

By-laws on Dispositions of Members and Sales Representatives of Financial Instruments Intermediary Service Providers, etc.

Established on July 15, 2021

Chapter 1: General Provisions

Article 1 Purpose

These By-laws shall stipulate the necessary matters in connection with the implementation of procedures for the filing of an explanation and appeal, etc. regarding the Member Disposition and the Sales Representatives Disposition as set forth in Article 1 of the “Rules on Dispositions of Members and Sales Representatives of Financial Instruments Intermediary Service Providers, etc.” (hereinafter referred to as the “Rules for Disposition, etc.”).

Article 2 Definition

In these By-laws, the definitions of the terms set forth in the following items shall be as prescribed respectively in those items.

(1) Member Disposition

The Member Disposition prescribed in Article 1 of the Rules for Disposition, etc.

(2) Sales Representatives Disposition

Sales Representatives Disposition as prescribed in Article 1 of the Rules for Disposition, etc.

(3) Procedures for Explanation

Procedures for explanation under the provisions of Article 5 and Article 16 of the Rules for Disposition, etc.

(4) Hearing

A hearing under the provisions of Article 14, Paragraph 2 of the Rules for Registration, etc. of Sales Representatives (hereinafter referred to as the “Rules for Registration of Sales Representatives”).

(5) Appeal

An appeal under Article 20 of the Rules for Disposition, etc.

(6) Appeal Examination Committee

The Appeal Examination Committee stipulated in Article 39 of the Rules for Establishment of the Committees.

Chapter 2: Procedures for Explanation of Member Disposition

Article 3 Opportunity for Defense

1. The Chairperson shall give the member concerned an opportunity to explain when he/she intends to submit a proposal to the General Meeting or the Board of Directors regarding the Member Disposition.

2. The presiding officer of the opportunity for explanation shall be appointed by the Chairperson from among the officers and employees of the Association.

Article 4 Written Notice of Explanation

1. The Chairperson shall notify the members of the following matters in writing (hereinafter in this article through Article 6 referred to as “Written Notice of Explanation”) in implementing the procedures for explanation.
 - (1) Contents and basis of intended disposition
 - (2) The facts giving rise to the disposition
 - (3) Time and place for the explanation
 - (4) The Written Explanation set forth in Paragraph 1 of the following article is to be submitted to the Association within 14 days from the date of receipt of the Written Notice of Explanation
 - (5) Other matters deemed necessary by the Association
2. If the Association is unable to confirm that the Written Notice of Explanation has reached the Member in Paragraph 1 even after 30 days have elapsed from the date of sending the Written Notice of Explanation, the Written Notice of Explanation shall be deemed to have reached the Member on the date on which 30 days have elapsed.
3. If the Written Notice of Explanation sent by the Association does not reach the Member in Paragraph 1, such Member may request the Association to deliver a copy of such Written Notice of Explanation until the expiration of 30 days from the date of dispatch of such Written Notice of Explanation by the Association.
4. In response to the request in the preceding paragraph, the Association shall promptly deliver to the Member in the preceding paragraph a copy of the Written Notice of Explanation as per the preceding paragraph. In this case, at the time of such delivery, such Written Notice of Explanation shall be deemed to have reached the said Member.

Article 5 Submission of the Written Explanation and Declaration of Opinion

1. A Member who has received a Written Notice of Explanation in Paragraph 1 of the preceding Article shall submit to the Association a written explanation (hereinafter referred to as the “Written Explanation” in this article and the following article) stating the following matters within 14 days from the day on which such Written Notice of Explanation reaches such Member.
 - (1) Approval or disapproval of the matters listed in Items 1 and 2 of Paragraph 1 of the preceding article
 - (2) Assertions regarding the matters listed in Paragraph 1, Items 1 and 2 of the preceding article
2. If the Written Notice of Explanation dispatched by the Association does not reach the Member set forth in Paragraph 1 of the preceding article, said Member may submit the Written Explanation set forth in the preceding paragraph without receiving such Written Notice of Explanation.
3. At the time of making an explanation, the Member in question may submit a Written Explanation as set forth in Paragraph 1 as well as verbally stating facts or opinions and submitting evidential documents or articles at the time of explanation.

Article 6 Termination of Procedures for Explanation in Case of Failure to Submit the Written Explanation
The Chairperson may conclude the procedure for explanation if the Member who has received the Written Notice of Explanation set forth in Article 4, Paragraph 1 fails to submit the Written Explanation within the time limit set forth in Article 5, Paragraph 1 without any justifiable reason or special circumstances.

Chapter 3: Notice of Disposition to Members

Article 7 Notice of Disposition)

1. When making a Member Disposition under Article 17 of the Articles of Incorporation, the Association shall notify the Member of the following matters in writing (hereinafter referred to as the “Disposition Notice” in this article and the following article)
 - (1) Details and grounds for disposition
 - (2) Date of disposition
 - (3) The facts giving rise to the disposition
 - (4) Other matters deemed necessary by the Association
2. The Disposition Notice in the preceding paragraph shall contain the following matters.
 - (1) A Member may appeal the details of the Disposition Notice to the Appeal Examination Committee within 10 days from the day when the Disposition Notice arrives.
 - (2) When any Member files an appeal as described in the preceding item, he/she must do so by submitting a written appeal as described in Paragraph 1 of the following article.
3. If, even after the expiration of 30 days from the date of dispatch of the Disposition Notice by the Association, it cannot be confirmed that such Disposition Notice has reached the Member in Paragraph 1, such Disposition Notice shall be deemed to have reached said Member on the expiration of the aforementioned 30 days.
4. If the Disposition Notice sent by the Association does not reach the Member in Paragraph 1, such Member may request the Association to deliver a copy of such Disposition Notice until the expiration of 30 days from the date of dispatch of such Disposition Notice by the Association.
5. In response to the request in the preceding paragraph, the Association shall immediately deliver a copy of the Disposition Notice in the preceding paragraph to the Member in the preceding paragraph. In this case, it shall be deemed that the Disposition Notice has reached such Member at the time of such delivery.

Chapter 4: Procedure for Appeal against Member Disposition

Article 8 Appeal

1. Any appeal shall be filed by the Member who has received the Disposition Notice set forth in Article 7, Paragraph 1 (hereinafter referred to as the “Appealing Member”) must submit to the Appeal Examination Committee a document stating the following matters (hereinafter referred to as “Written Appeal” in this article and Article 15).
 - (1) Trade name and address of the Appealing Member

- (2) Details of the disposition and date entered in the Disposition Notice
 - (3) Date of receipt of the Disposition Notice
 - (4) The purpose and reason for the appeal against the disposition
 - (5) Date of appeal
2. In the event that the Disposition Notice sent by the Association does not reach the Member stipulated in Article 7, Paragraph 1, such Member may submit a Written Appeal set forth in the preceding paragraph without receiving such Disposition Notice.
 3. Except in the case prescribed in the preceding paragraph, a copy of the Disposition Notice must be attached to the Written Appeal.
 4. The Written Appeal may be accompanied by documentary evidence, etc. pertaining to the reasons set forth in Paragraph 1, Item 4.
 5. Any appeal shall not preclude the effectiveness of any disposition pertaining to such appeal by the Association.

Article 9 Appeal Examination

1. The Appeal Examination Committee shall examine whether there is any reason for appeal in the preceding article (hereinafter in this article through Article 11 referred to as “Appeal Examination”) and shall report the result thereof to the Chairperson and also notify the Appealing Member.
2. The Appealing Member may not appeal against the results of the Appeal Examination.

Article 10 Notice of Results of Appeal Examination

1. In the event that the Appeal is deemed to have reasonable grounds in the Appeal Examination in Paragraph 1 of the preceding article, a notice shall be given in writing stating the following matters.
 - (1) Trade name and address of the Appealing Member
 - (2) The fact that the appeal was found to be reasonable and the reasons therefor and the date of the decision
 - (3) To have a Re-examination of the disposition case pertaining to the Appeal Examination (hereinafter referred to as “Appeal Case” in this article to Article 13, Articles 20 through 23)
2. In the event that no grounds are found in an Appeal Examination, notification shall be made in writing, stating the following matters.
 - (1) Trade name and address of the Appealing Member
 - (2) The fact that the appeal was found to be groundless and the reasons therefor and the date of the decision
3. The notice in the preceding two paragraphs shall state that no appeal may be filed against the results of the Appeal Examination.

Article 11 Consultation with the Disciplinary Committee

If, as a result of the Appeal Examination under Article 9, Paragraph 1, the Appeal Examination Committee finds the appeal to be reasonable, the Chairperson shall once again consult with the Disciplinary Committee regarding the Appeal Case and seek its opinion.

Article 12 Re-examination by the Disciplinary Committee, etc.

1. The Disciplinary Committee shall review the contents of the Appeal Case once again (including the details, reasons, etc., as well as the propriety of disposition of the appeal) requested by the Chairperson in relation to the Appeal Case (hereinafter referred to as “Re-examination” in this article through Article 14, Article 19 and Article 20).
2. The provisions of Article 4, Paragraph 2 and Paragraph 3 of the Rules for Disposition, etc. shall apply mutatis mutandis when the Disciplinary Committee conducts Re-examination in accordance with the provisions of the preceding paragraph. In this case, the term “Deliberation” in Article 4, Paragraph 2 and Paragraph 3 shall be deemed to be replaced with “Re-examination” and the term “members pertaining to such case” in Article 4, Paragraph 3 shall be deemed to be replaced with “Appealing Member.”
3. If, as a result of Re-examination under the provisions of Paragraph 1, the Disciplinary Committee determines that the disposition of the Appeal Case is appropriate, it shall report to the Chairperson in writing to that effect and the reasons therefor and also notify the Appealing Member to that effect.
4. If, as a result of Re-examination under the provisions of Paragraph 1, the Disciplinary Committee determines that the disposition of the Appeal Case is inappropriate and it is appropriate to change the disposition, the Disciplinary Committee shall report in writing to the Chairperson the type and extent of the disposition to be changed and the reasons therefor to the Appealing Member.
5. If, as a result of Re-examination under the provisions of Paragraph 1, the Disciplinary Committee determines that the disposition of the Appeal Case is inappropriate and it is appropriate to revoke the disposition, the Disciplinary Committee shall inform the Chairperson in writing of the fact that the disposition should be revoked and the reasons therefor, and shall also notify the Appealing Member to that effect.
6. The Appealing Member may not appeal the result of the Re-examination by the Disciplinary Committee.

Article 13 Opportunity for Re-explanation

1. The Chairperson shall give the Appealing Member the opportunity of re-explanation if, based on the result of the Re-examination by the Disciplinary Committee, he proposes to the General Meeting or the Board of Directors that the disposition of the Appeal Case be changed or revoked.
2. The presiding officer of the opportunity for re-explanation shall be appointed by the Chairperson from among the officers and employees of the Association.

Article 14 Procedure for Re-explanation

1. When executing the procedure for re-explanation stipulated in the preceding article, the Chairperson shall notify the Appealing Member of a Written Notice of Re-explanation stating the following matters.
 - (1) To the effect that the procedures for re-explanation as prescribed in the preceding article shall be taken during Re-examination
 - (2) Date of disposition for Re-examination
 - (3) Date of decision under Article 10, Paragraph 1, Item 2
 - (4) Date and place of re-explanation
 - (5) Other matters deemed necessary by the Association

2. The Representative of the Appealing Member or the agent appointed by such representative (hereinafter collectively referred to as the “Re-defending Party” in this article through Article 17) must attend on the date for re-explanation.

Article 15 Method of Proceedings on Date for Re-explanation

1. Any person who is deemed by the Chairperson to have a special interest in the Appealing Member in the procedure for re-explanation may not preside over the procedures for re-explanation.
2. At the beginning of the first re-explanation, the presiding official shall explain the details, its grounds, the date and the basis for the disposition, and the facts constituting the cause of said disposition to the person(s) present on the date for re-explanation.
3. The Re-defending Party may attend the meeting on the date for re-explanation, submit the Written Re-explanation and documentary evidence, etc., state their opinion and ask questions to the staff of the Association with the permission of the presiding official.
4. The Re-defending Party may have an assistant attend on the date for re-explanation with the permission of the presiding official.
5. The presiding official may, when he/she finds it necessary on the date for re-explanation, ask questions to the Re-defending Party, request that he/she state his/her opinion or submit documentary evidence, etc., or request an explanation from the staff of the Association.
6. The presiding official may present the Written Appeal and documentary evidence, etc. to the Re-defending Party who is present on the date for re-explanation.
7. The proceedings on the date for re-explanation shall not be open to the public except when the Association deems it appropriate to do so.
8. If, as a result of the proceedings on the date for re-explanation, the presiding official deems it necessary to continue the date for re-explanation, he/she may designate a further date for continuation.
9. In the case of the preceding paragraph, the date of continuation and place shall be notified in writing to the Appealing Member in advance. However, in cases where the Re-defending Party is present on the date for re-explanation, it shall be sufficient to give notice thereof to said person involved in the re-explanation on the date for re-explanation.

Article 16 Termination of Procedures for Re-Defense in the Absence of the Re-defending Party

If any member of the Re-defending Party fails to attend the meeting on the date for re-explanation without any justifiable reason, the presiding official may conclude the procedures for re-explanation without giving the Re-defending Party an opportunity to express an opinion again and submit the Written Re-explanation and written evidence, etc.

Article 17 Record and Report of Re-explanation

1. When a date for re-explanation is held, the presiding official must prepare a record describing the progress of the procedure for re-explanation on each date and must have the person designated as the signatory among the presiding officials sign and seal the record and keep it on file.

2. The presiding official shall, promptly after the termination of the procedure for re-explanation, prepare a report stating his/her opinion as to whether or not the Re-defending Party has any reason for their assertion of the facts giving rise to the disposition, and shall report the same to the Chairperson together with the record in Paragraph 1.
3. The Appealing Member may request inspection of the record in Paragraph 1.

Article 18 Resumption of Proceedings for Re-explanation

If the Chairperson deems it necessary to do so in consideration of circumstances arising after the termination of the procedures for re-explanation, he/she may order the presiding official to resume the procedures for re-explanation by returning the report submitted pursuant to the provisions of Paragraph 2 of the preceding article. The provisions of the main clause of Article 15, Paragraph 9 shall apply mutatis mutandis in this case.

Article 19 Notice of Results of Re-examination

1. When giving notice of the results of Re-examination as stipulated in Article 12, Paragraph 1, such notice shall be given in writing stating the following matters.
 - (1) Trade name and address of the Appealing Member
 - (2) Results and reasons for Re-examination and date of decision thereof
2. In the notice in the preceding paragraph, it shall be stated that no appeal may be filed against the result of Re-examination.

Article 20 Submission of matters to General Meeting, etc.

If the Chairperson deems it appropriate to change or revoke the disposition of the Appeal Case through Re-examination by the Disciplinary Committee and the procedure for re-explanation by the Appealing Members as stipulated in the preceding paragraph, he shall submit the matter to the General Meeting or the Board of Directors.

Article 21 Notice of Disposition, etc.

If the General Meeting or the Board of Directors decides to change the disposition of the Appeal Case, the Chairperson shall notify the Appealing Members in writing of the kind and extent of the changed disposition and the facts and reasons subject to the disposition, and if the General Meeting or the Board of Directors decides to cancel the disposition of the Appeal Case, the Chairperson shall notify the Appealing Members in writing of the cancellation of the disposition and the reasons therefor.

Article 22 Report to the Disciplinary Committee, etc.

The Chairperson shall report the contents of the resolution to the Disciplinary Committee and the Appeal Examination Committee if the Chairperson submits the proposal to the General Meeting or the Board of Directors to change or revoke the disposition of the Appeal Case stipulated in the preceding paragraph.

Article 23 Announcement of Disposition

1. The Chairperson shall notify the other members in writing or otherwise if the disposition appealed is changed or revoked under the provisions of Article 21.
2. When the Chairperson has given notice to any other Member under the provision of the preceding paragraph, he/she shall make such notice public.
3. In the case of public announcement pursuant to the preceding paragraph, the publication of Article 13, Paragraph 2 of the Rules for Disposition, etc., concerning the Appeal Case shall be suspended.

Chapter 5: Procedures for Explanation, etc. of Sales Representatives Disposition

Article 24 Opportunity for Defense, etc.

1. When the Chairperson intends to submit a proposal for the Sales Representatives Disposition to the Board of Directors, he/she shall give the Financial Instruments Intermediary Service Provider (meaning the Financial Instruments Intermediary Service Providers prescribed in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter) to which the person subject to such disposition of Sales Representatives belongs and the person subject to such disposition of Sales Representatives (hereinafter referred to as the “Person Subject to Disposition”) is granted an opportunity of explanation or hearing.
2. The presiding official for the opportunity of explanation, etc. shall be appointed by the Chairperson from among the officers and employees of the Association.

Article 25 Written Notice of Explanation

1. When the Chairperson conducts the procedures for explanation, he/she shall notify the Financial Instruments Intermediary Service Providers through the Full Member to which the Financial Instruments Intermediary Service Providers prescribed in Paragraph (1) of the preceding article belong or have belonged (hereinafter referred to as the “Target Member”) of stating the following matters (hereinafter referred to as the “Written Notice of Explanation” in this article, the following article and Article 30).
 - (1) Name and date of birth of the person subject to disposition
 - (2) Contents and basis for intended disposition
 - (3) The facts giving rise to the disposition
 - (4) Time and place for the explanation
 - (5) Other matters deemed necessary by the Association
2. The Written Notice of Explanation set forth in the preceding paragraph shall contain the following matters.
 - (1) The Financial Instruments Intermediary Service Providers must submit the Written Explanation set forth in Paragraph 1 of the following article to the Association through the Target Member within 14 days from the day on which the Written Notice of Explanation reaches such providers.
 - (2) The Target Member and the Person Subject to Disposition (meaning the Sales Representative of the Financial Instruments Intermediary Service Providers who is the subject of the Sales Representative Disposition; the same shall apply hereinafter) shall be entitled to request the Association to have access to an accident report (a report based on the provisions of Article 7 of the Rules on Service Work of Employees, etc. Engaged in Financial Instruments Intermediary Service Providers (hereinafter referred

to as the “Service Rules”)) and documents attached thereto pertaining to the case relating to the procedures for explanation before the conclusion of the procedures for explanation.

3. The Target Member who has received the Written Notice of Explanation set forth in Paragraph 1 must immediately notify the Financial Instruments Intermediary Service Providers of the contents thereof and have the Financial Instruments Intermediary Service Providers notify the person subject to disposition of the contents thereof.
4. If, even after the expiration of 30 days from the date of dispatch of the Written Notice of Explanation in Paragraph 1 by the Association, it cannot be confirmed that such Written Notice of Explanation has reached the Target Member in Paragraph 1, such Written Notice of Explanation shall be deemed to have reached such Target Member on the expiration of 30 days.
5. If the Written Notice of Explanation sent by the Association does not reach the Target Member in Paragraph 1, such Target Member may request the Association to deliver a copy of such Written Notice of Explanation until the expiration of 30 days from the date of dispatch of such Written Notice of Explanation by the Association.
6. In response to the request in the preceding paragraph, the Association shall promptly deliver to the Target Member in the preceding paragraph a copy of the Written Notice of Explanation in the preceding paragraph. In this case, at the time of such delivery, such Written Notice of Explanation shall be deemed to have reached said Target Member.
7. When the Association gives notice as provided in Paragraph 1, it shall also give notice to the Person Subject to Disposition in the same manner. However, this shall not apply to cases where the address or residence of the Person Subject to Disposition is unknown or where there is any other unavoidable reason.

Article 26 Submission of the Written Explanation and Declaration of Opinion

1. The Financial Instruments Intermediary Service Providers and the Person Subject to Disposition who have received the Written Notice of Explanation set forth in Paragraph 1 of the preceding article must submit to the Association through the Target Member a document stating the following matters (hereinafter in this article and Article 30 referred to as the “Written Explanation”) within 14 days from the day on which such Written Notice of Explanation reached such Target Member.
 - (1) Approval or disapproval of the matters listed in Items 1 and 2 of Paragraph 1 of the preceding article
 - (2) Assertions regarding the matters listed in Paragraph 1, Items 1 and 2 of the preceding article
2. If a Written Notice of Explanation dispatched by the Association fails to reach the Target Member in Paragraph 1 of the preceding article, such Target Member may submit the Written Explanation in the preceding paragraph without receiving such Written Notice of Explanation.
3. At the time of making an explanation, such Target Member may submit a Written Explanation as set forth in Paragraph 1, as well as verbally stating facts or opinions and submitting evidential documents or articles at the time of explanation.

Article 27 Notice of Hearing

1. If the Chairperson conducts a hearing, he/she shall notify the Financial Instruments Intermediary Service

Providers through the Target Member of the following matters in writing (hereinafter referred to as the “Notice of Hearing”).

- (1) Name and date of birth of the person subject to disposition
- (2) Contents and grounds for anticipated adverse disposition
- (3) Facts causing adverse disposition
- (4) Time and place of the hearing
- (5) Name and address of the organization in charge of administrative affairs relating to the hearing
- (6) Other matters deemed necessary by the Association

2. The Notice of Hearing in the preceding paragraph shall contain the following matters.

- (1) The Financial Instruments Intermediary Service Providers and the Person Subject to Disposition are entitled to appear on the date of the hearing to state their opinions and to produce any documentary evidence or articles, or to produce written statements and documentary evidence, etc. in lieu of appearing on the date of the hearing.
- (2) The Target Member and the Person Subject to Disposition (meaning a Sales Representative of a Financial Instruments Intermediary Service Provider who is the subject of a Sales Representative Disposition; the same shall apply hereinafter) shall be entitled to request the Association to have access to an accident report (a report based on the provisions of Article 7 of the Service Rules) and attached documents, etc. relating to the case relating to the procedures for the hearing until the completion of the procedures for the hearing.

3. The Target Member who has received the Notice of Hearing in Paragraph 1 must immediately notify the Financial Instruments Intermediary Service Providers of the contents thereof and have the Financial Instruments Intermediary Service Providers notify the Person Subject to Disposition of the contents thereof.

4. If at any time after the expiration of 30 days from the date of dispatch by the Association of the Notice of Hearing in Paragraph 1, such Notice of Hearing is not confirmed to have reached the Target Member in Paragraph 1, such Notice of Hearing shall be deemed to have reached such Target Member on the expiration of 30 days.

5. If the Notice of Hearing sent by the Association does not reach the Target Member in Paragraph 1, such Target Member may request the Association to deliver a copy of such Notice of Hearing until the expiration of 30 days from the date of dispatch of such Notice of Hearing by the Association.

6. In response to the request in the preceding paragraph, the Association shall promptly deliver to the Target Member in the preceding paragraph a copy of the Notice of Hearing in the preceding paragraph. In this case, at the time of such delivery, such Notice of Hearing shall be deemed to have reached such Target Member.

7. When the Association gives notice as provided in Paragraph 1, it shall also give notice to the Person Subject to Disposition in the same manner. However, this shall not apply to cases where the address or residence of the Person Subject to Disposition is unknown or where there is any other unavoidable reason.

Article 28 Submission of Written Statement, etc. and Statement of Opinion

1. The Financial Instruments Intermediary Service Provider and the Person Subject to Disposition who have received the Notice of Hearing in Paragraph 1 of the preceding article must appear on the date of the hearing

and state their opinions, and must submit documentary evidence or articles, or must submit a written statement and documentary evidence, etc. stating the following matters in lieu of appearing on the date of the hearing.

- (1) Approval or disapproval of the matters listed in Items 1 and 2 of Paragraph 1 of the preceding article
 - (2) Assertions regarding the matters listed in Paragraph 1, Items 1 and 2 of the preceding article
2. If the Notice of Hearing dispatched by the Association does not reach the Target Member in Paragraph 1 of the preceding article, such Target Member may submit the written statement in the preceding paragraph without receiving such Notice of Hearing.
 3. Such Target Member may, at the time of the hearing, make oral statements of fact or opinion and produce documentary or material evidence in addition to the written statement set forth in Paragraph 1.

Article 29 Access to Documents, etc.

1. The Target Member and the Person Subject to Disposition may request the Association to have access to the accident report and attached documents, etc. prescribed in Article 7 of the Service Rules until the procedures for explanation, etc. are completed. In this case, the Association may not refuse to allow such access except when such access is likely to harm the interests of a third party or when there is any other justifiable reason.
2. The Association may designate the time, date and place for access in the preceding paragraph.

Article 30 Termination of Procedures for Explanation in Case of Failure to Submit the Written Explanation
If all of the Financial Instruments Intermediary Service Providers and Person(s) subject to the Disposition who have received the Written Notice of Explanation set forth in Article 25, Paragraph 1 fail to submit the Written Explanation within the time limit set forth in Article 26, Paragraph 1 without justifiable grounds or special circumstances, the procedures for explanation may be terminated.

Article 31 Termination of Hearing in Case of Non-Appearance, etc.

The hearing may be terminated in the event that all or part of the Financial Instruments Intermediary Service Providers and Person(s) subject to the Disposition who have received the Notice of Hearing under Article 27, Paragraph 1 fails to appear on the date for the hearing and fails to submit the written statement or documentary evidence, etc. under Article 27, Paragraph 1.

Chapter 6: Notice of Disposition to Sales Representatives

Article 32 Disposition Notice

1. The Chairperson shall notify the Financial Instruments Intermediary Service Providers through the Target Member of the following matters in writing (hereinafter referred to as the “Disposition Notice” in this article and the following article) in the event of disposition of the Person Subject to Disposition under Article 7 of the Rules for Registration of Sales Representatives.
 - (1) Name and date of birth of the person subject to disposition
 - (2) Contents and basis for disposition

- (3) Date of disposition
 - (4) The facts giving rise to the disposition
 - (5) Other matters deemed necessary by the Association
2. The Disposition Notice in the preceding paragraph shall contain the following matters.
 - (1) The Target Member and the Person Subject to Disposition may appeal on the contents of the disposition to the Appeal Examination Committee within 10 days from the date of arrival of the Disposition Notice.
 - (2) The Target Member and the Person Subject to Disposition must file an appeal in the preceding item by submitting the Written Appeal in Paragraph 1 of the following article.
 - (3) To file an appeal with the Financial Services Agency against any disposition under Article 64-5 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 66-25 of said Act.
 3. The Target Member who has received the Disposition Notice in Paragraph 1 must immediately notify the Financial Instruments Intermediary Service Providers of the contents thereof and have the Financial Instruments Intermediary Service Providers notify the Person Subject to Disposition of the contents thereof.
 4. If, even after the expiration of 30 days from the date of dispatch of the Disposition Notice in Paragraph 1 by the Association, it cannot be confirmed that such Disposition Notice has reached the Target Member in Paragraph 1, such Disposition Notice shall be deemed to have reached such Target Member on the expiration of such 30 days.
 5. If the Disposition Notice sent by the Association does not reach the Target Member in Paragraph 1, such Target Member may request the Association to deliver a copy of such Disposition Notice until the expiration of 30 days from the date of dispatch of such Disposition Notice by the Association.
 6. In response to the request in the preceding paragraph, the Association shall immediately deliver a copy of the Disposition Notice in the preceding paragraph to the Target Member in the preceding paragraph. In this case, it shall be deemed that the Disposition Notice has reached the Target Member at the time of delivery.

Chapter 7: Procedure for Appeal against the Disposition of Sales Representatives

Article 33 Appeal

1. Any appeal shall be made by the Target Member who has received the Disposition Notice in Paragraph 1 of the preceding article (hereinafter referred to as the "Target Member for Appeal") or the Person Subject to Disposition submitting to the Appeal Examination Committee a document stating the following matters (hereinafter referred to as the "Written Appeal" in this article and Article 41).
 - (1) Trade name and address of the Target Member for Appeal
 - (2) Name and date of birth of the person subject to disposition
 - (3) Details of the disposition and date entered in the Disposition Notice
 - (4) Date of receipt of the Disposition Notice
 - (5) The purpose and reason for the appeal against the disposition
 - (6) Date of appeal
2. In the event that the Disposition Notice sent by the Association does not reach the Target Member in

Paragraph 1 of the preceding article, such Target Member and the Person Subject to Disposition may submit the Written Appeal as per the preceding paragraph without receiving such Disposition Notice.

3. Except in the case prescribed in the preceding paragraph, a copy of the Disposition Notice must be attached to the Written Appeal.
4. The Written Appeal may be accompanied by documentary evidence, etc. pertaining to the reasons set forth in Paragraph 1, Item 5.
5. Any appeal shall not preclude the effectiveness of any disposition pertaining to such appeal by the Association.

Article 34 Appeal Examination

1. The Appeal Examination Committee shall examine whether there is any reason for appeal under the preceding article (hereinafter referred to as “Appeal Examination” in this article through Article 36) and shall notify the Financial Instruments Intermediary Service Providers of the result thereof through the Target Member for Appeal.
2. The Target Member for Appeal, who has received notice of the results of the Appeal Examination under the preceding paragraph, must immediately notify the Financial Instruments Intermediary Service Providers of the contents thereof and have the Financial Instruments Intermediary Service Providers notify the Person Subject to Disposition of the contents thereof.
3. The Target Member for Appeal and the Person Subject to Disposition may not appeal against the results of the Appeal Examination.

Article 35 Notice of Results of Appeal Examination

1. In the event that the Appeal is deemed to have reasonable grounds in the Appeal Examination in Paragraph 1 of the preceding article, a notice shall be given in writing stating the following matters.
 - (1) Trade name and address of the Target Member for Appeal
 - (2) Name and date of birth of the person subject to disposition
 - (3) The fact that the appeal was found to be reasonable and the reasons therefor and the date of the decision
 - (4) The fact that the disposition case relating to the Appeal Examination (hereinafter referred to as “Appeal Case” in this article through Article 38 and Articles 46 through 49) shall be re-examined
2. In the event that no grounds are found in an Appeal Examination, notification shall be made in writing, stating the following matters.
 - (1) Trade name and address of the Target Member for Appeal
 - (2) Name and date of birth of the person subject to disposition
 - (3) The fact that the appeal was found to be groundless and the reasons therefor and the date of the decision
3. The notice in the preceding two paragraphs shall state that no appeal may be filed against the results of the Appeal Examination.

Article 36 Consultation with the Disciplinary Committee

If the Appeal Examination Committee finds the appeal to be reasonable as a result of the Appeal Examination

under Article 34, Paragraph 1, the Chairperson shall once again consult with the Disciplinary Committee regarding the Appeal Case and seek its opinion.

Article 37 Re-examination by the Disciplinary Committee, etc.

1. The Disciplinary Committee shall deliberate the contents of the Appeal Case (including the details, reasons, etc. as well as the propriety of disposition of the Appeal Case) requested by the Chairperson (hereinafter referred to as “Re-examination” in this article through Article 39, Article 45 and Article 46).
2. The provisions of Article 4, Paragraph 2 and Paragraph 3 of the Rules for Disposition, etc. shall apply mutatis mutandis when the Disciplinary Committee conducts Re-examination in accordance with the provisions of the preceding paragraph. In this case, the term “deliberation” in Article 4, Paragraph 2 and Paragraph 3 shall be deemed to be replaced with “Re-examination” and the term “members pertaining to such case” in Article 4, Paragraph 3 shall be deemed to be replaced with “Target Member for Appeal.”
3. If it is determined that the disposition of the Appeal Case is appropriate as a result of Re-examination under the provisions of Paragraph 1, the Disciplinary Committee shall report to the Chairperson in writing to that effect and the reasons therefor, and shall also notify the Financial Instruments Intermediary Service Providers and the Person Subject to Disposition through the Target Member for Appeal.
4. If it is determined that the disposition of the Appeal Case is inappropriate and it is appropriate to change the disposition as a result of Re-examination under the provisions of Paragraph 1, the Disciplinary Committee shall report in writing to the Chairperson the type and extent of as well as the reasons for the disposition to be changed and shall also notify the Financial Instruments Intermediary Service Providers and the Person Subject to Disposition through the Target Member for Appeal.
5. If it is determined that the disposition of the Appeal Case is inappropriate and it is appropriate to rescind it as a result of Re-examination under the provisions of Paragraph 1, the Disciplinary Committee shall inform the Chairperson in writing of the fact that it should be rescinded and the reasons therefor, and shall also notify the Financial Instruments Intermediary Service Providers and the Person Subject to Disposition regarding the Appeal Case through the Target Member for Appeal.
6. The Target Member for Appeal and the Person Subject to Disposition may not appeal against the result of the Re-examination by the Disciplinary Committee.

Article 38 Opportunity for Re-explanation

1. If the Chairperson intends to submit a proposal to the Board of Directors, based on the result of the Re-examination by the Disciplinary Committee, a change or revocation of the disposition of the Appeal Case, the Chairperson shall give the said Target Member for Appeal and the Person Subject to Disposition the opportunity for re-explanation.
2. The presiding officer of the opportunity for re-explanation shall be appointed by the Chairperson from among the officers and employees of the Association.

Article 39 Procedure for Re-explanation

1. When carrying out the procedure for re-explanation provided in the preceding article, the Chairperson shall

give the Written Notice of Re-explanation stating the following matters to the Target Member for Appeal and the Person Subject to Disposition pertaining to such procedure for re-explanation.

- (1) To the effect that the procedures for re-explanation as prescribed in the preceding article shall be taken during Re-examination
 - (2) Date of disposition for Re-examination
 - (3) Date of decision under Article 35, Paragraph 1, Item 3
 - (4) Date and place of re-explanation
 - (5) Other matters deemed necessary by the Association
2. The Representative of the Target Member for Appeal or the agent appointed by such representative (hereinafter collectively referred to as the “Re-defending Party” in this article and Articles 41 through 43) must attend on the date for re-defense.

Article 40 Access to Documents, etc.

1. The Target Member for Appeal and the Person Subject to Disposition may request the Association to have access to the accident report and attached documents, etc. prescribed in Article 7 of the Service Rules until the completion of the procedures for re-explanation. In this case, the Association may not refuse to allow such access except when such access is likely to harm the interests of a third party or when there is any other justifiable reason.
2. The Association may designate the time, date and place for access in the preceding paragraph.

Article 41 Method of Proceedings on Date for Re-explanation

1. Any person who is deemed by the Chairperson to have a special interest with the Target Member for Appeal over the procedure for re-explanation may not preside over the procedure for re-explanation.
2. At the beginning of the first day for re-explanation, the presiding official shall explain to the persons present on the day for re-explanation the contents of the disposition, the provisions of the Rules on which the disposition is based, the date of disposition and the facts giving rise to such disposition.
3. The Re-defending Party may attend the meeting on the date for re-explanation, submit the Written Re-explanation and documentary evidence, etc., state their opinion and ask questions to the staff of the Association with the permission of the presiding official.
4. The Re-defending Party may have an assistant attend on the date for re-explanation with the permission of the presiding official.
5. The presiding official may, when he/she finds it necessary on the date for re-explanation, ask questions to the Re-defending Party, request that he/she state his/her opinion or submit documentary evidence, etc., or request an explanation from the staff of the Association.
6. The presiding official may present the Written Appeal and documentary evidence, etc. to the Re-defending Party who is present on the date for re-explanation.
7. The proceedings on the date for re-explanation shall not be open to the public except when the Association deems it appropriate to do so.
8. If, as a result of the proceedings on the date for re-explanation, the presiding official deems it necessary to

continue the date for re-explanation, he/she may designate a further date for continuation.

9. In cases referred to in the preceding paragraph, the Target Member for Appeal and the Person Subject to Disposition must be notified in advance in writing of the date of continuation and place. However, in cases where the Re-defending Party is present on the date for re-explanation, it shall be sufficient to give notice thereof to said person involved in the re-explanation on the date for re-explanation.

Article 42 Termination of Procedures for Re-Defense in the Absence of the Re-defending Party

If any member of the Re-defending Party fails to attend the meeting on the date for re-explanation without any justifiable reason, the presiding official may conclude the procedures for re-explanation without giving the Re-defending Party an opportunity to express an opinion again and submit the Written Re-explanation and written evidence, etc.

Article 43 Record and Report of Re-explanation

1. When a date for re-explanation is held, the presiding official must prepare a record describing the progress of the procedure for re-explanation on each date and must have the person designated as the signatory among the presiding officials sign and seal the record and keep it on file.
2. The presiding official shall, promptly after the termination of the procedure for re-explanation, prepare a report stating his/her opinion as to whether or not the Re-defending Party has any reason for their assertion of the facts giving rise to the disposition, and shall report the same to the Association together with the record in Paragraph 1.
3. The Target Member for Appeal and the Person Subject to Disposition may request inspection of the record in Paragraph 1.

Article 44 Resumption of Proceedings for Re-explanation

If the Chairperson deems it necessary to do so in consideration of circumstances arising after the termination of the procedures for re-explanation, he/she may order the presiding official to resume the procedures for re-explanation by returning the report submitted pursuant to the provisions of Paragraph 2 of the preceding article. The provisions of the main clause of Article 38, Paragraph 9 shall apply mutatis mutandis in this case.

Article 45 Notice of Results of Re-examination

1. When giving notice of the results of Re-examination as stipulated in Article 37, Paragraph 1, such notice shall be given in writing stating the following matters.
 - (1) Trade name and address of the Target Member for Appeal
 - (2) Name and date of birth of the person subject to disposition
 - (3) Results and reasons for Re-examination and date of decision thereof
2. In the notice in the preceding paragraph, it shall be stated that no appeal may be filed against the result of Re-examination.

Article 46 Submission of the proposal to the Board of Directors

If the Chairperson deems it appropriate to change or rescind the disposition of an Appeal Case through Re-examination by the Disciplinary Committee as well as the procedure for re-explanation from the Target Member for Appeal and the Person Subject to Disposition set forth in the preceding paragraph, the Chairperson shall submit a proposal to the Board of Directors.

Article 47. Notice of Disposition, etc.

The Chairperson shall notify in writing any decision by the Board of Directors to change the disposition of an Appeal Case the Target Member for Appeal and the Person Subject to Disposition of the kind and extent of the amended disposition and the facts and reasoning pertaining to the disposition. Also, should the General Meeting or the Board of Directors decide to cancel the disposition of the Appeal Case, the Chairperson shall notify in writing the Target Member for Appeal and the Person Subject to Disposition of the cancellation of the disposition and the reason therefor.

Article 48. Report to the Disciplinary Committee, etc.

The Chairperson shall report the contents of the resolution to the Disciplinary Committee and the Appeal Examination Committee if the Chairperson submit a proposal to the Board of Directors to change or revoke the disposition of the Appeal Case stipulated in the preceding paragraph.

Article 49. Announcement of Disposition

In the event of changes or revocation of the disposition of an Appeal Case under the provisions of Article 47, the Chairperson shall discontinue the announcement of Article 19 of the Rules for Disposition, etc. of the Appeal Case.

Supplementary Provision

These By-laws shall come into effect on July 15, 2021.