

Enforcement Rules for Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Specified Financial Instruments Exchange Markets
(As of July 16, 2019)

Rule 1. Purpose

These rules shall, pursuant to the Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Specified financial instruments exchange markets (hereinafter referred to as the "special regulations"), prescribe matters specified by the Exchange.

Rule 2. Rewording of Rules on Reporting of Syndicate Cover Transactions

With regard to the application of the provisions of Rule 2, Paragraph 1, Item (1) of the Rules on Reporting of Syndicate Cover Transactions to reporting syndicate cover transactions in the specified financial instruments exchange market, "original offering or secondary offering" in the same item shall be "original offering or secondary offering, or solicitation for purchases from specified investors or solicitation for sales from specified investors, etc.", and "makes ... secondary offering" shall be "makes ... secondary offering or solicitation for sales from specified investors, etc.".

Rule 3. Rewording of Regulations for Order Management Systems at Trading Participants

With regard to the application of the provisions of Rule 3, Item (2) of the Regulations for Order Management Systems at Trading Participants to order management systems at trading participants in the specified financial instruments exchange market, "customer's financial resources and characteristics" in the same item shall be "customer's financial resources and characteristics, a fact that such customer is a specified investor, etc. prescribed in the provisions of Article 117-2, Paragraph 1 of the Act (limited to cases of carrying out acceptance of orders to buy securities in the specified financial instruments exchange market).

Rule 4. Rewording of Rules Concerning Just and Equitable Principles of Trade

With regard to the application of the provisions of Rule 7, Item (1) of the Just and Equitable Principles of Trade to the just and equitable principles of trade in the specified financial instruments exchange market, "a security pertaining to an offering (limited to those made to 50 persons or more; the same shall apply hereinafter) or secondary offering (excluding an offering or secondary offering with regard to issuance of subscription warrants to officers or employees, and granting what is deemed as stock options)" in the same item shall be "a security pertaining to an offering (limited to those made to 50 persons or more) or secondary offering, or solicitation for purchases from specified investors (limited to those made to 50 persons or more; the same shall apply hereinafter) or solicitation for sales from specified investors, etc. (excluding an offering or secondary offering with regard to issuance of subscription warrants to officers or employees, and granting what is deemed as stock options, or solicitation for purchases from specified investors or solicitation for sales from specified investors, etc.", "in the case of an offering or secondary offering of market value subscription warrant securities, listed stocks or listed market value subscription warrant securities; in the case of an offering or secondary offering of bonds with market value subscription warrant securities, listed stocks or listed bonds with market value subscription warrants" shall be "in the case of an offering or secondary offering of market value subscription warrant securities, listed stocks or listed market value subscription warrant securities; in the case of an offering or secondary offering of bonds with market value

subscription warrant securities, listed stocks or listed bonds with market value subscription warrants; in the case of an offering or secondary offering, or solicitation for purchases from specified investors or solicitation for sales from specified investors, etc. of bonds with market value subscription warrant securities, listed stock or listed bonds with market value subscription warrant securities", and "limited to such security pertaining to an offering or secondary offering which is made in regions other than Japan" in Sub-items c. and d. of the same item shall be "limited to such security pertaining to an offering or secondary offering, or solicitation for purchases from specified investors or solicitation for sales from specified investors, etc. which is made in regions other than Japan".

Rule 5. Handling of Deferred Settlement by Trading Participant

In the case where a trading participant postpones delivery of a non-JASDEC-handled security as prescribed in Rule 4, Paragraph 3 of the special regulations, the delivery of the non-JASDEC-handled security pertaining to such postponement shall be carried out by the fourth day counting from the day of such postponement. However, this shall not be applied to cases where the trading participant that is the counterpart to such settlement agrees.

Rule 6. Deleted.

Rule 7. Foreign Exchange Market Rate, etc. Designated by the Exchange

1. The foreign exchange market rate designated by the Exchange prescribed in Rule 14 of the special regulations means the Tokyo Foreign Exchange Market telegraphic transfer middle rate (TTM) for customers on the day preceding the day of execution (where such day falls on a non-business day of the Tokyo Foreign Exchange Market, the business day of the Tokyo Foreign Exchange Market immediately prior to that day).
2. In the conversion of trading value into Japanese yen as prescribed in Rule 14 of the special regulations, fractions less than one (1) yen shall be discarded.

Rule 8. Obligations of Liquidity Provider

The obligations specified by the Enforcement Rules prescribed in Rule 16 of the special regulations mean the obligations enumerated in each of the following items.

- (1) The obligation to make efforts to make bids and offers pertaining to a security issued by a listed company for which it is designated as a liquidity provider; and
- (2) From the perspective of facilitating smooth trading, the obligation to make efforts to make matching bids and offers within a range determined to be appropriate by the trading participant, taking into account conditions of trades such as the price, etc. with respect to the bids and offers pertaining to the security of the preceding item which have been made.