

Date of Recommendation (Category)	Violations Subject to Recommendation	Administrative Disciplinary Measures
June 17, 2004 (Inspection)	<p>○ Act of failing to verify the identity of customers who are suspected of engaging in trading by pretending to be the other persons whose names are registered for the trading (Recommendation in which disciplinary measures were sought against a securities company)</p> <p>When receiving orders for securities trading from several customers at least between April 1, 2003 and March 31, 2004, Monex Securities Co. suspected that the customers must have placed these orders by pretending to be the other persons whose names were registered for accounts used in the trading. However, Monex accepted the orders and executed them without verifying the customers' real identity.</p>	<p>Administrative disciplinary measures taken against the company Order for remedial measures</p> <ul style="list-style-type: none"> • Stopping the illegal activity in question; clarifying where the responsibility lies; renewing the determination of executives and other employees of the company to observe laws and rules; establishing a system to manage customers, including verifying their identity; and ensuring such measures will be implemented fully • Reporting the implementation of measures shown above in writing, and compiling a report on suspicious accounts and measures to be taken against such accounts on a quarterly basis for the next one year

○ **Data on the recommendation issued to Monex Securities Co.**

Monex Securities Co. conducted an in-house investigation of its customers as of March 29, 2003, and it came to suspect that a total of 2,750 accounts established at the brokerage company were used by persons whose names were not registered for the accounts.

Of the 2,750 accounts,

- (a) approximately 50 accounts were opened by persons who had different names and different home addresses but had the same cell-phone numbers;
- (b) about 700 accounts were opened by persons who had different names and different home addresses but had the same e-mail addresses; and
- (c) roughly 2,000 accounts were opened by persons who had different names and different home addressees but had the same fixed-line telephone numbers.

At least for one year from April 1, 2003, which was after the above investigation, until March 31, 2004, Monex Securities accepted and executed orders for securities trading involving approximately 1,200 of the accounts for which no remedial measures had been taken, among those dubious accounts mentioned above, without verifying the identity of the customers who placed such orders even though the securities company suspected that they must have placed these orders by pretending to be the persons whose names were registered for the accounts used in the trading.