



[TRANSLATION]

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Securities Code: 8697

May 27, 2019

## Notice of the 18<sup>th</sup> Annual General Shareholders Meeting

Dear Shareholder,

You are cordially invited to attend the 18th Annual General Shareholders Meeting of Japan Exchange Group, Inc. (hereinafter the "Company") to be held as described below.

If you are unable to attend, please review the items in the reference documents for the general shareholders meeting described in this Notice and indicate your approval or disapproval either by returning the enclosed form for exercise of voting rights or via electromagnetic means by accessing the website indicated in the form. Votes must be received by 4:45 p.m. (JST), Tuesday, June 18, 2019.

Sincerely yours,

Akira Kiyota  
Director & Representative Executive Officer, Group CEO  
Japan Exchange Group, Inc.  
2-1, Nihombashi-Kabuto-cho,  
Chuo-ku, Tokyo

Regarding exercise of voting rights

1. Exercise of voting rights in writing (postal mail)

Please indicate your approval or disapproval and return the enclosed form for exercise of voting rights by the deadline indicated above.

2. Exercise of voting rights by electromagnetic means (via the Internet)

Please access the website (<https://evote.tr.mufg.jp/>) designated by the Company and follow on-screen instructions to indicate your approval or disapproval by the deadline indicated above.

## MEETING AGENDA

1. Date and Time 10:00 a.m. (JST), Wednesday, June 19, 2019 (Reception desk will open at 9:00 a.m.)

2. Venue Royal Hall  
3rd Floor, Royal Park Hotel  
2-1-1 Nihombashi-Kakigara-cho, Chuo-ku, Tokyo

3. Objectives of Meeting

Matters to Be Reported

1. The Business Report, the Consolidated Financial Statements and the Reports on the audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit Committee for the 18th term (from April 1, 2018 to March 31, 2019)
2. The Non-consolidated Financial Statements for the 18th term (from April 1, 2018 to March 31, 2019)

Matters to Be Resolved

Proposal No. 1 Partial Amendments to the Articles of Incorporation  
Proposal No. 2 Election of Fourteen (14) Directors

- When attending the general shareholders meeting in person, you are kindly requested to submit the enclosed form for exercise of voting rights at the reception desk. Please note that persons, such as proxies and accompanying persons, other than the shareholders who are eligible to vote will not be allowed entry to the meeting even if they bring the form for exercise of voting rights with them (however, an assisting person, guide dog, hearing dog, service dog or other assistance animal will be allowed entry to assist a shareholder with physical disability).
- If the need arises to amend the reference documents for the general shareholders meeting, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements, the amendments will be posted on the Company's website. (<https://www.jpix.co.jp/english/corporate/investor-relations/>)
- In cases where a shareholder votes more than once by sending the form for exercise of voting rights via postal mail and via the Internet, etc., the vote cast via the Internet, etc. shall be considered the effective vote. In cases where a shareholder votes via the Internet, etc. multiple times or via the websites for both computers and mobile telephones, the final vote cast will be considered the effective vote.
- Of the documents that the Company is required to provide with this Notice, the "Notes Regarding Consolidated Financial Statements" part of the Consolidated Financial Statements and the "Notes Regarding Non-consolidated Financial Statements" part of the Non-consolidated Financial Statements have been posted on the Company's website (<https://www.jpix.co.jp/english/corporate/investor-relations/>) and accordingly are not contained in the attached documents provided with this Notice. These matters are included in the scope of the respective audits by the Audit Committee and the Accounting Auditors when they created their audit reports.
- To ensure that information is furnished in a timely manner, the contents of this Notice were disclosed on the Company's website before this Notice was sent out.

Proposal No. 1

## Partial Amendments to the Articles of Incorporation

### 1. Reasons for Proposed Amendments

The current Article 3 of the Articles of Incorporation is proposed to be amended mainly because the Company entered into a basic agreement on a business combination with Tokyo Commodity Exchange, Inc. (TOCOM) on March 28, 2019, aiming to make TOCOM into its wholly-owned subsidiary in October 2019.

### 2. Details of Proposed Amendments

The details of the proposed amendments are as follows.

(Underlines denote amendments)

Current Articles of Incorporation	Proposed Amendments
<p>(Purpose) Article 3 The purpose of the Company shall be to conduct management and administration of <u>financial instruments exchanges</u> and other business incidental to these as a financial instruments exchange holding company.</p> <p>(New provision)</p>	<p>(Purpose) Article 3 The purpose of the Company shall be to conduct management and administration of <u>the financial instruments exchange holding company group to which the Company belongs</u> and other business incidental to these as a financial instruments exchange holding company.</p> <p style="text-align: center;"><u>Supplementary Provisions</u></p> <p><u>These amendments shall be implemented on June 19, 2019.</u></p>






## Proposal No. 2 Election of Fourteen (14) Directors

The term of office of all fourteen (14) Directors will expire upon the conclusion of this annual general shareholders meeting. Accordingly, based on the decision of the Nomination Committee, fourteen (14) Directors have been put forth for election.

The candidates for Directors are as follows. Please refer to pages 8 to 21 for the brief biographies of the candidates for Directors.

Details on the Company's corporate governance system can also be found on pages 47 to 49, and the policies and procedures, etc. for nominating the candidates for Directors on page 6.

Candidate No.	Name	Position and Responsibilities at the Company	Area of Expertise				
			Corporate Management	Financial Audit	Legal Affairs	Researcher Government Agencies	Technology
							
<b>Directors</b>							
1	Hiroki Tsuda	Director Chairperson of the Board of Directors				●	
2	Akira Kiyota	Director and Representative Executive Officer, Group CEO Member of the Nomination Committee Member of the Compensation Committee Member of the Risk Policy Committee		–	–	–	–
3	Koichiro Miyahara	Director and Executive Officer Member of the Compensation Committee		–	–	–	–
4	Hiromi Yamaji	Director and Executive Officer		–	–	–	–
5	Hironaga Miyama	Director and Executive Officer		–	–	–	–
6	Christina Ahmadjian	Director Member of the Compensation Committee Member of the Audit Committee				●	
7	Nobuhiro Endo	Director Member of the Nomination Committee	●				●
8	Hitoshi Ogita	Director Chairperson of the Nomination Committee Chairperson of the Independent Outside Directors Committee	●				

Candidate No.	Name	Position and Responsibilities at the Company		Area of Expertise				
				Corporate Management	Financial Audit	Legal Affairs	Researcher Government Agencies	Technology
								
9	Hideaki Kubori	Director Member of the Nomination Committee Chairperson of the Risk Policy Committee	Re-election Independent Director Candidate for Outside Director			●		
10	Main Kohda	Director Member of the Audit Committee Member of the Risk Policy Committee	Re-election Independent Director Candidate for Outside Director				●	
11	Eizo Kobayashi	Director Member of the Nomination Committee Chairperson of the Compensation Committee	Re-election Independent Director Candidate for Outside Director	●				
12	Makoto Minoguchi	Director Member of the Audit Committee (Full-time)	Re-election	—	—	—	—	—
13	Kimitaka Mori	Director Member of the Compensation Committee Member of the Audit Committee	Re-election Independent Director Candidate for Outside Director		●			
14	Tsuyoshi Yoneda	Director Chairperson of the Audit Committee Member of the Risk Policy Committee	Re-election Independent Director Candidate for Outside Director				●	

• **Policies and procedures for nominating the candidates for Directors**

The Company is a company with a nomination committee and other committees. It has set up a statutory Nomination Committee for the purpose of ensuring transparency and objectivity concerning appointment and removal of Directors and Executive Officers. The Nomination Committee is composed of a majority of Independent Outside Directors. Proposals for appointment and removal of Directors are thoroughly deliberated by the Nomination Committee and put forth for approval at general shareholders meetings.

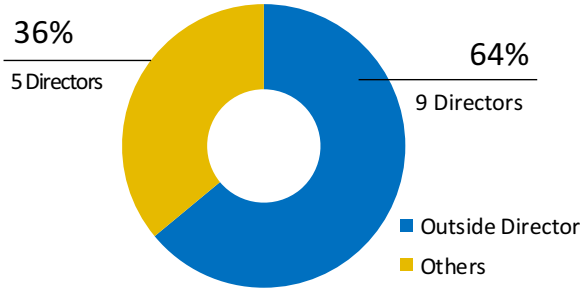
For nominating candidates for Directors, the Nomination Committee sets the following three qualities that compose the basic policies for selection:

- (1) possession of professional knowledge of the Company's business, abundant experience as a corporate manager, or expertise in law, accounting, or finance,
- (2) possession of the character and insight to make fair judgment on the Company's business as a Director, and
- (3) absence of any health issues that could hinder performance of duties as a Director.

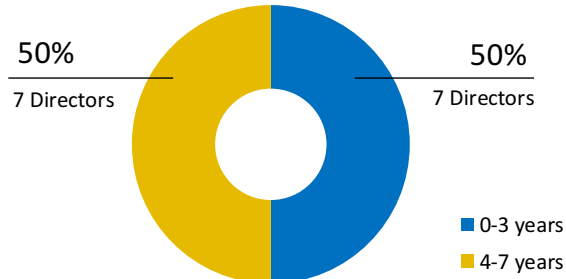
In addition, the Nomination Committee is composed of a majority of Independent Outside Directors to raise the transparency of management and increase accountability, as well as strengthen its function to supervise the appropriateness of business execution. The Independent Outside Directors in the committee are from a wide variety of fields. Each Director attends Board of Directors meetings, etc. to contribute expert knowledge and experience and participate in discussions. Based on this structure, the Company aims to realize the corporate philosophy.

Please refer to pages 24 and 25 for details on the independence standards and qualification for the Company's Independent Outside Directors.

• **If this proposal is approved, the ratio of Outside Directors on the Board of Directors will be as shown below.**



• **If this proposal is approved, each Director's tenure will be as shown below.**



- In the event that this proposal is approved, the composition of each committee and the number of listed companies, other than the Company, where an officer position is concurrently held will be as shown below.

Name	Committee (Scheduled)					No. of listed companies other than the Company where an officer position is concurrently held	
	Nomination	Compensation	Audit	Independent Outside Directors	Risk Policy	Executive Officer	Director/Auditor
Hiroki Tsuda						0	0
Akira Kiyota	●	●			●	0	0
Koichiro Miyahara		●				0	0
Hiroimi Yamaji						0	0
Hironaga Miyama						0	0
Christina Ahmadjian		●	●	●		0	3
Nobuhiro Endo	●			●		0	3
Hitoshi Ogita	◎			◎		0	1
Hideaki Kubori	●			●	◎	0	1
Main Kohda			●	●	●	0	2
Eizo Kobayashi	●	◎		●		0	2
Makoto Minoguchi			●			0	0
Kimitaka Mori		●	●	●		0	2
Tsuyoshi Yoneda			◎	●	●	0	1

(Note) ◎ indicates a chairperson. Please refer to pages 47 to 49 for an outline of each committee.

Candidate number <b>1</b>	<b>Hiroki Tsuda</b>	Date of birth Aug. 11, 1948	
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FY2018  
Meeting Attendance  
Board of Directors  
13/13 (100%)

Re-election
Independent Director
Candidate for Outside Director

<b>Tenure as Outside Director</b> 4 years	<b>No. of Company shares held</b> 1,400 shares	<b>No. of listed companies where an officer position is concurrently held</b> 0
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**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Apr. 1972    Joined Ministry of Finance  
Aug. 2002    Director-General, Tokyo Customs  
Jan. 2003    Deputy Vice Minister for Policy Planning and Co-ordination  
Jul. 2004    Deputy Vice Minister  
Jul. 2006    Director-General of the Budget Bureau  
Jul. 2007    Administrative Vice Minister of Finance  
Jul. 2008    Retired  
Sep. 2008    Professor, Graduate School of Public Management, Waseda University  
Jun. 2015    Outside Director of the Company (current position)  
                  Chairperson of the Board of Directors of the Company (current position)

**(Area of Responsibility)**

Chairperson of the Board of Directors

**Reason for Nomination as Outside Director**

Mr. Hiroki Tsuda has been put forth as a candidate for Outside Director due to his capacity to identify with the Company's corporate philosophy and social mission, as well as his abundant experience and insight in financial policy, which can be expected to be reflected in the management of the Company. Although Mr. Tsuda was not previously involved in corporate management, other than in the capacity of Outside Director or Outside Corporate Auditor, based on the above reasons, it was determined that Mr. Tsuda will be able to appropriately conduct the duties of Outside Director.



Candidate number <b>2</b>	<b>Akira Kiyota</b>	Date of birth: May 6, 1945
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FY2018  
Meeting Attendance  
Board of Directors  
13/13 (100%)  
Nomination Committee  
6/6 (100%)  
Compensation  
Committee  
5/5 (100%)

Re-election

<b>Tenure as Director</b> 6 years	<b>No. of Company shares held</b> 50,193 shares	<b>No. of listed companies where an officer position is concurrently held</b> 0
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**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Apr. 1969	Joined Daiwa Securities Co. Ltd. (currently Daiwa Securities Group Inc.)
Jun. 1994	Director, Head of Tobu Area Sales Division
May 1996	Director, Head of Bond & Finance Division
Jun. 1997	Managing Director, Head of Bond & Finance Division
Oct. 1997	Deputy President
Apr. 1999	President, Daiwa Securities SB Capital Markets Co. Ltd. (currently Daiwa Securities Co. Ltd.)
Jun. 2004	Deputy Chairman of the Board and Corporate Executive Officer, Daiwa Securities Group Inc. Chairman of the Institute, Daiwa Institute of Research Ltd.
Jun. 2008	Chairman of the Board and Corporate Executive Officer, Daiwa Securities Group Inc.
Apr. 2011	Director and Honorary Chairman
Jun. 2011	Honorary Chairman
Jun. 2013	Director of the Company (current position) President & CEO, Tokyo Stock Exchange, Inc.
Jun. 2015	Representative Executive Officer, Group CEO of the Company (current position) Director, Tokyo Stock Exchange, Inc. (current position)

**(Areas of Responsibility)**

- Group CEO
- Member of the Nomination Committee
- Member of the Compensation Committee
- Member of the Risk Policy Committee

**(Significant Concurrent Position)**

- Director, Tokyo Stock Exchange, Inc.

**Reason for Nomination as Director**

Mr. Akira Kiyota was appointed as a Director in June 2013 due to his abundant experience and insight in securities markets through his business at a securities company, which could be reflected in the management of the Company. Afterwards, he has managed the Company as Director & Representative Executive Officer, Group CEO since June 2015 as the best person for CEO and due to, among others, his experience and track record of leading the cash equity market for two years, which covered the promotion of the implementation of Japan's Corporate Governance Code. Based on his experience with JPX Group, he is deemed appropriate as a Member of the Board of Directors and has, therefore, been put forth as a candidate for Director.

Candidate number <b>3</b>	<b>Koichiro Miyahara</b>	Date of birth Mar. 10, 1957
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FY2018  
Meeting Attendance

Board of Directors  
13/13 (100%)

Nomination Committee  
1/1 (100%)

Compensation  
Committee  
5/5 (100%)

Re-election
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<b>Tenure as Director</b> 4 years	<b>No. of Company shares held</b> 28,837 shares	<b>No. of listed companies where an officer position is concurrently held</b> 0
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**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Apr. 1979	Joined Electric Power Development Co., Ltd.
Apr. 1988	Joined Tokyo Stock Exchange
Jun. 2002	Director, General Administration Department, Tokyo Stock Exchange, Inc.
Jun. 2004	Director, Information Services Department
Jun. 2005	President, Representative Director, ICJ, Inc.
Dec. 2005	Executive Officer, Tokyo Stock Exchange, Inc.
Oct. 2007	Standing Governor, Tokyo Stock Exchange Regulation (currently Japan Exchange Regulation)
Jun. 2009	Senior Executive Officer, Tokyo Stock Exchange Group, Inc.
Jan. 2013	Senior Executive Officer of the Company Senior Executive Officer, Tokyo Stock Exchange, Inc.
Jun. 2014	Executive Vice President of the Company
Jun. 2015	Director of the Company (current position) President & CEO, Tokyo Stock Exchange, Inc. (current position)
Nov. 2015	Executive Officer of the Company (current position)

**(Areas of Responsibility)**

Member of the Compensation Committee

**(Significant Concurrent Position)**

President & CEO, Tokyo Stock Exchange, Inc.

**Reason for Nomination as Director**

Mr. Koichiro Miyahara was appointed as a Director in June 2015 as his considerable knowledge and experience regarding the exchange business in general could be reflected in the management of the Company. Subsequently, as President & CEO, he manages and oversees the overall business and operations of Tokyo Stock Exchange, Inc., a core subsidiary of JPX Group managing cash equity markets. Based on his experience with JPX Group, he is deemed appropriate as a Member of the Board of Directors and has, therefore, been put forth as a candidate for Director.

Candidate number <b>4</b>	<b>Hiromi Yamaji</b>	Date of birth Mar. 8, 1955
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FY2018  
Meeting Attendance  
Board of Directors  
13/13 (100%)

Re-election

<b>Tenure as Director</b> 6 years	<b>No. of Company shares held</b> 18,989 shares	<b>No. of listed companies where an officer position is concurrently held</b> 0
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**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Apr. 1977    Joined The Nomura Securities Co., Ltd. (currently Nomura Holdings, Inc.)  
Jun. 1997    General Manager, Personnel Department  
Jun. 1998    Member of the Board in charge of Investment Banking Products Division  
Jun. 2000    Managing Director, Head of Global Investment Banking Division  
Apr. 2002    President & CEO, Nomura Europe Holdings plc (London) and Chairman, Nomura Holding America Inc. (New York)  
Apr. 2007    Executive Vice President, Global Investment Banking, in charge of Corporate Finance Division, Nomura Securities Co., Ltd.  
Jun. 2013    Director of the Company (current position)  
Nov. 2015    Executive Officer of the Company (current position)  
President & CEO, Osaka Securities Exchange Co., Ltd. (currently Osaka Exchange, Inc.) (current position)

**(Significant Concurrent Position)**

President & CEO, Osaka Exchange, Inc.

**Reason for Nomination as Director**

Mr. Hiromi Yamaji was appointed as a Director in June 2013 as his abundant experience and insight acquired through working at a securities company could be reflected in the management of the Company. Subsequently, as President & CEO, he manages and oversees the overall business and operations of Osaka Securities Exchange Co., Ltd. (currently Osaka Exchange, Inc.), a core subsidiary of JPX Group managing derivatives markets. Based on his experience with JPX Group, he is deemed appropriate as a Member of the Board of Directors and has, therefore, been put forth as a candidate for Director.

Candidate number  <b>5</b>	<b>Hironaga Miyama</b>	Date of birth Oct. 20, 1954
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FY2018  
Meeting Attendance  
Board of Directors  
13/13 (100%)

Re-election
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**Tenure as Director**  
2 years

**No. of Company shares held**  
15,473 shares

**No. of listed companies where an officer position is concurrently held**  
0

**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Apr. 1978	Joined Tokyo Stock Exchange
Nov. 2001	Director, Derivatives Department, Tokyo Stock Exchange, Inc.
Jun. 2003	Director, Treasury Department
Jun. 2004	Director, Corporate Strategy Department
Jun. 2005	Executive Officer
Jun. 2007	Senior Executive Officer
Jun. 2011	Managing Director
Jun. 2013	President & CEO, Japan Securities Clearing Corporation (current position)
Apr. 2016	Executive Officer of the Company (current position)
Jun. 2017	Director of the Company (current position)

**(Significant Concurrent Position)**

President & CEO, Japan Securities Clearing Corporation

**Reason for Nomination as Director**

From June 2013, Mr. Hironaga Miyama has held the position of President & CEO of Japan Securities Clearing Corporation (JSCC), a core subsidiary of JPX Group engaging in clearing of listed products, etc., where he has managed and overseen JSCC's overall business and operations. Moreover, he was appointed as a Director in June 2017 as his considerable knowledge and experience regarding the exchange business in general could be reflected in the management of the Company. Based on his experience with JPX Group, he is deemed appropriate as a Member of the Board of Directors and has, therefore, been put forth as a candidate for Director.

Candidate number

6

Christina Ahmadjian

Date of birth  
Mar. 5, 1959



FY2018  
Meeting Attendance  
Board of Directors  
13/13 (100%)  
Compensation  
Committee  
5/5 (100%)  
Audit Committee  
10/10 (100%)

Re-election  
Independent  
Director  
Candidate for  
Outside Director

**Tenure as Outside Director** 5 years  
**No. of Company shares held** 1,400 shares

**No. of listed companies where an officer position is concurrently held**  
3

**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

- Jan. 1995 Assistant Professor, Columbia Business School (Graduate School of Business, Columbia University)
- Oct. 2001 Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
- Jan. 2004 Professor, Graduate School of International Corporate Strategy
- Apr. 2010 Dean, Graduate School of International Corporate Strategy
- Apr. 2012 Professor, Graduate School of Commerce and Management
- Jun. 2012 Outside Director, Mitsubishi Heavy Industries, Ltd. (current position)
- Jun. 2014 Outside Director of the Company (current position)
- Apr. 2018 Professor, Graduate School of Business Administration, Hitotsubashi University (current position)
- Jun. 2018 Outside Director, Sumitomo Electric Industries, Ltd. (current position)
- Mar. 2019 Outside Director, Asahi Group Holdings, Ltd. (current position)

**(Areas of Responsibility)**

- Member of the Compensation Committee
- Member of the Audit Committee

**(Significant Concurrent Positions)**

- Professor, Graduate School of Business Administration, Hitotsubashi University
- Outside Director, Mitsubishi Heavy Industries, Ltd.
- Outside Director, Sumitomo Electric Industries, Ltd.
- Outside Director, Asahi Group Holdings, Ltd.

**Reason for Nomination as Outside Director**

Ms. Christina Ahmadjian has been put forth as a candidate for Outside Director due to her capacity to identify with the Company's corporate philosophy and social mission, as well as her insight in corporate strategy from a technical perspective as an academic, which can be expected to be reflected in the management of the Company. Although Ms. Ahmadjian was not previously involved in corporate management, other than in the capacity of Outside Director or Outside Corporate Auditor, based on the above reasons, it was determined that Ms. Ahmadjian will be able to appropriately conduct the duties of Outside Director.

Candidate  
number

7

Nobuhiro Endo

Date of birth  
Nov. 8, 1953



FY2018  
Meeting Attendance  
Board of Directors  
10/11 (91%)  
Nomination Committee  
5/5 (100%)

Re-election

Independent  
Director

Candidate for  
Outside Director

**Tenure as Outside Director** 1 year  
**No. of Company shares held** 1,200 shares

**No. of listed companies where an officer position is concurrently held**  
3

**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Apr. 1981 Joined NEC Corporation  
Apr. 2006 Associate Senior Vice President, Executive General Manager of Mobile Network Operations Unit  
Apr. 2009 Executive Vice President  
Jun. 2009 Executive Vice President and Member of the Board  
Apr. 2010 President (Representative Director)  
Apr. 2016 Chairman of the Board (Representative Director)  
Jun. 2017 Outside Director, Seiko Holdings Corporation (expected to retire on June 27, 2019)  
Jun. 2018 Outside Director of the Company (current position)  
Jun. 2019 Outside Director, Sumitomo Dainippon Pharma Co., Ltd. (expected to assume the position on June 20, 2019)  
Chairman of the Board, NEC Corporation (non-executive) (expected to assume the position on June 24, 2019)  
Outside Director, Tokio Marine Holdings, Inc. (expected to assume the position on June 24, 2019)

**(Areas of Responsibility)**

Member of the Nomination Committee

**(Significant Concurrent Positions)**

Chairman of the Board, NEC Corporation (non-executive) (expected to assume the position on June 24, 2019)  
Outside Director, Seiko Holdings Corporation (expected to retire on June 27, 2019)  
Outside Director, Sumitomo Dainippon Pharma Co., Ltd. (expected to assume the position on June 20, 2019)  
Outside Director, Tokio Marine Holdings, Inc. (expected to assume the position on June 24, 2019)

**Reason for Nomination as Outside Director**

Mr. Nobuhiro Endo has been put forth as a candidate for Outside Director due to his capacity to identify with the Company's corporate philosophy and social mission, as well as his abundant experience and insight in corporate management and system networks, which can be expected to be reflected in the management of the Company.

Candidate  
number

8

Hitoshi Ogita

Date of birth  
Jan. 1, 1942



FY2018

Meeting Attendance

Board of Directors  
13/13 (100%)

Nomination Committee  
6/6 (100%)

Re-election

Independent  
Director

Candidate for  
Outside Director

**Tenure as Outside Director** 3 years  
**No. of Company shares held** 4,400 shares

**No. of listed companies where an  
officer position is concurrently held**  
1

**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Apr. 1965 Joined Asahi Breweries, Ltd. (currently Asahi Group Holdings, Ltd.)  
Mar. 1997 Director, General Manager of Fukuoka Branch  
Mar. 2000 Managing Corporate Officer, Senior General Manager of Kyushu Regional  
Headquarters  
Mar. 2002 Senior Managing Corporate Officer, Senior General Manager of Kanshin-etsu Regional  
Headquarters  
Sep. 2002 Corporate Officer, Vice President, Asahi Soft Drinks Co., Ltd.  
Mar. 2003 President and Representative Director  
Mar. 2006 President and Representative Director, Asahi Breweries, Ltd.  
Mar. 2010 Chairman of the Board and Representative Director  
Jun. 2010 Outside Director, Imperial Hotel, Ltd. (current position)  
Mar. 2014 Senior Adviser, Asahi Group Holdings, Ltd. (current position)  
Jun. 2016 Outside Director of the Company (current position)

**(Areas of Responsibility)**

Chairperson of the Nomination Committee  
Chairperson of the Independent Outside Directors Committee

**(Significant Concurrent Positions)**

Senior Adviser, Asahi Group Holdings, Ltd.  
Outside Director, Imperial Hotel, Ltd.

**Reason for Nomination as Outside Director**

Mr. Hitoshi Ogita has been put forth as a candidate for Outside Director due to his capacity to identify with the Company's corporate philosophy and social mission, as well as his abundant experience and insight in corporate management, which can be expected to be reflected in the management of the Company.

Candidate number <b>9</b>	<b>Hideaki Kubori</b>	Date of birth Aug. 29, 1944	
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FY2018  
Meeting Attendance  
Board of Directors  
13/13 (100%)  
Nomination Committee  
6/6 (100%)

Re-election
Independent Director
Candidate for Outside Director

<b>Tenure as Outside Director</b> 6 years and 6 months	<b>No. of Company shares held</b> 1,100 shares	<b>No. of listed companies where an officer position is concurrently held</b> 1
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**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Apr. 1971	Registration as Attorney-at-Law (current position) Joined Mori Sogo (currently Mori Hamada & Matsumoto)
Apr. 1998	Representative, HIBIYA PARK LAW OFFICES (current position)
Apr. 2001	President, Daini Tokyo Bar Association, and Vice President, Japan Federation of Bar Associations
Jun. 2011	Outside Director, Tokyo Stock Exchange Group, Inc. Outside Governor, Tokyo Stock Exchange Regulation (currently Japan Exchange Regulation)
Jan. 2013	Outside Director of the Company (current position)
Jun. 2014	Outside Director, SOURCENEXT CORPORATION (current position)
Apr. 2015	Professor, Toin Law School (current position)
Apr. 2018	Outside Director, Coincheck, Inc. (current position)

**(Area of Responsibility)**

Member of the Nomination Committee  
Chairperson of the Risk Policy Committee

**(Significant Concurrent Positions)**

Attorney-at-Law  
Representative, HIBIYA PARK LAW OFFICES  
Outside Director, SOURCENEXT CORPORATION  
Professor, Toin Law School  
Member of the Supervisory Committee, The Norinchukin Bank  
Outside Director, Coincheck, Inc.

**Reason for Nomination as Outside Director**

Mr. Hideaki Kubori has been put forth as a candidate for Outside Director due to his capacity to identify with the Company's corporate philosophy and social mission, as well as his insight in corporate legal affairs from a technical perspective as a legal professional, which can be expected to be reflected in the management of the Company. Although Mr. Kubori was not previously involved in corporate management, other than in the capacity of Outside Director or Outside Corporate Auditor, based on the above reasons, it was determined that Mr. Kubori will be able to appropriately conduct the duties of Outside Director.



Candidate  
number

10

Main Kohda

Date of birth  
Apr. 25, 1951



FY2018

Meeting Attendance

Board of Directors  
13/13 (100%)

Audit Committee  
9/10 (90%)

Re-election

Independent  
Director

Candidate for  
Outside Director

**Tenure as Outside Director** 3 years  
**No. of Company shares held** 1,900 shares

**No. of listed companies where an  
officer position is concurrently held**  
2

**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Sep. 1995 Started independently as Novelist, to the present  
Jan. 2003 Member of Fiscal System Council, Ministry of Finance Japan  
Apr. 2004 Visiting professor, Faculty of Economics, Shiga University  
Mar. 2005 Member of the Council for Transport Policy, Ministry of Land, Infrastructure, Transport and Tourism  
Nov. 2006 Member of the Tax Commission, Cabinet Office, Government of Japan  
Jun. 2010 Member of the Board of Governors, Japan Broadcasting Corporation  
Jun. 2012 Outside Director, Japan Tobacco Inc. (current position)  
Jun. 2013 Outside Director, LIXIL Group Corporation (expected to retire in June 2019)  
Jun. 2016 Outside Director of the Company (current position)  
Jun. 2018 Non-Executive Director, MITSUBISHI MOTORS CORPORATION (current position)

**(Area of Responsibility)**

Member of the Audit Committee  
Member of the Risk Policy Committee

**(Significant Concurrent Positions)**

Novelist  
Outside Director, Japan Tobacco Inc.  
Outside Director, LIXIL Group Corporation (expected to retire in June 2019)  
Non-Executive Director, MITSUBISHI MOTORS CORPORATION

**Reason for Nomination as Outside Director**

Ms. Main Kohda has been put forth as a candidate for Outside Director due to her capacity to identify with the Company's corporate philosophy and social mission, as well as her creativity and her perception as a novelist, her insight in finance, and her experience in serving as a university professor and a member of government advisory councils, which can be expected to be reflected in the management of the Company.

Candidate number

11

Eizo Kobayashi

Date of birth  
Jan. 7, 1949



FY2018

Meeting Attendance

Board of Directors  
13/13 (100%)

Nomination Committee  
6/6 (100%)

Compensation  
Committee  
5/5 (100%)

Re-election

Independent  
Director

Candidate for  
Outside Director

**Tenure as Outside Director** 3 years  
**No. of Company shares held** 3,300 shares

**No. of listed companies where an officer position is concurrently held**  
2

**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Apr. 1972 Joined C. Itoh & Co. Ltd. (currently ITOCHU Corporation)  
Jun. 2000 Executive Officer  
Apr. 2002 Managing Executive Officer  
Jun. 2003 Representative Director, Managing Director  
Apr. 2004 Representative Director, Senior Managing Director  
Jun. 2004 President & Chief Executive Officer  
Apr. 2010 Representative Director, Chairman  
Jun. 2011 Director, Chairman  
Jun. 2013 Outside Director, OMRON Corporation (current position)  
Jun. 2015 Counsellor, Bank of Japan (current position)  
External Director, Japan Airlines Co., Ltd. (current position)  
Jun. 2016 Outside Director of the Company (current position)  
Chairman, ITOCHU Corporation  
Apr. 2018 Senior Representative for Business Community Relations (non-executive) (current position)

**(Area of Responsibility)**

Member of the Nomination Committee  
Chairperson of the Compensation Committee

**(Significant Concurrent Positions)**

Senior Representative for Business Community Relations, ITOCHU Corporation (non-executive)  
Chairman, ITOCHU Foundation  
Outside Director, OMRON Corporation  
Counsellor, Bank of Japan  
External Director, Japan Airlines Co., Ltd.  
Outside Director, Nippon Venture Capital Co., Ltd.  
Chairman, National Federation of Corporate Taxpayers Associations  
Administrative Director, The Public Interest Incorporated Foundation Tohoren Mutual Benefit Association for Specific Retirement Allowance  
Chairperson, Japan Overseas Educational Services

**Reason for Nomination as Outside Director**

Mr. Eizo Kobayashi has been put forth as a candidate for Outside Director due to his capacity to identify with the Company's corporate philosophy and social mission, as well as his abundant experience and insight in corporate management, which can be expected to be reflected in the management of the Company.

Candidate number <b>12</b>	<b>Makoto Minoguchi</b>	Date of birth Mar. 14, 1961
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FY2018  
Meeting Attendance

Board of Directors  
13/13 (100%)

Audit Committee  
10/10 (100%)

Re-election

**Tenure as Director**  
2 years

**No. of Company shares held**  
7,900 shares

**No. of listed companies where an officer position is concurrently held**  
0

**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Apr. 1984	Joined Tokyo Stock Exchange
Jun. 2007	Director, General Administration Department, Tokyo Stock Exchange, Inc.
Aug. 2007	Director, General Administration Department, Tokyo Stock Exchange Group, Inc.
Jun. 2009	Director, Corporate Strategy Department
Oct. 2010	Director, Listing Examination Department, Tokyo Stock Exchange Regulation (currently Japan Exchange Regulation)
Jun. 2011	Standing Governor
Jun. 2015	Managing Director, Japan Securities Clearing Corporation
Apr. 2017	Managing Director and Executive Officer
Jun. 2017	Director of the Company (current position) Statutory Auditor, Tokyo Stock Exchange, Inc.

**(Area of Responsibility)**

Member of the Audit Committee (Full-time)

**Reason for Nomination as Director**

Mr. Makoto Minoguchi joined Tokyo Stock Exchange in 1984 and has been mainly responsible for operations in general administration, corporate strategy, listing examination, and listing supervision at JPX Group. He has been put forth as a candidate for Director due to his considerable knowledge and experience regarding the exchange business in general, which can be expected to be advantageous in monitoring and supervising the execution of business at the Company.

Candidate  
number

13

Kimitaka Mori

Date of birth  
Jun. 30, 1957



FY2018

Meeting Attendance

Board of Directors  
13/13 (100%)

Compensation  
Committee  
5/5 (100%)

Audit Committee  
10/10 (100%)

Re-election

Independent  
Director

Candidate for  
Outside Director

**Tenure as Outside Director**    **No. of Company shares held**  
2 years and 11 months            2,800 shares

**No. of listed companies where an  
officer position is concurrently held**  
2

**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Apr. 1980    Joined Shinwa Accountants (currently KPMG AZSA LLC)  
Jun. 2000    Representative Partner, Asahi & Co. (currently KPMG AZSA LLC)  
Jun. 2004    Director of financial services, KPMG AZSA & Co. (currently KPMG AZSA LLC)  
Jun. 2006    Board Member, KPMG AZSA & Co.  
Jul. 2011    Chairman, KPMG FS Japan  
Jun. 2013    Retired from KPMG AZSA LLC  
Jul. 2013    Established Mori Certified Public Accountant Office  
Chairman and President, The Japanese Institute of Certified Public Accountants  
Jul. 2016    Advisor, The Japanese Institute of Certified Public Accountants (current position)  
Outside Director of the Company (current position)  
Jun. 2017    Outside Corporate Auditor, MITSUI & CO., LTD. (current position)  
Outside Corporate Auditor, East Japan Railway Company (current position)  
Jul. 2017    Outside Director, SUMITOMO LIFE INSURANCE COMPANY (current position)

**(Area of Responsibility)**

Member of the Compensation Committee  
Member of the Audit Committee

**(Significant Concurrent Positions)**

Certified Public Accountant  
Advisor, The Japanese Institute of Certified Public Accountants  
Outside Corporate Auditor, MITSUI & CO., LTD.  
Outside Corporate Auditor, East Japan Railway Company  
Outside Director, SUMITOMO LIFE INSURANCE COMPANY

**Reason for Nomination as Outside Director**

Mr. Kimitaka Mori has been put forth as a candidate for Outside Director due to his capacity to identify with the Company's corporate philosophy and social mission, as well as his insight in corporate accounting in his capacity as an accounting professional, which can be expected to be reflected in the management of the Company. Although Mr. Mori was not previously involved in corporate management other than being an Outside Director or Outside Corporate Auditor, based on the above reasons, it was determined that Mr. Mori will be able to appropriately conduct the duties of Outside Director.

Candidate number

14

Tsuyoshi Yoneda

Date of birth  
Apr. 7, 1952



FY2018

Meeting Attendance

Board of Directors  
13/13 (100%)

Audit Committee  
10/10 (100%)

**Tenure as Outside Director** 4 years  
**No. of Company shares held** 2,500 shares

**No. of listed companies where an officer position is concurrently held**  
1

**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Apr. 1976 Joined National Police Agency  
Sep. 2001 General Manager, Criminal Affairs Department, Metropolitan Police Department  
Aug. 2003 General Manager, Kyoto Prefectural Police Headquarters  
Sep. 2007 Commissioner, Criminal Affairs Bureau  
Jun. 2009 Commissioner-General's Secretariat  
Oct. 2011 Deputy Director-General  
Jan. 2013 Commissioner General  
Jan. 2015 Retired  
Jun. 2015 Outside Director of the Company (current position)  
Jun. 2017 External Audit & Supervisory Board Member, Marubeni Corporation (current position)

**(Area of Responsibility)**

Chairperson of the Audit Committee  
Member of the Risk Policy Committee

**(Significant Concurrent Position)**

External Audit & Supervisory Board Member, Marubeni Corporation

**Reason for Nomination as Outside Director**

Mr. Tsuyoshi Yoneda has been put forth as a candidate for Outside Director due to his capacity to identify with the Company's corporate philosophy and social mission, as well as his abundant experience and insight in law enforcement, which can be expected to be reflected in the management of the Company. Although Mr. Yoneda was not previously directly involved in corporate management, other than in the capacity of Outside Director or Outside Corporate Auditor, based on the above reasons, it was determined that Mr. Yoneda will be able to appropriately conduct the duties of Outside Director.

Re-election
Independent Director
Candidate for Outside Director

- (Notes)
- The number of Company shares held by each candidate for Director includes the number of shares allocated to each candidate that are substantively held under the name of Japan Exchange Group, Inc. Officers' Shareholding Association, rounded down to an integral multiple of the trading unit.
  - The number of Company shares held by each candidate for Director concurrently serving as Executive Officer includes the number of shares scheduled to be granted (as of March 31, 2019) in accordance with the stock compensation plan. The number of shares scheduled to be granted to each Executive Officer under said plan includes only the number of the Company shares pertaining to the "fixed portion" in the stock compensation plan described under "Policies Regarding Decisions on Compensation for Directors and Executive Officers" in the Business Report. Furthermore, 50% of the shares scheduled for grant are to be sold on the market to secure funds for tax payment, and the proceeds from the sales will be granted to each Executive Officer.
  - The number of listed companies where an officer position is concurrently held for each candidate for Director reflects appointments and retirement from office planned to occur subsequent to the date of issuance of this Notice.
  - Among the statuses of meeting attendance of each candidate for Director for the Board of Directors meetings and the statutory committee meetings during FY2018, those for Mr. Koichiro Miyahara's attendance at Nomination Committee meetings include only the Nomination Committee meetings that were held until June 20, 2018, the date he resigned from his position as Member of the Nomination Committee, and those for Mr. Nobuhiro Endo's attendance at the Board of Directors meetings and Nomination Committee meetings include only the Board of Directors meetings and Nomination Committee meetings that were held after June 20, 2018, the date he assumed the positions of Director and Member of the Nomination Committee.
  - The scheduled dates for holding the Company's regular Board of Directors meetings in FY2019 to be held after the date of the annual general shareholders meeting have already been adjusted to suit each candidate for Director, and the Company is working to ensure the attendance of the Directors.
  - Mr. Nobuhiro Endo is Chairman of the Board (Representative Director) of NEC Corporation (expected to assume the position of Chairman of the Board (non-executive) on June 24, 2019) and its corporate group pays JPX Group fees of approximately JPY 12 million (mainly listing fees), while JPX Group pays the corporate group approximately JPY 181 million (mainly for system-related expenses). Mr. Hitoshi Ogita is Senior Adviser at Asahi Group Holdings, Ltd., and its corporate group pays JPX Group fees of approximately JPY 5 million (mainly listing fees). Mr. Eizo Kobayashi is Senior Representative for Business Community Relations at ITOCHU Corporation (non-executive), and the corporate group pays JPX Group fees of approximately JPY 56 million (mainly listing fees). JPX Group also pays the corporate group fees of approximately JPY 11 million (mainly for systems-related expenses). Additionally, there exist transactions between JPX Group and

Hitotsubashi University, with which Ms. Christina Ahmadjian is affiliated, that total less than JPY 1 million. There also exist transactions between JPX Group and Mr. Hideaki Kubori and HIBIYA PARK LAW OFFICES, where Mr. Hideaki Kubori acts as Representative, that total less than JPY 1 million. The amounts of such transactions in FY2018 were considerably small, accounting for less than 1% of the consolidated sales, etc. of the Company and those of said corporate groups, etc., or less than JPY 1 million. Therefore, the Company deems that there are no concerns over the independence of the aforementioned persons. In addition, candidates for Director other than the aforementioned candidates do not have any particular conflicts of interest with the Company.

7. The following persons are candidates for Outside Director: Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Nobuhiro Endo, Mr. Hitoshi Ogita, Mr. Hideaki Kubori, Ms. Main Kohda, Mr. Eizo Kobayashi, Mr. Kimitaka Mori, and Mr. Tsuyoshi Yoneda.
8. In light of their relationships with the Company and the status of their performance of duties, the following persons are designated Independent Directors, which Tokyo Stock Exchange, Inc. requires listed companies to secure in order to protect the interests of general shareholders: Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Nobuhiro Endo, Mr. Hitoshi Ogita, Mr. Hideaki Kubori, Ms. Main Kohda, Mr. Eizo Kobayashi, Mr. Kimitaka Mori, and Mr. Tsuyoshi Yoneda.
9. Mr. Hideaki Kubori, a candidate for Outside Director, was previously Outside Governor at Tokyo Stock Exchange Regulation (currently Japan Exchange Regulation as a wholly-owned subsidiary of the Company) as described in his "Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)".
10. Violations of laws and regulations and the Articles of Incorporation, as well as inappropriate business execution committed by other companies with which candidates for Outside Director are affiliated during terms of office at such other companies:

NEC Corporation, for which Mr. Nobuhiro Endo currently serves as Chairman of the Board (Representative Director) (expected to assume the position of Chairman of the Board (non-executive) on June 24, 2019) and Mr. Hitoshi Ogita served as Outside Director until June 2018, was recognized by the Japan Fair Trade Commission on July 12, 2016 that it committed actions in violation of the Antimonopoly Act with respect to transactions concerning equipment for electric power security communication with Tokyo Electric Power Company Holdings, Inc. (formerly Tokyo Electric Power Co., Inc.). In addition, the corporation received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission for violation of the Antimonopoly Act with respect to transactions concerning equipment for fire rescue digital radio on February 2, 2017, and with respect to transactions in apparatuses for hybrid optical communication and transmission path for Chubu Electric Power Co., Inc., on February 15, 2017. After being made aware of the facts, Mr. Nobuhiro Endo promoted the prevention of reoccurrence of such incidents by further ensuring thorough adherence to the compliance system, and strengthening the development and operation of internal control systems and fulfilled his duties in this way. In addition, Mr. Hitoshi Ogita fulfilled his duties such as by emphasizing the need for strict adherence to laws and regulations at NEC Corporation's Board of Directors and other meetings.

ITOCHU Corporation, for which Mr. Eizo Kobayashi served as Director until June 2016, was given cease and desist orders by the Japan Fair Trade Commission on January 12, 2018, February 20, 2018, and July 12, 2018, for having committed actions in violation of the Antimonopoly Act concerning the sales of uniforms to West Japan Railway Company, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION, and ALL NIPPON AIRWAYS CO., LTD. which were conducted during his tenure as Director. In addition, ITOCHU Corporation was given cease and desist orders and a surcharge payment order by the Japan Fair Trade Commission on October 18, 2018, for having committed actions in violation of the Antimonopoly Act concerning the provision of uniforms to NTT DOCOMO, INC. which were conducted during his tenure as Director. During his tenure at ITOCHU Corporation, Mr. Kobayashi was unaware of these actions, however, as Director of said corporation, he always carried out the execution of his duties from the viewpoint of legal compliance and worked earnestly for the establishment and appropriate operation of internal control systems.

In addition, Japan Airlines Co., Ltd., for which Mr. Kobayashi currently serves as External Director, received a business improvement order to ensure aviation safety from Japan's Ministry of Land, Infrastructure, Transport and Tourism on December 21, 2018, in response to serious violations that affect flight safety, such as issues around drinking among flight crews and decisions to change crew configurations. Furthermore, on January 11, 2019, Japan Airlines Co., Ltd. received a business improvement advisory to ensure aviation safety from the Ministry due to an incident of alcohol consumption by a cabin attendant. Mr. Kobayashi has been constantly offering advice from the perspective of compliance with laws and regulations at Japan Airlines Co., Ltd.'s Board of Directors and other meetings, and after being made aware of the facts of the incidents, Mr. Kobayashi fulfilled his duties such as by thoroughly investigating the facts of the incidents and directing the formulation of measures to prevent reoccurrence.
11. Conclusion of Limited Liability Agreements with Directors (excluding executive directors, etc. under Article 427, Paragraph 1 of the Companies Act; hereinafter referred to as "Non-Executive Director(s)"): Under the current Articles of Incorporation, the Company stipulates provisions that allow it to enter into agreements with Non-Executive Directors that limit liability for damages of the Company to the minimum amount as specified by laws and regulations. Such limited liability agreements have been concluded with Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Nobuhiro Endo, Mr. Hitoshi Ogita, Mr. Hideaki Kubori, Ms. Main Kohda, Mr. Eizo Kobayashi, Mr. Makoto Minoguchi, Mr. Kimitaka Mori, and Mr. Tsuyoshi Yoneda. If the reappointments of Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Nobuhiro Endo, Mr. Hitoshi Ogita,

Mr. Hideaki Kubori, Ms. Main Kohda, Mr. Eizo Kobayashi, Mr. Makoto Minoguchi, Mr. Kimitaka Mori, and Mr. Tsuyoshi Yoneda are approved, then the corresponding limited liability agreements with them will continue to remain effective.

The summary of such agreements is as follows:

- If a Non-Executive Director becomes liable to the Company for damages arising from failure to carry out his/her duties, his/her liability shall be limited to the minimum amount of liability stipulated by Article 425, Paragraph 1 of the Companies Act.
- The above limit on liability shall be limited to cases where such Non-Executive Director is not grossly negligent in his/her performance in good faith of the duty that was the cause of liability.

(Reference) Independence Standards and Qualification for Independent Outside Directors

The Company verifies the status of Outside Directors to the extent reasonably possible and judges that an Outside Director is independent if he/she satisfies all of Items 1 through 14 below.

1. Not being an executive director, etc. (Note 1) or employee of JPX Group (Note 2) in the last ten years;
2. Not being an officer executing business or employee of the Company's current major shareholders (Note 3) group or a company in which the Company is a current major shareholder in the last five years;
3. Not being an officer executing business or employee of a major business partner of JPX Group (Note 4);
4. Not being an officer executing business or employee of a major business partner of JPX Group (Note 5) during any of the three fiscal years prior to the last fiscal year;
5. Not being an officer executing business or employee of an organization that receives a donation or subsidy exceeding the specified amount from JPX Group (Note 6);
6. Not being a director, auditor, or executive officer of a corporate group that accepts a director seconded from JPX Group;
7. Not being an officer executing business or employee of a group company of a major creditor, etc. (Note 7), of JPX Group in the last three years;
8. Not being a member, partner, or employee of the accounting auditor of JPX Group;
9. Not being a member, partner, or employee of the current accounting auditor of JPX Group, who engaged in actual audit work of JPX Group (except, however, for secondary involvement) in the last three years;
10. Not being an attorney-at-law, certified public accountant, certified public tax accountant, or other consultant who receives money and other economic benefits in an amount exceeding the specified amount (Note 8) other than remuneration for directors, auditors, or executive officers from JPX Group;
11. Not being a member, partner, associate, or employee of a law firm, audit firm, tax accounting firm, consulting firm, or other professional advisory firm, for which JPX Group is a major client (Note 9);
12. Not being the spouse, a relative within the second degree of kinship, or a relative residing in the same household of a person falling under any of the following items:
  - (i) An officer executing business or employee of JPX Group in the last five years;
  - (ii) A director, auditor, or executive officer of a company that is the Company's current major shareholder or of which the Company is a current major shareholder in the last five years;
  - (iii) An officer executing business or employee of a major business partner of JPX Group;
  - (iv) An officer executing business or employee of a major business partner of JPX Group during any of the last three years;
  - (v) An officer executing business or employee of an organization that receives from JPX Group a donation or subsidy exceeding the specified amount;
  - (vi) An officer executing business or employee of a group company of a major creditor, etc., of JPX Group in the last three years;
  - (vii) A member, partner, or other certified public accountant of the accounting auditor of JPX Group;
  - (viii) An employee of the accounting auditor of JPX Group, who currently engages in actual audit work of JPX Group (except, however, for secondary involvement);
  - (ix) A member, partner, or employee of the current accounting auditor of JPX Group in the last three years, who engaged in actual audit work of JPX Group (except, however, for secondary involvement) during said period;
  - (x) An attorney-at-law, certified public accountant, certified public tax accountant, or other consultant who receives money and other economic benefits in an amount exceeding the specified amount from JPX Group; or
  - (xi) A member, partner, or associate of a law firm, audit firm, tax accounting firm, consulting firm, or other professional advisory firm, for which JPX Group is a major client;
13. Not being a person who is likely to constantly have substantial conflict of interest with the Company's general shareholders;
14. A person who has served as an Outside Director of the Company for a period that does not surpass ten years in total, or where having served for a period that does not surpass ten years in total, there is no doubt over his/her substantial independence due to work circumstances at the Company; or
15. Even if a person does not satisfy any of the above Items 2 to 12, the person may be appointed as an Independent Director of the Company on the condition that (1) the person satisfies the requirements of outside directors under the Companies Act and (2) the Company explains to external parties the reason why the person is considered appropriate as its Independent Director.

Note 1: "Executive director, etc." refers to an executive director, executive officer (*shikkoyaku* or *shikkoyakuin*), president (*rijicho*), or standing governor (*joninriji*).

Note 2: "JPX Group" refers to Japan Exchange Group, Inc., Tokyo Stock Exchange, Inc., Osaka Exchange, Inc., Japan Exchange Regulation, Japan Securities Clearing Corporation, and TOSHO SYSTEM SERVICE CO., LTD.

Note 3: "Major shareholder" refers to a shareholder that holds 10% or more of the voting rights of the Company.



- Note 4: "Major business partner" in Items 3 and 12(iii) refers to a party for which JPX Group is a major client (a party that received payment, from JPX Group, accounting for 2% or more of the amount equivalent to its consolidated annual gross sales for the last fiscal year), a party that is a major client of JPX Group (a party that accounted for 2% or more of the amount equivalent to the Company's consolidated annual gross sales for the last fiscal year), its parent company, or significant subsidiary.
- Note 5: "Major business partner" in Items 4 and 12(iv) refers to a party for which JPX Group was a major client (a party that received payment, from JPX Group, accounting for 2% or more of the amount equivalent to its consolidated annual gross sales for the last fiscal year), a party that was a major client of JPX Group (a party that made a payment of 2% or more of the amount equivalent to the consolidated annual gross sales of the Company for the last fiscal year among the fiscal years included), its parent company, or significant subsidiary.
- Note 6: "The specified amount" in Items 5 and 12(v) refers to JPY 10 million per year (the annual average over the past three fiscal years) or 30% of the average annual total expenses of the organization, whichever is greater.
- Note 7: "Major creditor, etc." refers to a financial institution or other major creditor that is essential for the Company's financing, which the Company is dependent on to the extent that it cannot be replaced with another party.
- Note 8: "The specified amount" in Items 10 and 12(x) refers to JPY 10 million or more per year (the annual average over the past three fiscal years, excluding remuneration for directors, auditors, or executive officers).
- Note 9: "Firm for which JPX Group is a major client" refers to a firm that received payment, from JPX Group, accounting for 2% or more (the annual average over the past three fiscal years) of its consolidated annual gross sales.

# Business Report

(From April 1, 2018 to March 31, 2019)

## I. Overview of Current Status of Corporate Group

### 1. Business Report for This Fiscal Year

#### (1) Review and results of business operations

During this fiscal year, the stock market in Japan repeatedly rose and fell from the early period of the fiscal year through the summer due to such factors as caution about U.S.-China trade friction. Although TOPIX rose to 1,824.03 points in October 2018 backed by the strong U.S. stock market, it subsequently fell back due to the rise in U.S. long-term interest rates and caution about an economic slowdown in China, and then further dropped to 1,415.55 points in December due in part to the intensification of antagonism between the U.S. and China. At the beginning of 2019, though, the stock market began to rebound due to the flexible approach observed in U.S. monetary policy and other factors. Generally solid development continued, backed by expectations about progress in U.S.-China talks and positive labor conditions in the U.S., and despite uncertainties for the markets such as the situation in Europe and concerns about economic slowdown in China. As a result, TOPIX reached 1,591.64 points at the end of March 2019 (down by 124.66 points from the end of March 2018).

Under such circumstances, with this fiscal year being the third year of the 2<sup>nd</sup> Medium-Term Management Plan (FY2016–FY2018), JPX Group (meaning the corporate group comprising the Company and its subsidiaries in this Business Report) pursued the realization of a balanced business portfolio without excessive dependence on the Japanese stock market, which is our future vision in the medium to long term. This involved strenuous efforts in four key areas: (i) satisfying investors' various needs and encouraging medium- to long-term asset building; (ii) supporting listed companies' efforts to enhance corporate value, through such means as working to improve the effectiveness of corporate governance; (iii) reinforcing market infrastructure through strengthening BCP, shortening JGB settlement cycles, etc.; and (iv) creating new business horizons through such means as encouraging fintech adoption.

The consolidated results of JPX Group during the fiscal year ended March 31, 2019 included operating revenue of JPY 121,134 million (up 0.4% year on year), operating expenses of JPY 54,111 million (up 6.3% year on year), operating income of JPY 69,535 million (down 3.1% year on year), income before income tax of JPY 70,786 million (down 3.0% year on year), and net income attributable to owners of the parent company of JPY 49,057 million (down 2.8% year on year).

(a) Trading services revenue

Trading services revenue comprises "Transaction Fees" based on the value of securities traded or volume of derivatives traded, "Basic Fees" based on the type of trading participant's trading qualification, "Access Fees" based on the number of orders, and "Trading System Facilities Usage Fees" based on the types of trading system facilities used.

The average daily trading value in the cash equity markets (TSE 1st and 2nd Sections, Mothers, JASDAQ, TOKYO PRO Market, ETFs/ETNs, and REITs, etc.) during this fiscal year was JPY 3,306.8 billion. Also, total trading volume for derivatives reached JPY 364.44 million contracts.

During the fiscal year ended March 31, 2019, basic fees were JPY 1,017 million (down 2.5% year on year), transaction fees from cash equities and derivatives were JPY 28,084 million (down 8.4% year on year) and JPY 11,163 million (down 5.2% year on year) respectively, and other fees such as access fees and trading system facilities usage fees were JPY 8,394 million (up 1.2% year on year). As a result, trading services revenue came to JPY 48,660 million (down 6.0% year on year).

**Core initiatives:**

- Entered into a basic agreement with Tokyo Commodity Exchange, Inc. aimed at realizing a comprehensive exchange (March 2019)
- Provided younger generations and those new to investing with programs for raising financial literacy, to expand the retail investor base
- Made a decision to introduce the ETF Market Making Incentive Scheme Version 2 aimed at further improving liquidity (February 2019)



Entered into a basic agreement with Tokyo Commodity Exchange aimed at realizing a comprehensive exchange

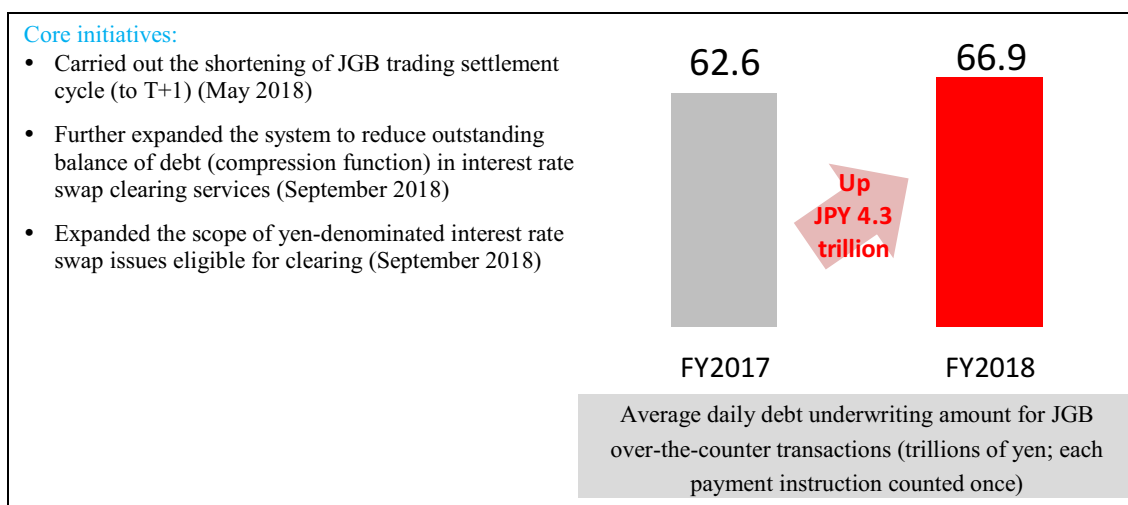


Promoted education on finance/economics (seminars for teachers)

(b) Clearing services revenue

Clearing services revenue comprises clearing and other fees related to the assumption of obligations of financial instrument transactions carried out by Japan Securities Clearing Corporation.

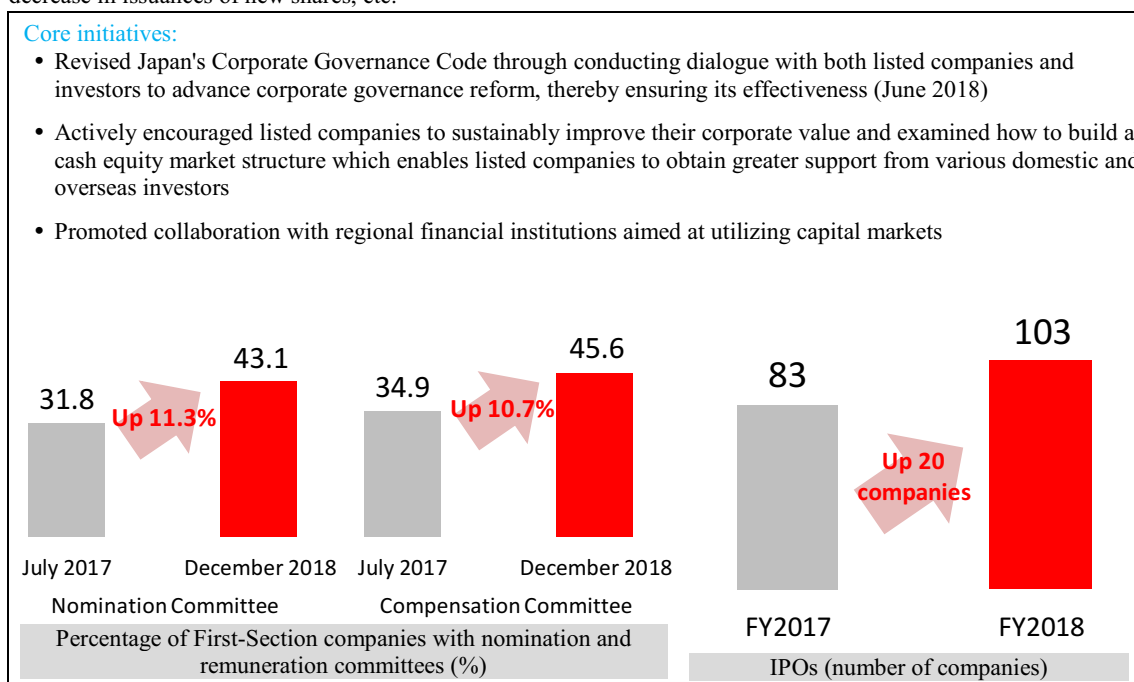
Clearing services revenue for this fiscal year was JPY 24,788 million (up 5.6% year on year).



(c) Listing services revenue

Listing services revenue comprises "Annual Listing Fees" received from listed companies and other entities based on their market capitalization and "Initial/Additional Listing Fees" that are received when a company initially lists or issues additional shares, and so forth.

Listing services revenue for this fiscal year came to JPY 14,025 million (down 3.6% year on year), reflecting a decrease in issuances of new shares, etc.



(d) Information services revenue

Information services revenue comprises revenue related to the provision of market information to information vendors, etc. (market information fees), revenue related to the index business, and revenue related to the provision of various kinds of information including corporate action information.

Information services revenue for this fiscal year was JPY 21,029 million (up 5.8% year on year), partly reflecting increased revenue from market information fees and increased revenue from index business.

**Core initiatives:**

- Developed ESG-related indices (The JPX/S&P Dow Jones joint index "S&P/JPX Carbon Efficient Index" was selected for the Government Pension Investment Fund (GPIF) Global Environmental Stock Indices) (September 2018)
- Considered the promotion and expansion of new information distribution services



Selected for the GPIF Global Environmental Stock Indices

(e) Operating expenses

During this fiscal year, personnel expenses were JPY 16,584 million, system maintenance and operation expenses were JPY 11,898 million, and depreciation and amortization was JPY 11,699 million. As a result, operating expenses came to JPY 54,111 million (up 6.3% year on year).

(2) Capital investment

Overall capital investment, including investment for trading and clearing systems, was about JPY 13.1 billion.

(3) Financing

There are no matters to report.

(4) Business transfer, absorption-type company split or incorporation-type company split

There are no matters to report.

(5) Acquisition of other companies' businesses

There are no matters to report.

(6) Successions of rights or duties related to the businesses of other legal entities, etc. due to absorption-type merger or absorption-type company split

There are no matters to report.

(7) Acquisition or disposition of shares or equities in other companies, or subscription warrants, etc.

In relation to the shares of Singapore Exchange Limited owned by the Company (53,051,000 shares), as a result of an evaluation considering the aims of Japan's Corporate Governance Code, we decided on March 30, 2018 that the owning of shares is not a necessary requirement to continue our cooperative relationship, and that in line with this decision, we would sequentially sell said shares over the course of approximately three years. We are now proceeding with the sale.

2. Assets and Earnings in the Three Years Prior to the Year under Review  
JPX Group

(JPY million)

Classification	IFRS			
	March 2016 Year (Apr. 2015 to Mar. 2016)	March 2017 Year (Apr. 2016 to Mar. 2017)	March 2018 Year (Apr. 2017 to Mar. 2018)	March 2019 Year (Apr. 2018 to Mar. 2019)
Operating revenue	114,776	107,885	120,711	121,134
Income before income tax	67,774	60,604	72,990	70,786
Net income attributable to owners of the parent company	44,877	42,124	50,484	49,057
Basic earnings per share (JPY)	81.74	77.00	94.17	91.58
Total assets	29,546,776	41,288,932	41,316,341	54,069,405
Equity attributable to owners of the parent company	257,194	257,955	273,771	285,009
Equity attributable to owners of the parent company per share (JPY)	468.43	477.31	510.99	532.10

(Breakdown of operating revenue)

(JPY million)

Classification	IFRS			
	March 2016 Year	March 2017 Year	March 2018 Year	March 2019 Year
Trading services revenue	52,471	45,703	51,766	48,660
Clearing services revenue	23,140	21,454	23,473	24,788
Listing services revenue	13,250	12,903	14,547	14,025
Information services revenue	17,706	18,112	19,878	21,029
Other	8,208	9,711	11,045	12,630
Total	114,776	107,885	120,711	121,134

\* The Company prepares consolidated financial statements in accordance with IFRS under the provision of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies.

(Reference) The Company

(JPY million)

Classification	March 2016 Year (Apr. 2015 to Mar. 2016)	March 2017 Year (Apr. 2016 to Mar. 2017)	March 2018 Year (Apr. 2017 to Mar. 2018)	March 2019 Year (Apr. 2018 to Mar. 2019)
Operating revenue	35,072	47,887	41,119	48,932
Operating income	29,724	42,424	35,118	43,082
Ordinary income	31,309	43,682	36,441	44,486
Net income	30,275	42,774	35,503	46,805
Net income per share (JPY)	55.14	78.19	66.22	87.38
Total assets	230,071	244,641	252,081	246,883
Net assets	110,107	111,061	111,970	118,035
Net assets per share (JPY)	200.54	205.50	208.99	220.37

### 3. Information Concerning the Parent Company and Major Subsidiaries

#### (1) Relationship with parent company

There are no matters to report.

#### (2) Major subsidiaries

##### (a) Major subsidiaries

Company Name	Location	Share Capital	Holding Ratio of Voting Rights [indirect holding]	Principal Business
		(JPY million)	%	
Tokyo Stock Exchange, Inc.	Chuo-ku, Tokyo	11,500	100.0	Financial instruments exchange market operations
Osaka Exchange, Inc.	Chuo-ku, Osaka	4,723	100.0	Financial instruments exchange market operations
Japan Exchange Regulation	Chuo-ku, Tokyo	3,000 (Note 1)	100.0	Self-regulatory operations
Japan Securities Clearing Corporation	Chuo-ku, Tokyo	8,950	(Note 2)	Financial instruments obligation assumption services
TOSHO SYSTEM SERVICE CO., LTD.	Chuo-ku, Tokyo	100	100.0 [100.0]	System development, etc.

(Notes) 1. Non-stock capital

2. The Company's holding ratios are 99.2% of Class-A stock, 100.0% of Class-B stock, 60.4% of Class-C stock, and 52.9% of Class-D stock.

##### (b) Status of specified wholly-owned subsidiaries as of the last day of fiscal year

Company Name	Address	Book Value of Shares of Specified Wholly-Owned Subsidiary as of March 31, 2019
		(JPY million)
Tokyo Stock Exchange, Inc.	2-1, Nihombashi-Kabutocho, Chuo-ku, Tokyo	97,884

(Note) Total assets of the Company as of March 31, 2019 amount to JPY 246,883 million.

#### 4. Issues Requiring Action

JPX Group's corporate philosophy states that it will contribute to the realization of an affluent society by promoting the continuous development of the market by ensuring its public nature and credibility, constructing the foundation of a market that is highly convenient, efficient, and transparent, and by providing creative and attractive services.

JPX Group works together to provide a series of services for financial instruments markets in Japan, from the listing of securities and derivatives, the provision of trading venues and clearing and settlement services, to the delivery of index and information services.

JPX Group's business is based on financial instruments markets. However, market conditions change with developments in the external environment including local and global economic conditions, financial policies, and geopolitical risks. As such, JPX Group recognizes that its most pressing management challenge is to stably provide market infrastructure that is highly satisfactory for its users.

Based on said recognition, JPX Group formulated its 3rd Medium-Term Management Plan for the three years from FY2019 to FY2021. The plan outlines JPX Group's management policy that under rapid innovation and global dynamics it aims to evolve into a total smart exchange, where anyone can trade any product in a secure and easy way, by further cooperating with stakeholders and entering into new partnerships. In addition, JPX Group unveils a slogan, "Sail to the future. Keep the market secure." to show its will to take full responsibility as an infrastructure supporting society and to adapt to innovation and external changes.



JPX Group created four core strategies for the next three years: 1) pursue "the shape of market" toward the next generation, 2) launch and develop a comprehensive exchange, 3) diversify and propel data services into the next generation, and 4) develop a foundation to support the future of JPX Group's business and society. By executing these strategies, JPX Group aims to continue being a leading global exchange.

(1) Pursue "the shape of market" toward the next generation

JPX Group will raise global competitiveness while working on enhancing the appeal of the Japanese market in various ways, from reviewing TSE's market structure and improving corporate governance to moving to a T+2 stock settlement cycle.

(2) Launch and develop a comprehensive exchange

JPX Group will evolve into a leading global derivatives market via early business combination with Tokyo Commodity Exchange, Inc., generating a more vibrant market in Japan.

(3) Diversify and propel data services into the next generation

JPX Group will explore its new business models as an exchange by creating highly convenient data services emerging from an open and innovative framework.

(4) Develop a foundation to support the future of JPX Group's business and society

JPX Group will keep its market robust as a secure infrastructure through means such as developing and managing reliable IT systems and enforcing appropriate self-regulations. Furthermore, JPX Group will contribute to a sustainable society by raising financial literacy in an aged society and advocating for ESG investment.

#### Capital Policy

JPX Group's fundamental capital policy is to support sustainable development and evolution of the market with constant investment while striking a balance between return to shareholders and fiscal robustness for stable management of the market. Under this policy, JPX Group aims to maintain ROE of 10% in the medium to long term, which is above capital costs, under any market condition.



Core Strategy I Pursue "the shape of the market" toward the next generation	
1	Build market platforms that adapt to market needs and external changes
2	Develop TSE's market structure & enhance corporate governance at listed companies for the more appealing Japanese market
3	Shorten stock settlement cycle & improve clearing services for better global competitiveness
4	Create new communication channels with retail investors & enhance support for global investors
5	Improve rules for ETFs and promote them to boost activity & take steps for a market where anyone can invest with ease
6	Expand lineup of high-quality listed companies and products with high investment appeal
Core Strategy II Launch and develop a comprehensive exchange	
1	Expand into and develop a commodity derivatives market
2	Adopt measures for clearing commodity derivatives to raise reliability
3	Build surveillance & examination systems tailored to become a comprehensive exchange
Realizing our medium- to long-term vision	
Core Strategy III Diversify and propel data services into the next generation	
1	Create new information services by utilizing innovation and partnerships
2	Build a next-generation system for disseminating information that employs API & cloud
3	Develop indices & enhance operations in response to needs & external changes
Realizing our medium- to long-term vision	
Core Strategy IV Develop a foundation to support the future of our business and the society	
1	Develop and manage IT systems that are secure and reliable for users
2	Set up a backup center to improve reliability of the market in Japan
3	Bolster system bases & develop highly-skilled personnel to turn IT into our source of competitiveness
4	Exercise optimal self-regulation that adapts to external changes
5	Support asset building for aged population & raise financial literacy among less-experienced investors
6	Promulgate ESG investment and promote sustainability to contribute to SDGs
7	Strengthen business foundations

5. Principal Business (as of March 31, 2019)

The Company is a stock corporation authorized as a financial instruments exchange holding company under the Financial Instruments and Exchange Act to engage in the administration and management of the corporate group, including subsidiaries Tokyo Stock Exchange, Inc. (TSE), Osaka Exchange, Inc. (OSE), Japan Exchange Regulation, and Japan Securities Clearing Corporation. The principal business of JPX Group is the establishment and operation of financial instruments exchange markets provided by TSE and OSE.

6. Main Offices (as of March 31, 2019)

The Company

Head Office	Chuo-ku, Tokyo
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Subsidiaries

Tokyo Stock Exchange, Inc.	Chuo-ku, Tokyo
Osaka Exchange, Inc.	Chuo-ku, Osaka
Japan Exchange Regulation	Chuo-ku, Tokyo
Japan Securities Clearing Corporation	Chuo-ku, Tokyo
TOSHO SYSTEM SERVICE CO., LTD.	Chuo-ku, Tokyo

7. Employees (as of March 31, 2019)

JPX Group

No. of Employees	Compared to the Previous Fiscal Year	Average Age	Average Years of Employment
1,110	Increased by 17 persons	42 years 10 months	17 years 3 months

(Note) The number of employees refers to persons working on a regular basis (excluding persons assigned by JPX Group temporarily to an entity outside JPX Group but including persons assigned by an entity outside JPX Group temporarily to JPX Group). Temporary employees (including part-time workers and persons dispatched from employment agencies) are not included.

8. Lenders and Outstanding Loans (as of March 31, 2019)

Creditor	Outstanding Loan (JPY million)
The 77 Bank, Ltd.	9,000
MUFG Bank, Ltd.	23,500

9. Other Important Items Related to the Corporate Group

The Company and Tokyo Commodity Exchange, Inc. (TOCOM) (collectively, the "Companies") have resolved to agree to pursue the realization of a business combination (the "Business Combination") at their respective Board of Directors meetings held on March 28, 2019, and entered into a basic agreement on the same day.

The Companies are considering having the Company conduct a tender offer for the issued shares of TOCOM (the "Tender Offer") to convert TOCOM into a wholly-owned subsidiary of the Company. The Companies will continue deliberations in good faith towards the realization of the Business Combination including the Tender Offer.

The details of the aforementioned basic agreement are as described in "Basic Agreement regarding Business Combination between Japan Exchange Group, Inc. and Tokyo Commodity Exchange, Inc." released on March 28, 2019 and posted on the Company's website (<https://www.jpj.co.jp/english/corporate/news/news-releases/index.html>).

The Business Combination is subject to the necessary approvals, etc. of the related regulatory authorities.

## II. Status of Shares (as of March 31, 2019)

(1) Total Authorized No. of Shares to Be Issued	2,180,000,000
(2) Total No. of Shares Issued	536,351,448
(3) No. of Shareholders	47,745

### (4) Major Shareholders

Rank	Name of Shareholder	No. of Shares Held	Shareholding Ratio
		shares	%
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	24,341,000	4.54
2	Japan Trustee Services Bank, Ltd. (Trust Account)	20,389,400	3.80
3	SMBC Nikko Securities Inc.	19,586,900	3.65
4	NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	12,348,458	2.30
5	Japan Trustee Services Bank, Ltd. (Trust Account 7)	10,762,000	2.01
6	Japan Trustee Services Bank, Ltd. (Trust Account 5)	10,465,400	1.95
7	THE BANK OF NEW YORK 134104	9,809,900	1.83
8	Mizuho Securities Co., Ltd.	8,407,800	1.57
9	JPMORGAN CHASE BANK 385151	8,356,207	1.56
10	STATE STREET BANK WEST CLIENT - TREATY 505234	7,924,296	1.48

(Notes) 1. The Company does not hold treasury shares.

2. The distribution of shareholders of the Company by category is as follows:

Financial institutions: 138,501,020 shares (25.82%); financial instruments business operators: 125,274,255 shares (23.36%); other domestic corporations: 17,822,549 shares (3.32%); foreign corporations, etc.: 238,272,635 shares (44.42%); and individuals and others: 16,480,989 shares (3.07%)

### (5) Other Important Items Related to Shares

#### • Stock Granting Plan for Employees

In FY2016, the Company introduced an employee incentive plan called Stock-Granting Employee Stock Ownership Plan (hereinafter the "Plan") to improve medium- to long-term corporate value by giving JPX Group employees (hereinafter "employees") a sense of participation in company management and further motivation toward improving corporate performance and increasing the price of the Company's stock.

#### (a) Outline of the Plan

The Plan is an employee incentive plan based on ESOP plans in the U.S. The Company stock acquired by a Stock-Granting Employee Stock Ownership Plan Trust (hereinafter the "ESOP Trust") shall be granted to employees upon their retirement based on the level of achievement of management goals and productivity-related goals. The Company contributes all funding for acquisition of Company stock, to be conducted by the ESOP Trust, and employees do not bear any such costs. The Plan allows employees to receive economic benefits when the Company's stock price increases. As such, it encourages employees to adopt a stock price-conscious mindset in the performance of their duties, and it is also expected to boost employee morale.

#### (b) Total number of shares planned to be acquired by employees

586,800 shares

(c) Eligible employees

Employees who meet the beneficiary requirements

- Stock Compensation Plan for JPX Group Executives

In August 2018, the Company introduced a new trust-type stock compensation plan for executives (meaning executive officers and those equivalent thereto, excluding persons such as outside directors, directors who are members of the Audit Committee, and auditors; hereinafter the same) of the Company and its subsidiaries that provide core businesses of JPX Group (hereinafter the "core subsidiaries"; the Company and the core subsidiaries are hereinafter collectively referred to as the "implementing companies") (This plan shall hereinafter be referred to as the "Stock Compensation Plan"). The purpose of the Stock Compensation Plan is to further facilitate the alignment of interests with shareholders and enhance executives' desire to contribute to the sustainable improvement of corporate value.

(a) Outline of the Stock Compensation Plan

In designing the Stock Compensation Plan, the Company referred to performance share plans and restricted stock plans in the U.S. and Europe. Under the Stock Compensation Plan, the Company shall acquire shares through a trust and grant and/or deliver (hereinafter collectively "grant/deliver") shares and money equivalent to the Company shares converted into cash (hereinafter the "Company shares, etc.") as well as dividends arising from said the Company shares to executives in accordance with factors such as an executive's position and performance. Specifically, based on the resolution of the Compensation Committee, etc. held in March each year, points equivalent to the stock compensation base amount for each fiscal year shall be issued to executives. After three years, in principle, from the issuance of such points, the Company shares, etc. corresponding to the points issued as executive compensation shall be granted/delivered to executives.

The points shall be issued to executives in accordance with their position, etc. for each fiscal year. The points are comprised of a fixed portion that does not increase or decrease and a performance-linked portion that changes with the degree of achievement of the performance conditions after the issuance of the points.

The fixed portion is aimed mainly at strengthening the alignment of interests with shareholders, while the performance-linked portion is aimed mainly at increasing the motivation for medium- to-long term corporate value improvement as well as strengthening the link between performance and compensation.

(b) Amount of trust money

Initially JPY 1.0 billion (over three years)

(c) Eligible executives

Executives of the implementing companies who meet the beneficiary requirements

### III. Status of Subscription Warrants (*shinkabu-yoyakuken*), etc.

There are no matters to report.

#### IV. Directors and Executive Officers of the Company

##### 1. Directors and Executive Officers (as of March 31, 2019)

###### (1) Board of Directors

Position	Name	Area(s) of Responsibility	Significant Concurrent Position(s)
Director	Hiroki Tsuda	Chairperson of the Board of Directors	
Director & Representative Executive Officer, Group CEO	Akira Kiyota	Group CEO; Member of the Nomination Committee; Member of the Compensation Committee; Member of the Risk Policy Committee	Director, Tokyo Stock Exchange, Inc.
Director & Executive Officer	Koichiro Miyahara	Member of the Compensation Committee	President & CEO, Tokyo Stock Exchange, Inc.
Director & Executive Officer	Hiroki Yamaji		President & CEO, Osaka Exchange, Inc.
Director & Executive Officer	Hironaga Miyama		President & CEO, Japan Securities Clearing Corporation
Director	Christina Ahmadjian	Member of the Compensation Committee; Member of the Audit Committee	Professor, Graduate School of Business Administration, Hitotsubashi University Outside Director, Mitsubishi Heavy Industries, Ltd. Outside Director, Sumitomo Electric Industries, Ltd. Outside Director, Asahi Group Holdings, Ltd.
Director	Nobuhiro Endo	Member of the Nomination Committee	Chairman of the Board (Representative Director), NEC Corporation Outside Director, Seiko Holdings Corporation
Director	Hitoshi Ogita	Chairperson of the Nomination Committee; Chairperson of the Independent Outside Directors Committee	Senior Adviser, Asahi Group Holdings, Ltd. Outside Director, Imperial Hotel, Ltd.
Director	Hideaki Kubori	Member of the Nomination Committee; Chairperson of the Risk Policy Committee	Attorney-at-Law Representative, HIBIYA PARK LAW OFFICES Outside Director, SOURCENEXT CORPORATION Professor, Toin Law School Member of the Supervisory Committee, The Norinchukin Bank Outside Director, Coincheck, Inc.
Director	Main Kohda	Member of the Audit Committee; Member of the Risk Policy Committee	Novelist Outside Director, Japan Tobacco Inc. Outside Director, LIXIL Group Corporation Non-Executive Director, MITSUBISHI MOTORS CORPORATION

Position	Name	Area(s) of Responsibility	Significant Concurrent Position(s)
Director	Eizo Kobayashi	Member of the Nomination Committee; Chairperson of the Compensation Committee	Senior Representative for Business Community Relations, ITOCHU Corporation (non-executive) Chairman, ITOCHU Foundation Outside Director, OMRON Corporation Counsellor, Bank of Japan External Director, Japan Airlines Co., Ltd. Outside Director, Nippon Venture Capital Co., Ltd. Chairman, National Federation of Corporate Taxpayers Associations Administrative Director, The Public Interest Incorporated Foundation Tohoren Mutual Benefit Association for Specific Retirement Allowance Chairperson, Japan Overseas Educational Services
Director	Makoto Minoguchi	Member of the Audit Committee (Full-time)	Statutory Auditor, Tokyo Stock Exchange, Inc.
Director	Kimitaka Mori	Member of the Compensation Committee; Member of the Audit Committee	Certified Public Accountant Advisor, The Japanese Institute of Certified Public Accountants Outside Corporate Auditor, MITSUI & CO., LTD. Outside Corporate Auditor, East Japan Railway Company Outside Director, SUMITOMO LIFE INSURANCE COMPANY
Director	Tsuyoshi Yoneda	Chairperson of the Audit Committee; Member of the Risk Policy Committee	External Audit & Supervisory Board Member, Marubeni Corporation

- (Notes) 1. The following persons are Outside Directors: Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Nobuhiro Endo, Mr. Hitoshi Ogita, Mr. Hideaki Kubori, Ms. Main Kohda, Mr. Eizo Kobayashi, Mr. Kimitaka Mori, and Mr. Tsuyoshi Yoneda.
2. The following persons are Independent Directors, which Tokyo Stock Exchange, Inc. requires listed companies to secure in order to protect the interests of general shareholders: Ms. Christina Ahmadjian, Mr. Nobuhiro Endo, Mr. Hitoshi Ogita, Mr. Hideaki Kubori, Ms. Main Kohda, Mr. Eizo Kobayashi, Mr. Kimitaka Mori, and Mr. Tsuyoshi Yoneda.
3. There are no capital or transactional relationships to note between the Company and each of the companies at which the Company's Outside Directors hold concurrent positions.
4. Director and Member of the Audit Committee, Mr. Kimitaka Mori is a certified public accountant and holds a respectable degree of knowledge on finance and accounting.
5. On June 20, 2018, Director Mr. Akira Kiyota's position changed from Chairperson of the Nomination Committee of the Company to Member of the Nomination Committee of the Company.  
On June 20, 2018, Director Mr. Koichiro Miyahara retired from his position of Member of the Nomination Committee of the Company.  
On June 27, 2018, Director Ms. Christina Ahmadjian assumed the position of Outside Director of Sumitomo Electric Industries, Ltd. She also assumed the position of Outside Director of Asahi Group Holdings, Ltd. on March 26, 2019.  
On June 20, 2018, Director Mr. Nobuhiro Endo assumed the position of Member of the Nomination Committee of the Company.  
On June 20, 2018, Director Mr. Hitoshi Ogita's position changed from Member of the Nomination Committee of the Company to Chairperson of the Nomination Committee of the Company. On June 25, 2018, he retired from his position of Outside Director of NEC Corporation.  
On April 16, 2018, Director Mr. Hideaki Kubori assumed the position of Outside Director of Coincheck, Inc.  
On June 22, 2018, Director Ms. Main Kohda assumed the position of Non-Executive Director of MITSUBISHI MOTORS CORPORATION.  
Director Mr. Eizo Kobayashi's position at ITOCHU Corporation changed from Chairman to Senior Representative for Business Community Relations on April 1, 2018 and assumed the position of Chairperson of Japan Overseas Educational Services on June 26, 2018. On May 31, 2018, he retired from his position of Chairman of Japan Foreign Trade Council, Inc.  
On March 31, 2019, Director Mr. Makoto Minoguchi retired from his position of Statutory Auditor of Tokyo Stock Exchange, Inc.
6. To regularly maintain the audit environment, gather internal information, monitor and inspect the internal control system, and by sharing those results with other members of the Audit Committee to increase the effectiveness of discussions at the Audit Committee, of the five members of the Audit Committee, the

Company has appointed Director Mr. Makoto Minoguchi as a Standing Member of the Audit Committee due to his considerable knowledge and experience in the Company's business in general.



## (2) Executive Officers

Position	Name	Area(s) of Responsibility	Significant Concurrent Position(s)
Director & Representative Executive Officer, Group CEO	Akira Kiyota	Group CEO	Refer to "(1) Board of Directors"
Senior Executive Officer	Ryusuke Yokoyama	CIO, IT Planning	Senior Executive Officer, Tokyo Stock Exchange, Inc. Senior Executive Officer, Osaka Exchange, Inc. Director, TOSHO SYSTEM SERVICE CO., LTD. (Part-time)
Senior Executive Officer	Yoshihiro Isaka	Global Strategy	Senior Executive Officer, Tokyo Stock Exchange, Inc. Senior Executive Officer, Osaka Exchange, Inc. Representative Director, ICJ, Inc. (Part-time)
Director and Executive Officer	Koichiro Miyahara	Management of Tokyo Stock Exchange, Inc.	Refer to "(1) Board of Directors"
Director and Executive Officer	Hiromi Yamaji	Management of Osaka Exchange, Inc.	Refer to "(1) Board of Directors"
Director and Executive Officer	Hironaga Miyama	Management of Japan Securities Clearing Corporation	Refer to "(1) Board of Directors"
Executive Officer	Isao Hasegawa	General Administration and Human Resources	Executive Officer, Tokyo Stock Exchange, Inc. Executive Officer, Osaka Exchange, Inc.
Executive Officer	Satoshi Futagi	Corporate Strategy	Director, Japan Securities Clearing Corporation (Part-time) Outside Director, Japan Securities Depository Center, Incorporated
Executive Officer	Atsushi Tabata	CFO, Treasury, Corporate Communications, and IR	

(Note) The Company eliminated the Clearing & Settlement Development Department on April 1, 2018 and revised its operational structure to bring that function under the Corporate Strategy Department. Consequently, Mr. Satoshi Futagi's area(s) of responsibility changed from Corporate Strategy and Clearing & Settlement Development to Corporate Strategy on the same day.

## (Reference) Executive Officers as of April 1, 2019 and Reasons for Appointment

Position	Name	Area(s) of Responsibility	Significant Concurrent Position(s)
Director & Representative Executive Officer, Group CEO	Akira Kiyota	Group CEO	Director, Tokyo Stock Exchange, Inc.
<p>&lt;Reason for Appointment&gt;            Mr. Akira Kiyota has considerable experience and insight acquired through working at a securities company. After being appointed as President &amp; CEO of Tokyo Stock Exchange, Inc. in 2013, over two years, he demonstrated leadership in the development of cash equity markets and the promotion of implementation of Japan's Corporate Governance Code. Since 2015, he has been responsible for the Company's management in his position as Director and Representative Executive Officer, Group CEO of the Company. He has been appointed as Representative Executive Officer, Group CEO, because he is considered the best person for the position in light of his experience and accomplishments with JPX Group and the ideal image for the CEO.</p>			
Senior Executive Officer	Ryusuke Yokoyama	CIO, IT Planning	Director and Senior Executive Officer, Tokyo Stock Exchange, Inc. Senior Executive Officer, Osaka Exchange, Inc. President & CEO, TOSHO SYSTEM SERVICE CO., LTD. (Part-time)
<p>&lt;Reason for Appointment&gt;            Mr. Ryusuke Yokoyama joined Tokyo Stock Exchange in 1986. He subsequently engaged in operations mainly related to IT planning and development at JPX Group. He assumed office as an Executive Officer of Tokyo Stock Exchange, Inc. in April 2011 and as a Senior Executive Officer since April 2017. He is leading the grand design of a clearing system for the purpose of enhancing clearing functions and accommodating various types of new derivatives products. This is to support the business portfolio diversification strategy by creating new fields of exchange business that encompass clearing and settlement and by stimulating growth of the derivatives market business, which together form a pillar of the Company's Medium-Term Management Plan. In addition, since assuming office as a Senior Executive Officer and CIO of the Company in April 2017, his role has been to manage, oversee, and promote JPX Group's IT strategies. He has been appointed as Senior Executive Officer in consideration of his experience and accomplishments with JPX Group.</p>			
Senior Executive Officer	Yoshihiro Isaka	Global Strategy	Senior Executive Officer, Tokyo Stock Exchange, Inc. Senior Executive Officer, Osaka Exchange, Inc. Representative Director, ICJ, Inc. (Part-time)
<p>&lt;Reason for Appointment&gt;            Mr. Yoshihiro Isaka joined the Ministry of Finance in 1979. He subsequently engaged in operations mainly related to international affairs and taxes at the Ministry of Finance, the Ministry of Foreign Affairs, the National Tax Agency, and the Financial Supervisory Agency. He assumed office as an Executive Officer of Tokyo Stock Exchange, Inc. in June 2013. Since April 2017, as a Senior Executive Officer of said company, he has worked to facilitate the creation of ETFs and publicly offered investment trusts based on indices developed by Tokyo Stock Exchange, Inc. and worked to promote the development of new indices. In addition, since assuming office in April 2017 as a Senior Executive Officer of the Company, as the officer in charge of global strategy, he has engaged in the provision of support to overseas exchanges and the promotion of cooperation with various overseas organizations. He has been appointed as Senior Executive Officer in consideration of his experience and accomplishments with JPX Group.</p>			
Senior Executive Officer	Isao Hasegawa	General Administration and Human Resources	Senior Executive Officer, Tokyo Stock Exchange, Inc. Senior Executive Officer, Osaka Exchange, Inc.
<p>&lt;Reason for Appointment&gt;            Mr. Isao Hasegawa joined Tokyo Stock Exchange in 1987. He subsequently engaged in operations in relation to corporate strategy, general administration, and the stock market at JPX Group. Since assuming office in June 2014 as an Executive Officer of the Company, as the officer in charge of general administration and human resources, he has primarily worked on the appropriate development of corporate governance and compliance systems in the Company and the promotion of work style reforms. He has been appointed as Senior Executive Officer in consideration of his experience and accomplishments with JPX Group.</p>			

Position	Name	Area(s) of Responsibility	Significant Concurrent Position(s)
Director and Executive Officer	Koichiro Miyahara	Management of Tokyo Stock Exchange, Inc.	President & CEO, Tokyo Stock Exchange, Inc.
<p>&lt;Reason for Appointment&gt;  Mr. Koichiro Miyahara has considerable knowledge of and experience in the exchange business in general, and, as President &amp; CEO of Tokyo Stock Exchange, Inc., he manages and oversees the overall business and operations of a core subsidiary of JPX Group. He has been appointed as Executive Officer in consideration of his experience and accomplishments with JPX Group.</p>			
Director and Executive Officer	Hiroimi Yamaji	Management of Osaka Exchange, Inc.	President & CEO, Osaka Exchange, Inc.
<p>&lt;Reason for Appointment&gt;  Mr. Hiroimi Yamaji has considerable knowledge of and experience in the exchange business in general, and, as President &amp; CEO of Osaka Exchange, Inc., he manages and oversees the overall business and operations of a core subsidiary of JPX Group. He has been appointed as Executive Officer in consideration of his experience and accomplishments with JPX Group.</p>			
Director and Executive Officer	Hironaga Miyama	Management of Japan Securities Clearing Corporation	President & CEO, Japan Securities Clearing Corporation
<p>&lt;Reason for Appointment&gt;  Mr. Hironaga Miyama has considerable knowledge of and experience in the exchange business in general, and, as President &amp; CEO of Japan Securities Clearing Corporation, he manages and oversees the overall business and operations of a core subsidiary of JPX Group. He has been appointed as Executive Officer in consideration of his experience and accomplishments with JPX Group.</p>			
Executive Officer	Satoshi Futagi	Corporate Strategy	Director, Japan Securities Clearing Corporation (Part-time) Outside Director, Japan Securities Depository Center, Incorporated
<p>&lt;Reason for Appointment&gt;  Mr. Satoshi Futagi joined Tokyo Stock Exchange in 1988. He subsequently engaged in operations in relation to corporate strategy, treasury, corporate communications, systems, and the stock market at JPX Group. After assuming office in June 2015 as an Executive Officer of the Company, as the officer in charge of human resources and corporate communications, he primarily worked on policies to reform JPX Group's personnel system and improve the profile of the Company's brand. In addition, since assuming office in April 2017 as the officer in charge of corporate strategy, he has been exploring new ways to utilize fintech through such activities as promoting blockchain proof of concept testing with the cooperation of other participants in a consortium. He has been appointed as Executive Officer in consideration of his experience and accomplishments with JPX Group.</p>			
Executive Officer	Atsushi Tabata	CFO, Treasury, Corporate Communications, and IR	
<p>&lt;Reason for Appointment&gt;  Mr. Atsushi Tabata joined Tokyo Stock Exchange in 1988. He subsequently engaged in operations in relation to, among others, the secretary's office, corporate strategy, and general administration at JPX Group. After assuming office in April 2016 as an Executive Officer of the Company, as the officer in charge of global strategy, he engaged in the provision of support to overseas exchanges and the promotion of cooperation with various overseas organizations. In addition, since assuming office in April 2017 as CFO of the Company, he has been managing, overseeing, and advancing JPX Group's financial strategies. He has been appointed as Executive Officer in consideration of his experience and accomplishments with JPX Group.</p>			

## 2. Policies Regarding Decisions on Compensation for Directors and Executive Officers

Compensation for Directors and Executive Officers of the Company is comprised of (1) basic salary, (2) annual incentive (bonus), and (3) medium- to long-term incentive (stock compensation). The policies, etc. regarding decisions on each type of compensation are as follows.

### (1) Basic salary

As consideration for the execution of duties and participation in management of each executive, basic salary is determined in accordance with their position and duties with reference to the level of executive compensation at other companies based on research, etc., by external expert organizations.

### (2) Annual incentive (bonus)

Annual incentive (bonus) is paid to Executive Officers using net income (refers to net income attributable to owners of the parent company on the consolidated statement of income, hereinafter the same) as the indicator. Net income is used as the indicator for two major reasons. First, net income is a source of funds for dividends to shareholders and for investment aimed at the enhancement of corporate value. Second, it is also appropriate to base the payment of the annual incentive (bonus), which is an incentive for each fiscal year, on the net income recorded in the relevant fiscal year. Specifically, the annual incentive (bonus) primarily consists of an amount proportional to net income and an amount linked to the year-on-year rate of change in net income, etc.

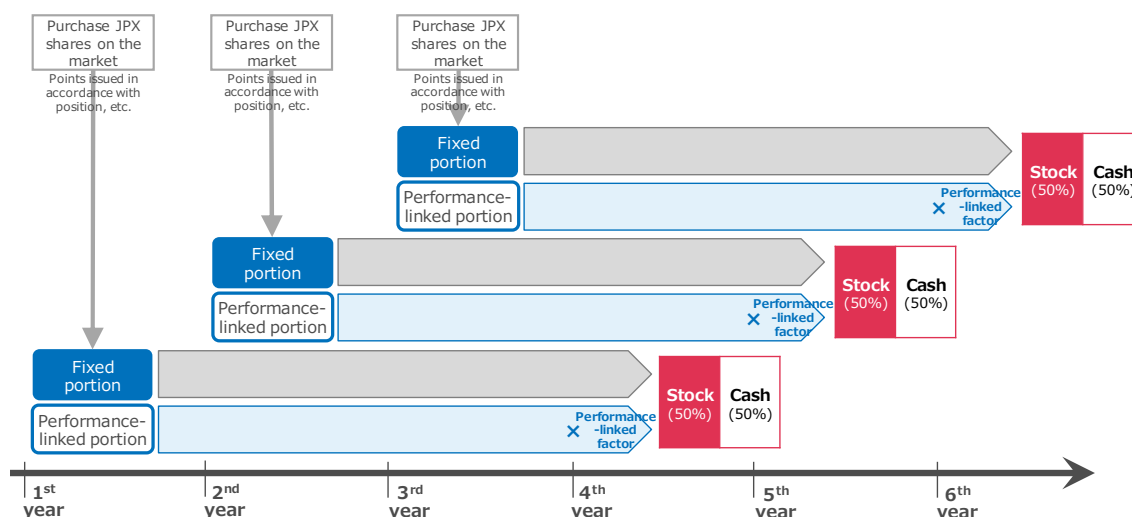
### (3) Medium- to long-term incentive (stock compensation)

The medium- to long-term incentive (stock compensation) is paid to Executive Officers with the aim of strengthening the alignment of interests with shareholders, increasing the motivation for medium- to long term corporate value improvement, as well as strengthening the link between performance and compensation. The Company's stock compensation utilizes a stock-granting trust mechanism and is comprised of a fixed portion and a performance-linked portion.

For the fixed portion, points are issued to executives in accordance with their position, etc. for each fiscal year, and shares corresponding to the points issued are granted after three years from the issuance date of such points.

For the performance-linked portion, "Performance-linked Basic Points" are issued to executives for each fiscal year, and after three years from the point issuance date, "Performance-linked Points" are calculated by multiplying such Performance-linked Basic Points by a "Performance-linked Factor" in accordance with the degree of achievement of the Company's performance conditions, and then shares corresponding to the Performance-linked Points are granted. The Performance-linked Factor will be between 0–150% based on the relative evaluation of (i) the Company's consolidated ROE when three years have elapsed from the issuance date of such Performance-linked Basic Points and (ii) Total Shareholder Return (TSR) of the Company shares for the period from the end of the last fiscal year before the issuance date of such points until three years have elapsed (in comparison with the growth rate of JPX-Nikkei 400 Total Return Index). Consolidated ROE is used as an indicator from the perspective of improving capital efficiency, while Total Shareholder Return (TSR) is used from the perspective of enhancing shareholder value.

(Image of Remuneration System)



In view of the launch of JPX Group's 3rd Medium-Term Management Plan in FY2019, the Compensation Committee, which was convened on March 26 and April 19, 2019, implemented a review of the performance-linked remuneration for Executive Officers aimed at achieving the 3rd Medium-Term Management Plan. Specifically, the committee took such measures as integrating the portion of the annual incentive (bonus) that is linked to rate of year-on-year change in net income into the amount that is proportional to net income. The new plan will apply starting in FY2019.

3. Compensation Paid to Directors and Executive Officers

Classification	No. of Recipients	Amount Paid (JPY million)
Directors [of which Outside Directors]	10 (9)	164 (136)
Executive Officers	6	410

- (Notes)
- Four Directors serving concurrently as Executive Officers do not receive compensation as Directors and are therefore not included in the number of recipients. Furthermore, one Executive Officer serving concurrently as Director of Tokyo Stock Exchange, Inc., one Executive Officer serving concurrently as Director of Osaka Exchange, Inc., and one Executive Officer serving concurrently as Director of Japan Securities Clearing Corporation do not receive compensation as Executive Officers and are therefore not included in the number of recipients.
  - The payment amounts above include the following amounts for basic salary, bonus for executives, and expenses associated with stock compensation.
    - The amount of basic salary in accordance with position and duties, in consideration of the execution of duties and management participation of each executive
    - An amount of JPY 128 million in annual incentive (bonus) for Executive Officers determined at the Compensation Committee meeting held on April 19, 2019
    - An amount of JPY 95 million in medium- to long-term incentive (stock compensation) for Executive Officers recorded as expenses in the fiscal year under review

4. Summary of Limited Liability Agreements

The Company has concluded limited liability agreements with Non-Executive Directors Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Nobuhiro Endo, Mr. Hitoshi Ogita, Mr. Hideaki Kubori, Ms. Main Kohda, Mr. Eizo Kobayashi, Mr. Makoto Minoguchi, Mr. Kimitaka Mori, and Mr. Tsuyoshi Yoneda pursuant to Article 423, Paragraph 1 of the Companies Act. The liability limit under such agreements is the prescribed minimum amount specified by laws and regulations.

5. Item Related to Outside Directors

Primary activities during the fiscal year

Position	Name	Primary Activities
Director	Hiroki Tsuda	Attended all 13 Board of Directors meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way
Director	Christina Ahmadjian	Attended all 13 Board of Directors meetings; attended all 5 Compensation Committee meetings; attended all 10 Audit Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way
Director	Nobuhiro Endo	Attended 10 of the 11 Board of Directors meetings held after assuming the position; attended all 5 Nomination Committee meetings held after assuming the position; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way
Director	Hitoshi Ogita	Attended all 13 Board of Directors meetings; attended all 6 Nomination Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way
Director	Hideaki Kubori	Attended all 13 Board of Directors meetings; attended all 6 Nomination Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way
Director	Main Kohda	Attended all 13 Board of Directors meetings; attended 9 of the 10 Audit Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way
Director	Eizo Kobayashi	Attended all 13 Board of Directors meetings; attended all 6 Nomination Committee meetings; attended all 5 Compensation Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way
Director	Kimitaka Mori	Attended all 13 Board of Directors meetings; attended all 5 Compensation Committee meetings; attended all 10 Audit Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way
Director	Tsuyoshi Yoneda	Attended all 13 Board of Directors meetings; attended all 10 Audit Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way

Reference

Corporate Governance System

• Fundamental Views on Corporate Governance

In order to conduct management in line with its corporate philosophy, the Company is aware of the importance of having its stakeholders understand its corporate philosophy and corporate activities. Therefore, the Company has established its fundamental views on corporate governance from four perspectives, described below. Based on these fundamental views, the Company is committed to appropriately developing its corporate governance system in light of the intent of the individual principles of Japan's Corporate Governance Code.

**Corporate Philosophy and Social Mission**  
 JPX Group operates markets that are a public asset and fulfills its social mission by pursuing the sustainable development of its markets.

**Enhancing Corporate Value**  
 In pursuing the sustainable development of its markets, JPX must continue to accommodate the diverse needs of shareholders and other stakeholders, and through this JPX will enhance its corporate value over the medium to long term.

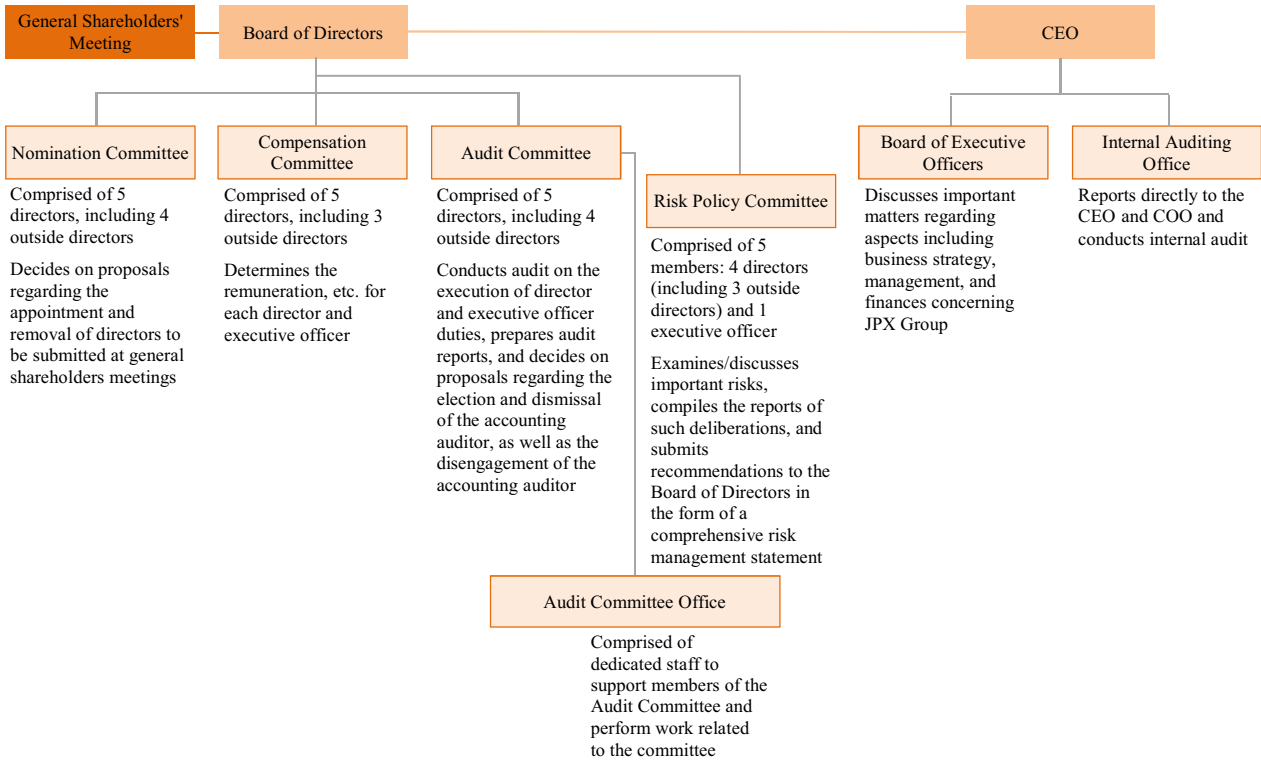
**Market Operations**  
 JPX Group operates markets with the view that garnering support for and fostering confidence in the markets it establishes are in the common interest of all investors and market users, and maintaining and enhancing such support and confidence will build the foundations for sustainable development of its markets.

**Effective Corporate Governance**  
 JPX strives to constantly improve its corporate governance system to further facilitate effective and useful systems, so as to support the sustainable development of its markets.

• Corporate Governance System

The Company clearly segregates the management oversight and the business execution functions and adopts the structure of "a company with a nomination committee and other committees" to strengthen oversight and raise the transparency of management.

**Corporate Governance System Diagram**



- **Composition of the Board of Directors**

The Company's Board of Directors is composed of 14 directors, including two women. The functions of the board include increasing the transparency and accountability of the management and enhancing the supervision of the appropriateness of business execution. To accomplish this, the composition of the board includes a non-executive Chairman, who is among nine Independent Outside Directors that constitute a board majority. The breakdown of the nine Independent Outside Directors is as follows: three corporate managers, one legal expert, one certified public accountant, and four researchers or former government officials. Each Director has considerable experience and insight in his/her respective field and contributes to a structure that allows for multifaceted external perspectives to be readily incorporated into the management of the Company.

- **Nomination, Compensation, and Audit Committees**

As required by law, the Company has set up a Nomination Committee and a Compensation Committee for the purpose of ensuring transparency and objectivity in the appointment/removal and compensation of directors and executive officers. Outside directors are in the majority in both these committees. The appointment and removal of directors and executive officers are thoroughly deliberated and determined by the Nomination Committee and put forth for approval at general shareholders meetings, and the compensation of directors and executive officers is determined by the Compensation Committee. The Company also has an Audit Committee, as required by law, to perform the audit function. This committee is made up of five directors (including one full-time Audit Committee member), of which four, including a certified public accountant, are outside directors. The Company also has an Audit Committee Office to assist the Audit Committee members in the performance of their duties.

- **Independent Outside Directors Committee**

The Company has an Independent Outside Directors Committee as a corporate organ composed exclusively of part-time Independent Outside Directors to allow them to exchange information and form consensus among themselves. The committee helps part-time Independent Outside Directors to better perform management oversight and facilitate active discussion at Board of Directors meetings.

#### **Independent Outside Directors Committee**

<b>Objectives</b>	<p>For part-time Independent Outside Directors to exchange information and form consensus</p> <p>* The Chairman of the board, CEO, and other members of management may participate upon the request of the Committee.</p>
<b>Frequency of Meetings</b>	<p>In principle, at least twice a year</p> <p>* The Committee Chairman convenes meetings as needed.</p>
<b>Committee Chairman</b>	<p>The Committee Chairman convenes meetings and presides over them.</p> <p>When the Committee deems it necessary for ensuring smooth communication, the contents of the discussions of the Committee can be reported to the Chairman of the board, CEO, and other members of management.</p>

- **Risk Policy Committee**

The Company has a Risk Policy Committee, mainly composed of Outside Directors, with the aim of bringing in outside perspectives to risk management to further improve corporate governance. Every fiscal year, the Risk Policy Committee formulates a comprehensive risk management statement that contains the results of their identification of risks in internal and external environments that could have a particular impact on JPX Group. The statement is proposed to the Board of Directors. In response to this proposal, the Company implements measures to prevent the realization of such risks, and in doing so, is constructing systems designed to minimize the impact of such risks and respond flexibly toward issue resolution in the event that such risks are realized.

- **Evaluating the Effectiveness of the Board of Directors**

At the Company, the Board of Directors analyzes and evaluates its own effectiveness based on questionnaires and/or



interviews with all board members. To increase the objectivity and transparency of the evaluation process, the Independent Outside Directors Committee is tasked with conducting the evaluation.

For information on the evaluation process, an overview of the evaluation results and other related matters, please refer to the Company's Corporate Governance Report.

(<https://www.jpix.co.jp/english/corporate/governance/policy/>)

### Board Effectiveness Evaluation Cycle



## V. Accounting Auditor

### 1. Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

### 2. Compensation, etc. Paid to Accounting Auditor

Compensation, etc. paid to Deloitte Touche Tohmatsu LLC

	Amount Paid
1) Total compensation, etc. paid to the Accounting Auditor by the Company and its subsidiaries	JPY 90 million
2) Of the total in 1), the total amount of compensation, etc. paid as a consideration for audit certification under Article 2, Paragraph 1 of the Certified Public Accountants Act	JPY 90 million
3) Of the total in 2), the amount of Accounting Auditor's compensation, etc. paid by the Company	JPY 35 million

(Note) The Company's Audit Committee reviewed the audits performed during the preceding fiscal year and the content of the audit plan for the fiscal year in accordance with "Practical Guidelines Regarding Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association. It then considered the appropriateness of the estimated audit duration and compensation before granting the consent required pursuant to Article 399, Paragraphs 1 and 4 of the Companies Act for the compensation, etc. paid to the Accounting Auditor.

### 3. Non-audit Services

There are no matters to report.

### 4. Policy Regarding Decisions to Dismiss or Not to Reappoint the Accounting Auditor

The Audit Committee shall submit a proposal to the general shareholders meeting on the dismissal or non-reappointment of the Accounting Auditor in the event that the Committee determines that such action is necessary in light of a comprehensive assessment of the Accounting Auditor's independence, trustworthiness, and other conditions related to the performance of its duties.

In addition, if any of the provisions of the items of Article 340, Paragraph 1 of the Companies Act are deemed to apply to the Accounting Auditor, the Company shall dismiss the Accounting Auditor.

### 5. Matters Related to Limited Liability Agreement

There are no matters to report.

## VI. Matters Related to Development of Frameworks Designed to Ensure Appropriate Execution of Operations

### 1. Outline of Decisions Regarding Frameworks to Ensure Appropriate Execution of Operations

The outline of the content of decisions regarding the Company's frameworks to ensure that executive officers carry out their duties in compliance with laws, regulations, and the Articles of Incorporation, and that other company operations are conducted appropriately, is as follows.

#### (1) Matters regarding Board Members and Employees that Support the Audit Committee of the Company in Execution of Duties

In order to set forth matters regarding employees that support the Audit Committee in the execution of its duties, the Company shall establish "Rules regarding Employees that Support the Audit Committee in Execution of Duties", containing the following details, as company rules, and apply such rules appropriately.

- (a) Employees assigned to the Audit Committee Office shall support the Audit Committee in the execution of its duties and follow instructions from the Audit Committee.
- (b) Four (4) or more employees, including one (1) head of department, shall be assigned to the Audit Committee Office.

#### (2) Matters regarding Independence of Board Members and Employees that Support the Audit Committee of the Company in Execution of Duties from Executive Officers of the Company

In order to ensure the independence of employees assigned to the Audit Committee Office, the Company shall establish "Rules regarding Employees that Support the Audit Committee in Execution of Duties", including the following details, as company rules, and apply such rules appropriately.

- (a) The Company shall obtain prior consent of the Audit Committee (in cases where the Committee has designated a specific Audit Committee member, it shall be such member) regarding employment, personnel transfer, employee evaluation, salary, and disciplinary punishment of employees assigned to the Audit Committee Office.
- (b) Executive officers and employees shall be careful not to undermine the independence of employees assigned to the Audit Committee Office by unduly restricting the execution of such employees' duties.

#### (3) Matters regarding Ensuring the Effectiveness of Instructions of the Audit Committee of the Company to Board Members and Employees that Support the Audit Committee in Execution of Duties

In order to ensure the effectiveness of the instructions of the Audit Committee given to employees assigned to the Audit Committee Office, the Company shall establish "Rules regarding Employees that Support the Audit Committee in Execution of Duties", including the following details, as company rules, and apply such rules appropriately.

- (a) Employees assigned to the Audit Committee Office shall support the Audit Committee in executing its duties, and follow the instructions of the Audit Committee.
- (b) The head of the Audit Committee Office shall assist the Audit Committee in executing its duties, and shall oversee operations and take overall command of other employees assigned to the Audit Committee Office to ensure smooth audits by the Audit Committee.

#### (4) Frameworks for Reporting to the Audit Committee of the Company, including Those Specified below

- (a) Frameworks for reporting to the Audit Committee, including those for the Company's board members (excluding Audit Committee members), executive officers, and employees reporting to the Audit Committee of the Company.

In order to develop frameworks for reporting to the Audit Committee, the Company shall establish "Rules regarding Reports to the Audit Committee, etc.", including the following details, as company rules, and apply such rules appropriately.

- i. When a board member (excluding Audit Committee members), executive officer, or employee is requested to report on execution of duties by the Audit Committee or an Audit Committee member designated by the Audit Committee, such board member, executive officer, or employee shall promptly make an appropriate report.
- ii. When an executive officer or employee discovers a matter that is likely to have a material impact on the

business or financial condition of the Company, its subsidiaries, or affiliated companies, such executive officer or employee must immediately report the details of such matter to the Audit Committee or an Audit Committee member designated by the Audit Committee.

- (b) Frameworks for reporting to the Audit Committee of the Company by the Company's subsidiary board member, auditor, executive officer, other person equivalent thereto, and employee as well as a person who has received a report from such board member, etc. (hereinafter collectively referred to as "Subsidiary Board Member, etc." in this item)

In order to develop frameworks for reporting to the Audit Committee, the Company shall establish "Rules regarding Reporting to the Audit Committee, etc.", including the following details, as company rules, and apply such rules appropriately.

- i. When a Subsidiary Board Member, etc., or an executive officer or employee of the Company is requested to report on matters regarding the subsidiaries by the Audit Committee or an Audit Committee member designated by the Audit Committee, such Subsidiary Board Member, etc. shall promptly make an appropriate report.
- ii. When a Subsidiary Board Member, etc., or an executive officer or employee of the Company discovers a matter that is likely to have a material impact on the business or financial condition of any of the subsidiaries, such Subsidiary Board Member, etc. must immediately report the details of such matter to the Audit Committee or an Audit Committee member designated by the Audit Committee.

- (5) Frameworks for Ensuring that the Person who Made a Report in the above (4) Shall Not Be Subject to Any Unfavorable Treatment for Reason of Having Made Such Report

In order to establish frameworks for ensuring that a person who made a report to the Audit Committee shall not be subject to unfavorable treatment for reason of having made such report, the Company shall establish "Rules regarding Reporting to the Audit Committee, etc.", including the following details, as company rules, and apply such rules appropriately.

- (a) A person who made a report to the Audit Committee or an Audit Committee member designated by the Audit Committee shall not be subject to unfavorable treatment by the Company, executive officers, employees, etc. for reason of having made such report.
- (b) The Company, executive officers, employees, etc. must not disadvantage a person who made such report to the Audit Committee or the Audit Committee member designated by the Audit Committee for reason of having made such report.

- (6) Matter regarding the Policy for Handling Expenses or Payables in relation to Execution of Duties of Members of the Audit Committee of the Company (Limited to Those related to the Execution of Duties of the Audit Committee), such as Procedures for Advance Payment or Reimbursement in relation to Execution of Such Duties  
With respect to the policy for handling expenses or payables in relation to the execution of duties of Audit Committee members, the Company shall establish "Rules regarding Reporting to the Audit Committee, etc.", including the following details, as company rules, and apply such rules appropriately.

- (a) When an Audit Committee member or the Audit Committee claims expenses necessary for activities such as requesting advice from or entrusting investigation, appraisal, and other work to a lawyer, certified public accountant, and other outside experts for the purpose of audits, executive officers and employees may not refuse such claims unless the claimed expenses are deemed unnecessary for the execution of duties of the Audit Committee member or the Audit Committee.
- (b) The provisions of the preceding item shall be extended to other expenses for the execution of duties of the Audit Committee, such as advance payment of retainer fees, and reimbursement of ex-post facto expenses, etc.

- (7) Frameworks to Ensure Effectiveness of Audits by the Audit Committee of the Company

In order to ensure the effectiveness of audits by the Audit Committee, the Company shall establish "Rules regarding Reporting to the Audit Committee, etc.", including the following details, as company rules, and apply such rules appropriately.

- (a) The Representative Executive Officer shall regularly meet with the Audit Committee or an Audit Committee member designated by the Audit Committee and exchange opinions regarding management policies, issues that

the Company should deal with, material risks involving the Company, improvement of the audit environment for the Audit Committee, other important audit issues, etc.

- (b) When an Audit Committee member designated by the Audit Committee delivers an opinion or requests explanation at board of executive officers' meetings or other important meetings, executive officers and employees shall respond to such opinion or request appropriately in good faith.

(8) Frameworks to Ensure that Execution of Duties of Executive Officers and Employees of the Company is in Compliance with Laws, Regulations, and the Articles of Incorporation

The Company shall conduct operations in accordance with the division of duties and authority prescribed in company rules and ensure that the execution of duties is in compliance with laws, regulations, and the Articles of Incorporation.

A compliance program shall be implemented with the following measures.

- (a) The Company shall establish and observe company compliance rules (including those related to information management), such as "Charter of Corporate Behavior", which lays out universal values that executive officers and employees should adhere to from the perspective of corporate ethics, and the employee code of conduct, which is a guideline for employee conduct.
- (b) The Company shall appoint a chief compliance officer (CEO) and an officer in charge of compliance (executive officer in charge of general administration), and establish a secretariat for operations related to compliance (within the General Administration department) as an internal compliance system.
- (c) The Company shall establish and operate a compliance hotline as a whistleblowing system.
- (d) The Company shall conduct ongoing awareness and educational activities, such as holding liaison meetings for staff responsible for compliance, distributing compliance information over the intranet, and implementing in-house training through e-learning.

The Company shall enact the following measures based on "Charter of Corporate Behavior" toward the exclusion of anti-social forces.

- (a) The Company shall take a firm stance against anti-social forces that threaten public order and safety, and work to stop and prevent any relationship with such entities.
- (b) The Company shall work to prevent the intervention of anti-social forces in the financial instruments markets and work to create sound and fair markets.

An internal auditing office shall be established to conduct internal audits, under the direct control of the CEO and COO.

(9) Framework regarding Information Storage and Management related to Execution of Duties of Executive Officers of the Company

The Company shall set forth provisions regarding the handling of the storage of documents pertaining to the execution of duties of executive officers, such as minutes of the board of executive officers' meetings, in the information security policy standards clarified in the company rules.

(10) Rules and Other Frameworks regarding Loss Risk Management of the Company

The Company shall employ a business operation framework in accordance with the division of duties and authority clarified in the company rules, and based on the idea that board members, executive officers, and employees shall conduct business and operations with an awareness of risk management with responsibility in accordance with their own scope of duties and authority.

The Company shall establish a Risk Policy Committee with an Outside Director as the chair and a Risk Management Committee with the CEO as the chair, as described below, in order to be aware of risks of the corporate group comprised of the Company and its subsidiaries (hereinafter referred to as "JPX Group Companies"), to develop and manage appropriate measures against such risks from the perspective of prevention, and to develop a structure where such risks and measures taken against them shall be regularly reported. At the same time, the Company shall set forth a "Risk Management Policy" and manage it appropriately.

The Risk Policy Committee shall discuss various issues pertaining to the management of material risks at JPX Group Companies in accordance with the comprehensive risk management framework stipulated in the "Risk Management Policy", and make recommendations and report to the Board of Directors.

The Risk Management Committee shall gain a comprehensive understanding of the daily risk management situations at JPX Group Companies, as well as the circumstances in cases where any risk at JPX Group Companies is actualized, or such possibility arises, enact measures for prompt resolution, etc., and report to the Board of Directors.

Particularly, the Company shall maintain a strong awareness of the core responsibilities of JPX Group Companies as market operator to reliably provide opportunities for market users to trade with confidence. Furthermore, regarding risks related to the stable operation of systems, the Company will enact the required and appropriate measures in their development and operation frameworks, such as implementing standardized development methods and adequate operational tests, preparing detailed operational manuals and complying with such, and maintaining thorough quality control pertaining to development and operations via the establishment of dedicated departments or divisions.

Moreover, in preparation for situations where the continued operation of the market becomes difficult due to natural disasters, terrorist acts, etc., the Company shall establish a "Business Continuity Plan" to minimize the impact on related parties and provide appropriate measures through predetermined frameworks and procedures necessary for resuming operations as quickly as possible.

Additionally, with regard to the risks pertaining to the proper function of self-regulatory operations (meaning various risks including reputational risk in cases where self-regulatory operations are not carried out appropriately), in consideration of the importance of self-regulatory functions of JPX Group Companies as market operator and the general public's high expectations for such functions, the Company shall take every possible measure to deal with them. For taking such actions, the Company shall establish measures to secure fairness, such as organizational measures to ensure the independence of self-regulatory operations. At the same time, by proactively investing management resources, the Company will pursue improvements to the quality of self-regulatory operations through such means as preparing detailed operational manuals and complying with such, and enhancing educational training in order to raise the quality of self-regulatory operations.

(11) Frameworks to Ensure Efficient Execution of Duties of Executive Officers of the Company

The Company shall establish a framework for the management of operations in accordance with the division of duties and authority clarified in the company rules so as to specialize and enhance operations through a system of divided labor. Within this framework, the Company shall allow responsibilities to be delegated according to their importance and improve the agility of the decision-making process.

The Company shall formulate medium-term management and annual budget plans with the appropriate combination of top-down and division-driven bottom-up approaches and execute operations efficiently through appropriate work-flow management.

(12) Frameworks to Ensure Proper Operations by the Corporate Group Comprised of the Company, its Parent Company, and its Subsidiaries

- (a) Framework for reporting of matters related to the execution of duties of board members, executive officers, and persons equivalent thereto of subsidiaries of the Company (hereinafter collectively referred to as "Board Members, etc. of Subsidiaries") to the Company

The Company shall conduct business management of its subsidiaries based on business management agreements or request various reports based on "Affiliated Company Management Rules".

- (b) Frameworks including rules regarding management of risk of losses that may be incurred by subsidiaries of the Company

The Company shall conduct business management of its subsidiaries based on business management agreements. The Company shall also request them to report the state of risk management based on "Affiliated Company Management Rules" and provide advice, etc. to them on an as-needed basis.

- (c) Framework for ensuring efficient execution of duties by Board Members, etc. of Subsidiaries

The Company shall conduct efficient execution of duties of JPX Group Companies by appropriately managing and supporting subsidiaries in accordance with each JPX Group Company's corporate positioning and scale based on business management agreements or "Affiliated Company Management Rules".

- (d) Framework for ensuring that the execution of duties by Board Members, etc. of Subsidiaries and their employees is in compliance with laws, regulations, and the Articles of Incorporation

The Company shall conduct ongoing awareness and educational activities, such as holding liaison meetings with staff responsible for compliance at JPX Group Companies and disseminating information on compliance.

The Company shall conduct business management of its subsidiaries based on business management agreements or request them to establish a compliance hotline as a whistleblowing system based on "Affiliated Company Management Rules", and provide advice, etc. to them on an as-needed basis.

The Company shall request its subsidiaries to report results of internal audits by the internal auditing office of the Company or those of internal audits by the subsidiaries and provide advice, etc. to them on an as-needed basis based on business management agreements or "Affiliated Company Management Rules".

- (e) Other frameworks to ensure proper operations by the corporate group comprised of the Company, its parent company, and its subsidiaries

The Company shall establish "Charter of Corporate Behavior", which lays out universal values that executive officers and employees of JPX Group Companies should adhere to from the perspective of corporate ethics.

## 2. Outline of Application of Organization to Ensure Appropriate Execution of Operations

The Company endeavors to develop the above "Organization to Ensure Appropriate Execution of Operations" and apply it appropriately. Acting independently from the business execution divisions, the internal auditing office reports directly to the CEO and COO and checks and evaluates (monitors) whether the frameworks stipulated by said basic policy (excluding those for ensuring the effective implementation of audits by the Audit Committee) are appropriately developed and applied. The following is the outline of the major initiatives implemented during this fiscal year.

### (1) Application of Frameworks for Compliance

- (a) In addition to continuing to operate the compliance hotline as a whistleblowing system and appropriately responding to and reporting tip-offs, the Company posted relevant documents on its intranet with the aim of raising the awareness of and disseminating thoroughly the observance of compliance-related internal rules and regulations, such as "Charter of Corporate Behavior", which lays out universal values that executive officers and employees should adhere to from the perspective of corporate ethics, and the employee code of conduct, which is a guideline for employee conduct. The Company also distributed compliance-related information to executive officers and employees and provided training through e-learning courses.
- (b) As part of its efforts to prevent the intervention of anti-social forces in the TSE and OSE markets and create sound and fair financial instruments markets, the Company held a meeting of the "Liaison Council on Measures for Eliminating Anti-Social Forces from Exchange Markets" organized jointly with National Police Agency and Tokyo Metropolitan Police Department in December 2018, where it shared detailed information on recent developments and actively exchanged opinions.

### (2) Application of Frameworks regarding Information Storage and Management

- (a) In accordance with the information security policy standards and other relevant rules, the Company prepares minutes of board of executive officers' meetings and other documents related to the execution of duties of executive officers in a timely and appropriate manner and stores important documents as appropriate, internally or at an outsourcing contractor.
- (b) As initiatives to prevent information leakage and unauthorized access from the outside, the Company not only developed relevant rules and formulated administrative procedures, but also implemented ongoing system-based security measures. In addition, to thoroughly disseminate the importance of information management to executive officers and employees, the Company conducted training through e-learning courses and drills on how to deal with suspicious e-mails.

### (3) Application of Frameworks regarding Loss Risk Management

- (a) In accordance with the "Risk Management Policy", each department continuously identified risks and developed and implemented appropriate measures from the viewpoint of prevention. The state of development and implementation as well as Group-wide risk analysis results were discussed quarterly at the Risk

Management Committee chaired by the CEO. In addition to implementing risk management under the "Comprehensive Risk Management Framework" constructed as a risk management framework that places greater emphasis on prevention, JPX Group has established a Risk Policy Committee, which is mainly composed of Outside Directors, with the aim of strengthening corporate governance in risk management. The Risk Policy Committee discussed "critical risks" that JPX Group should prioritize in FY2019 in risk management three times during this fiscal year.

- (b) In situations where the continued operation of the market becomes difficult due to events such as natural disasters and terrorist acts, the Company already plans to take action in accordance with the "Business Continuity Plan" to minimize the impact on related parties and resume operations as quickly as possible, but during this fiscal year, to strengthen business continuity in the event of a wide-area disaster, such as the Tokyo Inland Earthquake and the Nankai Trough Earthquake, JPX Group pursued plans to arrange for its Tokyo and Osaka sites to serve as backup sites for each other. In addition, for thorough dissemination of emergency response procedures, the Company provided training for executive officers and employees through e-learning courses and drills that simulated emergency situations.
- (4) Application of Frameworks to Ensure Efficient Execution of Duties
- (a) Each department conducts operations by delegating responsibilities as necessary according to their contents, thereby ensuring a swift and flexible decision-making process.
  - (b) To achieve the targets in the 2<sup>nd</sup> Medium-Term Management Plan (FY2016-FY2018), the Company improved the efficiency of the execution of duties through appropriate progress management, such as reporting earnings and progress regularly to the board of directors and the board of executive officers, and reviewing the business plan according to changes in business environment.
  - (c) In light of the operating results of the 2<sup>nd</sup> Medium-Term Management Plan, the future management policies, etc. were discussed and examined at the board of directors meetings and the board of executive officers' meetings, and were announced as the 3<sup>rd</sup> Medium-Term Management Plan (FY2019-FY2021) on March 28, 2019.
- (5) Application of Frameworks regarding Management of Group Companies
- (a) Regarding management of its subsidiaries, the Company implements business management based on business management agreements or receives various reports including documents on financial conditions and the state of risk management based on "Affiliated Company Management Rules". The Company continuously monitored financial conditions and state of business execution, and provided advice, etc. when necessary.
  - (b) The Company received reports on results of internal audits on subsidiaries by the internal auditing office of the Company or those of internal audits by its subsidiaries. No material deficiencies were identified in such audit results.
- (6) Application of Frameworks to Ensure Effective Audits by the Audit Committee
- While endeavoring to ensure effective audits by the Audit Committee through the Committee members' participation in important meetings such as board of directors meetings, board of executive officers' meetings, and Risk Management Committee meetings, examination of important documents such as those for important meetings and internal approval procedures, and coordination with the internal auditing office, the Company appropriately made various reports on matters related to execution of duties and processed auditing expenses based on the "Rules regarding Reports to the Audit Committee, etc."



## VII. Policy Regarding Decisions on Dividends Paid Out of Retained Earnings, etc.

The Company adopts a dividend policy with a target payout ratio of about 60% tied to business performance while giving due consideration to the importance of internal reserves for the following purposes:

- Maintaining sound financial health as a financial instruments exchange group,
- Preparing for risks as a clearing organization, and
- Enabling JPX Group to pursue investment opportunities to raise the competitiveness of its markets as they arise.

Furthermore, the Company stipulates "Except as otherwise provided by laws and regulations, the Company shall decide on matters provided in each item of Article 459, Paragraph 1 of the Companies Act including dividends paid out of retained earnings by resolutions of the Board of Directors, but not by resolutions of the general shareholders meeting" in the Articles of Incorporation.

For the dividend whose record date falls on end of the fiscal year under review (March 31, 2019), the Company will pay an ordinary dividend of JPY 28 per share giving consideration to the above policy and the results for the fiscal year under review. Moreover, having achieved the target on net income in the Company's 2<sup>nd</sup> Medium-Term Management Plan and being the 140th anniversary of the establishment of the stock exchange, the Company will pay a special dividend of JPY 15 per share. Therefore, the year-end dividend will be JPY 43 per share. Including the interim dividend of JPY 27 (record date: September 30, 2018), the annual dividend will be JPY 70 per share (including the special dividend of JPY 15), for a dividend payout ratio of 76.4%.

## VIII. Basic Policy Regarding Control of the Company

The Company has not prescribed a basic policy or takeover defense measures related to entities controlling decisions on the Company's policy on finances or business. However, the following legal provisions exist regarding the acquisition/holding of a certain amount or more of the Company's stock.

(Reference) Excerpts from Related Laws

(a) Article 103-2, Paragraph 1 of the Financial Instruments and Exchange Act

It is prohibited for any person to acquire or hold a number of voting rights (excluding the voting rights that are specified by Cabinet Office Ordinance in consideration of the manner in which they are acquired or held and any other circumstances; hereinafter referred to as "Subject Voting Rights" in this Chapter) constituting 20 percent or more (or 15 percent or more, if a fact has occurred that is specified by Cabinet Office Ordinance as something that is presumed to have a material influence on decisions about financial and operational policies; hereinafter referred to as the "Threshold Holding Ratio" in this Chapter) of all shareholders' voting rights in a Stock Company-Operated Financial Instruments Exchange; provided, however, that this does not apply if an Authorized Financial Instruments Business Association, Financial Instruments Exchange, Financial Instruments Exchange Holding Company, Commodity Exchange, or Commodity Exchange Holding Company acquires or holds Subject Voting Rights.

(b) Article 106-14, Paragraph 1 of the Financial Instruments and Exchange Act

It is prohibited for any person to acquire or hold a number of Subject Voting Rights in a Financial Instruments Exchange Holding Company which is equal to or greater than the Threshold Holding Ratio of all shareholders' voting rights; provided, however, that this does not apply if an Authorized Financial Instruments Business Association, Financial Instruments Exchange, or Commodity Exchange acquires or holds Subject Voting Rights.

(c) Article 106-17, Paragraph 1 of the Financial Instruments and Exchange Act

Notwithstanding the provisions of Article 106-14, Paragraph 1, with the authorization of the Prime Minister, a Local Government, etc. may acquire or hold a number of Subject Voting Rights that is equal to or greater than the Threshold Holding Ratio, but no greater than 50 percent, of all shareholders' voting rights in a Financial Instruments Exchange Holding Company, pursuant to the provisions of Cabinet Office Ordinance.

(Regarding figures on operations presented in this report: monetary values and numbers of shares are rounded down to the nearest unit used; percentages and other figures are rounded off.)

## Consolidated Statement of Financial Position

(As of March 31, 2019)

(JPY million)

Assets	Liabilities and Equity
<b>Current assets</b> Cash and cash equivalents 63,891 Trade and other receivables 11,402 Clearing business financial assets 49,886,377 Specified assets for deposits from clearing participants 3,795,086 Specified assets for legal guarantee funds 490 Income tax receivables 6,311 Other financial assets 113,100 Other current assets 1,979 <b>Total current assets 53,878,639</b>	<b>Liabilities</b> <b>Current liabilities</b> Trade and other payables 4,421 Bonds and loans payable 32,500 Clearing business financial liabilities 49,886,377 Deposits from clearing participants 3,795,086 Legal guarantee funds 490 Trading participant security money 8,384 Income tax payables 9,676 Other current liabilities 7,136 <b>Total current liabilities 53,744,073</b>  <b>Non-current liabilities</b> Bonds and loans payable 19,946 Retirement benefit liabilities 7,964 Other non-current liabilities 2,914 Deferred tax liabilities 3,055 <b>Total non-current liabilities 33,882</b>
<b>Non-current assets</b> Property and equipment 7,293 Goodwill 67,374 Intangible assets 33,435 Retirement benefit assets 5,872 Investments accounted for using the equity method 12,474 Specified assets for default compensation reserve funds 27,948 Other financial assets 26,634 Other non-current assets 6,071 Deferred tax assets 3,661 <b>Total non-current assets 190,766</b>	<hr/> <b>Total liabilities 53,777,955</b> <hr/> <b>Equity</b> Share capital 11,500 Capital surplus 39,716 Treasury shares (1,213) Other components of equity 7,688 Retained earnings 227,317 <b>Total equity attributable to owners of the parent company 285,009</b> Non-controlling interests 6,441 <hr/> <b>Total equity 291,450</b>
<b>Total assets 54,069,405</b>	<hr/> <b>Total liabilities and equity 54,069,405</b>

## Consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

	(JPY million)
<b>Revenue</b>	
Operating revenue	121,134
Other revenue	248
Total revenue	121,383
<b>Expenses</b>	
Operating expenses	54,111
Other expenses	16
Total expenses	54,127
Share of income of investments accounted for using the equity method	2,279
<b>Operating income</b>	<b>69,535</b>
Financial income	1,333
Financial expenses	82
<b>Income before income tax</b>	<b>70,786</b>
Income tax expense	21,253
<b>Net income</b>	<b>49,533</b>
<b>Net income attributable to</b>	
Owners of the parent company	49,057
Non-controlling interests	476

## Consolidated Statement of Changes in Equity

(From April 1, 2018 to March 31, 2019)

(JPY million)

	Equity attributable to owners of the parent company				
	Share capital	Capital surplus	Treasury shares	Other components of equity	
				Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan
Balance as of April 1, 2018	11,500	39,716	(953)	10,816	–
Net income	–	–	–	–	–
Other comprehensive income, net of tax	–	–	–	87	(102)
Total comprehensive income	–	–	–	87	(102)
Acquisitions of treasury shares	–	–	(264)	–	–
Dividends paid	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(3,215)	102
Other	–	–	4	–	–
Total transactions with the owners	–	–	(260)	(3,215)	102
Balance as of March 31, 2019	11,500	39,716	(1,213)	7,688	–

	Equity attributable to owners of the parent company			Non-controlling interests	Total equity
	Other components of equity	Retained earnings	Total		
	Total				
Balance as of April 1, 2018	10,816	212,691	273,771	5,965	279,736
Net income	–	49,057	49,057	476	49,533
Other comprehensive income, net of tax	(14)	–	(14)	–	(14)
Total comprehensive income	(14)	49,057	49,042	476	49,518
Acquisitions of treasury shares	–	–	(264)	–	(264)
Dividends paid	–	(37,544)	(37,544)	–	(37,544)
Transfer from other components of equity to retained earnings	(3,113)	3,113	–	–	–
Other	–	–	4	–	4
Total transactions with the owners	(3,113)	(34,430)	(37,805)	–	(37,805)
Balance as of March 31, 2019	7,688	227,317	285,009	6,441	291,450

## Non-consolidated Balance Sheet

(As of March 31, 2019)

(JPY million)

Assets		Liabilities	
<b>Current assets</b>	<b>88,806</b>	<b>Current liabilities</b>	<b>105,415</b>
Cash and deposits	82,312	Operating accounts payable	142
Operating accounts receivable	7	Short-term loans payable	23,500
Prepaid expenses	90	Short-term loans payable to subsidiaries and associates	71,600
Other	6,396	Current portion of long-term loans payable	9,000
<b>Non-current assets</b>	<b>158,077</b>	Accounts payable - other	46
<b>Property and equipment</b>	<b>44</b>	Accrued expenses	241
Buildings	5	Deposits received	85
Vehicles	35	Unearned revenue	69
Tools, furniture and fixtures	3	Provision for bonuses	494
<b>Intangible assets</b>	<b>161</b>	Provision for directors' bonuses	129
Trademark right	16	Other	106
Software	144	<b>Non-current liabilities</b>	<b>23,432</b>
Other	0	Bonds	20,000
<b>Investments and other assets</b>	<b>157,871</b>	Provision for retirement benefits	22
Investment securities	25,621	Provision for stock benefits	386
Shares of subsidiaries and associates	118,498	Deferred tax liabilities	2,968
Investments in capital of subsidiaries and associates	3,000	Other	54
Long-term prepaid expenses	1	<b>Total liabilities</b>	<b>128,848</b>
Prepaid pension cost	23	<b>Net assets</b>	
Specified assets for default compensation reserve funds	10,580	<b>Shareholders' equity</b>	<b>110,523</b>
Other	145	<b>Share capital</b>	<b>11,500</b>
<b>Total assets</b>	<b>246,883</b>	<b>Capital surplus</b>	<b>3,899</b>
		Legal capital surplus	3,000
		Other capital surplus	899
		<b>Retained earnings</b>	<b>96,338</b>
		Other retained earnings	96,338
		General reserve	5,302
		Retained earnings brought forward	91,035
		<b>Treasury shares</b>	<b>(1,213)</b>
		<b>Valuation and translation adjustments</b>	<b>7,511</b>
		<b>Valuation difference on available-for-sale securities</b>	<b>7,511</b>
		<b>Total net assets</b>	<b>118,035</b>
<b>Total assets</b>	<b>246,883</b>	<b>Total liabilities and net assets</b>	<b>246,883</b>

## Non-consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

	(JPY million)
<b>Operating revenue</b>	<b>48,932</b>
Management fee income	6,984
Dividend income from subsidiaries and associates	41,873
Other	74
<b>Operating expenses</b>	<b>5,849</b>
<b>Operating income</b>	<b>43,082</b>
<b>Non-operating income</b>	<b>1,485</b>
Interest income	13
Dividend income	1,413
Other	58
<b>Non-operating expenses</b>	<b>81</b>
Interest expenses	5
Interest on bonds	71
Other	5
<b>Ordinary income</b>	<b>44,486</b>
<b>Extraordinary income</b>	<b>4,635</b>
Gain on sales of investment securities	4,635
<b>Income before income taxes</b>	<b>49,121</b>
Income taxes - current	2,405
Income taxes - deferred	(89)
<b>Net income</b>	<b>46,805</b>

## Non-consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2018 to March 31, 2019)

(JPY million)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	
					General reserve	Retained earnings brought forward
Balance at the beginning of current period	11,500	3,000	899	3,899	5,302	81,775
Changes of items during the period						
Dividends of surplus	-	-	-	-	-	(37,544)
Acquisitions of treasury shares	-	-	-	-	-	-
Net income	-	-	-	-	-	46,805
Other	-	-	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-	-
Total changes of items during the period	-	-	-	-	-	9,260
Balance at the end of current period	11,500	3,000	899	3,899	5,302	91,035



	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Total retained earnings					
Balance at the beginning of current period	87,077	(953)	101,523	10,446	10,446	111,970
Changes of items during the period						
Dividends of surplus	(37,544)	–	(37,544)	–	–	(37,544)
Acquisitions of treasury shares	–	(264)	(264)	–	–	(264)
Net income	46,805	–	46,805	–	–	46,805
Other	–	4	4	–	–	4
Net changes of items other than shareholders' equity	–	–	–	(2,934)	(2,934)	(2,934)
Total changes of items during the period	9,260	(260)	9,000	(2,934)	(2,934)	6,065
Balance at the end of current period	96,338	(1,213)	110,523	7,511	7,511	118,035

(TRANSLATION)

**INDEPENDENT AUDITOR’S REPORT**

May 9, 2019

To the Board of Directors of  
Japan Exchange Group, Inc.:

Deloitte Touche Tohmatsu LLC

Partner,

Designated Unlimited Liability

Engagement Partner,  
Certified Public Accountant:  
Yoshiaki Kitamura

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Partner,

Designated Unlimited Liability

Engagement Partner,  
Certified Public Accountant:  
Takako Fujimoto

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Partner,

Designated Unlimited Liability

Engagement Partner,  
Certified Public Accountant:  
Michiyuki Yamamoto

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Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2019 of Japan Exchange Group, Inc. (the “Company”) and its consolidated subsidiaries, and the consolidated related statements of income and changes in equity for the fiscal year from April 1, 2018 to March 31, 2019, and a summary of significant accounting policies and other explanatory information.

**Management’s Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Audit Opinion**

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2019, and the results of their operations for the year then ended.

### **Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

**INDEPENDENT AUDITOR'S REPORT**

May 9, 2019

To the Board of Directors of  
Japan Exchange Group, Inc.:

Deloitte Touche Tohmatsu LLC

Partner,

Designated Unlimited Liability

Engagement Partner,  
Certified Public Accountant:  
Yoshiaki Kitamura

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Partner,

Designated Unlimited Liability

Engagement Partner,  
Certified Public Accountant:  
Takako Fujimoto

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Partner,

Designated Unlimited Liability

Engagement Partner,  
Certified Public Accountant:  
Michiyuki Yamamoto

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Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2019 of Japan Exchange Group, Inc. (the “Company”), and the related statements of income and changes in net assets for the 18th fiscal year from April 1, 2018 to March 31, 2019, and a summary of significant accounting policies and other explanatory information, and the accompanying supplemental schedules.

**Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Audit Opinion**

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2019, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

## **Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

## ■ Audit Report of Audit Committee

### Audit Report

The Audit Committee of Japan Exchange Group, Inc. (the Company) has audited the execution of official duties by the directors and executive officers of the Company during its 18th business year, the period from April 1, 2018 to March 31, 2019. Our audit methods and results are as follows.

#### 1. Auditing Methods and Content thereof

The Audit Committee monitored and inspected the resolutions of the Board of Directors and the status of establishment and operation of the system (Internal Control System) developed under such resolutions with regard to matters referred to in Article 416, Paragraph 1, Item 1, sub-items (b) and (e) of the Companies Act. At the same time, the Audit Committee performed audits by the following methods:

- (i) In accordance with auditing policies, auditing plans, etc. set by the Audit Committee, conforming to the auditing standards established by the Audit Committee, and in cooperation with the internal control divisions of the Company, the Audit Committee examined the Company's operational and financial condition through attending important meetings, receiving reports from directors, executive officers, etc. on the execution of their duties and asking for details when necessary, and examining important documents, etc. related to Company decisions.

Regarding subsidiaries, the Committee maintained communication and exchanged information with directors, auditors, etc. of subsidiaries, and received business reports of subsidiaries when necessary.

- (ii) Furthermore, the Audit Committee monitored and inspected whether the Accounting Auditor performed proper audits while assuring said Auditor's independence, and received reports from the Accounting Auditor on the execution of said Auditor's duties, asking for details when necessary. The Audit Committee was also informed by the Accounting Auditor that the "system to ensure proper execution of its duties" (matters described in each item of Article 131 of the Ordinance on Accounting of Companies) has been developed in accordance with "Quality Control Standards for Audits" issued by the Business Accounting Council on October 28, 2005 and others, asking for details when necessary.

Through the above methods, the Audit Committee reviewed the business report and its supplementary statements, financial documents (balance sheet, statement of income, and statement of changes in shareholders' equity) and its supplementary statements, and consolidated financial documents (consolidated statement of financial position, consolidated statement of income, and consolidated statement of changes in equity that were prepared with omissions of part of the disclosure items required by International Financial Reporting Standards as prescribed in the second sentence of Paragraph 1 of Article 120 of the Ordinance on Accounting of Companies) for said business year.

#### 2. Results of Audit

##### (1) Results of Audit of Business Report, etc.

- (i) We certify that the business report and its supplementary statements fairly present the situation of the Company in accordance with laws and regulations as well as the Articles of Incorporation.
- (ii) We found no wrongful act or material fact in violation of laws, regulations, or the Articles of Incorporation with respect to the performance of duties by the directors and executive officers.
- (iii) We certify that the resolutions of the Board of Directors with respect to the internal control system are proper and correct. In addition, we found no matter that needed to be addressed regarding the performance of duties by the directors and executive officers with respect to the internal control system.

##### (2) Audit Results of Financial Documents and Supplementary Statements

We certify that the auditing method of Deloitte Touche Tohmatsu LLC, the Accounting Auditor, and the results of its audit are proper and correct.

##### (3) Audit Results of Consolidated Financial Documents

We certify that the auditing method of Deloitte Touche Tohmatsu LLC, the Accounting Auditor, and the results of its audit are proper and correct.

May 10, 2019

Audit Committee of Japan Exchange Group, Inc.

Member of the Audit Committee  
Tsuyoshi Yoneda

Member of the Audit Committee  
Kimitaka Mori

Member of the Audit Committee  
Christina Ahmadjian

Member of the Audit Committee  
Main Kohda

Member of the Audit Committee (Full-time)  
Makoto Minoguchi

(Note) Members of the Audit Committee Tsuyoshi Yoneda, Kimitaka Mori, Christina Ahmadjian and Main Kohda are outside directors as stipulated in Article 2, Item 15, and Article 400, Paragraph 3 of the Companies Act.