

REGULATIONS CONCERNING REPRESENTATION OF ADVERTISING, ETC. AND OFFER OF PREMIUMS

(Purpose)

Article 1 The purpose of the Regulations Concerning Representation of Advertising, etc. and Offer of Premiums is, with respect to Self-Offering and Other Transactions (the Self-Offering and Other Transactions set forth in Article 3, Item (9) of the Articles of Association; the same shall apply hereinafter) conducted by a Regular Member or Member Operating Online, to ensure appropriate representation of advertising and offer of premiums, and thereby contribute to investor protection by prescribing representations, methods, matters to be observed, etc.

(Definitions)

Article 2 In the Regulations, the definitions of the terms set forth in each of the following Items shall be prescribed in each Item:

- (1) Representation of Advertising, etc.
This shall mean the representations of the content of the Self-Offering and Other Transactions on advertising or other similar means prescribed in Article 37, Paragraph 1 of the Financial Instrument and Exchange Act (hereinafter referred to as the “FIEA”) through actions prescribed in Article 72 of the Cabinet Office Ordinance on the Financial Instruments Business, etc. (hereinafter referred to as “Advertising, etc.”).
- (2) Offer of Premiums
This shall mean any economic benefits prescribed in Paragraph 1 of the “Designation of Premiums and Representations prescribed in Article 2 of the Act Against Unjustifiable Premiums and Misleading Representations” (The Fair Trade Commission Notification No. 3 of 1962).

(General Regulations)

Article 3 Whenever making the representation of Advertising, etc., a Regular Member or Member Operating Online shall ensure to always earn the trust of investors, comply with the FIEA, other laws and regulations, the Articles of Association, and various rules and regulations (including detailed rules, guidance, and resolutions based on the above; hereinafter referred to as the “Laws and Regulations”), observe good faith principles of transactions, and make efforts to provide accurate information and correct and clear representations.

2. Whenever offering premiums, a Regular Member or Member Operating Online shall comply with the Laws and Regulations, observe good faith principles of transactions, maintain dignity, and make efforts to offer premiums in an appropriate manner.

(General Prohibited Acts)

Article 4 No Regular Member or Member Operating Online shall make a representation of Advertising, etc. which falls, or is likely to fall, under any of the following Items:

- (1) Representation of Advertising, etc. which runs counter to good faith principles of transactions;
- (2) Representation of Advertising, etc. which interrupt fair competition among Regular Members and Members Operating Online;
- (3) Representation of Advertising, etc. which impairs the dignity of any Regular Member or Member Operating Online;
- (4) Representation of Advertising, etc. which suggests unlawful acts;
- (5) Representation of Advertising, etc. which may mislead an investment decision by investors;
- (6) Representation of Advertisement, etc. which contains representations that inappropriately stimulate the willingness of investment by investors;
- (7) Representation of Advertising, etc. which is arbitrary or excessively subjective;
- (8) Representation of Advertising, etc. which includes a judgment or evaluation whose basis is not clearly indicated; and
- (9) Representation of Advertising, etc. which violates the FIEA, the Act Against Unjustifiable Premiums and Misleading Representations (hereinafter referred to as the "Premium and Representation Act"), by-laws of municipal government pursuant to the Outdoor Advertisement Act, or other laws and regulations.

2. When a Regular Member or Member Operating Online offers premiums to its investors, it shall not offer premiums that violate or are likely to violate the Premium and Representation Act, or other laws and regulations.

(Prohibition of Misleading Representation)

Article 5 In the case where a Regular Member or Member Operating Online makes a representation of Advertising, etc., such representation shall not include a representation that is contrary to the facts or that may mislead investors regarding the matters necessary for the selection of a Financial Instruments Business Operator or registered financial institution.

2. In the case where a Regular Member or Member Operating Online makes a representation of Advertising, etc., such representation of Advertising, etc. shall not include a representation that may mislead investors by suggesting that the Member is recommended by a competent authority or other public agency, or by suggesting that the content of its Advertisement, etc. is guaranteed by a competent authority or other public agency, because of its status as a registered Type II Financial Instruments Business.

3. In the case where a Regular Member or Member Operating Online makes a representation of Advertising, etc., such Advertising, etc. shall not include a representation that misleads investors by suggesting that the Member is recommended or guaranteed by the Association or by suggesting that the content of its Advertisement, etc. is guaranteed by the

Association, because of its status as a Regular Member or Member Operating Online of the Association.

(Prohibition of Guarantee of Profits or Compensation for Losses)

Article 6 No Regular Member or Member Operating Online shall make a representation of Advertising, etc. that may mislead investors into believing that the yield is or has been guaranteed or that losses are or have been completely or partially compensated for the product advertised.

(Prohibition of Affirmative or Stimulating Representations)

Article 7 When a Regular Member or Member Operating Online makes a representation of Advertising, etc., such representation shall neither be affirmative or unfairly stimulating the intention of investment, nor mislead investors that the investor can certainly have profits regarding the price, level, or value of securities and the economic outlook.

(Representation of Superiority)

Article 8 When a Regular Member or Member Operating Online makes a representation of Advertising, etc., it shall be prohibited from indicating that its performance, content, or method of the Self-Offering and Other Transactions is extremely superior to other Financial Instruments Business Operators or Registered Financial Institutions without giving a concrete ground for such superiority.

(Indication as a Regular Member or Member Operating Online)

Article 9 When a Regular Member or Member Operating Online makes representation of Advertising, etc., it shall indicate its trade name or name and the registered number that are registered in the Registration List of Financial Instruments Business Operators or the Registration List of Financial Institutions, and the name of the Association.

2 A Member Operating Online shall indicate the matter described in the preceding Paragraph clearly and precisely in a prominent location on its own website, etc. The Member shall also post its status as an Operator Handling Type II Electronic Public Offering for Micropayment Transaction in a similar manner.

(Internal Examination, etc., by Regular Members and Members Operating Online)

Article 10 When a Regular Member or Member Operating Online makes the representation of Advertising, etc. it shall appoint an employee in charge of examining the representation of Advertising, etc. (hereinafter referred to as “Advertising Examining Officer”) and make the Advertising Examining Officer examine that there has been or may have been no violation of the Laws and Regulations on such representation, provided, however, this provision shall not apply to the representation of Advertising, etc. for Professional Investors (including the Professional Investors prescribed in Article 2, Paragraph 31 of the FIEA) (excluding customers who are regarded as non-Professional Investors pursuant to Article 34-2, Paragraph 5 of the FIEA, and including customers who are deemed as Professional Investors prescribed in Article 34-3, Paragraph 4 of the FIEA [including cases where the same provisions apply mutatis mutandis to Article 34-4, Paragraph 6 of the FIEA)).

2. A Regular Member or Member Operating Online shall only appoint a person as an Advertising Examination Officer who has sufficient knowledge and experience on the regulations on Advertising, etc. under the Laws and Regulations.

(Development of Internal Control System)

Article 11 All Regular Members and Members Operating Online shall develop internal rules on the examination system, examination criteria, and retention system concerning the representation of Advertising, etc. and the Offer of Premiums for the purpose of appropriate and proper representation of Advertising, etc. and the Offer of Premiums, disseminate it to all the officers and employees, and thoroughly make them comply with it.

(Investigation of Violation)

Article 12 If the Association determines that the representation of Advertising, etc. and Offer of Premiums made by a Regular Member or Member Operating Online violates or is likely to violate the Regulations, the Association may request such Member to submit the relevant materials and obtain an explanation.

2. A Regular Member or Member Operating Online shall respond to the request for submitting materials or making an explanation prescribed in the preceding Paragraph.

(Guidelines Concerning Advertising, etc.)

Article 13 Matters necessary for the representation of Advertising, etc. and the Offer of Premiums made by a Regular Member or Member Operating Online in addition to those prescribed herein shall be prescribed in the “Guidelines Concerning Advertising, etc.”

SUPPLEMENTARY PROVISION 【Omitted】

(Note 1) This rule is based on the May 29, 2015 edition of the original Japanese text.

(Note 2) This translation is solely for the convenience of those interested therein, and accordingly all questions that may arise with regard to the meaning of the words or expressions herein shall be dealt with in accordance with the original Japanese text.