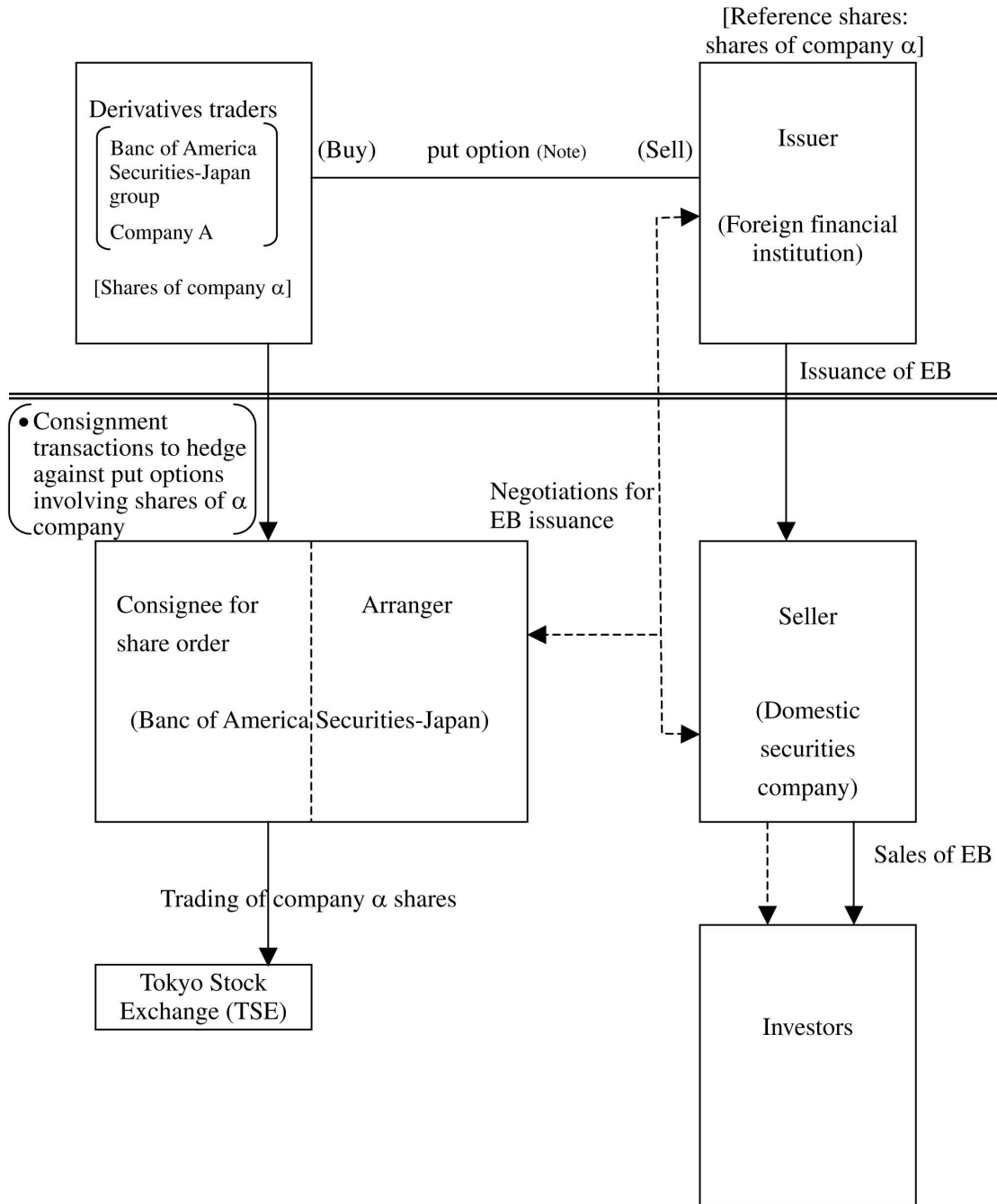


Date of recommendation	Violations subject to recommendation	Administrative disciplinary action
<p>September 10, 2002 (inspection)</p>	<p>○Act of making a series of transactions for the sale or purchase of securities meant to create an artificial market that does not reflect the actual state of the market</p> <p>In relation to corporate bonds with a clause to exchange them for shares of a listed company other than the bond issuer company, or exchangeable bonds (hereinafter referred to as "EB"), the Tokyo branch of Banc of America Securities-Japan, Inc, with the involvement of the (then) head of the equity financial products department's trading section and others, placed a series of large market-on-the-close limit orders to sell the reference shares at a lower price (¥174) than the EB's strike price (¥175). This created a situation in which the closing price of the reference shares would not equal or exceed the strike price unless all the orders were consummated during the last minute of trading time for the day, from 14:59 until the end of the day's trading, on December 5, 2001, which was the valuation date when the EB redemption method, as to whether by payment of cash equal to the EB's principal amount or by delivery of the reference shares, was to be decided based upon the day's closing price for the reference shares. This was intended to make the reference price lower than the strike price so that the EB would be redeemed by delivery of the shares in order to enable the Banc of America Securities' parent corporation to avoid risks that might have arisen from its status as a holder of the reference shares that had been held in preparation for the redemption.</p> <p>As a result of this, the price of the reference shares in fact closed below the strike price, and the parent corporation succeeded in avoiding such risks.</p> <p>(Note1) Contracts for the sell orders mentioned above were not concluded by Banc of America Securities in the case in question, but even under such a condition, they amounted to "transactions for sale or purchase" under the stipulations of the relevant law.</p> <p>(Note2) Administrative disciplinary measures did not include punishment for the individuals involved because the (then) head of the equity financial product department's trading section of the Tokyo branch had already had his name removed from the list of registered securities traders.</p>	<p>Administrative disciplinary measures taken against the company</p> <p>Business improvement order</p> <ul style="list-style-type: none"> • Clarification of where the responsibility lay in view of the nature of the violation, which was deemed to be serious and subject to a business suspension order • Improving and strengthening in-house supervision of business operations, ensuring that employees, including those in managerial positions, observe laws and rules in order to avert any future violations, and devising specific plans to prevent violation recurrence • Reporting specific preventive measures being worked out to the SESC, in writing

• Data on recommendation issued to Banc of America Securities-Japan, Inc.

1. Mechanism of the EB in this case



(Note) Buying of put options

Buyers of put option contracts obtain the right to sell shares of a certain stock when its price slips below the exercise price.