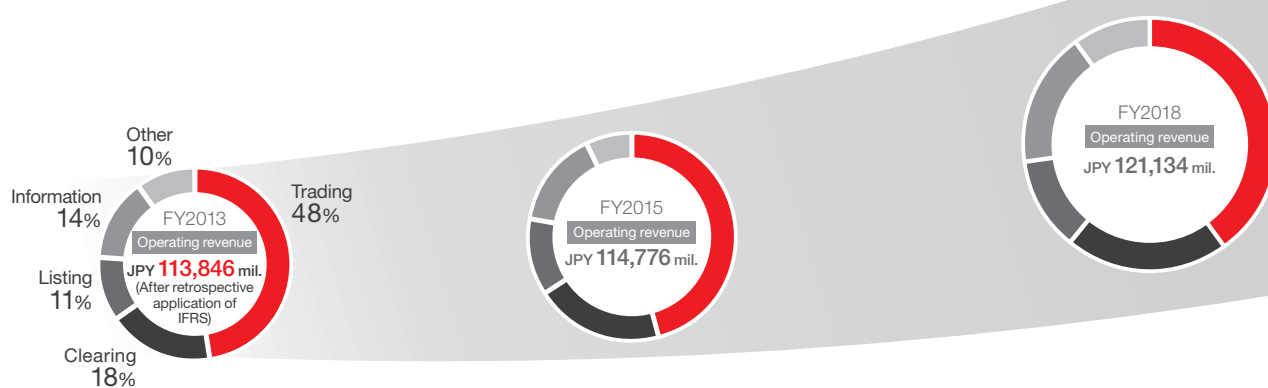


# Strategies and Initiatives for Creating Value

## History of Value Creation

In 1878, soon after the Meiji Restoration, Shibusawa Eiichi, who is known as the "father of modern Japanese capitalism," established Tokyo Stock Exchange, and Godai Tomoatsu, a businessman who was instrumental in the economic development of Osaka, established Osaka Stock Exchange. Since their establishment, the Tokyo and Osaka exchanges have consistently served as the driving force behind the Japanese economy, responding to the needs of the times for over 140 years.

JPX is a financial instruments exchange holding company that was established through the merger between Tokyo Stock Exchange Group and Osaka Securities Exchange on January 1, 2013. Since its establishment, JPX has engaged in initiatives to expand its business fields to create a comprehensive exchange while working to realize post-merger synergies and transform its management structure.



2013-2015

### 1st Medium-Term Management Plan

Achieved JPY 8.5 billion reduction in operating expenses through post-merger synergies

2016-2018

### 2nd Medium-Term Management Plan

Made progress toward transitioning to a management structure that does not overly rely on the condition of the Japanese stock market

2013 2014 2015 2016 2017 2018 2019

**2013** ■ JPX is formed through the merger between TSE Group and OSE



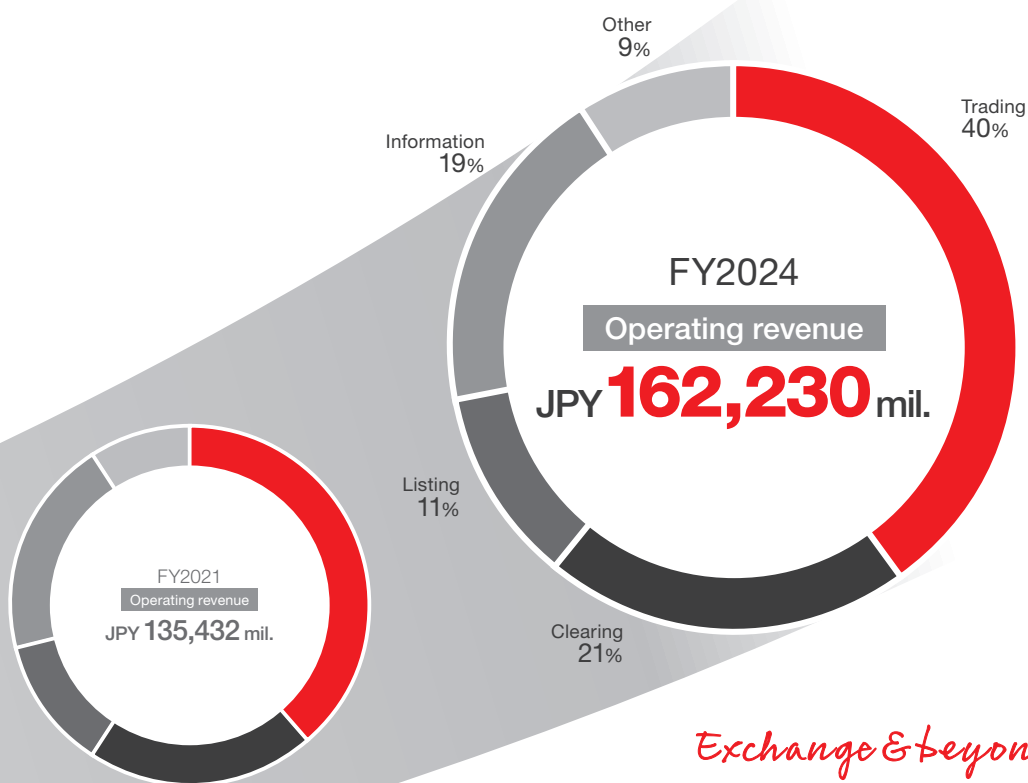
■ Expansion of OTC clearing business through clearing house merger

Japan Securities Clearing Corporation (JSCC) and Japan Government Bond Clearing Corporation (JGBCC) merged. The clearing operations related to OTC Japanese government bonds that had been carried out by JGBCC were taken over by JSCC, making JSCC a clearing house that handles a wide range of yen interest rate instruments in addition to clearing operations for Japanese government bond futures trading and interest rate swap trading.

**2019** ■ TOCOM acquired as a subsidiary

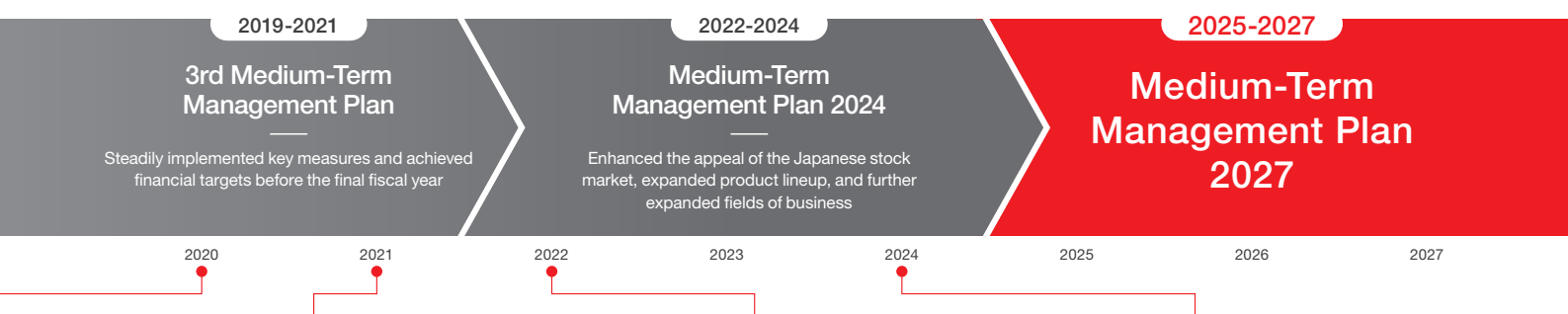
JPX merged with Tokyo Commodity Exchange (TOCOM) to create a Comprehensive Exchange that enables one-stop trading for a wide range of instruments from financial instruments to commodities. Futures and options on precious metals, rubber, and agricultural commodities that were listed on TOCOM were transferred to OSE in 2020. In conjunction with this, JSCC and Japan Commodity Clearing House Co., Ltd. (JCCH) completed their merger, and the Comprehensive Exchange commenced full operations.





*Exchange & beyond*

**Strengthening the traditional function of the exchange and actively taking on challenges in new areas**



#### 2021 ■ Establishment of JPXI

JPXI was newly established in 2021 as a non-exchange-operating subsidiary with the aim of pursuing the creation of market services that lead to enhanced functionality and efficiency across the market. JPXI started its operations in April 2022, integrating JPX's data and digital operations.



#### 2022 ■ Market restructuring

The market structure maintained since the merger was reorganized into the new market segments of the "Prime Market," "Standard Market," and "Growth Market" with the aim of defining clear market concepts and motivating listed companies to improve corporate value through revision of the continued listing criteria.



#### 2024 ■ Trading hours extension at TSE

In conjunction with the upgrade of the cash equity trading system to arrowhead 4.0, trading hours were extended for the first time in 70 years, by 30 minutes. In addition, a closing auction session was introduced with the aim of improving transparency in closing price formation.



For the history of JPX, please view the following webpage  
<https://www.jpx.co.jp/english/corporate/about-jpx/history/index.html>

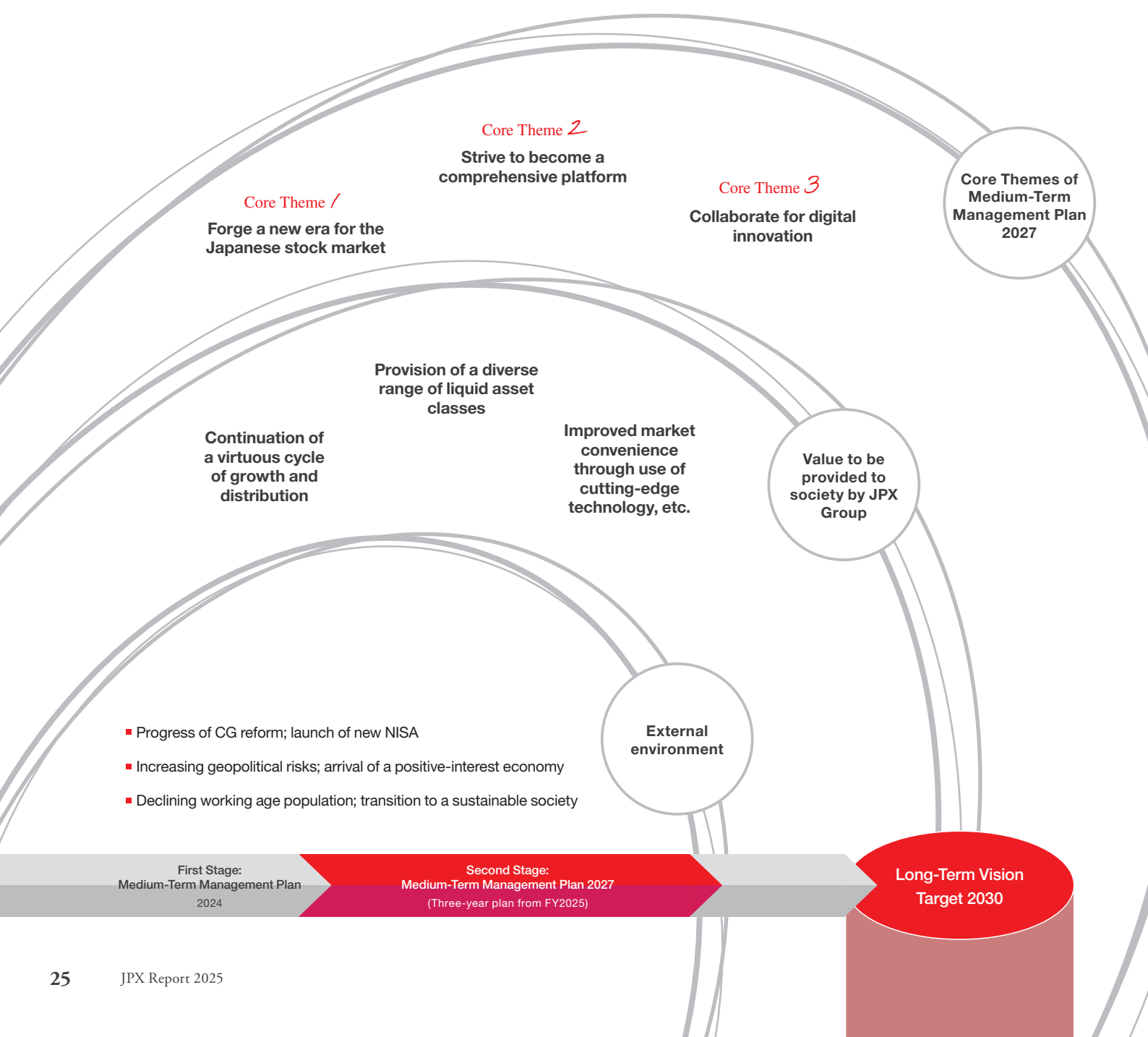
# Medium-Term Management Plan 2027

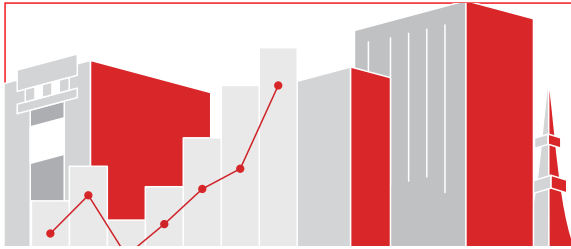
## Basic Policy

# Exchange & beyond

We will strictly maintain our customer-oriented, "market-in" approach based around societal issues and user needs, and will continue to actively venture into new fields while developing the foundations we have built in the first stage. In addition, as a core infrastructure of Japan's

financial and capital markets, while enhancing trust in the market and JPX Group, we will aim to increase the value we provide to society through, for example, providing strong support for the promotion of Japan as a leading asset management center.





## Core Theme /

# Forge a new era for the Japanese stock market

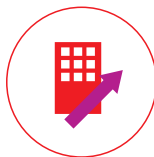
As a core infrastructure of Japan's financial and capital markets, we will continue to support the growth of listed companies and advance the development of platforms where anyone can invest with confidence to further boost the "virtuous cycle of growth and distribution."

## Strategic Direction in Medium-Term Management Plan 2027

By continuing to work on measures to enhance the Japanese stock market, we will aim for its sustainable growth and expansion as well as wide usage and development of the Japanese equity options market, while aiming to broaden the investor base both in Japan and overseas.

### Main Initiatives

#### Initiative 01



#### Promote self-led corporate value improvement at listed companies

- Encouraging management that is conscious of cost of capital and stock price
- Promoting constructive dialogue between listed companies and investors
- Promoting growth of startup companies after IPO

#### Initiative 02



#### Make investment environment more convenient and efficient


- Improving convenience such as lowering trading unit
- Working on minority shareholder protection
- Expanding product lineup and investor base in ETF market
- Smooth transition to the next-generation TOPIX
- Improving financial literacy through investor education and promoting the appeal of Japanese equities
- Strengthening information provision and promotion aimed at overseas investors

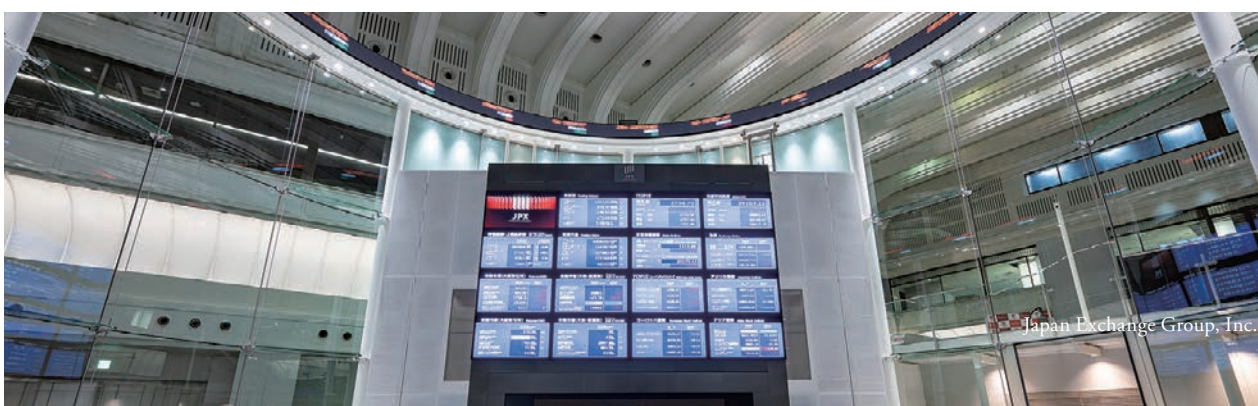
#### Initiative 03



#### Invigorate Japanese equity options market

- Promoting usage of index options market by diversifying expiration cycles, etc.
- Revitalizing securities options market through improving market access and increasing liquidity
- Creating more awareness of options market and promoting investment strategies that utilize options

 Specific details of each initiative  
P.29





## Core Theme 2

### Strive to become a comprehensive platform

In this era of rapid change and in order to contribute to the promotion of Japan as a leading asset management center, we will aim for optimization of risk allocation across society by providing internationalized and diversified market functions.

#### Strategic Direction in Medium-Term Management Plan 2027

We will expand the market\* through active investment in the development of various derivatives products, focusing on interest rate-related products, while aiming for further diversification and internationalization as a platform.

\* Expecting interest rate-related revenue to grow at an average annual rate of approximately 12% (excluding the portion of JSCC's revenue from deposited collateral assets which are passed on to clearing participants)

#### Main Initiatives

##### Initiative 01



##### Develop further as the central market in Asia

- Developing environment to facilitate listing of high-growth Asian companies
- Expanding trading flow from overseas by listing currency futures
- Entering into new asset classes in response to needs across society

##### Initiative 02



##### Expand interest rate-related products and services


- Invigorating listed interest rate derivatives products
- Promoting expanded usage of OTC clearing services
- Expanding investor base in light of positive-interest world

##### Initiative 03



##### Stimulate energy-related products

- Invigorating electricity futures market through initiatives such as adding new products and improving market access for a range of participants
- Increasing convenience by strengthening partnership with electricity spot market
- Research and study aimed at expanding trading of LNG futures and enhancing energy-related derivatives

 Specific details of each initiative  
P.30







## Core Theme 3

# Collaborate for digital innovation

By actively utilizing rapidly evolving digital technologies, we will improve the convenience of our data and other services as well as seeking solutions to cross-industry issues such as labor shortages caused by the declining population in Japan.

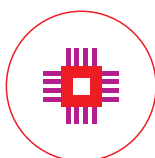
### Strategic Direction in Medium-Term Management Plan 2027

We will aim to strengthen the resources dedicated to developing data-related businesses\* and increase added value utilizing, among other things, investment and collaboration with external parties, as well as increasing efficiency across the market by utilizing digital technologies.

\* Expecting data service revenue to grow at an average annual rate of approximately 8%

## Main Initiatives

### Initiative 01



#### Develop the next generation of data services

- Enhancing data, including by utilizing collaboration with partner companies
- Increasing added value such as by increasing the frequency of data dissemination
- Diversifying service provision methods including distribution via external platforms such as that provided by Snowflake

### Initiative 02



#### Proactively adopt cutting-edge technologies such as AI


- Utilizing AI and other technologies in listed company services
- Advancing operational efficiency and new value creation through utilizing AI and other technologies
- Applying blockchain technology to further improve settlement efficiency, for example

### Initiative 03



#### Contribute to solving industry-wide issues

- Considering solutions that combine data and knowledge to improve operational efficiency
- Discussion of shortening settlement cycles, taking account of international trends

 Specific details of each initiative  
P.31



## Specific initiatives under each core theme



### Forge a new era for the Japanese stock market



#### Initiative 01 Promoting constructive dialogue between listed companies and investors

In January 2024, TSE established a new dedicated group to support listed companies in addressing issues they face in improving their corporate value. Through support measures such as hosting various events, providing materials and tools, and sharing case studies from other companies, we aim to improve information disclosure and IR capabilities of listed companies, as well as promote constructive dialogue with investors, thereby contributing to enhancing their corporate value.



Dialogue meeting with institutional investors



#### Initiative 02 Improving financial literacy through investor education and promoting the appeal of Japanese equities

With an emphasis on providing fair and unbiased information, we offer a wide range of investment education programs for people of all ages, from elementary school students to senior citizens. In addition, we work together with the securities industry and others to promote the appeal of investing in Japanese stocks, taking advantage of the exchange's unique features and strengths, such as promotions using TSE Arrows and other exchange facilities, provision of information on stocks, ETFs, and other listed products, and explanations of TSE's initiatives.



Asset building with confidence — JPX seminar for new investors



#### Initiative 03 Making securities options a standard tool for Japanese stock investment

Stock options (securities options) are options on single securities such as stocks, ETFs, and REITs, and are highly popular derivative products worldwide. By enhancing the convenience of stock options, which provide a different way of investing in stocks, OSE will promote the further development of not only the options market but the Japanese stock market as a whole. This fiscal year, OSE aims to make stock options a standard tool for equity investment in Japan, such as by expanding the number of stocks eligible for market maker quotes to approximately 30, further increasing the number of securities companies

handling stock options, and disseminating easy-to-understand information on investment strategies that utilize them.



OSE's official mascot, "Kaba-ko"

The name "Kaba-ko" is a play on "covered call," a type of stock option strategy, and "kaba" being the word for "hippo" in Japanese.



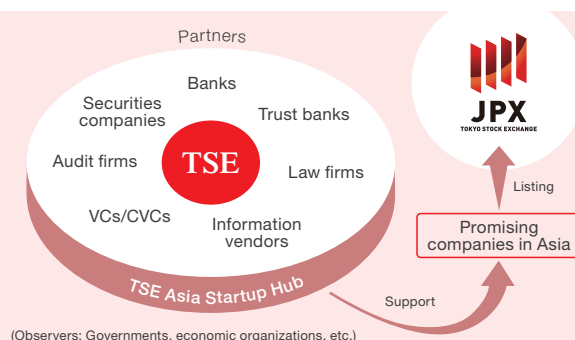
## Strive to become a comprehensive platform



### Initiative 01 Developing an environment to facilitate listings of high-growth Asian companies

In March 2024, we launched the "TSE Asia Startup Hub" as an ecosystem to encourage promising high-growth Asian companies to choose Tokyo Stock Exchange for their IPOs.

Together with our partners, we will work to provide an environment that facilitates listings of high-growth Asian companies by providing support tailored to the needs of each company, such as assistance with business development and fundraising in Japan and IPO preparation.



### Initiative 02 Expanding investor base in light of positive-interest world

In 2024, interest rates were hiked for the first time in 17 years and the yield curve control policy was abolished, leading to a rise in yen interest rates and an upward trend in volatility. In response to these changes in the environment surrounding yen interest rates, there is growing demand from both domestic and overseas market participants to hedge against yen interest rate fluctuation risks. In addition to 10-year JGB Futures, which serve as the benchmark for long-term interest rates, OSE launched short-term interest rate futures (3-Month TONA Futures) in 2023, enabling investors to

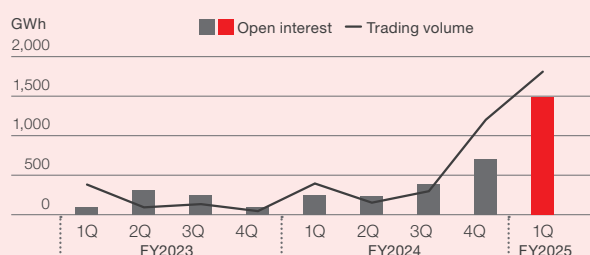
trade both long-term and short-term interest rates on a single platform. Furthermore, in 2024, JSCC expanded the scope of cross margining to include short-term interest rate futures, thereby improving capital efficiency by reducing collateral requirements in yen interest rate derivative transactions. Going forward, we will continue to work in various ways to build a yen interest rate market that is convenient for both domestic and overseas investors, thereby creating a market with the high liquidity that comes from a diverse investor base.



### Initiative 03 Invigorating the electricity futures market

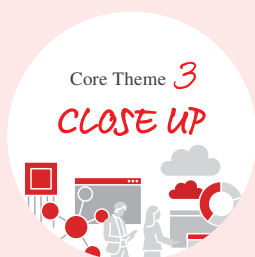
In the energy market, trading volumes of electricity futures have begun to increase significantly. As we continue to aim for broader usage, we are steadily introducing new products, including fiscal year contracts that began trading in May 2025, and are also considering expanding JJ-Link, a service which links transactions to the spot market operated by our partner, the Japan Electric Power Exchange (JEPX). We will continue to pursue initiatives that align with the needs of a wide range of market participants and strive to further invigorate the market.

Trading volume/open interest of electricity futures





## Specific initiatives under each core theme



### Collaborate for digital innovation



#### Initiative 01 Increasing added value by enabling visualization of distributed data

We are advancing various initiatives to enhance the added value of distributed data.

By linking our data platform, J-LAKE, with analysis tools, we will be able to provide data that was previously distributed mainly in numerical or text form in a more visual format using graphs and other means, and enable quick analysis using intuitive dashboards.



Data analysis using dashboards



#### Initiative 02 Advancing operational efficiency and creating new value through the use of AI and other technologies

JPX is actively working to introduce technologies such as AI to promote the creation of new value both inside and outside the company.

First, for internal initiatives, we are promoting automation and labor-saving efforts to improve operational efficiency. Specifically, we are utilizing technologies such as RAG to support the rapid acquisition of internal information. Going forward, we plan to promote labor-saving in daily operations by combining AI and RPA, and to further advance automation through the introduction of AI agents. Furthermore, through the promotion of these

technologies, we aim to visualize tacit knowledge and standardize operations, thereby contributing to greater productivity across the organization.

Meanwhile, in terms of external initiatives, we are providing information utilizing generative AI through JPX Market Explorer and JPxData Portal, supporting market participants, including investors, in quickly accessing the information they need.

By developing new solutions leveraging AI and other technologies, we will deliver new value to both internal and external stakeholders, enhance the convenience of market participants, and improve market transparency and trust.



#### Initiative 03 Discussion of shortening settlement cycles, taking account of international trends

In Japan, settlement of stock transactions is usually carried out two business days after the trade date (T+2). The U.S. transitioned to T+1 in May 2024, along with other countries in the Americas such as Canada, Mexico, and Argentina. In response, discussions on shortening settlement periods have intensified in other regions. In the EU, draft regulations targeting a transition to T+1 by October 2027 have been published. The UK and Switzerland have also announced plans to transition to T+1 at the same time as the EU. In the Asia-Oceania

region, which shares a similar time zone with Japan, discussions are also underway in Hong Kong, Singapore, and Australia on whether to transition to T+1.

If Japan switches to T+1, major changes are expected across the securities industry as a whole. JPX will continue its discussions, taking into account international trends and the direction of discussions among market participants, to ensure it is able to take appropriate action at the appropriate time.

# Strengthening the organizational foundation that supports promotion of the core themes

## Main Initiatives

### Ongoing buildup of human capital through ambitious investment\*

- Strengthening staff acquisitions that respond to external changes
- Developing and maintaining an environment where all staff can demonstrate their abilities
- Strengthening training and other measures for more thorough implementation of professional ethics

### Strengthening of self-regulatory function to further improve trust in the market

- Strengthening functionality of market surveillance system
- Strengthening initiatives to prevent unfair trading and inappropriate disclosure

### Further pursuit of reliability and resilience of system infrastructure\*

- Stable operation and ongoing improvement of current core systems
- Discussing strategy for and starting development of next-generation trading systems
- Strengthening failure tolerance and the BCP across the market through ongoing initiatives such as drills in collaboration with market participants
- Strengthening cybersecurity measures

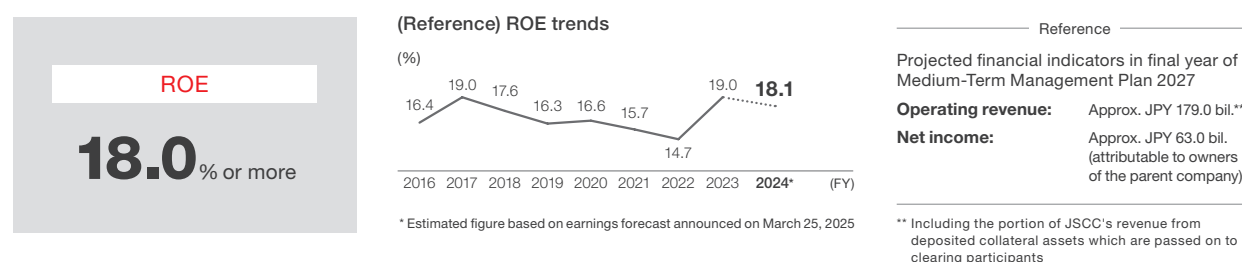
### Development and expansion of resources and operational structures that support new services, etc.

- Strengthening resources and structures to develop data services, etc.
- Strengthening resources and structures for providing information overseas
- Establishing resources and structures for actively utilizing AI
- Developing and maintaining resources and structures for effectively utilizing deposited collateral assets

\*Related matters are set as non-financial commitments

## Management Targets

### Financial Targets for Final Fiscal Year



## Non-financial Commitments

### Strengthening human resources through ongoing investment in human capital

#### Key KPIs

Monitor the following three indicators from the results of the engagement survey and aim to achieve a consistently high level

- 1** "Work Engagement"  
Indicator of vitality, passion, and immersion in work

**2** "Employee Development"\*\*\*\*  
Indicator of environment created for employee development including related opportunities, motivation, and training

**3** "Permeation of Corporate Philosophy"\*\*\*\*  
Indicator of identification with corporate philosophy, feelings about the meaning of work, sense of responsibility, etc.
- \*\*\*\*A unique JPX indicator that scores questions selected from the overall survey to measure employee development and permeation of the corporate philosophy

### Stable provision of core systems and demonstration of resilience

**Core systems:** Refers to the cash equity trading system (arrowhead, ToSTNeT), derivatives trading system (J-GATE), clearing system, and integrated network (arrownet).

**Resilience:** Even when there is no choice but to suspend operations due to system failure or other reasons, minimize the impact on market users by quickly and smoothly resuming operations, including through back-up operations.

## Approach to Sustainability

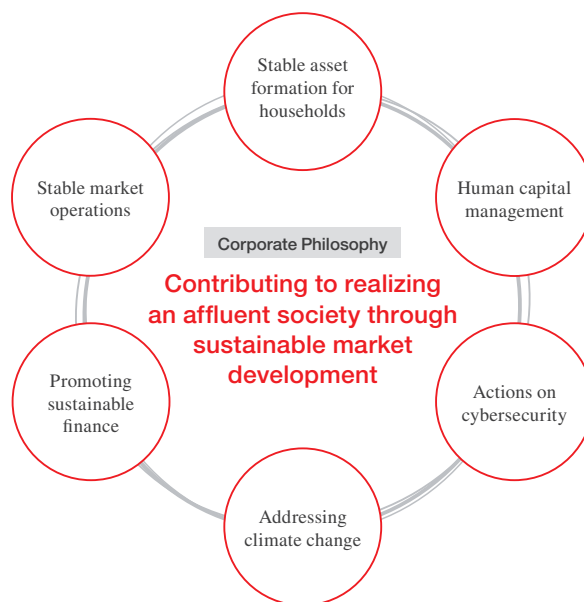
### Toward Realizing a Sustainable and Affluent Society

As set out in its Corporate Philosophy, JPX Group aims to contribute to the realization of an affluent society by providing market functions and services that ensure public visibility and reliability. To achieve this, the Group works on initiatives to improve its corporate value with attention to the surrounding environment and societal issues and its relationship to them.

The core themes in the Medium-Term Management Plan 2027 were set after taking into account the results of the Medium-Term Management Plan 2024 and an increasingly uncertain external environment. While continuing to focus on laying the foundation of a market that is highly convenient, efficient, and transparent and providing creative and attractive services, in order to effectively execute these, we will take a broader approach to sustainability and aim for the creation of a sustainable society.

Over the next few pages, we will present the key areas that were raised from the perspective of sustainability during the process of formulating the Medium-Term Management Plan 2027, as well as discussing the thinking behind and concrete initiatives related to each one.

Key areas from the perspective of sustainability



## Sustainability Promotion Frameworks

### Governance

We have established a Sustainability Committee, with the Group CEO as Chair and Group COO as Vice-Chair, that is addressing sustainability issues across the entire Group. Basic policies and important matters are reported to the board as required to ensure appropriate oversight by the board of directors. Sustainability-related risks are identified as a "significant risk" with respect to group-wide risk management and are reported to the board of directors from a risk management perspective on a quarterly basis. Moreover, an executive officer in charge of sustainability has been appointed and a dedicated department established to lead analysis and monitoring so that sustainability issues that pose risks to and provide opportunities for JPX Group's businesses can be identified and appropriately addressed.

### Risk Management

JPX has established a Risk Policy Committee chaired by an outside director, and a Risk Management Committee chaired by the Group CEO, in order to address the various risks faced by the Group. In line with the Group's Risk Management Policy, these committees are responsible for identifying risks as well as developing and implementing preventative measures, and also form a system that ensures a swift and appropriate response in the case that risks do or are likely to materialize. Under the Risk Management Policy, JPX identifies and classifies the risks faced by the company, each of which is managed by the department with jurisdiction. Information on assessments of these operations and issues to be addressed is periodically brought before the Risk Policy Committee (semiannually) and Risk Management Committee (quarterly) and reported to the board of directors.

The Risk Policy Committee has identified sustainability related risks as a significant risk under "business strategy and business environment risk." These risks are managed by the Sustainability Department.

## Key areas from the perspective of sustainability



### Stable asset formation for households







Supporting stable asset formation for households is an essential element of helping to achieve happiness and welfare for each and every citizen.

JPX considers giving back to society through the provision of market functions and services to be an important mission, such as promoting self-led corporate value improvement at listed companies to sustain a virtuous cycle of growth and distribution as well as putting in place platforms that facilitate investment by a broad base of investors, thereby bringing

together diverse investment decisions in pursuit of efficient and transparent price formation.

To this end, we are continuing to implement market and corporate governance reforms to support corporate value improvement efforts at listed companies, working to further expand the investor base through increased trading opportunities, such as by enabling small-size investments and extending trading hours, and striving to become a comprehensive platform.

#### Key Related Actions

- Encouraging management that is conscious of cost of capital and stock price  **Listed Companies**  
P.55
- Reduction of investment units  **Trading Participants**  
P.69
- Trading hours extension  **Aiming for an Attractive Stock Market**  
P.44
- Expanding the ETF product lineup and broadening the investor base  **Institutional Investors**  
P.59
- Smooth transition to the next-generation TOPIX  **Agile Development of Data and Digital Businesses**  
P.49
- Improving financial literacy through investor education and promoting the appeal of Japanese equities  **Retail Investors**  
P.57



### Stable market operations





In order to achieve sustainable market development by providing creative and attractive services, JPX Group has a duty to carry out stable provision of market infrastructure, including the day-to-day execution of its duties, and the enforcement of appropriate self-regulation. JPX believes that by fulfilling this duty, it can secure the trust of market users.

While providing resilient and highly reliable system infrastructure and fulfilling our public responsibility by exercising trade-monitoring and self-regulatory functions

during normal times, we are working hard to ensure the readiness of the entire Group for emergencies, such as building a BCP system and preparing for the unexpected.

With the objective of responding flexibly to changes in the environment in which the market operates, we will also work on communication and dialogue that takes into account the needs of market stakeholders, including investors, trading participants, and listed companies, to ensure fairness and transparency.

#### Key Related Actions

- Ensuring stable operation and continuous improvement of current core systems as well as discussing approaches to and starting development of next-generation trading systems  **IT Strategy**  
P.39
- Strengthening failure tolerance and the BCP across the market through ongoing initiatives such as drills in collaboration with market participants  **Risk Management (Business Continuity in Emergencies)**  
P.84
- Reinforcing self-regulatory functions by enhancing the functionality of the market surveillance system and implementing measures to prevent unfair trading, etc.  **Aiming for a Fair and Equitable Market**  
P.53
- Pursuing operational efficiency and creating new value through the use of AI and other cutting-edge technologies  **IT Strategy**  
P.39

## Key areas from the perspective of sustainability



### Human capital management

People are one of the most important assets we have for realizing our corporate philosophy and achieving sustainable improvements in corporate value. In order to strengthen the traditional function of the exchange, that is to maintain stable market operations, while also proactively taking on challenges in new fields without being overly bound by this framework,

JPX Group's fundamental human resources strategy entails hiring and developing both people who will underpin the further stabilization and sophistication of traditional exchange operations and those who will pioneer into new sectors and fields, as well as creating an environment in which all employees can demonstrate their abilities.

#### Key Related Actions

- Permeation of the JPX Corporate Philosophy among employees and recruitment of human resources who empathize with the Corporate Philosophy
- An HR system designed to suit diverse workstyle needs and training and education tailored to different career stages
- Systems that enable employees to be healthy in body and mind and continue to work with passion and vitality



Human Resources Strategy  
P.37



Employees  
P.65



### Promoting sustainable finance

We believe that sustainable finance, which takes a longer perspective than the short-termism of traditional finance, has an important role to play in contributing to the realization of an affluent society through sustainable market development. To promote sustainability through the use of market mechanisms, JPX will provide sustainability-related information to listed companies and support them in disclosing

their own such information, while also concentrating on enhancing accessibility to sustainability-related information for investors. We also participate in discussions in Japan and globally concerning the role of finance in resolving societal and environmental issues as well as standards and other frameworks for disclosure of sustainability information.

#### Key Related Actions

- Promotion of action on sustainability issues and information disclosure at listed companies through Japan's Corporate Governance Code
- Provision of websites that aggregate information on publicly offered ESG bonds and ESG-related disclosures by listed companies
- Participation in the Expert Panel on Sustainable Finance organized by the Financial Services Agency and holding of roundtable discussions pertaining to climate change data with the Net-Zero Data Public Utility



Sustainability | Japan Exchange Group

<https://www.jpx.co.jp/english/corporate/sustainability/index.html>

#### Promoting sustainability information disclosure: JPX Sustainability Information Search Tool

With the aim of promoting the disclosure of sustainability information by listed companies, since December 2024, JPX and JPX Market Innovation & Research have been providing the JPX Sustainability Information Search Tool (Beta Version) for companies listed on the Tokyo Stock Exchange. This tool allows companies to view, on a single screen, links to information included in publications by Prime Market-listed companies (annual securities reports, integrated reports, websites, etc.) relating to key environmental, social, and governance (ESG) topics. It is intended to make it easier for listed companies to gather relevant information in the process of deciding the content and other aspects of their own sustainability disclosure.



JPX Sustainability Information Search Tool (Beta Version)  
| JPX ESG Knowledge Hub | Japan Exchange Group  
<https://www.jpx.co.jp/corporate/sustainability/esgknowledgehub/search-tool/> (only in Japanese)

#### Enhancing accessibility of information: roundtable series on climate change data

JPX is working to promote sustainability-related initiatives and information disclosure by listed companies and constructive dialogue with investors and other stakeholders, and it considers improving access to data related to sustainability, including climate change, an important issue. In FY2024, JPX hosted a series of roundtable discussions with the Net-Zero Data Public Utility (NZDPU), an organization building a global and open data platform for climate change-related data, with the objective of understanding the needs of Japanese financial institutions and issuers and the problems they face and reflecting those opinions in global discussions.



JPX and NZDPU Publish Summary Paper of Japan  
Roundtable Series on Climate Transition-Related  
Data | Japan Exchange Group  
<https://www.jpx.co.jp/english/corporate/news/news-releases/0090/20250319-01.html>





## Actions on cybersecurity

As the organization responsible for financial market infrastructure, cybersecurity measures are extremely important for protecting the reliability and stability of the market and for providing safe and secure services to market users. For this reason, JPX Group considers them to be an essential element of stable market operations.

JPX Group has designated cyberattacks a significant

management risk. Under a company-wide communication framework that includes the board of directors, it has established a dedicated team for cybersecurity (JPX-CSIRT), built a management system involving internal and external experts, and has been working to strengthen its resilience through continual review of its measures in line with the Basic Policy on Cybersecurity.

### Key Related Actions

- Securing specialized personnel through internal training and the utilization of external resources
- Education and drills for all employees
- Raising awareness throughout the supply chain and conducting joint drills with relevant organizations



**Risk Management** (Actions on Cybersecurity)  
P.85



## Addressing climate change

When maintaining and strengthening its IT infrastructure to ensure the safety and fairness of transactions, or taking on challenges in new business areas, including digital transformation, JPX Group considers the efficient use and streamlining of energy, which could otherwise have an impact on climate change, to be an important mission.

JPX also sets out a commitment to contributing to a decarbonized economy in the Environmental Policy that it

formulated recognizing that resources are limited, and is working on initiatives toward achieving carbon neutrality for Japan as a whole. Even in areas where there are limits to what it can contribute as a company, JPX Group provides support for the transition to decarbonization by offering solutions that leverage market mechanisms, such as the development of a market for emissions trading and the raising and circulation of capital through the handling of related products.

### Key Related Actions

#### As a Market Operator

- Development of market for emissions trading
- Calculation of ESG indices and listing of related ETFs/futures
- Support for climate-related disclosure at listed companies

#### As a Business Corporation

- Calculation and management of GHG emissions
- 100% of electricity consumed switched to renewable energy



**Environment and Society**  
P.63

## Establishing a Carbon Credit Market

As part of "addressing climate change," JPX Group is developing its Carbon Credit Market in sight of the move to full-fledged emissions trading.

The Carbon Credit Market was opened in October 2023 by Tokyo Stock Exchange (TSE), based on knowledge gained from a demonstration project commissioned by the Ministry of Economy, Trade and Industry in FY2022. After the opening, TSE has implemented additional measures to enhance the functionality of the market based on feedback from market participants. As of June 2025, the market is steadily growing, with 331 participants from a wide range of sectors trading a cumulative total of over 820,000 tons since its opening.

Since FY2023, trials of the GX-ETS emissions trading system have been ongoing at the government-led GX League. JPX is a participant in the GX League, and in addition to working to achieve carbon neutrality for the Group itself, TSE's Carbon Credit Market will continue to contribute to the GX-ETS project commissioned by the Ministry of Economy,

Trade and Industry in FY2025 by operating a market maker scheme for J-Credits and planning to be the venue for trading GX credits.

Based on the development of the government's emissions trading system, we at JPX Group will continue contributing to the achievement of carbon neutrality by 2050 through the further development and functional enhancement of the Carbon Credit Market





# Human Resources Strategy

Message from an Executive Officer

Executive Vice President  
(General Administration and Human Resources)

Hasegawa Isao

## Aiming to further enhance the quality of our human resources, the source of JPX Group's corporate value, through ongoing investment

### Fundamental thinking behind our human resources strategy

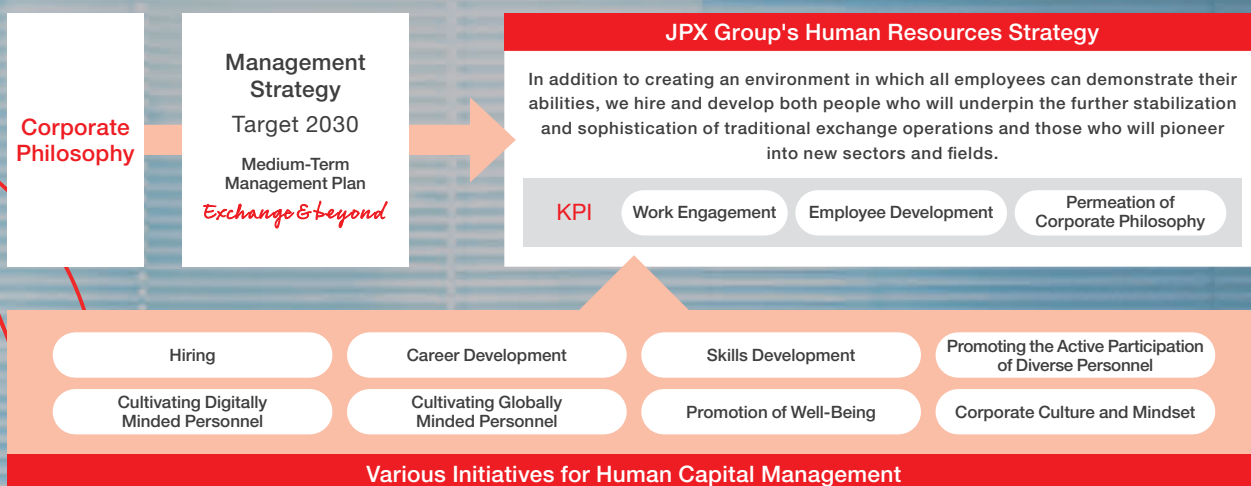
JPX Group's corporate philosophy states that we shall "ensure reliability and public visibility, lay the foundation of a market which is highly convenient, efficient, and transparent, and provide creative and attractive services." Based on this philosophy, our slogan is "Exchange & beyond," which expresses our determination to strengthen stable market operations while also advancing in new sectors and fields. The fundamental thinking behind our human resources strategy encompasses hiring and developing both people who will underpin the further stabilization and sophistication of traditional exchange operations and those who will pioneer into new sectors and fields, as well as creating an environment in which all employees can demonstrate their abilities.

At the start of our Medium-Term Management Plan 2027, the Group designated three indicators (Work Engagement, Employee Development, and Permeation of Corporate Philosophy) as the main KPIs (non-financial commitments) for the strengthening of human resources. These indicators stem from the results of the employee engagement survey that is conducted every year. By aiming to maintain high levels on an ongoing basis, we will build up the genuine strength of our human resources and ultimately realize our medium- to long-term vision.

### Recruitment and development of human resources

JPX Group hires new graduates and people in mid-career based on an awareness that it is important to hire diverse human resources to sustainably enhance corporate value. Our basic approach is to actively hire human resources with diverse perspectives, sensibilities, abilities, experience, and other attributes regardless of characteristics such as gender or nationality.

Based on the idea that each employee's growth leads to the company's growth, JPX Group encourages employees to pursue their interests and provides skill development programs that support employees in the well-balanced acquisition of the techniques, knowledge, and other skills necessary for their work and that are based on the three pillars of (1) practical experience, or opportunities to develop skills through work experience; (2) knowledge sharing, or opportunities to learn from the guidance and shared experiences of supervisors and senior employees; and (3) training, or opportunities to learn through training and other types of education.



Note: Individual initiatives for human capital management and data pertaining to human capital cover the parent company and its core subsidiaries.

## Enabling all employees to demonstrate their abilities

In addition to implementing these measures to hire and develop human resources, at JPX Group, we believe that it is important to create an organization where employees from various backgrounds can play an active role and have a high level of well-being.

In particular, in order to enable each employee to play an active role regardless of such characteristics as gender, nationality, and age, we have established a work-life balance support system that exceeds statutory requirements and promotes the creation of an environment that allows for career advancement even when facing various life events such as childcare, nursing care, and illness. In addition, in order to ensure that Group employees are physically and mentally healthy and can work with passion and vitality, we are strengthening our system for promoting health management through initiatives related to health management, the dissemination of information internally, and other means. We are committed to providing an environment in which all JPX Group employees can fully demonstrate their abilities.

## Creating an organizational climate that supports human resources

For every employee to demonstrate their abilities to the fullest and flourish, it is essential not only to quantify measurable aspects but also to foster the intangibles, namely a corporate culture and other shared values. At JPX Group, we share intangible values with our employees by increasing opportunities for management and younger employee dialogue and employee-to-employee communication and by conducting evaluations from multiple perspectives. We believe such an organization and corporate culture serve as a firm foundation for the sustainable growth of the company.

## In closing

As you can see, we value each of our employees and will continue to invest in human resources to further enhance the corporate value of JPX Group as a whole.







## IT Strategy

Message from the CIO

Senior Executive Officer & CIO

Takura Satoshi

# JPX Group's Medium-Term Management Plan 2027 and new IT Master Plan pave the way for transformation and collaborative creation

## New IT Master Plan

JPX formulates and publishes its IT Master Plan to clearly communicate the Group's direction and strategy on IT internally and externally and drive business by aligning management and IT policies in order to steadily progress toward the targets set out in medium-term management plans. Starting with FY2025, the Medium-Term Management Plan 2027 is positioned as the second stage toward realizing the long-term vision "Target 2030." The three years through 2027 are regarded as a crucial preparatory period for achieving G-HUB (a global comprehensive financial and information platform). To provide robust support from an IT perspective, we have redefined the roles expected of IT departments and formulated a new IT Master Plan.

## Becoming a comprehensive platform

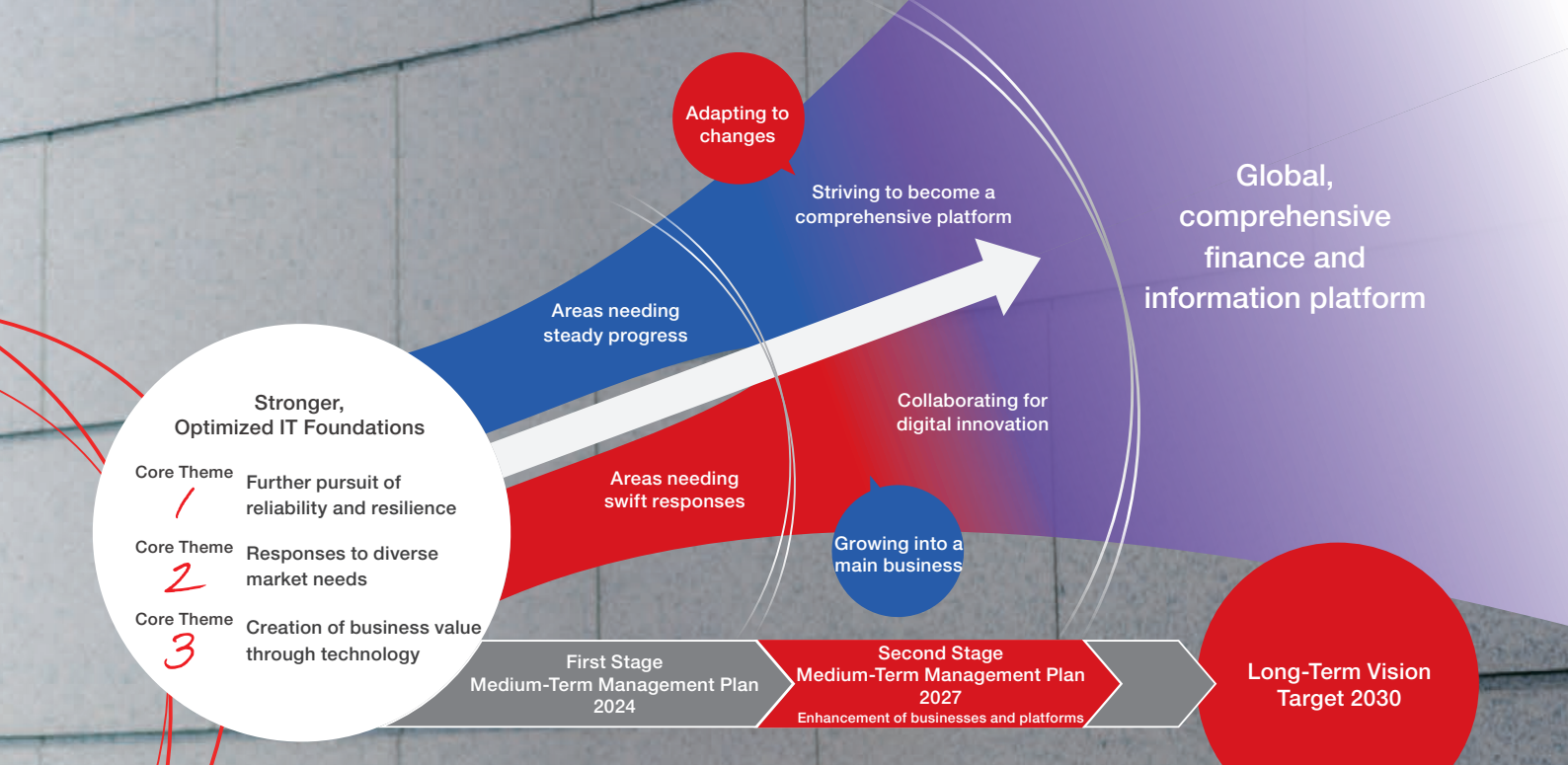
The systems supporting JPX Group's core operations are expected to be highly reliable as part of the social infrastructure and to maintain resilient capabilities for quickly and smoothly resuming operations in the event of a failure. However, the social environment continues to change rapidly, and today's optimal solution may no longer be optimal tomorrow. We believe that the ability to flexibly respond to change through continuous experimentation and refinement will be the driving force behind evolving our existing platforms into a comprehensive platform.

## Collaborating for digital innovation

In the data services business, which has been a focus in recent years, we have pursued initiatives on the premise of responding quickly to change. Encouragingly, the business has continued to grow in scale and holds the potential to become a key pillar alongside our core businesses. To realize this, we must maintain the momentum from its initial launch while balancing flexibility to meet diverse needs with stable service delivery. By leveraging alliances with other institutions and building a sustainable operational framework, we aim to collaborate for digital innovation.

## Building foundations for utilizing AI

JPX Group has launched an AI promotion project to drive further value creation and operational efficiency across the entire company through the use of generative AI. IT departments will support business innovation by establishing foundations that enable all employees to maximize the effective use of AI, while ensuring the governance required of financial institutions.

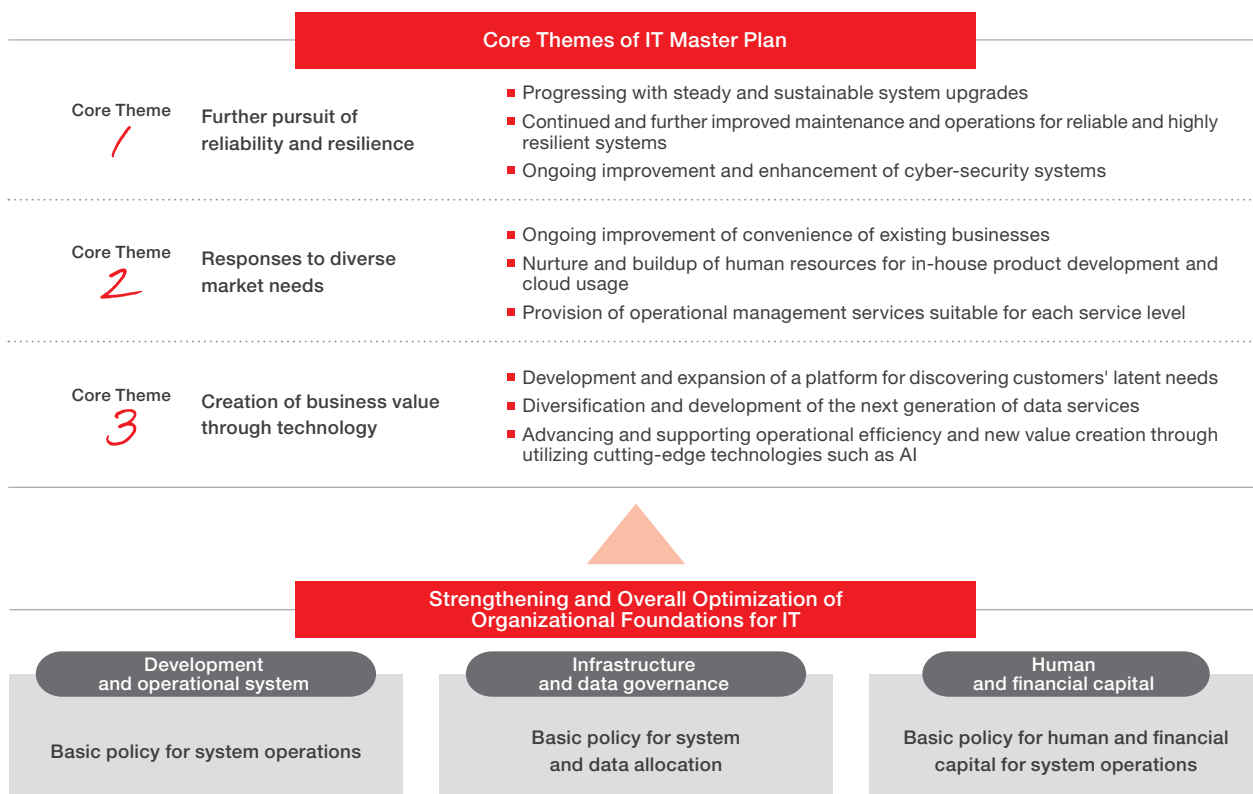


## IT that supports transformation

We view IT not merely as a tool for supporting business operations, but as a strategic asset that drives value creation at the Group. IT serves not only as the foundation for executing management strategies, but also as a source for generating new business opportunities by flexibly adapting to a changing social environment and technological innovations. "Data" and "AI" are the key factors that are emblematic

of this, and we are working to establish a company-wide framework to proactively and effectively leverage these assets.

Even in this era of rapid change, we will continue to take on new challenges to achieve the goals of our Medium-Term Management Plan 2027 and realize the Target 2030 long-term vision, thereby supporting the sustainable development of the market.







## Financial Strategy

Message from the CFO

Senior Executive Officer & CFO

Kawai Hiroki

# Building a robust financial base to support sustainable market development and driving progress under the Medium-Term Management Plan 2027

## On assuming the office of CFO

I assumed the position of CFO of JPX in April of this year. Until now, I have mainly been in charge of stock market operations, during which I have advanced various initiatives to enhance the market's competitiveness and convenience, as well as efforts to strengthen resilience in response to the system failure. Based on this experience, I believe that JPX Group's most important mission is to operate the market in a stable manner and ensure its sustainable development. As CFO, I will strive to achieve this mission by balancing the establishment of a robust financial base with investments in market development. As a result, I aim to achieve sustainable growth in corporate value and enhance shareholder returns, thereby fulfilling the trust placed in us by our shareholders.

## Review of Medium-Term Management Plan 2024

FY2024 was the final year of the Medium-Term Management Plan 2024 and the market was vibrant throughout the year, with average daily trading value of cash equities, a key indicator of market conditions, reaching a record high of JPY 5.7 trillion for the fifth consecutive year.

Supported by this favorable environment, JPX recorded operating revenue of JPY 162.2 billion, operating income of JPY 90.1 billion, and net income (attributable to owners of the parent company) of JPY 61.0 billion, all

marking record highs for the second year in a row.

As a result, ROE reached 18.3%, achieving the financial targets of the Medium-Term Management Plan 2024 for the second consecutive year.

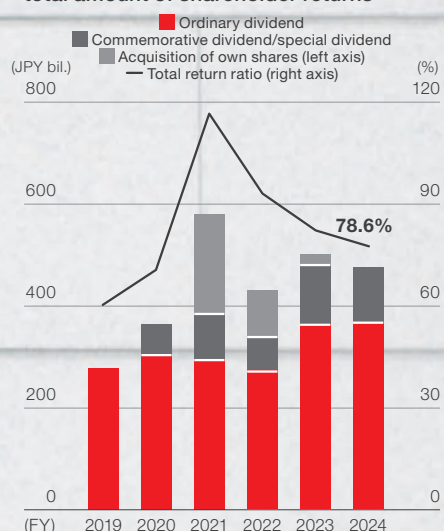
## Financial Targets for the Medium-Term Management Plan 2024

|   | Financial Target for the Final Fiscal Year Set Out at the Beginning of the Plan | FY2022         | FY2023         | FY2024         |
|---|---|----------------|----------------|----------------|
| Operating Revenue   | JPY 147.0 bil.  | JPY 133.9 bil. | JPY 152.8 bil. | JPY 162.2 bil. |
| Net Income (Attributable to Owners of the Parent Company) | JPY 53.0 bil.   | JPY 46.3 bil.  | JPY 60.8 bil.  | JPY 61.0 bil.  |
| ROE   | At least 15%  | 14.7%          | 19.0%          | 18.3%          |

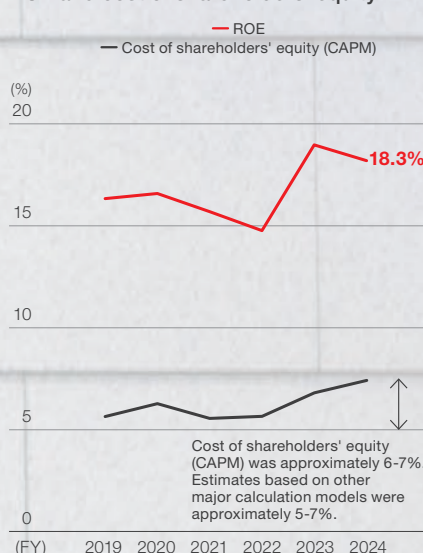
## Financial targets and capital policy for the Medium-Term Management Plan 2027

This fiscal year marks the start of our new medium-term management plan (Medium-Term Management Plan 2027). In this plan, we have carefully examined both our business plan and capital policy for the next three years. To promote more capital-efficient management, we have set a financial target of achieving ROE of 18.0% or more. This target significantly exceeds our estimated cost of shareholders' equity based on standard calculation methods. We aim not only to meet this target but to exceed it. We will continue to engage in dialogue with

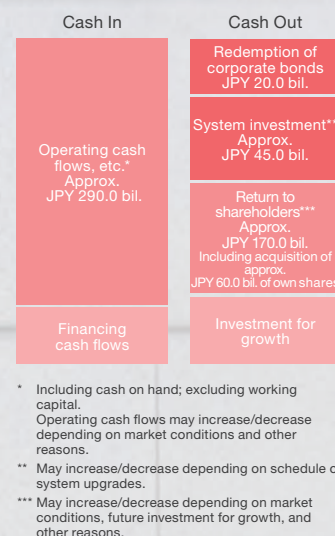
Past total return ratios & total amount of shareholder returns



ROE and cost of shareholders' equity



Cash allocation for three years of Medium-Term Management Plan 2027



\* Including cash on hand; excluding working capital. Operating cash flows may increase/decrease depending on market conditions and other reasons.  
 \*\* May increase/decrease depending on schedule of system upgrades.  
 \*\*\* May increase/decrease depending on market conditions, future investment for growth, and other reasons.

our shareholders and investors to determine what is necessary to achieve this.

As part of the new Medium-Term Management Plan, we have disclosed a three-year cash allocation plan. This outlines how we intend to secure a solid financial base, invest in market development, and return profits to shareholders. By sharing this plan, we aim to foster more meaningful dialogue with our shareholders and investors.

In particular, with regard to shareholder returns, we have revised our dividend policy by raising the payout ratio from "around 60%" to "at least 60%." This enables us to provide higher dividends than before, with greater flexibility, based on our financial and capital conditions for each fiscal year. Additionally, we have set a target of acquiring approximately JPY 60.0 billion of our own shares over the three-year period. Combined with ordinary dividends, this brings our total planned shareholder returns to approximately JPY 170.0 billion, further enhancing the substance and transparency of our shareholder return policy.

To ensure stable market operations that consistently deliver high user satisfaction regardless of domestic or global economic conditions, monetary policy shifts, or geopolitical risks, we believe that maintaining a strong financial base is critical. Accordingly, at the time of the Medium-Term Management Plan 2027 announcement, we estimated that a minimum equity capital level of approximately JPY 250.0 billion would be necessary.

## Constructive dialogue with shareholders and investors to enhance long-term corporate value

As a market operator, JPX believes it is important to engage in constructive dialogue with a broad range of stakeholders, including shareholders, institutional and individual investors, and analysts. At JPX, meetings are conducted with either the CEO, CFO, a director, an executive officer, or the department in charge of IR, depending on the purpose of the meeting.

In FY2024, we hosted two financial results briefings and a Medium-Term Management Plan briefing presented by the CEO, as well as a business briefing (JPX Investor Day) attended by the presidents of group subsidiaries. These events attracted participants from 50 overseas investors, 19 domestic investors, and 29 securities analysts. In addition, through participation in institutional investor conferences, overseas business trips, and one-on-one meetings, we held discussions with a total of 309 overseas investors, 25 domestic investors, and 14 analysts. Approximately 1,390 individuals attended the company briefing session for individual investors. The main topics of dialogue included additional initiatives to improve the effectiveness of "Action to Implement Management That Is Conscious of Cost of Capital and Stock Price," the impact of rising interest rates on JPX business, growth strategies and M&A opportunities for expanding revenues, and the company's approach to necessary capital and shareholder returns. We received many questions and comments on these topics.

The feedback we obtained is reported twice a year to the JPX board of directors and quarterly to the whole company, including management. We aim to enhance corporate value by utilizing the feedback in our future growth and financial strategies. Based on these dialogues, we have had JSCC speak at our business briefing session, disclosed cash allocation in our new Medium-Term Management Plan, and implemented additional return to shareholders.

As CFO starting this fiscal year, I will also actively engage in dialogue with many stakeholders and strive to build trust with all stakeholders to enhance understanding of JPX's growth strategy and other aspects. We ask for your continued understanding and support as we journey forward.



# Approach to Creating New Value

## JPX Group Companies' Value Creation Strategies

The entire JPX Group, including subsidiaries and affiliates, engages in business related to the establishment and operation of financial instruments exchange markets so that market users can trade securities with confidence at all times.

To evolve into a global, comprehensive finance and information platform as part of its long-term vision, the Group is committed to value creation by providing more secure and convenient trading platforms for all market participants, including expanding and enhancing the quality and appeal of listed products, further improving trading and clearing rules, and enriching data and information for investors.

### Aiming for an Attractive Stock Market

Tokyo Stock Exchange | P.44

### Providing a Wide Range of Derivative Products in a One-Stop Solution

Osaka Exchange/Tokyo Commodity Exchange | P. 47

### Agile Development of Data and Digital Businesses

JPX Market Innovation & Research | P. 49

### Further Enhancement of Clearing Functions

Japan Securities Clearing Corporation | P. 51

### Aiming for a Fair and Equitable Market

Japan Exchange Regulation | P. 53

# Aiming for an Attractive Stock Market

In our role as a core infrastructure supporting corporate fund raising and household asset formation, as well as promoting self-led corporate value improvement at listed companies, we will revise rule frameworks and disseminate information in order to develop platforms where anyone, whether local or international, amateur or professional, can invest with confidence.

President & CEO  
Tokyo Stock Exchange, Inc.  
Iwanaga Moriyouki



## Growth Strategy | Creating Value

Tokyo Stock Exchange (TSE) operates Japan's leading stock market and serves as a core infrastructure that supports Japan's capital market. In order to increase the value of JPX Group, it is essential to increase the value of TSE, which is the core of the Group. To this end, we will demonstrate our presence as a place to be listed and a place to trade stocks.

As a place to be listed, we are advancing measures to support the medium- to long-term enhancement of corporate value of listed companies centered around improving the effectiveness of dialogue with investors, such as promoting management that is conscious of cost of capital and stock price. In addition, since IPOs of investable startups and their subsequent growth are essential for the revitalization of the market, we will promote measures to enhance the functionality of the Growth Market as well as provide support to leading Asian companies for business development in Japan, fund raising, IPOs, and other purposes through the TSE Asia Startup Hub.

As a place to trade stocks, our essential mission is to provide liquidity so investors with various needs can buy and sell whenever necessary. In order to further promote the shift from savings to investment, it is necessary to create an environment where anyone can easily invest in Japanese stocks through measures such as lowering the minimum investment unit. Additionally, in November 2024, along with the upgrade of the cash equity trading system, we introduced extended trading hours and a closing auction session, and we will continue to strive to improve trading rules to meet investor needs after analyzing the effectiveness of these measures. Finally, we will also continue to work diligently toward enhancing TSE's resiliency as a market infrastructure, given its significant responsibility for providing consistently stable markets.

### Perceived Strengths

- Listing of many companies representing the Japanese economy and providing funding opportunities to leading start-ups
- One of the world's largest markets, with a diverse investor base that includes retail investors as well as Japanese and overseas institutional investors
- Trust from and cooperation with market participants built over time
- Safe and reliable cash equity trading system

### Perceived Risks

- Diminishing trading volume, decreasing supply of investment funds, and stagnating economic activity among listed companies and start-ups associated with a deteriorating market environment due to factors such as economic downturns in Japan and abroad
- Risk of no progress in enhancing quality of capital markets
- Reduced liquidity on the exchange due to a higher share of off-exchange trading

## Our Mission

- Realize an affluent society by promoting improvements in corporate value at listed companies, thereby contributing to the building of a sustainable and strong economic and social infrastructure, and asset formation by the public
- Realize fair and smooth price formation in the markets and contribute to the protection of investors and the sound development of the national economy through effective trading supervision
- In addition to stable market operations, improve market convenience and reliability through various measures that contribute to improving market functions



## Enhancing the appeal of the Japanese market by supporting corporate value improvements at listed companies

TSE is advancing various initiatives aimed at enhancing the corporate value of listed companies, and through that, improving the attractiveness of Japan's securities markets for a wide range of domestic and international investors.

A prime example of these efforts is the initiative launched in March 2023, in which all listed companies on the Prime and Standard Markets were requested to promote "management that is conscious of cost of capital and stock price." The issues around profitability and market valuation of Japanese listed companies, as reflected in low ROE and low PBR, have been pointed out for some time. However, against the backdrop of feedback from domestic and international investors, this initiative has caused many listed companies to recognize these as important issues and consider/disclose plans for improvement.

On the other hand, investors have pointed out that there are many listed companies that, despite making disclosures, have further room for improvement in terms of specific initiatives. In response, TSE published examples of good practices along with "Cases Where Companies Are Not Aligned With Investors' Perspectives" in November 2024, to serve as reference materials for listed companies when reviewing and refining their own initiatives. In addition, with a view toward further supporting listed companies that are proactively taking action, from January 2025, TSE has revised the list of disclosing companies (published since January 2024) such as by indicating companies that wish to be contacted by institutional investors.

Also, starting from January 2024, we established a dedicated team called the "Listed Company Support Group" to further enhance our support initiatives for listed companies. The President & CEO of TSE has been visiting locations nationwide to explain the background and intentions of these initiatives and to engage in two-way dialogue. Additionally, for listed companies particularly struggling with investor relations (IR), we are focusing on providing programs to enhance the IR skills of staff in charge and creating opportunities for interaction with institutional investors.

Furthermore, in collaboration with the Financial Services Agency, we are advancing initiatives aimed at achieving more effective engagement with institutional investors.

In parallel with these, we are also implementing measures to enhance the functionality of the Growth Market, with the aim of fostering the emergence of start-ups that will drive the future growth of the Japanese economy. We aim to make the Growth Market "a market where companies aiming for high growth gather" and will work on various measures to encourage each company to continually work toward high growth, both before and after listing, in order to pursue "growth" as the intrinsic characteristic of the market.





## Toward further improvement of market resilience and convenience

TSE is implementing various initiatives to respond to changes in the external environment and diversifying investor needs, as well as enhance convenience for market users through maintenance of globally equivalent rule frameworks, and further strengthen the resilience of the market itself.

On November 5, 2024, in tandem with the upgrade of the cash equity trading system (arrowhead), TSE extended trading hours and introduced a closing auction session to enhance the functionality of the cash market.

Regarding the extension of trading hours, following the system failure in October 2020 that resulted in a trading halt for an entire day, we have pushed back the closing time of the cash market session from 3:00 p.m. to 3:30 p.m. (a 30-minute extension) in order to enhance resilience by ensuring trading opportunities to the greatest extent possible on the day of a failure.

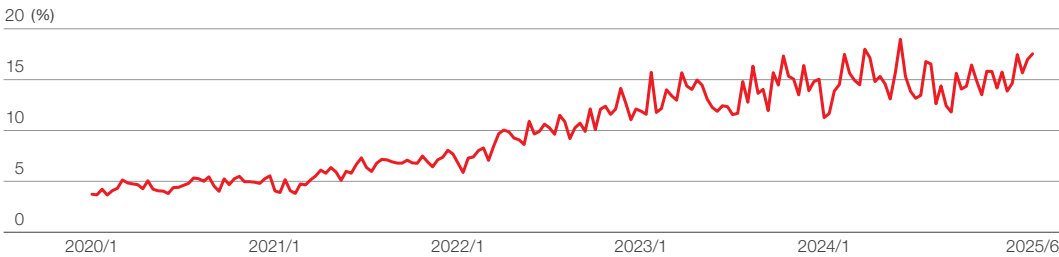
Additionally, the importance of ensuring smooth trading at the close of the afternoon session had been growing. For example, amid a long-term trend of increasing trading value at the close of the afternoon session due to the growth of passive investing (Graph 1), at the time of periodic reviews of the constituent

stocks and weightings of major stock indices such as TOPIX, trading linked to these reviews

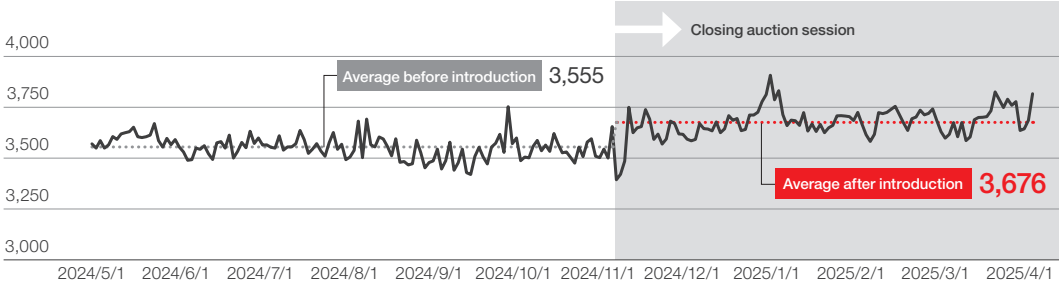
tended to concentrate near the close of the afternoon session, leading to an imbalance of orders that prevented the *itayose* from balancing. Specific issues included that it was impossible to accurately assess the supply-demand situation at the close of the afternoon session taking into account orders with closing conditions, and that it was difficult to confirm the most recent price before placing orders. To address these challenges, we have introduced a closing auction session, which is widely adopted by overseas exchanges, where a certain order acceptance period (five minutes from 3:25 p.m. to 3:30 p.m.) is held prior to the close of the afternoon session, rather than immediately transitioning to the close after the end of the regular session (*zaraba*). This has made it easier for investors to predict the execution price and has led to an increase in the number of issues being traded at the close of the afternoon session (Graph 2), allowing for smoother formation of closing prices.

Going forward, TSE will continue to implement various measures to create a more attractive market.

Graph 1 Ratio of value traded at end of session (TSE First Section/Prime Market)



Graph 2 Number of issues with executed trades at close of afternoon session





## Providing a Wide Range of Derivative Products in a One-Stop Solution

Through the development and provision of products and services related to diverse asset classes such as equities, interest rates, commodities, and energy, we offer a highly convenient market to domestic and international investors, thereby contributing to a bigger international presence for the Japanese market.

President & CEO, Osaka Exchange, Inc.

Representative Director & Chair, Tokyo Commodity Exchange, Inc.

Yokoyama Ryusuke

Representative Director, President

Tokyo Commodity Exchange, Inc.

Ishizaki Takashi

### Perceived **Strengths**

- Our reliability as a market operator that we have built over time as both a traditional securities exchange and a pioneering derivatives exchange
- A comprehensive exchange handling a wide range of derivatives products whose underlying assets are equities, interest rates, commodities, and energy products
- A diverse base of market participants and resulting high market liquidity

### Perceived **Risks**

- Risk of reduced liquidity due to a decrease in trading volume caused by diminished demand for the use of hedging against price fluctuation risks prompted by changes in society, monetary policies, industrial structures, or other aspects in Japan or abroad, or a decrease in the number of trading participants who handle customer orders and deliveries
- Competition with domestic and overseas exchanges and/or alternative markets that handle similar products

### Our Mission

- Through the proper operation of a convenient and transparent listed derivatives market, we will provide domestic and overseas market participants with efficient and effective hedging and asset management opportunities, provide solutions in response to societal issues and economic conditions in Japan and abroad, and sustainably develop the market.

### Growth Strategy | Creating Value

Osaka Exchange (OSE) and Tokyo Commodity Exchange (TOCOM) operate JPX Group's derivatives markets in an integrated manner as a "Comprehensive Exchange" for the one-stop trading of a wide range of listed derivatives whose underliers are equities, interest rates, commodities, and energy products. In our newly announced "Medium-Term Management Plan 2027," we have outlined market promotion measures aimed at the medium- to long-term development of the market. Among these, we intend to place particular emphasis on promoting the equity options market in line with the promotion of Japan as a leading asset management center. In particular, we see significant potential for growth in the single stock options market, given trading trends in the U.S. market and said options' affinity with the cash equity market, and we have high expectations that these products will become widespread and develop further. Additionally, as monetary policy normalization progresses and yen interest rates begin to move, we anticipate that the role of derivative products will become increasingly important. Therefore, we will also prioritize strengthening and expanding our interest rate-related products and services. Furthermore, we will work to invigorate the comprehensive energy market, which plays an important role as industrial infrastructure and is closely linked to the industrial policies promoted by the government.

Going forward, OSE and TOCOM will continue their efforts to revitalize existing markets by providing new trading opportunities and improving convenience to meet the diverse needs of investors while proactively developing new asset classes that synergize with existing markets. Through these efforts, they will sustainably grow JPX Group's derivatives markets.

## Expanding business opportunities by venturing into various fields

OSE and TOCOM are promoting specific measures targeting equities, interest rates, commodities, and energy.

In the area of equities, we are prioritizing promoting trading in the single stock options market. Given the size of said market in the U.S., this is a product with room for further growth, and last fiscal year, we expanded the number of issues eligible for market making as well as the number of securities companies handling single stock options, resulting in an increase in transactions — for example, the notional amount traded has exceeded JPY 20.0 billion. We have also added contracts with Wednesday expiry dates to Nikkei 225 mini Options, making the market even more convenient. We will continue to endeavor to expand trading, including considering the further diversification of expiry dates based on market demand.

In the interest rate area, in addition to 10-year JGB Futures, which serve as a benchmark for yen interest rates, short-term interest rate futures (3-Month TONA Futures) were listed in 2023, enabling investors to trade both long-term and short-term interest rates in a single market. In 2024, Japan Securities Clearing Corporation expanded the scope of its cross margining to include short-term interest rate futures, thereby enabling improved capital efficiency through reduced collateral requirements for yen interest rate derivative transactions.

Regarding commodities, electricity futures have seen a significant increase in the number of participants since their listing in 2022, rising

from 13 companies to approximately 190, and the entry of a major broker has led to a sharp increase in trading volume. Furthermore, trading of fiscal year futures contracts was launched in May 2025, and plans are underway to add futures products for the Chūbu area to the existing East and West baseload contracts in the coming fiscal year. We have also begun jointly providing a service (JJ-Link) with the Japan Electric Power Exchange that links spot and futures trading, and we expect the market to expand further.

As stated in the Medium-Term Management Plan 2027, we are also working on adding new products and expanding new asset classes, and in May 2025, we listed new Shanghai Natural Rubber Futures. This is expected to meet hedging needs for natural rubber inventories located in China, create arbitrage trading opportunities with existing RSS futures, and further improve liquidity. We also plan to list currency futures in 2026. This will enable us to meet demand for hedging with existing products within the OSE market, which we hope will make it a highly convenient market. We will continue to proactively consider expanding asset classes in line with investor demand, not limited to currency futures.

As described above, we will promote well-balanced market development in each field while incorporating the needs of various investor groups and work as one Group to contribute to the expansion of the derivatives market and the Japanese market as a whole.



Shanghai Natural Rubber Futures listing ceremony







## Agile Expansion of Data and Digital Business

In an environment where digital technologies and user needs are rapidly changing and diversifying, we will actively promote flexible and agile business development, including venturing into new domains, to contribute to solving industry-wide issues and strengthening the competitiveness and status of Japan's financial and capital markets.

President & CEO  
JPX Market Innovation & Research, Inc.

Futagi Satoshi

### Perceived **Strengths**

- A strong client base centered on TOPIX and a highly fair, transparent, and neutral index management system
- Ability to develop market services built on foundations and know-how cultivated as a market infrastructure
- Extensive experience in using AI, blockchain, cloud, and other digital technologies and increased experience in collaborating with external partners
- In-house development capabilities to provide services speedily and to respond quickly to customer needs and societal changes

### Perceived **Risks**

- Intensifying international competition in the data business field
- Declining appeal of services due to lagging behind the rapid changes in customer needs and the pace of technological innovation
- Decline in the number of service users due to diminishing appeal of Japan's financial and capital markets

### **Our Mission**

- Through collaboration with partner companies and the proactive introduction of cutting-edge technologies such as AI, we will strive to further improve the investment environment by expanding the coverage and improving the flow of data related to listed companies and markets as well as providing services that enhance analytical efficiency, thereby contributing to stimulation of the securities market and enhancement of JPX Group's corporate value.

### Growth Strategy | Creating Value

JPX Market Innovation & Research (JPXI) consolidates expertise in data and digital fields, leveraging new technologies to develop new businesses, promote DX and digitalization both internally and externally, manage stock price indices and data services, and provide IT solutions.

JPXI will continue to solidly operate the Group's long-established businesses of calculating and distributing TOPIX and other indices, furnishing various forms of data, and providing infrastructure such as network and information systems, as these are crucial businesses that can be said to underpin the reliability of JPX Group's overall market operations and also form a large proportion of its revenue.

Meanwhile, user needs are rapidly changing and becoming more complex due to the increase and diversification of investment-related data driven by technological advancements, as well as environmental changes such as population decline. In order to respond to these user needs and continue to provide new value, we will advance business development with flexibility and agility.

Specifically, we will capture changing user needs through JPxData Portal, which promotes digital marketing based on customer behavior analysis, and will work to enhance added value, such as increasing the frequency of data distribution, and diversify service delivery methods.

We will advance these initiatives while proactively researching and utilizing new technologies such as AI. Furthermore, through collaboration with external partners, including M&A and capital tie-ups, and in-house development that leverages highly skilled professionals, we will strive to realize innovative services that meet user needs.

## The power of data and technology to pioneer the future of the market

Recently, the Japanese government has announced its Policy Plan for Promoting Japan as a Leading Asset Management Center, which includes initiatives such as the Doubling Asset-based Income Plan for households and financial institutions, corporate governance reforms, and asset management industry and asset ownership reforms. The utilization of "investment-related data" is essential to advancing these initiatives. JPXI will build systems that enable market stakeholders to effectively utilize data through the creation of diverse markets and services, including new domains not previously addressed by the Group.

Starting in January 2025, JPX Group began building the JPX Integrated Data Service Platform "J-LAKE," which will serve as a centralized management and analysis platform for various data held by the Group, including market data as well as information on market participants, listed companies, and customers. Additionally, to create new value by leveraging high-demand data, JPX Group has formed a cross-functional organization called the "Data CoE (Center of Excellence)" to connect data managers and users. Through these initiatives, we aim to maximize the power of data and provide opportunities for efficient data utilization.

We are also proactively utilizing cutting-edge technologies such as AI. For example, in March 2024, we launched a proof of concept (PoC) for "JPX Market Explorer," which enables users to access information and analyses on listed companies in multiple languages, in

collaboration with Bridgewise, a generative AI provider. By leveraging generative AI, we are able to quickly analyze and provide large amounts of information that would be impossible for humans to process, thereby strengthening information dissemination in the Japanese market.

In addition, we believe that the role of indices will become even more important in light of the expansion of the investment base due to the aforementioned asset ownership reform efforts and the fundamental expansion of NISA.

JPXI is partway through revisions of its flagship index, TOPIX, which were devised in view of the market restructuring. The first phase of the revisions, aimed at improving investment functionality, was completed at the end of January 2025.

For the second phase, we have decided to expand the scope of TOPIX to include all markets (Prime, Standard, and Growth) and prioritize liquidity in constituent selection, starting in October 2026, with the aim of making it more representative of the market and enhancing its investment functionality. We will steadily implement the transition to the next-generation TOPIX in a manner that benefits all investors, including the passive investors and index investors who utilize TOPIX.

Furthermore, we will continue to contribute to the development of the Japanese market through initiatives such as the development of new indices to address diverse investment needs and the promotion of effective utilization of existing indices.





Japan Securities Clearing Corporation

## Further Enhancement of Clearing Functions

By utilizing our track record and competitiveness as the leading clearing house in Japan to offer more efficient and trustworthy clearing services to a diverse market, we provide an environment where clearing participants, and therefore investors, can trade securely and smoothly.

President & CEO  
Japan Securities Clearing Corporation

Konuma Yasuyuki

### Perceived **Strengths**

- Over 20 years of experience in providing clearing functions to various markets in Japan
- High-level risk management with an awareness of global standards
- Providing centralized clearing services for various markets and trades
- Highly trustworthy and convenient clearing services based on close communications with clearing participants and investors in Japan and abroad

### Perceived **Risks**

- Risk of inability to complete an appropriate default settlement of a clearing participant, which has a significant impact on other clearing participants and in turn the entire market, due to inadequate or inappropriate operation of risk management systems
- Risk of difficulty continuing operations as the social infrastructure that supports the market economy due to events such as system failures and natural disasters

### Our Mission

- To contribute to sustainable development of the market economy by providing the foundations for abundant liquidity and smooth price formation for diverse markets, whether on exchange or over the counter, through improving settlement efficiency and ensuring trade security

### Growth Strategy | Creating Value

By providing clearing services to the market, Japan Securities Clearing Corporation (JSCC) plays an important role behind the scenes, supporting market development by improving settlement efficiency and ensuring transaction security. In order for JSCC to contribute to JPX Group's value creation through the development of markets, we believe it is important to strive to continuously improve risk management with an awareness of global best practices, in addition to providing highly trustworthy and convenient clearing services to more markets.

The launch of the Clearing Fund Sponsored Scheme, which enables the use of Money Reserve Funds (MRF) for clearing of over-the-counter JGB transactions, in June this year is part of this initiative.

As a social infrastructure that provides services to various markets, the strengthening of JSCC's business continuity framework for emergencies holds even greater significance for JPX Group's value creation in view of future expansion of services.

We are also working to implement new technologies such as distributed ledger technology (DLT) and artificial intelligence (AI) in fields where JSCC provides services. By utilizing these new technologies, we believe that we can contribute to improving convenience for clearing participants and other market stakeholders, as well as to revitalizing the market.

Leveraging our track record and competitiveness as Japan's leading clearing house, JSCC will continue to strive to meet the expectations of clearing participants, as well as a broad spectrum of investors, by augmenting and improving secure and convenient clearing services.

## Improved convenience in clearing yen-denominated interest rate-related products

JSCC clears exchange-traded products, including JGB futures and short-term interest rate futures, as well as over-the-counter (OTC) products, including interest rate swaps and OTC JGB transactions.

Recent monetary policy and other factors have stimulated trading in this variety of yen-denominated interest rate-related products. In particular, clearing volumes for interest rate swaps reached JPY 4,866 trillion and OTC JGB transactions reached JPY 31,960 trillion in FY2024, setting new record highs for both.

In order to stimulate further trading, JSCC will focus its sales activities on financial institutions in Japan and abroad in cooperation with Osaka Exchange and work to improve the

rule frameworks to further expand the user base of JGB OTC transaction clearing. In addition, in order to further improve the efficiency of margin deposited with JSCC, we expanded cross margining for interest rate swap clearing operations in March 2024. This allows for the offsetting of risks between interest rate swaps and short-term interest rate futures and improves the efficiency of margin management. By continuing these efforts to improve convenience, we will further stimulate the market for yen-denominated interest rate-related commodities.

## Effective utilization of deposited collateral assets

JSCC provides clearing functions for a variety of products such as listed products, OTC derivatives, and OTC JGBs. Due to a large amount of collateral (cash, securities, etc.) being deposited to cover the risks that arise from holding positions in the respective categories, we recognize that the effective utilization of deposited collateral and improvement to the convenience of clearing participants and investors when depositing collateral are major issues.

A management method using reverse-repo

transactions was introduced from last year for OTC derivatives and from this summer for exchange-traded products.

In addition, advances have been made worldwide recently in the tokenization of various financial assets using DLT, with attempts for quick and easy transferability. JSCC is also continuing to research every day on the possibility of further improving the convenience for collateral deposits of clearing participants and investors using new technologies and schemes.

## Recipient of the "Clearing House of the Year" award at the Asia Risk Awards 2024

JSCC won the "Clearing House of the Year" award at the Asia Risk Awards 2024, sponsored by Asia Risk magazine. The prize is given to a clearing house recognized as pursuing innovative initiatives in risk management and services for derivatives markets, and this is the fourth time for JSCC to be a recipient.

The award acknowledges JSCC's improved risk management through, as well as smooth transition to, the new margin calculation method, the "VaR Method," introduced in November 2023, along with the mitigation of collateral burden achieved through the aforementioned expansion of cross margining.



**WINNER**  
Clearing house of the year  
Japan Securities  
Clearing Corporation



Japan Exchange Regulation

## Aiming for a Fair and Equitable Market

In order to ensure and enhance credibility with respect to markets, as well as market fairness and transparency, we aim to better engage in self-regulatory operations that instill trust in market users by closely cooperating with government authorities and relevant organizations in Japan and abroad, and also by appropriately addressing environmental changes.

President  
Japan Exchange Regulation  
Nakajima Junichi

### Growth Strategy | Creating Value

Japan Exchange Regulation (JPX-R) is a corporate body that is established under Japan Exchange Group (JPX) to specialize in self-regulatory operations of financial instruments exchanges under the Financial Instruments and Exchange Act of Japan. It is entrusted by Tokyo Stock Exchange (TSE) and Osaka Exchange (OSE) to take on their self-regulatory operations. These operations are performed by four departments. The Listing Examination Department examines the eligibility of prospective listed companies, the Listed Company Compliance Department monitors the information disclosures and corporate conduct of listed companies, the Trading Participants Examination & Inspection Department ensures the reliability of the business operations of securities companies and other trading participants, and the Market Surveillance & Compliance Department monitors the market for unfair trading.

Our mission is to ensure the fairness and transparency of financial instruments exchanges through self-regulatory operations, thereby increasing society's trust in the market. In order to continue fulfilling this mission, we must respond appropriately to various changes surrounding the market.

In FY2024, JPX-R's Listing Examination Department established the IPO Liaison Meeting together with TSE's Listing Department and New Listings Department and began discussions on various issues related to IPO preparation. JPX-R's Listed Company Compliance Department began enforcing the Rules for Securities on Special Alert. It requested listed companies that were designated as Securities on Special Alert to promptly develop their internal management systems. It also took steps to ensure effective improvements. JPX-R's Trading Participants Examination and Inspection Department continued to monitor trading participants that had made significant changes to their executive structures or business models. JPX-R's Market Surveillance & Compliance Department proceeded to update its market surveillance-related systems in order to enhance and streamline its operations. Also, in response to a growing awareness of compliance, it held more seminars on insider trading regulations and dispatched instructors to more company in-house training sessions than in the previous fiscal year. Going forward, JPX-R aims to better engage in self-regulatory operations that gain the confidence of market users by working closely with market operators as well as government authorities and related organizations in Japan and abroad.

#### Perceived **Strengths**

- Organizational structure that enables management and operations from a neutral position
- Substantial expertise based on familiarity with market functions and characteristics

#### Perceived **Risks**

- Emergence of new types of unfair trading accompanying shift to more sophisticated and rapid trading methods
- Impairment of market credibility due to incidents of fraudulent accounting among listed companies and companies applying for listing

### Our Mission

- To contribute to facilitating the cycle of sustainable corporate growth and asset formation among the public by supporting sustainable development of markets through self-regulatory functions, including maintaining listed company eligibility, preventing unfair trading, and ensuring soundness of securities companies and other trading participants