

June 26th, 2012

5% TOB Rule Update

Dear Members and Participants,

We would like to express our sincere gratitude for your continued support and tireless efforts in making a positive change in the Japanese capital market.

FSA officially announced its plan to relax the TOB 5% rule to promote fair competition for PTSs. Target date is October 2012.

[FSA Official Announcement](#)

- **Order for Enforcement of the Financial Instruments and Exchange Act, Article 6-2.2.**
 - Exempt certain PTSs from the 5% TOB rule defined in FIEA 27-2.1.1.
 - Exemptible PTSs should;
 - Be disseminating the real time market data
 - Use certain matching method
 - Be reasonably considered to have fair and equal access.
- **Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer Article 3-2.**
 - The market data referred in the **Order for Enforcement of FIEA** should include quantity, sell/buy and order time for quotes, quantity and execution time for executions.
 - The matching method referred in the **Order for Enforcement of FIEA** is limit-order continuous matching method (which we SBIJ use).
- **Cabinet Office Ordinance on Disclosure of the Status of Large Volume Holding of Share Certificates, etc., Format 2 (5) note (f).**
 - In the post-trade reporting rule of **Disclosure of the Status of Large Volume Holding**, it will not be required to identify the name of the trade counterparty when sold in PTSs.
- Target schedule : In effect in October 2012

For this to happen, we have put in a tremendous amount of energy along with our members and participants for the past few years. We are stepping into the next stage of market share competition with a much wider range of participants trading on PTSs. Let us thank all of you, and share our joy and excitement of the forthcoming growth and success for our business and yours.

Sincerely,

SBI Japannext Team