

Rules concerning Examinations on Obtaining Trading Qualification

(as of June 1, 2020)

Tokyo Stock Exchange, Inc.

The Exchange shall carry out examinations prescribed by Rule 4, Paragraph 2 of the Trading Participant Regulations for matters specified by each of the following items regarding an applicant for obtaining trading qualification and other matters that the Exchange deems necessary for the public interest or the protection of investors.

(1) Management system

An applicant shall maintain a sound management system under which social confidence in the Exchange market is expected to be ensured adequately; for instance, the applicant is not controlled or affected by any party that the Exchange deems inappropriate in light of its market operation.

(2) Financial basis

An applicant shall, according to the categories specified by the following a. or b., be expected to meet the criteria set forth in said a. or b., as well as warrant business continuity as a trading participant by the day when the applicant obtains the trading qualification.

a. Financial instruments firms

- (a) The amount of capital stock shall be JPY 300 million or more.
- (b) The amount of net assets shall be JPY 500 million or more and exceed the amount of capital stock.
- (c) The actual net capital regulation ratio shall be more than 200%.
- (d) In cases of special financial instruments business operators, the soundness of the management prescribed in Article 57-5, Paragraph 2 of the Act shall be appropriate.

b. Exchange trading authorized firms

- (a) The amount of capital stock shall be JPY 300 million or more.
- (b) The amount of net assets shall be JPY 500 million or more, and exceed the amount of capital stock.
- (c) The state of capital adequacy, etc. shall be appropriate in light of owned assets

(3) System for Executing Business

The applicant shall have an appropriate system for executing business with regard to order acceptance, order execution, delivery settlement, loss risk management, as well as compliance with laws and regulations, disciplinary actions by administrative authorities pursuant to laws and regulations, and the Articles of Incorporation, Business Regulations, Brokerage Agreement Standards and other rules and regulations of the Exchange, and fair and equitable principles of trade.