

**Rules Concerning Examination on Obtainment of Trading Qualifications**  
(As of July 27, 2020)

Osaka Exchange, Inc.

**Rule 1. Purpose**

These Rules set out matters concerning examination on obtainment of trading qualifications pursuant to Rule 30, Paragraph 2 of the Trading Participant Regulations.

**Rule 2. Examination of Applicant for Obtainment of Trading Qualifications**

Examination of an applicant for obtainment of trading qualifications (hereinafter referred to as an "applicant") shall be conducted concerning the matters enumerated in the following items and other matters that Osaka Exchange, Inc. (hereinafter referred to as "OSE") considers necessary in light of securing the public interest or protection of investors:

(1) Numerical criteria

The applicant shall be expected to meet the criteria stipulated in a. to e. below by the date of obtainment of the trading qualification according to the classifications of said a. to e.:

a. Financial instruments business operator

- (a) It is a stock company (limited to those with a board of directors as well as company auditor(s), a supervisory committee or three committees (nomination, audit and remuneration)) or a corporate entity similar to a company with a board of directors that was established pursuant to foreign laws and regulations (limited to those with a domestic sales office or business office);
- (b) The amount of stated capital is at least JPY 300 million;
- (c) The amount of net worth is at least JPY 500 million and exceeds the amount of stated capital;
- (d) The capital-to-risk ratio (for those not operating Type 1 financial instrument business, the ratio calculated according to Article 46-6, Paragraph 1 of the Act) is at least 200%; and
- (e) For special financial instruments business operators, the state of soundness of management as prescribed in Article 57-5, Paragraph 2 of the Act is appropriate.

b. Registered financial institution

- (a) The amount of stated capital or total amount of equity contributions (or total amount of funds (including the reserve for redemption of funds) in cases of a mutual company) is at least JPY 300 million.
- (b) The amount of net assets is at least JPY 500 million and exceeds the amount of stated capital or total amount of equity contributions (or total amount of funds (including the

- reserves for redemption of funds) in cases of a mutual company).
- (c) For an Internationally Active Bank, the Norinchukin Bank, an Internationally Active Shinkin Bank, or the Shoko Chukin, Ltd. (hereinafter referred to as "Internationally Active Banks, etc."), falling under the following a. to c. (for a foreign bank, equivalent cases where OSE considers it necessary).
    - (i) The consolidated or non-consolidated common equity Tier 1 Ratio (meaning, in the cases of the Norinchukin Bank and an Internationally Active Shinkin Bank, the consolidated or non-consolidated common equity contribution Tier 1 Ratio) is at least 4.5%;
    - (ii) The consolidated or non-consolidated Tier 1 Ratio is at least 6%; and
    - (iii) The consolidated or non-consolidated total capital ratio is at least 8%.
  - (d) For registered financial institutions other than Internationally Active Banks, etc., foreign banks, and insurance companies, the consolidated or non-consolidated capital ratio pertaining to domestic standards is at least 4%.
  - (e) For insurance companies, the consolidated or non-consolidated solvency margin ratio is at least 400%.
- c. Authorized Firm for On-Exchange Transactions
- (a) The amount of stated capital is at least JPY 300 million;
  - (b) The amount of net worth is at least JPY 500 million and exceeds the amount of stated capital; and
  - (c) The state of capital adequacy is appropriate in light of its owned assets, etc.
- d. Commodity derivatives business operator (excluding financial instruments business operators and registered financial institutions)
- (a) The amount of stated capital is at least JPY 300 million;
  - (b) The amount of net assets is at least JPY 500 million and exceeds the amount of stated capital;
  - (c) The net asset regulation ratio prescribed in Article 211, Paragraph 1 of the Commodity Derivatives Transaction Act is at least 200%
- e. Entities other than those referred to in a. through d.
- (a) The amount of stated capital or total amount of equity contributions (or total amount of funds (including the reserve for redemption of funds) in cases of a mutual company) is at least JPY 300 million.
  - (b) The amount of net worth or net assets is at least JPY 500 million and exceeds the amount of stated capital or total amount of equity contributions (or total amount of funds (including the reserves for redemption of funds) in cases of a mutual company).
  - (c) The state of capital adequacy is appropriate in light of its owned assets, etc.

(2) Management structure

The applicant shall have a sound management structure, including that the applicant is not subject to the control or influence of any party lacking social credibility or any other party considered inappropriate in light of the objectives of OSE and the operations of its markets.

(3) Business execution structure

The applicant shall have an appropriate structure for business execution in relation to acceptance and execution of transactions on the OSE markets, delivery settlement, loss risk management, as well as compliance with the laws and regulations, dispositions by the administrative authorities under the laws and regulations, the Articles of Incorporation, Business Regulations, Brokerage Agreement Standards and any other regulations of OSE, and just and equitable principles of trade.

(4) Business continuity

The applicant shall be expected to maintain business continuity.