

## **REGULATIONS CONCERNING THE ENFORCEMENT OF THE ARTICLES OF ASSOCIATION**

### **(Purpose)**

**Article 1** The Regulations shall prescribe the matters deemed necessary with respect to the enforcement of the Articles of Association under the provisions of Article 10 of the Articles of Association.

### **(Qualifications for Member Representatives and Their Deputies)**

**Article 2** A Member Representative and his/her deputy prescribed in Article 14, Paragraph 1 and Paragraph 2 of the Articles of Association shall meet the requirements set forth in each of the following Items, respectively:

- (1) A Member Representative shall be a registered representative director; provided, however, that if a Regular Member (excluding the Registered Financial Institution) or Member Operating Online is a foreign corporation, the Representative shall be the representative person in Japan prescribed in Article 29-4, Paragraph 1, Item (4)-(iii) of the Financial Instruments and Exchange Act (hereinafter referred to as the “FIEA”) (including the acting representative person prescribed in Article 65, Paragraph 1 of the FIEA; the same shall apply hereinafter). If a Regular Member (limited to a Registered Financial Institution) is a foreign corporation, the Representative shall be the representative person of a branch office or representative office prescribed in Article 47, Paragraph 1 of the Banking Act, or a representative in Japan prescribed in Article 187, Paragraph 1, Item (2) of the Insurance Business Act.
- (2) The deputy of a Member Representative shall be a registered director or a person who has power similar to a registered director’s power; provided, however, that if a Regular Member is a foreign corporation, the deputy shall be a person who has the authority equivalent to that of the representative person prescribed in the preceding Item;
- (3) A Member Representative and his/her deputy shall be persons who do not fall under the provisions of Article 29-4, Paragraph 1, Item (2), (i) through (ix) of the FIEA.

### **(Main Branch Office, etc. in Japan)**

**Article 3** A Regular Member or Member Operating Online that is a foreign corporation must determine a main branch office, etc., deemed suitable for liaison with the Association (hereinafter referred to as “Main Branch Office in Japan”), and notify the Association thereof.

### **(Matters for Notification)**

**Article 4** Notification by a Regular Member or Member Operating Online as prescribed in Article 15 of the Articles of Association shall be made to the Association in the event that the notifications or the notification of public announcements related to each of the following Items are filed with the Commissioner of the Financial Services Agency under the provisions

of the FIEA:

- (1) Abolition of the Financial Instruments Business or business that is subject to the registration pursuant to Article 33-2, Paragraph 1 of the FIEA;
- (2) Merger (limited to a merger by which the Regular Member or Member Operating Online goes out of existence) or dissolution;
- (3) Divestiture or spin off (limited to cases where all or part of the business of the Regular Member or Member Operating Online is divested); or
- (4) Transfer of all or part of business.

**(Matters to be Reported)**

**Article 5** Reports by a Regular Member or Member Operating Online as prescribed in Article 15 of the Articles of Association shall be made in the cases set forth below:

- (1) When a trade name or a name has been changed;
- (2) When the amount of capital, total amount of investment, or paid-in capital has been changed;
- (3) When an officer who is responsible for business related to Self-Offering and Other Transactions has been changed, or the title of such officer has been changed;
- (4) When the head office has been relocated, the address of the head office has been renamed, or the name of the head office has been changed;
- (5) When a branch office, etc. for the conduct of business related to Self-Offering and Other Transactions has been established, closed, or relocated, or the address of such branch office, etc. has been renamed, or the name of such branch office, etc. has been changed;
- (6) When the registration change under the provisions of Article 31, Paragraph 4 of the FIEA has been accepted;
- (7) When a Regular Member or Member Operating Online has become a member of an Authorized Association or a Public Interest Association under the FIEA, or has withdrawn therefrom;
- (8) When the documents prescribed in Article 29-2, Paragraph 2, Item (2) (or Article 33-3, Paragraph 2, Item (2) for the Registered Financial Institutions) of the FIEA have been revised (limited to the business related to Self-Offering and Other Transactions, regarding the type of business);
- (9) When a Regular Member or Member Operating Online has suspended or resumed business related to Self-Offering and Other Transactions;
- (10) When a Regular Member or Member Operating Online has merged with another

corporation (excluding a merger by which the Regular Member or Member Operating Online goes out of existence);

- (11) When a Regular Member or Member Operating Online succeeds all or part of the business of another corporation due to a divestiture, or when a Regular Member or Member Operating Online has obtained all or part of the business of another corporation by transfer;
- (12) When a Regular Member or Member Operating Online has acquired, holds, or ceases to hold a majority of the total shareholder votes of a financial institution, a corporation engaged in business similar to that of financial institutions in a foreign country, a Financial Instruments Business Operator, or a foreign corporation engaged in the financial instruments business, or when there has been a merger, dissolution, or termination of the entire business of the corporation;
- (13) When another corporation or entity obtains a majority of the total votes held by all the shareholders, etc;
- (14) When another corporation or entity becomes a parent corporation or subsidiary corporation, or ceases to be a parent or subsidiary corporation;
- (15) When a Regular Member or Member Operating Online has filed a petition for bankruptcy proceedings, reorganization proceedings, or rehabilitation proceedings (for a foreign corporation, including the cases where a similar filing is made in a country in which the head office is located pursuant to the laws and regulations of said country) or when a Regular Member or Member Operating Online has become aware that a petition for bankruptcy proceedings, reorganization proceedings, or rehabilitation proceedings has been filed (for a foreign corporation, including cases where a Regular Member or Member Operating Online has become aware that a similar filing is made in a country in which the head office of the corporation is located pursuant to the laws and regulations of said country);
- (16) When a Regular Member or Member Operating Online has amended its Articles of Incorporation (limited to the provisions relating to business related to Self-Offer and Other Transactions);
- (17) When there has been a change in either the name or the corporate name of any of the ten largest shareholders (the ten shareholders who hold the first through tenth largest numbers of shares in their own names or in the name of another person), or when there has been a change in the number of shares or ratio of the number of votes represented by those shares held by such shareholder to total votes of all the shareholders;
- (18) When the registration of a Regular Member or Member Operating Online has been revoked, or a Regular Member or Member Operating Online has been ordered to suspend all or part of its business, to change the methods of business or take other necessary measures for improving its business operation, or to remove its officer under the provisions of the FIEA;

- (19) When a Regular Member or Member Operating Online has been fined under the provisions of the FIEA;
- (20) When a Regular Member or Member Operating Online has prepared the business report under the provisions of the FIEA;
- (21) When a Regular Member or Member Operating Online has prepared the explanatory documents pursuant to Article 46-4 or Article 47-3 of the FIEA;
- (22) When a Regular Member or Member Operating Online has prepared the monitoring report pursuant to Article 56-2 of the FIEA;
- (23) When the capital or the total amount of contribution falls below the amount prescribed in Article 15-7, Paragraph 1, Item (5) or Item (8) of the Enforcement Ordinance of the Financial Instruments and Exchange Act;
- (24) When a Regular Member or Member Operating Online has become aware that an officer or a major employee falls under any of the provisions of Article 29-4, Paragraph 1, Item (2), (i) through (ix) of the FIEA;
- (25) When an inspection under the provisions of the FIEA has been commenced, and when such inspection has been completed (including details of issues to be pointed out at the inspection in the case there are some issues pointed out on the inspection result notification);
- (26) When a Regular Member or Member Operating Online becomes a party to a lawsuit or arbitration that is related to business related to Self-Offering and Other Transactions, or when such lawsuit or arbitration has been concluded;
- (27) When a Regular Member or Member Operating Online has become aware that, regarding business related to Self-Offering and Other Transactions, any act in violation of the laws and regulations which should be observed by a Regular Member and Member Operating Online has been committed.
- (28) When the Association believes it necessary in addition to the cases set forth in each Item above.

**(Documents Attached to the Application for Admission)**

**Article 6** The documents attached to the application for admission prescribed in Article 19, Paragraph 2 of the Articles of Association shall be as follows:

- (1) A copy of the application registration prescribed in Article 29-2 or Article 33-3 of the FIEA, and a copy of the documents attached to such application;
- (2) A copy of the document which certifies the registration set forth in Item (1) above
- (3) The document which states whether a corporation or institution falls under the provisions of Article 20, Item (1) of the Articles of Association and, if so, the document which states the details thereof; and

- (4) Other materials that are deemed necessary by the Association.

**(Notification of Approval of Admission)**

**Article 7** When the Association has approved the admission of Admission Applicant pursuant to the provisions of Article 19 of the Articles of Association, it shall notify said Admission Applicant and all Regular Members and Members Operating Online to that effect.

**(Notification and Public Announcement of Disciplinary Action Against a Regular Member or Member Operating Online, Lapse in Membership, etc.)**

**Article 8** The Association shall notify a Regular Member or Member Operating Online that falls under any of the following Items to that effect:

- (1) When the Association has approved the withdrawal of a Regular Member or Member Operating Online pursuant to Article 22 of the Articles of Association;
- (2) When the Association takes disciplinary action against a Regular Member or Member Operating Online pursuant to Article 23, Paragraph 1 of the Articles of Association;
- (3) When the Association admonishes a Regular Member or Member Operating Online pursuant to Article 24 of the Articles of Association;

**2.** The Association shall notify all Regular Members and Members Operating Online when a certain Regular Member or Member Operating Online falls under any of the following Items:

- (1) When the Membership of such Member has been lapsed pursuant to Article 12, Paragraph 2 of the Articles of Association;
- (2) When the Association takes disciplinary action against such Member pursuant to Article 23, Paragraph 1 of the Articles of Association.

**3.** The Association shall make a public announcement when it makes the notification prescribed in the preceding Paragraph.

**(Notification and Public Announcement of Withdrawal of a Support Member)**

**Article 9** The Association shall notify any Support Member being required to withdraw from the Association pursuant to Article 22-2 of the Articles of Association.

**2** The Association shall notify all Regular Members and Members Operating Online when a certain Support Member falls under the preceding Paragraph, and shall also make a public announcement.

**(Violation of the good faith principles of business transactions)**

**Article 10** Acts in violation of the good faith principles of business transactions prescribed in Article 20, Item (1) and Article 23, Paragraph 1, Item (4) of the Articles of Association shall

be the acts set forth below and other acts which would impair the credibility of the Association, Regular Members or Members Operating Online, or which are disloyal to the Association, Regular Members or Members Operating Online:

- (1) To interfere with or to disturb the business of the Association or the business operations of other Regular Members or Members Operating Online;
- (2) To conduct fraudulent, unfaithful, or improper acts or to carelessly or neglectfully conduct processing concerning Self-Offering and Other Transactions.

**SUPPLEMENTARY PROVISION 【Omitted】**

(Note 1) This rule is based on the April 1, 2016 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.