

Guidelines Concerning the Acquisition of Own Shares

April 1, 2014
Japan Exchange Regulation

These guidelines are established to indicate the types of trading behavior that Japan Exchange Regulation ("JPX-R") especially monitors in investigating whether there is any potential market manipulation, etc. with regard to acquisition of own shares.

Note that these guidelines are not intended to indicate an official interpretation of laws, regulations, etc.

1. Points to be noted with regard to acquisition of own shares

The Cabinet Office Ordinance on Buying or Selling of Listed, etc. Shares Conducted by Corporation that is an Issuer of a Listed Stock, etc. (amended as the Cabinet Office Ordinance on Restrictions on Securities Transactions, etc. in conjunction with the enactment of the Financial Instruments and Exchange Act on September 30, 2007; hereinafter referred to as the "Ordinance") was enacted in October 2001. To prevent activities such as market manipulation with regard to acquisition of own shares, the Ordinance sets certain requirements that must be satisfied by listed companies in purchasing their own shares (order placement time, order price, volume of purchase order, etc.). Therefore, a listed company intending to acquire own shares is required to carry out the purchase of shares in compliance with the Ordinance.

The requirements of the Ordinance are designed to identify typical types of trading behavior that are less likely to be considered as a form of market manipulation. As such, by complying with the requirements, companies can generally avoid executing trades for which market manipulation is suspected and execute purchases in a fair manner. However, if a company is found to conduct stock price pegging, etc. while complying formally with the requirements of the Ordinance, the company is considered to violate the rules that prohibit market manipulation. Furthermore, if a securities company which is a Tokyo Stock Exchange trading participant carelessly accepts and executes such orders from a listed company, such act may be considered to constitute artificial price formation, in which securities companies are prohibited from engaging by laws and regulations.

In particular, during certain periods such as on or immediately before the financial reporting date or a financing period, companies may be tempted to use purchase of own shares to maintain or raise their prices. Therefore, companies need to be aware that during such period purchase of own shares may create suspicion for conducting price maintenance or buy-up.

In addition, it should also be noted that if a person who is involved in the decision on specific individual purchases carries out purchase of own shares with knowledge of other unpublished material facts, the person and the company may violate insider trading

regulations.

2. Types of trading behavior that may come under scrutiny of JPX-R

In investigating whether there is any violation of the regulations concerning market manipulation, etc. with regard to acquisition of own shares, JPX-R especially monitors the following types of trading behavior in addition to the status of compliance with the requirements for the purchase of own shares prescribed by the Ordinance.

Trading behavior	Points under scrutiny	Remark
Purchase for price maintenance purposes	Whether an issuer purchases own shares repeatedly and continuously in a manner to maintain the level of the last execution price.	In other words, whether the company is conducting stock price pegging. For example, where a company purchases own shares repeatedly and continuously with a limit order at or near the last execution price, even if it can purchase them at a lower price, such behavior is considered to fall under this category.
Purchase on or immediately before the financial reporting date	Whether an issuer purchases own shares during a period of five business days preceding the last day of a fiscal period (including semi-annual and quarterly accounting periods) with a view to manipulating the stock price, such as price maintenance or buy-up.	
Purchase during the financing period	Whether an issuer purchases own shares during a period in which such purchase may have an impact on the pricing of the offering or secondary offering of shares or bonds with subscription warrants or during the period of such offering or secondary offering.	

<Reference>

The conditions set by the Cabinet Office Ordinance on Restrictions on Securities Transactions, etc. concerning the acquisition of own shares are as follows.

*English translation of the Ordinance is available in the Japanese Law Translation Database System. (<http://www.japaneselawtranslation.go.jp/?re=02>)

This translation was made in 2010, and it does NOT include amendment in 2015.

*The table below provides a summary of the conditions and is intended for informational purposes only. Contents have been omitted and arranged for brevity. Please consult a legal advisor as needed.

<p>1. Conditions for purchases (Article 17)</p> <p>(1) Number of securities companies (Article 17(i))</p> <p>(2) Order price (Article 17(ii))</p>	<p>Do not make purchases from two or more securities companies in the same day</p> <p>(1) Before determination of opening price</p> <ul style="list-style-type: none"> - Limit order - Price shall not exceed the closing price (including published closing quotation price) of the previous day <p>(2) After determination of opening price</p> <ul style="list-style-type: none"> - Limit order - Do not make orders repeatedly and continuously at a price that exceeds the last price (including Special Quote price) - At a price that does not exceed the day's high at the time of the order 	<ul style="list-style-type: none"> - To avoid misleading the market into thinking that the stock is very active. - To prevent the opening price from being lifted and influencing subsequent price movement. - Repeated purchases at a price higher than the current price might be considered a means of market manipulation. Therefore, such repeated buying for repurchase is restricted. - To repurchase an illiquid issue, buying at a price higher than the last price is allowed as long as it is not repeated and the order price does not exceed the day's
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<p>(3) Total volume of orders per day (Article 17(iii))</p>	<p>The total volume of orders per day shall not exceed the higher of the volumes calculated by the following methods in (1) and (2). (Trading volumes include only auction trading.)</p> <p>(1) Daily average trading volume calculated for 4 weeks prior to the week when an order is placed</p> <p>(2) Volume determined as follows, based on the monthly average trading volumes calculated for 6 months prior to the month when an order is placed:</p> <p>a. If monthly average trading volume is 400 trading units or more 10 trading units or 50% of the daily average trading volume for 4 weeks prior, whichever smaller (minimum of 3 trading units)</p> <p>b. If monthly average trading volume is 200 trading units or more but less than 400 trading units 5 trading units or 50% of the daily average trading volume for 4 weeks prior, whichever smaller (minimum of 3 trading units)</p> <p>c. If monthly average trading volume is less than 200 trading units 3 trading units</p>	<p>high at that time.</p> <ul style="list-style-type: none"> - Restriction is imposed on volume to avoid misleading the market into thinking that the stock is very active. - On the other hand, to repurchase an illiquid issue, minimum tradable volume is set to prevent loss of purchase opportunity.
<p>2. Entrustment, etc. of purchase to an entity other than the issuing company</p>	<p>When an entity that makes a purchase or gives such instructions based on the entrustment, the entity must do so based on the conditions in the above</p> <p>1. If such entity satisfies the</p>	<ul style="list-style-type: none"> - In the case of a purchase through a trust bank, the trust bank must comply with the Ordinance, and the issuing company shall be

(Article 21)	conditions, the issuing company shall be deemed to also satisfy the conditions.	exempt from the conditions.
3. Name of the purchaser (Article 22)	Purchase issues in its own name (when a trust company is to conduct such purchase, the trust company shall clarify to the broker the fact that purchases are made on the account of the issuing company)	- Prohibit repurchase on another entity's account to prevent unfair trading.
4. Method deemed appropriate for ensuring fair trading (Article 23)	Items 1 and 2 do not apply if the repurchase is conducted by one of following methods deemed appropriate by the exchange. (1) Repurchase in auction market after having published in advance the details of the repurchase (2) Repurchase in ToSTNeT-2 after having published in advance the details of the repurchase (3) Repurchase in ToSTNeT-3 after having published in advance the details of the repurchase	