

Date of Recommendation (Category)	Violations Subject to Recommendation	Administrative Disciplinary Measures
<p>June 30, 2004 (Inspection) (Kanto)</p>	<p>○ Act of making a series of securities brokerage transactions with the knowledge that doing so would help create an artificial market that does not reflect the actual state of the market and act of failing to verify the identity of customers who are suspected of engaging in trading by pretending to be the persons whose names are registered for the trading (Recommendation in which disciplinary measures were sought against a securities company and executives and other employees of the company)</p> <p>(1) The President of Get Securities Co., the (then) executive manager of the company's first marketing division, the (then) deputy manager of the first marketing division, and the manager of the marketing department received buy and sell orders from a customer for shares of Cats Inc. and executed the orders between June 5, 2001 and October 28, 2002 despite their knowledge that the customer (who was later accused and indicted on the charge of manipulating Cats shares in violation of the SEL) was placing successive limit buy orders at high prices for the stock with the aim of pushing up its price.</p> <p>(2) The manager of the marketing department of Get Securities Co. gained knowledge that a customer (who was later accused and indicted on the charge of manipulating the price of Cats Inc. shares) was engaging in trading under several corporate accounts whose registered names were different from the name of the customer. However, the marketing department chief accepted trading orders from the customer and executed them without verifying the real identity of the customer.</p>	<p>Administrative disciplinary measures taken against the company</p> <p>Business suspension order</p> <ul style="list-style-type: none"> • 3-day suspension of all business operations at all sales outlets • Suspension of stock brokerage services at the marketing department of the head office and the PB marketing department <p>Business improvement order</p> <ul style="list-style-type: none"> • Drastically reviewing an in-house system to supervise business operations, clarifying where the responsibility lies, and establishing a responsible business management system • Devising measures to avert future violations, including improving and strengthening the trade control system, and having these measures well understood by executives and other employees of the company • Renewing the determination of all employees of the company to observe laws and rules <p>Administrative disciplinary measures taken against executives and other employees (registered securities traders) of the company Yet to be decided</p>

- **Data on the recommendation issued to Get Securities Co.**

The President of Get Securities Co. learned that a customer who would be later indicted on the charge of manipulating Cats Inc. shares intended to trade in Cats shares with the aim of pushing up their price. Nevertheless, the President instructed his subordinates to accept all trading orders placed from the customer for shares of Cats and execute them. The transactions covered not only the period between June 4, 2001 and July 18, 2001, during which the customer was judged as engaging in price manipulation, but also other periods.

Instructed by the President, the (then) executive manager of the securities company's first marketing division received orders from the customer and executed them between September 28, 2001 and May 15, 2002, the (then) deputy manager of the first marketing division between June 5, 2001 and June 19, 2002, and the manager of the marketing department between June 27, 2002 and October 28, 2002 despite their knowledge that the customer was placing successive limit buy orders at high prices for the stock with the aim of pushing up its price.

<Transaction Examples>

- 1) June 5, 2001 (14:48—traded at ¥3,530 in the immediate past)
After 14:48, the customer placed limit buy orders at high prices for shares of the stock six times in succession, helping raise its price to ¥3,600 as of 14:57 before ending the day at the same ¥3,600 price. The customer's trading share for the stock after 14:48 stood at 98% against all other investors.
- 2) July 18, 2001 (13:22—traded at ¥3,730 in the immediate past)
After 13:22, the customer placed limit buy orders at high prices for shares of the stock 11 times in succession, helping raise its price to ¥3,940 as of 14:57 before ending the day at the same ¥3,940 price. The customer's trading share for the stock after 13:22 stood at 96% against all other investors.