

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 (Recommendation in which disciplinary measures were sought against a securities company)</p> <p>Marusan Securities Co. received buy and sell orders from a customer for shares of Cats Inc. and executed the orders between June 8, 2001 and July 10, 2001 despite its knowledge that the customer (who was later accused and indicted on the charge of manipulating Cats shares) was placing successive limit buy orders at high prices for the stock with the aim of pushing up its price.</p>	<p>Administrative disciplinary measures taken against the company</p> <p>Business suspension order</p> <ul style="list-style-type: none"> • Suspension of stock brokerage services at the investment and marketing department of the head office. <p>Business improvement order</p> <ul style="list-style-type: none"> • Improving and strengthening the in-house supervision of business operations and clarifying where the responsibility lies • Devising measures to avert future violation, including improving and strengthening the trading 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

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

Marusan Securities Co. received buy and sell orders from a customer for shares of Cats Inc. and executed the orders between June 8, 2001 and July 10, 2001 despite knowledge by its registered securities trader, who was working under a performance-based pay system at the securities company's investment and marketing department, that the customer, who would be later indicted on the charge of manipulating Cats shares, was placing successive limit buy orders at high prices for the stock with the aim of pushing up its price.

<Transaction Examples>

- 1) June 11, 2001 (9:32—traded at ¥3,650 in the immediate past)
Between 9:32 and 10:34, the customer placed limit buy orders at high prices for shares of the stock 10 times in succession, helping raise its price to ¥3,740. The customer's trading share for the stock during that time stood at 25% against all other investors.
- 2) June 13, 2001 (9:32—traded at ¥3,880 in the immediate past)
Between 9:32 and 10:07, the customer placed limit buy orders at high prices for shares of the stock six times in succession, helping raise its price to ¥3,950. The customer's trading share for the stock during that time stood at 19% against all other investors.