

## **Rules concerning Issue under Trade Monitoring**

(as of January 4, 2024)

Tokyo Stock Exchange, Inc.

### **Rule 1. Purpose**

These rules shall prescribe necessary matters on an issue for which the Exchange carries out the following actions with respect to purchase and amassing of a large number of shares, etc. in order to ensure fair price formation and smooth circulation (hereinafter an "Issue under Trade Monitoring"):

- (a) To take necessary regulatory measures, etc. against the issue concerning its trades or acceptance of orders for such trades; and
- (b) To handle the issue in a special manner in reporting trading details, etc. pursuant to the provisions of Rule 19 of the Trading Participant Regulations.

### **Rule 2. Designating a Stock, etc. to an Issue under Trade Monitoring**

In the event that a large share holding report is submitted by an entity who has purchased a large number of shares, etc. issued by the issuer of stock of a specific issue (excluding the case that said entity has already filed a report stating that the ratio of share holding has become 5% or less), if the Exchange identifies extremely unusual price fluctuations, trading conditions, etc. pertaining to a stock, etc. of said issue, the Exchange shall designate said issue as an Issue under Trade Monitoring.

### **Rule 3. Notification of Designation**

When the Exchange designates an issue as an Issue under Trade Monitoring, it shall notify trading participants of such fact.

### **Rule 4. Regulatory Measures, etc.**

1. With respect to an Issue under Trade Monitoring, the Exchange shall implement regulatory measures necessary for trades, etc. or acceptance of orders for said trades, etc. pursuant to the Business Regulations.
2. If an Issue under Trade Monitoring is an issue eligible for margin transactions, the Exchange shall publicize its outstanding margin transactions on a daily basis.

### **Rule 5. Duty of Reporting Transaction Details, etc.**

With respect to trade monitoring, a trading participant shall report to the Exchange on transaction details, etc. as specified in each of the following items:

- (1) with respect to a report on transaction details during a period that the Exchange deems necessary before the day when an issue is designated as an

Issue under Trade Monitoring, a trading participant shall submit said report by Friday of the following week of the week including the day on which the Exchange has required reporting (if said Friday falls on a holiday, it shall be moved down; the same shall apply in the following item), and

- (2) with respect to a report on transaction details during a period from the day when an issue is designated as an Issue under Trade Monitoring to the day when the designation is lifted pursuant to the following rule, a trading participant shall submit said report by Friday of the following week of the week including the day when transactions were effected.

#### **Rule 6. Removal of Designation**

1. The Exchange shall remove the designation in the following two cases:
  - (1) when an entity which has purchased a large number of shares, etc. issued by the issuer of stock which is an Issue under Trade Monitoring has filed a report stating that the ratio of share holding has become 5% or less; or
  - (2) when the Exchange deems such designation unnecessary in light of price fluctuations, trading conditions, etc.
2. Rule 3 shall apply mutatis mutandis to the removal of designation specified in the preceding paragraph.

#### **Rule 7. Application to Clearing Intermediation of Securities, etc.**

With respect to brokerage for clearing of securities, etc. related to securities trading, the Exchange shall deem a trading participant who entrusts brokerage for clearing of securities, etc. as a party who carries out trading of said securities.

#### **Rule 8. Application to Securities Trading Conducted through Entrustment of Order Placement to Other Trading Participants**

These Rules shall be applied to securities trading that is enacted through entrustment of order placement to other trading participants, as prescribed in Rule 2-2, Paragraph 3 of the Trading Participant Regulations, with the trading participant that has obtained the Exchange's approval as prescribed in Rule 24-7, Paragraph 1 of the same regulations deemed as the party who trades the securities.