

June 16, 2016

### TSE Imposes Disciplinary Action against Credit Suisse Securities (Japan) Limited

Tokyo Stock Exchange, Inc. (hereinafter "TSE") has taken disciplinary action (imposition of a JPY 60 million fine) against Credit Suisse Securities (Japan) Limited (hereinafter "the Company") pursuant to the provisions of Rule 34, Paragraph 1 of the Trading Participant Regulations.

Additionally, TSE has requested the Company to submit a business improvement report pursuant to the provisions of Rule 19, Paragraph 1 of the same Regulations.

#### - Outline of Violation

##### (1) Deficiencies in management of corporate information

The analysts in the Company's equity research division research listed companies by primarily conducting interviews on a per listed company basis. Based on that research, they furnish analyst reports and other materials to customers. In addition, the division provides information and assistance to the Company's equity cash sales division, which engages in researched-based sales directed at client companies, such as hedge funds and asset managers.

The head of the Company's equity research division instructs the analysts to directly provide valuable information to customers and, starting in January 2015, has set a concrete numerical target of 100 cases per month for each analyst. In actuality, they not only furnish the aforementioned analyst reports but also relay the information they obtain in interviews, etc. with listed companies to customers and sales staff via telephone, e-mail, and other forms of communication. The analysts also obtain information from and share information with customers in cases where a customer accompanies an analyst to an interview with a listed company.

Furthermore, since June 2015, the analysts at the Company have also been providing information to dealers through the same means as those used when providing information to customers.

Of the information obtained by analysts through interviews, etc. with listed companies, there exists the possibility that non-public information contained corporate information. Judgment of whether the information provided to customers, etc. constituted corporate information was left to the analysts' discretion, and there were almost no examinations conducted either by the Company's equity research division or compliance officers.

Therefore, during the period from September to October 2015, at least five pieces of

corporate information (three of which appeared in analyst reports) were provided to multiple customers with almost no examination of whether or not the information constituted corporate information.

Based on the state of management of corporate information at the Company described in (1) above, TSE deems that the Company failed to implement the necessary and appropriate measures to prevent unfair trading related to corporate information.

(2) Solicitation through provision of corporate information

In September 2015, Analyst A obtained non-public corporate information on the semiannual consolidated earnings (namely, operating profit) forecast (hereinafter "Company X Information") through an interview with Listed Company X. The day after acquiring the information, Analyst A communicated said information via telephone to one sales staff member of the Company and at least one customer.

The sales staff member who had received Company X Information relayed said information to at least 33 customers on that same day, before said information had been made public by Company X, and solicited purchase of the stock of Company X.

The act of solicitation of stock purchasing described in (2) above is deemed to be that of soliciting customers for trading in securities and other transactions by providing corporate information to the customers.

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Contact:

Trading Participant Office, Tokyo Stock Exchange, Inc.

Tel: +81-(0)3-3666-0141 (Operator)