

Revisions to Business Regulations: Comparison Table

Old	New
<p>Rule 30. Designation as <u>Securities on Alert</u></p> <p>1. Where an issuer of listed securities falls under cases referred to in each of the following items and JPX-R deems that improvement is highly necessary to the internal management system, etc. of <u>such</u> issuer, JPX-R shall decide that it is appropriate for the entrusting financial instruments exchange to designate <u>such</u> listed security as a <u>Security on Alert</u>. (1) through (5) (omitted)</p> <p>2. JPX-R shall conduct examination based on the contents of a written document regarding the status of the internal management system and related matters that the issuer of the listed security which has been designated as a <u>security on alert</u> will submit promptly after one year from said designation (hereinafter referred to as the "Written Confirmation of Internal Management System"). Based on results of said examination, JPX-R shall decide that it is appropriate that the entrusting financial instruments exchange handles said listed security as specified by each of the following items in accordance with the classifications referred to in said items. (1) Where <u>it is not deemed</u> that <u>there is a problem in the</u> internal management system, etc.</p> <p style="text-align: center;">De-designation as a <u>security on alert</u></p> <p>(2) <u>Where JPX-R deems that there is a problem in the company's internal management system, etc. (excluding cases where JPX-R deems that it is no longer likely to improve)</u> <u>Extension of designation as a security on</u></p>	<p>Rule 30. Designation and De-designation as <u>Securities on Special Alert</u></p> <p>1. Where an issuer of listed securities falls under cases referred to in each of the following items and JPX-R deems that improvement is highly necessary to the internal management system, etc. of <u>said</u> issuer, JPX-R shall decide that it is appropriate for the entrusting financial instruments exchange to designate <u>said</u> listed security as a <u>Security on Special Alert</u>. (1) through (5) (omitted)</p> <p>2. JPX-R shall conduct examination based on the contents of a written document regarding the status of the internal management system and related matters that the issuer of the listed security which has been designated as a <u>Security on Special Alert</u> will submit promptly after one year from said designation (hereinafter referred to as the "Written Confirmation of Internal Management System"). Based on results of said examination, JPX-R shall decide that it is appropriate that the entrusting financial instruments exchange handles said listed security as specified by each of the following items in accordance with the classifications referred to in said items. (1) Where <u>JPX-R deems</u> that <u>the company's</u> internal management system, etc. <u>is adequately developed and implemented (excluding cases falling under b. of the next item)</u> De-designation as a <u>Security on Special Alert</u></p> <p>(2) <u>Where the company falls under the following a. or b.</u> a. <u>Where JPX-R deems that the company's</u> internal management system, etc. <u>is adequately developed, but does not deem</u></p>

alert

3. JPX-R shall conduct an examination based on the details of the Written Confirmation of Internal Management System that the issuer of the listed security whose designation as a security on alert has been extended will resubmit promptly after eighteen months from said designation. As a result, if JPX-R does not deem that there is a problem in the internal management system, etc. of said issuer, JPX-R shall decide that it is appropriate to de-designate said listed security as a security on alert.

it to be adequately implemented

b. Where JPX-R deems that the company's internal management system, etc. is adequately developed and implemented, but the company falls under the following (a) or (b)

(a) Where the company meets criteria specified by the entrusting financial instruments exchange for cases where a company's business continuity and profitability are not ensured

(b) Where the company does not meet the continued listing criteria specified by the entrusting financial instruments exchange, and is in the improvement period specified by said exchange or otherwise meets criteria specified by said exchange for cases where a company is likely to not meet said continued listing criteria

Extension of designation as a Security on Special Alert

3. JPX-R shall conduct an examination based on the details of the Written Confirmation of Internal Management System that the issuer of the listed security whose designation as a Security on Special Alert has been extended based on the results of the examination defined in the preceding paragraph (limited to cases falling under Item 2, a. of the same paragraph) will resubmit within three months counting from the last day of the business year containing the day of the decision on said extension (if the period between the day of the decision on said extension and the last day of the business year is less than three months, the following business year). Based on the results of the examination, JPX-R shall decide that it is appropriate to

(Added)

handle the listed security as specified by each of the following items, according to the classifications referred to in said items.

(1) Where JPX-R deems that the company's internal management system, etc. is adequately developed and implemented (excluding cases falling under the next item) De-designation as a Security on Special Alert

(Added)

(2) Where JPX-R deems that the company's internal management system, etc. is adequately developed and implemented, but the company falls under the following a. or b.
a. Where the company meets criteria specified by the entrusting financial instruments exchange for cases where a company's business continuity and profitability are not ensured
b. Where the company does not meet the continued listing criteria specified by the entrusting financial instruments exchange, and is in the improvement period specified by said exchange or otherwise meets criteria specified by said exchange for cases where a company is likely to not meet said continued listing criteria

(Added)

Extension of designation as a Security on Special Alert
4. JPX-R shall conduct an examination based on the contents of the Written Confirmation of Internal Management System that the issuer of a listed security whose designation as a Security on Special Alert has been extended based on results of the examinations defined in the preceding two paragraphs or the next paragraph (excluding cases falling under Paragraph 2, Item 2, a.) will resubmit within three months from the last day of the business year containing the day of decision on said extension (if the period between

(Added)

the day of said decision and said last day is less than three months, the following business year).

5. Based on the results of the examination defined in the preceding paragraph, JPX-R shall decide that it is appropriate to handle listed securities as specified in each of the following items in accordance with the classifications of examination referred to in said items. In this case, said classifications shall be as specified by the entrusting financial instruments exchange.

(1) First and Second Examinations

a. Where JPX-R deems that the company's internal management system, etc. is adequately developed and implemented (excluding cases falling under the next item).

De-designation as a Security on Special Alert

b. Where the company's internal management system, etc. is deemed to be adequately developed and implemented, but the company falls under the following (a) or (b).

(a) Where the company meets criteria specified by the entrusting financial instruments exchange for cases where a company's business continuity and profitability are not ensured

(b) Where the company does not meet the continued listing criteria specified by the entrusting financial instruments exchange, and is in the improvement period specified by said exchange or otherwise meets criteria specified by said exchange for cases where a company is likely to not meet the continued listing criteria

Extension of the designation as a Security on Special Alert

(2) Third Examination

If JPX-R deems that the company's internal

4. Where JPX-R has made decisions defined in the preceding three paragraphs, it shall notify the entrusting financial instruments exchange of said decisions without delay.

management system, etc. is adequately developed and implemented, the company's security shall be de-designated as a Security on Special Alert.

6. Where JPX-R has made any decision defined in Paragraphs 1 through 3 and the preceding paragraph, it shall notify the entrusting financial instruments exchange of said decisions without delay.

Supplementary Provisions

1. The revised rules shall be implemented on January 15, 2024.
2. Listed securities which are designated as Securities on Alert as of the day before the day on which the revised rules will be implemented (hereinafter referred to as the "implementation date") will be deemed as designated as Securities on Special Alert as of the implementation date.
3. With respect to listed securities which were designated as Securities on Special Alert before the implementation date, the provisions then in force remain applicable.