

Rules applicable for Disciplinary Measures Assessment Committee



Japan Securities Clearing Corporation

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This English translation of the Rules has been prepared solely for reference purposes and shall not have any binding force. The original Japanese text shall be definitive when construing or interpreting the meaning of any provision.

Rules applicable for Disciplinary Measures Assessment Committee

(In effect as of June 16, 2008)

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(Article 1 Purpose)

These Rules set forth the matters necessary for the Disciplinary Measures Assessment Committee in accordance with the provisions of Article 33-2 of the Business Rules.

(Article 2 Creation of the Committee Assessing the Appropriateness of Measures)

JSCC shall establish the Disciplinary Measures Assessment Committee as an advisory committee of its board of directors.

(Article 3 Matters for Consultation)

1 When JSCC seeks to take the measures prescribed in the provisions of Article 29, Article 29-2 or Article 29-3 of the Business Rules against a Clearing Participant, JSCC shall consult with the Disciplinary Measures Assessment Committee; provided, however, that the foregoing shall not apply to cases where the measures prescribed in Article 29-2*¹ are sought or where there otherwise is an urgent need therefor.

(*¹ limited to the measures in respect of contracts entered into on Clearing Participant's own account)

2 The Disciplinary Measures Assessment Committee may, in connection with the measures prescribed in the preceding paragraph, respond to JSCC's consultation or state its opinion thereon. In such case, JSCC shall respect the opinion of the Committee.

(Article 4 Committee Members)

1 The Disciplinary Measures Assessment Committee shall be comprised of not more than five members.

2 Members of the Disciplinary Measures Assessment Committee shall be commissioned to serve by the Director and President of JSCC from persons who are not board members or employees of Clearing Participants and who have deep insight into the matters-prescribed in the preceding Article that are to be discussed.

3 The term of office of the committee members shall be one year from the date on which he/she was commissioned to serve; provided, however, that in the case where JSCC deems it necessary, the term shall be the period set by JSCC, which such period shall not be longer than one year.

(Article 5 Convocation of Committee Meetings)

A meeting of the Disciplinary Measures Assessment Committee shall be convened by the Director and President of JSCC, provided, however, that the Committee meeting shall not be precluded from being convened by a resolution of a meeting of the board of directors.

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(Article 6 Committee Meetings in Writing)

Meetings of the Disciplinary Measures Assessment Committee may be held in writing instead of actually being held.

(Article 7 Method for Resolutions)

1 The Disciplinary Measures Assessment Committee shall not start proceedings unless at least half of the members*¹ are in attendance.

(*¹ excluding members falling under the provisions of Paragraph 3; the same applies in the following Paragraph)

2 In the proceedings of the Disciplinary Measures Assessment Committee, the majority of vote of attending members is required to pass a resolution.

3 A member shall not participate in a deliberations on a matter that he/she has special interest in.

(Article 8 Hearings)

The Disciplinary Measures Assessment Committee may, when deemed necessary, require Clearing Participants or witnesses relating to the relevant case to attend meetings of the Committee and to conduct hearings.

(Article 9 Confidentiality Obligation of Members)

A member of the Committee or any person who once was a member of the Committee shall not leak to others any confidential information or take for his/her own use any confidential information obtained in the course of his/her duties.

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Supplementary Provisions

These Rules shall come into effect on June 16, 2008.

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