

## **Regulations for Order Management Systems at Trading Participants (as of October 1, 2006)**

**Tokyo Stock Exchange, Inc.**

### **Rule 1. Purpose**

1. These Regulations shall prescribe matters concerning order management systems to be developed by trading participants, in accordance with the provisions of Rule 22-3 of the Trading Participant Regulations.
2. The purpose of the development of order management systems as mentioned in the preceding paragraph is to prevent the acceptance and placement of erroneous orders by trading participants in the trading of securities, etc. on the TSE markets (transactions carried out only during trading sessions decided by the TSE), through the establishment of internal regulations and implementation of any other necessary measures by trading participants, thereby securing confidence in the TSE and its trading participants and protecting the public interest and the protection of investors.

### **Rule 2. Establishment of Internal Regulations**

Trading participants shall establish internal regulations setting forth matters with regard to the order management operations conducted by trading participants, as described in the following items.

- (1) Matters concerning the verification of the content of customer orders, etc.
- (2) Matters concerning restrictions on the placement of orders
- (3) Matters concerning the appointment of an authorizing officer
- (4) Matters concerning familiarization with internal regulations, etc.
- (5) Any other provisions deemed necessary

### **Rule 3. Verification of Details of Customer Orders, etc.**

1. Trading participants shall verify the following details when accepting orders from customers.
  - (1) Issue, buy or sell transaction, price, volume, and other details of the customer's order
  - (2) Customer's financial resources and characteristics, instruments traded and other information relating to the customer
2. Trading participants shall strive to ascertain the customer's financial resources in advance.

**Rule 4. Restrictions on the Placement of Orders**

Trading participants shall impose the restrictions enumerated in the items below when placing orders on the TSE markets.

- (1) Restrictions prohibiting the placement of orders in excess of a specified volume or value
- (2) Restrictions requiring prior approval for the placement of orders in excess of a specified volume or value

**Rule 5. Appointment of an Authorizing Officer**

Trading participants shall appoint an authorizing officer, who shall be responsible for authorization as described in Item 2 of the preceding Rule, at each branch placing orders on the TSE markets. However, this requirement shall not apply if the order is to be placed via another branch, and approval is to be given at the other branch in question.

**Rule 6. Use of Order Placement Systems**

The restrictions described in Rule 4 shall be implemented using the order placement-related systems operated by the trading participant in question.

**Rule 7. Familiarization with Internal Regulations, etc.**

Trading participants shall take steps to ensure that their directors, executives and employees are familiar with the internal regulations mentioned in Rule 2, and shall carry out internal inspections of compliance and implement any other measures necessary to ensure the effectiveness of these Regulations.