

Establishment of Remote Transaction Participant System

June 12, 2009

Osaka Securities Exchange Co., Ltd.

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I Purpose	<ul style="list-style-type: none">Osaka Securities Exchange Co., Ltd. (hereinafter referred to as “OSE”) will establish a “Remote Transaction Participant System” for Foreign Securities Brokers (meaning Foreign Securities Brokers defined under Article 58 of the Financial Instruments and Exchange Law (hereinafter referred to as the “Law”); the same shall apply hereinafter) to access directly to the OSE markets as Transaction Participants without having a branch office, etc. in Japan, in order to further increase liquidity of the OSE markets and to improve efficiency in pricing and the competitiveness of the OSE markets in the world.	
II System Outline		
1 Remote Transaction Participant	<ul style="list-style-type: none">A Remote Transaction Participant means a Transaction Participant qualified to conduct transactions in securities or market transactions of derivatives on the OSE markets directly from overseas.Trading Qualifications that Foreign Securities Brokers may acquire shall be Cash Trading Qualification and Futures, etc. Trading Qualification.	<ul style="list-style-type: none">On the condition that the Foreign Securities Broker has obtained the permission pursuant to Article 60, Paragraph 1 of the Law.
2 Acquisition of Trading		

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<p>Qualification</p> <p>(1) Application</p>	<ul style="list-style-type: none"> • When a Foreign Securities Broker (hereinafter referred to as an “Applicant”) intends to acquire a Trading Qualification (excluding an IPO Trading Qualification), it shall submit an application for approval to acquire such Trading Qualification to OSE for each kind of Trading Qualification it intends to acquire. • When applying for acquisition of a Trading Qualification, the Applicant shall submit the application form prescribed by OSE, with the following documents attached thereto, to OSE: <ul style="list-style-type: none"> (a) the document proving that a General Clearing Participant (or an Agency Clearing Participant of Japan Securities Clearing Corporation (hereinafter referred to as “JSCC”) in case the Applicant intends to acquire Cash Trading Qualification; the same shall apply hereinafter) has agreed to enter into the Clearing Entrustment Agreement (or the Clearing Entrustment Agreement designated by JSCC in case the Applicant intends to acquire Cash Trading Qualification; the same shall apply hereinafter) with the Applicant; (b) business reports; (c) the articles of incorporation; (d) the copy of the minutes of the board meeting, etc. concerning the application for the acquisition of Trading Qualification; and (e) other documents that OSE finds to be necessary. 	<ul style="list-style-type: none"> • During the same period, the Applicant shall apply for permission prescribed in Article 60-2, Paragraph 1 of the Law. • When a Remote Transaction Participant which has already obtained a Trading Qualification intends to acquire the other Trading Qualification, it shall apply to OSE to that effect and obtain its approval; provided, however, that it may dispense with the required attachments according to the type of the Trading Qualification it has obtained, etc. if OSE deems it appropriate.

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(2) Examination/ Approval	<ul style="list-style-type: none"> • When OSE finds that the Applicant meets the following criteria and other matters OSE deems necessary as a result of the examination, OSE shall approve the application thereof. (a) Financial condition <ul style="list-style-type: none"> ➤ The Applicant shall meet the following criteria: <ul style="list-style-type: none"> i. The amount of the stated capital is not less than JPY 300 million; ii. Net Assets are not less than the amount of the stated capital; iii. It is expected to be stably profitable. ➤ The amount of the stated capital shall be the amount calculated pursuant to Article 17-5 of the Order for Enforcement of the Financial Instruments and Exchange Law (that is the sum total of the total amount of the issue price multiplied by the number of the issued shares (excluding the amount not to be recorded as the stated capital) and the amount recorded as the stated capital by reducing the reserves without issuing shares (including the money equivalent thereto)). ➤ The amount of the stated capital in foreign currency shall be converted into Japanese Yen based on the foreign exchange rate at the time of the application, in principle. (b) Management system 	<ul style="list-style-type: none"> • OSE will conduct examination and hearings based on the submitted documents and interviews with the persons in charge of operations, etc. The same requirements as those for Domestic Transaction Participants (meaning Transaction Participants other than Remote Transaction Participants (excluding IPO Transaction Participants); the same shall apply hereinafter).

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	<p>➤ The Applicant shall maintain a sound management system, being not controlled or influenced by a party that lacks social credibility and others deemed inappropriate in light of the purpose of OSE and operation of the OSE markets.</p> <p>(c) Business operation system</p> <p>➤ The Applicant shall have an appropriate system for business operation in relation to acceptance and execution of orders, delivery and settlement, risk management, and observance of laws and regulations, dispositions given by government agencies based on laws and regulations, the OSE's Rules (meaning the Articles of Incorporation, the Business Regulations, the Brokerage Agreement Standards and other rules of OSE; the same shall apply hereinafter) and the fair and equitable principles of transactions.</p> <p>(d) Experiences in business, etc.</p> <p>➤ The Applicant shall have continuously engaged in the business pertaining to transactions of the same kinds as transactions in securities or market transactions of derivatives it intends to conduct on the OSE markets for a period longer than 3 years.</p> <p>➤ It shall have registered with the regulator in each state where its head</p>	<ul style="list-style-type: none"> • The same requirement as that for Domestic Transaction Participants • The same requirement as that for Domestic Transaction Participants. However, in view of the fact that it has no branch office, etc. in Japan, OSE will particularly examine its compliance system (such as status of establishment of internal rules and checking system, distribution of personnel and in-house training system, etc.). • OSE may take into consideration experiences of the parent company of the Applicant or experiences before the entity conversion, etc.

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	<p style="color: red;">office or office for Transaction-at-Exchange Operation (meaning an office, etc. to conduct transaction in securities or market transactions of derivatives on the OSE markets) is located, and each office for Transaction-at-Exchange Operation shall be a member of a self-regulatory organization (limited to those with which OSE has concluded the agreement on provision of information) in the state where it is located.</p> <p>(e) Permission for Transaction-at-Exchange Operation</p> <ul style="list-style-type: none"> ➤ The Applicant shall have obtained permission pursuant to Article 60, Paragraph 1 of the Law. <ul style="list-style-type: none"> • When receiving the approval for acquisition of the Trading Qualification, the Applicant shall take the following procedures by the date designated by OSE (referred to as the “Date” in (4)): <ul style="list-style-type: none"> (a) conclusion of Transaction Participant Agreement with OSE; (b) conclusion of Clearing Entrustment Agreement and designation of a Designated Clearing Participant; (c) deposit of the Guarantee Funds; (d) appointment and notification of a Transaction Participant Representative, a 	<ul style="list-style-type: none"> • In some countries and regions such as the U.S., OSE is required to obtain approval of the local regulator for OSE’s granting Trading Qualification to the Applicant. • For details of those procedures, please refer to 3 below. • If the Applicant has not completed the procedures by the Date, the Applicant shall be deemed to have withdrawn the application. • Please refer to 3 (6).

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	<p>Representative in Japan, a Person in Charge of Compliance and a Person in Charge of Trading;</p> <p>(e) payment of the Participation Fee;</p> <p>(f) participation in briefing sessions on actual work process, etc. held by OSE;</p> <p>(g) system connection tests; and</p> <p>(h) other procedures that OSE deems necessary.</p>	<ul style="list-style-type: none"> The amount of the Participation Fee is JPY 3 million when acquiring Futures, etc. Trading Qualification, JPY 2 million when acquiring Cash Trading Qualification, and JPY 4 million when acquiring both Trading Qualifications at the same time, respectively in principle.
(3) Examination Fee	<ul style="list-style-type: none"> The Applicant shall pay an examination fee of JPY 300 thousands to OSE. 	<ul style="list-style-type: none"> Same as for Domestic Transaction Participants
(4) Procedures after Approval	<ul style="list-style-type: none"> OSE will grant Trading Qualification to the Applicant who has completed all the procedures mentioned above as of the day following the Date. At that time, OSE will notify each Transaction Participant to that effect and publicize it. 	<ul style="list-style-type: none"> No public notice will be made. OSE will grant a Transaction Participant Certificate to the Remote Transaction Participant acquiring the Trading Qualification.
3 Obligations, etc.		
(1) Compliance with Laws and Regulations,	<ul style="list-style-type: none"> A Remote Transaction Participant shall comply with laws and regulations, dispositions given by government agencies based on laws and regulations, 	<ul style="list-style-type: none"> Same as for Domestic Transaction Participants (Article 87 of the Law and

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<p>and OSE's Rules, etc.</p> <p>(2) Conclusion of Transaction Participant Agreement</p> <p>(3) Designation of Designated Clearing Participant</p>	<p>the OSE's Rules and the fair and equitable principles of transactions, and accept the imposition of a fine and other penalties given by OSE in accordance with the OSE's Rules.</p> <ul style="list-style-type: none"> • A Remote Transaction Participant shall conclude Transaction Participant Agreement with OSE stating that it agrees to comply with the OSE's Rules and fair and equitable principles of transactions and to accept inspections by OSE and penalties given by OSE, etc. • A Remote Transaction Participant shall conclude Clearing Entrustment Agreement with a General Clearing Participant. • A Remote Transaction Participant shall designate a party from among the General Clearing Participants with which it has concluded the Clearing Entrustment Agreement to have regularly its transactions cleared pertaining to such type of the Clearing Qualification (such party shall be hereinafter referred to as a "Designated Clearing Participant"). 	<p>Article 8 of the Articles of Incorporation)</p> <ul style="list-style-type: none"> • In order to witness its consent with the items written on the left, a Remote Transaction Participant shall enter into the Transaction Participant Agreement prescribed by OSE with OSE. • OSE will provide the Applicant in advance with referential English translations of the OSE's Rules and agreements, etc. OSE deems relevant to Remote Transaction Participants. • Remote Transaction Participants may not acquire Clearing Qualification. • Notification regarding repurchase and resale, etc. shall be made to OSE through such Designated Clearing Participant.

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(4) Payment of Transaction Participant Fees	<ul style="list-style-type: none"> A Remote Transaction Participant shall pay Transaction Participant Fees (base fee, transaction fees, access fees, Give-Up fees, position transfer fees and cancellation fees) to OSE in accordance with the regulations stipulated by OSE. The fee schedule for Remote Transaction Participants shall be same as that for Domestic Transaction Participants. 	<ul style="list-style-type: none"> Transaction Participant Fees shall be paid in JPY by transfer to the bank account designated by OSE. The due date shall be the 20th day of each month (or, if this falls on a non-business day, the following business day).
(5) Deposit of Guarantee Funds	<ul style="list-style-type: none"> A Remote Transaction Participant shall deposit JPY 3 million as Guarantee Funds with OSE. 	<ul style="list-style-type: none"> The same amount as for Domestic Transaction Participants (Articles 114 and 115 of the Law and Rule 11 of the Regulations for Transaction Participants); provided, however, that the whole amount shall be deposited in cash only. No right to claim the return of Guarantee Funds may be assigned to any third party.
(6) Transaction Participant Representative, etc. (a) Notification of Transaction Participant Representative	<ul style="list-style-type: none"> A Remote Transaction Participant shall notify OSE in advance of an appropriate person for its representative to OSE, as Transaction Participant Representative, from among persons who hold a position equivalent to or 	

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(b) Notification of Representative in Japan	<p>higher than director or executive officer.</p> <ul style="list-style-type: none"> • A Remote Transaction Participant shall notify OSE of the representative person in Japan notified to FSA under the provisions of Article 60-2 , Paragraph 1 or Article 60-5 , Paragraph 1 of the Law (including Acting Representative Person appointed under the provisions of Article 60-4 , Paragraph 1 of the Law; hereinafter referred to as “Representative in Japan”). • In case OSE gives notification to a Representative in Japan, it shall be deemed to have given notification to the Remote Transaction Participant. 	<ul style="list-style-type: none"> • Notification of amendments to the OSE’s Rules and disciplinary actions, etc. shall be given in Japanese to the Representative in Japan; provided, however, that in case of particularly important one, a reference translation will be attached.
(c) Appointment of Person in Charge of Compliance	<ul style="list-style-type: none"> • A Remote Transaction Participant shall appoint a Person in Charge of Compliance (a person who plays the same role as Internal Administration Supervisor) with the prior approval of OSE. 	<ul style="list-style-type: none"> • Transaction Participant Representative may be appointed concurrently as Person in Charge of Compliance.
(d) Appointment of Person in Charge of Trading	<ul style="list-style-type: none"> • A Remote Transaction Participant shall appoint a Person in Charge of Trading who supervises trading business of securities and matters relating thereto from among its officers and employees, with the prior approval of OSE. 	<ul style="list-style-type: none"> • Same as for Domestic Transaction Participants; a Person in Charge of Trading shall refer to a Person in Charge of Securities Transactions in case of Cash Transaction Participants and a Person in Charge of Futures, etc. Transactions and Person in Charge of Security Options Transactions in case of Futures, etc.

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(e) Notification of Contact Information	<ul style="list-style-type: none"> • A Remote Transaction Participant shall notify OSE of the contact information to be reached at all times during the trading hours in order to confirm the status of orders and quotes, etc. 	<p>Transaction Participants.</p> <ul style="list-style-type: none"> • As for matters of day-to-day business, OSE shall give notification to the Person in Charge of Trading and the language to be used shall be English or any other language that the Remote Transaction Participant and OSE have agreed on. • A Person in Charge of Trading does not have to speak Japanese.
(7) Matters to be Approved, Notified and Reported	<ul style="list-style-type: none"> • A Remote Transaction Participant shall obtain approval of, notify, or report to OSE regarding the prescribed matters through the Representative in Japan. <ul style="list-style-type: none"> (a) Matters that are required to be approved in advance by OSE <ul style="list-style-type: none"> ➢ Merger, company split, assignment or acceptance of assignment of business (excluding those deemed not important), designation or change of its Designated Clearing Participant, etc. (b) Matters that are required to be notified in advance to OSE <ul style="list-style-type: none"> ➢ Merger, company split, assignment or acceptance of assignment of 	<ul style="list-style-type: none"> • Same as for Domestic Transaction Participants • In principle, it is required to submit documents in Japanese.

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<p>(8) Handling of Customer's Orders</p>	<p>business (limited to those deemed not important), change in the company name, conclusion of the Clearing Entrustment Agreement, etc.</p> <p>(c) Matters that are required to be reported immediately to OSE</p> <ul style="list-style-type: none"> ➤ When the method of loss risk management, the method of division of operations, and details and methods of other operations are determined or changed; when it terminates the Clearing Entrustment Agreement; when it files a petition for commencement of bankruptcy or similar proceedings; when it has become, or been likely to become, insolvent; when net assets fall below JPY 300 million; when inspection, attachment, disposition or punishment, etc. is made pursuant to the provisions of laws and regulations (including cases where disposition or punishment has been received pursuant to the provisions of foreign financial instruments and exchange laws and regulations); or when it is imposed disciplinary actions from another financial instruments exchange, a foreign financial instruments exchange or a financial instruments firms association (including a foreign association corresponding thereto) to which it belongs to, etc. <ul style="list-style-type: none"> • A Remote Transaction Participant may not place orders from customers residing in Japan on the OSE markets. • If a Remote Transaction Participant places customer's orders (excluding 	<ul style="list-style-type: none"> • OSE requires a Remote Transaction Participant to develop systems preventing unfair trading such as insider-trading,

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(9) Trading Management System, etc.	<p>orders from customers residing in Japan) on the OSE markets, it shall develop an appropriate system for fulfilling fiduciary duties as required by laws and regulations (including the OSE's Rules).</p> <ul style="list-style-type: none"> • A Remote Transaction Participant shall develop a trading management system to prevent unfair trading and an order management system to prevent erroneous orders in accordance with the requirements stipulated by OSE. 	<p>market manipulation, etc.</p> <ul style="list-style-type: none"> • Same as for Domestic Transaction Participants
(10) Other Obligations	<ul style="list-style-type: none"> • Other obligations of Remote Transaction Participants shall be same as those of Domestic Transaction Participants. 	
4 Withdrawal of Trading Qualification		
(1) Application for Withdrawal of Trading Qualification	<ul style="list-style-type: none"> • When a Remote Transaction Participant intends to withdraw the Trading Qualification, it shall apply for withdrawal to OSE in accordance with the requirements stipulated by OSE. 	<ul style="list-style-type: none"> • Same as for Domestic Transaction Participants
(2) Suspension of Entrustment of Brokerage for Clearing of Securities, etc.	<ul style="list-style-type: none"> • When OSE receives an application for withdrawal of Trading Qualification, OSE will suspend its entrustment of brokerage for clearing of securities, etc. pertaining to such type of the Trading Qualification of which it applied for withdrawal from the following business day; provided, however, that this 	<ul style="list-style-type: none"> • It may conduct closing transactions, etc. with the approval of OSE.

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(3) Approval for Withdrawal of Trading Qualification	<p>shall not apply to the case where it is merged by a party acquiring the Trading Qualification at the same time as its withdrawal, and OSE considers that it is not necessary to close its position.</p> <ul style="list-style-type: none"> • OSE shall approve withdrawal of the Trading Qualification on a designated date in the future. 	<ul style="list-style-type: none"> • OSE will notify Transaction Participants of the approval of the withdrawal of Trading Qualification.
(4) Procedures for Withdrawal of Trading Qualification	<ul style="list-style-type: none"> • When Trading Qualification is withdrawn, OSE will immediately notify Transaction Participants to that effect and make a public announcement regarding such withdrawal of the Trading Qualification and the return of the Guarantee Funds deposited by the withdrawing Remote Transaction Participant (limited to the case where OSE will return it). • When a Remote Transaction Participant withdraws Trading Qualification, it shall return the Transaction Participant Certificate and pay JPY 300 thousands as a fee for the withdrawal of Trading Qualification to OSE. 	<ul style="list-style-type: none"> • A withdrawing Remote Transaction Participant may not claim the return of the Guarantee Funds it deposited until six months have elapsed from the day when the public announcement is made. • OSE will return the deposited money and securities other than the Guarantee Funds at the time depending on the purpose of the deposit.
5 Inspection, etc. (1) Inspection	<ul style="list-style-type: none"> • The methods and subjects of the inspection of a Remote Transaction Participant shall be the methods and subjects equivalent to those for Domestic Transaction Participants. When OSE requests for inspection of the 	<ul style="list-style-type: none"> • Request for submission of materials, etc. or an advance notice of on-site inspection will be made through the Representative in

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<p>(2) Disciplinary Actions, etc.</p> <p>6 System Connection</p> <p>III Effective Date</p>	<p>book or submission of materials, etc. a Remote Transaction Participant shall not refuse such request without any reasonable grounds.</p> <ul style="list-style-type: none"> • When a Remote Transaction Participant violates laws and regulations, and the OSE's Rules or orders based thereon, or refuses inspection, OSE may undertake disciplinary actions such as imposition of a fine, revocation of Trading Qualification or suspension of entrustment of brokerage for clearing of securities, etc. against the Remote Transaction Participant. • A Remote Transaction Participant shall connect to the OSE systems via the access points in Japan designated by OSE. • The above is scheduled to be effective in spring 2009. 	<p>Japan.</p> <ul style="list-style-type: none"> • The reasons for disciplinary actions are same as for Domestic Transaction Participants. • In principle, notices of disciplinary actions and objections against those shall be made through the Representative in Japan.

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