

Enforcement Rules for Trading Participant Regulations

(as of April 1, 2011)

Tokyo Stock Exchange, Inc.

Rule 1. (Purpose)

These Rules shall specify matters decided by the Exchange in accordance with the Trading Participant Regulations (hereinafter referred to as the “Regulations”).

Rule 2. (Application for obtaining trading qualifications)

1. Application for obtaining trading qualifications as prescribed in Rule 4, Paragraph 1 of the Regulations shall be made by submitting a prescribed trading qualification obtaining application form stating the matters enumerated in each of the following items:
 - (1) Types of trading qualifications that the applicant wishes to obtain
 - (2) Trade name or name (including the trade name or the name in English)
 - (3) Locations of the head office and other sales offices or the principal office and other offices
 - (4) Name of the representative
 - (5) Name and address of the representative in Japan (limited to cases where the applicant is an exchange trading authorized firm)
 - (6) Written confirmation predetermined by the Exchange indicating that the applicant has no relationship with anti-social forces
 - (7) Reason for application for obtaining trading qualifications
2. The following documents enumerated in each of the following items must be attached to the trading qualification obtaining application form in the preceding paragraph:
 - (1) The Articles of Incorporation
 - (2) A copy of the minutes of the board of directors meeting (including documents certifying that decision was made by an executive officer in the case of a company with committees, or documents equivalent thereto in the case of a party other than a stock corporation) or a copy of the minutes of the board of governors meeting pertaining to the application for trading qualifications
 - (3) Where the applicant has no intention to obtain any clearing qualification that is not owned by the applicant, from among the clearing qualifications corresponding to the types of the trading qualifications that the applicant for trading qualifications wishes to obtain (with respect to an application for a general trading qualification, cases except cases where the applicant will obtain all clearing qualifications), a document certifying approval of another agency clearing participant which has agreed to enter into a clearing entrustment agreement (except cases where no clearing entrustment agreement is required to be entered into pursuant to the provisions in Rule 24-3, Paragraphs 5 through 7 of the Regulations)
 - (4) Business report (Operation report in the case of registered financial institutions)

- (5) Audit report by an accounting auditor with respect to the calculation documents attached to the document prescribed in the preceding item
 - (6) Other documents deemed necessary by the Exchange
3. The applicant for trading qualifications shall pay to the Exchange a qualification examination fee of 1 million yen plus consumption tax and local consumption tax by the day specified by the Exchange.

Rule 2-2. (Where it is deemed that there is no substantial difference)

Cases where it is deemed that there is no substantial difference in the actual identity of the applicant for trading qualifications from the trading participant who will waive trading qualifications as prescribed in Rule 5, Paragraphs 4 and 6 of the Regulations shall mean the cases where, as a general rule, the applicant for trading qualifications will succeed or acquire all assets and liabilities from the trading participant who will waive trading qualifications and, in addition, where the Exchange deems that there is no material difference in their scope of securities business, order execution system for the Exchange, clearing and settlement system and any other business execution system and risk management system, compliance system, any other internal management system, etc.

Rule 3. (Trading Participant Certificate)

1. The certificate of a trading participant as prescribed in Rule 6, Paragraph 2 of the Regulations shall bear its trade name or name and other prescribed items.
2. Where a trading participant loses or soils its trading participant certificate, or where it is necessary to change any detail stated therein, it is necessary to request its re-issuing to the Exchange. In this instance, the trading participant shall submit a re-issuing request in the prescribed form, and shall pay the actual expense required for the re-issuing.

Rule 4. (Notification matters)

Notification to the Exchange as prescribed in Rule 8, Paragraph 17 of the Regulations shall be given by attaching documents that the Exchange deems necessary to prescribed notification forms by the time designated by the Exchange.

Rule 5. (Handling of money)

1. Pursuant to the provisions of Rule 12, Paragraph 1 or Rule 13, Paragraph 1 of the Regulations, where a trading participant deposits participant bonds or trading participant security money with the Exchange in money, the Clearing Corporation shall receive such money on behalf of the Exchange, and the trading participant shall make such deposit by means of transfer to an account in the name of the Clearing Corporation opened with a bank selected by such trading participant from among the banks designated by the Clearing Corporation.
2. Regarding the return of participant bonds or trading participant security money deposited with the Exchange in money to the trading participant, the Clearing Corporation shall carry

it out by means of transfer from an account in the name of the Clearing Corporation to an account in the name of such trading participant on behalf of the Exchange.

Rule 6. (Notice of mergers, etc.)

In accordance with the classification of the acts enumerated in each of the following items, notice as prescribed in Rule 16, Paragraph 2 of the Regulations shall be given concerning the matters specified in each of such items and other matters deemed necessary by the Exchange, as a general rule, in cases where a general shareholders meeting (for a person other than a stock company, a meeting, etc. corresponding thereto) makes a resolution to approve such act, by a day two weeks prior to the day of said general shareholders meeting, and in cases where a general shareholders meeting does not make a resolution, by a day two weeks prior to the day of a decision by decision-making bodies such as the board of directors.

- (1) The merger listed in Rule 16, Paragraph 1, Item (1) of the Regulations
 - a. Compositions of shareholders as well as board members and officers after the merger
 - b. Outline of the corporation which will become the counterpart of the merger company (including financial conditions of such corporation)
- (2) Transfer of part of the business to another corporation due to a demerger specified in Rule 16, Paragraph 1, Item (2) of the Regulations or transfer of part of the business specified in Item (4) of the same paragraph
 - a. Composition of board members and officers, organizational system and estimated operations regarding securities trading, etc. in the Exchange market after the company demerger or the business transfer
 - b. Summary of business pertaining to the demerger or the business transfer (including the amounts of assets and liabilities pertaining to such business)
- (3) Succession of all or part of the business from another corporation due to a demerger specified in Rule 16, Paragraph 1, Item (3) of the Regulations or a takeover of all or part of the business specified in Item (5) of the same paragraph
 - a. Composition of board members and officers after the demerger or the business takeover
 - b. Summary of business pertaining to the demerger or the business takeover (including the amounts of assets and liabilities pertaining to such business)

Rule 7. (Application for approval of mergers, etc.)

1. Application in Rule 16, Paragraph 2 of the Regulations shall be made by submitting a prescribed approval application form stating the following items to the Exchange:

- (1) Trade name or name (including the trade name or name in English)
- (2) Name of the representative
- (3) Trade name or name of the counterpart. of acts pertaining to such application (hereinafter referred to as the “Merger, etc.”)
- (4) Effective date of the Merger, etc.

- (5) Reason for the Merger, etc.
2. Documents enumerated in each of the following items must be attached to the approval application form in the preceding paragraph:
 - (1) Documents stating contract details of the Merger, etc.
 - (2) A copy of the minutes of the board of directors meeting (including documents certifying that decision was made by an executive officer in the case of a company with committees, or documents equivalent thereto in the case of a party other than a stock corporation) or a copy of the minutes of the board of governors meeting with regard to the Merger, etc.
 - (3) Calculation documents or business report of the counterpart of the company in the Merger, etc. (meaning the calculation documents and business report prescribed in Article 438, Paragraph 1 of the Companies Act (Act No.86 of 2005), and in the case of a person other than a stock company, documents corresponding thereto)
 - (4) Documents stating an estimated amount of net assets and the net capital regulation ratio (meaning, in cases of a remote trading participant, a numerical value, etc. that are computed with respect to the state, etc. of capital adequacy in accordance with laws and regulations in a country where its head office or principal office is located) after the Merger, etc.
 - (5) Documents stating the proceedings of the Merger, etc.
 - (6) Written confirmation predetermined by the Exchange indicating that the applicant has no relationship with anti-social forces
 - (7) Other documents deemed necessary by the Exchange

Rules 8. (Notification Matters)

"Action..., which is separately specified by the Exchange" as prescribed in Rule 17, Item 9 of the Regulations means those referenced in each of the following items.

- (1) The act referenced in Rule 16, Paragraph 1, Item 1 of the Regulations in which the amount obtained by the number of shares delivered at the time of a merger by a net asset value per share as well as the total amount of book values of assets including corporate bonds delivered at the time of a merger will be one twentieth or less of the net asset value of the trading participant which will survive after the merger.
- (2) The act referenced in Rule 16, Paragraph 1, Item 2 of the Regulations in which the total asset value of the trading participant who carries out a demerger.
- (3) The act referenced in Rule 16, Paragraph 1, Item 3 of the Regulations in which the amount obtained by the number of shares delivered due to demerger by the net asset value per share as well as the total amount of book values of assets including corporate bonds delivered due to inheritance will be one twentieth or less of the net asset value of the trading participant which will inherit business due to the merger.
- (4) The act referenced in Rule 16, Paragraph 1, Item 4 of the Regulations in which the book value of assets to be transferred will be one twentieth or less of the total value of assets of the trading participant which transfers assets.

- (5) The act referenced in Rule 16, Paragraph 1, Item 5 of the Regulations in which the total of book values of assets to be delivered as considerations for business to be transferred will be one twentieth or less of the net asset value of the trading participant which acquires such business.

Rules 9 and 10. Deleted

Rule 11. (Reporting matters)

Cases which the Exchange specifies as prescribed in Rule 18 of the Regulations shall mean those enumerated in each of the following items, and reporting shall be made by attaching documents deemed necessary by the Exchange to a prescribed report:

- (1) Where the applicant makes an application for authorization as in Article 30, Paragraph 1 of the Financial Instruments and Exchange Act (Act No.25 of 1948) (hereinafter referred to as the “Act”) (hereinafter referred to as the “Authorization”), where the applicant is to receive the Authorization or the applicant is not to receive the Authorization, where a conditions are imposed on the Authorization or such conditions are changed, or where an operation pertaining to the Authorization is ceased, with respect to such application
- (1)-2 Where conditions have been attached to the permission in Article 60, Paragraph 1 of the Act or such conditions have changed
- (1)-3 Where alteration registration is applied for pursuant to the provisions of Article 31, Paragraph 4 of the Act (excluding alteration registration pertaining to the abolition of the operation listed in Article 28, Paragraph 1, Item (1) of the Act) or such alteration registration is received
- (2) Where the method of loss risk management, the method of division of operations, details and methods of other operations (including those pertaining to the operations for which the Authorization is received) are decided or changed
- (2)-2 Where it becomes known that the designated parent company (meaning designated parent company prescribed in Article 57-12, Paragraph 3 of the Act; hereinafter the same) has conducted the notice of Article 57-14 of the Act regarding the matters provided in Article 57-13, Paragraph 1, Item 6 of the Act
- (3) Where operations (limited to financial instruments business in the case of financial instruments business operators; exchange trading business in the case of exchange trading authorized firms; and registered financial institution business in the case of registered financial institutions) are suspended or reopened (including suspension of operations pertaining to the Authorization, or reopening it)
- (4) Where notification as in Article 35, Paragraph 3 or Paragraph 6 of the Act is made, or where approval as in Article 35, Paragraph 4 is received
- (5) A petition for the commencement of bankruptcy proceedings, commencement of reorganization proceedings, commencement of rehabilitation proceedings, commencement of liquidation or special liquidation is made or the fact that any of these petitions is made becomes known

- (5)-2 Where the fact becomes known that a designated parent company has made a petition for the commencement of bankruptcy proceedings, commencement of reorganization proceedings, commencement of rehabilitation proceedings, commencement of liquidation or special liquidation
- (6) Where the applicant has become insolvent or fallen in a state of being likely to become insolvent
- (6)-2 Where it becomes known that a designated parent company has become insolvent or fallen in a state of being likely to become insolvent
- (7) Where a net amount of assets (meaning an amount of net assets in the case of registered financial institutions) falls below 300 million yen
- (8) Where a revision is made to the Articles of Incorporation (except cases where the trade name or the name is changed (including a change in the trade name or name in English))
- (8)-2 Where it becomes known that a revision is made to a designated parent company's Articles of Incorporation
- (9) Where a resolution in the board of directors meeting (including decisions made by executive officers in the case of a company with committees) or a resolution in the board of governors meeting is made (in the case of foreign corporations, a resolution or a decision is made concerning change in the amount of capital (including an amount of brought-in capital)) concerning change in the amount of capital or the total amount of fundamental funds (in the case of mutual companies, meaning the total amount of fundamental funds (including funds amortization reserve); hereinafter the same)
- (9)-2 Where it becomes known that a change in the amount of capital or the total amount of fundamental funds of a designated parent company has occurred
- (10) (a) In the case of financial instruments business operators, where the net capital regulation ratio falls below 140%, (b) in the case of registered financial institutions other than insurance companies, (i) where the applicant has an overseas business base, the non-consolidated or consolidated shareholders equity ratio pertaining to the international uniform standards falls below 4%, and (ii) where the applicant does not have an overseas business base, the non-consolidated or consolidated shareholders equity ratio pertaining to the domestic standards falls below 2% (in the case of foreign banks, where the applicant falls under cases corresponding thereto), and (c) in the case of insurance companies, where the solvency margin ratio falls below 100%
- (10)-2 Where it becomes known that an individual, another corporation or any other group holds the majority of the voting rights of the total shareholders (excluding the voting rights of the shares for which voting rights cannot be exercised for all the matters for which resolution can be made by a general shareholders meeting, but including the voting rights of the shares deemed to have voting rights pursuant to the provisions of Article 879, Paragraph 3 of the Companies Act) or the voting rights pertaining to the capital contributions
- (11) Where a change occurs to the top 10 major shareholders (meaning the top 10 in its own name or in the name of others in terms of the number of shares held)

- (11)-2 Where an officer is inaugurated as an officer of another company or any other corporation or retires from the position of an officer
- (12) Where inquiry, inspection, official detention, official inspection, search, attachment, regulatory dispositions or punishment is made pursuant to the provisions of laws and regulations (including, in cases of exchange trading authorized firms, foreign financial instruments and exchange laws and regulations; hereinafter the same in this Item) or where a hearing or a vindication opportunity pertaining to regulatory disposition as prescribed by laws and regulations is given (including cases where regulatory dispositions or punishment is received (a) pursuant to the provisions of foreign financial instruments and exchange laws and regulations in the case of financial instruments business operators which are foreign corporations, (b) pursuant to the provisions of banking laws in the case of registered financial institutions other than foreign banks and securities companies, (c) pursuant to the provisions of banking laws and regulations, foreign banking laws and regulations or foreign financial instruments and exchange laws and regulations in the case of foreign banks, and (d) pursuant to the provisions of insurance business laws in the case of insurance companies, respectively)
- (12)-2 Where it becomes known that inspection is made of a designated parent company pursuant to the provisions of laws and regulations, or where it is known that regulatory disposition or punishment is made for a designated parent company or specified main shareholder (meaning specified main shareholder prescribed in Article 32, Paragraph 4 of the Act) pursuant to the provisions of laws and regulations, or where it is known that a hearing or a vindication opportunity pertaining to regulatory disposition as prescribed by laws and regulations is given (in cases where a foreign corporation is the designated parent company, including where it is known that regulatory disposition or punishment is made pursuant to the provisions of foreign financial instruments and exchange laws and regulations)
- (13) Where improvement order, etc. is received from an administrative agency or where reporting on business improvement measures, etc. is made to an administrative agency in accompaniment of an inspection listed in the preceding 2 items
- (14) Where public prosecution is raised or sentence, etc. is passed (including appeal) as to a criminal case pertaining to a violation against laws and regulations (including foreign financial instruments and exchange laws and regulations in cases of financial instruments business operators which are foreign corporations or exchange trading authorized firms)
- (14)-2 Where a fact that, in relation to securities trading, etc. in the Exchange market, an act in violation of laws and regulations or an act in violation of the Articles of Incorporation, Business Regulations and Brokerage Agreement Standards and any other regulations has been committed has become known
- (15) Where the applicant participates in or withdraws from (including cases where trading qualifications are obtained or waived) another financial instruments exchange in Japan or a foreign exchange where securities trading or foreign market financial instruments futures trading is carried out (hereinafter referred to as a “Foreign Financial Instruments

- Exchange, etc.”)
- (16) Where the applicant is imposed dispositions from another financial instruments exchange in the applicant’s own country, a Foreign Financial Instruments Exchange, etc., or a financial instruments business operators association (including a foreign group corresponding thereto)
- (17) (a) In the case of board members and executive officers of a financial instruments business operator or exchange trading authorized firms, where officers have known a fact that they come to fall under any of the categories of persons enumerated in Article 29-4, Paragraph 1, Item 2, Sub-items a through g, (b) in the case of officers of a registered financial institution, where officers have known a fact that they have received decision of the commencement of bankruptcy proceedings, an offence sentence of imprisonment or a more serious offence sentence, or an offence sentence of a fine pursuant to the provisions of laws (including cases where officers have known a fact that they have received an offence sentence of a fine pursuant to the provisions of banking laws and regulations in the case of officers of a registered financial institution other than foreign banks and insurance companies, pursuant to the provision of banking laws and regulations and foreign banking laws and regulations in the case of officers of foreign banks, and pursuant to the provisions of insurance business laws and regulations in the case of officers of an insurance company, respectively)
- (17)-2 Where it becomes known that any officer of the designated parent company has come to fall under any of the categories of persons enumerated in Article 29-4, Paragraph 1, Item 2, Sub-items a through g of the Act
- (18) Where it becomes known that a main shareholder (meaning the main shareholder prescribed in Article 29-4, Paragraph 2 of the Act; the same shall apply hereinafter) of a financial instruments business operator or an exchange trading authorized firm comes to fall under Paragraph 1, Item 5, Sub-item d or e of the same article, (in the case of foreign corporations, where it becomes known that a person corresponding to a main shareholder comes to fall under Sub-item f of the same item)
- (18)-2 Where it becomes known that main shareholders of the designated parent company come to fall under Article 29-4, Paragraph 1, Item 5, Sub-items d or e of the Act
- (19) Where the applicant filed a lawsuit (excluding a case where the target amount of a lawsuit is less than 300 million yen; hereinafter the same) pertaining to a civil case or such a lawsuit is filed to the applicant, or decision, etc. is made to such a lawsuit (including an appeal), or where the applicant has stated an conciliation (excluding a case where the amount of the matter for which conciliation is sought is less than 300 million yen; hereinafter the same) under the Civil Conciliation Act or such conciliation is stated to the applicant or such conciliation case is finalized
- (19)-2 Where it becomes known that the designated parent company has filed a lawsuit pertaining to a civil case or such a lawsuit is filed to the designated parent company, or decision, etc. is made to such a lawsuit (including appeal), or where the designated parent company has stated on a conciliation under the Civil Conciliation Act or such

- conciliation is stated to the applicant or such conciliation case is finalized
- (20) Where a monitoring research table is prepared under Article 56-2 of the Act
 - (21) Where a report of turnover within the exchange of listed shares and beneficiary certificates as prescribed by the Exchange is prepared (limited to a case where such a trading participant is a general trading participant)
 - (22) Where a document stating the net capital regulation ratio is prepared to make available for public inspection
 - (22)-2 Where a written document stating the soundness of management is prepared to make available for public inspection according to the provisions of Article 57-5, Paragraph 3 of the Act
 - (22)-3 Where a final designated parent company (meaning a final designated parent company prescribed in Article 57-12, Paragraph 3 of the Act; hereinafter the same) prepares a written document stating the soundness of management to make available for public inspection according to the provisions of Article 57-17, Paragraph 3 of the Act.
 - (23) In cases of financial instruments business operators or exchange trading authorized firms, where a business report is prepared (in the case of special financial instruments business operators, including where a business report is prepared pursuant to Article 57-3, Paragraph 1 of the Act), and in the case of registered financial institutions, where a non-consolidated or consolidated operation report or a interim operation report is prepared
 - (23)-2 Where a final designated parent company prepares a business report
 - (24) In cases of a financial instruments business operator, where an explanatory document stating matters concerning the state of operation and properties is prepared to make available for public inspection (in cases of special financial instruments business operators, including where an explanatory document is prepared pursuant to Article 57-4 of the Act); in cases of registered financial institutions, where an explanatory document concerning the state of non-consolidated or consolidated operation and properties is prepared to make available for public inspection
 - (24)-2 Where a final designated parent company prepares an explanatory document stating matters concerning the state of operation and properties to make available for public inspection
 - (25) Where a table summarizing accounts or a table summarizing interim accounts as prescribed by the Exchange is prepared
 - (26) Where the head office and other sales office or the main office and other offices are changed
 - (26)-2 Where it becomes known that the head office or the main office of a designated parent company is changed
 - (26)-3 Where the applicant has known a fact that damage has occurred to a system or equipment that is used for securities trading, etc. in the market of the Exchange
 - (26)-4 Where the notification in Article 57-2, Paragraph 1 or Paragraph 6 (limited to cases falling under Item 2 of the same paragraph) of the Act is conducted

- (26)-5 Where it becomes known that a designated parent company was designated, that such designated was withdrawn, or that such designation became invalid.
- (26)-6 Where it becomes known that a designated parent company merged with another corporation (excluding cases where such designated parent company was dissolved due to such merger)
- (26)-7 Where it becomes known that any officer of a designated parent company was changed (excluding cases provided in Item 11-2)
- (26)-8 Where it becomes known that an entity newly qualifies as a specified main shareholder, or that an entity no longer qualifies as such shareholder
- (27) In addition to the cases enumerated in each of the preceding items, where application, notification, reporting, or submission of data is carried out by an applicant or a designated parent company to the Prime Minister, Commissioner of the Financial Services Agency or the Securities and Exchange Surveillance Commission or where submission, explanation of data or any other co-operation is made to the Minister of Finance, Director of Local Finance Bureau or Director of Branch of Finance Bureau, and where the Exchange deems it necessary to report it

Rule 11-2 (Survey of Trading Participants)

1. Where a trading participant is entrusted with securities trading, etc. from a foreign securities firm (meaning a foreign corporation which carries out business similar to that of a financial instruments business operator in the foreign country; the same shall apply hereinafter) which is a subsidiary or a parent company of such a trading participant (including cases where it is entrusted through a foreign securities firm which is a subsidiary or a parent company of another trading participant), and where the exchange requests such trading participant to submit a report or documents concerning matters relating to the entrustor, such a foreign securities firm pertaining to such securities trading, etc., or the state of the entrustment of sale or purchase by such entrustor (where calculation of such securities trading, etc is made by such foreign securities firm, the matters relating to such a foreign securities firm, or the state of the entrustment of sale or purchase by such foreign securities firm) and other matters, it must not refuse this without an adequate cause, where the Exchange deems it necessary as there is a strong doubt that an act of violation has been carried out as a result of a survey made pursuant to the provisions of Rule 19, Paragraph 1, Item (3) of the Regulations. In this instance, the Exchange shall clarify the purpose and reason for such request to such trading participant orally, in writing, etc.
2. Where it is difficult for the subsidiary or the parent company of the trading participant to comply with such request because it has a legal burden of confidentiality or any other truly inevitable reason, and where the Exchange deems that there is an adequate cause for the trading participant not complying with such request after carrying out submission, etc. of a document showing the effect and the reason to the Exchange, this shall fall under an adequate cause as in the preceding paragraph.
3. A subsidiary prescribed in the preceding two paragraphs means a subsidiary as prescribed

in Article 2, Paragraph 3 of the Companies Act or another company in which the trading participant owns at least 50% of the voting rights (excluding the voting rights of the shares by which the voting rights for all matters for which resolution can be made in general shareholders meetings cannot be exercised, but including the voting rights of the shares deemed to have voting rights pursuant to the provisions of Article 879, Paragraph 3 of the Companies Act; the same shall apply hereinafter) of the total shareholders, and where a subsidiary of the trading participant is a parent company of another company, that other company shall be deemed to be a subsidiary and where another company is the parent company of a subsidiary of the trading participant, such trading participant shall be deemed to be a subsidiary.

4. A parent company as prescribed in the preceding three paragraphs means another company as prescribed in Article 2, Item (4) of the Companies Act and another company which owns at least 50% of the voting rights of the total shareholders of the trading participant, and where another is the parent company of the parent company of the trading participant, that other company shall be deemed to be the parent company of such trading participant and where the parent company of the trading participant is the parent company of that other company, that other company shall be deemed to be the parent company of such trading participant.

Rule 12. (Prohibition concerning advertisement)

1. No general trading participant may make advertisement as enumerated in each of the following items pursuant to the provisions of Rule 20 of the Regulations:-
 - (1) Advertisement whose content or method is likely to lower the commercial moral stance or the dignity of trading participants
 - (2) Advertisement whose content represent a matter that is likely to violate laws, etc. or to commit an illegal act
 - (3) Advertisement whose content or method is likely to hinder fair competition between trading participants
 - (4) Advertisement whose content is fraudulent or likely to lead to misunderstanding by investors (including, in cases of the remote trading participant, advertisement which is likely to lead to misunderstanding that a customer residing in Japan may entrust securities trading, etc. in the Exchange market with said remote trading participant)
2. The provisions in the preceding paragraph shall apply mutatis mutandis to the cases where advertisement concerning government bond futures trading or government bond futures options trading is carried out by government bond futures, etc. trading participants, where advertisement concerning index futures trading or index options trading is carried out by index futures, etc. trading participants, and where advertisement concerning securities options trading is carried out by securities options trading participants, respectively.

Rule 12-2. (Application for approval of accepting entrustment of business)

1. The application reference in Rule 23-3, Paragraph 2 of the Regulations shall be made by

submitting a predetermined approval application form stating the following items to the Exchange:

- (1) Trade name or name (including an English trade name or name)
 - (2) Name of the representative in Japan
 - (3) Scheduled date of commencing the business pertaining to said application (hereinafter referred to as the "entrusted business" in this rule)
2. Documents referenced in each of the following items must be attached to the approval application form referenced in the preceding paragraph.
- (1) A document(s) stating details of the entrusted business and methods of carrying out said business
 - (2) Other document(s) that the Exchange deems necessary

Rule 12-3. (Officers and employees deemed appropriate, etc.)

1. Board members, executive officers, and employees whom the Exchange deems appropriate as prescribed in Rule 23-4, Paragraph 1, Item 2 of the Regulations shall be those that have received training provided by the Exchange.
2. The acts specified by the Exchange as prescribed in Rule 23-4, Paragraph 1, Item 2 of the Regulations mean the order placement, the decision to place an order(s), and the administration of such placement and decision.

Rule 13. (Application for waiving trading qualifications)

1. Application for waiving trading qualifications in Rule 25 of the Regulations shall be made by the applicant who intends to waive trading qualifications by the submission of a prescribed trading qualification waiver application form stating the matters enumerated in each of the following items:
 - (1) Types of trading qualifications that the applicant wishes to waive
 - (2) Trade name or name (including the trade name or name in English)
 - (3) Location of the head office or the principal office
 - (4) Name of the representative
 - (5) Name and address of the representative in Japan (limited to cases where the applicant for waiving its trading qualification is an exchange trading authorized firm)
 - (6) Reason for the application to waive trading qualifications
2. Documents enumerated in each of the following items must be attached to the trading qualification waiver application form in the preceding paragraph:
 - (1) A copy of the minutes of a meeting of the board of directors (including a document certifying that decision of an executive officer is made in the case of a company with committees, or a document(s) equivalent thereto in cases of a party other than a stock corporation) or a copy of the minutes of a meeting of the board of governors pertaining to waiver application of trading qualifications
 - (2) A timetable pertaining to the waiver of trading qualifications
 - (3) Materials concerning the handling of customers in the case of waiving trading

qualifications

- (4) A written oath regarding securities trading, etc. or trading based on the entrustment of clearing intermediary of securities, etc., handing over of unsettled transactions concerning them, and other matters deemed necessary by the Exchange for the administration of the market
- (5) A copy of the agreement, etc. concerning transfer of the trading participation rights (limited to cases where succession of trading participation rights is carried out because of a transfer, merger or split of the trading participation rights)
- (6) Other documents that the Exchange deems necessary

Rule 14. (Handling fee pertaining to waiver of trading qualifications)

1. Pursuant to the provisions of Rule 29, Paragraph 6 of the Regulations, the trading participant (except the remote trading participant) shall pay to the Exchange a processing fee for waiver of trading qualifications of 500,000 yen plus consumption tax and local consumption tax by the day specified by the Exchange.
2. Notwithstanding the provisions in the preceding paragraph, the trading participant is not required to pay a processing fee for waiver of trading qualifications in the event that the trading participant newly obtains a trading qualification(s) at the same time as waiving a trading qualification(s) or in the event that the provisions of Rule 5, Paragraph 6 of the Regulations apply.

Rule 14-2. (Application for approval of switch from the exchange trading authorized firm to the financial instruments business operator and vice versa)

1. The application mentioned in Rule 33-2, Paragraph 2 of the Regulations shall be made by submitting a predetermined approval application form stating the following items to the Exchange.
 - (1) Trade name or name (including English trade name or name)
 - (2) Name of the representative (or the name of the representative in Japan in cases of the remote trading participant)
 - (3) Reason for such switch
2. Documents referenced in each of the following items must be attached to the approval application from in the preceding paragraph.
 - (1) A copy of the document submitted to the Financial Services Agency at the time of the financial instruments business registration or the exchange trading business authorization
 - (2) Other documents that the Exchange deems necessary

Rule 14-3. (Level specified by the Exchange)

The level specified by the Exchange prescribed in Rule 35, Paragraph 2, Item 2-2 shall be specified by the Exchange beforehand.

Rule 15. (Operations entrusted by the Exchange)

The Exchange shall, pursuant to the provisions of Rule 45, Paragraph 1 of the Regulations, entrust the Clearing Corporation with operations concerning receipt of participant bond and trading participant security money and custody, etc. of securities in lieu of money.

Rule 16. (Matters to be publicized pertaining to erroneous orders)

The items specified by the Exchange as prescribed in Rule 23-2 of the Regulations shall be those specified in each item of Rule 33 of the Enforcement Rules for the Business Regulations.