

# Enforcement Rules on Direct Market Access

**Osaka Dojima Exchange, Inc.**

**DISCLAIMER:**

This English version of the Enforcement Rules on Direct Market Access (hereinafter, referred to as "Enforcement Rules" in this paragraph) has been prepared by Osaka Dojima Exchange, Inc. (the "Company") with the sole purpose of providing information to enhance the understanding of the Company of market participants who are non-residents. Although the Company believes this English version to be accurate, it does not constitute a word-for-word translation of the Japanese original, and the Company makes no guarantees concerning its content.

Accordingly, the Company accepts no liability for any damages arising as a result of the use of this English version of the Enforcement Rules.

Furthermore, if there are any differences between the Japanese and English versions of the Enforcement Rules, the Japanese version shall prevail.

In addition, any disputes that arise in relation to words and phrases in the rules and provisions, as well as the meaning of the provisions and clauses, shall be resolved in accordance with the Japanese version, regardless of whether such disputes take place inside or outside of a court.

## Enforcement Rules on Direct Market Access

(Purpose)

Article 1. These Enforcement Rules shall set forth the necessary matters related to transactions with the Direct Market Access Method (referring to the Direct Market Access Method as provided for in the Appended Table of the Market Rules; hereinafter, the same applies), pursuant to the provisions of Article 3, Paragraph (2) of the Market Rules of Osaka Dojima Exchange, Inc. (the "Company").

(Creation of Implementation Standards Pertaining to the Provision of the Direct Market Access Method, etc.)

Article 2. A Broker Participant who intends to provide the Direct Market Access Method (including Intermediaries to which a Customer of Intermediaries entrusts the brokerage of the entrustment of transactions in cases when the Direct Market Accessor (referring to the Direct Market Accessor as set forth in the Appended Table of the Market Rules; hereinafter, the same applies) is a Customer of Intermediaries; hereinafter, the same applies in Paragraph (2) of this article, Article 4, and Article 6) must determine the matters provided for in each of the following items. In such cases, when determined by Intermediaries, the content shall be equivalent to or exceed that determined by a Broker Participant.

- (1) Standards for training related to the operation of trading terminals (referring to trading terminals deemed order input devices, pursuant to the provisions of Article 9, Paragraph (5) of the Market Rules; hereinafter, the same applies) for Direct Market Accessors;
  - (2) Standards to prevent excessive transactions via the Direct Market Access Method in light of the assets and creditworthiness of the Direct Market Accessor;
  - (3) Standards to prevent abnormal transactions through faults affecting Direct Market Accessors' trading terminals, etc.
2. Broker Participants must ensure that Direct Market Accessors comply with and implement the standards provided for in each of the items of the previous paragraph.

(Conclusion of Direct Market Access Agreement)

Article 3. A Broker Participant who intends to provide the Direct Market Access Method must apply for the conclusion of a Direct Market Access Agreement to the Company, with documents that set forth the matters provided for in Paragraph (1) of the preceding article attached, and conclude the agreement with the Company, by the date the provision of the Direct Market Access Method begins.

2. If the Company receives an application for the conclusion of a Direct Market Access Agreement as described in the preceding paragraph, and if it recognizes as a result of an inspection of the content thereof that it is appropriate, the Company shall conclude a Direct Market Access Agreement with the Broker Participant that applied to conclude the agreement.
3. After concluding a Direct Market Access Agreement with the Company, the Broker Participant must promptly notify the Company if there are any changes to the documents determined in relation to the standards provided for in each item of Paragraph (1) of the preceding article, or if any separate matters are determined in relation to the Direct Market Accessor.

(Systems, etc., of Direct Market Accessors)

Article 4. The systems, etc., of Direct Market Accessors as set forth in Article 56, Paragraph (2) of the Brokerage Contract Rules of the Company shall be the matters set forth in each of the following items.

- (1) The fact that the trading terminal provided for the Direct Market Access Method of the Direct Market Accessor is appropriate;
- (2) The fact that the Direct Market Accessor selects and appoints managers with obligations and authority in relation to the management of transactions via the Direct Market Access Method;
- (3) The fact that the Direct Market Accessor has developed appropriate internal regulations,

- etc., for the management of transactions via the Direct Market Access Method;
- (4) Matters deemed necessary by the Company, other than those in each of the preceding items.
2. A Broker Participant must confirm that appropriate systems, etc., are ensured for the matters set forth in each of the items of the preceding paragraph. In addition, a Broker Participant shall identify any changes to these matters, and in the event that any deficiencies, etc., are discovered in relation to these matters, it must promptly direct the Direct Market Accessor to eliminate the deficiencies, etc. The Direct Market Accessor may not lodge any objections thereto.

(Registration of Direct Market Accessors)

Article 5. A Broker Participant must apply for the registration of a Direct Market Accessor to the Company, with the documents set forth below attached, and receive approval from the Company before the Direct Market Accessor performs any transactions via the Direct Market Access Method.

- (1) A copy of the agreement provided for in Article 55 of the Brokerage Contract Rules;
- (2) A copy of a pledge that the Direct Market Accessor will comply with the Market Rules of the Company, the Brokerage Contract Rules, these Enforcement Rules, and other regulations of the Company, etc.;
- (3) Content confirmed in relation to the matters set forth in each item of Article 4, Paragraph (1);
- (4) If the Direct Market Accessor is a Customer of Intermediaries, documents in which the Intermediaries have set forth the matters provided for in Article 2, Paragraph (1).
2. If the Company receives the application for registration as described in the preceding paragraph, and if it recognizes as a result of an inspection of the content thereof that it is appropriate, it shall notify the Broker Participant who applied for registration in writing to the effect that it has registered the entity in the registration application as a Direct Market Accessor, and at the same time, the Company shall register the following matters in the register of registration kept by the Company.
- (1) Name of the Direct Market Accessor (name and name of representative for legal entities);
- (2) Nationality and address of the Direct Market Accessor (location of head office and the location of the office where the trading terminal of the Direct Market Accessor will be located, etc., for legal entities);
- (3) The name of the Broker Participant and Intermediaries who submitted the registration application (entrusted);
- (4) Date of nationality.

(Monitoring, etc., of Transactions Through the Direct Market Access Method)

Article 6. A Broker Participant providing the Direct Market Access Method must develop systems to monitor the status of the orders of Direct Market Accessors via the Direct Market Access Method at all times.

2. In order to contribute to the monitoring of Broker Participants as provided for in the preceding paragraph, the Company shall immediately send information pertaining to the receipt and agreement of orders by Direct Market Accessors registered with the Central Processing System of the Company to the order input device of the Broker Participant.
3. A Broker Participant must immediately take appropriate measures, such as cancellation, in relation to direct market access orders that are inappropriate in light of the Market Rules, the Brokerage Contract Rules, these Enforcement Rules, other regulations, etc., of the Company, and the standards described in Article 2, Paragraph (1), Items 2 and 3. The Direct Market Accessor may not lodge any objections thereto.

(Responsibilities of Broker Participants, etc.)

Article 7. A Broker Participant who offers the Direct Market Access Method shall be responsible for ensuring that Direct Market Accessors are aware of and comply with the Market Rules, the Brokerage Contract Rules, these Enforcement Rules, other regulations, etc., of the Company, and related internal regulations of the Broker Participant.

2. A Broker Participant who offers the Direct Market Access Method shall be responsible for ensuring that Direct Market Accessors are aware of any trading system usage agreements and Direct Market Access Agreements already concluded between the Company and the Broker Participant, and for ensuring that similar terms are used.
3. A Broker Participant who offers the Direct Market Access Method must accept responsibility for all juridical acts, neglectfulness, negligence, and other actions by Direct Market Accessors in relation to the transactions via the Direct Market Access Method.
4. When a Customer of Intermediaries accepts the provision of the Direct Market Access Method, the Intermediaries of the Customer of Intermediaries shall accept the obligations or responsibilities set forth in the preceding three items, as well as similar obligations or responsibilities.

(Changes or Abolishment)

Article 8. These Enforcement Rules may be changed or abolished by the authority of the President and CEO; provided, however, that this does not apply if the content of the changes is minor.

Supplementary Provisions

1. These Enforcement Rules shall come into effect on April 1, 2021.
2. In accordance with the enactment of these Enforcement Rules, the Enforcement Rules on Direct Market Access prior to the Effective Date (the "Old Enforcement Rules") shall be abolished.
3. Matters that were enacted based on the Old Enforcement Rules shall be deemed to have been enacted based on the equivalent provisions of these Enforcement Rules on the Effective Date.

Supplementary Provisions (August 27, 2021)

These Enforcement Rules shall come into effect on August 27, 2021.

Supplementary Provisions (August 6, 2024)

These Enforcement Rules shall come into effect on August 13, 2021.