

## **AUDIT REGULATIONS**

### **(Purpose)**

**Article 1** The purpose of the Audit Regulations is to describe matters that are necessary for an audit of Regular Members and Members Operating Online prescribed in Article 17, Paragraph 1 of the Articles of Association.

### **(Auditor)**

**Article 2** The audit shall be conducted by an auditor who is an employee of the Association and appointed by the Chairman.

### **(Scope of Audit)**

**Article 3** The scope of audit shall be the compliance status by the Regular Member or Member Operating Online with the Laws and Regulations, orders or disciplinary action based thereon, the Articles of Association, various rules, and the good faith principles of business transactions, as well as the business and financial condition, books, documents, and other properties of the Member.

### **(Audit Procedures)**

**Article 4** The audit shall be conducted based on documents that are submitted to the Association by a Regular Member or Member Operating Online, or on an on-site basis for the headquarters and branch offices/business offices of a Regular Member or Member Operating Online.

**2.** The on-site audit shall be conducted by the following methods:

- (1) By visiting the office;
- (2) By conducting a hearing; and
- (3) Other means that the Association believes appropriate in addition to those set forth in the preceding two Items.

**3.** When conducting the audit in a method set forth in the preceding Paragraph, Item (2), it is permissible to invite officers and employees of the Regular Member or Member Operating Online to the Association office for such audit.

### **(Advance Notice)**

**Article 5** When conducting the on-site audit, the Association shall notify the Regular Member or Member Operating Online in advance of the date, time, and method of on-site audit, and name of the auditor; provided, however, this notice can be omitted if the Chairman of the Association determines it unnecessary.

**(Power of Auditor)**

**Article 6** The auditor may ask a Regular Member or Member Operating Online to provide or give permission for review of books, documents, and other properties relating to the audited issues, or submit materials or give explanation of the fact(s).

**(Obligations of Auditor)**

**Article 7** The auditor shall comply with the matters set forth in each Item below:

- (1) When conducting an audit, the auditor shall make an effort to have a calm and moderate attitude and maintain his or her dignity and confidence.
- (2) The audit shall be conducted fairly and effectively based on the facts;
- (3) When auditing valuable goods or other important properties, the auditor shall ask the Regular Member or Member Operating Online to have the presence of a staff member of the Member who is in charge of such goods or property, and shall conduct the audit quickly in a timely manner so as not to bring any accident such as loss.
- (4) When recognizing the fact(s), determining the disciplinary action, and expressing opinions, the auditor shall make effort to always be fair.
- (5) The auditor shall not leak matters obtained during the course of business to a third party without a justifiable reason.

**(Indication of Auditor's ID)**

**Article 8** When the auditor commences the audit, it shall indicate to the Regular Member or Member Operating Online his or her Auditor's ID, the form of which is prescribed separately.

**(Reporting of Audit Result)**

**Article 9** The auditor shall report the result of the audit conducted pursuant to Article 4 to the Chairman of the Association in writing.

**2.** In the case where the Chairman of the Association finds any matter that fits or is likely to fit the reasons prescribed in respective Items of Article 23, Paragraph 1 of the Articles of Association, or any situation that fits those prescribed in Article 24 of the Articles of Association, he or she may report it to the Disciplinary Committee with the result of the audit pursuant to the Regulations Concerning Disciplinary Action, etc..

**(Notification of Audit Result)**

**Article 10** The Association shall in principle notify in writing the result of audit to the audited Regular Member or Member Operating Online.

**(Joint Audit)**

**Article 11** An audit that is jointly conducted with an authorized association or other approved association shall be conducted pursuant to the Regulations and also other matters that are determined by the Chairman of the Association as necessary.

**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.