

**Special Regulations of Business Regulations and Brokerage
Agreement Standards Concerning ToSTNeT Market**
(as of June 28, 2021)

Tokyo Stock Exchange, Inc.

Chapter 1
General Provisions

Rule 1. Purpose

These special regulations shall prescribe special rules for the Business Regulations and the Brokerage Agreement Standards with regard to securities trading and acceptance of orders, etc. for securities trading (excluding agency clearing of securities) in the ToSTNeT market (meaning the market other than the auction market (meaning, out of the markets of the Exchange, the market in which securities trading is carried out during a trading session), out of the Exchange markets; the same shall apply hereinafter).

Rule 2. Definition of ToSTNeT Transactions

A ToSTNeT transaction in these special regulations means securities trading in the ToSTNeT market that are carried out as prescribed in the next chapter.

Chapter 2
**Special Regulations of Business Regulations and Brokerage Agreement Standards
Concerning ToSTNeT Transactions Pertaining to Stocks and Convertible Bonds**

Section 1
General Provisions

Rule 3. Purpose of this Chapter

1. ToSTNeT transactions in stocks (including subscription warrant securities, equity contribution securities (meaning securities referred to in Article 2, Paragraph 1, Item (6) of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the "Act")); the same shall apply hereinafter), preferred equity investment securities (meaning preferred equity investment securities issued by a cooperative structured financial institution; the same shall apply hereinafter), investment trust beneficial certificates (meaning beneficial certificates of an investment trust; the same shall apply hereinafter), investment securities, new investment unit subscription warrant securities, foreign investment securities, foreign stock depositary receipts (meaning depositary receipts representing rights pertaining to a stock issued by a foreign corporation; the same shall apply hereinafter); the same shall apply hereinafter) and convertible bonds (meaning corporate bonds whose target of investment at the time of exercising a subscription warrant

is corporate bonds pertaining to such convertible bonds, out of the subscription warrant securities, but excluding and those issued by a foreign corporation; the same shall apply hereinafter) shall be as prescribed in this chapter.

2. Matters that are not provided in this chapter shall be as prescribed by the Securities Listing Regulations, the Business Regulations, the Regulations Regarding Margin Transactions and Loans for Margin Transactions, and the Brokerage Agreement Standards.

Rule 4. Definition of Single-issue Transactions, etc.

1. A single-issue transaction in this chapter means a ToSTNeT transaction effected in the minimum quantity or amount specified by the Exchange in accordance with the provisions prescribed in this chapter.
2. A basket transaction in this chapter means a transaction in which a sale or a purchase of a security of the same classification (meaning a classification between stocks and convertible bonds) is made in the minimum number of issues specified by the Exchange in accordance with the provisions in this chapter, and which is a ToSTNeT transaction where the total amount of the consideration pertaining to such sales or purchases (hereinafter referred to as "consideration pertaining to a basket transaction") is at least an amount specified by the Exchange.
3. A closing price transaction in this chapter means a ToSTNeT transaction where a regular transaction is effected at a final price or a volume weighted average price computed by the Exchange (hereinafter referred to as the "volume weighted average price" or the "VWAP").
4. In this chapter, an off-auction own shares repurchase transaction means a ToSTNeT transaction referred to in each of the following items, which is conducted by a listed company or listed investment corporation (meaning an investment corporation that is an issuer of listed real estate investment trust securities or listed domestic infrastructure fund) pursuant to the provisions of this chapter.
 - (1) A ToSTNeT transaction to acquire own shares in accordance with the provisions of Article 156, Paragraph 1 of the Companies Act (Act No. 86 of 2005) (including cases where they are applied by rewording pursuant to the provisions of Article 163 and Article 165, Paragraph 3 of the same Act) of the Companies Act or provisions of laws and regulations of a foreign country equivalent thereto (limited to cases where such listed company is a foreign company).
 - (2) A ToSTNeT transaction to acquire own investment units in accordance with the provisions of Article 80-2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951) (including cases where they are applied by rewording pursuant to the provisions of Article 80-5, Paragraph 2 of the same Act.)

Section 2

Special Regulations of Securities Listing Regulations

Rule 5. Securities to Be Listed

Notwithstanding the provisions of the Securities Listing Regulations, securities to be listed on the ToSTNeT market shall be stocks and convertible bonds.

Section 3

Special Regulations of Business Regulations

Rule 6. Underlying Securities in Single-issue Transactions, etc.

In accordance with the types of transactions referred to in each of the following items, a ToSTNeT transaction may be carried out with respect to securities set forth in each of such items:

- (1) A single-issue transaction, a basket transaction and a closing price transaction:
Stocks and convertible bonds; and
- (2) An off-auction own shares repurchase transaction:
Stocks and investment securities.

Rule 7. Method of ToSTNeT Transactions

1. A ToSTNeT transaction shall be effected by the trading systems.
2. Notwithstanding the provisions of the preceding paragraph, if there is a failure in the operation of the trading systems or a trading participant is unable to carry out a transaction by the trading systems for any other unavoidable reason and the Exchange deems it necessary, a trading participant may carry out a ToSTNeT transaction by a trading method other than through the trading systems. In this case, matters necessary for such transaction shall be prescribed by the Exchange on a case by case basis.

Rule 8. Settlement Date

A ToSTNeT transaction shall be settled on any of the days specified in each of the following items (meaning a day specified by Item (1), Sub-item b. or Item (2), Sub-item b. for a closing price transaction and an off-auction own share repurchase transaction) in accordance with the classification of securities referred to in said items:

- (1) Stocks
 - a. The day on which the trading contract was concluded;
 - b. The second day (excluding non-business days; the same shall apply hereinafter to the calculation of the number of days) counting from the date on which the trading contract was concluded;
 - c. The third day (or the fourth day for the transactions of equity contribution securities that are effected on a day referred to in Rule 9, Paragraph 3, Item (1) of the Business Regulations) counting from the date on which the trading contract was concluded; and
 - d. Any day between the forth and tenth day (or for equity contribution securities, any

day between the fifth and tenth day for transactions effected on a day referred to in Rule 9, Paragraph 3, Item (1) of the Business Regulations) counting from the date on which the trading contract was concluded.

(2) Convertible bonds

- a. The day on which the trading contract was concluded; and
- b. The third day (or the fourth day for transactions effected on a day referred to in Rule 9, Paragraph 3, Items (2) through (4) of the Business Regulations) counting from the date on which the trading contract was concluded; provided, however, that the settlement day shall be the fifth day for transactions effected on a day prescribed in Paragraph 3, Item (2) or Item (3) of the same rule and the fourth day for transactions effected on the day following such date (where it falls on a non-business day, it shall be moved down in order; the same shall apply hereinafter) respectively in cases prescribed in Paragraph 5 or Paragraph 6 of the same rule with respect to transactions of interest-bearing convertible bonds.

Rule 9. Bids and Offers

1. When a trading participant intends to carry out a ToSTNeT transaction (excluding an off-auction own share repurchase transaction; the same shall apply hereinafter in this rule), the trading participant must make a bid or offer. In this case, the trading participant must clarify matters referred to in each of the following items to the Exchange:
 - (1) A fact whether such bid or offer is for an agency or principal account;
 - (2) If it is intended to carry out a ToSTNeT transaction through a margin transaction (including cases where an agency-based entrustment of trading pertaining to a margin transaction is accepted if a customer is an agent (meaning the customer who is a financial instruments business operator entrusting the securities transactions to the trading participants in a case where such an entrustment pertains to the agency-based securities transaction entrusted to the trading participant; the same shall apply hereinafter)), that fact;
 - (3) If it is intended to carry out a ToSTNeT transaction to reimburse purchase consideration which is borrowed or a security sold through a margin transaction (including cases where an agency-based entrustment of a transaction pertaining to reimbursement of purchase consideration which is borrowed or a security sold through a margin transaction is accepted, if a customer is an agent), that fact;
 - (4) If it is intended to be carried out a ToSTNeT transaction through a margin sale or a margin purchase for said participant's own account, that fact; and
 - (5) If it is intended to be carried out a ToSTNeT transaction for settlement of a margin sale transaction or a margin purchase transaction for said participant's own account, that fact.
2. Bids and offers for a ToSTNeT transaction shall be those made by the method of inputting from the trading participant terminal equipment of such trading participant.
3. A bid and offer for a ToSTNeT transaction shall be made at a price or consideration

prescribed in each of the following items:

- (1) A bid or offer for a single-issue transaction shall be made at a price prescribed by the Exchange;
- (2) A bid or offer for a basket transaction shall be made at a consideration pertaining to a basket transaction prescribed by the Exchange; and
- (3) A bid or offer for a closing price transaction shall be made at a price prescribed in the following Sub-item a. through Sub-item g.:
 - a. The previous day's closing price (meaning the final price of regular transactions (including the price of a special quote displayed pursuant to the provisions of Rule 10 of the Rules Concerning Bids/Offers and the price of a sequential trade quote displayed pursuant to the provisions of Rule 11 of the same Rules; the same shall apply hereinafter) on the previous day (when it falls on a non-business day, it shall be moved up in order; the same shall apply hereinafter), and where there is no contract price of regular transactions (including the price of a special quote displayed pursuant to the provisions of Rule 10 of the same Rules; the same shall apply hereinafter in Sub-item c.) on the previous day, or where the Exchange deems that it is inappropriate to carry out at such final price, it shall mean a base price at the quote price limit prescribed in Rule 4 of the Rules Concerning Price Limits on Bids and Offers; the same shall apply hereinafter); provided, however, that it shall be a price specified by the Exchange on a case by case basis for regular transactions on an ex-dividend date, etc. as prescribed by the provisions of Rule 25, Paragraph 1 of the Business Regulations, a date on which trading starts for stocks after a reverse stock split as prescribed by the provision of Rule 25-2 of the same regulations, on a new acquisition value date, on a new share number date or on a new exercise conditions date prescribed pursuant to the provisions of Rule 26 of the same regulations, or on a day on which a transaction is made as an ex-rights transaction pertaining to the rights to claim for redemption before maturity prescribed pursuant to the provisions of Rule 26-2 of the same regulations;
 - b. A morning session closing price (meaning the final price (including the price of a special quote price displayed pursuant to the provisions of Rule 10 of the Rules Concerning Bids/Offers at the end of the morning session and the price of a sequential trade quote displayed pursuant to the provisions of Rule 11 of the same Rules) in regular transactions during the morning session of that day), and where there is no contract price (including the price of a quote price displayed pursuant to the provisions of Rule 10 of the same Rules at the end of the morning session and the price of a sequential trade quote displayed pursuant to the provisions of Rule 11 of the same Rules) of regular transactions in the morning session or where the Exchange deems that it is inappropriate to carry out at such final price, it shall be at the base price at the quote price limit prescribed in Rule 4 of the Rules Concerning Price Limits on Bids and Offers; the same shall apply hereinafter);
 - c. The closing price on the day (meaning the final price in regular transactions on that

- day, and where there is no contract price of regular transactions or where the Exchange deems that it is inappropriate to carry out at such final price, it shall mean the base price at the quote price limit prescribed in Rule 4 of the Rules Concerning Price Limits on Bids and Offers; the same shall apply hereinafter);
- d. Volume weighted average price on the previous day (meaning volume weighted average price in trading sessions for the whole day at the end of the afternoon trading session on the previous day; the same shall apply hereinafter);
 - e. Volume weighted average price in the morning session (meaning volume weighted average price in the morning session at the end of the morning session on that day; the same shall apply hereinafter);
 - f. Volume weighted average price in the afternoon session (meaning volume weighted average price in the afternoon session at the end of the afternoon session on that day; the same shall apply hereinafter); and
 - g. Volume weighted average price on the day (meaning volume weighted average price in trading sessions for the whole day at the end of the afternoon trading session on that day; the same shall apply hereinafter).
- 4. Regarding bids and offers for ToSTNeT transactions which are settled on a day referred to in Item (1), Sub-item a., or Item (2), Sub-item a. of the preceding rule, the same trading participant shall make a bid and an offer which correspond to each other.
 - 5. When a trading participant intends to carry out a single-issue transaction or a closing price transaction pertaining to low latency trading (meaning low latency trading prescribed in Article 2, Paragraph 41 of the Act; the same shall apply hereinafter), the trading participant must clarify to the Exchange that such transaction is one pertaining to low latency trading.
 - 6. When a trading participant intends to carry out a single-issue transaction or a basket transaction pertaining to orders matched in an internal trading system (referred to a system prescribed in Article 70-2, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. (Cabinet Office Order No. 52 of 2007)), the trading participant must clarify to the Exchange that such transaction is one pertaining to the orders matched in the internal trading system.
 - 7. Necessary matters concerning bids and offers of ToSTNeT transactions other than the matters prescribed in these special regulations shall be prescribed by the Exchange.

Rule 10. Single-issue Transactions and Basket Transactions

- 1. The trading hours of single-issue transactions and basket transactions shall be from 8:20 a.m. to 5:30 p.m. (or until 0:30 p.m. for transactions to be settled on a day specified in Rule 8, Item (1), Sub-item b.); provided, however, that when the Exchange deems it necessary, the Exchange may temporarily change the trading hours by notifying trading participants to that effect beforehand.
- 2. Where either a bid or offer exactly matches an offer or bid which is made to correspond to such bid or offer in a single-issue transaction and a basket transaction, a transaction shall be effected between such bid and offer.

Rule 11. Closing Price Transactions

1. In accordance with the types of prices referred to in each of the following items, trading hours of closing price transactions shall be the hours specified in each of such items; provided, however, that when the Exchange deems it necessary, the Exchange may temporarily change trading hours by notifying trading participants to that effect beforehand:
 - (1) The closing price on the previous day and the volume weighted average price on the previous day:
From 8:20 a.m. to 8:45 a.m.;
 - (2) The closing price in the morning session and the volume weighted average price in the morning session:
From 11:30 a.m. to 12:15 p.m.; and
 - (3) The closing price on that day, the volume weighted average price in the afternoon session and the volume weighted average price on that day:
From 3:00 p.m. to 4:00 p.m.
2. A closing price transaction shall be effected by auction, and the order of bids and offers in such auction shall be as prescribed in each of the following items with respect to each price referred in Sub-item a. through Sub-item g. of Item (3) of Paragraph 3 of Rule 9:
 - (1) A bid or offer made earlier shall have precedence over bids or offers made later in accordance with whether they are before or after the time at which the bid or offer is made;
 - (2) The order of bids or offers made simultaneously shall be prescribed by the Exchange; and
 - (3) Notwithstanding the provisions of the preceding two (2) items, where a trading participant makes an offer at the same time makes a bid of the same quantity to correspond to such offer, such offer and such bid shall have precedence over other bids and offers.
3. Auction in the preceding paragraph shall be individual auction, and such individual auction shall be made by competition of offers and competition of bids with respect to each price referred in Sub-item a. through Sub-item g. of Item (3) of Paragraph 3 of Rule 9, and transactions shall be effected between corresponding bids and offers in accordance with the order of bids and offers prescribed in the preceding paragraph.
4. Where the Exchange is unable to compute the volume weighted average price or where there is an error in the volume weighted average price computed by the Exchange and even if a trading participant accordingly suffers damage, the trading participant may not claim for compensation for the damage against the Exchange.

Rule 12. Off-auction Own Share Repurchase Transactions

1. A trading participant may execute a purchase order by an off-auction own share repurchase transaction.

2. An off-auction own share repurchase transaction in the preceding paragraph shall be notified to the Exchange beforehand as prescribed by the Exchange and, in addition, shall be effected pursuant to the provisions of the following rule through Rule 15 on the day (hereinafter referred to as the "purchase date") following the day when such notification is received by the Exchange.
3. When the Exchange receives notification of an off-auction own share repurchase transaction, it shall announce the price of the off-auction own share repurchase transaction and other necessary matters.
4. When the Exchange deems that an issue pertaining to such purchase falls, or is likely to fall, under the delisting criteria during the period between the time when the Exchange receives a notification and the time when the application time for sale specified by Rule 14 is terminated, a trading participant who has made such notification to the Exchange pursuant to the provisions of Paragraph 2 may cancel such notification.

Rule 13. Prices of Off-auction Own Share Repurchase Transactions

Off-auction own share repurchase transactions shall be effected at the final price (when a quote is displayed as prescribed by the Exchange, at such final special quote; and where the day on which such notification is received is a day immediately prior to an ex-dividend date, etc., a date on which trading starts for stocks after a reverse stock split, a new acquisition value date or a new share number date of such issue, at the base price prescribed by the Exchange. When there is no final price (including the final special quote if a quote is displayed as prescribed by the Exchange) of regular transactions in such issue on the day on which notification is received, at a price specified by the Exchange on a case by case basis) of regular transactions on the day on which notification of Paragraph 2 of the preceding rule is received.

Rule 14. Sale Offering Hours

1. Sale offering corresponding to purchase application by an off-auction own share repurchase transaction shall be carried out as prescribed by the Exchange during the period from 8:00 a.m. to 8:45 a.m. on the purchase date.
2. The Exchange may, when it deems necessary, change the sale offering hours of the preceding paragraph temporarily.

Rule 15. Conclusion of Trading Contracts of Off-auction Own Share Repurchase Transactions

In off-auction treasury share repurchase transactions, sale offering shall be made corresponding to purchase applications for off-auction treasury share repurchase transactions at a price prescribed in Rule 13; provided, however, that when offering quantity of such sales exceeds the total quantity of purchases, the Exchange shall match offering and applications in the order prescribed by the Exchange.

Rule 16. Publication of Contract Prices

When a ToSTNeT transaction is effected, the Exchange shall publicize the contract price as prescribed by the Exchange.

Rule 17. Notice and Confirmation of Transaction Details

1. When a ToSTNeT transaction is effected, the Exchange shall notify the details to the selling trading participant and the buying trading participant immediately through the trading systems.
2. The trading participants shall confirm the details immediately when they receive a notice of the preceding paragraph.
3. When the Exchange becomes aware of a delay, absence, or other deficiency in the notice prescribed in Paragraph 1 that are caused by a trading system failure or any other reason, it shall renotify the selling trading participant and buying trading participant of the details of the transaction executed at the Exchange in a manner decided by the Exchange on a case-by-case basis.

Rule 18. Cancellation of Trading Pertaining to ToSTNeT Transactions

1. Where a ToSTNeT transaction is effected due to an erroneous order and the settlement is extremely difficult and, in addition, the Exchange deems that the market is likely to be confused, the Exchange may cancel the ToSTNeT transaction prescribed by the Exchange as prescribed by the Exchange.
2. Where the Exchange cancels a ToSTNeT transaction pursuant to the provisions of the preceding paragraph, such transaction shall be deemed as if it has not existed at all.
3. Even if a trading participant suffers damage because the Exchange cancels a ToSTNeT transaction pursuant to the provisions of Paragraph 1, such trading participant may not claim damages against the trading participant who placed an erroneous order; provided, however, that the same shall not apply to cases where there is deemed to be intention or gross negligence on the side of the trading participant at the time of placing an erroneous order.
4. Even if a trading participant suffers damage because the Exchange cancels a ToSTNeT transaction pursuant to the provisions of Paragraph 1, such trading participant may not claim damages against the Exchange; provided, however, that the same shall not apply to cases where there is deemed to be intention or gross negligence on the side of the Exchange.

Rule 18-2. Ex-dividend Dates, etc.

Ex-dividend dates, etc. (referring to those prescribed in Paragraph 1 of Rule 25 of the Business Regulations) pertaining to a ToSTNeT transaction shall be a date on which the trading contract is concluded that falls on the day immediately following the Record Date for Rights (referring to that prescribed in Rule 18, Item (1) of the Enforcement Rules for Business Regulations) that is the date on which the transaction is settled as prescribed in Rule 8, Item (1).

Rule 18-3. Date on which Trading Starts for Shares after the Reverse Stock Split

For stock trading pertaining to a ToSTNeT transaction, a date on which trading starts for shares after a reverse stock split (referring to the date on which the trading starts for stocks after a

reverse stock split as prescribed in Rule 25-2 of the Business Regulations) shall be a date on which the trading contract is concluded that falls on the effective date of such a reverse stock split that is the date on which the transactions are settled as prescribed in Rule 8, Item (1).

Rule 18-4. Date of Changing Acquisition Value, etc.

Date of changing acquisition value (referring to that prescribed in Rule 26 of the Business Regulations) and date for changing the stated number of shares (referring to the date of changing the indicated number of shares as prescribed in the same rule) pertaining to a ToSTNeT transaction shall be a date on which the trading contract is concluded that falls on the day immediately following the last effective date of the previous terms and conditions (referring to the last effective date of the previous terms and condition as prescribed in Rule 19, Item (1) of the Enforcement Rules for Business Regulations), that refers to the date on which the transaction is settled as prescribed in Rule 8, Item (1).

Rule 18-5. Handling of Disclosing Stock Splits, etc., whose Effective Date Arrives before Settlement Date after Trading Contract was Concluded

1. On and after a date on which the trading contract of a single stock transaction or basket transaction pertaining to stocks is concluded, if disclosed are corporate information such as about a stock split, gratis allotment of shares, or ex-rights, all of whose effective dates arrive in the period from the said date on which the transaction contract is concluded to the settlement date of the transaction prescribed in Rule 8, Item (1), or information that specifies dates prescribed in Rule 18-3 or Rule 18-4, the Exchange shall deem that said transaction was carried out as an ex-rights transaction.
2. The Exchange may specify the handling of settlement of transactions in the preceding paragraph on a case-by-case basis when it deems it necessary.

Rule 19. Suspension of ToSTNeT Transactions

The Exchange may suspend ToSTNeT transactions as prescribed by the Exchange in the cases referred to in each of the following items:

- (1) Where a transaction in an issue which is an object of a ToSTNeT transaction is suspended during a trading session pursuant to the provisions of Rule 29 of the Business Regulations;
- (2) Where information that is deemed likely to have a material impact on investors' investment decisions concerning a security or its issuer, etc. has been developed and where the details of such information are unclear or where the Exchange deems that it is necessary to make the details of such information known;
- (3) Where the Exchange deems that the status of ToSTNeT transactions is abnormal or is likely to be so, or where the Exchange deems that it is inappropriate for trading supervision purposes to allow ToSTNeT transactions continue to be carried out;
- (4) Where the Exchange deems that it is difficult to allow transactions continue to be carried out by the trading systems, where a failure has occurred to the operation of the trading systems, etc.; and

- (5) Where the Exchange deems it necessary to make it known that the Exchange may possibly cancel a transaction.

Rule 20. Trading for Error Correction, etc. Pertaining to ToSTNeT Transactions

1. When a trading participant is unable to execute a ToSTNeT transaction pertaining to a customer's order in accordance with the purport of entrustment as a result of an error, etc. for a truly unavoidable reason, the trading participant may execute a sale or a purchase with the trading participant itself as the counterparty at a price deemed appropriate by the Exchange after obtaining the prior approval of the Exchange as prescribed by the Exchange.
2. Settlement of the trading in the preceding paragraph shall be carried out on the settlement day for which a trading participant could have executed a sale or a purchase on the basis of the entrustment of such customer in accordance with the purport of the entrustment.

Rule 21. Trading for Reinstatement

1. When a ToSTNeT transaction pertaining to a customer's order is cancelled pursuant to the provisions of Rule 18, Paragraph 1, the trading participant may execute a sale or a purchase of a security with the trading participant who placed an erroneous order as its counterparty at the same price as that of the cancelled a ToSTNeT transaction after obtaining a prior approval as prescribed by the Exchange. In this case, the trading participant who placed an erroneous order must comply with this as the counterparty to such sale or purchase.
2. Settlement of the transaction in the preceding paragraph shall be carried out on the same settlement day on which the cancelled ToSTNeT transaction would have been settled had it not been cancelled.

Rule 22. Timing of Notice and Publication of Total Turnover, etc.

Where an amount of contract consideration is the amount prescribed by the Exchange or more, notice and publication pertaining to a single-issue transaction (excluding a single-issue transaction where both the sale and purchase are made by customers' entrustment) of stocks pursuant to the provisions of Rule 74 of Business Regulations shall be made on the day and hour prescribed by the Exchange.

Rule 23. Provisions Applied Mutatis Mutandis

1. The provisions of Rules 4 and 5 of the Business Regulations shall apply mutatis mutandis to ToSTNeT transactions.
2. The provisions of Rule 42 of the Business Regulations shall not apply to the ToSTNeT market.

Section 4

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

Rule 24. Restrictions on Margin Transactions Pertaining to ToSTNeT Transactions

1. Trading participants may not carry out margin transactions pertaining to ToSTNeT transactions (including a transaction pertaining to the agency-based entrustment of a transaction relating to a margin transaction and a transaction to reimburse purchase payment loaned through a margin transaction or security sold (including a transaction pertaining to the agency-based entrustment of a transaction to reimburse purchase payment loaned through a margin transaction or security sold if the customer is an agent) if the customer is an agent; the same shall apply in the Rule herein) and own margin sales or purchases (including transactions for settlement of own margin sales or purchases; the same shall apply in the Rule herein) excluding a single-issue transaction, a basket transaction, and a closing price transaction in cases referred to in each of the following items, as well as a sale or a purchase prescribed in Rule 20, Paragraph 1 and Rule 21, Paragraph 1.
 - (1) Where a customer (referring to a client of the said customer if the said customer is an agent; the same shall apply in the following Item) intends to carry out a transaction where the customer has, in advance, accepted the terms based on negotiations with its trading counterparty;
 - (2) Where the said customer intends to carry out a margin transaction or the margin transaction to reimburse purchase payment loaned through a margin transaction or security sold and simultaneously to execute a sale or purchase offsetting such reimbursement.
 - (3) Where a trading participant intends to carry out a transaction, for its principal account, whose terms and conditions are agreed between the trading participant and the counterparty upon negotiation held in advance; or
 - (4) Where a trading participant intends to make a bid/offer pertaining to an own margin sale or margin purchase, or settlement thereof, and simultaneously make a bid/offer pertaining to sale or purchase for a principal account that offsets such an own margin sale or purchase.
2. Notwithstanding the provisions of each Item of the preceding paragraph, the trading participants may not carry out margin transactions pertaining to ToSTNeT transactions and transactions pertaining to their own margin sale or margin purchase in cases where they intend to carry out transactions for an order matched in their internal trading systems.

Rule 25. Loans for Margin Transactions for ToSTNeT Transactions

Notwithstanding the provisions of Rule 11 of the Regulations Regarding Margin Transactions and Loans for Margin Transactions, trading participants may carry out loans for margin transactions as prescribed in Rule 1, Paragraph 1 of the Regulations Regarding Margin Transactions and Loans for Margin Transactions for settlement of a ToSTNeT transaction on the basis of standardized margin transactions (meaning standardized margin transactions prescribed in Rule 2, Paragraph 1 of the Regulations Regarding Margin Transactions and Loans for Margin Transactions; the same shall apply hereinafter), for settlement of a ToSTNeT transaction pertaining to own margin sale or margin purchase (limited to cases of each item, Paragraph 1 of the preceding rule, (excluding a transaction carried out via the internal trading system prescribed in Paragraph 2 of the preceding rule,)), or for settlement of a sale or purchase

prescribed in Rule 20, Paragraph 1 and Rule 21, Paragraph 1, with respect to a ToSTNeT transaction whose settlement is effected on a day specified in Rule 8, Item (1), Sub-item c. or d.

Rule 26. Settlement Cut-off Time of Own Margin Sale or Margin Purchase Pertaining to ToSTNeT Transactions

Where a trading participant carries out a ToSTNeT transaction pertaining to own margin sale or margin purchase, the trading participant must complete settlement of such margin sale or margin purchase by the date specified in each of the following items by referring to the cases prescribed under each of the items below.

- (1) Where a transaction is settled on the second day counting from the day on which the trading contract is concluded:
The second day counting from the corresponding day (where there is no corresponding day, it shall be the end of the month, and if the corresponding day falls on a non-business day, it shall be moved up in order; the same shall apply hereinafter) in the sixth month from the day on which the transaction is effected;
- (2) Where a transaction is settled on the third day counting from the day on which the trading contract is concluded:
The third day counting from the corresponding day in the sixth month from the day on which the transaction is effected;
- (3) Where a transaction is settled on the fourth day counting from the day on which the trading contract is concluded:
The fourth day counting from the corresponding day in the sixth month from the day on which the transaction is effected;
- (4) Where a transaction is settled on the fifth day counting from the day on which the trading contract is concluded:
The fifth day counting from the corresponding day in the sixth month from the day on which the transaction is effected;
- (5) Where a transaction is settled on the sixth day counting from the day on which the trading contract is concluded:
The sixth day counting from the corresponding day in the sixth month from the day on which the transaction is effected;
- (6) Where a transaction is settled on the seventh day counting from the day on which the trading contract is concluded:
The seventh day counting from the corresponding day in the sixth month from the day on which the transaction is effected;
- (7) Where a transaction is settled on the eighth day counting from the day on which the trading contract is concluded:
The eighth day counting from the corresponding day in the sixth month from the day on which the transaction is effected;
- (8) Where a transaction is settled on the ninth day counting from the day on which the

trading contract is concluded:

The ninth day counting from the corresponding day in the sixth month from the day on which the transaction is effected; and

- (9) Where a transaction is settled on the tenth day counting from the day on which the trading contract is concluded:

The tenth day counting from the corresponding day in the sixth month from the day on which the transaction is effected.

Section 5

Special Regulations of Brokerage Agreement Standards

Rule 27. Instruction Matters at the Time of Entrustment

1. Where a customer entrusts a single-issue transaction or a basket transaction, the customer shall instruct matters referred to in each of the following items to a trading participant on a case by case basis:
 - (1) Whether it is a single-issue transaction or a basket transaction;
 - (2) Issue name;
 - (3) The settlement day prescribed in Rule 8, Item (1) or Item (2);
 - (4) Whether it is a sale or purchase;
 - (5) Quantity;
 - (6) Limit of the price or consideration;
 - (7) Trading time;
 - (8) The validity period of the entrusted order;
 - (9) If it is intended to be carried out as a margin transaction, to that fact;
 - (10) If it is intended to be carried out to reimburse purchase consideration for which a loan is received or a security sold by a margin transaction, to that fact;
 - (11) If the customer is an agent and has accepted agency-based entrustment of a transaction pertaining to a margin transaction, to that fact; and
 - (12) If the customer is an agent and has accepted agency-based entrustment of a transaction pertaining to reimbursement of purchase consideration for which a loan is received or a security sold by a margin transaction, to that fact.
2. Where a customer entrusts a closing price transaction, the customer shall give a trading participant instructions concerning matters referred to in each of the following items each time:
 - (1) Whether it is the closing price on the previous day, the closing price in the morning session, the closing price on that day, volume weighted average price on the previous day, volume weighted average price in the morning session, volume weighted average price in the afternoon session, or volume weighted average price on that day; and
 - (2) Matters referred to in Items (2), (4), (5), and (8), and Items (9) through (12) of the preceding paragraph.

3. Where a customer entrusts an off-auction own share repurchase transaction, the customer shall give a trading participant instructions concerning matters referred to in Items (2), (4), (5), and (8) of Paragraph 1 each time.
4. Where a customer having a margin transaction account fails to give an instruction to the effect that the customer carries out through a margin transaction with respect to entrustment of a ToSTNeT transaction, the customer may not carry out such ToSTNeT transaction for a margin transaction account.
5. Where a customer entrusts a sale or a purchase by a margin transaction, the customer shall give a trading participant an instruction as to whether it is made by a standardized margin transaction or negotiable margin transaction.
6. Where a customer entrusts a single-issue transaction or a closing price transaction pertaining to low latency trading, the customer shall give the trading participant instructions, for each instance, to the effect that such entrustment is one pertaining to low latency trading and of the trading strategy specified separately by the Exchange.

Rule 28. Validity or Entrusted Orders as of the Time of Restarting Transactions

Even if the Exchange halts trading pertaining to ToSTNeT transactions, entrusted orders shall remain valid during the effective period of such entrusted orders which customers specified as prescribed in the preceding rule (including cases where the Exchange has cancelled the validity of a bid/offer pertaining to the said entrusted orders); provided, however, that the same shall not apply to a case where the trading participant and the customer have made a prior arrangement that entrusted orders be invalidated in the given event, or the customer has given such an instruction.

Rule 28-2. Handling of Entrusted Orders Where the Exchange has Cancelled Validity of Bid/Offer pertaining to Entrusted Orders

When the Exchange has cancelled the validity of a bid/offer pertaining to entrusted orders, a trading participant shall make a new bid/offer for the said order; provided, however, that the same shall not apply to a case where the trading participant and the customer have made a prior arrangement contrary to this, the customer has given instruction or a case where the entrusted order has become invalid.

Rule 28-3. Notice of Transaction Details Executed at the Exchange

A customer shall entrust securities trading to a trading participant after acknowledging that the Exchange sends to the trading participant the details of a transaction executed at the Exchange pursuant to the provisions of Rule 17, Paragraph 1, and that if there is a delay, absence, or other deficiency in the said notification, the Exchange will renotify the details to the trading participant pursuant to the provisions of Paragraph 3 of the same Rule.

Rule 29. Delivery Cut-off Time for Customers

1. With respect to entrustment of ToSTNeT transactions, customers shall deliver securities sold or purchase consideration to a trading participant by the day and hour referred to in each of the following items:

- (1) Entrustment of a single-issue transaction and a basket transaction whose settlement is carried out on a day prescribed in Rule 8, Item (1), Sub-item a. or Item (2), Sub-item a.:
The cut-off time defined by an agreement between a trading participant and a customer on the day (when a trading participant and a customer agrees, on the day following the day) on which the transaction is effected; and
 - (2) Entrustment of a single-issue transaction, a basket transaction, a closing price transaction, and an off-auction own share repurchase transaction whose settlement is carried out on the day prescribed in Rule 8, Item (1), Sub-items b. through d., or Item (2), Sub-item b.:
9:00 a.m. of the day when the transaction is settled as prescribed in Rule 8, Item (1), Sub-items b. through d., or Item (2), Sub-item b.
2. Notwithstanding the provisions of Item (2) of the preceding paragraph, a customer shall deliver a security sold or purchase consideration with respect to a ToSTNeT transaction effected on the day referred to in Rule 11, Paragraph 2, Items (2) through (4) of the Brokerage Agreement Standards to a trading participant by 9:00 a.m. on the fourth day (in the case as defined in Paragraph 3 or Paragraph 4 of the same rule with regard to a transaction in interest-bearing convertible bonds, it shall be on the fifth day for transactions effected on the day as prescribed in Item (2) or Item (3) of Paragraph 2 of the same rule, and the fourth day for transactions effected on the day following such day as in cases prescribed in Paragraph 3 of the same rule) counting from the day on which such transaction is effected.
 3. Notwithstanding the provisions of Item (2) of Paragraph 1 and the preceding paragraph, where a trading participant designates the day and hour before the settlement cut-off time prescribed by the Japan Securities Clearing Corporation (hereinafter referred to as the "Clearing Corporation") when a trading participant accepts an order, a customer shall deliver a security sold or purchase consideration to the trading participant by said day and hour.

Rule 30. Delivery by Customers in the Case of Using DVP Settlement

1. Where DVP settlement as prescribed by the Rules and Regulations of JASDEC DVP Clearing Corporation (hereinafter referred to as "JDCC") is used for entrustment of a ToSTNeT transaction pursuant to an agreement between a customer and a trading participant, the customer shall deliver a security or pay funds to JDCC by the settlement cut-off time (in cases of delivery of securities pertaining to transactions referred to in Item (2) of Paragraph 1 and Paragraph 2 of the same rule, it shall mean the day and hour designated by the trading participant at the time of the agreement by the settlement cut-off time specified by the Clearing Corporation) specified by JDCC on the day specified in Paragraph 1 or Paragraph 2 of the preceding rule.
2. Where a customer has delivered a security or paid funds pursuant to the provisions of the preceding paragraph, such delivery of the security or such payment of the funds shall be deemed to be the delivery of the security sold and the payment of the purchase consideration in Paragraph 1 or Paragraph 2 of the preceding rule.

Rule 31. Securities to be Delivered

1. Securities to be delivered for settlement of a ToSTNeT transaction by a customer who has entrusted the sale of equity contribution securities to a trading participant shall satisfy the conditions specified in either of the following items:
 - (1) Equity contribution securities of the same trading unit; or
 - (2) In the case where the customer delivers equity contribution securities of units less than the trading unit, the sum of the units of such equity contribution securities is an integral multiple of the trading unit.
2. Notwithstanding the provisions of Item (2) of the preceding paragraph, a customer may deliver equity contribution securities in a non-integer multiple of the trading unit, provided that the trading participant agrees to such an arrangement at the time of accepting entrustment of the transaction.

Rule 31-2. Deadline of Security Deposit Payment for Margin Transaction

Where a sale or a purchase of margin transaction pertaining to a ToSTNeT transaction, whose settlement day is on the day specified in Rule 8, Item (1), Sub-item b., is effected, the customer shall pay security deposit by the date and time designated by a trading participant but no later than 12:00 p.m. or noon on the second day counting from the date on which the transaction is effected.

Rule 31-3. Due date of Reimbursement of Securities or Money Borrowed through Margin Transaction

1. The due date of reimbursing a security sold or purchase payment lending through a margin transaction pertaining to a ToSTNeT transaction shall be the day immediately following the lending date, and if such reimbursement is not notified by two (2) days prior to the said due date (if it falls on a non-business day, it shall be moved up in order; the same shall apply hereinafter to the calculation of the number of days), it shall be pushed back to the following day (excluding non-business days); provided, however, that the due date of reimbursement for securities or money borrowed in standardized margin transactions pertaining to transactions referred to in each of the following items may not be pushed back beyond the date specified in the said Items.
 - (1) A transaction to be settled on the second day counting from the date on which the trading contract is concluded:
The second day counting from the corresponding day in the sixth month from the date on which a sale or a purchase is effected in the said margin transaction;
 - (2) A transaction to be settled on the third day counting from the date on which the trading contract is concluded:
The third day counting from the corresponding day in the sixth month from the date on which a sale or a purchase is effected in the said margin transaction;
 - (3) A transaction to be settled on the fourth day counting from the date on which the trading contract is concluded:
The fourth day counting from the corresponding day in the sixth month from the date on

- which a sale or a purchase is effected in the said margin transaction;
- (4) A transaction to be settled on the fifth day counting from the date on which the trading contract is concluded:
The fifth day counting from the corresponding day in the sixth month from the date on which a sale or a purchase is effected in the said margin transaction;
- (5) A transaction to be settled on the sixth day counting from the date on which the trading contract is concluded:
The sixth day counting from the corresponding day in the sixth month from the date on which a sale or a purchase is effected in the said margin transaction;
- (6) A transaction to be settled on the seventh day counting from the date on which the trading contract is concluded:
The seventh day counting from the corresponding day in the sixth month to the date on which a sale or a purchase is effected in the said margin transaction;
- (7) A transaction to be settled on the eighth day counting from the date on which the trading contract is concluded:
The eighth day counting from the corresponding day in the six month from the date on which a sale or a purchase is effected in the said margin transaction;
- (8) A transaction to be settled on the ninth day counting from the date on which the trading contract is concluded:
The ninth day counting from the corresponding day in the six month from the date on which a sale or a purchase is effected in the said margin transaction; and
- (9) A transaction to be settled on the tenth day counting from the date on which the trading contract is concluded:
The tenth day counting from the corresponding day in the six month from the date on which a sale or a purchase is effected in the said margin transaction.
2. The due date of the reimbursement for a security sold pertaining to new shares with adjustment made as prescribed in Rule 50, Paragraph 2 of the Brokerage Agreement Standards may not be pushed back beyond the date specified in each of the following Items in accordance with the classification of the transactions referred to in the said Items.
- (1) A transaction to be settled on the second day counting from the date on which the trading contract is concluded:
The second day counting from the corresponding date in the sixth month from a date on which a sale or a purchase of shares subject to a stock split or gratis allotment of shares (including preferred equity investment, beneficiary rights, and investment units, as well as rights represented by foreign stock depositary receipts; the same shall apply hereinafter) is effected;
- (2) A transaction to be settled on the third day counting from the date on which the trading contract is concluded:
The third day counting from the corresponding date in the sixth month from a date on which a sale or a purchase of shares subject to a stock split or gratis allotment of shares (including preferred equity investment, beneficiary rights, and investment units, as well

as rights represented by foreign stock depositary receipts; the same shall apply hereinafter) is effected;

- (3) A transaction to be settled on the fourth day counting from the date on which the trading contract is concluded:

The fourth day counting from the corresponding date in the sixth month from a date on which a sale or a purchase of shares subject to stock split or gratis allotment of shares is effected;

- (4) A transaction to be settled on the fifth day counting from the date on which the trading contract is concluded:

The fifth day counting from the corresponding date in the sixth month from a date on which a sale or a purchase of shares subject to stock split or gratis allotment of shares is effected;

- (5) A transaction to be settled on the sixth day counting from the date on which the trading contract is concluded:

The sixth day counting from the corresponding date in the sixth month from a date on which a sale or a purchase of shares subject to stock split or gratis allotment of shares is effected;

- (6) A transaction to be settled on the seventh day counting from the date on which the trading contract is concluded:

The seventh day counting from the corresponding day in the sixth month from a date on which a sale or a purchase of shares subject to stock split or gratis allotment of shares is effected;

- (7) A transaction to be settled on the eighth day counting from the day on which the trading contract is concluded:

The eighth day counting from the corresponding day in the sixth month from a date on which a sale or a purchase of shares subject to stock split or gratis allotment of shares is effected;

- (8) A transaction to be settled on the ninth day counting from the day on which the trading contract is concluded:

The ninth day counting from the corresponding day in the sixth month from a date on which a sale or a purchase of shares subject to stock split or gratis allotment of shares is effected; and

- (9) A transaction to be settled on the tenth day counting from the day on which the trading contract is concluded:

The tenth day counting from the corresponding day in the sixth month from a date on which a sale or a purchase of shares subject to stock split or gratis allotment of shares is effected;

Rule 31-4. Delivery/Receipt of Securities and Money in Cases Where It is deemed as Ex-Rights

Where the Exchange specifies the handling of settlement of transactions pursuant to the

provisions of Rule 18-5, Paragraph 2, a customer who has entrusted the said single-issue transaction or basket transaction shall deliver/receive securities and money to/from a trading participant as prescribed by the Exchange.

Section 6

Miscellaneous Provisions

Rule 32. Application to Brokerage for Clearing of Securities, etc.

1. The provisions of Sections 3 and 4 shall apply to brokerage for clearing of securities, etc. pertaining to ToSTNeT transactions by deeming trading participants who entrust brokerage for clearing of securities, etc. as a party who carries out such ToSTNeT transactions.
2. The provisions of Section 4 shall apply to brokerage for clearing of securities, etc. pertaining to loans for margin transactions by deeming trading participants who entrust brokerage for clearing of securities, etc. as a party who carries out such loans for margin transactions.