

## **Regulations Concerning Trading Participants' Listing Eligibility Examination Systems**

(as of March 31, 2011)

Tokyo Stock Exchange, Inc.

### **Rule 1. Purpose**

1. In accordance with the provisions of Rule 22-4 of the Trading Participant Regulations, these Regulations shall prescribe the necessary matters concerning listing eligibility examination systems developed by managing trading participants.
2. The purpose of the development of the listing eligibility examination systems as described in the preceding paragraph is to ensure that managing trading participants, in their capacity as the TSE trading participants, maintain and improve the level of the eligibility examination for listing on the TSE markets by establishing internal rules and regulations and implementing any other necessary measures, thereby ensuring confidence in the TSE and its trading participants and contributing to the public interest and the protection of investors.

### **Rule 2. Definitions**

The definitions of the terms used in these Regulations shall be as prescribed by the Securities Listing Regulations (hereinafter referred to as the "Listing Regulations"), except as otherwise provided by these Regulations.

### **Rule 3. Implementation of Listing Eligibility Examination**

Managing trading participants shall, in respect of any person who intends to file or filed an initial listing application for any of the categories of securities described in the following items or its corporate group, conduct an examination to determine whether or not the person is likely to fulfill the requirements or criteria set forth in each of such items (hereinafter referred to as a "listing eligibility examination").

- (1) Stocks, etc. for which an application for initial listing on the main markets is to be filed (excluding stocks, etc. to which the provisions for technical listing are to be applied)

Requirements described in each items of Rule 207, Paragraph 1 of the Listing Regulations

- (2) Stocks, etc. for which an application for initial listing on Mothers is to be filed (excluding stocks, etc. to which the provisions for technical listing are to be applied)

Requirements described in each items of Rule 214, Paragraph 1 of the Listing

#### Regulations

- (3) Foreign corporate bonds other than guaranteed foreign corporate bonds (excluding foreign corporate bonds to which the provisions of Rule 904, Paragraph 3 of the Listing Regulations are to be applied)

Criteria set forth in Rule 904, Paragraph 2, Item 1 of the Listing Regulations

- (4) Guaranteed foreign corporate bonds (excluding guaranteed foreign corporate bonds to which the provisions of Rule 904, Paragraph 3 of the Listing Regulations are to be applied)

Criteria set forth in Rule 904, Paragraph 2, Item 2 of the Listing Regulations

- (5) Foreign government bonds, etc.

Criteria set forth in Rule 905 of the Listing Regulations

- (6) Real estate investment trust securities

Requirements described in each items of Article 1206, Paragraph 1 of Listing Regulations

#### **Rule 4. Seeking the Opinion of an Auditor**

Managing trading participants shall seek the opinion of a certified public accountant or other person undertaking the audit certification, etc. of the financial statements or interim financial statements of the person who is subject to the listing eligibility examination.

#### **Rule 5. Action in Response to Change of Managing Trading Participant, etc.**

If a managing trading participant becomes aware that any of the facts enumerated in each of the items below apply to the person who intends to file or filed an initial listing application, the said participant shall verify the reasons therefor and shall give due consideration to the compatibility of these circumstances with listing.

- (1) Change of managing trading participant due to be designated
- (2) Change of certified public accountant selected or due to be designated to undertake audit certification of financial statements or interim financial statements, etc.
- (3) Change of financial instruments exchange, etc. with which initial listing application was due to be filed

#### **Rule 6. Creation and Keeping of Internal Records**

When conducting listing eligibility examinations in respect of a person who has filed an initial listing application, the managing trading participant is required to create internal records of the matters enumerated in each of the following items and to keep such

records, together with the documents and information on the basis of which the records are created for a period of 5 years from the date on which the initial listing application is filed.

- (1) Documents and information collected during the course of the listing eligibility examination (limited to documents and information judged to have an impact on the results of the listing eligibility examination) and records of the details of analysis and evaluation of the said documents and information
- (2) Records of the result formation process pertaining to the listing eligibility examination

#### **Rule 7. Monitoring Corporate Developments Up to Listing Date**

When an initial listing application has been filed, for the period from the time of filing of the initial listing application to the date of listing, a managing trading participant shall notify the TSE without delay of any developments that are deemed likely to have an impact on the results of the listing eligibility examination.

#### **Rule 8. Ensuring Independence of Listing Eligibility Examination**

A managing trading participant shall establish organizational systems which meet each of the following items; provided, however, that this requirement shall not be applicable if the TSE deems that the managing trading participant has already essentially established structures that allow the formation of an independent opinion during the course of the listing eligibility examination.

- (1) The managing trading participant shall establish a department responsible for the listing eligibility examination (hereinafter referred to as the "listing eligibility examination department").
- (2) Persons attached to the listing eligibility examination department who are responsible for carrying out listing eligibility examinations shall not be permitted to undertake business promotion work for attracting new listing candidates nor provide guidance to persons applying for initial listings.
- (3) Directors with responsibility for the listing eligibility examination department shall be prohibited from holding responsibility for divisions that undertake business promotion work nor provide guidance on listing.

#### **Rule 9. Establishment of Internal Regulations**

Managing trading participants shall draw up internal regulations setting out matters necessary for the implementation of listing eligibility examination and the formation of

independent opinions by the listing eligibility examination department.

**Rule 10. Implementation of Internal Inspections**

Managing trading participants shall carry out internal inspections of compliance with these internal regulations at regular intervals, and implement any other measures necessary to ensure the efficacy of the internal regulations described in the preceding article.