

## **Rules Regarding Trading Units of Foreign Stocks** (as of April 1, 2011)

Tokyo Stock Exchange, Inc.

### **Rule 1. Purpose**

These Rules shall prescribe necessary matters concerning the trading units of foreign stocks pursuant to Rule 15, Item 1, Sub-item b, and Items 3 and 4 of the Business Regulations.

### **Rule 2. Trading Units**

The trading units of foreign stocks (excluding foreign indicator-tracking securities, foreign investment trust beneficiary certificates, foreign investment securities, foreign stock depositary receipts, foreign securities trust beneficiary certificates, and beneficiary certificates of foreign beneficiary certificate issuing trusts; hereinafter the same) shall be as prescribed in accordance with the classifications of the prices converted into yen (translated the average of closing prices or quote prices at main foreign financial instruments exchanges (including organized OTC markets; hereinafter the same) during one year dating back from a day within two weeks prior to the listing application day of said stock into yen with the middle rate of the TTS and TTB in the Tokyo foreign exchange market on the listing application day; hereinafter the same) of said stocks set forth in each of the following items; provided, however, where the Exchange deems it inappropriate to use said trading units specified in each item in light of the company system, etc. in the home country of the stock issuer, the trading units shall be determined by the Exchange on a case by case basis.

In this instance, where the Exchange deems it inappropriate to use the middle rate of the TTS and TTB, the Exchange shall designate a foreign exchange rate on a case by case basis.

Moreover, the prices translated the average of closing prices or quote prices at main foreign financial instruments exchanges on the listing application day into yen with the middle rate of the TTS and TTB in the Tokyo foreign exchange market on the listing application day shall be an amount determined by the Exchange in light of an issue price or a secondary offering price at the time of issuing a new stock due to a general subscription of a stock (public offering) or a secondary offering conducted during the period from the listing application day to the day immediately prior to the listing day if a foreign stock has no closing price or quote price at foreign financial instruments exchanges.

- (1) In the case of less than five hundred (500) yen  
Ten thousand (1,000) shares per unit
- (2) In the case of five hundred (500) yen or more, but less than one thousand (1,000) yen  
Five hundred (500) shares per unit
- (3) In the case of one thousand (1,000) yen or more, but less than five thousand (5,000) yen  
One hundred (100) shares per unit

- (4) In the case of five thousand (5,000) yen or more, but less than ten thousand (10,000) yen  
Fifty (50) shares per unit
- (5) In the case of ten thousand (10,000) yen or more, but less than fifty thousand (50,000) yen  
Ten (10) shares per unit
- (6) In the case of fifty thousand (50,000) yen or more  
One (1) share per unit

2. The trading units of foreign investment trust beneficiary certificates, foreign investment securities, beneficiary certificates of a beneficiary certificate issuing trust (limited to those whose trust assets are foreign investment trust beneficiary certificates, foreign investment securities, or beneficiary certificates of a foreign beneficiary certificate issuing trust), and beneficiary certificates of a foreign beneficiary certificate issuing trust (hereinafter referred to as "foreign investment trust beneficiary certificates, etc.") shall be ten (10) lots for stocks whose prices converted into yen are less than JPY 5,000 (in the case of foreign investment securities similar to investment corporation bonds, one (1) security shall be treated as one (1) lot; the same shall apply hereinafter), and one (1) lot for stocks whose prices are JPY 5,000 or more; provided, however, that, if the Exchange deems it inappropriate to use said trading units in light of the legal system, etc. in the home country of the issuer of said foreign investment trust beneficiary certificates, etc., the Exchange shall designate trading units on a case by case basis.

### **Rule 3. Change in Trading Units**

If the listed stock is a foreign stock and the closing price average in the Exchange market for the latest one (1) year of a listed foreign stock (hereinafter the "closing price average") (see Note 1 below) falls under cases specified in each of the following items, the Exchange shall change the trading unit of said stock to the unit set forth in each of said items; provided, however, that when the Exchange deems it inappropriate to change the units to those specified in each of said items in light of the distribution state of said stock or company system, etc. in the home country of the issuer of said stock, the Exchange shall change the units of said stock to those other than the units set forth in each of said items or shall leave the units of said stock unchanged.

(Note 1) The closing price means the final price (including the final special quote prices displayed pursuant to the provisions of Rule 10 of the Rules Concerning Bids/Offers and the final sequential trade quote prices displayed pursuant to the provisions of Rule 11 of the same Rules). If there is no contract price (including the special quote prices displayed pursuant to the provisions of Rule 10 of the same Rules) on that day, the closing price means a base price prescribed in the provisions of Rule 4, Paragraph 1, Item 2 of the Rules Concerning Price Limits on Bids/Offers.

- (1) One trading unit shall be one thousand (1,000) shares if the closing price averages of the following stocks are less than two hundred (200) yen:
    - (a) a stock whose trading unit is five hundred (500) shares (hereinafter referred to as a "500-share unit stock"),
    - (b) a stock whose trading unit is one hundred (100) shares (hereinafter referred to as a "100-share unit stock"),
    - (c) a stock whose trading unit is fifty (50) shares (hereinafter referred to as a "50-share unit stock"),
    - (d) a stock whose trading unit is ten (10) shares (hereinafter referred to as a "10-share unit stock"), or
    - (e) a stock whose trading unit is one (1) share (hereinafter referred to as a "1-share unit stock")
  - (2) One trading unit shall be five hundred (500) shares if the closing price average of a stock whose trading unit is one thousand (1,000) shares (hereinafter referred to as a "1,000-share unit stock") is five hundred (500) yen or more, but less than one thousand (1,000) yen, or if the closing price average of a 100-share unit stock, 50-share unit stock, 10-share unit stock, or 1-share unit stock is two hundred (200) yen or more, but less than five hundred (500) yen.
  - (3) One trading unit shall be one hundred (100) shares if the closing price average of a 1,000-share unit or a 500-stock trading unit stock is one thousand (1,000) yen or more, but less than five thousand (5,000) yen, or if the closing price average of a 50-stock unit stock, a 10-stock unit stock, or a 1-stock unit stock is five hundred (500) yen or more, but less than one thousand (1,000) yen.
  - (4) One trading unit shall be fifty (50) shares if the closing price average of a 1,000-share unit stock, a 500-share unit stock, or a 100-share unit stock is five thousand (5,000) yen or more, but less than ten thousand (10,000) yen, or if the closing price average of a 10-share unit stock or a 1-share unit stock is one thousand (1,000) yen or more, but less than five thousand (5,000) yen.
  - (5) One trading unit shall be ten (10) shares if the closing price average of a 1,000-share unit stock, a 500-share unit stock, a 100-share unit stock, or a 50-share unit stock is ten thousand (10,000) yen or more, but less than fifty thousand (50,000) yen, or if the closing price average of a 1-trading unit stock is more than five thousand (5,000) yen, but less than thirty thousand (30,000) yen.
  - (6) One trading unit shall be 1 share if the closing price average of a 1,000-share unit stock, a 500-share unit stock, a 100-share unit stock, a 50-share unit stock, or a 10-share unit stock is fifty thousand (50,000) yen or more.
2. In the event that the listed stock is a foreign investment trust beneficiary certificate, etc. and the closing price average falls under each of the following items, the trading unit of said stock shall be changed to that specified in each of said items; provided, however, the trading unit of said stock shall be left unchanged if the Exchange deems it inappropriate to change the units set forth in each of said items in light of the distribution state or the legal

system, etc. in the home country of the issuer of said stock.

(1) If the closing price average of the stock whose trading unit is one (1) lot is less than JPY 1, 000; A unit of ten (10) lots

(2) If the closing price average of the stock whose trading unit is ten (10) lots is JPY 5,000 or more; A unit of one (1) lot

3. Notwithstanding the provisions of the preceding two paragraphs, the trading units of the stocks enumerated in each of the following items shall be changed pursuant to each of said following items.

(1) Stocks which have been listed for less than two years (excluding stocks referenced in the following item) or stocks whose trading unit has been changed within the recent two years:

The trading unit shall not be changed.

(2) Out of stocks which have been listed for a year or more, but less than two years, those which are not listed or continuously traded on other domestic financial instruments exchanges or foreign financial instruments exchanges at the time of listing and that the Exchange deems appropriate,:

When the stock fall under the cases specified in each item of Paragraph 1, the trading unit shall be changed to the unit set forth in each item of said paragraph (limited to cases where the trading unit set forth in each item of this paragraph falls below the trading unit for said stock before change).

#### **Rule 4. Time to Change in Trading Units**

Changes in the trading units prescribed in the provisions of Paragraphs 1 and 2 of the preceding rule shall be made pursuant to each of the following items.

(1) If the trading unit after change falls below the previous trading unit:

Every May (the calculation period of the closing price average (hereinafter referred to as the "calculation period") shall be from April of the previous year to March of the following year.) and every November (the calculation period shall be from October of the previous year to September of the following year)

(2) If the trading unit after change exceeds the previous trading unit:

Every August (the calculation period shall be from April of the previous year to March of the following year.) and every February (the calculation period shall be from October of two years before the calculation period and September of the following year)

#### **Rule 5. Change in Trading Units in Conjunction with Reverse Stock Split, etc.**

Notwithstanding the provisions of the preceding two rules, when reverse stock split or stock split is made, ex-rights takes place, or merger, etc. is conducted, and the Exchange deems it necessary, the Exchange shall change the trading units based on estimated prices, etc. after said reverse stock split or stock split, after ex-rights, or after merger, etc. from the day when the Exchange deems appropriate.

**Rule 6. Trading Units of New Stocks and Subscription Warrant Securities**

Notwithstanding the provisions of Rules 2 to 5, the trading units of new shares and subscription warrant securities shall be the same as those of old stocks.

**Rule 7. Provisions Applied Mutatis Mutandis**

The provisions of Rule 2, Paragraph 1, Rule 3, Paragraphs 1 and 3, and Rules 4 through 6 shall apply mutatis mutandis to foreign stock depositary receipts and beneficiary certificates of a beneficiary certificate issuing trust (limited to those whose trust assets are foreign stocks).