

## **Rules on Reporting of Syndicate Cover Transactions** (Updated to September 30, 2007)

Tokyo Stock Exchange, Inc.

### **Rule 1. Purpose**

These Rules provide necessary matters concerning reporting, etc., of syndicate cover transactions based on the provisions of Rule 19 of the Trading Participant Regulations (referring to the syndicate cover transactions as prescribed in the following Rule).

### **Rule 2. Reporting of Syndicate Cover Transactions, etc.**

1. Where a trading participant has engaged in any of the activities referenced in the following items, it must report the details of transactions to the Exchange, as prescribed by the Exchange:

(1) Syndicate cover transactions for its own account in the market of the Exchange (see the definition below)

(Definition)

The term "syndicate cover transactions" means purchases of the issue of the offered security which the original underwriting financial instruments firm, etc. (see Note 1 below) who made an over-allotment (see Note 2 below) makes for its own account to reduce the short position (see Note 3 below) created by such over-allotment after the completion of the subscription period for original offering or secondary offering of securities (hereinafter referred to as the "offering"). The same shall apply hereinafter.

(Note 1) The "original underwriting financial instruments firm, etc." means a financial instruments firm or foreign securities firm who has executed an original underwriting agreement.

(Note 2) The "over-allotment" means that the original underwriting financial instruments firm, etc. makes additional secondary offering of the same securities as those pertaining to the offering (hereinafter referred to as the "offered securities") on the same conditions, in addition to the scheduled number of securities for the offering. The same shall apply thereinafter.

(Note 3) The "short position" means a balance pertaining to sales of securities.

(2) Acceptance of entrustment of syndicate cover transactions in the market of the Exchange (limited to cases where the trading participant becomes aware that the trade is a syndicate cover transaction).

2. When syndicate cover transactions or exercises of green-shoe options (see Note 4 below) are completed, the trading participant shall report the fact of such completion and the total number of the syndicate cover transactions or the exercised green-shoe options, etc., as prescribed by the Exchange.

(Note 4) A green-shoe option means the right which is granted to the

## Reference Translation

principal underwriting financial instruments firm conducting the over-allotment at the time of executing the original underwriting agreement pertaining to securities offering, etc, and which said underwriting financial instruments firm can acquire offered securities from the issuer or holder of the offered securities. The same shall apply thereafter.

3. For brokerage for clearing of securities, etc. pertaining to syndicate cover transactions, the provisions of the preceding two paragraphs shall be applied by deeming a trading participant who entrusts brokerage for clearing of securities, etc. as a person who effects such syndicate cover transactions.
4. The Exchange may make the documents pertaining to reports prescribed in Paragraph 2 available for public inspection.