deliver and receive money or financial instruments equivalent

- to the amount of money they have set as the principal) in which the person in question will be the party to receive money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to);
- (iv)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in a financial index connected with a violation in which the person in question will be the party to receive money if the financial index rises during the period they have agreed to);
 - (v) the transactions set forth in Article 2, paragraph (21), item (v) of the Act (limited to those in which the person in question will be the party to receive money if the cause set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) of the Act that the parties have specified in advance occurs);
 - (vi) foreign-market derivatives transactions (limited to those similar to the transactions set forth in items (ii) through (iv) or the preceding item);
 - (vii) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act (limited to those in which the person in question will be the party to receive money if the actual figure exceeds the agreed figure or anything similar to them);
 - (viii) the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to acquire options, or anything similar to them);
 - (ix) the transactions set forth in Article 2, paragraph (22), item (v) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with a violation (including a transaction in which the parties promise that, in addition to paying and receiving money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) or anything similar to them, in which the person in question will be the party to receive money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to, or anything similar to them); and
 - (x) the transactions set forth in Article 2, paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to receive money if the grounds set forth in Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occur, or anything similar to them).

(Administrative Monetary Penalties Imposed on Persons Spreading Rumors If

They Are Deemed to Have Conducted Sales of Securities on Their Own Accounts)

Article 33-8-2 The cases specified by Cabinet Order that are provided for in Article 173, paragraph (6) of the Act are the following cases:

- (i) if the violator, at the time of commencement of a violation, is conducting the sales of the securities subject to the violation which are not in their possession or through the borrowing of the securities or conducting the sales of the commodities subject to the violation which are not in their possession (limited to sales in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on their own account or on the account of the person set forth in the items of Article 173, paragraph (5) of the Act (hereinafter the person is referred to as the "person with a specified relationship" in this Article and the following Article) (in these cases, if the person with a specified relationship has conducted the same violation as the violator, excluding the cases in which the person with a specified relationship has conducted the sales on their own account); and
- (ii) if the violator, at the time of commencement of a violation, has concluded an agreement for the transactions set forth in Article 33-7, items (ii) through (x) for the securities subject to the violation on their own account or on the account of a person with a specified relationship (if the person with a specified relationship has conducted the same violation as the violator, excluding the cases in which the person with a specified relationship has concluded an agreement for those transactions on their own account).

(Administrative Monetary Penalties Imposed on Persons Spreading Rumors If They Are Deemed to Have Conducted Purchases of Securities on Their Own Accounts)

Article 33-8-3 The cases specified by Cabinet Order that are provided for in Article 173, paragraph (7) of the Act are the following cases:

- (i) if a violator or a person with a specified relationship (excluding a person with a specified relationship that has conducted the same violation as the violator) owns the securities or commodities subject to the violation at the time of commencement of the violation; and
- (ii) if the violator, at the time of commencement of a violation, has made the purchase of the commodities subject to the violation (limited to their purchase in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) (if the person with a specified relationship has conducted the same violation as the violator, excluding the cases in which the person with a specified relationship has conducted the purchase on their own account);

- (iii) if the violator, at the time of commencement of a violation, has concluded an agreement for the transactions set forth in Article 33-8, items (ii) through (x) on their own account or on the account of a person with a specified relationship for the securities, etc. subject to the violation (if the person with a specified relationship has conducted the same violation as the violator, excluding the cases in which the person with a specified relationship has concluded an agreement for those transactions on their own account).

(Necessary Particulars in Calculating the Administrative Monetary Penalty for Spreading Rumors or Using Fraudulent Means)

Article 33-9 (1) When the sales, etc. of securities (meaning the sales, etc. of securities prescribed in Article 173, paragraph (2) of the Act; hereinafter the same applies in this Article) or the purchase, etc. of securities (meaning the purchase, etc. of securities prescribed in Article 173, paragraph (3) of the Act; hereinafter the same applies in this Article) are any of the following transactions, the prices for the transactions set forth in the following items are those specified in each of those items:

- (i) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (including foreign-market derivatives transactions similar to them): the agreed figure (in cases of foreign-market derivatives transactions, those equivalent to the agreed figure);
- (ii) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (including foreign-market derivatives transactions similar to them) or the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act: the amount receivable for options;
- (iii) the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (including foreign-market derivatives transactions similar to them) or the transactions set forth in Article 2, paragraph (22), item (v) of the Act: the interest rate, etc. of a financial instrument or the financial index at the time of commencement of the agreed period related to the calculation of the rate of change in those transactions or anything similar to it;
- (iii)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the financial index at the time of commencement of the agreed period related to the calculation of the rate of change in those transactions;
- (iv) the transactions set forth in Article 2, paragraph (21), item (v) of the Act (including foreign-market derivatives transactions similar to them) or the transactions set forth in Article 2, paragraph (22), item (vi) of the Act: the amount receivable for the rights to receive money when the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act specified by the parties in advance occur, or any amount similar to it; and

- (v) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act: the agreed figure or anything similar to it.
- (2) In the case referred to in the preceding paragraph, the volume of the sales, etc. of securities or purchase, etc. of securities is that which is specified in the following items in accordance with the category of transactions set forth in each of those items:
 - (i) the transactions set forth in item (i) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the agreed figure prescribed in that item and the actual figure by the volume, or anything similar to this;
 - (ii) the transactions set forth in item (ii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for options prescribed in that item by the volume;
 - (iii) the transactions set forth in item (iii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the interest rates, etc. of a financial instrument or the financial index prescribed in that item and the interest rate, etc. of a financial instruments or the financial index at the end of the agreed period by the volume, or anything similar to this;
 - (iii)-2 the transactions set forth in item (iii)-2 of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the financial index prescribed in that item and the financial index at the end of the agreed period by the volume;
 - (iv) the transactions set forth in item (iv) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for the rights to receive money when the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act prescribed in item (iv) of the preceding paragraph occur by the volume, or anything similar to this; and
 - (v) the transactions set forth in item (v) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the agreed figure prescribed in that item and the actual figure by the volume, or anything similar to this.
- (3) In calculating the administrative monetary penalty referred to in Article 173, paragraph (1) of the Act, in the cases set forth in the following items, it is deemed that a reversing trade (meaning the purchase, etc. of securities in cases of the sales, etc. of securities and the sales, etc. of securities in cases of the purchase, etc. of securities; the same applies in the following paragraph) has

been conducted at the price specified in each of those items:

- (i) if the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (including foreign-market derivatives transactions similar to them) have been settled by payment and receipt of money based on an actual figure or any other cases similar to this: the actual figure or anything similar to it;
 - (ii) if the payment and receipt of money has been made based on the rate of change of the interest rates, etc. of a financial instrument or the financial index subject to a violation for the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (including foreign-market derivatives transactions similar to them) or the transactions set forth in Article 2, paragraph (22), item (v) of the Act: the interest rate, etc. of a financial instrument or the financial index at the end of the agreed period related to the calculation of the rate of change, or anything similar to it;
 - (ii)-2 if the payment and receipt of money has been made based on the rate of change of the financial index connected with a violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the financial index at the end of the agreed period related to the calculation of the rate of change;
 - (iii) if the transactions set forth in Article 2, paragraph (22), item (ii) of the Act have been settled by the payment and receipt of money based on an actual figure or any other cases similar to this: the actual figure or anything similar to it; and
 - (iv) with regard to the transactions set forth in Article 2, paragraph (22), item (iv) of the Act, if the payment and receipt of money have been made by the manifestations of intention of the parties or any other cases similar to this: the amount receivable for the option at the time when the manifestations were made.
- (4) In calculating the administrative monetary penalty referred to in Article 173, paragraph (1) of the Act, in the cases referred to in the following items, it is deemed that a reversing trade has been conducted at the time specified in each of those items. In such a case, the price for the reversing trade is zero:
- (i) if the options related to the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (including foreign-market derivatives transactions similar to them) or the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act have extinguished (excluding the extinguishment due to the grounds set forth in item (iv) of the preceding paragraph; hereinafter the same applies in this item): the time when the options have extinguished; or
 - (ii) if the rights (meaning the rights to receive money when the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act which are specified by

the parties in advance have occurred, or any other rights similar to them) related to the transactions set forth in Article 2, paragraph (21), item (v) of the Act (including foreign-market derivatives transactions similar to them) or the transactions set forth in Article 2, paragraph (22), item (vi) of the Act have extinguished: the time when the rights have extinguished.

- (5) In calculating the amount set forth in Article 173, paragraph (1), item (i), sub-items (a) and (b) of the Act, the sales, etc. of securities made by the violator on their own account for the securities subject to the violation during the violation period (meaning the violation period prescribed in Article 173, paragraph (1), item (i) of the Act; the same applies in the following paragraph) are to be allocated as the sales, etc. of securities set forth in sub-item (a) of that item, in the order starting from the latest sales, etc. of securities made until the volume reaches the volume set forth in sub-item (a) of that item.
- (6) In calculating the amount set forth in Article 173, paragraph (1), item (ii), sub-items (a) and (b) of the Act, the purchase, etc. of securities made by the violator on their own account for the securities subject to the violation during the violation period are to be allocated as the purchase, etc. of securities set forth in sub-item (b) of that item, in the order starting from the latest purchases, etc. of securities made until the volume reaches the volume set forth in sub-item (b) of that item.

(Sales of Securities in Calculating the Administrative Monetary Penalty for Market Manipulation by Wash Sale)

Article 33-9-2 The transactions specified by Cabinet Order that are provided for in Article 174, paragraph (2) of the Act are the following transactions:

- (i) the sales of securities or commodities (in the case of commodities, limited to sales in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (limited to those in which the person in question will be the party to pay money if the actual figure exceeds the agreed figure);
- (iii) the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to grant the option, or anything similar to them);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive an amount of money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with violation (meaning a violation prescribed in Article 174,

paragraph (1) of the Act; the same applies in the following Article through Article 33-9-6) (including a transaction in which the parties promise that, in addition to paying and receiving the money, they will also pay or deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) or anything similar to them, in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to, or anything similar to them);

- (iv)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in a financial index connected with a violation, in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to);
- (v) the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to pay money if the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occur, or anything similar to them); and
- (vi) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act (limited to those in which the person in question will be the party to pay money if the actual figure exceeds the agreed figure; or anything similar to them).

(Purchase of Securities in Calculating the Administrative Monetary Penalty for Market Manipulation by Wash Sale)

Article 33-9-3 The transactions specified by Cabinet Order that are provided for in Article 174, paragraph (3) of the Act are the following transactions:

- (i) the purchase of securities or commodities (in the case of commodities, limited to their purchase in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (limited to those in which the person in question will be the party to receive money if the actual figure exceeds the agreed figure);
- (iii) the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to acquire the option, or anything similar to them);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2,

- paragraph (22), item (v) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with a violation (including a transaction in which the parties promise that, in addition to paying and receiving the money, they will also deliver and receive money or financial instruments equivalent to the amount they have set as the principal) or anything similar to them, in which the person in question will be the party to receive money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to, or anything similar to them);
- (iv)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in a financial index connected with a violation in which the person in question will be the party to receive money if the financial index rises during the period they have agreed to);
- (v) the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to receive money if the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occur, or anything similar to them); and
- (vi) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act (limited to those in which the person in question will be the party to receive money if the actual figure exceeds the agreed figure, or anything similar to them).

(Administrative Monetary Penalties Imposed on Persons Engaged in Market Manipulation by Wash Sale If They Are Deemed to Have Conducted Sales of Securities on Their Own Accounts)

Article 33-9-4 The cases specified by Cabinet Order that are provided for in Article 174, paragraph (6) of the Act are the following cases:

- (i) if the violator (meaning a violator prescribed in Article 174, paragraph (1) of the Act; hereinafter the same applies in this Article through Article 33-9-6), at the time of commencement of a violation, is conducting the sales of the securities subject to the violation which are not in their possession or through the borrowing of the securities or conducting the sales of the commodities subject to the violation which are not in their possession (limited to sales in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on

- their own account or on the account of a person specified in the items of Article 174, paragraph (5) of the Act (hereinafter the person is referred to as the "person with a specified relationship" in this Article and the following Article) (in these cases, if the person with a specified relationship has conducted the same violation as the violator, excluding the cases in which the person with a specified relationship has conducted the relevant sales on their own account); and
- (ii) if the violator, at the time of commencement of a violation, has concluded an agreement for the transactions set forth in Article 33-9, items (ii) to (vi) with regard to the securities, etc. (meaning the securities, etc. prescribed in Article 174, paragraph (1), item (i) of the Act; the same applies in the following Article to Article 33-13) subject to the violation on their own account or on the account of a person with a specified relationship (if the person with a specified relationship has conducted the same violation as the violator, excluding the cases in which the person with a specified relationship has concluded an agreement for those transactions on their own account).

(Administrative Monetary Penalties Imposed on Persons Engaged in Market Manipulation by Wash Sale If They Are Deemed to Have Conducted Purchases of Securities on Their Own Accounts)

Article 33-9-5 The cases specified by Cabinet Order that are provided for in Article 174, paragraph (7) of the Act are the following cases:

- (i) if a violator or a person with a specified relationship (excluding a person with a specified relationship that has conducted the same violation as the violator) owns the securities or commodities subject to the violation at the time of commencement of the violation; and
- (ii) if the violator, at the time of commencement of a violation, has conducted the purchase of the commodities subject to the violation (limited to their purchase in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) (if the person with a specified relationship has conducted the same violation as the violator, excluding the cases in which the person with a specified relationship has conducted the purchase on their own account);
- (iii) if the violator, at the time of commencement of a violation, has concluded an agreement for the transactions set forth in Article 33-9-3, items (ii) to (vi) on their own account or on the account of a person with a specified relationship for the securities, etc. subject to the violation (if the person with a specified relationship has conducted the same violation as the violator, excluding the cases in which the person with a specified relationship has concluded an agreement for those transactions on their own account).

(Necessary Particulars in Calculating the Administrative Monetary Penalty for Market Manipulation by Wash Sale)

Article 33-9-6 (1) When the sales, etc. of securities (meaning the sales, etc. of securities prescribed in Article 174, paragraph (2) of the Act; hereinafter the same applies in this Article) or the of purchase, etc. of securiries (meaning the purchase, etc. of securities prescribed in Article 174, paragraph (3) of the Act; hereinafter the same applies in this Article) are any of the transactions set forth in the following items, the prices for the transactions are those specified in each of those items:

- (i) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act: the agreed figure;
 - (ii) the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act: the amount receivable for options;
 - (iii) the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act: the interest rate, etc. of a financial instrument or the financial index at the time of commencement of the agreed period related to the calculation of the rate of change in those transactions, or anything similar to it;
 - (iii)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the financial index at the time of commencement of the agreed period related to the calculation of the rate of change in those transactions;
 - (iv) the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act: the amount receivable for the rights to receive money if the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occur, or any amount similar to it; and
 - (v) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act: the agreed figure or anything similar to it.
- (2) In the case referred to in the preceding paragraph, the volume of the sales, etc. of securities or purchase, etc. of securities is that which is specified in the following items in accordance with the category of transactions set forth in each of those items:
- (i) the transaction sset forth in item (i) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the agreed figure set forth in that item and the actual figure by the volume;
 - (ii) the transactions set forth in item (ii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for options referred to in

- that item by the volume;
- (iii) the transactions set forth in item (iii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the interest rate, etc. of a financial instrument or the financial index set forth in that item and the interest rate, etc. of a financial instrument or the financial index at the end of the agreed period by the volume, or any other volume similar to it;
 - (iii)-2 the transactions set forth in item (iii)-2 of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the financial index set forth in that item and the financial index at the end of the agreed period by the volume;
 - (iv) the transactions set forth in item (iv) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for the rights to receive money when the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act which are prescribed in item (iv) of the preceding paragraph occur by the volume, or any other volume similar to it; and
 - (v) the transactions set forth in item (v) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the agreed figure referred to in that item and the actual figure by the volume, or any other volume similar to it.
- (3) In calculating the administrative monetary penalty referred to in Article 174, paragraph (1) of the Act, in the cases referred to in the following items, it is deemed that a reversing trade (meaning the purchase, etc. of securities in cases of the sales, etc. of securities and the sales, etc. of securities in cases of the purchase, etc. of securities; the same applies in the following paragraph) has been conducted at the price specified in each of those items:
- (i) if the transactions set forth in Article 2, paragraph (21), item (ii) of the Act have been settled by the payment and receipt of money based on an actual figure: the actual figure;
 - (ii) if the payment and receipt of money have been made based on the rate of change of the interest rate, etc. of a financial instrument or the financial index subject to a violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act: the interest rate, etc. of the financial instrument or the financial index at the end of the agreed period related to the calculation of the rate of change, or anything similar to it;
 - (ii)-2 if the payment and receipt of money has been made based on the rate of

- change of the financial index connected with a violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the financial index at the end of the agreed period related to the calculation of the rate of change;
- (iii) if the transactions set forth in Article 2, paragraph (22), item (ii) of the Act have been settled by the payment and receipt of money based on an actual figure or any other similar cases: the actual figure or anything similar to it; and
- (iv) with regard to the transactions set forth in Article 2, paragraph (22), item (iv) of the Act, if the payment and receipt of money has been made by the manifestations of intention of the parties or any other similar cases: the amount receivable for options at the time when the manifestations were made.
- (4) In calculating the administrative monetary penalty referred to in Article 174, paragraph (1) of the Act, in the cases referred to in the following items, it is deemed that a reversing trade has been conducted at the time specified in each of those items. In such a case, the price for the reversing trade is zero:
- (i) if the options related to the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act have extinguished (excluding the extinguishment due to the grounds set forth in item (iv) of the preceding paragraph; hereinafter the same applies in this item): the time when the options have extinguished; or
- (ii) if the rights (meaning the rights to receive money when the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act which the parties have specified in advance occur) related to the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act have extinguished: the time when the rights have extinguished.
- (5) In calculating the amount set forth in Article 174, paragraph (1), item (i), sub-items (a) and (b) of the Act, the sales, etc. of securities made by the violator on their own account for the securities subject to the violation during the violation period (meaning the violation period prescribed in Article 174, paragraph (1), item (i) of the Act; the same applies in the following paragraph) are to be allocated as the sales, etc. of securities set forth in sub-item (a) of that item, in the order starting from the latest sales, etc. of securities made until the volume reaches that set forth in sub-item (a) of that item.
- (6) In calculating the amount set forth in Article 174, paragraph (1), item (ii), sub-items (a) and (b) of the Act, the purchase, etc. of securities made by the violator on their own account for the securities subject to the violation during the violation period is allocated as the purchase, etc. of securities set forth in sub-item (b) of that item, in the order starting from the latest purchase, etc. of

securities made until the volume reaches that set forth in sub-item (b) of that item.

(Sales of Securities in Calculating the Administrative Monetary Penalty for Market Manipulation through Actual Purchase and Sale)

Article 33-10 The transactions specified by Cabinet Order that are provided for in Article 174-2, paragraph (2) of the Act are the following transactions:

- (i) the sales of securities or commodities (in the case of commodities, limited to sales in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (limited to those in which the person in question will be the party to pay money if the actual figure exceeds the agreed figure);
- (iii) the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to grant the option, or anything similar to them);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iv) or paragraph (22), item (v) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with a violation (meaning a violation prescribed in Article 174-2, paragraph (1) of the Act; the same applies in the following Article through Article 33-14) (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) or anything similar to it, in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to, or anything similar to them);
- (iv)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in a financial index connected with a violation, in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to);
- (v) the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to pay money if the grounds set forth in Article 2,

- paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occur, or anything similar to them); and
- (vi) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act (limited to those in which the person in question will be the party to pay money if the actual figure exceeds the agreed figure, or anything similar to that).

(Purchase of Securities in Calculating the Administrative Monetary Penalty for Market Manipulation through Actual Purchase and Sale)

Article 33-11 The transactions specified by Cabinet Order that are provided for in Article 174-2, paragraph (3) of the Act are the following transactions:

- (i) the purchase of securities or commodities (in the case of commodities, limited to their purchase in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (limited to those in which the person in question will be the party to receive money if the actual figure exceeds the agreed figure);
- (iii) the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to acquire the option, or anything similar to that);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with a violation (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) or anything similar to it, in which the person in question will be the party to receive money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to, or anything similar to that);
- (iv)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in a financial index connected with a violation in which the person in question will be the party to receive money if the financial index rises during the period they have agreed to);
- (v) the transactions set forth in Article 2, paragraph (21), item (v) or Article 2,

- paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to receive money if the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occur, or anything similar to them); and
- (vi) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act (limited to those in which the person in question will be the party to receive money if the actual figure exceeds the agreed figure, or anything similar to them).

(Administrative Monetary Penalties Imposed on Persons Engaged in Market Manipulation through Actual Purchase and Sale If They Are Deemed to Have Conducted Sales of Securities on Their Own Accounts)

Article 33-12 The cases specified by Cabinet Order that are provided for in Article 174-2, paragraph (7) of the Act are the following cases:

- (i) if the violator (meaning a violator prescribed in Article 174-2, paragraph (1) of the Act; hereinafter the same applies in this Article through Article 33-14), at the time of commencement of a violation, is conducting the sale of the securities subject to the violation which are not in their possession or through the borrowing of the securities or conducting the sale of the commodities subject to the violation which are not in their possession (limited to sales in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on their own account or on the account of the person set forth in the items of Article 174-2, paragraph (6) of the Act (hereinafter the person is referred to as the "person with a specified relationship" in this Article and the following Article) (in these cases, if the person with a specified relationship has conducted the same violation as the violator, excluding the cases in which the person with a specified relationship has conducted the relevant sales on their own account); and
- (ii) if the violator, at the time of commencement of a violation, has concluded an agreement for the transactions set forth in Article 33-10, items (ii) through (vi) with regard to the securities subject to the violation on their own account or on the account of a person with a specified relationship (if the person with a specified relationship has conducted the same violation as the violator, excluding the cases in which the person with a specified relationship has concluded an agreement for those transactions on their own account).

(Administrative Monetary Penalties Imposed on Persons Engaging in Market Manipulation through Actual Purchase and Sale If They Are Deemed to Have

Conducted Purchases of Securities on Their Own Accounts)

Article 33-13 The cases specified by Cabinet Order that are provided for in Article 174-2, paragraph (8) of the Act are the following cases:

- (i) if a violator or a person with a specified relationship (excluding a person with a specified relationship that has conducted the same violation as the violator) owns the securities or commodities subject to the violation at the time of commencement of the violation; and
- (ii) if the violator, at the time of commencement of a violation, has conducted the purchase of the commodities subject to the violation (limited to purchase in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) (if the person with a specified relationship has conducted the same violation as the violator, excluding the cases in which the person with a specified relationship has conducted the purchase on their own account);
- (iii) if the violator, at the time of commencement of an violation, has concluded an agreement for the transactions set forth in Article 33-11, items (ii) to (vi) on their own account or on the account of a person with a specified relationship with regard to the securities, etc. subject to the violation (if the person with a specified relationship has conducted the same violation as the violator, excluding the cases in which the person with a specified relationship has concluded an agreement for those transactions on their own account).

(Necessary Particulars in Calculating the Administrative Monetary Penalty for Conducting Market Manipulation through Actual Purchase and Sale)

Article 33-14 (1) When the sales, etc. of securities (meaning the sales, etc. of securities prescribed in Article 174-2, paragraph (2) of the Act; hereinafter the same applies in this Article) or the purchase, etc. of securities (meaning the purchase, etc. of securities prescribed in Article 174-2, paragraph (3) of the Act; hereinafter the same applies in this Article) are any of the following transactions, the prices for the transactions set forth in the following items are those specified in each of those items:

- (i) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act: the agreed figure;
- (ii) the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act: the amount receivable for options;
- (iii) the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act: the interest rates, etc. of a financial instrument or the financial index at the time of commencement of the agreed period for the calculation of the rate of change in those transactions or anything similar to it;

- (iii)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the financial index at the time of commencement of the agreed period for the calculation of the rate of change in those transactions;
 - (iv) the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act: the amount receivable for the rights to receive the money if the grounds set forth in Article 2, paragraph (21), item (v), sub-items (a) or (b) or Article 2, paragraph (22), item (vi), sub-items (a) or (b) of the Act that the parties have specified in advance occur, or any amount similar to it; and
 - (v) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act: the agreed figure or anything similar to it.
- (2) In the case referred to in the preceding paragraph, the volume of the of sales, etc. of securities or purchase, etc. of securities is that which is specified in the following items in accordance with the category of transactions set forth in each of those items:
- (i) the transactions set forth in item (i) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the agreed figure prescribed in that item and the actual figure by the volume;
 - (ii) the transactions set forth in item (ii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for options referred to in that item by the volume;
 - (iii) the transactions set forth in item (iii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the interest rate, etc. of a financial instrument or the financial index set forth in that item and the interest rate, etc. of a financial instruments or the financial index at the end of the agreed period by the volume, or anything similar to it;
 - (iii)-2 the transactions set forth in item (iii)-2 of the preceding paragraph: the volume for which money promised to be paid or received is calculated by multiplying the difference between the financial index set forth in that item and the financial index at the end of the agreed period by the volume;
 - (iv) the transactions set forth in item (iv) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for the rights to receive money when the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that is prescribed in item (iv) of the preceding paragraph occur by the volume, or anything similar to it; and
 - (v) the transactions set forth in item (v) of the preceding paragraph: the

- volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the agreed figure prescribed in that item and the actual figure by the volume, or anything similar to it.
- (3) In calculating the administrative monetary penalty referred to in Article 173, paragraph (1) of the Act, in the following cases, it is deemed that a reversing trade (meaning the purchase, etc. of securities in cases of the sales, etc. of securities and the sales, etc. of securities in cases of the purchase, etc. of securities; the same applies in the following paragraph) has been conducted at the price specified in each of those items:
- (i) if the transactions set forth in Article 2, paragraph (21), item (ii) of the Act have been settled by the payment and receipt of money based on an actual figure: the actual figure;
 - (ii) if the payment and receipt of money have been made based on the rate of change of the interest rate, etc. of a financial instrument or the financial index subject to a violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv) of the Act or Article 2, paragraph (22), item (v) of the Act, or any other cases similar to this: the interest rate, etc. of a financial instrument or the financial index at the end of the agreed period related to the calculation of the rate of change, or anything similar to it;
 - (ii)-2 if the payment and receipt of money have been made based on the rate of change of the financial index subject to a violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the financial index at the end of the agreed period related to the calculation of the rate of change;
 - (iii) if the transactions set forth in Article 2, paragraph (22), item (ii) of the Act have been settled by the payment and receipt of money based on an actual figure, or any cases similar to them: the actual figure or anything similar to it; and
 - (iv) with regard to the transactions set forth in Article 2, paragraph (22), item (iv) of the Act, if the payment and receipt of money have been made by the manifestations of intention of the parties or any cases similar to them: the amount receivable for options at the time when the manifestations were made.
- (4) In calculating the administrative monetary penalty referred to in Article 173, paragraph (1) of the Act, in the cases referred to in the following items, it is deemed that a reversing trade has been conducted at the time specified in each of those items. In such a case, the price for the reversing trade is zero:
- (i) if the options to conduct the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act have extinguished (excluding the extinguishment due to the grounds set forth in item (iv) of the preceding paragraph; hereinafter the same applies in this

- item): the time when the options have extinguished; or
- (ii) if the rights (meaning the rights to receive money when the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties specified in advance occur) related to the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act have extinguished: the time when the rights have extinguished.
- (5) In calculating the amount set forth in Article 174-2, paragraph (1), item (i), sub-item (a) and (b) of the Act, when the volume of sales, etc. of securities or purchase, etc. of securities made on the person's own account which are subject to the violation exceeds the volume of corresponding purchase and sale (meaning the volume of corresponding purchase and sale prescribed in Article 174-2, paragraph (4) of the Act; hereinafter the same applies in this paragraph), the sales, etc. of securities or the purchase, etc. of securities made on the person's own account subject to the violation are to be allocated as the sales, etc. of securities or the purchase, etc. of securities referred to in sub-item (a) of that item, in the order starting from the latest sales, etc. of securities or the purchase, etc. of securities made until the volume reaches the volume of corresponding purchase and sale;
- (6) In calculating the amount set forth in Article 174-2, paragraph (1), item (ii), sub-item (a), 1. and 2. of the Act, among the sales, etc. of securities made on the person's own account subject to the violation, those which are not allocated pursuant to the provisions of the preceding paragraph are to be allocated as the sales, etc. of securities referred to in Article 174-2, paragraph (1), item (ii), sub-item (a), 1. of the Act.
- (7) In calculating the amount set forth in Article 174-2, paragraph (1), item (ii), sub-item (b), 1. and 2. of the Act, the purchase, etc. of securities made on the person's own account subject to the violation which are not allocated under paragraph (5) are to be allocated as the purchase, etc. of securities referred to in Article 174-2, paragraph (1), item (ii), sub-item (b), 2. of the Act.

(Sales of Securities in Calculating the Administrative Monetary Penalty for Stabilizing Transactions)

Article 33-14-2 The transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (2) of the Act are the following transactions:

- (i) the sales of securities or commodities (in the case of commodities, limited to sales in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (limited to one in which the person in question will be the party to pay money if the actual figure exceeds the agreed figure);

- (iii) the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to grant the option, or anything similar to it);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with a violation (meaning a violation prescribed in Article 174, paragraph (3) of the Act; the same applies in the following Article through Article 33-14-8) (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) or anything similar to it, in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to, or anything similar to them);
- (iv)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in a financial index connected with a violation, in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to);
- (v) the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to pay money if the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occur, or anything similar to them); and
- (vi) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act (limited to those in which the person in question will be the party to pay money if the actual figure exceeds the agreed figure, or anything similar to them).

(Purchase of Securities in Calculating the Administrative Monetary Penalty for Stabilizing Transactions)

Article 33-14-3 The transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (3) of the Act are the following transactions:

- (i) the purchase of securities or commodities (in the case of commodities,

- limited to purchase in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act));
- (ii) the transactions specified in Article 2, paragraph (21), item (ii) of the Act (limited to those in which the person in question will be the party to receive the money if the actual figure exceeds the agreed figure);
- (iii) the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to acquire the option, or anything similar to that);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with a violation (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) or anything similar to it, in which the person in question will be the party to receive the money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to, or anything similar to that);
- (iv)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in a financial index connected with a violation in which the person in question will be the party to receive money if the financial index rises during the period they have agreed to);
- (v) the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to receive money if the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occur, or anything similar to them); and
- (vi) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act (limited to those in which the person in question will be the party to receive money if the actual figure exceeds the agreed figure, or anything similar to that).

(Volume of Sales)

Article 33-14-4 (1) The cases in which the transactions specified by Cabinet Order that are prescribed in Article 174-3, paragraph (5) of the Act are

conducted, are cases in which the violator (meaning a violator prescribed in Article 174-3, paragraph (1) of the Act; hereinafter the same applies in this Article through Article 33-14-8) is conducting the sales of the securities which are not in their possession or through the borrowing of the securities or conducting the sales of the commodities which are not in their possession (limited to sales in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on their own account or on the account of a person with a specified relationship (meaning the persons set forth in the items of Article 174-3, paragraph (7) of the Act; hereinafter the same applies in this Article through Article 33-14-7).

- (2) The transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (5) of the Act are the transactions set forth Article 33-14-2, items (ii) through (vi) for which the violator has concluded an agreement on their own account or on the account of a person with a specified relationship.
- (3) The volume to be calculated pursuant to the provisions of Cabinet Order that is prescribed in Article 174-3, paragraph (5) of the Act, is the volume specified in the items of Article 33-14-8, paragraph (2) in accordance with the category of transactions set forth in each of those items.

(Volume of Purchase)

- Article 33-14-5 (1) The commodities specified by Cabinet Order that are provided for in Article 174-3, paragraph (6) of the Act are the commodities which the violator has purchased (limited to purchase in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on their own account or on the account of the person with a specified relationship.
- (2) The transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (6) of the Act are the transactions set forth in Article 33-14-3, items (ii) through (vi) for which the violator has concluded an agreement on their own account or on the account of a person with a specified relationship.
 - (3) The volume to be calculated pursuant to the provisions of Cabinet Order that is prescribed in Article 174-3, paragraph (6) of the Act, is the volume specified in the items Article 33-14-8, paragraph (2) in accordance with the category of transactions set forth in each of those items.

(Transactions Excluded from the Volume of Sales)

- Article 33-14-6 (1) The cases in which the transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (8) of the Act are conducted are the cases in which a person with a specified relationship is conducting the sales of the securities which are not in their possession or through the borrowing of the securities or conducting the sales of the

commodities subject to the violation which are not in their possession (limited to sales in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on their own account.

- (2) The transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (8) of the Act are the transactions set forth in Article 33-14-2, items (ii) through (vi) for which a person with a specified relationship has concluded an agreement on their own account.
- (3) The volume calculated pursuant to the provisions of Cabinet Order that is prescribed in Article 174-3, paragraph (8) of the Act, is the volume specified in the items of Article 33-14-8, paragraph (2) in accordance with the category of transactions set forth in each of those items.

(Commodities Excluded from the Volume of Purchase)

Article 33-14-7 (1) The commodities specified by Cabinet Order that are provided for in Article 174-3, paragraph (9) of the Act are the commodities which the person with a specified relationship has purchased (limited to purchase in market derivatives transactions (limited to the transactions set forth in Article 2, paragraph (21), item (i) of the Act)) on their own account.

- (2) The transactions specified by Cabinet Order that are provided for in Article 174-3, paragraph (9) of the Act are the transactions set forth in Article 33-14-3, items (ii) through (vi) for which the person with a specified relationship has concluded an agreement on their own account.
- (3) The volume to be calculated pursuant to the provisions of Cabinet Order that is prescribed in Article 174-3, paragraph (9) of the Act, is the volume specified in the items of paragraph (2) of the following Article in accordance with the category of transactions set forth in each of those items.

(Necessary Particulars for Calculating the Administrative Monetary Penalty for Stabilizing Transactions)

Article 33-14-8 (1) When the sales, etc. of securities (meaning sales, etc. of securities prescribed in Article 174-3, paragraph (2) of the Act; hereinafter the same applies in this Article) or the purchase, etc. of securities (meaning purchase, etc. of securities prescribed in Article 174-3, paragraph (3) of the Act; hereinafter the same applies in this Article) are any of the following transactions, the prices for the transactions set forth in the following items are those specified in each of those items:

- (i) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act: the agreed figure;
- (ii) the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act: the amount receivable for options;
- (iii) the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2,

- paragraph (22), item (v) of the Act: the interest rate, etc. of a financial instrument or the financial index at the time of commencement of the agreed period for the calculation of the rate of change in those transactions, or anything similar to that;
- (iii)-2 the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the financial index at the time of commencement of the agreed period for the calculation of the rate of change in those transactions;
 - (iv) the transactions set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act: the amount receivable for the rights to receive money if the cause set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occurs, or anything similar to that; and
 - (v) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act: the agreed figure or anything similar to it.
- (2) In the case referred to in the preceding paragraph, the volume of the sales, etc. of securities or purchase, etc. of securities is that which is specified in the following items in accordance with the category of transactions set forth in each of those items:
- (i) the transactions set forth in item (i) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the agreed figure prescribed in that item and the actual figure by the volume;
 - (ii) the transactions set forth in item (ii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for the options prescribed in that item by the volume;
 - (iii) the transactions set forth in item (iii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the interest rate, etc. of a financial instrument or the financial index set forth in that item and the interest rate, etc. of a financial instruments or the financial index at the end of the agreed period by the volume, or anything similar to it;
 - (iii)-2 the transactions set forth in item (iii)-2 of the preceding paragraph: the volume for which the money promised to be paid or received is calculated by multiplying the difference between the financial index prescribed in that item and the financial index at the end of the agreed period by the volume;
 - (iv) the transactions set forth in item (iv) of the preceding paragraph: the amount of money promised to be paid or received is calculated by multiplying the amount receivable for the rights to receive money when the cause set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2,

- paragraph (22), item (vi), sub-item (a) or (b) of the Act prescribed in item (iv) of the preceding paragraph occurs by the volume, or anything similar to it;
and
- (v) the transactions set forth in item (v) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the agreed figure prescribed in that item and the actual figure by the volume, or anything similar to it.
- (3) In calculating the administrative monetary penalty referred to in Article 174-3, paragraph (1) of the Act, in the following cases, it is deemed that a reversing trade (meaning the purchase, etc. of securities in cases of the sale, etc. of securities and the sale, etc. of securities in cases of the purchase, etc. of securities; the same applies in the following paragraph) has been conducted at the price specified in each of those items:
- (i) if the transactions set forth in Article 2, paragraph (21), item (ii) of the Act have been settled by the payment and receipt of money based on an actual figure: the actual figure;
- (ii) if the payment and receipt of money has been made based on the rate of change of the interest rate, etc. of a financial instrument or the financial index related to a violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv) or Article 2, paragraph (22), item (v) of the Act, or any case similar to this: the interest rate, etc. of a financial instrument or the financial index at the end of the agreed period related to the calculation of the rate of change, or anything similar to it;
- (ii)-2 if the payment and receipt of money has been made based on the rate of change of the financial index related to a violation with regard to the transactions set forth in Article 2, paragraph (21), item (iv)-2 of the Act: the financial index at the end of the agreed period related to the calculation of the rate of change;
- (iii) if the transactions set forth in Article 2, paragraph (22), item (ii) of the Act have been settled by the payment and receipt of money based on an actual figure or any case similar to this: the actual figure or anything similar to it;
and
- (iv) with regard to the transactions set forth in Article 2, paragraph (22), item (iv) of the Act, if the payment and receipt of money have been made by the manifestations of intention of the parties or any case similar to this: the amount receivable for options at the time when the manifestations were made.
- (4) In calculating the administrative monetary penalty referred to in Article 174-3, paragraph (1) of the Act, in the cases referred to in the following items, it is deemed that a reversing trade has been conducted at the time specified in each of those items. In such a case, the price for the reversing trade is zero:

- (i) if the options related to the transactions set forth in Article 2, paragraph (21), item (iii) or Article 2, paragraph (22), item (iii) or (iv) of the Act have extinguished (excluding the extinguishment due to the grounds set forth in item (iv) of the preceding paragraph; hereinafter the same applies in this item): the time when the options have extinguished; or
 - (ii) if the rights (meaning the rights to receive money if the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occur) related to the transaction set forth in Article 2, paragraph (21), item (v) or Article 2, paragraph (22), item (vi) of the Act have extinguished: the time when the rights have extinguished.
- (5) In calculating the amounts set forth in Article 174-3, paragraph (1), item (i), sub-items (a) and (b) of the Act, the sales, etc. of securities (if the volume obtained by adding up the volume of the sales, etc. of securities and the volume of the sales, etc. of securities made on the person's own account subject to the violation exceeds the volume of purchase, etc. of securities made on the person's own account subject to the violation, excluding the sales, etc. of securities related to the exceeding volume) or the purchase, etc. of securities (if the volume obtained by adding up the volume of the purchase, etc. of securities and the volume of the purchase, etc. of securities made on the person's own account subject to the violation exceeds the volume of sale, etc. of securities made on the person's own account subject to the violation, excluding the purchase, etc. of sales related to the exceeding volume) conducted by the violator on the person's own account with regard to the listed financial instruments, etc. (meaning the listed financial instruments, etc. prescribed in Article 174-3, paragraph (1), item (ii), sub-item (a) of the Act) or over-the-counter traded securities subject to the violation within one month after the day on which the violation has ended is deemed to be subject to the violation.
- (6) In calculating the amount set forth in Article 174-3, paragraph (1), item (i), sub-item (a) or (b) of the Act, among the sales, etc. of securities or the purchase, etc. of securities made on the person's own account subject to a violation, those related to the volume which exceeds the volume of sales, etc. of securities or the volume of the purchase, etc. of securities, whichever is smaller, made on the violator's own account subject to the violation are deemed not to fall under the sales, etc. of securities or purchase, etc. of securities subject to the violation.

(Sales of Securities in Calculating the Administrative Monetary Penalty for Transactions Conducted by Company Insiders That Have Come to Know a Material Fact)

Article 33-15 The transactions specified by Cabinet Order that are provided for

in Article 175, paragraph (3) of the Act are the following transactions:

- (i) the sales and other transfer for value of securities;
- (ii) having another person succeed to securities through a merger or split;
- (iii) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (limited to those in which the person in question will be the party to pay money if the actual figure exceeds the agreed figure);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (limited to those in which the person in question will be the party to grant the option);
- (v) the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with specified or related securities or share certificates, etc. (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to);
- (vi) the transactions set forth in Article 2, paragraph (21), item (v) of the Act (limited to those in which the person in question will be the party to pay money if the cause set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) of the Act that the parties have specified in advance occurs);
- (vii) foreign-market derivatives transactions (limited to those similar to the transactions set forth in item (iii) through the preceding item);
- (viii) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act (limited to those in which the person in question will be the party to pay money if the actual figure exceeds the agreed figure, or anything similar to them);
- (ix) the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to grant the option, or anything similar to them);
- (x) the transactions set forth in Article 2, paragraph (22), item (v) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with specified or related securities or the share certificates, etc. (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of

money they have set as the principal) or anything similar to it, in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to, or anything similar to them); and

- (xi) a transaction set forth in Article 2, paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to pay money if the cause set forth in Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occurs, or anything similar to them).

(Purchase of Securities in Calculating the Administrative Monetary Penalty for Transactions Conducted by Company Insiders That Have Come to Know a Material Fact)

Article 33-16 The transactions specified by Cabinet Order that are provided for in Article 175, paragraph (4) of the Act are the following transactions:

- (i) the purchase or other acquisition for value of securities;
- (ii) succeeding to securities through a merger or split;
- (iii) the transactions specified in Article 2, paragraph (21), item (ii) of the Act (limited to those in which the person in question will be the party to receive money if the actual figure exceeds the agreed figure);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (limited to those in which the person in question will be the party to acquire the option);
- (v) the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with specified or related securities or share certificates, etc. (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) in which the person in question will be the party to receive money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to);
- (vi) the transactions set forth in Article 2, paragraph (21), item (v) of the Act (limited to those in which the person in question will be the party to receive money if the cause set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) of the Act that the parties have specified in advance occurs);
- (vii) foreign-market derivatives transactions (limited to those similar to the transactions set forth in item (iii) through the preceding item);
- (viii) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act

- (limited to those in which the person in question will be the party to receive money if the actual figure exceeds the agreed figure, or anything similar to them);
- (ix) the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to acquire the option, or anything similar to them);
 - (x) the transactions set forth in Article 2, paragraph (22), item (v) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with specified or related securities or share certificates, etc. (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) or anything similar to it, in which the person in question will be the party to receive money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to, or anything similar to that); and
 - (xi) the transactions set forth in Article 2, paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to receive money if the cause set forth in Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occurs, or anything similar to them).

(Necessary Particulars in Calculating the Administrative Monetary Penalty for Transactions Conducted by Company Insiders That Have Come to Know a Material Fact)

Article 33-17 (1) When the sales, etc. of securities set forth in Article 175, paragraph (3) of the Act or the purchase, etc. of securities set forth in paragraph (4) of that Article are any of the following transactions, the prices of the transactions set forth in the following items are those specified in each of those items:

- (i) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (including foreign-market derivatives transactions similar to them): the agreed figure (in cases of foreign-market derivatives transactions, figure equivalent to the agreed figure);
- (ii) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (including foreign-market derivatives transactions similar to them) or the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act: the amount receivable for options;
- (iii) the transactions set forth in Article 2, paragraph (21), item (iv) of the Act

- (including foreign-market derivatives transactions similar to them) or the transactions set forth in Article 2, paragraph (22), item (v) of the Act: the interest rate, etc. of a financial instrument or the financial index at the time of commencement of the agreed period related to the calculation of the rate of change in those transactions, or anything similar to it;
- (iv) the transactions set forth in Article 2, paragraph (21), item (v) of the Act (including foreign-market derivatives transactions similar to them) or the transactions set forth in Article 2, paragraph (22), item (vi) of the Act: the amount receivable for the rights to receive money if the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occur, or anything similar to it; and
- (v) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act: the agreed figure or anything similar to it.
- (2) In the case referred to in the preceding paragraph, the volume of the sales, etc. of securities or purchase, etc. of securities is that which is specified in the following items in accordance with the category of transactions set forth in each of those items:
- (i) the transactions set forth in item (i) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the agreed figure prescribed in that item and the actual figure by the volume, or anything similar to it;
- (ii) the transactions set forth in item (ii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for options prescribed in that item by the volume;
- (iii) the transactions set forth in item (iii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the interest rate, etc. of a financial instrument or the financial index prescribed in that item and the interest rate, etc. of a financial instrument or the financial index at the end of the agreed period by the volume, or anything similar to it;
- (iv) the transactions set forth in item (iv) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for the rights to receive money when the cause set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that is prescribed in item (iv) of the preceding paragraph occur by the volume or any case similar to this; and
- (v) the transaction set forth in item (v) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated

by multiplying the difference between the agreed figure prescribed in that item and the actual figure by the volume, or any case similar to this.

(Sales of Specified or Related Securities in Calculating the Administrative Monetary Penalty for Providing Information on Unpublished Material Facts)

Article 33-18 The transactions specified by Cabinet Order that are provided for in Article 175-2, paragraph (5) of the Act are the following transactions:

- (i) the sales or other transfer for value of specified or related securities;
- (ii) having another person succeed to specified or related securities through a merger or split;
- (iii) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (limited to those in which the person in question will be the party to pay money if the actual figure exceeds the agreed figure);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (limited to those in which the person in question will be the party to grant the option);
- (v) the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with specified or related securities (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to);
- (vi) the transactions set forth in Article 2, paragraph (21), item (v) of the Act (limited to those in which the person in question will be the party to pay money if the grounds set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) of the Act that the parties have specified in advance occurs);
- (vii) foreign-market derivatives transactions (limited to those similar to the transactions set forth in item (iii) through the preceding item);
- (viii) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act (limited to those in which the person in question will be the party to pay money if the actual figure exceeds the agreed figure, or anything similar to them);
- (ix) the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to grant the option, or anything similar to them);
- (x) the transactions set forth in Article 2, paragraph (22), item (v) of the Act

(limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with specified or related securities (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) or anything similar to it, in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to; or anything similar to this); and

- (xi) the transaction set forth in Article 2, paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to pay money if the cause set forth in Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occurs, or anything similar to them).

(Purchase of Specified or Related Securities in Calculating the Administrative Monetary Penalty for Providing Information on Unpublished Material Facts)

Article 33-19 The transactions specified by Cabinet Order that are provided for in Article 175-2, paragraph (7) of the Act are the following transactions:

- (i) the purchase or other acquisition for value of specified or related securities;
- (ii) succeeding to specified or related securities through a merger or split;
- (iii) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (limited to those in which the person in question will be the party to receive money if the actual figure exceeds the agreed figure);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (limited to those in which the person in question will be the party to acquire the option);
- (v) the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with specified or related securities (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) in which the person in question will be the party to receive money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to);
- (vi) the transactions set forth in Article 2, paragraph (21), item (v) of the Act

- (limited to those in which the person in question will be the party to receive money if the cause set forth in Article 2, paragraph (21), item (v), (a) or (b) of the Act that the parties have specified in advance occurs);
- (vii) foreign-market derivatives transactions (limited to those similar to the transactions set forth in item (iii) through the preceding item);
- (viii) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act (limited to those in which the person in question will be the party to receive money if the actual figure exceeds the agreed figure, or anything similar to them);
- (ix) the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to acquire the option, or anything similar to them);
- (x) the transactions set forth in Article 2, paragraph (22), item (v) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with specified or related securities (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) or anything similar to it, in which the person in question will be the party to receive money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to, or anything similar to this); and
- (xi) the transactions set forth in Article 2, paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to receive money if the cause set forth in Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occurs, or anything similar to them).

(Sales of Share Certificates in Calculating the Administrative Monetary

Penalty for Providing Information on Unpublished Facts of the Tender Offer)

Article 33-20 The transactions specified by Cabinet Order that are provided for in Article 175-2, paragraph (9) of the Act are the following transactions:

- (i) the sale or other transfer for value of share certificates, etc.;
- (ii) having another person succeed to share certificates, etc. through a merger or split;
- (iii) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (limited to those in which the person in question will be the party to pay money if the actual figure exceeds the agreed figure);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act

- (limited to those in which the person in question will be the party to grant the option, or anything similar to them);
- (v) the transactions as set forth in Article 2, paragraph (21), item (iv) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with share certificates, etc. (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to);
 - (vi) the transactions set forth in Article 2, paragraph (21), item (v) of the Act (limited to those in which the person in question will be the party to pay money if the cause set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) of the Act that the parties have specified in advance occurs);
 - (vii) foreign market derivatives transactions (limited to those that are similar to transactions set forth in item (iii) through the preceding item);
 - (viii) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act (limited to those in which the person in question will be the party to pay money if the actual figure exceeds the agreed figure, or anything similar to them);
 - (ix) the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to grant the option, or anything similar to them);
 - (x) the transactions set forth in Article 2, paragraph (22), item (v) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with share certificates, etc. (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) or anything similar to it, in which the person in question will be the party to pay money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to, or anything similar to them); and
 - (xi) the transactions set forth in Article 2, paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to pay money if the cause set forth in Article 2, paragraph (22), item (vi), sub-item

(a) or (b) of the Act that the parties have specified in advance occurs, or anything similar to them).

(Purchase of Share Certificates in Calculating the Administrative Monetary Penalty for Providing Information on Unpublished Facts of the Tender Offer)

Article 33-21 The transactions specified by Cabinet Order that are provided for in Article 175-2, paragraph (11) of the Act are the following transactions:

- (i) the purchase or other acquisition for value of share certificates, etc.;
- (ii) succeeding to share certificates, etc. through a merger or split;
- (iii) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (limited to those in which the person in question will be the party to receive money if the actual figure exceeds the agreed figure);
- (iv) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (limited to those in which the person in question will be the party to acquire the option);
- (v) the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (limited to those involving a transaction comprising the parties' promises to pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with share certificates, etc. (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) in which the person in question will be the party to receive money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to);
- (vi) the transactions set forth in Article 2, paragraph (21), item (v) of the Act (limited to those in which the person in question will be the party to receive money if the cause set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) of the Act that the parties have specified in advance occurs);
- (vii) foreign market derivatives transactions (limited to those similar to transactions set forth in item (iii) through the preceding item);
- (viii) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act (limited to those in which the person in question will be the party to receive money if the actual figure exceeds the agreed figure, or anything similar to them);
- (ix) the transactions set forth in Article 2, paragraph (22), item (iii) or (iv) of the Act (limited to those in which the person in question will be the party to acquire the option, or anything similar to them);
- (x) the transactions set forth in Article 2, paragraph (22), item (v) of the Act (limited to those involving a transaction comprising the parties' promises to

pay and receive money based on the rate of change, during the period they have agreed to, in the interest rate, etc. of a financial instrument, or in a financial index, that is connected with share certificates, etc. (including a transaction in which the parties promise that, in addition to paying and receiving that money, they will also deliver and receive money or financial instruments equivalent to the amount of money they have set as the principal) or anything similar to it, in which the person in question will be the party to receive money if the interest rate, etc. of the financial instrument or the financial index rises during the period they have agreed to, or anything similar to them); and

- (xi) the transactions set forth in Article 2, paragraph (22), item (vi) of the Act (limited to those in which the person in question will be the party to receive money if the cause set forth in Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occurs, or anything similar to them).

(Necessary Particulars in Calculating the Administrative Monetary Penalty for Providing Information on Unpublished Material Facts)

Article 33-22 (1) When the sales, etc. of specified or related securities set forth in Article 175-2, paragraph (5) of the Act or the purchase, etc. of specified or related securities set forth in paragraph (7) of that Article, or the sales, etc. of share certificates, etc. set forth in paragraph (9) of that Article or the purchase, etc. of share certificates, etc. set forth in paragraph (11) of that Article are any of the following transactions, the prices for the transactions set forth in the following items are those specified in that item:

- (i) the transactions set forth in Article 2, paragraph (21), item (ii) of the Act (including foreign-market derivatives transactions similar to them): the agreed figure (in cases of a foreign-market derivatives transaction, that equivalent to the agreed figure);
- (ii) the transactions set forth in Article 2, paragraph (21), item (iii) of the Act (including foreign-market derivatives transactions similar to them) or the transactions set forth in paragraph (22), item (iii) or (iv) of that Article: the amount receivable for options;
- (iii) the transactions set forth in Article 2, paragraph (21), item (iv) of the Act (including foreign-market derivatives transactions similar to them) or the transactions set forth in paragraph (22), item (v) of that Article: the interest rate, etc. of a financial instrument or the financial index at the time of commencement of the agreed period related to the calculation of the rate of change in those transactions, or anything similar to it;
- (iv) the transactions set forth in Article 2, paragraph (21), item (v) of the Act (including foreign-market derivatives transactions similar to them) or the

- transactions set forth in Article 2, paragraph (22), item (vi) of the Act: the amount receivable for the rights to receive the money if the cause set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that the parties have specified in advance occurs, or anything similar to it; and
- (v) the transactions set forth in Article 2, paragraph (22), item (ii) of the Act: the agreed figure or anything similar to it.
- (2) In the case referred to in the preceding paragraph, the volume of the sales, etc. of specified or related securities or the purchase, etc. of specified or related securities, or of the sales, etc. of share certificates, etc. or the purchase, etc. of share certificates etc. is that which is specified in the following items in accordance with the category of transactions set forth in each of those items:
- (i) the transactions set forth in item (i) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the agreed figure set forth in that item and the actual figure by the volume, or anything similar to it;
- (ii) the transactions set forth in item (ii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for options referred to in that item by the volume;
- (iii) the transactions set forth in item (iii) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the interest rate, etc. of a financial instrument or the financial index set forth in that item and the interest rate, etc. of a financial instrument or the financial index at the end of the agreed period by the volume, or anything similar to it;
- (iv) the transactions set forth in item (iv) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the amount receivable for the rights to receive money when the cause set forth in Article 2, paragraph (21), item (v), sub-item (a) or (b) or Article 2, paragraph (22), item (vi), sub-item (a) or (b) of the Act that is prescribed in item (iv) of the preceding paragraph occurs by the volume, or anything similar to it; and
- (v) the transactions set forth in item (v) of the preceding paragraph: the volume for which the amount of money promised to be paid or received is calculated by multiplying the difference between the agreed figure referred to in that item and the actual figure by the volume, or anything similar to it.

Chapter VII Miscellaneous Provisions

(Consultation)

Article 34 Before taking the measures referred to in Article 189, paragraph (4) of the Act, the Minister of Justice, the Minister of Foreign Affairs, the National Public Safety Commission, and the Commissioner of the Financial Services Agency are to hold a consultation with regard to those measures.

(Things Similar to Money)

Article 34-2 The thing which is specified by Cabinet Order that is provided for in Article 192, paragraph (1), item (ii) of the Act is the thing set forth in each items of Article 1-3.

(Persons Required to Obtain Audit Certification by a Certified Public Accountant)

Article 35 (1) The persons specified by Cabinet Order that are provided for in Article 193-2, paragraph (1) of the Act are the following persons (excluding the issuer of the securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the securities set forth in Article 2, paragraph (1), items (i) through (iii) or item (vi) of the Act):

- (i) a person that seeks to give a notification under the provisions of Article 4, paragraphs (1) through (3) of the Act; and
- (ii) the issuer of the securities set forth in the items of Article 24, paragraph (1) of the Act (including as applied *mutatis mutandis* pursuant to Article 27 of the Act).

(2) The securities specified by Cabinet Order that are provided for in Article 193-2, paragraph (1), item (i) of the Act are as follows:

- (i) the beneficiary securities of a foreign investment trust prescribed in Article 2, paragraph (1), item (x) of the Act;
- (ii) the foreign investment securities prescribed in Article 2, paragraph (1), item (xi) of the Act;
- (iii) beneficiary certificates of beneficiary certificates-issuing trusts prescribed in Article 2, paragraph (1), item (xiv) of the Act (limited to those issued by a foreign person);
- (iv) the securities set forth in Article 2, paragraph (1), item (xvii) of the Act which have the nature of the securities set forth in item (iv), item (v), items (vii) through (ix), or items (xii) through (xvi) of that paragraph;
- (v) the securities set forth in Article 2, paragraph (1), item (xviii) of the Act;
- (vi) the securities set forth in Article 2, paragraph (1), item (xix) or item (xx) of the Act (limited to those issued by a foreign person);
- (vii) the instruments or certificates set forth in Article 1, item (i); and
- (viii) the rights set forth in Article 2, paragraph (2), item (ii), item (iv), or item (vi) of the Act which are deemed to be securities pursuant to the provisions of Article 2, paragraph (2) of the Act.

(Audit Certification for Internal Control Reports)

Article 35-2 The persons specified by Cabinet Order that are provided for in Article 193-2, paragraph (2) of the Act are the issuers of the securities set forth in Article 24, paragraph (1), item (i) or (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) (limited to the securities set forth in the items of Article 4-2-7, paragraph (1)).

(Initial Date for the Calculation of the Period During Which the Listed Company Is Exempted from the Audit Certification for Internal Control Reports)

Article 35-3 The day specified by Cabinet Order that is provided for in Article 193-2, paragraph (2), item (iv) of the Act is the day on which the listed company, etc. first became the issuer of the securities (limited to those set forth in the items of Article 4-2-7, paragraph (1)) set forth in Article 24, paragraph (1), item (i) or (ii) (including as applied mutatis pursuant to Article 27 of the Act) (if that day is within three months from the start of the business year of the issuer, the day on which three months have passed from the start of the business year).

(Period for Rectifying the Violation of Laws and Regulations or Taking Other Measures in Relation to the Fact Constituting a Violation of Laws and Regulations)

Article 36 The period specified by Cabinet Order that is provided for in Article 193-3, paragraph (2) of the Act is the period from the day on which the notice referred to in paragraph (1) of that Article has been given (hereinafter the day is referred to as the "notice date" in this Article) until any of the following days that comes first after the notice date:

- (i) the day six weeks before the due date for submission of an annual securities report prescribed in Article 24, paragraph (1) of the Act, or the day on which two weeks have passed since the notice date, whichever comes later (if the day is the day on or after the due date for submission, the day preceding the due date for submission); and
- (ii) the day preceding the due date for submitting a quarterly securities report prescribed in Article 24-4-7, paragraph (1) of the Act or a semiannual securities report prescribed in Article 24-5, paragraph (1) of the Act.

(Solicitation to Exercise Voting Rights of Listed Shares by Proxy)

Article 36-2 (1) A person that seeks to make the solicitation to exercise voting rights of listed shares by proxy (meaning, with regard to the shares of a company issuing shares listed on a financial instruments exchange prescribed

in Article 194 of the Act, solicitation for having the person or a third party exercise voting rights by proxy; the same applies in Articles 36-4 through 36-6) (hereinafter the person is referred to as the "solicitor" in this Article through Article 36-4) must deliver a proxy card and documents stating the particulars specified by Cabinet Office Order as those that serve as reference for granting the authority to act as agent (hereinafter the documents are referred to as the "reference documents" in this Article through Article 36-5) to the other party (hereinafter referred to as the "solicited person" in this Article through Article 36-6) in making the solicitation.

- (2) A solicitor may, in lieu of delivering the proxy card or reference documents under the provisions of the preceding paragraph, provide the particulars required to be stated in the proxy card or reference documents by means of using an electronic data processing system or other means of using information and communications technology and that is specified by Cabinet Office Order (hereinafter referred to as "electronic or magnetic means" in this Article) with the consent of the solicited person. In such a case, the solicitor is deemed to have delivered the proxy card or the reference documents.
- (3) When seeking to provide the particulars prescribed in the preceding paragraph pursuant to the first sentence of that paragraph, a solicitor, pursuant to the provisions of Cabinet Office Order, must indicate to the solicited person the type and content of the electronic or magnetic means they will use and obtain consent for this in writing or by electronic or magnetic means in advance.
- (4) If a solicitor that has obtained consent under the preceding paragraph receives a notice from the solicited person, either in writing or by electronic or magnetic means, indicating that they are not willing to be provided with particulars by electronic or magnetic means, the solicitor must not use electronic or magnetic means to provide them with the particulars prescribed in paragraph (2); provided, however, that this does not apply if the solicited person has given consent under the preceding paragraph at another time.
- (5) The format of the proxy card referred to in paragraph (1) is specified by Cabinet Office Order.

(Submission of the Proxy Card and Reference Documents)

Article 36-3 When the solicitor has delivered the proxy card and reference documents pursuant to the provisions of paragraph (1) of the preceding Article (excluding the cases specified by Cabinet Office Order), they must immediately submit a copy of those documents (including any electronic or magnetic record specified by Cabinet Office Order or the documents stating the particulars recorded in the electronic or magnetic record, if an electronic or magnetic record has been prepared in lieu of preparing those documents; the same

applies in Article 43-11) to the Commissioner of the Financial Services Agency.

(Prohibition of Solicitation by Using Documents Containing False Statements)

Article 36-4 A solicitor must not make a solicitation to exercise voting rights of listed shares by proxy by using a proxy card, reference documents, or other documents, or an electronic or magnetic record (hereinafter referred to as the "proxy card, etc." in Article 36-6, paragraph (1)) that states or records a false statement about a material particular, lacks a statement of a material particular that is required to be stated or recorded, or lacks a statement or record of a material fact that is necessary to prevent it from being misleading.

(Request of Delivery of Reference Documents)

Article 36-5 (1) If the solicitation to exercise voting rights of listed shares by proxy is made by or for the company issuing shares, the shareholders of the company may request the company to deliver the reference documents by paying the costs specified by the company.
(2) The provisions of Article 36-2, paragraphs (2) through (4) apply mutatis mutandis to the delivery of reference documents in the case referred to in the preceding paragraph.

(Exclusion from Application)

Article 36-6 (1) In the following cases, the provisions of Article 36-2 through the preceding Article do not apply:

- (i) a solicitation to exercise voting rights of listed shares by proxy made by persons other than the company issuing the shares or its officers and in which number of the solicited persons are less than 10;
 - (ii) a solicitation to exercise voting rights of listed shares by proxy made through an advertisement in a daily newspaper that publishes information on current events which indicates only the name of the issuer company, the reason for the advertisement, the subject matter of the shareholders meeting, and the place where the proxy card, etc. is provided; and
 - (iii) if the person that holds shares in another person's name makes a solicitation to exercise voting rights of listed shares by proxy to that other person for the voting rights of shares.
- (2) In calculating the number of solicited persons in the case referred to in item (i) of the preceding paragraph, the solicited persons in the case falling under item (iii) of the preceding paragraph are excluded.

(Application of This Act to Transactions on Foreign Financial Instruments Markets)

Article 36-7 In applying this Act, the standardized instruments created by

standardizing the interest rate, the maturity period, and other conditions for transactions similar to market derivatives transactions (limited to transactions comprising the parties' promises to pay and receive money based on the agreed figure and actual figure) on a foreign financial instruments market are deemed to be financial instruments.

(Consultation with the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry)

Article 37 (1) The rights specified by Cabinet Order that are provided for in Article 194-6, paragraph (1) of the Act are those that fall under any of the following rights:

- (i) rights whose purpose is to be invested by means of commodities investment;
- (ii) rights whose purpose is to be invested by acquisition (including production), transfer, or use of any of the following goods, or by having those goods used:
 - (a) specified commodities (meaning the specified commodities prescribed in Article 2, paragraph (1), item (i) of the Act on Regulation of Commodity Investment);
 - (b) racehorses;
 - (c) movies;
 - (d) paintings; and
 - (e) mining rights.

(2) The Cabinet Office Order specified by Cabinet Order that is provided for in Article 194-6, paragraph (1) of the Act is that set forth in the following items for the business referred to in that paragraph (1) (hereinafter the business is referred to as the "business related to commodities investment" in this Article):

- (i) Cabinet Office Order referred to in Article 37, paragraph (1) of the Act;
- (ii) Cabinet Office Order referred to in Article 37, paragraph (2) of the Act;
- (iii) Cabinet Office Order referred to in the main clause of Article 37-3, paragraph (1) of the Act;
- (iv) Cabinet Office Order referred to in the proviso to Article 37-3, paragraph (1) of the Act;
- (v) Cabinet Office Order referred to in Article 37-3, paragraph (1), item (iv) of the Act;
- (vi) Cabinet Office Order referred to in Article 37-3, paragraph (1), item (vii) of the Act;
- (vii) Cabinet Office Order referred to in the main clause of Article 37-4, paragraph (1) of the Act;
- (viii) Cabinet Office Order referred to in the proviso to Article 37-4, paragraph (1) of the Act; and
- (ix) Cabinet Office Order referred to in Article 40-3 of the Act.

(3) The order and other dispositions specified by Cabinet Order referred to in

Article 194-6, paragraph (1) of the Act is the following orders or dispositions given in relation to the business related to commodities investment:

- (i) the order based on the provisions of Article 51 of the Act;
- (ii) the order based on the provisions of Article 51-2 of the Act;
- (iii) the disposition based on the provisions of Article 52, paragraph (1) of the Act;
- (iv) the order based on the provisions of Article 52, paragraph (2) of the Act;
- (v) the disposition based on the provisions of Article 52-2, paragraph (1) of the Act; and
- (vi) the order based on the provisions of Article 52-2, paragraph (2) of the Act.

(4) The notification specified by Cabinet Order that is provided for in Article 194-6, paragraph (1) of the Act is those based on the following provisions given in relation to the business related to commodities investment:

- (i) the provisions of Article 31, paragraph (1) of the Act;
- (ii) the provisions of Article 31, paragraph (3) of the Act;
- (iii) the provisions of Article 33-6, paragraph (1) of the Act;
- (iv) the provisions of Article 33-6, paragraph (3) of the Act;
- (v) the provisions of Article 50, paragraph (1) of the Act; and
- (vi) the provisions of Article 50-2, paragraph (1) of the Act.

(5) Before prescribing the Cabinet Office Order set forth in the items of paragraph (2) for the business related to commodities investment, the Prime Minister is to consult with the Minister specified in each of the following items in accordance with the category of Cabinet Office Order set forth in those items:

- (i) Cabinet Office Order for the particulars concerning only business related to investment in agriculture, forestry, and fisheries goods, etc. (meaning business related to commodities investment that covers only the goods set forth in paragraph (1), item (ii), sub-item (b) or the goods, etc. related to agriculture, forestry, and fisheries prescribed in Article 11, paragraph (2), item (i) of the Order for Enforcement of the Act on Regulation of Commodity Investment (Cabinet Order No. 45 of 1992); the same applies hereinafter): the Minister of Agriculture, Forestry and Fisheries;
- (ii) Cabinet Office Order for particulars concerning only business related to investment in economy, trade, and industry goods, etc. (meaning the business related to commodities investment that covers only the goods set forth in paragraph (1), item (ii), sub-items (c) through (e) or the goods, etc. related to economy, trade, and industry prescribed in the proviso to Article 11, paragraph (1) of the Order for Enforcement of the Act on Regulation of Commodity Investment; the same applies hereinafter): the Minister of Economy, Trade and Industry; and
- (iii) Cabinet Office Order for particulars concerning business related to

commodities investment for goods other than those set forth in the preceding two items: the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry.

- (6) Before rendering a disposition set forth in the items of paragraph (3), the Commissioner of the Financial Services Agency must first consult with the Minister specified in each of the following items in accordance with the category of dispositions set forth in those items:
- (i) a disposition rendered for business related to investment in agriculture, forestry and fisheries goods, etc.: the Minister of Agriculture, Forestry and Fisheries;
 - (ii) a disposition rendered for business related to investment in economy, trade and industry goods, etc.: the Minister of Economy, Trade and Industry; and
 - (iii) a disposition rendered for business related to commodities investment other than those set forth in the preceding two items: the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry.
- (7) If a notification pursuant to the provisions of the items of paragraph (4), an application for registration under Article 29 or Article 33 of the Act, or the registration of changes referred to in Article 31, paragraph (4) of the Act has been made with regard to business related to commodities investment, the Commissioner of the Financial Services Agency is to notify the Minister specified in each of the following items in accordance with the category of notifications or applications set forth in those items:
- (i) a notification, or an application for registration or registration of changes, for business related to investment in agriculture, forestry and fisheries goods, etc.: the Minister of Agriculture, Forestry and Fisheries;
 - (ii) a notification, or an application for registration or registration of changes, for business related to investment in economy, trade and industry goods, etc.: the Minister of Economy, Trade and Industry; and
 - (iii) a notification, or an application for registration or registration of changes, for business related to commodities investment other than those set forth in the preceding two items: the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry.

(Consultation with the Minister Having Jurisdiction Over a Commodity Market)

Article 37-2 (1) The particulars specified by Cabinet Order that are provided for in Article 194-6-2, item (ii), (c) of the Act are as follows:

- (i) the commencement and end of a transaction; and
- (ii) particulars relating to limitations of the fluctuations in the quotations or the volume of transactions for which settlement has not been completed.

- (2) The orders specified by Cabinet Order that are provided for in Article 194-6-2, item (ii), (e) of the Act are as follows:
- (i) an order to change the operational rules concerning the commencement and end of a transaction; and
 - (ii) an order to change the operational rules concerning particulars relating to limitations of the fluctuations in the quotations or the volume of transactions for which settlement has not been completed, or rules under which their detailed regulations are prescribed.

Chapter VIII Delegation of Authority

(Authority Excluded from the Authorities Delegated to the Commissioner of the Financial Services Agency)

Article 37-3 The authority specified by Cabinet Order that is provided for in Article 194-7, paragraph (1) of the Act is as follows:

- (i) the authorization under the provisions of Article 67-2, paragraph (2) and Article 79-31, paragraph (2) of the Act;
- (ii) the rescission of the authorization referred to in Article 67-2, paragraph (2) of the Act under the provisions of Article 67-6 and Article 74, paragraph (1) of the Act;
- (iii) the rescission of the authorization referred to in Article 79-31, paragraph (2) of the Act under the provisions of Article 79-76 of the Act;
- (iv) the license under the provisions of Article 80, paragraph (1) of the Act;
- (v) the authorization under the provisions of Article 106-10, paragraph (1) of the Act and the proviso to paragraph (3) of that Article;
- (vi) the rescission of the authorization referred to in Article 106-10, paragraph (1) of the Act or the proviso to paragraph (3) of that Article under the provisions of Article 106-26 and Article 106-28, paragraph (1) of the Act;
- (vii) the revocation of the license referred to in Article 80, paragraph (1) of the Act under the provisions of Article 148 and Article 152, paragraph (1), item (i) of the Act;
- (viii) the order for suspension of all or part of business following a cabinet decision under the provisions of Article 152, paragraph (1), item (ii) of the Act;
- (ix) the authorization under the provisions of Article 155, paragraph (1) of the Act;
- (x) the rescission of the authorization referred to in Article 155, paragraph (1) of the Act under the provisions of Article 155-6 and Article 155-10, paragraph (1) of the Act;
- (xi) the license under the provisions of Article 156-2 of the Act;
- (xii) the revocation of the license referred to in Article 156-2 of the Act under

- the provisions of Article 156-17 of the Act and the rescission of the approval referred to in Article 156-19, paragraph (1) of the Act under the provisions of Article 156-17, paragraph (2) of the Act;
- (xiii) the approval under the provisions of Article 156-19, paragraph (1) of the Act;
- (xiv)-1 the rescission of the approval referred to in Article 156-19, paragraph (1) of the Act under the provisions of Article 156-20, paragraph (1) of the Act;
- (xiv)-2 the license under the provisions of Article 156-20-2 of the Act;
- (xiv)-3 the revocation of the license referred to in Article 156-20-2 of the Act under the provisions of Article 156-20-14 of the Act;
- (xiv)-4 the authorization under the provisions of Article 156-20-16, paragraph (1) of the Act;
- (xiv)-5 the rescission of the authorization referred to in Article 156-20-16, paragraph (1) of the Act under the provisions of Article 156-20-20 and Article 156-20-22 of the Act;
- (xv) the license under the provisions of Article 156-24, paragraph (1) of the Act;
- (xvi) the revocation of the license referred to in Article 156-24, paragraph (1) of the Act under the provisions of Article 148 of the Act as applied *mutatis mutandis* pursuant to Article 156-26 of the Act and the provisions of Article 156-32, paragraph (1) of the Act;
- (xvii) the notice under the provisions of Article 194-4, paragraph (1), item (x), item (xi), item (xv), item (xix), item (xxiii), item (xxv), item (xxviii), items (xxxi) through (xxxiii), item (xxxv), item (xxxvi), item (xxxviii)-2, item (xxxviii)-3, item (xxxviii)-6, item (xxxviii)-7, item (xxxix), and item (xl) of the Act; and
- (xviii) the notice under the provisions of Article 194-6-3, items (ii) and (iv) of the Act.

(Delegation of the Authority of Inspection for Securing Fairness in Transactions to the Securities and Exchange Surveillance Commission)

Article 38 (1) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (i) of the Act are the provisions of Article 30-2, paragraph (1) (limited to the part related to the conditions concerning the restriction on business for securing fairness in purchase and sale or other transactions of securities or derivatives transactions, etc. (meaning the derivatives transactions, etc. prescribed in Article 33, paragraph (3) of the Act; hereinafter the same applies in this Article and Article 45)), Article 35-3 (limited to those for securing fairness in purchase and sale or other transactions of securities), Article 36, paragraph (2), Articles 37 through 37-6, Articles 38 through 39, and Article 40 (for Article 40, item (ii), limited to those for securing fairness in purchase and sale or other transactions of securities or

- derivatives transactions, etc.), Article 40-2, Articles 40-4 through 40-6, Article 41-2, Article 42-2, Article 42-7, Articles 44 through 44-4, Article 133, paragraph (1), Articles 157 through 159, Article 162 and Articles 163 through 171, and Articles 185-22 through 185-24 (limited to the part related to the cryptoassets-related derivatives transactions, etc. prescribed in Article 185-22, paragraph (1), item (i) of the Act; hereinafter the same applies in this Article) of the Act, and the provisions of Cabinet Office Order based on the provisions of Article 161, paragraph (1) (including as applied *mutatis mutandis* pursuant to Article 161, paragraph (2) of the Act) and Article 162-2 of the Act.
- (2) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (ii) of the Act are the provisions of Article 60, paragraph (2) (limited to the part related to the conditions concerning the restriction on business for securing fairness in purchase and sale or other transactions of securities or derivatives transactions, etc., and including as applied *mutatis mutandis* pursuant to Article 60-14, paragraph (2) of the Act), Article 35-3 of the Act (limited to those for securing fairness in purchase and sale or other transactions of securities or derivatives transactions, etc.), Article 38 (limited to the part that involves items (viii) and (ix)) and Article 40 of the Act (limited to the part that involves item (ii) and which is for securing fairness in purchase and sale or other transactions of securities or derivatives transactions, etc.) as applied *mutatis mutandis* pursuant to Article 60-13 of the Act, the provisions of Article 133, paragraph (1), Articles 157 through 159, Article 162, Articles 163 through 171, and Articles 185-22 through 185-24 of the Act, and the provisions of Cabinet Office Order based on the provisions of Article 161, paragraph (1) (including as applied *mutatis mutandis* pursuant to paragraph (2) of that Article) and Article 162-2 of the Act.
- (3) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (ii)-2 of the Act are the provisions of Article 37, Article 37-3, Article 37-4, Article 38 (limited to the part that involves items (i), (ii), and (ix)), Article 39 (excluding paragraphs (4) and (6)), Article 40 (for item (ii) of that Article, limited to those for securing fairness in the acts set forth in the items of Article 63, paragraph (1) of the Act), Article 42-2, Article 42-7, Article 43-6, Articles 157 through 159, Article 162, Articles 163 through 171, and Articles 185-22 through 185-24 of the Act.
- (4) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (ii)-3 are the provisions of Article 35-3 (limited to those for securing fairness in the acts set forth in the items of Article 63-8, paragraph (1) of the Act), Article 37, Article 37-3, Article 37-4, Article 38 (limited to the part that involves items (i), (ii), and (ix)), Article 39 (excluding paragraphs (4) and (6)), Article 40 (for item (ii) of that Article, limited to those for securing fairness in the acts set forth in the items of Article 63-8,

paragraph (1) of the Act), Article 42-2, Article 42-7, Article 43-6, Articles 157 through 159, Article 162, Articles 163 through 171, and Articles 185-22 through 185-24 of the Act.

- (5) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (iii) of the Act are the provisions of Article 66-10, Article 66-11 (limited to those for securing fairness in intermediation for financial instruments), Article 66-12, Article 66-14, Article 66-14-2 of the Act, and the provisions of Article 38-2, Article 39, Article 40 (for item (ii) of that Article, limited to those for securing fairness in intermediation for financial instruments) and Article 43-6 of the Act as applied *mutatis mutandis* pursuant to Article 66-15 of the Act.
- (6) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (iii)-2 of the Act are the provisions of Article 66-35 of the Act.
- (7) The provisions specified by Cabinet Order that are provided for in Article 194-7, paragraph (2), item (iii)-3 of the Act are the provisions of Article 66-55 (limited to those for securing fairness in the acts set forth in the items of Article 2, paragraph (41) of the Act), Article 66-57 (for item (ii) of that Article, limited to those for securing fairness in the acts set forth in the items of Article 2, paragraph (41) of the Act), Articles 157 through 159, Article 162, Articles 163 through 171, and Articles 185-22 through 185-24 of the Act.
- (8) The business specified by Cabinet Order that is provided for in Article 194-7, paragraph (2), item (iv) of the Act is business concerning the investigation prescribed in Article 67-8, paragraph (1), item (xiv) of the Act which is related to the certification of whether the acts conducted by an association member or a financial instruments intermediary service provider which has the association member as their entrusting financial instruments business operator, etc. fall under the following acts, or business concerning the measures prescribed in Article 68-2 of the Act provided in the articles of incorporation pursuant to the provisions of Article 68-2 of the Act which is related to the following acts conducted by an association member or a financial instruments intermediary service provider which has the association member as their entrusting financial instruments business operator, etc.:
 - (i) acts in violation of the provisions of Article 35-3 (limited to those for securing fairness in purchase and sale or other transactions of securities or derivatives transactions, etc.), Article 36, paragraph (2), Articles 37 through 37-6, Article 38, Article 38-2 or Article 39 (including as applied *mutatis mutandis* pursuant to Article 66-15 of the Act), Article 40 (for item (ii) of that Article, limited to those for securing fairness in purchase and sale or other transactions of securities or derivatives transactions, etc. and including as applied *mutatis mutandis* pursuant to Article 66-15 of the Act), Article 40-2,

- Articles 40-4 through 40-6, Article 41-2, Article 42-2, Article 42-7, Article 43-5, Article 43-6 (including as applied *mutatis mutandis* pursuant to Article 66-15 of the Act), Articles 44 through 44-4, Article 66-10, and Article 66-11 (limited to those for securing fairness in intermediation for financial instruments), Article 66-12, Article 66-14, Article 66-14-2, Article 133, paragraph (1), Articles 157 through 159, Article 162, Articles 163 through 167, Articles 168 through 171, or Articles 185-22 through 185-24 of the Act, or the provisions of Cabinet Office Order based on the provisions of Article 161, paragraph (1) (including as applied *mutatis mutandis* pursuant to Article 161, paragraph (2) of the Act) or Article 162-2 of the Act;
- (ii) acts in violation of the conditions attached pursuant to the provisions of Article 30-2, paragraph (1) of the Act (limited to those involving a restriction on business for securing fairness in purchase and sale or other transactions of securities or derivatives transactions, etc.); and
- (iii) acts in violation of or contrary to the articles of incorporation or any other rules of an authorized financial instruments firms association, the fair and equitable principles of transactions provided in the articles of incorporation, or any other rules (among them, limited to those related to securing fairness in purchase and sale or other transactions of securities or derivatives transactions, etc.).
- (9) The business specified by Cabinet Order that is provided for in Article 194-7, paragraph (2), item (v) of the Act is business connected with an investigation set forth in Article 78, paragraph (2), item (iii) of the Act for the certification of whether the acts conducted by a member or a financial instruments intermediary service provider that has that member as its entrusting financial instruments business operator, etc. fall under the following acts, and business related to the measures prescribed in Article 79-2 of the Act provided in the articles of incorporation pursuant to the provisions of Article 79-2 of the Act concerning the following acts conducted by a member of a financial instruments intermediary service provider that has the member as their entrusting financial instruments business operator, etc:
- (i) acts in violation of the provisions of Article 35-3 (limited to those for securing fairness in purchase and sale or other transactions of securities or derivatives transactions, etc.), Article 36, paragraph (2), Articles 37 through 37-6, Article 38, Article 38-2, or Article 39 (including as applied *mutatis mutandis* pursuant to Article 66-15 of the Act), Article 40 of the Act (with regard to Article 40, item (ii), limited to those for securing fairness in purchase and sale or other transactions of securities or derivatives transactions, etc. and including as applied *mutatis mutandis* pursuant to Article 66-15 of the Act), Article 40-2, Articles 40-4 through 40-6, Article 41-2, Article 42-2, Article 42-7, Article 43-5, Article 43-6 (including as applied

- mutatis mutandis pursuant to Article 66-15 of the Act), Articles 44 through 44-4, Article 66-10, and Article 66-11 (limited to those for securing fairness in intermediation for financial instruments), Article 66-12, Article 66-14, Article 66-14-2, Article 133, paragraph (1), Articles 157 through 159, Article 162, Articles 163 through 167, Articles 168 through 171, or Articles 185-22 through 185-24 of the Act, or the provisions of Cabinet Office Order based on the provisions of Article 161, paragraph (1) (including as applied mutatis mutandis pursuant to Article 161, paragraph (2) of the Act) or Article 162-2 of the Act;
- (ii) acts in violation of the conditions attached pursuant to the provisions of Article 30-2, paragraph (1) of the Act (limited to those involving a restriction on business for securing fairness in purchase and sale or other transactions of securities or derivatives transactions, etc.); and
 - (iii) acts in violation or contrary to the articles of incorporation or any other rules of a certified financial instruments business association prescribed in Article 78, paragraph (2) of the Act, the fair and equitable principles of transactions provided in the articles of incorporation, or any other rules (among them, limited to those related to securing fairness in purchase and sale or other transactions of securities or derivatives transactions, etc.).
- (10) The business specified by Cabinet Order that is provided for in Article 194-7, paragraph (2), item (vi) of the Act is business prescribed in Article 84, paragraph (2), item (ii) of the Act for the certification of whether the acts conducted by a member, etc. fall under the category of the acts set forth in items (i) through (iii), business related to the measures prescribed in Article 87 of the Act provided in the articles of incorporation pursuant to the provisions of Article 87 concerning the acts set forth in items (i) through (iii) conducted by the member, etc., business related to the investigation referred to in Article 85-5, paragraph (1) of the Act for the certification of whether the acts conducted by a person engaged in high-speed trading fall under the acts set forth in item (iv), and business related to the measures prescribed in that paragraph concerning the acts set forth in that item conducted by a person engaged in high-speed trading:
- (i) acts in violation of the provisions of Article 35-3 (limited to those for securing fairness in purchase and sale of securities or market derivatives transactions conducted on a financial instruments exchange market, and including as applied mutatis mutandis pursuant to Article 60-13 of the Act), Article 36, paragraph (2), Articles 37 through 37-6, Article 38 (including as applied mutatis mutandis pursuant to Article 60-13 of the Act), Article 38-2, Article 39, and Article 40 (for item (ii) of that Article, limited to those for securing fairness in purchase and sale of securities or market derivatives transactions conducted on a financial instruments exchange market, and

- including as applied *mutatis mutandis* pursuant to Article 60-13 of the Act), Article 40-2, Articles 40-4 through 40-6, Article 41-2, Article 42-2, Article 42-7, Articles 43-6 through 44-4, Article 133, paragraph (1), Articles 157 through 159, Article 162, Articles 163 through 167, Articles 168 through 171, or Articles 185-22 through 185-24 of the Act, or the provisions of Cabinet Office Order based on the provisions of Article 161, paragraph (1) (including as applied *mutatis mutandis* pursuant to Article 161, paragraph (2) of the Act) or Article 161, paragraph (3), or Article 162-2 of the Act;
- (ii) acts in violation of the conditions attached pursuant to the provisions of Article 30-2, paragraph (1) or Article 60, paragraph (2) of the Act (limited to those involving a restriction on business for securing fairness in purchase and sale of securities or market derivatives transactions conducted on a financial instruments exchange market);
 - (iii) acts in violation of or contrary to the articles of incorporation, operational rules or any other rules of a financial instruments exchange, the fair and equitable principles of transactions provided in the articles of incorporation, or any other rules (among them, limited to those related to securing fairness in purchase and sale of securities or market derivatives transactions conducted on a financial instruments exchange market); and
 - (iv) acts in violation of the provisions of Article 66-55 (limited to those for securing fairness in purchase and sale of securities or market derivatives transactions conducted on a financial instruments exchange market), Article 66-57 (for item (ii) of that Article, limited to those for securing fairness in purchase and sale of securities or market derivatives transactions conducted on a financial instruments exchange market), Articles 157 through 159, Article 162, Articles 163 through 167, Articles 168 through 171, or Articles 185-22 through 185-24 of the Act.
- (11) The business specified by Cabinet Order that is provided for in Article 194-7, paragraph (2), item (vii) of the Act is business related to the measures prescribed in Article 155-3, paragraph (1), item (ii) of the Act concerning the following acts conducted by the participants of foreign financial instruments exchange (meaning participants of foreign financial instruments exchange as defined in Article 155-2, paragraph (1), item (vi) of the Act; the same applies hereinafter):
- (i) acts in violation of the provisions of Article 35-3 (limited to those for securing fairness in purchase and sale of securities or foreign-market derivatives transactions conducted on a foreign financial instruments market), Article 36, paragraph (2), Articles 37 through 37-6, Articles 38 through 39, and Article 40 (for item (ii) of that Article, limited to those for securing fairness in purchase and sale of securities or foreign-market derivatives transactions conducted on a foreign financial instruments

- market), Articles 40-2 through 41-3, Article 42-2, Article 42-7, Articles 43-6 through 44-4, Article 133, paragraph (1), Articles 157 through 159, Article 162, Articles 163 through 167, Articles 168 through 171, or Articles 185-22 through 185-24 of the Act, or the provisions of Cabinet Office Order based on the provisions of Article 161, paragraph (1) (including as applied *mutatis mutandis* pursuant to Article 161, paragraph (2) of the Act) or Article 162-2 of the Act;
- (ii) acts in violation of the conditions attached pursuant to the provisions of Article 30-2, paragraph (1) of the Act (limited to those involving a restriction on business for securing fairness in purchase and sale of securities or foreign-market derivatives transactions conducted on a foreign financial instruments market); and
 - (iii) acts in violation of or contrary to the operational regulations of a foreign financial instruments exchange (meaning operational regulations prescribed in Article 155-2, paragraph (2), item (i) of the Act and limited to those that are for ensuring fairness in purchase and sale of securities or foreign-market derivatives transactions conducted on a foreign financial instruments market).
- (12) The authority specified by Cabinet Order referred to in Article 194-7, paragraph (2), item (ix) of the Act is the following authority:
- (i) the acceptance of the report under the provisions of Article 185-7, paragraph (14) of the Act; and
 - (ii) within the scope of authority under Article 189, paragraph (1) of the Act, the authority to order the submission of reports or materials (limited to that which is associated with the authority delegated to the Securities and Exchange Surveillance Commission (hereinafter referred to as the "Commission") pursuant to the provisions of Article 194-7, paragraph (2) (excluding item (ix)) of the Act).

(Delegation of the Authority of Inspection Other Than Inspection for Securing Fairness in Transactions to the Commission)

Article 38-2 (1) Within the scope of authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of Article 194-7, paragraph (1) of the Act or the authority of the Commissioner of the Financial Services Agency under the provisions of this Cabinet Order (hereinafter the authority is referred to as the "authority of the Commissioner"), the authority under the provisions of Article 26 (including as applied *mutatis mutandis* pursuant to Article 27 of the Act), Article 27-22, paragraph (1) (including as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act), Article 27-22, paragraph (2), Article 27-22, paragraph (3) (including as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the

Act), Article 27-30, Article 27-35, and Article 27-37 of the Act, and the authority under Article 193-2, paragraph (6) of the Act (excluding the acceptance of documents specified by Cabinet Office Order that is prescribed in paragraph (2), item (i) of the following Article) is delegated to the Commission, except for those set forth in the following items; provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority to order the submission of reports or materials under the provisions, the authority to request a report or the authority for inspection when an urgent necessity is found for the public interest or protection of investors (excluding the authority for inspection in cases concerning the administrative monetary penalty under the provisions of Article 172, paragraphs (1) and (2) (including as applied mutatis mutandis pursuant to Article 172, paragraph (4) of the Act), Article 172, paragraph (3) and Article 172-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 172-2, paragraph (4) of the Act), Article 172-2, paragraph (2) (including as applied mutatis mutandis pursuant to Article 172-2, paragraph (5) of the Act), Article 172-2, paragraph (6) and the paragraphs of Article 172-3 and Article 172-4, paragraphs (1) and (2) (including as applied mutatis mutandis pursuant to Article 172-4, paragraph (3) of the Act), Article 172-5 and Article 172-6, paragraph (1) (including as applied mutatis mutandis pursuant to Article 172-6, paragraph (2) of the Act), Articles 172-7 through 172-9, the paragraphs of Article 172-10, and Article 172-11, paragraph (1) of the Act):

- (i) the authority under Article 26, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) exercised against the person submitting the statement under the provisions of Article 5, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) before the day on which the statement becomes effective as prescribed in Article 8, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) (excluding the authority related to the inspection in cases concerning the administrative monetary penalty under the provisions of Article 172-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to paragraph (4) of that Article), Article 172-2, paragraph (2) (including as applied mutatis mutandis pursuant to paragraph (5) of that Article), and Article 172-2, paragraph (6) of the Act);
- (ii) the authority under Article 26, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) exercised against the person that submits the shelf registration statements prescribed in Article 23-3, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) before the day on which the shelf

- registration prescribed in Article 8, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) as applied mutatis mutandis pursuant to Article 23-5, paragraph (1) of the Act following the deemed replacement of terms becomes effective (excluding the authority related to the inspection in a case concerning the administrative monetary penalty under the provisions of Article 172-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to paragraph (4) of that Article), Article 172-2, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to paragraph (5) of that Article), and Article 172-2, paragraph (6) of the Act); and
- (iii) the authority under Article 27-22, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act) exercised against the tender offeror or the persons with a specified relationship to them or other persons concerned, or a witness during the tender offer period prescribed in the main clause of Article 27-5 of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act), or the authority under the provisions of Article 27-22, paragraph (2) of the Act exercised against the person submitting the subject company's position statement, the persons concerned with them, or a witness (excluding the authority related to the inspection in cases concerning the administrative monetary penalty under the provisions of Article 172-6, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 172-6, paragraph (2) of the Act)).
- (2) Within the scope of the authority of the Commissioner (excluding the authority delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2) of the Act), the authority under the provisions of Article 56-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 65-3, paragraph (3) of the Act) through 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) of the Act) and Article 60-14, paragraph (2) of the Act) and Article 63-6 (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), Article 63-14 (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act), Article 66-22, Article 66-45, paragraph (1), Article 66-67, Article 75, Article 79-4, Article 79-77, Article 103-4, Article 106-6, paragraph (1) (including as applied mutatis mutandis pursuant to Article 106-6, paragraph (2) of the Act), Article 106-16, Article 106-20, paragraph (1) (including as applied mutatis mutandis pursuant to Article 106-20, paragraph (2) of the Act), Article 106-27 (including as applied mutatis mutandis pursuant to Article 109 of the Act), Article 151 (including as applied mutatis mutandis

pursuant to Article 153-4 of the Act), Article 155-9, Article 156-5-4, Article 156-5-8, Article 156-15, Article 156-20-12, Article 156-34, Article 156-58 and Article 156-80 of the Act, and the authority under the provisions of Article 156-89 of the Act (excluding the authority concerning specified financial indexes which are interest rates of the claims prescribed in Article 6, paragraph (1), item (xiii) of the Foreign Exchange and Foreign Trade Act (limited to those that arise from loan of money) and which are designated by the Commissioner of the Financial Services Agency) are delegated to the Commission; provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority to order the submission of reports or materials under those provisions or the authority for inspection when an urgent necessity is found for the public interest or protection of investors or when this is found to contribute in particular to the effective and efficient implementation of the inspection.

- (3) When the Commissioner of the Financial Services Agency has made the designation referred to in the preceding paragraph, the Commissioner is to give public notice to that effect. The same applies when the Commissioner has canceled the designation.
- (4) Within the scope of the authority of the Commissioner, the authority under the provisions of Article 192-2 of the Act (excluding the authority against a person that has committed an act in violation of a law or regulation (meaning the act in violation of a law or regulation which is prescribed in Article 192-2 of the Act; the same applies in Article 44-4-2) regarding any of the facts set forth in the items of Article 178, paragraph (1) of the Act if that fact is found to exist; hereinafter the same applies in this paragraph) is delegated to the Commission; provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority when an urgent necessity is found for the public interest or protection of investors.

(Delegation of Authority Concerning the Disclosure of Corporate Affairs and Other Related Matters to the Director-Generals of Local Finance Bureaus)

Article 39 (1) Within the scope of the authority of the Commissioner, with regard to the authority set forth in the following items, the authority concerning domestic companies (meaning corporations that have their head office or principal office in Japan; the same applies hereinafter) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of that domestic company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning persons other than a domestic company

is delegated to the Director-General of the Kanto Finance Bureau:

- (i) the acceptance of the written notice under the provisions of Article 4, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 23-8, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act)), the supplements to shelf registration documents and the documents attached to them under the provisions of Article 23-8, paragraphs (1) and (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and the documents associated with the application under the provisions of Article 25, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this Article) (limited to those related to the supplements to shelf registration documents and the documents attached to them); and
 - (ii) the approval for not making the documents available for public inspection under the provisions of Article 25, paragraph (4) of the Act (limited to those related to the supplements to shelf registration documents and the documents attached to them).
- (2) Within the scope of the authority of the Commissioner, with regard to the authority set forth in the following items, the authority concerning a domestic company whose amount of stated capital, total amount of funds, or total amount of contribution (for the domestic company before its establishment, meaning the amount of stated capital, the total amount of funds, or the total amount of contribution after its establishment; the same applies in Article 41-2, paragraph (2) and Article 44-3, paragraph (1)) is less than five billion yen, or a domestic company for which any of the securities issued by it are not listed on a financial instruments exchange (excluding those specified by Cabinet Office Order) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of that domestic company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau), and the authority concerning any other persons is delegated to the Director-General of the Kanto Finance Bureau:
- (i) the acceptance of the statement and the documents attached to it under the provisions of Article 5, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5) of that Article and including as applied mutatis mutandis pursuant to Article 27 of the Act) and Article 5, paragraph (13) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the documents and supplementary documents attached to them under Article 5, paragraphs (6) and (7) of the Act (including as applied mutatis mutandis pursuant to Article 7, paragraph (2), Article 9, paragraph (2) and Article 10, paragraph (2) of the Act and as applied mutatis mutandis

pursuant to Article 27 of the Act), the document stating particulars related to public offering, etc. under Article 5, paragraph (10) (including as applied mutatis mutandis pursuant to Article 27 of the Act), the shelf registration statements and the documents attached to them under the provisions of Article 23-3, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the written withdrawal of shelf registration under the provisions of Article 23-7, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the annual securities report and the documents attached to it under the provisions of Article 23-3, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), Article 24, paragraphs (1) and (3) of the Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), and Article 24, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the written application for approval and the documents attached to it under Article 4, paragraph (1) of this Order (including as applied mutatis mutandis pursuant to Article 4-2, paragraph (1) of this Order) based on the proviso to Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act; the same applies in item (xiii)), the documents under the provisions of Article 4, paragraph (3) of this Order (including as applied mutatis mutandis pursuant to Article 4-2, paragraph (1) of this Order), the documents and their supplementary documents under Article 24, paragraphs (8) and (9) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-2, paragraph (4) and Article 24-4-2, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (1) and Article 24-5-2, paragraph (1) of the Act), Article 24-4-3, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (2) and Article 24-5-2, paragraph (2) of the Act), Article 24-4-4, paragraph (6), Article 24-4-5, paragraph (3), and Article 24-7, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act), and as applied mutatis mutandis pursuant to Article 27 of the Act), the documents under the provisions of Article 24, paragraph (13) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-2, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (1) and Article 24-5-2, paragraph (1) of the Act), Article 24-4-4, paragraph (6) of the Act and Article 24-7, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act), and as

applied mutatis mutandis pursuant to Article 27 of the Act), the documents substituted for part of an annual securities report under the provisions of Article 24, paragraph (14) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the confirmation letter under the provisions of Article 24-4-2, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-2, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-2, paragraph (4), Article 24-4-8, paragraph (1), and Article 24-5-2, paragraph (1) of the Act), Article 24-4-2, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (1) and Article 24-5-2, paragraph (1) of the Act), Article 24-4-8, paragraph (1), and Article 24-5-2, paragraph (1) of the Act, and as applied mutatis mutandis pursuant to Article 27 of the Act), the internal control report and the documents attached to it under the provisions of Article 24-4-4, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-4, paragraph (3) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) and Article 24-4-4, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the quarterly securities report under the provisions of Article 24-4-7, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-7, paragraph (3) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), the foreign company quarterly securities report and its supplementary documents, and amendment reports those documents under the provisions of Article 24-4-7, paragraphs (6) and (7) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-7, paragraph (11) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), the quarterly securities report under Article 24-4-7, paragraph (10) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the documents substituted for part of a quarterly securities report under the provisions of Article 24-4-7, paragraph (12) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the semiannual securities report under the provisions of Article 24-5, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24-5, paragraph (3) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), the extraordinary report under the provisions of Article 24-5, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the foreign company semiannual securities report and its supplementary documents, and amendment reports of those documents under the provisions of the Act and Article 24-5, paragraphs (7) and (8) of the Act (including as applied mutatis mutandis pursuant to paragraph (12) of that Article and as applied mutatis

- mutandis pursuant to Article 27 of the Act), the semiannual securities report under Article 24-5, paragraph (11) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the documents substituted for part of a semiannual securities report under the provisions of Article 24-5, paragraph (13) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the foreign company extraordinary report under the provisions of Article 24-5, paragraph (15) of the Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (19) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), the documents substituted for part of an ad-hoc report under Article 24-5, paragraph (20) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the report on repurchase under Article 24-6, paragraph (1) of the Act, the documents associated with the application under the provisions of Article 25, paragraph (4) of the Act (excluding the documents set forth in item (i) of the preceding paragraph), and the documents under Article 193-2, paragraph (6) of the Act (limited to those specified by Cabinet Office Order);
- (i)-2 the approval under the provisions of Article 2-12-4, paragraph (1);
 - (i)-3 the notice under the provisions of Article 5, paragraph (9) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) and a hearing related to that notice;
 - (ii) the designation of the effective period and the notice to the effect that the notification is to become effective pursuant to Article 8, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 23-5, paragraph (1) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act);
 - (iii) the order for submission of the documents and the hearing related to the order under the provisions of Article 9, paragraph (1) and Article 10, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-2, paragraph (1) and Article 24-4-3, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (2) and Article 24-5-3, paragraph (2) of the Act), Article 24-4-5, paragraph (1), Article 24-4-7, paragraph (4), Article 24-5, paragraph (5), and Article 24-6, paragraph (2) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act (excluding Article 24-6, paragraph (2) of the Act));
 - (iv) the designation of the effective period pursuant to Article 9, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 10, paragraph (3) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act);
 - (v) the designation of the effective period and the notice to the effect that the notification is to become effective pursuant to Article 8, paragraph (3) of the

- Act as applied mutatis mutandis pursuant to Article 9, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 10, paragraph (3) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act);
- (vi) the order for suspension of the effectiveness under the provisions of Article 10, paragraph (1) and Article 23-10, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to paragraph (5) of that Article and as applied mutatis mutandis pursuant to Article 27 of the Act; hereinafter the same applies in this item) and the hearing related to the order under the provisions of Article 10, paragraph (1) of the Act;
 - (vii) the cancellation of the order for suspension under the provisions of Article 10, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) and Article 23-10, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act);
 - (viii) the order for suspension of the effectiveness and extension of the effective period under the provisions of Article 11, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24-3 of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) and Article 23-11, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and the hearing related to those dispositions;
 - (ix) the cancellation of the disposition under the provisions of Article 11, paragraph (2) (including as applied mutatis mutandis pursuant to Article 24-3 of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) and Article 23-11, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
 - (x) the order for suspension of the effectiveness under the provisions of Article 23-5, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
 - (xi) the order for submission of amended shelf registration statement under the provisions of Article 23-9, paragraph (1) (including as applied mutatis mutandis pursuant to Article 27 of the Act) and Article 23-10, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) and the hearing related to the order;
 - (xii) the designation of the effective period pursuant to the provisions of Article 23-9, paragraphs (2) and (4) of the Act (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (2) of the Act, if Article 23-10, paragraph (2) of the Act is applied mutatis mutandis pursuant to Article 23-10, paragraph (5) of the Act, and as applied mutatis mutandis pursuant to Article 27 of the Act);

- (xii)-2 the approval for the due date for the submission of annual securities report, quarterly securities report, or semiannual securities report under the provisions of Article 24, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act), Article 24-4-7, paragraph (1), and Article 24-5, paragraph (1) of the Act;
- (xiii) the approval that an annual securities report need not be submitted under the provisions of the proviso to Article 24, paragraph (1) of the Act;
- (xiii)-2 the notice under the provisions of Article 24, paragraph (12) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-2, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (1) and Article 24-5-2, paragraph (1) of the Act), Article 24-4-4, paragraph (6), and Article 24-7, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 24-7, paragraph (6) of the Act), and as applied mutatis mutandis pursuant to Article 27 of the Act), Article 24-4-7, paragraph (9) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and Article 24-5, paragraphs (10) and (17) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act) and the hearing related to the notice;
- (xiii)-3 the approval of the submission of the documents substituted for part of an annual securities report under the provisions of Article 24, paragraph (14) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the documents substituted for part of a quarterly securities report under the provisions of Article 24-4-7, paragraph (12) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), the documents substituted for part of a semiannual securities report under the provisions of Article 24-5, paragraph (13) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and the documents substituted for part of an extraordinary report under the provisions of Article 24-5, paragraph (20) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act);
- (xiv) the approval for not making the documents available for public inspection under the provisions of Article 25, paragraph (4) of the Act (excluding the approval set forth in item (ii) of the preceding paragraph);
- (xiv)-2 the decision not to make available for public inspection all or part of the documents for public inspection (meaning the documents for public inspection prescribed in Article 25, paragraph (1) of the Act) under the provisions of Article 25, paragraph (6) of the Act and the notice under the provisions of paragraph (7) of that Article;
- (xv) the approval under the provisions of Article 4-2-4, paragraph (3);

- (xvi) the order for submission of reports and materials under the provisions of Article 26, paragraph (1) of the Act (including as applied *mutatis mutandis* pursuant to Article 27 of the Act) (excluding the orders related to the case concerning an administrative monetary penalty under the provisions of Article 172, paragraphs (1) and (2) of the Act (including as applied *mutatis mutandis* pursuant to Article 172, paragraph (4) of the Act), Article 172, paragraph (3) and Article 172-2, paragraph (1) of the Act (including as applied *mutatis mutandis* pursuant to Article 172-2, paragraph (4) of the Act), Article 172-2, paragraph (2) of the Act (including as applied *mutatis mutandis* pursuant to Article 172-2, paragraph (5) of the Act), Article 172-2, paragraph (6) of the Act, the paragraphs of Article 172-3 and Article 172-4, paragraphs (1) and (2) of the Act (including as applied *mutatis mutandis* pursuant to Article 172-4, paragraph (3) of the Act)), and the inspection (excluding those delegated to the Commission pursuant to the provisions of paragraph (1) of the preceding Article), and the request for a report under the provisions of Article 26, paragraph (2) of the Act (including as applied *mutatis mutandis* pursuant to Article 27 of the Act) (excluding those delegated to the Commission under the provisions of paragraph (1) of the preceding Article);
 - (xvii) the approval that an audit certification is not necessary, under the provisions of the proviso to Article 193-2, paragraph (1) of the Act and the proviso to paragraph (2) of that Article;
 - (xviii) the authority under the provisions of Article 193-2, paragraph (6) of the Act (excluding the authority delegated by the Commission pursuant to the provisions of paragraph (1) of the preceding Article and the authority to accept documents specified by Cabinet Office Order that are prescribed in item (i)); and
 - (xix) the decision of the period in which the securities registration statements, annual securities reports (including their amendment reports), or internal control reports (including their amendment reports) under the provisions of Article 193-2, paragraph (7) of the Act will not be accepted, the decision that those documents will not be accepted and the hearing related to those dispositions, and the notice and publication to the effect that the decisions under the provisions of paragraph (8) of that Article have been made.
- (3) Within the scope of the authority of the Commissioner, the authority set forth in the following items is delegated to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau to whom the subsidiary company submitting annual securities reports submits its annual securities report:
- (i) the acceptance of a parent company, etc. status report and the documents attached to it under the provisions of Article 24-7, paragraphs (1) and (2) of

- the Act (including as applied mutatis mutandis pursuant to paragraph (6) of that Article and as applied mutatis mutandis pursuant to Article 27 of the Act);
- (ii) the acceptance of the documents related to the amendment of the documents prescribed in the preceding item pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1), and Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-7, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to paragraph (6) of that Article and as applied mutatis mutandis pursuant to Article 27 of the Act) which are submitted to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau (the documents are referred to as the "amendment reports" in the following item);
 - (iii) the order for submission of amendment reports under the provisions of Article 9, paragraph (1) and Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 24-7, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to paragraph (6) of that Article and as applied mutatis mutandis pursuant to Article 27 of the Act), and the hearing related to the order; and
 - (iv) the approval for the due date for submitting the parent company, etc. status report under the proviso to Article 4-5.
- (4) Within the scope of the authority of the Commissioner, the authority to accept documents related to the amendment of the documents prescribed in paragraph (2), item (i) of this Order pursuant to the provisions of Article 7, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24-2, paragraph (1) and Article 24-4-3, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-8, paragraph (2) and Article 24-5-2, paragraph (2) of the Act), Article 24-4-5, paragraph (1), Article 24-4-7, paragraph (4), and Article 24-5, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and Article 24-6, paragraph (2) of the Act), Article 9, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24-2, paragraph (1) and Article 24-4-3, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24-4-8, paragraph (2) and Article 24-5-2, paragraph (2) of the Act), Article 24-4-5, paragraph (1), Article 24-4-7, paragraph (4), and Article 24-5, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and Article 24-6, paragraph (2) of the Act), Article 10, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 24-2, paragraph (1) and Article 24-4-3, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 24-4-8, paragraph (2) and Article 24-5-2, paragraph (2) of the Act),

Article 24-4-5, paragraph (1), Article 24-4-7, paragraph (4) and Article 24-5, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and Article 24-6, paragraph (2) of the Act), Article 23-4 of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), Article 23-9, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 27 of the Act), and Article 23-10, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 23-10, paragraph (5) of the Act and as applied mutatis mutandis pursuant to Article 27 of the Act) which are submitted to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau is delegated to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau.

- (5) Within the scope of the authority of the Commissioner, the authorities set forth in the following items are delegated to the Director-General of the Kanto Finance Bureau:
- (i) the acceptance of the written notice under the provisions of Article 4, paragraph (6) of the Act (limited to those specified by Cabinet Office Order);
 - (ii) the approval for the due date of the submission of annual securities reports under the provisions of the proviso to Article 3-4;
 - (iii) the approval for the due date of the submission of foreign company reports under the provisions of the proviso to Article 4-2-2; and
 - (iv) the designation of the issuer under the provisions of Article 5.
- (6) Within the scope of the authority prescribed in the preceding paragraphs, the authority when an urgent necessity is found for the public interest or protection of investors or the authority when it is found to contribute in particular to the prompt and appropriate disclosure of corporate affairs and other related matters may be exercised by the Commissioner of the Financial Services Agency, in addition to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in each of those paragraphs.

(Delegation of Authority Concerning the Disclosure of a Tender Offer to the Director-Generals of Local Finance Bureaus)

Article 40 (1) Within the scope of the authority of the Commissioner, the authority set forth in the following items is delegated to the Director-General of the Kanto Finance Bureau:

- (i) the acceptance of the tender offer statement under the provisions of Article 27-3, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act), the notice under the provisions of Article 27-5, item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (5) and Article 27-22-3,

- paragraph (5) of the Act), the target company's position statement under the provisions of Article 27-10, paragraph (1) of the Act, the tender offeror's answer under the provisions of paragraph (11) of that Article, the written notice of the withdrawal of a tender offer under Article 27-11, paragraph (3) of the Act (including as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act), the tender offer report under Article 27-13, paragraph (2) of the Act (including as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act), and documents related to the amendment of the above-mentioned documents under the provisions of Article 27-8, paragraphs (1) through (4) of the Act (including as applied *mutatis mutandis* pursuant to Article 27-10, paragraphs (8) and (12), Article 27-13, paragraph (3), and Article 27-22-2, paragraphs (2) and (7) of the Act);
- (ii) the order for public notice or public announcement of the amendments for the public notice for the commencement of the tender offer under the provisions of Article 27-7, paragraph (2) of the Act (including as applied *mutatis mutandis* pursuant to Article 27-8, paragraph (12) and Article 27-22-2, paragraphs (2) and (6) of the Act) and for the public notice of a request for a period extension under the provisions of Article 27-10, paragraph (6) of the Act, the setting of a due date and order for submission of the amended statement under the provisions of Article 27-8, paragraphs (3) and (4) of the Act (including as applied *mutatis mutandis* pursuant to Article 27-10, paragraphs (8) and (12), Article 27-13, paragraph (3), and Article 27-22-2, paragraphs (2) and (7) of the Act), the hearing related to the disposition under the provisions of Article 27-8, paragraph (4) of the Act, the decision not to make all or part of the documents for public inspection (meaning documents for public inspection prescribed in Article 27-14, paragraph (2) of the Act) under the provisions of Article 27-14, paragraph (5) of the Act available for public inspection, and the notice under the provisions of Article 27-14, paragraph (6) of the Act;
- (iii) the order for submission of reports or materials under Article 27-22, paragraph (1) of the Act (including as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act) and Article 27-22, paragraph (2) of the Act (excluding the order related to the case concerning an administrative monetary penalty under the provisions of Article 172-5 and Article 172-6, paragraph (1) of the Act (including as applied *mutatis mutandis* pursuant to Article 172-6, paragraph (2) of the Act)), the inspection (excluding those delegated to the Commission under the provisions of Article 38-2, paragraph (1)), and the request for a report under Article 27-22, paragraph (3) of the Act (including as applied *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act) (excluding those delegated to the Commission under the provisions of Article 38-2, paragraph (1)); and

- (iv) the approval under the provisions of Article 4-2-4, paragraph (3) as applied mutatis mutandis pursuant to Article 9-3, paragraph (5) and Article 14-3-4, paragraph (5).
- (2) Within the scope of the authority set forth in the preceding paragraph, the authority when an urgent necessity is found for the public interest or protection of investors or the authority when it is found to contribute in particular to the appropriate implementation of tender offer may be exercised by the Commissioner of the Financial Services Agency, in addition to the Director-General of the Kanto Finance Bureau.

(Delegation of Authority Concerning the Disclosure of Status of Large Volume Holding of Share Certificates to the Director-Generals of Local Finance Bureaus)

Article 41 (1) Within the scope of the authority of the Commissioner, with regard to the authority set forth in the following items, the authority concerning residents is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the resident (if the resident is an individual, the individual's domicile or residence; the same applies hereinafter) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau), and the authority concerning non-residents is delegated to the Director-General of the Kanto Finance Bureau:

- (i) the acceptance of the statements of large-volume holdings under the provisions of Article 27-23, paragraph (1) and Article 27-26, paragraphs (1) and (4) of the Act, the statement of changes under the provisions of Article 27-25, paragraph (1) and Article 27-26, paragraphs (2) and (5) of the Act, and the notification under the provisions of Article 27-26, paragraph (3) of the Act;
- (ii) the order for submission of amendment reports under the provisions of Article 9, paragraph (1) and Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 27-29 of the Act and the hearing related to the order, the decision not to make all or part of the documents for public inspection (meaning the documents for public inspection prescribed in Article 27-28, paragraph (2) of the Act) under the provisions of Article 27-28, paragraph (4) of the Act available for public inspection, and the notice under the provisions of Article 27-28, paragraph (5) of the Act; and
- (iii) the order for submission of reports and materials under the provisions of Article 27-30, paragraphs (1) and (2) of the Act (excluding the order related to a case concerning an administrative monetary penalty under the provisions of Article 172-7 and Article 172-8 of the Act), and the inspection

(excluding those delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (1)), and the request for a report under the provisions of Article 27-30, paragraph (3) of the Act (excluding those delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (1)).

- (2) Within the scope of the authority of the Commissioner, the acceptance of the documents related to the amendment of documents prescribed in item (i) of the preceding paragraph under the provisions of Article 27-25, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 27-26, paragraph (6)) and the provisions of Article 9, paragraph (1) and Article 10, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 27-29, paragraph (1) of the Act which are submitted to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau is delegated to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau.
- (3) The authority of the Commissioner which is set forth in paragraph (1), item (iii) and which is related to a resident may be exercised by the Director-General of the Kanto Finance Bureau in addition to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in paragraph (1),.
- (4) Within the scope of the authority set forth in the preceding three paragraphs, the authority when an urgent necessity is found for the public interest or protection of investors or the authority when it is found to contribute in particular to the appropriate disclosure of status of large volume holding may be exercised by the Commissioner of the Financial Services Agency, in addition to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in each of those paragraphs.

(Delegation of Authority for Special Provisions on Procedures Taken Using an Electronic Data Processing System for Disclosure to the Director-Generals of Local Finance Bureaus)

Article 41-2 (1) Within the scope of the authority of the Commissioner, with regard to the authority of approval, etc. related to the documents prescribed in Article 39, paragraph (1), item (i) (meaning the authority of approval under the provisions of Article 27-30-4, paragraphs (1) and (2) of the Act, the authority of approval under the provisions of Article 27-30-5 of the Act, the authority to accept the notification under the provisions of Article 14-10, paragraph (2) and the authority to accept the documents under the provisions of Article 14-11, paragraph (1); hereinafter the same applies in this Article), the authority concerning domestic companies is delegated to the Director-General of a Local

Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant domestic company (or, if the locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning persons other than a domestic company is delegated to the Director-General of the Kanto Finance Bureau.

- (2) Within the scope of the authority of the Commissioner, with regard to the authority of approval, etc. for the documents prescribed in Article 39, paragraph (2), item (i) (excluding the authority of approval under the provisions of Article 27-30-4, paragraph (2) of the Act), the authority concerning a domestic company whose amount of stated capital, total amount of funds, or total amount of contribution is less than five billion yen, or a domestic company for which any of the securities it issues are not listed on a financial instruments exchange (excluding the domestic company specified by Cabinet Office Order) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant domestic company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau), and the authority concerning any other persons is delegated to the Director-General of the Kanto Finance Bureau.
- (3) Within the scope of the authority of the Commissioner, the authority of approval, etc. for the documents prescribed in Article 39, paragraph (3) (excluding the authority of approval under the provisions of Article 27-30-4, paragraph (2) of the Act) is delegated to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau to whom a subsidiary company submitting annual securities reports submits its annual securities report;
- (4) Within the scope of the authority of the Commissioner, the authority of approval, etc. for documents related to the amendment of documents submitted to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau that are prescribed in Article 39, paragraph (4) (excluding the authority of approval under the provisions of Article 27-30-4, paragraph (2) of the Act) is delegated to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau
- (5) Within the scope of the authority of the Commissioner, the authority of approval, etc. related to the written notice prescribed in Article 39, paragraph (5), item (i) and the documents prescribed in Article 40, paragraph (1), item (i) is delegated to the Director-General of the Kanto Finance Bureau.
- (6) Within the scope of the authority of the Commissioner, with regard to the

authority of approval, etc. related to the documents prescribed in paragraph (1), item (i) of the preceding Article (excluding the authority of approval under the provisions of Article 27-30-4, paragraph (1) and Article 27-30-5 of the Act), the authority concerning residents is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning non-residents is delegated to the Director-General of the Kanto Finance Bureau.

- (7) Within the scope of the authority of the Commissioner, the authority of approval, etc. for documents related to the amendment of documents submitted to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau that are prescribed in paragraph (2) of the preceding Article (excluding the authority of approval under the provisions of Article 27-30-4, paragraph (1) and Article 27-30-5 of the Act) is delegated to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau.
- (8) Within the scope of the authority of the Commissioner, with regard to the authority for public inspection and notice under the provisions of Article 27-30-7, paragraphs (4) and (5) of the Act, the authority concerning residents is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau), and the authority concerning non-residents is delegated to the Director-General of the Kanto Finance Bureau.

(Delegation of Authority Concerning the Disclosure of Material Information to the Director-Generals of Local Finance Bureaus)

Article 41-3 (1) Within the scope of the authority of the Commissioner, with regard to the authority set forth in the following items, the authority concerning a domestic company whose amount of stated capital or total amount of contribution (for the domestic company before its establishment, meaning the amount of stated capital or the total amount of contribution after its establishment) is less than five billion yen or a domestic company for which any of the securities it issues are not listed on a financial instruments exchange (excluding a domestic company specified by Cabinet Office Order) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of head office or principal office of the relevant domestic company (or, if that locality is within the jurisdictional district of the

Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning any other person is delegated to the Director-General of the Kanto Finance Bureau:

- (i) the order for submission of reports and materials, and the inspection under the provisions of Article 27-37, paragraph (1) of the Act (excluding those delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (1) of the Act) and the request for a report under the provisions of Article 27-37, paragraph (2) of the Act (excluding those delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (1) of the Act); and
 - (ii) the instruction under the provisions of Article 27-38, paragraph (1) of the Act and the order under the provisions of paragraph (2) of that Article.
- (2) Within the scope of the authority set forth in the preceding paragraph, the authority when an urgent necessity is found for the public interest or protection of investors or the authority when it is found to contribute in particular to the appropriate disclosure of material information may be exercised by the Commissioner of the Financial Services Agency, in addition to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in that paragraph.

(Delegation of Authority Concerning Financial Instruments Business Operators to the Director-Generals of Local Finance Bureaus)

Article 42 (1) Within the scope of the authority of the Commissioner, the authorities set forth in the following items (excluding the authority concerning a registered financial institution) are delegated to the Director-General of a Local Finance Bureau who has jurisdiction over the head office or other principal business office or office of the applicant, financial instruments business operator, notifier of specially permitted services, or notifier of specially permitted services for foreign investors, etc. (for a foreign corporation or an individual that has an address in a foreign country, the principal business office or office in Japan; hereinafter the office is referred to as the "head office, etc.") (for the authority set forth in item (vi), the locality of the business office or office where the problematic conduct related to the confirmation referred to in item (vi) has taken place) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau, and if the applicant, financial instruments business operator, or notifier of specially permitted services has no business office or office in Japan, to the Director-General of the Kanto Finance Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority set forth in item (xiii):

- (i) the acceptance of the written application for registration under the provisions of Article 29-2, paragraph (1) of the Act;
 - (ii) the registration under the provisions of Article 29-3, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 31, paragraph (5) of the Act) and Article 31, paragraph (2) of the Act;
 - (iii) the public inspection of the register of financial instruments business operators under the provisions of Article 29-3, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 31, paragraph (5) of the Act);
 - (iv) the refusal of registration under the provisions of Article 29-4, paragraph (1) of the Act;
 - (v) the supplementary note of the fact that authorization under the provisions of Article 30, paragraph (2) of the Act has been given;
 - (vi) the confirmation under the provisions of the proviso to Article 39, paragraph (3) of the Act and the acceptance of the written application under the provisions of paragraph (7) of that Article;
 - (vii) the deletion of registration under the provisions of Article 55, paragraph (1) of the Act and the deletion of the supplementary note of the fact that authorization under the provisions of paragraph (2) of that Article has been given;
 - (viii) the hearing under the provisions of Article 57, paragraph (1) of the Act (limited to the hearing connected with a refusal of registration referred to in Article 29 of the Act);
 - (ix) the notice under the provisions of Article 57, paragraph (3) of the Act (limited to the notice connected with a registration referred to in Article 29 of the Act);
 - (x) the supplementary note of the fact that the person is a special financial instruments business operator under the provisions of Article 57-2, paragraph (7) of the Act;
 - (xi) the deletion of registration under the provisions of Article 57-8, paragraph (1) of the Act and the deletion of the supplementary note of the fact that the person is a special financial instruments business operator under the provisions of paragraph (2) of that Article;
 - (xii) the acceptance of the notification under the provisions of Article 63, paragraph (2) and Article 63-9, paragraph (1) of the Act;
 - (xiii) the public inspection under the provisions of Article 63, paragraph (5) of the Act; and
 - (xiv) the disposition under the provisions of Article 187, paragraph (1) of the Act and the request for a report under the provisions of paragraph (2) of that Article, which are related to the hearing prescribed in item (viii).
- (2) Within the scope of the authority of the Commissioner, the authority set forth

in the following items (excluding the authority concerning a registered financial institution, special financial instruments business operator and the financial instruments business operator, an authorized firm for on-exchange transactions, a notifier of specially permitted services, and notifier of specially permitted services for foreign investors, etc. designated by the Commissioner of the Financial Services Agency) are delegated to the Director-General of a Local Finance Bureau who has jurisdiction over the locality or address of the head office, etc. of a financial instruments business operator, notifier of specially permitted services, or notifier of specially permitted services for foreign investors, etc. or the representative of an authorized firm for on-exchange transactions in Japan (if that locality or address is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau and if the applicant, financial instruments business operator, or notifier of specially permitted services has no business office or office in Japan, to the Director-General of the Kanto Finance Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority set forth in item (x) (limited to the part that involves the disposition under the provisions of Article 63-5, paragraphs (1) through (3) and Article 63-13, paragraphs (1) to (3) of the Act), item (xi) (limited to the part that involves the public notice under the provisions of Article 63-5, paragraph (6) and Article 63-13, paragraph (6) of the Act), item (xii), item (xiv) (limited to the part that involves the hearing under the provisions of Article 63-5, paragraph (4) and Article 63-13, paragraph (4) of the Act), item (xv) (limited to the part that involves the notice under the provisions of Article 63-5, paragraph (5) and Article 63-13, paragraph (5) of the Act), and item (xix):

- (i) the authorization under the provisions of Article 30, paragraph (1) and Article 31, paragraph (6) of the Act;
- (ii) the attachment of conditions for authorization under the provisions of Article 30-2, paragraph (1) of the Act;
- (iii) the acceptance of the written application for authorization under the provisions of Article 30-3, paragraph (1) of the Act;
- (iv) the acceptance of the notification under the provisions of Article 31, paragraphs (1) and (3), Article 31-2, paragraphs (3), (5), and (8), Article 31-4, paragraphs (1) and (2), Article 35, paragraphs (3) and (6), Article 37-3, paragraph (3), Article 42-7, paragraph (3), Article 46-6, paragraph (1), Article 50, paragraph (1), Article 50-2, paragraphs (1) and (7), Article 60-5, Article 60-7, Article 63, paragraphs (8) and (13) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), Article 63-2, paragraph (2), paragraph (3) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and paragraph

- (4) of that Article, Article 63-3, paragraph (1), Article 63-9, paragraphs (7) and (10) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act), Article 63-10, paragraph (2), paragraph (3) (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act), and paragraph (4) of that Article, and Article 63-11, paragraph (1) of the Act;
- (v) the acceptance of the written application for registration of change under the provisions of Article 31, paragraph (4) of the Act;
- (vi) the refusal of the registration of change under the provisions of Article 29-4, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 31, paragraph (5) of the Act;
- (vii) the order under the provisions of Article 31-2, paragraph (4) and Article 46-3, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 60-6 of the Act), Article 56-3, Article 63, paragraph (12) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and Article 63-9, paragraph (9) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act);
- (viii) the approval under the provisions of Article 35, paragraph (4), the proviso to Article 44-3, paragraph (1), and Article 49-4, paragraph (2) of the Act;
- (ix) the acceptance of documents and reports under the provisions of Article 46-3, paragraphs (1) and (2) of the Act (including as applied mutatis mutandis pursuant to Article 60-6 of the Act), Article 47-2, Article 49-3 of the Act (including as applied mutatis mutandis pursuant to Article 60-6 of the Act), Article 63-4, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and Article 63-12, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act);
- (x) the disposition under the provisions of Article 51, Article 52, paragraphs (1), (2), and (4), Article 53, Article 54, and Article 60-8, paragraph (1) of the Act (excluding the part related to the rescission of the permission referred to in Article 60, paragraph (1) of the Act) and paragraph (2), Article 63-5, paragraphs (1) through (3) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and Article 63-13, paragraphs (1) through (3) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act);
- (xi) the public notice under the provisions of Article 54-2, Article 60-8, paragraph (3) of the Act (excluding the part related to the rescission of the permission referred to in Article 60, paragraph (1) of the Act), Article 63-5, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and Article 63-13, paragraph (6) of the

- Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act);
- (xii) the order for submission of reports and materials and the inspection under the provisions of Article 56-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 65-3, paragraph (3) of the Act) and paragraphs (3) and (4), Article 60-11 of the Act (including as applied mutatis mutandis pursuant to Article 60-12, paragraph (3) of the Act), Article 63-6 of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and Article 63-14 of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act) (excluding the authority delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), items (i) through (ii)-3 of the Act and Article 38-2, paragraph (2));
 - (xiii) the hearing under the provisions of Article 57, paragraph (1) of the Act (excluding those related to the refusal of registration referred to in Article 29 of the Act);
 - (xiv) the hearing under the provisions of Article 57, paragraph (2), Article 60-8, paragraph (5) of the Act (excluding those related to the rescission of permission referred to in Article 60, paragraph (1) of the Act), Article 63-5, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and Article 63-13, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act);
 - (xv) the notice under the provisions of Article 57, paragraph (3) (excluding those related to the registration referred to in Article 29 of the Act), Article 60-8, paragraph (4) (excluding those related to the rescission of permission referred to in Article 60, paragraph (1) of the Act), Article 63-5, paragraph (5) (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), and Article 63-13, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act);
 - (xvi) the appointment of the acting representative under the provisions of Article 60-4, paragraph (1) and Article 65, paragraph (1) of the Act;
 - (xvii) the order of payment under the provisions of Article 60-4, paragraph (2) and Article 65, paragraph (2) of the Act;
 - (xviii) the acceptance of a copy of a contract under the provisions of Article 63, paragraphs (9) and (10) of the Act (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act);
 - (xix) the public inspection under the provisions of Article 63, paragraph (5) and Article 63-9, paragraph (4) of the Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act (including as applied mutatis

- mutandis pursuant to Article 63-11, paragraph (2) of the Act);
 - (xx) the acceptance of the request under the provisions of Article 65-3, paragraph (1) of the Act;
 - (xxi) the statement of opinions under the provisions of Article 65-3, paragraph (2) of the Act;
 - (xxii) the disposition under the provisions of Article 187, paragraph (1) of the Act and the request for a report under the provisions of paragraph (2) of that Article, which are related to the hearing prescribed in item (xiii) or the hearing prescribed in item (xiv);
 - (xxiii) the notice under the provisions of Article 194-6, paragraphs (2) through (4) of the Act;
 - (xxiv) the approval under the provisions of Article 15-13, item (iii), Article 15-15, the proviso to Article 16-17, the proviso to Article 16-18, the proviso to Article 16-19, the proviso to Article 17-10, paragraph (1), the proviso to Article 17-10, paragraph (3), the proviso to Article 17-13-3, the proviso to Article 17-13-4, the proviso to Article 17-13-8, and the proviso to Article 17-13-9;
 - (xxv) the acceptance of the petition, public notice, notice, investigation, granting of opportunity to state opinions, preparation of a distribution list, and realization under the provisions of Article 15-14;
 - (xxvi) the consultation under the provisions of Article 37, paragraph (6); and
 - (xxvii) the notice under the provisions of Article 37, paragraph (7).
- (3) The authority set forth in item (xii) of the preceding paragraph which is related to the branch office or other business office, office, or facilities of a financial instruments business operator, notifier of specially permitted services, or notifier of specially permitted services for foreign investors, etc. which are other than their head office, etc., the office or other facilities of an authorized firm for on-exchange transactions (excluding those which are located at the domicile of the representative in Japan), a person that conducts transactions with the financial instruments business operator, authorized firm for on-exchange transactions, notifier of specially permitted services, or notifier of specially permitted services for foreign investors, etc., the specified subsidiary corporation prescribed in Article 56-2, paragraph (1) of the Act, a holding company (meaning a holding company as defined in Article 29-4, paragraph (3) of the Act; the same applies hereinafter) which has the financial instruments business operator as its subsidiary company (meaning a subsidiary company as defined in Article 29-4, paragraph (4) of the Act; the same applies in paragraph (4) of the following Article, Article 43, paragraph (3) and Article 44, paragraphs (7) and (8)), a person that has been entrusted with business by the financial instruments business operator, authorized firm for on-exchange transactions, notifier of specially permitted services, or notifier of specially permitted

services for foreign investors, etc. (including a person that has been entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph), the parent financial institution, etc. or subsidiary financial institution, etc. as defined in paragraph (3) of that Article of the financial instruments business operator (limited to specified financial instruments business operator, etc. prescribed in Article 56-2, paragraph (3) of the Act), or the parent bank, etc. or subsidiary bank, etc. prescribed in paragraph (4) of that Article of the financial instruments business operator (hereinafter referred to as the "branch office, etc." in this Article) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the branch office, etc. (if the person that conducts the transaction or the person entrusted with the business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, by the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, by the Director-General of the Kanto Finance Bureau) in addition to the Director-General of the Local Finance Bureau and Director-General of the Fukuoka Local Finance Branch Bureau prescribe in the preceding paragraph.

- (4) The authority set forth in paragraph (2), item (xii) concerning a special financial instruments business operator or the financial instruments business operator, authorized firm for on-exchange transactions, notifier of specially permitted services, or notifier of specially permitted services for foreign investors, etc. designated by the Commissioner of the Financial Services Agency that is referred to in paragraph (2) (hereinafter referred to as "special financial instruments business operator, etc." in this paragraph and the following paragraph) which is related to the branch office, etc. of the special financial instruments business operator, etc. and the authority of the Commissioner which is under the provisions of Article 57-10, paragraph (1) of the Act (excluding the authority delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2)) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the branch office, etc. (including the subsidiary company, etc. (meaning a subsidiary company, etc. as defined in Article 57-10, paragraph (2) of the Act; the same applies in Article 43-2, paragraph (1) and Article 44, paragraphs (5) and (22)) of a special financial instruments business operator; the same applies in the following paragraph) (if a person that conducts transactions with the special financial instruments business operator, etc., or the person that has been entrusted with business by the special financial instruments business operator, etc. (including a person that has been entrusted by that person (including entrustment via two or more layers)) is an individual, that individual's

domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, by the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, by the Director-General of the Kanto Finance Bureau); provided, however that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority.

- (5) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has given the order for submission of reports or materials to, or conducted the inspection of the branch office, etc. pursuant to the provisions of the preceding two paragraphs (hereinafter referred to as the "inspection, etc." in this Article through Article 44) finds the necessity to conduct an inspection, etc. of the head office, etc. or a branch office, etc. other than the aforementioned branch office, etc. of the relevant special financial instruments business operator, etc. (for an authorized firm for on-exchange transactions, the representative in Japan; hereinafter the same applies in this paragraph and Article 44, paragraphs (3) and (4)), the Director-General may conduct inspection, etc. of the head office, etc. or a branch office, etc. other than the aforementioned branch office, etc.
- (6) Having made a designation referred to in paragraph (2), the Commissioner of the Financial Services Agency is to give public notice to that effect. The same applies if the Commissioner has canceled that designation.
- (7) Within the scope of the authority of the Commissioner, the authority set forth in the following items (limited to the authority concerning a financial instruments business operator and with regard to the authority set forth in items (i) through (ix), when having an association (meaning the association prescribed in Article 64-7, paragraph (1) of the Act; the same applies in Articles 43 through 43-3 and Article 44) conduct registration work under the provisions of Article 64-7, paragraph (1) or (2) of the Act, the authority concerning that work is excluded) is delegated to the Director-General of Local Finance Bureau who has jurisdiction in the locality of the head office, etc. of a financial instruments business operator to which a sales representative belongs (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau):
 - (i) the acceptance of the written application for registration under the provisions of Article 64, paragraph (3) of the Act;
 - (ii) the registration under the provisions of Article 64, paragraph (5) of the Act;
 - (iii) the notice under the provisions of Article 64, paragraph (6), Article 64-2, paragraph (3), and Article 64-5, paragraph (3) of the Act;
 - (iv) the refusal of registration under the provisions of Article 64-2, paragraph (1) of the Act;

- (v) the hearing under the provisions of Article 64-2, paragraph (2) of the Act;
- (vi) the acceptance of notification under the provisions of Article 64-4 of the Act;
- (vii) the rescission of registration and the order for suspension of business under the provisions of Article 64-5, paragraph (1) of the Act;
- (viii) the hearing under the provisions of Article 64-5, paragraph (2) of the Act;
- (ix) the deletion of registration under the provisions of Article 64-6 of the Act; and
- (x) the disposition under the provisions of Article 187, paragraph (1) of the Act and the request for a report under the provisions of paragraph (2) of that Article, which are related to the hearing prescribed in item (v) or the hearing prescribed in item (viii).

(Delegation of Authority Concerning a Major Shareholder of Financial Instruments Business Operators to the Director-Generals of Local Finance Bureaus)

Article 42-2 (1) Within the scope of the authority of the Commissioner, with regard to the authority set forth in the following items, the authority concerning residents is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of head office or principal office of the relevant resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning non-residents is delegated to the Director-General of the Kanto Finance Bureau; provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority set forth in item (iii):

- (i) the acceptance of the statement of holding subject voting rights under the provisions of Article 32, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 32-4 and Article 57-26, paragraph (1) of the Act);
 - (ii) the acceptance of the statements under the provisions of Article 32, paragraph (3), Article 32-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 32-4 and Article 57-26, paragraph (1) of the Act) and Article 32-3, paragraph (2) of the Act; and
 - (iii) the order for submission of reports and materials and the inspection under the provisions of Article 56-2, paragraph (2) and Article 57-26, paragraph (2) of the Act (excluding those delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2)).
- (2) Within the scope of the authority of the Commissioner, the authority of the order under the provisions of Article 32-2, paragraph (1) (including as applied

mutatis mutandis pursuant to Article 32-4 of the Act) and Article 32-2, paragraphs (2) and (3) of the Act (excluding the authority concerning a special financial instruments business operator and financial instruments business operator designated by the Commissioner of the Financial Services Agency) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office, etc. of a financial instruments business operator, etc. (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau).

- (3) The authority set forth in paragraph (1), item (iii) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office, etc. of a financial instruments business operator (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, by the Director-General of the Fukuoka Local Finance Branch Bureau) in addition to the Director-General of a Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in paragraph (1),
- (4) The authority set forth in paragraph (1), item (iii) concerning the business office or office of a financial instruments business operator that is a resident or of a major shareholder (meaning the major shareholder as defined in Article 29-4, paragraph (2) of the Act) of the holding company that has a financial instruments business operator as its subsidiary company or the designated parent company (meaning the designated parent company prescribed in Article 57-12, paragraph (3) of the Act; the same applies hereinafter), which is other than the head office or principal office (hereinafter the office is referred to as the "secondary office, etc." in this paragraph) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the secondary office, etc. (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau, and if the location is outside of Japan, the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in paragraph (1) and the preceding paragraph.

(Delegation of Authority Concerning Financial Institutions to the Director-Generals of Local Finance Bureaus)

Article 43 (1) Within the scope of the authority of the Commissioner, the authorities set forth in the following items (limited to the authority concerning a registered financial institution) are delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office, etc.

- of a bank, a cooperative financial institution, and the financial institutions set forth in the items of Article 1-9 (for the authority set forth in item (vi), the locality of the business office or office where the problematic conduct related to the confirmation set forth in item (vi) has taken place) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau):
- (i) the acceptance of the written application for registration under the provisions of Article 33-3, paragraph (1) of the Act;
 - (ii) the registration in a register of financial institutions under the provisions of Article 33-4, paragraph (1) and Article 33-6, paragraph (2) of the Act;
 - (iii) the public inspection of the register of financial institutions under the provisions of Article 33-4, paragraph (2) of the Act;
 - (iv) the refusal of registration under the provisions of Article 33-5, paragraph (1) of the Act;
 - (v) the attachment of conditions for registration under the provisions of Article 33-5, paragraph (2) of the Act;
 - (vi) the confirmation under the provisions of the proviso to Article 39, paragraph (3) of the Act and the acceptance of the written application under the provisions of paragraph (7) of that Article;
 - (vii) the deletion of registration under the provisions of Article 55, paragraph (1) of the Act;
 - (viii) the hearing under the provisions of Article 57, paragraph (1) of the Act;
 - (ix) the notice under the provisions of Article 57, paragraph (3) of the Act (limited to those related to the registration referred to in Article 33-2 of the Act); and
 - (x) the disposition under the provisions of Article 187, paragraph (1) of the Act and the request for a report under the provisions of paragraph (2) of that Article, which are related to the hearing prescribed in item (viii).
- (2) Within the scope of the authority of the Commissioner, the authorities set forth in the following items (limited to the authority concerning a registered financial institution and excluding that concerning a registered financial institution designated by the Commissioner of the Financial Services Agency) are delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office, etc. of a registered financial institution (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority set forth in items (vi) and (ix):
- (i) the acceptance of notification under the provisions of Article 33-6, paragraphs (1) and (3), Article 37-3, paragraph (3), Article 42-7, paragraph

- (3), Article 50, paragraph (1), Article 50-2, paragraphs (1) and (7), and Article 63-3, paragraph (1), and the provisions of Article 63, paragraphs (8) and (13) as applied *mutatis mutandis* pursuant to Article 63-3, paragraph (2) of the Act, and Article 63-2, paragraph (3) of the Act;
- (ii) the acceptance of the documents and reports under the provisions of Article 48-2, paragraphs (1) and (2) of the Act and the provisions of Article 63-4, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 63-3, paragraph (2) of the Act;
- (iii) the order under the provisions of Article 48-2, paragraph (3) and Article 63, paragraph (12) of the Act as applied *mutatis mutandis* pursuant to Article 63-3, paragraph (2) of the Act;
- (iv) the disposition under the provisions Article 51-2, Article 52-2, paragraphs (1) through (3), and Article 54 of the Act and the provisions of Article 63-5, paragraphs (1) through (3) of the Act as applied *mutatis mutandis* pursuant to Article 63-3, paragraph (2) of the Act;
- (v) the public notice under the provisions of Article 54-2 of the Act (excluding item (ii)) and the provisions of Article 63-5, paragraph (6) of the Act as applied *mutatis mutandis* pursuant to Article 63-3, paragraph (2) of the Act;
- (vi) the order for submission of reports and materials and the inspection under the provisions of Article 56-2, paragraphs (1) and (3) of the Act and the provisions of Article 63-3 of the Act as applied *mutatis mutandis* pursuant to Article 63-3, paragraph (2) of the Act (excluding those delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), items (i) and (ii)-2 of the Act and Article 38-2, paragraph (2));
- (vii) the hearing under the provisions of Article 57, paragraph (2) of the Act and the provisions of Article 63-5, paragraph (4) of the Act as applied *mutatis mutandis* pursuant to Article 63-3, paragraph (2) of the Act;
- (viii) the notice under the provisions of Article 57, paragraph (3) of the Act (excluding those related to the registration referred to in Article 33-2 of the Act) and the provisions of Article 63-5, paragraph (5) of the Act as applied *mutatis mutandis* pursuant to Article 63-3, paragraph (2) of the Act;
- (ix) the public inspection under the provisions of Article 63, paragraph (5) of the Act as applied *mutatis mutandis* pursuant to Article 63-3, paragraph (2) of the Act;
- (x) the acceptance of a copy of a contract under the provisions of Article 63, paragraphs (9) and (10) of the Act as applied *mutatis mutandis* pursuant to Article 63-3, paragraph (2) of the Act;
- (xi) the appointment of an acting representative under the provisions of Article 65, paragraph (1) of the Act;
- (xii) the order of payment under the provisions of Article 65, paragraph (2) of the Act;

- (xiii) the disposition under the provisions of Article 187, paragraph (1) of the Act and the request for a report under the provisions of paragraph (2) of that Article, which are related to the hearing prescribed in item (vii);
 - (xiv) the notice under the provisions of Article 194-6, paragraph (2) of the Act;
 - (xv) the approval under the provisions of the proviso to Article 16-18, the proviso to Article 17-13-3, and the proviso to Article 17-13-4;
 - (xvi) the consultation under the provisions of Article 37, paragraph (6); and
 - (xvii) the notice under the provisions of Article 37, paragraph (7).
- (3) The authority set forth in item (vi) of the preceding paragraph concerning the branch office or other business office or office of a registered financial institution which is other than the head office, etc., a person that conducts transactions with the registered financial institution, a holding company that has the registered financial institution as its subsidiary company, a person that has been entrusted with business by the registered financial institution (including a person that has been entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph), or the parent financial institution, etc. or subsidiary financial institution, etc. as defined in Article 56-2, paragraph (3) of the Act of the registered financial institution (limited to specified financial instruments business operator, etc. as defined in Article 56-2, paragraph (3) of the Act) (hereinafter referred to as the "branch office, etc." in this Article) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the relevant branch office, etc. (if the person that conducts transaction or the person entrusted with business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that location is outside of Japan, the Director-General of the Kanto Finance Bureau) in addition to the Director-General of a Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.
- (4) The authority set forth in paragraph (2), item (vi) connected with a registered financial institution designated by the Commissioner of the Financial Services Agency that is referred to in paragraph (2) which is related to the branch office, etc. of the registered financial institution is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the branch office, etc. (if a person that conducts transactions with the registered financial institution or a person that has been entrusted with business by the registered financial institution (including a person that has been entrusted by that person (including entrustment via two or more layers)) is an individual, that individual's domicile or residence) (or, if that locality is within the

jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that location is outside of Japan, the Director-General of the Kanto Finance Bureau); provided, however that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority.

- (5) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an inspection, etc. of the branch office, etc. pursuant to the provisions of the preceding two paragraphs finds the necessity to conduct an inspection, etc. of the head office, etc. or a branch office, etc. other than the aforementioned branch office, etc. of the relevant registered financial institution, the Director-General may conduct the inspection, etc. of the head office, etc. or the branch office, etc. other than the aforementioned branch office, etc. of the registered financial institution.
- (6) Having made a designation referred to in paragraph (2), the Commissioner of the Financial Services Agency is to give public notice to that effect. The same applies if the Commissioner has canceled that designation.
- (7) Within the scope of the authority of the Commissioner, the authorities set forth in the following items (limited to the authority concerning a registered financial institution and with regard to the authority set forth in items (i) through (ix), when having the association conduct registration work under Article 64-7, paragraphs (1) and (2) of the Act, the authority related to that work is excluded) are delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office, etc. of a registered financial institution to which a sales representative belongs (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau):
 - (i) the acceptance of the written application for registration under the provisions of Article 64, paragraph (3) of the Act;
 - (ii) the registration under the provisions of Article 64, paragraph (5) of the Act;
 - (iii) the notice under the provisions of Article 64, paragraph (6), Article 64-2, paragraph (3), and Article 64-5, paragraph (3) of the Act;
 - (iv) the refusal of registration under the provisions of Article 64-2, paragraph (1) of the Act;
 - (v) the hearing under the provisions of Article 64-2, paragraph (2) of the Act;
 - (vi) the acceptance of notification under the provisions of Article 64-4 of the Act;
 - (vii) the rescission of registration and the order for suspension of business under the provisions of Article 64-5, paragraph (1) of the Act;
 - (viii) the hearing under the provisions of Article 64-5, paragraph (2) of the Act;
 - (ix) the deletion of registration under the provisions of Article 64-6 of the Act;

and

- (x) the disposition under the provisions of Article 187, paragraph (1) of the Act and the request for a report under the provisions of paragraph (2) of that Article, which are related to the hearing prescribed in item (v) or the hearing prescribed in item (viii).

(Delegation of Authority Concerning a Designated Parent Company to the Director-Generals of Local Finance Bureaus)

Article 43-2-1 (1) Within the authority of the Commissioner, the authority under the provisions of Article 57-23 of the Act (excluding the authority delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2)) which is related to the branch office, or business office or office of a designated parent company other than their head office or principal office, a person that conducts transactions with the designated parent company, or a person that has been entrusted with business by the subsidiary company, etc. of the designated parent company or by the designated parent company (including a person that has been entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph) (hereinafter referred to as the "branch office, etc." in this Article) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the branch office, etc. (if the person that conducts the transactions or the person that has been entrusted with the business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau); provided, however that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority.

- (2) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an inspection, etc. of the branch office, etc. pursuant to the preceding paragraph finds the necessity to conduct an inspection, etc. of the head office or principal office, or a branch office, etc. other than the aforementioned branch office, etc. of the relevant designated parent company, the Director-General may conduct the inspection, etc. of the head office or principal office or of the branch office, etc. other than the aforementioned branch office, etc.

(Delegation of Authority Concerning Financial Instruments Intermediary Service Providers to the Director-Generals of Local Finance Bureaus)

Article 43-2-2 (1) Within the scope of the authority of the Commissioner, the authority set forth in the following items are delegated to the Director-General

of a Local Finance Bureau who has jurisdiction in the locality of the head office, etc. of the applicant or a financial instruments intermediary service provider (with regard to the authority set forth in item (vi), the location of the business office or office where the problematic conduct related to the confirmation prescribed in item (vi) has taken place) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau, and if the applicant, financial instruments business operator, or notifier of specially permitted services has no business office or office in Japan, to the Director-General of the Kanto Finance Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority set forth in item (x):

- (i) the acceptance of the written application for registration under the provisions of Article 66-2, paragraph (1) of the Act;
- (ii) the registration under the provisions of Article 66-3, paragraph (1) and Article 66-5, paragraph (2) of the Act;
- (iii) the public inspection of the register of financial instruments intermediary service providers under the provisions of Article 66-3, paragraph (2) of the Act;
- (iv) the refusal of registration under the provisions of Article 66-4 of the Act;
- (v) the acceptance of the notification under the provisions of Article 66-5, paragraphs (1) and (3), and Article 66-19, paragraph (1) of the Act;
- (vi) the confirmation under the provisions of the proviso to Article 39, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 66-15 of the Act, and the acceptance of the written application under the provisions of Article 39, paragraph (7) of the Act;
- (vii) the acceptance of documents under the provisions of Article 66-17, paragraph (1) of the Act;
- (viii) the disposition under the provisions of Article 66-20 of the Act;
- (ix) the deletion of registration under the provisions of Article 66-21 of the Act;
- (x) the order for submission of reports and materials, and the inspection under the provisions of Article 66-22 of the Act (excluding those delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), item (iii) of the Act and Article 38-2, paragraph (2));
- (xi) the hearing under the provisions of Article 57, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 66-23 of the Act;
- (xii) the hearing under the provisions of Article 57, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 66-23 of the Act;
- (xiii) the notice under the provisions of Article 57, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 66-23 of the Act; and
- (xiv) the disposition under the provisions of Article 187, paragraph (1) of the

- Act and the request for a report under the provisions of paragraph (2) of that Article, which are related to the hearing prescribed in item (xi) and the hearing prescribed in item (xii).
- (2) The authority set forth in item (x) of the preceding paragraph concerning the branch office, other business office or office of a financial instruments intermediary service provider which is other than the head office, etc., or a person that conducts transactions with the financial instruments intermediary service provider (hereinafter referred to as the "branch office, etc." in this Article) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the branch office, etc. (if the person that conducts the transactions is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau and Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.
- (3) When the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an inspection, etc. of the branch office, etc. pursuant to the provisions of the preceding paragraph finds the necessity to conduct an inspection, etc. of the head office, etc. or of a branch office, etc. other than the aforementioned branch office, etc. of the relevant financial instruments intermediary service provider, the Director-General may conduct the inspection, etc. of the head office, etc. or the branch office, etc. other than the aforementioned branch office, etc. of the financial instruments intermediary service provider.
- (4) Within the scope of the authority of the Commissioner, the authority set forth in the following items (with regard to the authority set forth in items (i) through (ix), if having an association conduct registration work pursuant to the provisions of Article 64-7, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 66-25 of the Act, the authority related to that work is excluded) are delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office, etc. of a financial instruments intermediary service provider to which a sales representative belongs (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau):
- (i) the acceptance of the written application for registration under the provisions of Article 64, paragraph (3) of the Act as applied *mutatis mutandis* pursuant to Article 66-25 of the Act;
 - (ii) the registration under the provisions of Article 64, paragraph (5) of the Act

- as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (iii) the notice under the provisions of Article 64, paragraph (6), Article 64-2, paragraph (3), and Article 64-5, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (iv) the refusal of registration under the provisions of Article 64-2, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (v) the hearing under the provisions of Article 64-2, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (vi) the acceptance of notification under the provisions of Article 64-4 of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (vii) the rescission of registration and the order for suspension of business under the provisions of Article 64-5, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (viii) the hearing under the provisions of Article 64-5, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act;
- (ix) the deletion of registration under the provisions of Article 64-6 of the Act as applied mutatis mutandis pursuant to Article 66-25 of the Act; and
- (x) the disposition under the provisions of Article 187, paragraph (1) of the Act and the request for a report under the provisions of paragraph (2) of that Article, which are related to the hearing prescribed in item (v) or the hearing prescribed in item (viii).

(Delegation of Authority Concerning High-Speed Traders to the Director-Generals of Local Finance Bureaus)

Article 43-2-3 (1) Within the scope of the authority of the Commissioner, the authority set forth in the following items is delegated to the Director-General of Local Finance Bureau who has jurisdiction in the locality of the head office, etc. of the applicant or a high-speed trader (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau; if the applicant or high-speed trader has no business office or office in Japan, to the Director-General of the Kanto Finance Bureau):

- (i) the acceptance of the written application for registration under the provisions of Article 66-51, paragraph (1) of the Act;
- (ii) the registration under the provisions of Article 66-52, paragraph (1) and Article 66-54, paragraph (2) of the Act;
- (iii) the public inspection of the register of high-speed traders under the provisions of Article 66-52, paragraph (2) of the Act;
- (iv) the refusal of registration under the provisions of Article 66-53 of the Act;
- (v) the deletion of registration under the provisions of Article 66-66 of the Act;

- (vi) the hearing under the provisions of Article 57, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 66-69 of the Act;
 - (vii) the notice under the provisions of Article 57, paragraph (3) of the Act as applied *mutatis mutandis* pursuant to Article 66-69 of the Act (limited to those related to the registration referred to in Article 66-50 of the Act); and
 - (viii) the disposition under the provisions of Article 187, paragraph (1) of the Act and the request for a report under the provisions of paragraph (2) of that Article, which are related to the hearing prescribed in item (vi).
- (2) Within the scope of the authority of the Commissioner, the authority set forth in the following items (excluding the authority concerning a high-speed trader designated by the Commissioner of the Financial Services Agency) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office, etc. of a high-speed trader (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau; if the high-speed trader has no business office or office in Japan, to the Director-General of the Kanto Finance Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority set forth in item (v):
- (i) the acceptance of the notification under the provisions of Article 66-54, paragraphs (1) and (3), Article 66-60, and Article 66-61, paragraph (1) of the Act;
 - (ii) the acceptance of documents under the provisions of Article 66-59 of the Act;
 - (iii) the disposition under the provisions of Article 66-62, Article 66-63, paragraphs (1) through (3), and Article 66-64 of the Act;
 - (iv) the public notice under the provisions of Article 66-65 of the Act;
 - (v) the order for submission of reports and materials, and the inspection, under the provisions of Article 66-67 of the Act (excluding those delegated to the Commission pursuant to Article 194-7, paragraph (2), item (iii)-3 of the Act and Article 38-2, paragraph (2));
 - (vi) the hearing under the provisions of Article 57, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 66-69 of the Act;
 - (vii) the notice under the provisions of Article 57, paragraph (3) of the Act as applied *mutatis mutandis* pursuant to Article 66-69 of the Act (excluding those related to the registration referred to in Article 66-50 of the Act);
 - (viii) the disposition under the provisions of Article 187, paragraph (1) of the Act and the request for a report under the provisions of paragraph (2) of that Article, which are related to the hearing prescribed in item (vi); and
 - (ix) the approval under the provisions of the proviso to Article 18-41.
- (3) The authority set forth in item (v) of the preceding paragraph concerning the

branch office, or other business office or office of a high-speed trader which is other than the head office, etc., a person that conducts transactions with the high-speed trader, or a person that has been entrusted with business by the high-speed trader (including a person that has been entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph) (hereinafter referred to as the "branch office, etc." in this Article) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the relevant branch office, etc. (if the person that conducts transactions or the person entrusted with business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.

- (4) The authority set forth in paragraph (2), item (v) connected with a high-speed trader designated by the Commissioner of the Financial Services Agency referred to in paragraph (2) concerning the branch office, etc. of the high-speed trader is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the branch office, etc. (if a person that conducts transactions with the high-speed trader or a person that has been entrusted with business by the high-speed trader (including a person that has been entrusted by that person (including entrustment via two or more layers)) is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, to the Director-General of the Kanto Finance Bureau); provided, however that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority.
- (5) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an inspection, etc. of the branch office, etc. pursuant to the provisions of the preceding two paragraphs finds the necessity conduct an inspection, etc. of the head office, etc. or of a branch office, etc. other than the aforementioned branch office, etc. of the relevant high-speed trader, the Director-General may conduct the inspection, etc. of the head office, etc. or the branch office, etc. other than the aforementioned branch office, etc. of the high-speed trader.
- (6) Having made a designation referred to in paragraph (2), the Commissioner of the Financial Services Agency is to give a public notice to that effect. The same applies if the Commissioner has canceled that designation.

(Delegation of Authority Concerning Associations to the Director-Generals of Local Finance Bureaus)

Article 43-3 (1) Within the scope of the authority of the Commissioner, the authority set forth in the following items is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality specified in each of those items (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau):

- (i) the acceptance of notification under the provisions of Article 64-7, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 66-25 of the Act): the locality of the head office, etc. of a financial instruments business operator, registered financial institution, or financial instruments intermediary service provider to which the sales representative related to the notification belongs;
 - (ii) the order under the provisions of Article 64-7, paragraph (7) of the Act (including as applied mutatis mutandis pursuant to Article 66-25 of the Act): the locality of the head office, etc. of a financial instruments business operator, registered financial institution, or financial instruments intermediary service provider to which a sales representative that falls under any of the items of Article 64-5, paragraph (1) of the Act belongs;
 - (iii) the hearing under the provisions of Article 64-7, paragraph (8) of the Act (including as applied mutatis mutandis pursuant to Article 66-25 of the Act): the locality of the head office, etc. of a financial instruments business operator, registered financial institution, or financial instruments intermediary service provider to which a sales representative that falls under any of the items of Article 64-5, paragraph (1) of the Act belongs; and
 - (iv) the disposition under the provisions of Article 187, paragraph (1) of the Act and the request for a report under paragraph (2) of that Article, which are related to the hearing prescribed in the preceding item: the locality of the head office, etc. of a financial instruments business operator, registered financial institution, or financial instruments intermediary service provider to which a sales representative that falls under Article 64-5, paragraph (1), item (i) or (ii) of the Act belongs.
- (2) Within the scope of the authority of the Commissioner, the authority under Article 67-13 of the Act is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the principal office of an authorized financial instruments firms association (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau).
- (3) Within the scope of the authority of the Commissioner, the authority under

the provisions of Article 75 and Article 79-4 of the Act (excluding the authority delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), items (iv) and (v) of the Act and Article 38-2, paragraph (2)) are delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the principal office of an association (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority.

- (4) The authority prescribed in the preceding paragraph concerning the office of an association which is other than its principal office, the person that has been entrusted with business by the association (including a person that has been entrusted by that person (including entrustment via two or more layers)), or the issuer of the over-the-counter traded securities registered by an authorized financial instruments firms association or the securities for which the authorized financial instruments firms association makes the designation as tradable securities (hereinafter referred to as the "secondary office, etc." in this Article) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the secondary office, etc. (if the person entrusted with business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.
- (5) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an inspection, etc. of the secondary office, etc. pursuant to the provisions of the preceding paragraph finds the necessity to conduct an inspection, etc. of the principal office or a secondary office, etc. other than the aforementioned secondary office, etc. of the relevant association, the Director-General may conduct the inspection, etc. of the principal office or the secondary office, etc. other than the aforementioned secondary office, etc.

(Delegation of Authority Concerning Certified Investor Protection

Organizations to the Director-Generals of Local Finance Bureaus)

Article 43-3-2 (1) Within the scope of the authority of the Commissioner, the authority under Article 79-16 of the Act is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the principal office of a certified investor protection organization (or, if that locality is within

the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority.

- (2) The authority set forth in the preceding paragraph which is related to the office of a certified investor protection organization which is other than its principal office (hereinafter referred to as the "secondary office" in this Article) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the secondary office (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, by the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.
- (3) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an inspection, etc. of the secondary office pursuant to the provisions of the preceding paragraph finds the necessity to conduct an inspection, etc. of the principal office or a secondary office other than the aforementioned secondary office of the relevant certified investor protection organization, the Director-General may conduct the inspection, etc. of the principal office or the secondary office other than the aforementioned secondary office.

(Delegation of Authority Concerning Financial Instruments Exchanges to the Director-Generals of Local Finance Bureaus)

- Article 43-4 (1) Within the scope of the authority of the Commissioner, the authority to accept the notification under the provisions of Article 121 and Article 126, paragraph (1) of the Act is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of a financial instruments exchange (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau).
- (2) Within the scope of the authority of the Commissioner, the authority under the provisions of Article 151 of the Act (excluding the authority delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), item (vi) of the Act and Article 38-2, paragraph (2)) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the financial instruments exchange (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance

Branch Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority.

- (3) The authority prescribed in the preceding paragraph concerning the branch office, other business office or office of a financial instruments exchange which is other than the head office or principal office, the subsidiary company of the financial instruments exchange, the commodity trading participant (meaning the commodity trading participant as defined in Article 151 of the Act; the same applies in Article 44, paragraph (15)) of the financial instruments exchange, the issuer of the securities which are listed on the financial instruments exchange, or a person entrusted with business by the financial instruments exchange (including a person that has been entrusted by that person (including entrustment via two or more layers)) (hereinafter referred to as the "branch office, etc." in this paragraph) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the branch office, etc. (if the person entrusted with the business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau), in addition to the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.
- (4) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an inspection, etc. of the branch office, etc. pursuant to the preceding paragraph finds the necessity to conduct an inspection, etc. of the head office or principal office or of a branch office, etc. other than the aforementioned branch office, etc. of the relevant financial instruments exchange, the Director-General may conduct the inspection, etc. of the head office or principal office or of the branch office, etc. other than the aforementioned branch office, etc.

(Delegation of Authority Concerning the Shareholders of an Incorporated Financial Instruments Exchange to the Director-Generals of Local Finance Bureaus)

Article 43-5 (1) Within the scope of the authority of the Commissioner, with regard to the authority set forth in the following items, the authority concerning residents is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of head office or principal office of the relevant resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the

Fukuoka Local Finance Branch Bureau) and the authority concerning non-residents is delegated to the Director-General of the Kanto Finance Bureau; provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority set forth in item (ii):

- (i) the acceptance of the notification under the provisions of Article 103-3, paragraph (1) and Article 106-15 of the Act; and
 - (ii) the order for submission of reports and materials, and inspection under the provisions of Article 103-4, Article 106-6, paragraph (1) (including as applied *mutatis mutandis* pursuant to Article 106-6, paragraph (2) of the Act), Article 106-16 and Article 106-20, paragraph (1) of the Act (including as applied *mutatis mutandis* pursuant to Article 106-20, paragraph (2) of the Act) (excluding those delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2)).
- (2) The authority set forth in item (ii) of the preceding paragraph concerning the business office or office of a resident which is other than the head office or principal office (hereinafter referred to as the "secondary office, etc." in this paragraph) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the secondary office, etc. (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.

(Delegation of Authority Concerning Financial Instruments Exchange Holding Companies to the Director-Generals of Local Finance Bureaus)

Article 43-6 (1) Within the scope of the authority of the Commissioner, the authority under the provisions of Article 106-27 of the Act (including as applied *mutatis mutandis* pursuant to Article 109 of the Act) (excluding the authority delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2)) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the financial instruments exchange holding company, etc. (meaning financial instruments exchange holding company, parent commodity exchange, etc. (meaning parent commodity exchange, etc. as defined in Article 102-3, paragraph (1) of the Act) or commodity exchange (excluding those that are financial instruments exchanges) which has a financial instruments exchange holding company as its subsidiary company; hereinafter the same applies in this Article and Article 44) (or, if that locality is within the jurisdictional

district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority.

- (2) The authority prescribed in the preceding paragraph concerning the branch office, other business office or office of a financial instruments exchange holding company, etc. which is other than the head office or principal office, or the subsidiary company of the financial instruments exchange holding company, etc. (hereinafter referred to as the "branch office, etc." in this Article) may be exercised by the Director-General of a Local Finance Bureaus who has jurisdiction in the locality of the branch office, etc. (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.
- (3) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an inspection, etc. of the branch office, etc. pursuant to the preceding paragraph, finds the necessity to conduct an inspection, etc. of the head office or principal office, or a branch office, etc. other than the aforementioned branch office, etc. of the relevant financial instruments exchange holding company, etc., the Director-General may conduct the inspection, etc. of the head office or principal office, or the branch office, etc. other than the aforementioned branch office, etc.

(Delegation of Authority Concerning Self-Regulatory Organizations to the Director-Generals of Local Finance Bureaus)

Article 43-6-2 (1) Within the scope of the authority of the Commissioner, the authority under the provisions of Article 151 of the Act as applied mutatis mutandis pursuant to Article 153-4 of the Act (excluding the authority delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), item (vi) of the Act and Article 38-2, paragraph (2)) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the principal office of the self-regulatory organization (meaning the self-regulatory organization as defined in Article 85 of the Act; hereinafter the same applies in this Article and Article 44) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority.

- (2) The authority prescribed in the preceding paragraph concerning the office of a self-regulatory organization which is other than its principal office or the person entrusted with business by the self-regulatory organization (including a person that has been entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph) (hereinafter referred to as the "secondary office, etc." in this Article) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the secondary office, etc. (if the person entrusted with business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau), in addition to the Director-General of the Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.
- (3) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an inspection, etc. of the secondary office, etc. pursuant to the preceding paragraph, finds the necessity to conduct an inspection, etc. of the principal office or a secondary office, etc. other than the aforementioned secondary office, etc. of the relevant self-regulatory organization, the Director-General may conduct the inspection, etc. of the principal office or the secondary office, etc. other than the aforementioned secondary office, etc.

(Delegation of Authority Concerning Foreign Financial Instruments Exchanges to the Director-Generals of Local Finance Bureaus)

- Article 43-7 (1) Within the scope of the authority of the Commissioner, the authority under the provisions of Article 155-9 of the Act (excluding the authority delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2), item (vii) of the Act and Article 38-2, paragraph (2)) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction over the domicile of the representative of a foreign financial instruments exchange (if the domicile is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority.
- (2) The authority prescribed in the preceding paragraph concerning the office of a foreign financial instruments exchange in Japan, participant of foreign financial instruments exchange, or or a person entrusted with business by the foreign financial instruments exchange (including a person that has been

entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph) (hereinafter referred to as the "office, etc." in this Article) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the office, etc. (if the person entrusted with business is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.

- (3) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an inspection, etc. of the office, etc. pursuant to the preceding paragraph, finds the necessity to conduct an inspection, etc. of the representative of the relevant foreign financial instruments exchange in Japan or an office, etc. other than the aforementioned office, etc., the Director-General may conduct the inspection, etc. of the representative in Japan or the Office, etc. other than the aforementioned office, etc.

(Delegation of Authority Concerning Securities Finance Companies to the Director-Generals of Local Finance Bureaus)

Article 43-8 (1) Within the scope of the authority of the Commissioner, the authority under the provisions of Article 156-34 of the Act (excluding the authority delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2)) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office of a securities finance company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority.

- (2) The authority prescribed in the preceding paragraph concerning the branch office, or other business office of a securities finance company which is other than the head office, or a person that has been entrusted with business by the securities finance company (including a person that has been entrusted by that person (including entrustment via two or more layers); hereinafter the same applies in this paragraph) (hereinafter referred to as the "branch office, etc." in this Article) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the branch office, etc. (if the person entrusted with business is an individual, that individual's domicile or

residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.

- (3) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an inspection, etc. of a securities finance company's branch office, etc. pursuant to the preceding paragraph finds the necessity to conduct an inspection, etc. of the head office of the relevant securities finance company or a branch office, etc. other than the aforementioned branch office, etc., the Director-General may conduct an inspection, etc. of the head office or a branch office, etc. other than the aforementioned branch office, etc.

(Delegation of Authority Concerning Stabilizing Transactions to the Director-Generals of Local Finance Bureaus)

Article 43-9 Within the scope of the authority of the Commissioner, the authority set forth in the following items is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office of the financial instruments business operator that has conducted the stabilizing transaction prescribed in Article 20, paragraph (1) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau):

- (i) the acceptance of a written notification of a stabilizing transaction under the provisions of Article 23; and
- (ii) the acceptance of a stabilizing transaction report under the provisions of Article 25.

(Delegation of Authority Concerning Purchase and Sale of Specified or Related Securities to the Director-Generals of the Local Finance Bureaus)

Article 43-10 (1) Within the scope of the authority of the Commissioner, with regard to the authority to accept reports under the provisions of Article 163, paragraph (1) or Article 165-2, paragraph (1) of the Act, the authority concerning residents is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning non-residents is delegated to the Director-General of the Kanto Finance Bureau:

- (2) Notwithstanding the provisions of the preceding paragraph, if the reports referred to in that paragraph are submitted through a financial instruments business operator or a registered financial institution pursuant to the provisions of Article 163, paragraph (2) or Article 165-2, paragraph (2) of the Act, the authority to accept those reports is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office, etc. of the financial instruments business operator or registered financial institution (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau), and if the reports are submitted through an authorized firm for on-exchange transactions, the authority to accept those reports is delegated to the Director-General of the Kanto Finance Bureau.
- (3) Within the scope of the authority of the Commissioner, the authority set forth in the following items is delegated to the Director-General of the Kanto Finance Bureau:
- (i) sending copies of the documents related to profits under the provisions of Article 164, paragraph (4) of the Act and copies of the documents related to partnership profits under the provisions of Article 165-2, paragraph (9) of the Act; and
 - (ii) the acceptance of a petition under the provisions of Article 164, paragraph (5) and Article 165-2, paragraph (10) of the Act.

(Delegation of Authority Concerning the Exercise of Voting Rights by Proxy to the Director-Generals of Local Finance Bureaus)

Article 43-11 Within the scope of the authority of the Commissioner, with regard to the authority to accept documents under the provisions of Article 36-3, paragraph (1), the authority concerning residents is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau), and the authority concerning non-residents is delegated to the Director-General of the Kanto Finance Bureau:

(Delegation of Authority Concerning Financial Instruments Business Operators of the Commission to the Director-Generals of Local Finance Bureaus)

Article 44 (1) Within the scope of the authority of the Commissioner, the authority set forth in the following items are delegated to the Director-General

of a Local Finance Bureau who has jurisdiction in the locality or over the address of the head office, etc., or the representative in Japan of a financial instruments business operator, registered financial institution, authorized firm for on-exchange transactions, notifier of specially permitted services, notifier of specially permitted services for foreign investors, etc., financial instruments intermediary service provider, high-speed trader, association, financial instruments exchange, financial instruments exchange holding company, etc., self-regulatory organization, foreign financial instruments exchange, or securities finance company (hereinafter referred to as the "financial instruments business operator, etc." in this Article) (if the locality or address is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commission itself from exercising that authority:

- (i) the authority set forth in the items of Article 194-7, paragraph (2) of the Act (excluding item (viii)) which has been delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2) of the Act; and
 - (ii) the authority under the provisions of Article 56-2, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 65-3, paragraph (3) of the Act), Article 56-2, paragraphs (3) and (4) and Article 60-11 of the Act (including as applied mutatis mutandis pursuant to Article 60-12, paragraph (3) of the Act), Article 63-6 (including as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Act), Article 63-14 (including as applied mutatis mutandis pursuant to Article 63-11, paragraph (2) of the Act), Article 66-22, Article 66-67, Article 75, Article 79-4, Article 106-27 (including as applied mutatis mutandis pursuant to Article 109 of the Act) and Article 151 of the Act (including as applied mutatis mutandis pursuant to Article 153-4 of the Act), Article 155-9 and Article 156-34 of the Act which has been delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2).
- (2) The authority of the Commission set forth in the items of the preceding paragraph concerning the branch office, etc. of a financial instruments business operator, branch office, etc. of a registered financial institution, secondary office, etc. of an authorized firm for on-exchange transactions, branch office, etc. of a notifier of specially permitted services, branch office, etc. of a notifier of specially permitted services for foreign investors, etc., branch office, etc. of a financial instruments intermediary service provider, branch office, etc. of a high-speed trader, secondary office, etc. of an association, secondary office, etc. of a financial instruments exchange, branch office, etc. of a financial instruments exchange holding company, secondary office, etc. of a self-regulatory organization, secondary office, etc. of a foreign financial

instruments exchange, or branch office, etc. of a securities finance company of a financial instruments business operator, etc. (hereinafter referred to as the "subject branch office, etc." in this Article) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the subject branch office, etc. (if a person that conducts business with the financial instruments business operator, etc. or a person entrusted with business by the financial instruments business operator, etc. (including a person that has been entrusted by that person (including entrustment via two or more layers)) is an individual, that individual's domicile or residence) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.

- (3) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an inspection, etc. of the subject branch office, etc. of a financial instruments business operator, etc. pursuant to the provisions of the preceding paragraph, finds the necessity to conduct an inspection, etc. of the head office, etc. or a subject branch office, etc. other than the aforementioned subject branch office, etc. of the relevant financial instruments business operator, etc., the Director-General may conduct the inspection, etc. of the head office, etc. or subject branch office, etc. other than the aforementioned subject branch office, etc.
- (4) When the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of a financial instruments exchange (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau) finds, with regard to the purchase and sale of securities or market derivatives transactions conducted on the financial instruments exchange market established by the financial instruments exchange for the financial instruments, etc. (meaning financial instruments, etc. prescribed in Article 84, paragraph (2) of the Act; hereinafter the same applies in this paragraph) listed on the financial instruments exchange, the necessity to order the head office, etc. of a financial instruments business operator, a registered financial institution, an authorized firm for on-exchange transactions, or a financial instruments intermediary service provider, branch office, etc. of a financial instruments business operator, branch office, etc. of a registered financial institution, secondary office, etc. of an authorized firm for on-exchange transactions, branch office, etc. of a financial instruments intermediary service provider, or branch office, etc. of a high-speed trader that

conducts purchase and sale of securities or market derivatives transactions related to the financial instruments, etc., or their intermediation, brokerage, or agency or high-speed trading (hereinafter referred to as the "trading financial instruments business operator, etc." in this paragraph) to submit reports and materials, the Director-General of a Local Finance Bureau may order the relevant trading financial instruments business operator, etc. to submit reports and materials, in addition to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in paragraph (1) and paragraph (2).

- (5) The provisions of paragraph (1) do not apply to the authority of the Commission set forth in the items of that paragraph which are related to a special financial instruments business operator and the financial instruments business operator, registered financial institution, authorized firm for on-exchange transactions, notifier of specially permitted services, notifier of specially permitted services for foreign investors, etc., and high-speed trader designated by the Commission. In such a case, in applying the provisions of the preceding three paragraphs, the phrases "the branch office, etc. of financial instruments business operator, branch office, etc. of a registered financial institution, secondary office, etc. of an authorized firm for on-exchange transactions, branch office, etc. of a notifier of specially permitted services, branch office, etc. of a specially permitted services for foreign investors, etc., branch office, etc. of a financial instruments intermediary service provider, branch office, etc. of a high-speed trader, secondary office, etc. of an association, secondary office, etc. of a financial instruments exchange, branch office, etc. of a financial instruments exchange holding company, secondary office, etc. of a self-regulatory organization, secondary office, etc. of a foreign financial instruments exchange, or branch office, etc. of a securities finance company of a financial instruments business operator, etc.", "The authority of Commission set forth in the items of the preceding paragraph which is related to", "the Director-General of a Local Finance Bureau and the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph", "subject branch office, etc.", and "the financial instruments business operator, etc." in paragraph (2) are deemed to be replaced with "the branch office, etc. of a financial instruments business operator, branch office, etc. of registered financial institution, secondary office, etc. of an authorized firm for on-exchange transactions, branch office, etc. of a notifier of specially permitted services, branch office, etc. of a notifier of specially permitted services for foreign investors, etc., or branch office, etc. of a high-speed trader of a financial instruments business operator, registered financial institution, authorized firm for on-exchange transactions, notifier of specially permitted services, notifier of specially permitted services for foreign investors, etc., or high-speed trader",

"Within the Commissioner's authority, the authority under the provisions of Article 57-10, paragraph (1) of the Act delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2), and the authority of the Commission set forth in the items of the preceding paragraph which is related to", "the Commission", "subject branch office, etc. (including subsidiary company, etc. of a special financial instruments business operator; the same applies in the following paragraph)" and "the financial instruments business operator, registered financial institution, authorized firm for on-exchange transactions, notifier of specially permitted services, notifier of specially permitted services for foreign investors, etc., or high-speed trader", respectively; the phrases "the subject branch office, etc. of a financial instruments business operator, etc." and "the relevant financial instruments business operator, etc." in paragraph (3) are deemed to be replaced with "the subject branch office, etc. of a financial instruments business operator, registered financial institution, authorized firm for on-exchange transactions, notifier of specially permitted services, notifier of specially permitted services for foreign investors, etc., or high-speed trader" and "the relevant financial instruments business operator, registered financial institution, authorized firm for on-exchange transactions, notifier of specially permitted services, notifier of specially permitted services for foreign investors, etc., or high-speed trader" respectively; and the phrase "the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in paragraph (1) and paragraph (2)" in the preceding paragraph is deemed to be replaced with "the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in paragraph (2)".

- (6) Having made a designation referred to in the preceding paragraph, the Commission is to give a public notice to that effect. The same applies if the Commission has cancelled that designation.
- (7) The term "branch office, etc. of a financial instruments business operator" as used in paragraph (2) and paragraph (4) means the branch office, other business office or office of a financial instruments business operator which is other than the head office, etc., a person that conducts transactions with the financial instruments business operator, a specified subsidiary corporation prescribed in Article 56-2, paragraph (1) of the Act, a holding company that has the financial instruments business operator as its subsidiary company, a person entrusted with business by the financial instruments business operator (including a person that has been entrusted by that person (including entrustment via two or more layers)), the parent financial institution, etc. or subsidiary financial institution, etc. as defined in Article 56-2, paragraph (3) of the Act of the financial instruments business operator (limited to the specified

- financial instruments business operator, etc. prescribed in paragraph (3) of that Article), or the parent bank, etc. or subsidiary bank, etc. as defined in paragraph (4) of that Article of the financial instruments business operator.
- (8) The term "branch office, etc. of a registered financial institution" as used in paragraph (2) and paragraph (4) means the branch office, other business office or office of a registered financial institution which is other than the head office, etc., a person that conducts transactions with the registered financial institution, a holding company that has the registered financial institution as its subsidiary company, a person entrusted with business by the registered financial institution (including a person that has been entrusted by that person (including entrustment via two or more layers)), or the parent financial institution, etc. or subsidiary financial institution, etc. prescribed in Article 56-2, paragraph (3) of the Act of the registered financial institution (limited to the specified financial instruments business operator, etc. prescribed in Article 56-2, paragraph (3) of the Act).
- (9) The term "secondary office, etc. of an authorized firm for on-exchange transactions" as used in paragraph (2) and paragraph (4) means the office and other facilities of an authorized firm for on-exchange transactions in Japan (excluding facilities which are located at the domicile of the representative in Japan), a person that conducts transactions with the authorized firm for on-exchange transactions, or a person entrusted with business by the authorized firm for on-exchange transactions (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (10) The term "branch office, etc. of a notifier of specially permitted services" as used in paragraph (2) means the branch office, business office or office, or any other facility of a notifier of specially permitted services which is other than their head office, etc., a person that conducts transactions with the notifier of specially permitted services, or a person entrusted with business by the notifier of specially permitted services (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (11) The term "branch office, etc. of a notifier of specially permitted services for foreign investors, etc." as used in paragraph (2) means the branch office, business office or office, or any other facility of a notifier of specially permitted services for foreign investors, etc. which is other than their head office, etc., a person that conducts transactions with the notifier of specially permitted services for foreign investors, etc., or a person entrusted with business by the notifier of specially permitted services for foreign investors, etc. (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (12) The term "branch office, etc. of a financial instruments intermediary service provider" as used in paragraph (2) and paragraph (4) means the branch office,

- or other business office or office of a financial instruments intermediary service provider which is other than their head office, etc., or a person that conducts transactions with the financial instruments intermediary service provider.
- (13) The term "branch office, etc. of a high-speed trader" as used in paragraph (2) and paragraph (4) means the branch office, other business office or office of a high-speed trader which is other than its head office, etc., a person that conducts transactions with the high-speed trader, or a person entrusted with business by the high-speed trader (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (14) The term "secondary office, etc. of an association" as used in paragraph (2) means the office of an association other than its principal office, the issuer of over-the-counter traded securities or tradable securities, or a person entrusted with business by the association (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (15) The term "secondary office, etc. of a financial instruments exchange" as used in paragraph (2) means the branch office, or other business office or office of a financial instruments exchange which is other than its head office, etc. or principal office, the subsidiary company of the financial instruments exchange, the commodity trading participant of the financial instruments exchange, the issuer of the securities that are listed on the financial instruments exchange, or a person entrusted with business by the financial instruments exchange (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (16) The term "branch office, etc. of a financial instruments exchange holding company" as used in paragraph (2) means the branch office, or other business office or office of a financial instruments exchange holding company, etc. which is other than its head office or principal office, or the subsidiary company of the financial instruments exchange holding company, etc.
- (17) The term "secondary office, etc. of a self-regulatory organization" as used in paragraph (2) means the office of a self-regulatory organization which is other than its principal office or a person entrusted with business by the self-regulatory organization (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (18) The term "secondary office, etc. of a foreign financial instruments exchange" as used in paragraph (2) means the office of a foreign financial instruments exchange in Japan (excluding the domicile of the representative in Japan), the participants of a foreign financial instruments exchange, or a person entrusted with business by the foreign financial instruments exchange (including a person that has been entrusted by that person (including entrustment via two or more layers)).
- (19) The term "branch office, etc. of a securities finance company" as used in

paragraph (2) means the branch office or other business office of a securities finance company which is other than its head office, or a person entrusted with business by the securities finance company (including a person that has been entrusted by that person (including entrustment via two or more layers)).

(20) Within the authority of the Commissioner, the authority under the provisions of Article 57-23 of the Act delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2) which is related to the branch office, etc. of a designated parent company is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the branch office, etc. of the designated parent company (if the person that conducts transactions with the designated parent company or the person that has been entrusted with business by the designated parent company (including a person that has been entrusted by that person (including entrustment via two or more layers)) is an individual, that individual's domicile or residence) (if the locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau, and if the location is outside of Japan, the Director-General of the Kanto Finance Bureau); provided, however that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority.

(21) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted an inspection, etc. of the branch office, etc. of a designated parent company pursuant to the preceding paragraph finds the necessity to conduct an inspection, etc. of the head office or principal office of the relevant designated parent company or a branch office, etc. of the relevant designated parent company other than the aforementioned branch office, etc. of the relevant designated parent company, the Director-General may conduct the inspection, etc. of the head office or principal office or of the branch office, etc. of the relevant designated parent company other than the aforementioned branch office, etc.

(22) The term "branch office, etc. of a designated parent company" as used in the preceding two paragraphs means a branch office, or business office or office of a designated parent company other than its head office or principal office, a person that conducts transactions with the designated parent company or a person that has been entrusted with business by subsidiary company, etc. of the designated parent company or by the designated parent company (including a person that has been entrusted by that person (including entrustment via two or more layers)).

(Delegation of Authority Concerning Investigations Related to the

Administrative Monetary Penalty of the Commission to the Director-
Generals of Local Finance Bureaus)

- Article 44-2 (1) Within the scope of the authority of the Commissioner, the authority set forth in Article 194-7, paragraph (2), item (viii) of the Act which has been delegated to the Commission pursuant to the provisions of Article 194-7, paragraph (2) of the Act is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the domicile of the person concerned with a case or a witness of a case concerning the administrative monetary penalty prescribed in Article 177, paragraph (1) of the Act (the case is referred to as an "administrative monetary penalty case" in paragraph (4) and paragraph (5)) (hereinafter the person is referred to as the "person concerned, etc. with a case" in this Article) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Office, the Director-General of the Fukuoka Local Finance Branch Office); provided, however, that this does not preclude the Commission itself from exercising that authority.
- (2) The authority of the Commission referred to in the preceding paragraph (limited to those related to Article 177, paragraph (1), items (i) and (ii) and paragraph (2) of the Act) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the residence of the person concerned, etc. with a case (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau), in addition to the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.
- (3) The authority of the Commission referred to in paragraph (1) (limited to the authority related to Article 177, paragraph (1), item (iii) and paragraph (2) of the Act) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the business office or other necessary places of the person concerned with a case prescribed in Article 177, paragraph (1), item (iii) of the Act (the business office and places are referred to as the "business office, etc. of a person concerned with a case" in the following paragraph and paragraph (5)) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Office, the Director-General of the Fukuoka Local Finance Branch Office), in addition to the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in paragraph (1),.
- (4) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has asked questions to the person concerned, etc. with a case or collected opinions or reports from those

persons, or conducted an inspection of the business office, etc. of a person concerned with a case pursuant to the provisions of the preceding two paragraphs finds the necessity to conduct an inspection of a business office, etc. of a person concerned with a case related to the same administrative monetary penalty case which is located outside their jurisdictional district, the Director-General may conduct an inspection of the business office, etc. of the person concerned with a case.

- (5) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has asked questions to a person concerned, etc. with a case or collected opinions or reports from those persons, or conducted an inspection of the business office, etc. of a person concerned with a case pursuant to the provisions of paragraph (2) and paragraph (3) finds the necessity to ask questions to or collect opinions or reports from a person concerned, etc. with a case related to the same administrative monetary penalty case that is other than the aforementioned person concerned, etc. with a case, the Director-General may ask questions to or collect opinions or reports from the person concerned, etc. with a case related to the same administrative monetary penalty case that is other than the aforementioned person concerned, etc. with a case.

(Delegation of Authority of the Commission Concerning the Disclosure of Corporate Affairs and Other Related Matters to the Director-Generals of Local Finance Bureaus)

Article 44-3 (1) Within the scope of the authority of the Commissioner, with regard to the authority under the provisions of Article 26 of the Act (including as applied *mutatis mutandis* pursuant to Article 27 of the Act) which has been delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (1), the authority concerning a domestic company whose amount of stated capital, total amount of funds, or the total amount of contribution is less than five billion yen, or a domestic company for which any of the securities it issues are not listed on a financial instruments exchange (excluding the domestic company specified by Cabinet Office Order) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant domestic company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau), and the authority concerning any other persons is delegated to the Director-General of the Kanto Finance Bureau; provided, however, that this does not preclude the Commission itself from exercising that authority.

- (2) Within the scope of the authority of the Commissioner, the authority under the provisions of Article 27-22, paragraph (1) (including as applied *mutatis*

mutandis pursuant to Article 27-22-2, paragraph (2) of the Act), Article 27-22, paragraph (2), and Article 27-22, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of the Act) which has been delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (1) is delegated to the Director-General of the Kanto Finance Bureau; provided, however, that this does not preclude the Commission itself from exercising that authority.

(3) Within the scope of the authority of the Commissioner, with regard to the authority under Article 27-30, Article 27-35, and Article 27-37 of the Act and the authority under Article 27-35 of the Act which has been delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (1), the authority concerning residents are delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant resident (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning non-residents is delegated to the Director-General of the Kanto Finance Bureau; provided, however, that this does not preclude the Commission itself from exercising that authority.

(4) Within the scope of the authority set forth in the preceding paragraph, the authority concerning residents may be exercised by the Director-General of the Kanto Finance Bureau in addition to the Director-General of a Local Finance Bureau or Director-General of the Fukuoka Local Finance Branch Bureau prescribed in that paragraph.

(Delegation of Authority of the Commission Concerning a Major Shareholder of Financial Instruments Exchanges to the Director-Generals of Local Finance Bureaus)

Article 44-4 (1) Within the scope of the authority of the Commissioner, with regard to the authority under the provisions of Article 56-2, paragraph (2), Article 57-26, paragraph (2), Article 103-4, Article 106-6, paragraph (1) (including as applied mutatis mutandis pursuant to Article 106-6, paragraph (2) of the Act), Article 106-16, and Article 106-20, paragraph (1) (including as applied mutatis mutandis pursuant to Article 106-20, paragraph (2) of the Act) of the Act which has been delegated to the Commission pursuant to the provisions of Article 38-2, paragraph (2), the authority concerning residents is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office or principal office of the relevant resident (or, if the locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau) and the authority concerning non-residents is

delegated to the Director-General of the Kanto Finance Bureau; provided, however, that this does not preclude the Commission itself from exercising that authority.

- (2) Within the scope of authority prescribed in the preceding paragraph, the authority under the provisions of Article 56-2, paragraph (2) of the Act may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office, etc. of a financial instruments business operator (excluding a special financial instruments business operator and the financial instruments business operator designated by the Commission) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau), in addition to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.
- (3) Within the scope of authority prescribed in paragraph (1), the authority under the provisions of Article 103-4 and Article 106-6, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to paragraph (2) of that Article) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the head office of a financial instruments exchange (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau), in addition to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in paragraph (1).
- (4) Within the scope of authority prescribed in paragraph (1), the authority under the provisions of Article 106-16 and Article 106-20, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to paragraph (2) of that Article) may be exercised by the Director-General of the Local Finance Bureau who has jurisdiction in the locality of the head office a financial instruments exchange holding company (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau), in addition to the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in paragraph (1).
- (5) The authority of the Commission prescribed in paragraph (1) concerning the business office or office of a resident which is other than their head office or principal office (hereinafter the office is referred to as the "secondary office, etc." in this paragraph) may be exercised by the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the relevant secondary office, etc. (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka

Local Finance Branch Bureau; if that locality is outside of Japan, the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraphs.

(Delegation of the Commission's Authority to Publicize the Name of the Persons Who Have Committed an Act in Violation of Laws or Regulations to the Director-Generals of Local Finance Bureaus)

Article 44-4-2 Within the scope of the authority of the Commissioner, the authority under the provisions of Article 192-2 of the Act delegated to the Commission pursuant to Article 38-2, paragraph (4) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the domicile or residence of the person that has committed an act in violation of laws or regulations or the place where an act in violation of laws or regulations has been committed (if the location or place is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau; and if the location or place is outside of Japan, to the Director-General of the Kanto Finance Bureau); provided, however, that this does not preclude the Commission itself from exercising that authority.

(Delegation of Authority of the Commission Concerning Petition for Prohibition Order or Order for Suspension by the Court to the Director-Generals of Local Finance Bureaus)

Article 44-5 (1) Within the scope of the authority of the Commissioner, the authority set forth in Article 194-7, paragraph (4), item (i) of the Act delegated to the Commission pursuant to the provisions of paragraph (4) of that Article is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the domicile or residence of the person concerned or witness (hereinafter referred to as the "person concerned, etc." in this Article) in connection with the petition under the provisions of Article 192 of the Act (referred to as the "petition for prohibition order, etc." in paragraphs (3) and (4)) (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commission itself from exercising that authority.

(2) The authority of the Commission referred to in the preceding paragraph concerning the business office or other necessary places of the person concerned, etc. (hereinafter referred to as "business office, etc. of the person concerned, etc." in this paragraph and the following paragraph) may be exercised by the Director-General of a Local Finance Bureau who has

jurisdiction in the locality of the business office, etc. of the person concerned, etc. (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau), in addition to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.

- (3) The Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has taken the disposition prescribed in Article 187, paragraph (1) of the Act against a person concerned, etc. pursuant to the provisions of the preceding paragraph (hereinafter referred to as "disposition for investigation" in this Article) may take the disposition for investigation against the person concerned, etc. if it is found necessary to take the disposition for investigation related to the business office, etc. of the person concerned, etc. in connection with the same petition for prohibition order, etc. outside their jurisdictional district.
- (4) The Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has taken the disposition for investigation against a person concerned, etc. pursuant to the provisions of paragraph (2) may take a disposition for investigation against a person concerned, etc. other than the person concerned, etc. in connection with the same petition for prohibition order, etc., if it is found necessary to take the disposition for investigation against the person concerned, etc. other than the person concerned, etc. in connection with the same petition for prohibition order, etc.
- (5) Within the scope of the authority of the Commissioner, the authority set forth in Article 194-7, paragraph (4), item (ii) of the Act delegated to the Commission pursuant to the provisions of paragraph (4) of that Article is delegated to the Director-General of a Local Finance Bureau who has jurisdiction in the locality of the domicile of the respondent or the place where any of the acts provided for in the items of Article 192, paragraph (1) of the Act has been conducted or is to be conducted (or, if that locality is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commission itself from exercising that authority.
- (6) The authority of the Commission referred to in the preceding paragraph may be exercised by the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has taken the disposition for investigation against a person concerned, etc. pursuant to the provisions of paragraph (1) or (2), in addition to the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.

Chapter IX Investigation into Criminal Cases

(Scope of Criminal Cases)

Article 45 (1) The crimes specified by Cabinet Order that are provided for in Article 210 of the Act are the following crimes:

- (i) a crime referred to in Article 197, paragraph (1), items (i) through (v) or paragraph (2), item (i) of the Act;
- (ii) a crime referred to in Article 197-2, items (i) through (x)-3, item (x)-7, or items (xiii) through (xv) of the Act;
- (iii) a crime referred to in Article 198-3 of the Act;
- (iv) a crime referred to in Article 198, items (ii)-2 through (ii)-4 of the Act;
- (v) a crime referred to in Article 198-3 of the Act;
- (vi) a crime referred to in Article 198-6, item (ii) or (ii)-2 of the Act;
- (vii) a crime referred to in Article 200, items (i) through (xii)-2, item (xiv), item (xv), item (xx), or item (xxi) of the Act;
- (viii) a crime referred to in Article 201, item (ii) of the Act (limited to the violation of conditions for restriction on business which have been attached for securing fairness in purchase and sale or other transactions of securities or derivatives transactions, etc.); and
- (ix) a crime referred to in Article 205, items (i) through (iv), items (vi)-2 through (vi)-4, item (xi), item (xii), item (xiv), or items (xviii) through (xx) of the Act.

(Special Provisions on the Specially Permitted Services for the Transitional Period)

(3) The employee specified by Cabinet Order that is provided for in Article 3-3, paragraph (1), item (iv) (including as applied mutatis mutandis pursuant to paragraph (7) of that Article) of the Supplementary Provisions of the Act is an employee of a person that seeks to give a notification of the specially permitted services for the transitional period (meaning the specially permitted services for the transitional period prescribed in paragraph (5) of that Article, and if applied mutatis mutandis pursuant to paragraph (7) of that Article, the services related to the act prescribed in that paragraph; hereinafter the same applies in this paragraph), who falls under any of the following items:

- (i) a person that supervises the function of providing guidance to ensure that laws and regulations, etc. are observed with regard to the specially permitted services for the transitional period, or any other person specified by Cabinet Office Order as being equivalent to the person; or
- (ii) a person that supervises the department conducting investments (including their guidance) with regard to the specially permitted services for the transitional period and any other person specified by Cabinet Office Order as

- being equivalent to the person.
- (4) The period specified by Cabinet Order that is provided for in Article 3-3, paragraph (3), item (i), sub-item (b) of the Supplementary Provisions of the Act is three years.
- (5) The cases specified by Cabinet Order that are provided for in Article 3-3, paragraph (3), item (i), sub-item (b) of the Supplementary Provisions of the Act are, if the period has been calculated for the foreign investment management business operator by deeming the period that has passed since one of the following persons commenced the investment management business in a foreign country (meaning the foreign country prescribed in sub-item (a) of that item) in compliance with foreign laws and regulations to be the period that has passed since the foreign investment management business operator commenced that business, cases in which that period is three years or more:
- (i) a person that has been merged into the foreign investment management business operator;
 - (ii) a person that has had the foreign investment management business operator succeed to all or part of the investment management business (limited to the cases specified by Cabinet Office Order) through a company split;
 - (iii) a person that has transferred all or part of the investment management business to the foreign investment management business operator (limited to the cases specified by Cabinet Office Order); and
 - (iv) the persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding three items.
- (6) The securities specified by Cabinet Order that are provided for in Article 3-3, paragraph (3), item (i), sub-item (f) of the Supplementary Provisions of the Act are the following securities (excluding share certificates associated with shares that do not allow voting rights to be exercised with regard to all the matters that can be resolved at a shareholders meeting (including voting rights for securities which may not be asserted against the issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of the Act on Book-Entry Transfer of Corporate Bonds and Shares) or other securities specified by Cabinet Office Order):
- (i) share certificates, share option certificates and corporate bond certificates with share options;
 - (ii) certificates of a beneficial interest in a securities trust of which the entrusted securities are the securities set forth in the preceding item; or
 - (iii) securities specified by Cabinet Office Order as being equivalent to the securities set forth in the preceding two items.
- (7) In applying the provisions of Article 38, paragraph (4) to the case in which the provisions of Article 194-7, paragraph (7), item (ii)-3 of the Act are applied

- pursuant to Article 3-3, paragraph (4) of the Supplementary Provisions of the Act following the deemed replacement of terms, in Article 38, paragraph (4), the term "items of Article 63-8, paragraph (1)" is deemed to be replaced with "items of Article 3-3, paragraph (5) of the Supplementary Provisions," and the term "Article 39" is deemed to be replaced with "Article 38-2, Article 39".
- (8) The things specified by Cabinet Order that are provided for in Article 3-3, paragraph (5), item (i), sub-item (c) of the Supplementary Provisions of the Act are the things set forth in the items of Article 1-3.
- (9) The public offering or private placement specified by Cabinet Order as having little likelihood of the persons that are not foreign investors, etc. acquire the securities that are provided for in Article 3-3, paragraph (5), item (ii), sub-item (a) of the Supplementary Provisions of the Act is what is specified in the following items in accordance with the category of securities set forth in each of those items:
- (i) the beneficiary certificates of a foreign investment trust prescribed in Article 2, paragraph (1), item (x) of the Act or the foreign investment securities prescribed in item (xi) of that paragraph: those for which the acquisition is conditional on the conclusion of a contract concerning transfer between the issuer of the beneficiary certificates or foreign investment securities and the person that seeks to acquire the beneficiary certificates or foreign investment securities in response to the solicitation for acquisition (hereinafter referred to as the "acquirer" in this item) as well as between the person that makes the solicitation for acquisition and the acquirer, which provides that the acquirer will not transfer the beneficiary certificates or foreign investment securities acquired by them to persons other than a foreign investor, etc. (meaning the foreign investor, etc. prescribed in Article 3-3, paragraph (6) of the Supplementary Provisions of the Act, and limited to those that do not fall under any of paragraph (5), item (i), (a) 1. through 3. of that Article; the same applies hereinafter) and provides other particulars specified by Cabinet Office Order; and
 - (ii) the rights set forth in Article 2, paragraph (2), item (vi) of the Act: those for which a restriction prohibiting the transfer of rights other than transfer to a foreign investor, etc. is imposed under the contract for the rights or by other juridical acts.
- (10) The public offering or private placement specified by Cabinet Order as having little likelihood of the persons that are not foreign investors, etc. acquire the beneficiary certificates that is provided for in Article 3-3, paragraph (5), item (ii), sub-item (b) of the Supplementary Provisions of the Act is that for which the acquisition is conditional on the conclusion of a contract between the issuer of the beneficiary certificates and the person that seeks to acquire the beneficiary certificates in response to the solicitation for

acquisition (hereinafter referred to as the "acquirer" in this paragraph), which provides that the acquirer will not transfer the beneficiary certificates acquired by them to persons other than a foreign investor, etc. and provides other particulars specified by Cabinet Office Order.

- (11) The public offering or private placement specified by Cabinet Order as having little likelihood of the persons that are not foreign investors, etc. acquire the rights that are provided for in Article 3-3, paragraph (5), item (ii), sub-item (c) of the Supplementary Provisions of the Act is that for which a restriction prohibiting the transfer of rights other than transfer to a foreign investor, etc. is imposed under the contract for the rights or by other juridical acts.
- (12) The persons specified by Cabinet Order as being closely related to a foreign investment management business operator that is provided for in Article 3-3, paragraph (6), item (ii) of the Supplementary Provisions of the Act are the following persons:
- (i) an officer (meaning an officer specified in Article 3-3, paragraph (1), item (iii) of the Supplementary Provisions of the Act) of the foreign investment management business operator;
 - (ii) an employee of the foreign investment management business operator;
 - (iii) the parent company, etc. (meaning a parent company, etc. prescribed in Article 15-16, paragraph (3)) of the foreign investment management business operator; and
 - (iv) the persons specified by Cabinet Office Order as being equivalent to the persons set forth in the preceding three items.
- (13) The provisions of paragraph (7) of the Supplementary Provisions apply mutatis mutandis to cases in which the provisions of Article 3-3, paragraph (4) of the Supplementary Provisions of the Act are applied mutatis mutandis pursuant to paragraph (7) of that Article. In such a case, in paragraph (7) of the Supplementary Provisions, the term "items of Article 63-8, paragraph (1)" is deemed to be replaced with "acts set forth in the items of Article 63-8, paragraph (1)" and the phrase "items of Article 3-3, paragraph (5) of the Supplementary Provisions" is deemed to be replaced with "acts set forth in Article 3-3, paragraph (7) of the Supplementary Provisions".