

## **REGULATIONS ON DISCIPLINARY COMMITTEE**

### **(Purpose)**

**Article 1** The purpose of the Regulations on Disciplinary Committee (hereinafter referred to as the “Regulations”) is to prescribe matters that are necessary for the structure and operation of the Disciplinary Committee pursuant to the provision of Article 50, Paragraph 3 of the Articles of Association and the Regulations Concerning Disciplinary Action, etc. for Regular Members.

### **(Structure)**

**Article 2** The Disciplinary Committee shall consist of Governors, Regular Member Representative, Deputy of a Regular Member Representative, or other similar persons, and academic professionals, who are elected to the Committee.

### **(Committee Members)**

**Article 3** The committee members shall be elected by the Chairman with the consent of the Board of Governors.

2. The maximum number of committee members shall be nine.
3. The term of office for the committee member shall be one year; provided, however, if there is a vacancy on the seat of the committee members, the term of office for the succeeding committee member elected pursuant to the provision of Paragraph 1 shall be the remaining term of the preceding committee member.
4. When the term of office for the committee member expires, the preceding committee member shall continue serving until a new committee member is elected.

### **(Committee Chairman and Vice-Chairman)**

**Article 4** The Disciplinary Committee shall have one Committee Chairman and one Vice-Chairman.

2. The Committee Chairman and the Committee Vice-Chairman shall be elected from the committee members by the Chairman with consent of the Board of Governors.
3. The Committee Chairman shall be chairperson of the Disciplinary Committee and shall chair the meeting.
4. The Committee Vice-Chairman shall support the Committee Chairman and assume the office of Committee Chairman or act on behalf of the Committee Chairman when the Committee Chairman is absent or has a problem discharging his/her duties.

### **(Convocation of Disciplinary Committee)**

**Article 5** The Committee Chairman may call the Disciplinary Committee meeting as necessary.

### **(Quorum)**

**Article 6** The Disciplinary Committee cannot hold a meeting and make a resolution without having the attendance of the majority of the committee members who hold voting rights.

### **(Resolution)**

**Article 7** The agenda of the Disciplinary Committee shall be resolved by the majority of the voting rights held by the attending committee members.

2. Each committee member shall have one voting right.
3. If a committee member has a special interest in a specific agenda item, such committee member cannot participate in the discussion about such agenda item.
4. If the number of affirmative votes and that of dissenting votes are the same on a specific agenda item, the Committee Chairman shall cast a tie-breaking vote.

### **(Attendance of Regular Member Concerned with the Agenda Item)**

**Article 8** The Committee Chairman may ask the attendance of an officer or an employee of the Regular Member concerned with the agenda item or a witness who relates to the agenda item in the meeting and ask questions as necessary.

### **(Disciplinary Committee on Paper, etc.)**

**Article 9** In the case where the Committee Chairman determines it necessary, he or she may ask for voting in writing or by other means to the members of the Disciplinary Committee without calling a meeting of the Committee as an alternative of the resolution at the meeting of the Disciplinary Committee. In such case, if the Committee Chairman asks for voting by means other than in writing, he or she shall immediately confirm the voting by the committee members in writing without delay.

2. The provision of Article 7 shall apply mutatis mutandis to the voting by the committee members. In such case, “the attending committee members” in Article 7, Paragraph 1 shall be read as “the committee members who cast votes.”

### **(Minutes)**

**Article 10** The summary and result of discussion of the agenda of the Disciplinary Committee shall be recorded in the minutes.

2. The written minutes of the Disciplinary Committee prescribed in the preceding Article, Paragraph 1 shall be replaced by a document confirming the agenda that is prescribed in the same Paragraph.

### **(Confidential Obligation)**

**Article 11** The committee members shall not leak confidential information that is obtained in their capacity as members of the Disciplinary Committee during the term of office as well as after resignation from office.

**(Detailed Rules on Agenda)**

**Article 12** The Disciplinary Committee may separately establish detailed rules about the rules of discussion procedures and other matters that are necessary for the operation of the Committee in addition to those prescribed in the Regulations.

**SUPPLEMENTARY PROVISION (May 20, 2011)**

The Regulations shall be effective on the date when the Association is authorized as the Financial Instruments Firms Association prescribed in Article 78, Paragraph 1 of the Financial Instruments and Exchange Act by the Prime Minister (June 30, 2011).

(Note1) This rule is based on the June 30, 2011 edition of the original Japanese text.

(Note2) 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.