

Supervisory Guideline – Advertising

- Manners of carrying out advertising (Rules 48 (g) Notification2/2016)
- Prohibition of making any representation by the use of deceptive fraudulent or misleading advertising (Rules 68 (a))

BASIC PRINCIPLES

- The advertising by a securities company is the starting point leading to their solicitation on securities. A securities company shall make it principle in its internal rules to strive to present clear and accurate advertising so as not to distort customer’s investment decision.

CHECK POINT 1: DEFINITION OF “ADVERTISING MATERIALS”

- Judgment as to whether specific media materials are actually “advertising materials” or not shall be made on the basis of the specific contents of the materials in each case, from the perspective of “Basic Principle”.
- Materials made under the name of third party shall be regarded as “advertising materials”, when those materials are used by a securities company for advertising.
- The form of “advertising materials” includes written materials, Web pages, Facebook pages, e-mails, pamphlets and other materials that are supposed to provide information to a large number of people.
- A securities company shall not adopt narrow definition of “advertising materials” which allows distributing no-screened materials.

CHECK POINT 2: OPERATIONAL FLOW

- A securities company shall develop an operational flow from production and screening to distribution (publication) with clarifying responsible staff.
- An officer responsible for the production shall make sure to state all necessary matters without omission in “advertising materials” and not to include any unnecessary statement.
- An officer responsible for the screening shall make sure to screen “advertising materials” before distribution (publication) to customers.
- Necessary items shall be screened with securing appropriate time.
- An officer responsible for the screening shall be eligible to screen “advertising materials” in view of knowledge and experiences.
- Relevant officials shall understand the procedures correctly.

CHECK POINT 3: MANNER OF ADVERTISING

- A securities company shall indicate its trade name, its license number, fee, compensation the customer pays and the risk of the investment in its advertisement
- A securities company shall not make an indication relating to the specific stock that is inconsistent with the prospectus approved by the SECM in its advertisement.
- A securities company shall not make an indication that is significantly contradictory to facts or seriously misleading with regard to the outlook of profit in its advertisement.