

## **REGULATIONS CONCERNING INTERNAL ADMINISTRATION SUPERVISORS OF TYPE II FINANCIAL INSTRUMENTS FIRM, ETC.**

### **(Purpose)**

**Article 1** The purpose of the Regulations Concerning Internal Administration Supervisors of Type II Financial Instruments Firm, etc. (hereinafter referred to as “Regulations”) is to prescribe the registration and duties, etc., of officers who engage in management, in Regular Members, of compliance with the Financial Instruments and Exchange Act (hereinafter referred to as “FIEA”), other laws and regulations, the Articles of Association, and various rules (including detailed rules, guidance, and resolutions based on the above; hereinafter referred to as the “Laws and Regulations”) concerning Self-Offering and Other Transactions (The Self-Offering and Other Transactions set forth in Article 3, Item (9) of the Articles of Association; excluding electronic application type electronic transaction operations, etc. prescribed in the “Regulations Concerning Electronic Application Type Electronic Transaction Operations, etc.,” the same shall apply hereinafter) carried out by Regular Members, thereby strengthening the internal control systems of Regular Members and contributing to the performance of proper sales activities.

### **(Registration of Internal Administration Supervisor of Type II Financial Instruments Firm)**

**Article 2** A Regular Member shall appoint one person as Internal Administration Supervisor of Type II Financial Instruments Firm on Self-Offering and Other Transactions (excluding electronic application type transactions), and submit to the Association an application form for the registration of such Internal Administration Supervisor using the prescribed form without delay.

2. When a Regular Member makes a change in the contents of the application form in the preceding Paragraph, it shall submit to the Association an application for the change in a designated form without delay.

3. When the Association has received a registration application or an application for change from a Regular Member pursuant to the preceding two Paragraphs, it shall register the Internal Administration Supervisors of Type II Financial Instruments Firm prescribed in Paragraph 1 in the register of Internal Administration Supervisors of Type II Financial Instruments Firm.

### **(Qualifications for Internal Administration Supervisor of Type II Financial Instruments Firm)**

**Article 3** The Regular Member's Internal Administration Supervisor of Type II Financial Instruments Firm shall be a registered officer who is in charge of internal control of Self-Offering and Other Transactions (excluding electronic application type transactions); provided, however, that this provision shall not apply when any one of the persons prescribed in the Detailed Rules is appointed as Internal Administration Supervisor of Type II Financial Instruments Firm.

**(Duties of Internal Administration Supervisor of Type II Financial Instruments Firm)**

**Article 4** The Internal Administration Supervisor of Type II Financial Instruments Firm shall comply with the Laws and Regulations, and shall make efforts to establish an internal control system for the purpose of directing officers or employees of such Regular Member to keep a business attitude toward complying with the Laws and Regulations so that sales activities including solicitation for investments, etc., and management of customers may be properly carried out.

2. When an officer or an employee of a Regular Member violates the Laws and Regulations, the Internal Administration Supervisor of Type II Financial Instruments Firm shall handle such violation properly pursuant to the Laws and Regulations in order that business activities such as an investment solicitation by the Regular Member are conducted properly and in compliance with the Laws and Regulations.

3. The Internal Administration Supervisor of Type II Financial Instruments Firm shall, with respect to the compliance with the Laws and Regulations in the course of sales activities such as an investment solicitation by a Regular Member, conduct proper communications and coordination with the administrative government offices, the Association, and other self-regulatory organizations.

4. When there has occurred a serious case concerning sales activities, including a solicitation for investments and management of customers by the Regular Member, the Internal Administration Supervisor of Type II Financial Instruments Firm of such Regular Member shall promptly report the details thereof to the Regular Member Representative or his / her deputy.

**(Instructions to Internal Administration Supervisor of Type II Financial Instruments Firm)**

**Article 5** The Regular Member Representative or his / her deputy shall ensure that the Internal Administration Supervisor of Type II Financial Instruments Firm is able to perform his/her duties properly.

2. When the Regular Member Representative or his / her deputy receives a report from the Internal Administration Supervisor of Type II Financial Instruments Firm pursuant to the provisions of Paragraph 4 of the preceding Article, he/she shall give proper instructions to such Internal Administration Supervisor of Type II Financial Instruments Firm.

**(Appointment of Sales Manager of Type II Financial Instruments Firm and Internal Administrator of Type II Financial Instruments Firm)**

**Article 6** For the purpose of proper conduct of business activities for Self-Offering and Other Transactions (excluding electronic application type transactions) such as solicitation for investments, etc. and management of customers, a Regular Member shall appoint one officer or employee as Sales Manager of Type II Financial Instruments Firm and another officer or employee as Internal Administrator of Type II Financial Instruments Firm, both of whom shall have sufficient knowledge and experience on the Laws and Regulations relating to the actual business activities of the Self-Offering and Other Transactions.

2. The Sales Manager of Type II Financial Instruments Firm shall comply with the Laws and Regulations; and guide and supervise officers or employees who conduct Self-Offering and Other Transactions (excluding electronic application type transactions) under the Sales Manager to keep a business attitude toward complying with the Laws and Regulations so that sales activities including a solicitation for investments and management of customers may be properly carried out.

3. The Internal Administrator of Type II Financial Instruments Firm shall comply with the Laws and Regulations; and conduct proper internal control by such means as constantly supervising to determine if sales activities for the Self-Offering and Other Transactions (excluding electronic application type transactions) of which such Internal Administrator is in charge are properly carried out pursuant to the Laws and Regulations.

4. The Sales Manager of Type II Financial Instruments Firm and the Internal Administrator of Type II Financial Instruments Firm shall, when there has occurred a serious case concerning sales activities including solicitation for investments and management of customers of which he/she is in charge, promptly report the details of such case to the Internal Administration Supervisor of Type II Financial Instruments Firm and receive its instructions.

5. A Regular Member may appoint the same person as both Internal Administration Supervisor of Type II Financial Instruments Firm and Internal Administrator of Type II Financial Instruments Firm, if the Association specifically admits it depending on the number of business offices or posting of staff members of such Regular Member.

#### **(Participation in Training Courses)**

**Article 7** A Regular Member shall have the Internal Administration Supervisor of Type II Financial Instruments Firm participate in a training course designated and conducted by the Association in each business year of the Association (business year prescribed in Article 53 of the Articles of Association; provided, however, exemption from participation in the training course shall be allowed when any one of the persons prescribed in the Detailed Rules is appointed as Internal Administration Supervisor of Type II Financial Instruments Firm.

2. A Regular Member shall have the Sales Managers of Type II Financial Instruments Firm and the Internal Administrator of Type II Financial Instruments Firm participate in a designated in-house training course on a regular basis; provided, however, the Regular Member may exempt them from participating in such in-house training course if they have participated in a training course designated and conducted by the Association.

#### **(Reporting of Appointment to the Association)**

**Article 8** A Regular Member shall report to the Association regarding the arrangement of Sales Managers of Type II Financial Instruments Firm and Internal Administrators of Type II Financial Instruments Firm as of the end of July every year without delay.

#### **(Detailed Rules)**

**Article 9** Matters necessary for the Internal Administration Supervisor of Type II Financial Instruments Firm, etc. in addition to those prescribed in the Regulations shall be prescribed in the “Detailed Rules Relating to Regulations Concerning Internal Administration Supervisors of Type II Financial Instruments Firm, 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.