

# Rules for Registration, etc. of Sales Representatives

Established June 10, 2021  
Revised on January 20, 2022

## Article 1. Purpose

The purpose of these Rules is to provide for procedures for the registration application of Sales Representatives, refusal requirements for registration, and dispositions of Sales Representatives, etc. in connection with the entrusted services to register Sales Representatives under Article 64-7, Paragraph 1 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”) as applied mutatis mutandis pursuant to Article 66-25 of such Act, thereby ensuring the proper and smooth operation of the Sales Representative Registration System.

## Article 2. Definition

“Sales Representative” in these Rules shall mean an officer or employee (hereinafter referred to as the “Employees, etc.”) engaged in the Financial Instruments Intermediary Service conducted by a Financial Instruments Intermediary Service Provider prescribed in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation (hereinafter referred to as the “Financial Instruments Intermediary Service”) who performs for a Full Member the acts set forth in any of the items in Article 64, Paragraph 1 of the FIEA as applied mutatis mutandis pursuant to Article 66-25 of the FIEA (hereinafter referred to as the “Duties of a Sales Representative”).

## Article 3. Obligation to Register Sales Representatives

If a Full Member lets the Employees, etc. of a Financial Instruments Intermediary Service Provider perform the duties of a Sales Representative pertaining to the Financial Instruments Intermediary Service, the Full Member shall register such person’s name, date of birth and other matters stipulated in the By-laws in the Sales Representative Registry (hereinafter referred to as the “Registry”) provided by the Association.

\* Article 2 of the By-laws

## Article 4. Qualification Requirements for Registration of Sales Representative

The Association shall handle the Employees, etc. of a Financial Instruments Intermediary Service Provider who fall under any of the following items as persons qualified to register as Sales Representatives:

- (1) A person who has passed the Class-1 Sales Representative Qualification Exam pursuant to Rules Concerning Qualification Examination for Sales Representatives, etc., established by the Japan Securities Dealers Association (hereinafter referred to as the “Rules for Qualification Examination by JSDA”);
- (2) A person who has passed Class-2 Sales Representative Qualification Exam pursuant to the Rules for

Qualification Examination by JSDA.

Article 5. Sales Representative Qualifications

Full Members may not obtain registration for any person who is not qualified to register as a Sales Representative as provided for in the preceding article.

Article 6. Prohibition of Duties of Unqualified Sales Representatives

Full Members shall not let the Employees, etc. of a Financial Instruments Intermediary Service Provider perform the duties of Sales Representative prescribed in Article 2 unless such person satisfies the requirements set forth in the preceding article.

Article 7. Rescission of Sales Representative Qualifications and Disposition for the Suspension of Qualification Requirements

1. When the result of the examination of reported details from Full Members pursuant to Article 7 of the Rules on Services of Employees, etc. Engaged in Financial Instruments Intermediary Services (hereinafter referred to as the “Service Rules”) indicate that a Sales Representative (including a person who was formerly a Sales Representative; hereinafter the same shall apply in this Article) has violated any laws or regulations in connection with the duties of a sales representative or business incidental thereto or has committed any other extremely inappropriate acts in connected to such duties, the Association shall rescind the sales representative qualifications prescribed in Article 5 (hereinafter referred to as the “Disposition to Rescind Sales Representative Qualifications” in this Article) or suspend the validity of the sales representative qualifications requirements for a period not longer than 2 years (hereinafter referred to as the “Disposition for the Suspension of Sales Representative Qualification Requirements” in this Article).
2. When a person who has become subject to a disposition for the suspension of Sales Representative qualification requirements under the preceding paragraph falls under any of the following items, the Association shall rescind such representative’s qualifications as a Sales Representative:
  - (1) When a person who has become subject to a disposition for the suspension of sales representative qualification requirements for a period exceeding 1 month is then, within 5 years from the date that decision was issued, subject to another suspension of sales representative qualification requirements for which the suspension period exceeds 1 month;
  - (2) When a person who has become subject to a disposition for the suspension of sales representative qualification requirements is then, within 5 years from the date that decision was issued, subject to another suspension of sales representative qualification requirements and during this suspension period is subject to further disposition for suspension of sales representative qualification requirements.
3. Full Members shall not let any person who has become subject to disposition to rescind sales representative qualifications pursuant to the provisions of the Paragraph 1 or 2 or Article 14 herein perform the duties of a Sales Representative for 5 years from the date this decision was issued.
4. Full Members shall not let any person who has become subject to suspension of sales representative qualification requirements pursuant to the provisions of the Paragraph 1 or Article 14 herein perform the

duties of a Sales Representative during the period in which the validity of these sales representative qualification requirements are suspended.

Article 8. Disposition Procedures, etc.

The matters necessary for the disposition to rescind sales representative qualifications and the disposition for the suspension of sales representative qualification requirements prescribed in the preceding article shall be stipulated in the Rules on Dispositions of Members and Sales Representatives of Financial Instruments Intermediary Service Providers, etc.

Article 9. Applying for Registration of Sales Representative

1. When a Full Member intends to register a Sales Representative in accordance to Article 3, such Full Member shall submit to the Association an application for registration stating the following matters using the “Electronic Notification and Storage System for Notifications from Members of the Association” (hereinafter referred to as the “Notification Management System of Investment Trusts Association”):

- (1) The trade name or name of the Full Member applying for registration (hereinafter referred to as the “Member for Registration Application”) and the name of its representative;
- (2) The following matters regarding the Sales Representative pertaining to the application for registration:
  - (a) Name, date of birth, and gender;
  - (b) Trade name or name of the Financial Instruments Intermediary Service Provider and the name of its representative;
  - (c) Distinction of officers or employees;
  - (d) Date of passing the Class-1 or Class-2 Sales Representative Qualification Exam pursuant to the Rules for Qualification Examination by JSDA;
  - (e) Whether the person enrolled in sales representative recertification training conducted by the Japan Securities Dealers Association, and if so, the date of completion for the sales representative recertification training course most recently enrolled in;
  - (f) Whether the person has served as a sales representative (including duties as a sales representative prescribed in Article 75, Paragraph 2 of the Act on the Provision of Financial Services (hereinafter referred to as the “Financial Services Act”)) and, for those who have served as a sales representative, the period in which such duties were performed and trade name or name of the Financial Instruments Business Operator or Registered Financial Institution (hereinafter referred to as “Financial Instruments Business Operator, etc.”), the Financial Instruments Intermediary Service Providers, or Financial Service Intermediary Provider (meaning a Financial Service Intermediary Provider as set forth in Article 11, Paragraph 6 of the Financial Services Act; the same shall apply hereinafter) to which they belonged;
  - (g) Whether the person has served duties of the Financial Instruments Intermediary Service or Securities, etc. Intermediary Business Operations (meaning Securities, etc. Intermediary Business Operations as defined in Article 11, Paragraph 4 of the Financial Services Act ; the same shall apply hereinafter) and, for those who have served duties of the Financial Instruments Intermediary

Service or Securities, etc. Intermediary Business Operations, the period in which such duties were performed;

(h) Whether the person engaged in the Financial Instruments Business, and if so, the period during which the person has engaged in this business;

2. The curriculum vitae or extract of residence certificates for the Sales Representative intending to obtain registration or documents in lieu thereof and other documents stipulated by the By-laws shall be appended to the application for registration.

\* Articles 3 and 5 of the By-laws

#### Article 10 Inquiry to the Association

1. If a person who intends to register as a Sales Representative pursuant to the provisions in the preceding article was an Individual Financial Instruments Intermediary Service Provider during the past 5 years (meaning an Individual Financial Instruments Intermediary Service Provider as stipulated in Article 4, Item 3 of the Rules for Financial Instruments Intermediary Service Providers; the same shall apply hereinafter), is currently an Individual Financial Instruments Intermediary Service Provider, was a Sales Representative of a Financial Instruments Intermediary Service Provider during the past 5 years, or is currently a Sales Representative of a Financial Instruments Intermediary Service Provider, the Full Member shall inquiry to the Association whether such person has been subject to a disposition by the Association.
2. When receiving the inquiry pursuant to the preceding paragraph, the Association shall respond to the member without delay regarding whether a disposition has been issued for such person during the 5 years prior to the inquiry date and a summary thereof.

#### Article 11. Registration and Notice of Registration

1. If a Full Member has applied for registration pursuant to the provisions of Article 9, Paragraph 1, the Association shall immediately register the matters set forth in Article 3 in the Registry, except in cases falling under the provisions of Paragraph 1 of the following article.
2. When registering matters pursuant to the preceding paragraph, the Association shall notify the member for the registration application in writing to that effect without delay.

#### Article 12. Refusal of Registration

1. The Association shall refuse registration of any Sales Representative in the application for registration who falls under any of the following items or who has made a false statement or failed to state a material fact in the application for registration or any attached documents:
  - (1) A person specified in Article 29-4, Paragraph 1, Item 2 (a) through (i) of the FIEA;
  - (2) A person whose registration as a Sales Representative has been rescinded as prescribed in Article 64-5 of the FIEA as applied mutatis mutandis pursuant to Article 66-25 of the FIEA and Article 77 of the Financial Services Act or the provisions of Article 14, Paragraph 1 of these Rules, and for whom 5 years have not passed since the date of such rescission;
  - (3) A person registered as a Sales Representative belonging to a Financial Instruments Business Operator,

etc., Financial Instruments Intermediary Service Provider, or Financial Service Intermediary Provider that is not a member for the registration application;

(4) A person registered under Article 66 of the FIEA or a person registered under Article 12 of the Financial Services Act (limited to the category of Securities, etc. Intermediary Business Operations)

2. When the Association intends to refuse registration pursuant to the preceding paragraph, the Association shall notify such member for registration application and conduct a hearing in accordance with the provisions of the By-laws.
3. If the Association refuses registration as a result of the hearing pursuant to the preceding paragraph, the Association shall notify the member for the registration application in writing to that effect without delay.

\* Article 4, Paragraph 1 of the By-laws

#### Article 13. Notification of Changes, etc. to Registered Matters

1. When any of the following facts have occurred with respect to a Sales Representative who has been registered pursuant to Article 9, Paragraph 1, the Full Member shall, without delay, notify the Association to that effect in the predetermined format using the Notification Management System of Investment Trust Association:

- (1) When there have been changes to any of the matters set forth in Article 9, Paragraph 1, Item 2, (a) and (b);
- (2) When anything falls under any of the provisions of Article 64-4, Items 2 or 3 of the FIEA applied mutatis mutandis pursuant to Article 66-25 of such Act;
- (3) When a person ceases to perform the duties of a Sales Representative due to retirement or any other reasons.

2. If a Sales Representative has caused customers loss due to misconduct as stipulated in Article 5 of the Service Rules, a Full Member who intends to make a notification therefor pursuant to Item 3 of the preceding paragraph shall submit to the Association an accident report as stipulated in Article 7 of such Service Rules using the Notification Management System of Investment Trusts Association.

\* Article 5 of the By-laws

#### Article 14. Disposition of Sales Representatives

1. If a registered Sales Representative falls under any of the following items, the Association may rescind the registration thereof or suspend the duties of a Sales Representative for a period not longer than 2 years:

- (1) When the person falls under any provision in Article 29-4, Paragraph 1, Item 2, (a) to (i) of the FIEA, or when it's discovered that at the time of registration the person already fell under any of the items in Article 12, Paragraph 1;
- (2) When the person has violated any laws or regulations in connection with the duties of a Sales Representative pertaining to the Financial Instruments Intermediary Service or business incidental thereto or has conducted any other acts deemed extremely inappropriate in connected to these duties;
- (3) In the event that registration has been deleted pursuant to Article 17, Paragraph 1, Item 3 during the past 5 years, when it's discovered that any act committed while registered (limited to such act during the past 5 years) falls under the preceding item.

2. When the Association intends to issue a disposition pursuant to the preceding paragraph, the Association shall notify the Full Member to which such Sales Representative belongs and conduct a hearing in accordance with the provisions of the By-laws.
3. If the Association has disposed of the Sales Representative as a result of the hearing pursuant to the provisions in the preceding paragraph, the Association shall notify the Full Member to which such Sales Representative belongs without delay, detailing the reason therefor in writing.

\* Article 4, Paragraph 2 of the By-laws

#### Article 15. Publication of Disposition of Sales Representatives

When making the notification set forth in Paragraph 3 of the preceding article, the Association shall make public the contents of the disposition pertaining to the Sales Representative in accordance with the following items:

- (1) Subject of Public Announcement: Recommendations made by the Securities and Exchange Surveillance Commission under Article 20, Paragraph 1 of the Act for Establishment of the Financial Services Agency;
- (2) Contents of Public Announcement: Name and title of affiliated Financial Instruments Intermediary Service Provider, outline of the violation of Laws and Regulations, etc., and the contents of the disposition.

#### Article 16. Training for Subjects of Disposition

Full Members shall promptly have any person who has become subject to suspension of sales representative qualification requirements pursuant to the Article 7 Paragraph 1 herein or who has become subject to suspension of the duties of a Sales Representative pursuant to Article 14, Paragraph 1 herein enroll in training designated by the Association.

#### Article 17. Deletion of Registration

1. In the event of the following cases, the Association shall delete the registration of the Sales Representative from the Registry:
  - (1) When the registration of a Sales Representative is rescinded pursuant to the provisions of Article 14, Paragraph 1;
  - (2) When the Full Member to which such Sales Representative belongs loses its membership qualification for the Association;
  - (3) When the fact is ascertained that such person ceases to perform the duties of a Sales Representative due to retirement or any other reasons.
2. When deleting the registration of a Sales Representative pursuant to the provisions of Items 2 or 3 of the preceding paragraph, the Association shall notify the Full Member to which such Sales Representative belongs in writing to this effect without delay.

Article 18. Notification of Registration Work

In the cases of registration prescribed in Article 11, Paragraph 1, changes to the registration pertaining to notification prescribed in Article 13, disposition prescribed in Article 14, Paragraph 1 (excluding rescission of registration) or deletion of registration prescribed in the preceding article, the Association shall, without delay, submit a document stating the following matters to the Director-General of the Local Finance Bureau having jurisdiction over the location of the headquarters or principal business office of the Full Member to which such Sales Representative belongs (or to the Director-General of the Fukuoka Local Finance Branch Bureau if located within the jurisdiction of the Fukuoka Local Finance Branch Bureau):

- (1) Trade name or name of the Full Member to which such Sales Representative belongs;
- (2) Name and date of birth of the Sales Representative;
- (3) Contents of the registration work handled and the date handled;
- (4) If the contents of the registration work set forth in the preceding item is subject to a disposition for suspension of duties or deletion of registration, the reason therefor.

Article 19. Payment of Registration Fee

1. When a Full Member intends to obtain registration of a Sales Representative pursuant to Article 11, Paragraph 1, such Full Member shall pay to the Association the registration fee set forth in Article 256 of Cabinet Office Order on Financial Instruments Business, etc.
2. The registration fees in the preceding paragraph shall be, in principle, paid in cash at the time the application for registration is submitted.

Article 20. Enrollment in Sales Representative Recertification Training, etc

1. Full Members shall have registered Sales Representatives (limited to persons whose qualification requirements fall under Article 5; the same shall apply in this Article and the following article) enroll in a sales representative recertification training course (hereinafter referred to as the "Recertification Training") within 1 year from the first day of the month every fifth year based on the date of registration thereof (hereinafter referred to as the "Sales Representative Registration Date"). Provided, however, that this shall not apply to any person set forth in the By-laws.
2. When any person not registered as a Sales Representative has been newly registered as a Sales Representative, the Full Member shall have such person enroll in the recertification training in the preceding paragraph within 180 days after the sales representative registration date. Provided, however, that this shall not apply to any person set forth in the By-laws.
3. The Association shall suspend all sales representative qualifications of any person who has not completed the recertification training within the period stipulated in the preceding two paragraphs on the day following the final day of this period (referred to hereinafter as the "Compulsory Enrollment Period") and shall notify the Full Member to which such person belongs to that effect.
4. A Full Member shall not let a person whose qualifications as a Sales Representative has been suspended pursuant to the preceding paragraph perform the duties of a Sales Representative until such suspension is cancelled.

5. A Full Member may have any person who has not completed the recertification training by the compulsory enrollment period enroll in such training within 180 days from the day after the compulsory enrollment period (hereinafter referred to as the “Grace Period”).
6. The Association shall cancel the suspension of sales representative qualifications for any person who has completed the recertification training pursuant to the preceding paragraph on the date of completion, and shall notify the Full Member to which such person belongs to that effect.
7. If a person fails to complete the recertification training during the grace period (including cases where the registration of a Sales Representative is deleted during the grace period), the Association shall rescind all sales representative qualifications and notify the Full Member to which such person belongs to that effect.

\* Article 6 of the By-laws

#### Article 21. Enrollment in In-House Training

Full Members shall have registered Sales Representatives enroll in annual in-house training to improve their credentials as Sales Representatives, in addition to the recertification training.

#### Article 22. Delegation to By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

#### Supplementary Provisions

These Rules shall come into effect on the date of approval (July 1, 2021) by the competent government agency for amendments to Articles of Incorporation.

#### Supplementary Provisions

This amendment shall come into effect on January 20, 2022.

\* The amended Articles are as follows:

- Article 9, Paragraph 1, Item 2-(f) and 2-(g) are amended.
- Article 12, Paragraph 1, Items 2 through 4 are amended.