

# Conduct Guidelines and Specific Examples in Reference to the Charter of Corporate Behavior

## (Excerpts related to Bribery and Corruption)

### Charter of Corporate Behavior I. 3

#### **Fair and Legal Trading**

We will operate in a manner based on high ethical values with a consciousness of fair and appropriate trading. We will not pursue profits using improper or fraudulent methods, while maintaining an accurate understanding of and compliance with laws and regulations concerning corporate activities, such as the Anti-monopoly Act.

### Conduct Guidelines (from the Compliance Handbook)

For Japan Exchange Group to obtain confidence from society and maintain that confidence, we are required to conduct business operations while paying constant heed to fair and legal trading. Any unlawful conduct such as using an advantageous negotiating position during a transaction to force unreasonable requests on the opposite party or conduct unreasonable price demands, refusals, returns, or payment delays will contradict this principle and restrict free business activity, and therefore must be avoided at all costs.

Additionally, when choosing service providers and business outsourcing providers, we are required to decide after evaluating the options through a fair comparison of objective requirements such as the quoted price, service quality, and deadline.

### Charter of Corporate Behavior I. 4

#### **Distinction Between Official/Private Matters and Prohibition of Preferential Treatment, etc.**

We will draw a line between official and private relations. We will not engage in any dining or gift exchanges with business associates that exceed minimum levels of courtesy. Furthermore, we will not exchange any inappropriate services or benefits with people from public institutions at home or abroad or business-related people.

### Conduct Guidelines (from the Compliance Handbook)

Rules that employees are required to follow on business dinners, gifts, and preferential treatment, as well as public speaking, contribution of articles, and publishing in relation to these, are set out in the Japan Exchange Group Employee Code of Conduct.

## **“Distinction Between Official/Private Matters and Prohibition of Preferential Treatment, etc.” continued**

### **Conduct Between Employees and Business Associates (Excerpt from Japan Exchange Group Code of Conduct for Employees)**

Employees must avoid any suspicion or misunderstanding regarding collusion or other improper relationships with business associates by limiting the giving or receiving of gifts and participation in business dinners or other events to where it would be considered socially acceptable and appropriate, and by not giving or receiving any inappropriate services or benefits or offering any such services or benefits.

#### **(a) Gifts, etc.**

- Giving or receiving gifts, money, goods, or other items to or from business associates that exceed minimum levels of courtesy is strictly prohibited.
- If such an item is sent addressed to an individual employee, even if it is within minimum levels of courtesy, please inform the sender that the gift is not necessary and return it. If the item is addressed to an organization, there is no need to return it if it falls within minimum levels of courtesy, but please inform the sender that further gifts are not necessary.
- Notwithstanding the above, the following items may be given or received.
  - Items given or received as commemorative gifts to or from international organizations, overseas exchanges, listed companies, and the like
  - Items distributed widely for advertising purposes

#### **(b) Participation in business dinners, lunches, or other entertainment events**

- Employees must refrain from participation in dinners or other entertainment events with business associates where one of the parties bears an excessive cost.
- If there are multiple events with the same business associate over a short period of time, proceed with care and giving sufficient consideration to whether the frequency is appropriate in light of the purpose of the events. Employees must refrain from participating in events more frequently than would be considered socially appropriate.
- When participating in an event with a business associate at the expense of one party, or in multiple events with the same business associate within a short period of time, employees are required to inform their department/section director of the date, time, participating associates, venue, purpose of the meeting, and other relevant details, and obtain his/her approval in advance (or after the fact in unavoidable cases).

#### **(c) Preferential treatment, etc.**

- It is prohibited to provide or receive any service or benefit to or from a business associate, including, but not limited to, the assumption of obligations on behalf of the other party, the provision of services or lending of real estate or goods without compensation, and the receipt or purchase of unlisted shares or similar.

## **“Distinction Between Official/Private Matters and Prohibition of Preferential Treatment, etc.” continued**

### **Specific Examples (from the Compliance Handbook)**

- We provide specific examples of appropriate and inappropriate behavior, such as when commissioning work from a contractor, or when holding a social event in the office. For example, the below extract explains the appropriate response when receiving a gift of alcoholic drinks from a business associate.

The Charter of Corporate Behavior prohibits dining or gift exchanges with business associates that exceed minimum levels of courtesy. In line with this, if the drinks in question were particularly numerous or expensive, you would need to politely return them. Even if the drinks do not exceed minimum levels of courtesy, please tell the provider that such gifts are unnecessary in the future.

Needless to say, these rules are aimed at preventing situations where the giving or receiving of gifts prevents appropriate criticism on the business side and enabling fair and appropriate trading to continue.

- The below extract explains the rules around committing bribery in foreign countries.

Regulation on preventing corruption for civil servants in foreign countries is complicated, and it is extremely risky to take things less seriously because they are common practice. Under the US Foreign Corrupt Practices Act, even in the case of a bribe paid by a non-US company to a non-US civil servant in a non-US country, if the bribe is paid through a US bank, is approved using post, telephone, or email within the US by a visitor to the US, or is paid in collusion with a US company, those involved can be subject to criminal penalties. The UK Bribery Act casts its net even wider, proscribing bribes to members of the public as well as civil servants.

While of course you can be punished under these kind of laws and regulations from foreign countries and the local laws and regulations, Japan’s Unfair Competition Prevention Act also prohibits provision of benefits to foreign civil servants and others in the context of overseas business activity, and prescribes punishments for violators.

Even if an inappropriate benefit is provided principally by an organization other than Japan Exchange Group, such as a consultant, agent, or partner in a joint venture, regulations on bribery can still apply to Japan Exchange Group as a colluder or abettor.

## Charter of Corporate Behavior II. 2

### **Prevention of Insider Trading**

Because actions that violate insider trading regulations (including not just trades made in the name of the officer or employee but those using any name, and including not just direct trading but also information transmission and trade recommendations) cause remarkable harm to the fairness and soundness of the overall market, we will take firm action against any activities which could be seen as unfair. Additionally, we will work to further spread awareness of the intent of such regulations with related outside people at client companies and so forth.

### **Conduct Guidelines (from the Compliance Handbook)**

Japan Exchange Group keeps risks to a minimum by managing information on its own material facts such as important decisions and financial results information to a limited number of departments and officers/employees. Also, given that employees handle confidential information from other companies, such as listed companies and trading participants, in the course of business, and therefore have many opportunities to know material facts, rules that employees are required to follow on trading of stocks and other financial products are set out in the Japan Exchange Group Employee Code of Conduct.

## "Prevention of Insider Trading" continued

### **Restrictions on Trading of Stocks and Other Financial Products**

**(Excerpt from Japan Exchange Group Code of Conduct for Employees. Some details omitted)**

It is the duty of our employees to ensure the fairness and transparency of the markets while maintaining and strengthening confidence from users. If any of these employees were to carry out improper acts (including those that could be suspected or misconstrued to be improper) using the markets, this could cause catastrophic damage to the company's business operations.

With this in mind, employees must strictly refrain from any trading that could, even slightly, be suspected or misconstrued to be a use of the employee's position to gain undue profits, either for themselves or a third party.

As well as restrictions on trading of financial products using the employee's own name, trades that are made using another person's name, such as that of a family member or acquaintance, fall under the same restrictions if they are made on behalf of the employee or at the direction of the employee.

Furthermore, in addition to trading of financial products by an employee that has come to know an unpublished material fact in the course of their duties, if an employee transmits such information learned in the course of their duties to another person or recommends a trade based on that information, this is also considered a violation of the insider trading regulations and is therefore strictly prohibited.

- As a rule, trading of financial products that are covered by insider trading regulations is prohibited. This rule stands regardless of what name is used to carry out the trade. Trades that are made using another person's name, such as that of a family member or acquaintance, fall under the same restrictions as those made directly by the employee if they are made on behalf of the employee or at the direction of the employee.
- Any acts that violate the Financial Instruments and Exchange Act or any other laws, ordinances, or regulations (including acts that could be suspected or misconstrued to do so), such as soliciting investment, soliciting and managing funds, giving investment advice, or trading under an assumed name or somebody else's name, are strictly prohibited.
- Even when trading products that are not prohibited, employees must do so with an awareness of their position as a JPX employee and act with care to avoid raising the slightest suspicion. This includes, of course, never enacting a trade based on information learned through work.
- Trading of shares of Japan Exchange Group, Inc. through the employee stock ownership plan must be enacted appropriately in compliance with the terms and conditions, which set out the basic rules for use of the plan.

## Charter of Corporate Behavior III. 2

### Compliance With Laws and Regulations

We will maintain an accurate understanding of and strictly comply with all laws and regulations related to our business, including the Financial Instruments and Exchange Act and Companies Act. Furthermore, we will conduct corporate activities in-line with social ethics and best practices, and commit our best efforts to problem prevention.

### Conduct Guidelines (from the Compliance Handbook)

In order for Japan Exchange Group to fully demonstrate its self-regulatory functions, every officer and employee must act with a constant sensibility to the requirement that they have a high level of self-awareness regarding compliance and ethics. This requires a level of care where every action is considered by each individual from the viewpoints of compliance with laws and regulations and social acceptance.

### Specific Examples (based on the Compliance Handbook)

- In addition to the examples on page 3, we also provide examples on compliance with confidentiality obligations under the Financial Instruments and Exchange Act and laws and regulations related to external contractors.

## Charter of Corporate Behavior III. 6

### Sound Relations With Political and Government Entities

We will maintain proper and sound relations with all political and administrative organizations, and their affiliated entities, and operate with strict caution to avoid illegal actions and those which could be interpreted as collusive.

### Conduct Guidelines (from the Compliance Handbook)

We can ensure the execution of normal business activities by maintaining proper and sound relations, and eliminating collusive relationships, with political and government entities. Even for meetings aimed only at maintenance of good relations, employees must endeavor to avoid criticism from society by carefully taking note of the timing, format, and other aspects of such meetings. In our relations with the authorities, it is important to carry out proactive information sharing to ensure an accurate understanding of the situation surrounding the JPX markets, and for this, we are required to maintain a moderate level of relations in line with related laws and regulations such as the National Public Service Ethics Code.

### Specific Examples (based on the Compliance Handbook)

- We provide specific examples of how to keep appropriate relationships with government officials in compliance with related laws and regulations such as the National Public Service Ethics Code.

## Charter of Corporate Behavior III. 7

### Firm Response to Anti-Social Forces

We will take a firm stance against anti-social forces which threaten the order and safety of society. We will work to block all relations with such groups and prevent their intervention in the market, thereby building a sound and fair market.

### Conduct Guidelines (from the Compliance Handbook)

Giving in to threats from anti-social forces such as shareholder meeting extortionists (*sōkaiya*), organized crime gangs, and anonymous and fluid criminal groups (known as *tokuryū*; criminal groups that carry out fraud and other financing activities over a wide geographical area with a fluid structure and personnel who have loose links made through social media or recruitment sites, including quasi-organized crime groups (groups that carry out crimes without being part of an organized crime group)) may enable a temporary solution to a crisis, but it will leave a permanent black mark on the company and cause greater risk in the future. Officers and employees are required to not only recognize that these temporary fixes are unlawful, but also act with a strong consciousness that if such an act became public, the image of Japan Exchange Group would suffer unmeasurable damage.

We must also endeavor to strengthen information sharing with other related organizations to make sure that the market's credibility is not damaged by involvement of these kinds of forces in the JPX markets.

### Specific Examples (based on the Compliance Handbook)

- We provide specific examples of how employees should respond when coming into contact with anti-social forces in business or their private life.