

[Translation]

April 27, 2018

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Introduction of New Stock Compensation Plan for Executives

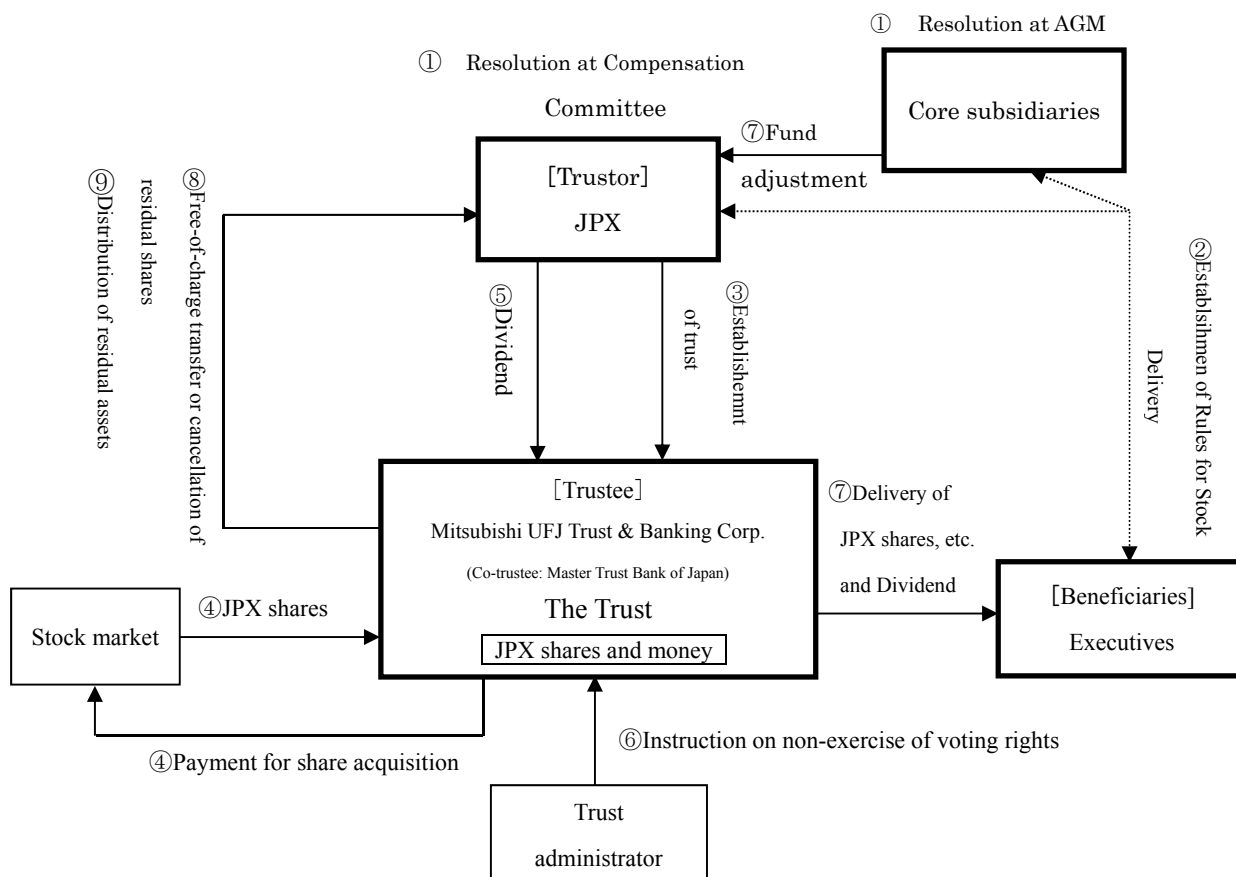
Japan Exchange Group, Inc. (hereinafter "JPX") decided today at the meeting of its Compensation Committee that it will introduce a new trust-type stock compensation plan for executives (meaning executive officers and those equivalent thereto, excluding persons such as outside directors, directors who are members of the Audit Committee, and auditors; hereinafter the same) of JPX and its subsidiaries that provide core businesses of JPX (hereinafter the "core subsidiaries"; JPX and the core subsidiaries are hereinafter collectively referred to as the "implementing companies") (This plan shall hereinafter be referred to as the "Plan").

1. Purpose, etc. of Introducing the Plan

- (1) JPX's executive compensation package has so far been comprised of a basic salary, bonus, and company stock, which is based on a stock ownership association program for executives. However, to further facilitate the alignment of interests with shareholders and enhance executives' desire to contribute to the sustainable improvement of corporate value, JPX will introduce the Plan, which employs a trust, in place of said stock ownership association program.
- (2) In designing the Plan, JPX referred to performance share plans and restricted stock plans in the US and Europe. Under the Plan, JPX will acquire shares through a trust (trustee: Mitsubishi UFJ Trust & Banking Corporation) and grant and deliver (hereinafter collectively "deliver" or "delivery") shares and money equivalent to JPX shares converted into cash (hereinafter "JPX shares, etc.") as well as dividends arising from said JPX shares to executives in accordance with factors such as an executive's position and performance.
- (3) JPX, a company with a nomination committee, etc., decided today on the introduction of the Plan at the meeting of its Compensation Committee, which is chaired by an independent outside director and made up of a majority of independent outside directors. The committee has fairly evaluated the appropriateness

and degree of achievement of performance, etc. as evaluation indicators (hereinafter "performance conditions"), thereby securing the transparency and objectivity of the decision-making process and results pertaining to stock compensation plans.

2. Framework and Mechanism of the Plan



- ① JPX, a company with a nomination committee, etc., has obtained approval for the Plan from its Compensation Committee, and core subsidiaries, which are structured as a company with a board of corporate auditors, will obtain approval regarding executive compensation at their respective general shareholders meetings.
- ② Each implementing company will establish "Rules for Stock Delivery" pertaining to executive compensation.
- ③ JPX (trustor) will entrust money with a trust bank (trustee) as funds for executive stock compensation based on the details of resolution at the Compensation Committee, etc. as indicated in ①. In doing so, JPX will set up a trust for which beneficiaries will be executives who satisfy the beneficiary requirements (hereinafter the "Trust").
- ④ In accordance with the instructions of the trust administrator, the trustee acquires JPX shares on the stock market using a specified amount of money out of money contributed as indicated in ③ at a certain point of time of each fiscal year during of the trust period.
- ⑤ JPX shares held in the Trust will receive dividend payouts in the same way as for other JPX shares.
- ⑥ For JPX shares held in the Trust, no voting rights will be exercised during the trust period.
- ⑦ During the trust period, in accordance with the Rules for Stock Delivery established as indicated in ②, executives will be issued points in accordance with their position, etc. JPX and the core subsidiaries will calculate and settle among themselves the money that are the funds required for said stock compensation. A portion of the points will be issued based on the degree of the executives' achievement of the performance conditions set by JPX. Moreover, after three years, in principle, after the points are issued (however, if an executive leaves office, etc. within three years, this shall be at the time of such retirement, etc. as described in 2.(7) below), JPX shares, etc. will be delivered to executives who meet certain beneficiary requirements in accordance with the issued points. Dividends paid for JPX shares in the Trust will be also paid to executives who meet certain beneficiary requirements in accordance with the issued points.
- ⑧ If there are residual JPX shares remaining at the expiration of the trust period due to failure to achieve the

performance conditions, etc., JPX will continue to use the Trust for the Plan or a similar stock compensation plan by amending the trust agreement and making additional contributions of funds, or make the Trust assign such residual JPX shares to JPX at no charge. After JPX acquires the shares at no charge, JPX will cancel the assigned shares.

- ⑨ Any residual assets after distribution to beneficiaries at the end of the trust period will be assigned to JPX, the holder of the vested rights, up to the amount of trust expenses reserves, which is calculated by deducting the stock acquisition funds from the trust money. Amounts in excess of the trust expenses reserves will be donated to an organization(s) that has no conflict of interest with the implementing companies and their executives.

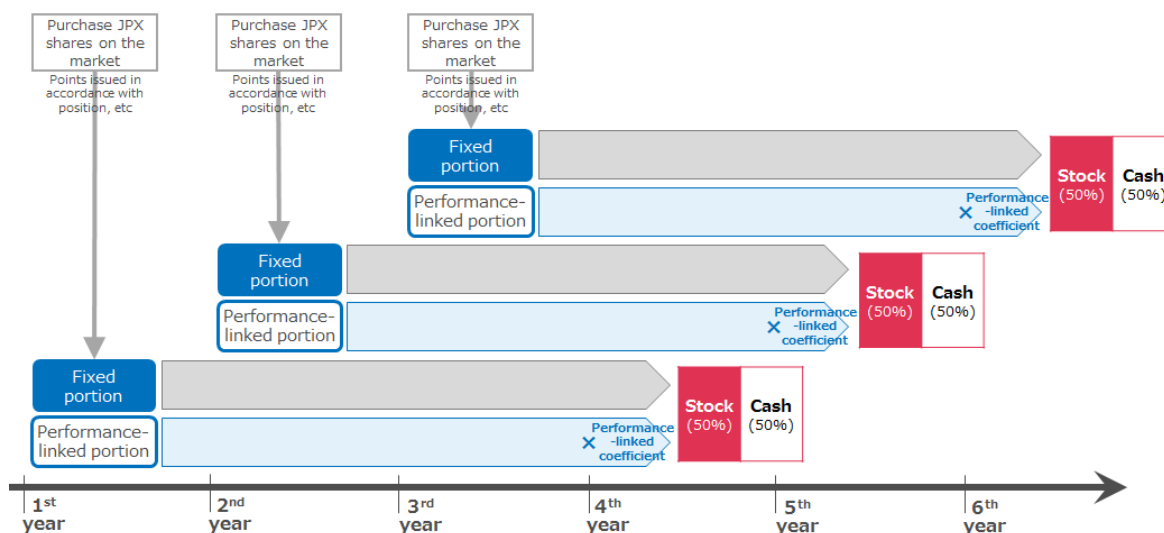
(1) Outline of the Plan

Under the Plan, based on the resolution of the Compensation Committee, etc. to be held in March each year, points equivalent to the stock compensation base amount for each fiscal year will be issued to executives. After three years, in principle, from the issuance of such points, JPX shares, etc. corresponding to the points issued as executive compensation will be delivered to executives. As of the start of the Plan, there are twenty three eligible executives.

Under the Plan, the points will 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.

(Image of the Plan)



(2) Eligible Executives (beneficiary requirements)

On the condition that executives meet the following beneficiary requirements, they will be eligible for delivery of JPX shares, etc. or dividends arising from JPX shares, allocated in accordance with Fixed

Points and Performance-linked Points (as specified in (4) below), from the Trust after three years, in principle, from the issuance date of the points upon conducting specified procedures to fix beneficiaries:

- ① An executive at the time of the issuance of the points;
- ② A resident in Japan;
- ③ Not a person who leaves office due to personal reasons, was dismissed, etc., or committed improper acts to a certain degree during his/her tenure;
- ④ Fixed Points and Performance-linked Points as specified in (4) below have been determined; and
- ⑤ Other requirements deemed necessary in order to achieve the purpose of the Plan have been satisfied.

(3) Trust Period

The trust period for the Plan will be three years from August 1, 2018 to July 31, 2021 (scheduled (hereinafter the "Initial Trust Period")). However, at the expiration of the trust period, by amending the trust agreement and making additional entrustment, JPX may continue using the Plan by extending the trust period for an additional three years. The number of such extensions shall not be limited, which means JPX may extend the trust period again indefinitely.

For each extended trust period, JPX will contribute additional money as funds for stock compensation up to the limit of the trust money as specified in (5) below, and issue points to executives during the extended trust period. However, in the case of making additional fund contribution for the extended trust period, if there are residual JPX shares and money in the Trust at the end of the trust period before extension (hereinafter the "residual shares, etc."), JPX may additionally contribute trust money up to where the total of the value of the residual shares, etc. and the additional contributed trust money reaches such upper limit.

Even if JPX does not amend the trust agreement and make additional entrustment at the expiration of the trust period, if, at that point, there is an executive(s) who is likely to meet the beneficiary requirements, JPX may extend the trust period of the Trust until the delivery of JPX shares, etc. to such executive(s) is completed.

(4) Number of Shares for Delivery to Executives (including those subject to conversion into cash)

During the trust period, every year, executives will be issued "Fixed Points" for the fixed portion and "Performance-linked Basic Points" for the performance-linked portion, both of which will be calculated based on the executive's position, etc. and other factors using the following formulas.

In principle, after three years from the point issuance date of each fiscal year, "Performance-linked Points" will be calculated by multiplying Performance-linked Basic Points, which are issued on such point issuance date, by a Performance-linked Factor (*1) in accordance with the degree of achievement of JPX's performance conditions. Thereafter, JPX shares, etc. will be delivered to each executive in accordance with their Fixed Points and Performance-linked Points.

The number of JPX shares to be delivered per point will be one share (*2).

(Point Calculation Formulas)

1) Calculation of Fixed Points

Fixed Points = Stock-based compensation base amount for the fixed portion ÷ Average acquisition price (*3)(decimals discarded)

2) Calculation of Performance-linked Points

Performance-linked Basic Points = Stock-based compensation base amount for the performance-linked portion ÷ Average acquisition price (*3) (decimals discarded)

Performance-linked Points = Performance-linked Basic Points × Performance-linked Factor (decimals discarded)

(*1) The Performance-linked Factor will be between 0 – 150% based on the relative evaluation of (i) JPX's consolidated ROE level when three years have elapsed from the issuance date of such points and (ii) Total Shareholder Return (TSR) of JPX 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).

(*2) In the case where, during the trust period, a corporate event such as stock split and reverse stock split occurs, based on which it is deemed fair to adjust the number of points, an adjustment will be made in accordance with the ratio for such stock split or reverse stock split, etc.

(*3) The average acquisition price will be the average acquisition price for JPX shares acquired by the Trust during the fiscal year for which such points are issued.

(5) Upper Limit Amount of Trust Money Contributed to the Trust and Upper Limit of Points Issued to Executives

The upper limit of the amount of trust money to be contributed by JPX during the trust period will be JPY 1 billion, and JPX plans to contribute such amount during the Initial Trust Period.

Said planned amount is in preparation for accommodating a future increase in the number of executives and/or expansion of stock compensation, and is calculated by adding trust fees and expenses to share acquisition funds for each fiscal year during the trust period.

During the trust period, the total number of points per fiscal year to be issued to executives (the sum total of (i) the total number of Fixed Points to be issued during the fiscal year and (ii) the amount calculated by multiplying the total number of the Performance-linked Points to be issued during the fiscal year by 150%, which is the maximum value of the Performance-linked Factor) will be up to the number calculated by dividing the share acquisition funds for the fiscal year (The upper limit amount of share acquisition funds per fiscal year will be JPY 400 million.) by the average acquisition price of JPX shares acquired by the Trust during the fiscal year (decimals discarded).

(6) Acquisition Method of JPX Shares by the Trust

The Trust will acquire JPX shares on the exchange market in May (scheduled) of each fiscal year, by using the share acquisition funds prescribed within the amount of the trust money described in (5) above; however, for the fiscal year ending on March 31, 2019, the Trust will acquire JPX shares on the exchange market in August (scheduled).

(7) Method and Timing of Delivery of JPX Shares, etc. to Executives

When three years have elapsed from the point issuance date of every fiscal year, in principle, upon conducting specified procedures to fix beneficiaries, executives who meet the beneficiary requirements prescribed in (2) above will receive from the Trust the number of JPX shares equivalent to 50% of the Fixed Points and Performance-linked Points respectively (rounded up to the nearest integer in the case of fractional Share Units). As for the shares equivalent to the remaining points, after the conversion of such shares into cash within the Trust, beneficiary executives will receive from the Trust the cash equivalent to such conversion as funds for payment of withholding tax, etc.

In the case where an executive leaves office during the trust period, such executive will receive the delivery of JPX shares, etc. allocated in accordance with the points after calculating the Fixed Points and Performance-linked Points as of the time of leaving office. In the case where an executive passes away during the trust period, the Fixed Points and Performance-linked Points will be calculated at that time, and, after JPX shares, etc. allocated in accordance with such points are fully converted into cash within the Trust, the heir(s) of said executive will receive the cash equivalent to such conversion.

(8) Exercise of Voting Rights Associated with JPX Shares Held in the Trust

In order to ensure management neutrality, voting rights associated with JPX shares held in the Trust (meaning JPX shares before delivery to executives in accordance with (7) above) will not be exercised during the trust period.

(9) Handling of Dividends Associated with JPX Shares Held in the Trust

Dividends associated with JPX shares held in the Trust will be, after being received by the Trust, paid to executives in accordance with their Fixed Points and Performance-linked Points together with JPX shares, etc. to be delivered in accordance with (7) above, and/or applied to pay the trust fees and expenses of the Trust.

(10) Handling at the Expiration/Termination of the Trust Period

In cases where any residual shares, etc. exist at the expiration of the trust period, such as due to failure to achieve performance conditions, the Trust may continue to be used by amending the trust agreement and making additional entrustment, instead of creating a new trust. In the case where the Trust will be terminated upon the expiration of the trust period, the Trust will assign any residual shares to JPX at no charge, and JPX will cancel such assigned shares. Remaining dividends associated with JPX shares held in the Trust at the expiration of the trust period will be used as share acquisition funds if the Trust will

continue to be used; however, in the case where the Trust will be terminated upon the expiration of the trust period, the amount exceeding the trust expenses reserves out of the residual assets will be donated to an organization(s) that has no conflict of interest with the implementing companies and their executives.

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(Reference)

[Trust Agreement]

(1) Type of trust	Money trust other than a specified individually managed money trust (Third party benefit trust)
(2) Purpose of trust	Stock compensation to executives of implementing companies
(3) Trustor	JPX
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(5) Beneficiaries	Executives of implementing companies who meet the beneficiary requirements
(6) Trust administrator	A third-party professional trust administrator that has no conflict of interest with each implementing company (certified public accountant)
(7) Date of trust agreement	August 1, 2018 (scheduled)
(8) Trust term	From August 1, 2018 (scheduled) to the end of July 2021 (scheduled)
(9) Start of the Plan	August 1, 2018 (scheduled)
(10) Exercise of voting rights	Voting rights will not be exercised.
(11) Classification of shares to be acquired	Common stock of JPX
(12) Initial amount of trust money	JPY 1 billion (including trust fees and expenses)
(13) Share acquisition period	In May (scheduled) of each fiscal year; however, for the fiscal year ending March 31, 2019 in August (scheduled)
(14) Share acquisition method	To be acquired on the exchange market
(15) Holder of vested rights	JPX
(16) Residual assets	Residual assets that JPX, the holder of vested rights, may receive will be within the amount of trust expenses reserves, which is calculated by deducting the share acquisition funds from the Trust money.

[Administration of trust and shares]

(1) Trust-related administration	Administrative tasks related to the trust will be performed by Mitsubishi UFJ Trust and Banking Corporation and The Master Trust Bank of Japan, Ltd., which are the
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	trustees of the Trust.
(2) Share-related administration	Administrative tasks related to the delivery of JPX shares to beneficiaries will be performed by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. based on an entrustment agreement on such tasks.