

# **Enforcement Rules for the Business Regulations of Tokyo Stock Exchange Regulation**

**(as of November 1, 2007)**

## **Chapter 1 Purpose**

### **Rule 1. (Purpose)**

These Rules prescribe matters decided by Tokyo Stock Exchange Regulation (TSER) in accordance with the Business Regulations (hereinafter referred to as the “Regulations”).

## **Chapter 2 Inspection**

### **Rule 2. (Inspection)**

Inspection as prescribed in Rule 10, Paragraph 1 of the Regulations shall be as prescribed in this Chapter.

### **Rule 3. (Inspector)**

Inspection shall be carried out by an inspector appointed by TSER from among the employees of TSER (hereinafter referred to as an “Inspector”); provided, however, that an assistant may be employed, where TSER deems it necessary.

### **Rule 4. (Request of Data, etc.)**

Inspectors shall require an officer or an employee of Trading Participants to make presentation or allow perusal of its ledgers, documents and other articles, or submission of data or explanation of facts and preparation, etc. of documents stating details of such explanation that are deemed necessary.

### **Rule 5. (Duties of Inspectors)**

Inspectors must observe the matters listed in each of the following items:-

- (1) All the Inspection must be carried out on the basis of facts.
- (2) Where acknowledging facts, decision on disposition and representation of opinions are carried out, inspectors must always be fair.

**Rule 6. (Notice of Inspection Plans)**

TSER shall notify Trading Participants in advance of an inspection plan for every fiscal year.

**Rule 7. (Inspection Method and Timing)**

1. Inspection shall be carried out by visiting the head office, other sales office or the principal office and other office (hereinafter referred to as an “outlet”) of a Trading Participant; provided, however, that it shall be carried out by documents submitted by such Trading Participant to TSER, where TSER deems it necessary.
2. TSER shall carry out inspection in the preceding paragraph upon a Trading Participant whenever TSER deems it necessary.

**Rule 8. (Notice of Inspection)**

Where TSER carries out inspection by visiting outlets of a Trading Participant, TSER shall notify such Trading Participant of the commencement day and the inspection method, the name of the Inspector and any other necessary matters; provided, however, that the same shall not apply where TSER deems it unnecessary.

**Rule 9. (Presentation of Identification Card of Inspector)**

An Inspector shall present his or her inspector identification card, upon the commencement of inspection work.

**Rule 10. (Acknowledging Facts)**

Acknowledging facts prescribed in Rule 5, Item 2 shall be as prescribed in each of the following items:

- (1) Where an Inspector has acknowledged facts, and where there is a difference in the recognition concerning such fact acknowledgement between such Inspector and Trading Participant, TSER shall receive a written appeal from such Trading Participant.
- (2) Where TSER receives a written appeal in the preceding paragraph, it shall carry out proceedings of determining such relationship of fact in a fair manner.
- (3) Where TSER has carried out the proceedings as in the preceding paragraph, it shall require the Trading Participant and the Inspector to submit a report or data which will be references to carry out a fact finding or a hearing, when necessary.
- (4) Where TSER decides the results of the proceedings in Item (2), it shall notify such Trading Participant of that fact without delay.

**Rule 11. (Notice of Results of Inspection)**

Where inspection is completed, TSER shall notify such Trading Participant of the results of such inspection.

**Rule 12. (Cooperative Inspection, etc.)**

1. TSER shall carry out cooperative inspection with the Japan Securities Dealers Association, where TSER deems it necessary.
2. Where a Trading Participant is a member or a trading participant of another financial instruments exchange in Japan other than the entrusting financial instruments exchange and TSER deems it necessary, TSER shall carry out joint inspection with such financial instruments exchange.

**Chapter 3**  
**Stocks Under Trading Supervision**

**Rule 13. (Report on Transaction Details, etc. pertaining to Stocks Under Trading Supervision)**

Reports that TSER requires a Trading Participant pursuant to the provisions of Rule 19, Paragraph 2 of the Regulations shall be in accordance with each of the following items:

- (1) TSER shall require a report to be submitted in a method prescribed by TSER concerning transaction details, etc. for a period deemed necessary by TSER before the day on which designation as a stock under trading supervision is made, by Friday (where it falls under a holiday, it shall be moved later. The same shall apply to the next item) in a week following the week which contains the day on which such report is required by TSER.
- (2) TSER shall require a report to be submitted in a method prescribed by TSER concerning transaction details, etc. for a period from the designation day as a stock under trading supervision to when cancellation of the designation under the provisions of the following rule is made, by Friday in a week which contains the day on which such transaction, etc. is effected.

**Rule 14. (Removal of Designation of Stock Under Trading Supervision)**

The case where TSER prescribes in Rule 19, Paragraph 3 of Regulations is where an amendment report stating that the holding ratio of the share certificates, etc. has fallen below 5% is submitted by a person, who has purchased and collected a considerable number of share certificates, etc. issued by the issuer of the share certificates of a stock under trading supervision and where TSER deems it unnecessary in consideration of the movement of the price and other state of transactions, etc. of the stock under trading supervision.