

March 15, 2024

## OSE Imposes Disciplinary Actions against SBI SECURITIES Co., Ltd.

Osaka Exchange, Inc. (OSE) has taken disciplinary action against SBI SECURITIES Co., Ltd. (hereinafter "the Company"), as indicated below. This action has been taken pursuant to the provisions of Rule 42, Paragraph 1, Item (10) of the Trading Participant Regulations, and OSE has requested that the Company submit a business improvement report pursuant to the provisions of Rule 17, Paragraph 1, Item (1) of the same Regulations.

The above measures were determined based on the results of the deliberations by Japan Exchange Regulation

### 1. Disciplinary Action

- Censure

### 2. Reason

- Accepting orders from customers to purchase listed financial instruments on the financial instruments exchange market while knowing that causing fluctuation of market prices of said listed financial instruments, etc., will result in artificial price formation out of line with actual market conditions.

In order to cause the initial stock prices of three newly listed issues for which the Company served as the lead underwriter in the initial public offerings to fluctuate, peg, or fix, or to stabilize the initial prices of said issues above the public offering prices, during the period from December 2020 to September 2021, the Company's executive officer and the manager of the institutional investor sales department, along with other executive officer, etc. in charge of the former IFA business department, consulted with the managing director and the executive officer in charge of the former equity capital market department in connection with their duties, set target numbers for buy orders that would match the numbers of sell orders expected to come in before the opening sessions of the listing dates, and at least two previous business days prior to the listing dates of each issue, instructed or requested its employees in the Hong Kong subsidiary

(also members of the institutional investor sales department) and in the IFA business department to solicit customers to purchase said shares at limit prices equivalent to the public offering prices, and to accept these orders before the opening sessions of the listing dates.

In response, said IFA business department staff requested three financial instruments intermediary service providers, whose entrusting financial instruments business operator is the Company, handle the above instructions or requests. Given the above instructions or requests, the employees of the Hong Kong subsidiary and the three financial instruments intermediary service providers solicited customers to purchase said shares at limit prices equivalent to the public offering prices.

As a result, the Company, directly or through the Hong Kong subsidiary, accepted and executed buy orders (2,256,600 shares of the three issues in total) from its customers (nine institutional investors and 174 general investors) at limit prices equivalent to the public offering prices before the opening sessions of each issue's listing date while knowing that causing fluctuation, etc. of said issues' market prices will result in artificial price formation out of line with actual market conditions.

The aforementioned acts are deemed to be in violation of Article 117, Paragraph 1, Item 20 of the Cabinet Office Order on Financial Instruments Business, etc. pursuant to the provisions of Article 38, Item 9 of the Financial Instruments and Exchange Act.

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