

**Special Regulations of Business Regulations and Brokerage Agreement Standards
Concerning Specified Financial Instruments Exchange Markets**
(as of December 13, 2019)

**Chapter 1
General Provisions**

**Section 1
General Provisions**

Rule 1. Purpose

These special regulations shall prescribe the special rules for the Business Regulations and the Brokerage Agreement Standards with regard to securities trading and brokerage of securities trading, etc. (except brokerage for clearing of securities, etc.) in specified financial instruments exchange markets (hereinafter referred to as "these markets") prescribed in Article 2, Paragraph 32 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as "the Act") operated by the Exchange.

Rule 2. Prohibition of Trading by General Investors

A trading participant shall not carry out brokerage for purchases of securities in these markets from entities other than specified investors, etc. (meaning entities other than specified investors, etc. prescribed in Article 117-2, Paragraph 1 of the Act).

**Section 2
Special Regulations of Trading Participant Regulations**

Rule 3. Form of Trading of Non-JASDEC-Handled Securities in the Exchange Market

A trading participant shall carry out trading of securities in these markets under its own name where such securities are issues not handled by Japanese Securities Depository Center, Inc. (hereinafter referred to as "JASDEC") (hereinafter referred to as "non-JASDEC-handled securities").

**Section 3
Special Regulations of Clearing and Settlement Regulations**

Rule 4. Settlement of Trading of Non-JASDEC-Handled Securities by Trading Participants

1. The settlement of trading of non-JASDEC-handled securities shall be carried out between the trading participants involved in the trade.
2. The settlement cut-off time pertaining to trading of non-JASDEC-handled securities shall be 2:45 p.m. However, where the trading participants involved in settlement agree on another date and time, it shall be carried out by such other date and time.
3. If a trading participant is unable to deliver the non-JASDEC-handled security by the settlement cut-off time prescribed in the preceding paragraph with regard to trading of non-JASDEC-handled securities due to unavoidable circumstances, with the approval of the trading participant that is the counterpart to the trade to which the

non-JASDEC-handled security is to be delivered, the delivery of such non-JASDEC-handled security may be postponed to the next day as prescribed by the Exchange.

4. With regard to settlement specified in Paragraph 1, where the trading participants involved in such settlement shall deliver the non-JASDEC-handled security and pay funds therefor to each other on the same settlement date, with agreement between such trading participants, the amount of funds to be paid and quantity of securities to be delivered by the trading participants for such settlement may be the difference between the total amount of sales proceeds and the total amount of purchase consideration for the non-JASDEC-handled security and the difference between the volume sold and the volume purchased for the non-JASDEC-handled security for each such issue between such trading participants.
5. Matters necessary for settlement of trading of non-JASDEC-handled securities other than those prescribed in the preceding three (3) paragraphs shall be specified upon agreement by the trading participants involved in settlement.

Rule 5. Emergency Measures in Cases of Natural Disasters, etc.

1. In the event that the settlement of a trading participant pertaining to trading of non-JASDEC-handled securities effected in these markets has been deemed impossible or extremely difficult due to a natural disaster, a drastic change in the economic situation, shortage of deliverable securities, or for any other unavoidable reason, the Exchange may stipulate anew the terms and conditions of settlement by a resolution of the Board of Directors.
2. In the event that the Exchange has stipulated the terms and conditions of settlement pursuant to the provisions of the preceding paragraph, a trading participant shall comply therewith.
3. In such instance as prescribed in Paragraph 1, the Exchange may, in cases of emergency, stipulate anew the terms and conditions of settlement without going through a resolution of the Board of Directors.

Section 4

Special Regulations of Regulations Regarding Margin Transactions and Loans for Margin Transactions

Rule 6. Non-Application of Regulations Regarding Margin Transactions and Loans for Margin Transactions

The provisions pertaining to loans for margin transactions prescribed in Rule 1, Paragraph 1 of the Regulations Regarding Margin Transactions and Loans for Margin Transactions and the provisions pertaining to standardized margin transactions prescribed in Rule 2, Paragraph 1 of the same regulations shall not apply to securities trading effected in these markets.

Section 5

Special Regulations of Brokerage Agreement Standards

Rule 7. Method of Notification, etc.

1. The method specified in the rules prescribed by financial instruments exchanges stipulated in Article 14-14-2, Paragraph 1, Item (1) of the Cabinet Office Ordinance on Disclosure of

Corporate Information, etc. (Ordinance of the Ministry of Finance No. 5 of 1973), Article 19-2, Paragraph 1, Item (1) of the Cabinet Office Ordinance on Disclosure of Information, etc. on Specified Securities (Ordinance of the Ministry of Finance No. 22 of 1993), and Article 11-13-2, Paragraph 1, Item (1) of the Cabinet Office Ordinance on Disclosure of Information, etc. on Issuers of Foreign Bonds, etc. (Ordinance of the Ministry of Finance No. 26 of 1972) shall be the method by which the Exchange specifies and announces "Notification Matters" in the Annex to these special regulations.

2. The entities referred to in the following items shall be deemed to have entrusted the announcement of "Notification Matters" in the Annex to the Exchange.
 - (1) A trading participant which places sell orders, which fall under solicitation for sales of securities from specified investors, etc., in these markets operated by the Exchange; and
 - (2) A trading participant that receives entrustments of buy orders of securities for specified investors in these markets from its customer.

Rule 8. Delivery Cut-off Time for Customers for Regular Transactions of Non-JASDEC-Handled Securities

With respect to entrustment of trading of non-JASDEC-handled securities effected by regular transaction, a customer shall pay the purchase consideration or deliver the securities sold by 9 a.m. on the third day (excluding non-business days of the Exchange) counting from the day of the trade (where a trading participant specifies another date and time, such date and time).

Rule 9. Rewording of Definitions

When applying the provisions of Rule 28 of the Brokerage Agreement Standards, "foreign investment securities as prescribed in Investment Trust Act" in Item (3) of the same rule shall be "foreign investment securities as prescribed in Investment Trust Act that are not non-JASDEC-handled securities".

Chapter 2 Special Regulations of Business Regulations and Brokerage Agreement Standards in the Auction Market

Section 1 General Provisions

Rule 10. Purpose of this Chapter

1. Securities trading and brokerage of securities trading, etc. (excluding brokerage for clearing of securities, etc.) in the auction market (meaning markets of the Exchange where securities trading is held during trading sessions; the same shall apply hereinafter) pertaining to specified listed securities (meaning specified listed securities prescribed in Article 2, Paragraph 33 of the Act; the same shall apply hereinafter) shall be as prescribed in this chapter and the preceding chapter.
2. Matters not prescribed by this chapter and the preceding chapter shall be as prescribed by the Business Regulations, the Trading Participant Regulations, the Clearing and Settlement Regulations, the Regulations Regarding Margin Transactions and Loans for Margin

Transactions, and the Brokerage Agreement Standards.

Section 2

Special Regulations of Business Regulations

Rule 11. Bids/Offers for Bonds

1. The unit of bids and offers for bonds shall be JPY 0.01 per JPY 100 face value for yen-denominated bonds, and 0.01 points per 100 points for foreign currency-denominated bonds. In this case, the trading unit prescribed in the following rule shall be 100 points.
2. The price limit for a bid or offer for a bond shall not be specified.

Rule 12. Trading Unit

The trading unit shall be specified in accordance with the classifications of securities referred to in each of the following items.

- (1) Stocks, etc. (including subscription warrant securities (meaning subscription warrant securities referred to in Article 2, Paragraph 1, Item (9) of the Act; the same shall apply hereinafter))
 - a. Where the issuer is a domestic corporation, 100 shares (in the case of subscription warrant securities, one (1) subscription warrant shall be one (1) share; the same shall apply hereinafter in this item). However, for issues especially specified by the Exchange, it shall be the unit specified by the Exchange on a case-by-case basis.
 - b. Where the issuer is a foreign corporation, 100 shares. However, where 100 shares is deemed inappropriate by the Exchange considering the company rules and systems, etc. in the home country of the issuer, it shall be 1000 shares, 500 shares, 50 shares, 10 shares, or 1 share specified by the Exchange on a case-by-case basis.
- (2) Preferred equity contribution securities (meaning preferred equity contribution securities referred to in Article 2, Paragraph 1, Item (7) of the Act), investment trust beneficiary certificates (meaning investment trust beneficiary certificates referred to in Article 2, Paragraph 1, Item (10) of the Act), investment securities (meaning investment securities referred to in Article 2, Paragraph 1, Item (11) of the Act), new investment unit subscription warrant securities (meaning new investment unit subscription warrant securities referred to in Article 2, Paragraph 1, Item (11) of the Act) and domestic commodity trust beneficiary certificates (meaning commodity trust beneficiary certificates of a beneficiary certificate issuing trust which aims to track the price of a specified commodity (meaning a commodity prescribed in Article 2, Paragraph 1 of the Commodity Derivatives Act (Act No. 239 of 1950) and whose trust assets are mainly comprised of such specified commodity)
One lot (in the case of subscription warrant securities, one (1) subscription warrant shall be one (1) lot); provided, however, that for issues especially designated by the Exchange, it shall be the number of lots specified by the Exchange on a case-by-case basis.
- (3) Foreign investment trust beneficiary certificates (meaning, beneficiary certificates of a foreign investment trust referred to in Article 2, Paragraph 1, Item (10) of the Act; the same shall apply hereinafter), foreign investment securities (meaning, securities similar to investment securities, among securities referred to in Article 2, Paragraph 1, Item (11) of the Act; the same shall apply hereinafter), foreign securities trust beneficiary

certificates (meaning, among beneficiary certificates of a beneficiary certificate issuing trust, beneficiary certificates whose trust assets are stocks issued by a foreign corporation, ETNs (meaning, among securities issued overseas by a domestic corporation, those referred to Article 2, Paragraph 1, Item (5) of the Act or, among securities issued overseas by a foreign corporation, those that have the attributes of securities referred to in Item (5) of the same paragraph and aim to have their redemption value to be linked to specific benchmarks (meaning, quotations on a financial instruments market and other benchmarks)), foreign investment trust beneficiary certificates, foreign investment certificates, or beneficiary certificates of a foreign beneficiary certificate issuing trust (among securities referred to in Article 2, Paragraph 1, Item (17) of the Act, those have the attributes of a domestic commodity trust beneficiary certificate; the same shall apply hereinafter); the same shall apply hereinafter), and beneficiary certificates of a foreign beneficiary certificate issuing trust.

The provisions of Item (1) shall be applied mutatis mutandis to foreign investment trust beneficiary certificates, foreign investment securities, foreign securities trust beneficiary certificates, and beneficiary certificates of a foreign beneficiary certificate issuing trust. In this case, "1,000 shares", "500 shares", "100 shares", "50 shares", "10 shares", and "1 share" shall be read as "1,000 lots", "500 lots", "100 lots", "50 lots", "10 lots", and "1 lot", respectively.

- (4) Foreign stock depositary receipt (means a depositary receipt representing rights pertaining to a stock issued by a foreign corporation; the same shall apply hereinafter)

The provisions of Item (1), Sub-item b shall be applied mutatis mutandis to foreign stock depositary receipts. In this case, "1,000 shares", "500 shares", "100 shares", "50 shares", "10 shares", and "1 share" shall be read as "1,000 receipts", "500 receipts", "100 receipts", "50 receipts", "10 receipts", and "1 receipt" respectively.

- (5) Bonds

For yen-denominated bonds, it shall be a face value of JPY 100 million. For foreign currency-denominated bonds, it shall be the face value of a certificate issued for each bond.

Rule 13. Pro-Rata Computation of Interest

1. At the time of conducting a transaction in interest-bearing bonds, computation shall be made as to an amount obtained by multiplying the total amount of the face value by an interest rate of the security (hereinafter referred to as "interest") on a pro-rata basis, and an amount corresponding to a period until the settlement date of that transaction (hereinafter referred to as an "accrued interest") shall be added to trading value; provided, however, that if the settlement date of that transaction falls on an interest payment date of such security, no accrued interest shall be added to the trading value.
2. Notwithstanding the provisions of the main clause of the preceding paragraph, where the Exchange deems it necessary, the amount shall be computed on a pro-rata basis, in consideration of legal systems, business practices, etc. in the home country, etc. of the issuer, management company, trustee, etc. of interest-bearing bonds, by deducting the amount specified by the Exchange for each interest-bearing bond from interest, and add the amount corresponding to a period until the settlement date of the transaction prescribed in the same paragraph as an accrued interest to the trading value.

Rule 14. Trading Value of Foreign Currency-Denominated Bonds

The trading value of a foreign currency-denominated bond (including accrued interest) shall be converted into Japanese yen based on the foreign exchange rate designated by the Exchange in accordance with provisions specified by the Exchange.

Rule 15. Exclusion from Application Scope of Off-auction Distribution

The provisions of Chapter 5, Section 2 of the Business Regulations shall not apply to trading of securities in these markets.

Rule 16. Ensuring Smooth Trading

A trading participant designated as a liquidity provider pursuant to Rule 135 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities shall make efforts to ensure smooth trading of securities issued by the listed company for which it is designated therefor, bear the obligations specified by the Enforcement Rules, and submit a written pledge pertaining to compliance with such obligation.

Rule 17. Rewording of Business Regulations

When applying the provisions of Rule 67 of the Business Regulations, "such public offering or secondary offering" shall be "such public offering or secondary offering, or soliciting purchases, etc. from specified investors or soliciting sales, etc. from specified investors".

Chapter 3

**Special Regulations of Business Regulations and Brokerage Agreement Standards
Concerning the ToSTNeT Market Pertaining to Specified Listed Securities**

Section 1

General Provisions

Rule 18. Purpose of this Chapter

1. Chapter 1 and this chapter prescribe provisions for securities trading and brokerage of securities trading (excluding brokerage for clearing of securities, etc.) in the ToSTNeT market (meaning out of markets of the exchange, excluding auction markets; the same shall apply hereinafter)
2. Matters not prescribed by this chapter and Chapter 1 shall be as prescribed by the Special Regulations of the Securities Listing Regulations Concerning Specified Listed Securities, the Trading Participant Regulations, the Clearing and Settlement Regulations, the Regulations Regarding Margin Transactions and Loans for Margin Transactions, and the Special Regulations of the Business Regulations and the Brokerage Agreement Standards Concerning ToSTNeT Market.

Section 2

**Special Regulations of Special Regulations of Securities Listing Regulations
Concerning Specified Listed Securities**

Rule 19. Securities that are Listed

Notwithstanding the provisions of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities, the securities listed on the ToSTNeT market shall be stocks.

Section 3

Special Regulations of Business Regulations

Rule 20. Provisions Applied Mutatis Mutandis

The provisions of Rules 12 and 17 shall apply mutatis mutandis to securities trading in the ToSTNeT market pertaining to specified listed securities.

Annex

Notification Matters

These notification matters prescribe the matters referred to in each item of Article 14-14-2, Paragraph 3 of the Cabinet Office Ordinance on Disclosure of Corporation Information, etc. (Ordinance of the Ministry of Finance No. 5 of 1973; hereinafter referred to as the "Ordinance on Disclosure"), each item of Article 19-2, Paragraph 3 of the Cabinet Office Ordinance on Disclosure of Information, etc. on Specified Securities (Ordinance of the Ministry of Finance No. 22 of 1993; hereinafter referred to as the "Ordinance on Disclosure on Specified Securities, etc."), each item of Article 11-13-2, Paragraph 3 of the Cabinet Office Ordinance on Disclosure of Information, etc. on Issuers of Foreign Bonds, etc. (Ordinance of the Ministry of Finance No. 26 of 1972; hereinafter referred to as the "Ordinance on Disclosure on Foreign Bonds, etc.") pursuant to Article 23-13, Paragraph 3, Item (2) of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the "Act") (including cases of applying mutatis mutandis in Article 27 of the Act).

1. A specified security (excluding those for which the issuer has the obligation to submit securities reports concerning such security due to a reason such as the security being multiply listed on another financial instruments exchange market; hereinafter the same shall apply in these notification matters) that is listed on the specified financial instruments exchange market prescribed in Article 2, Paragraph 32 of the Act (hereinafter referred to as "this market") operated by Tokyo Stock Exchange, Inc. (hereinafter referred to as the "Exchange") falls under a security for specified investors prescribed in Article 4, Paragraph 3 of the Act (i.e., an issue for professional investors).
2. The securities listed on this market do not fall under any of the cases where disclosure is being made pursuant to Article 4, Paragraph 7, Item (1) of the Act, each item of Article 6 of the Ordinance on Disclosure, each item of Article 7 of the Ordinance on Disclosure on Specified Securities, etc., and each item of Article 3-2 of the Ordinance on Disclosure on Foreign Bonds, etc.
3. If you or your company does not fall under a specified investor prescribed in Article 2, Paragraph 3, Item (2), Sub-item (b) (2) and intend(s) to become a counterparty to a sell order pertaining to a security listed on this market, please refer to each item of Article 2-7, Paragraph 1 of the Ordinance on Disclosure, Article 4-4 of the Ordinance on Disclosure on Specified Securities, etc., and Article 1-7 of the Ordinance on Disclosure on Foreign Bonds, etc. and check whether you or your company falls under any of the cases prescribed in such provisions.
4. Article 4, Paragraphs 3, 5, and 6 of the Act shall apply to solicitation of securities delivery, etc. of securities listed on this market.
5. There may be cases where specified securities, etc. information or issuer, etc. information has been announced for a security listed on this market. Details are as follows:
 - (1) With regard to a security listed on this market, there may be cases where specified securities, etc. information pertaining to solicitation for purchases from specified investors prescribed in Article 4, Paragraph 3, Item (1) of the Act or solicitation for sales from specified investors prescribed in Article 2, Paragraph 6 of the Act which have been carried out for such security has been

announced pursuant to the provisions of Article 27-31, Paragraph 2 of the Act (Please see (3) below for the method to check for such announcements.).

(2) With regard to a security listed on this market, issuer, etc. information may have been announced pursuant to the provisions of Article 27-32, Paragraphs 1 through 3 of the Act (Please see (3) below for the method to check for such announcements.).

(3) With regard to the availability of announcements of specified securities, etc. information or issuer, etc. information concerning individual issues, you may check for such announcements on the homepage of the Exchange (<https://www.jpx.co.jp/>)

(4) Specified securities, etc. information and issuer, etc. information concerning each issue pursuant to Rules 111 and 128 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities specified by the Exchange, or Rules 210 and 215 of the same special regulations in accordance with all the methods referred to below. The homepage addresses prescribed in the following (a) through (c) may be subject to change. For information on the homepage addresses after they were changed, please check the homepage of the Exchange.

(a) Posting on the homepage of the Exchange

Address of Exchange homepage

<https://www.jpx.co.jp/>

(b) Posting on the homepage of the issuer of such issue

The address of the homepage of an issuer can be found on the Exchange homepage.

(c) Posting to the company announcements viewing service

Address of service

<https://www.jpx.co.jp/listing/disclosure/index.html>

6. A holder of a security listed on this market (excluding bonds) shall, except cases where the issuer of such security is a company which submits securities reports, receive announcements of issuer, etc. information within three (3) months from the end of the business year of the issuer of such security and within three (3) months from the end of an interim accounting period from such issuer pursuant to Article 27-32 of the Act and the provisions of Rule 121 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities. A holder of a bond listed on this market (excluding securities prescribed in each item of Article 3 of the Act), except cases where the issuer of such security is a company which submits securities reports, receive announcements of issuer, etc. information within three (3) months from the end of the business year of the issuer of such security from such issuer pursuant to Article 27-32 of the Act and the provisions of Rule 215 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities.