

Summary of Q&A at JPX FY2020 Financial Results Briefing

(held on April 30, 2021)

(1)

Q: In relation to capital policy, for this fiscal year JPX decided to conduct an acquisition of own shares, in addition to payment of the special dividend. Will you explain the reasoning behind this acquisition, including about the stock price, and whether you will continue own share acquisitions in the future?

A: Additional returns to shareholders are implemented flexibly with consideration of future prospects for JPX's own capital and investments, etc. This acquisition of own shares was decided as one method of following this policy. The necessary level of our own capital is not fixed but may change depending on the size of our business, etc., so we would like to continue flexibly implementing additional returns if we can determine the level of our own capital is sufficient.

As for the stock price, considering how the stock prices of the rest of the market are currently placed in comparison with financial performances of the relevant companies, we do not necessarily think that the current stock price of JPX is overvalued in comparison with our financial performance.

(2)

Q: Will you tell us why you have considered a reduction in clearing fees for Japan Securities Clearing Corporation (JSCC)? Also, what are your thoughts on the possibility that there will be pressure to reduce the levels of other fees such as trading fees in relation to the revision of TSE market segments?

A : From a global point of view, we have received opinions that clearing fees for JSCC are slightly high, but since trading fees are actually on the low side, the level of fees for JPX as a whole is not very high. Also, JSCC is expected to accumulate and strengthen its own capital in order to improve financial strength and reliability as a clearing organization. We have had understanding on these two points up until now. As we now expect that JSCC's own capital will reach approximately the minimum necessary amount in the current fiscal year, we have decided to review clearing fees by this autumn.

Meanwhile, since trading fees, etc. are low from a global point of view, we have no intention of reducing them at the moment.

(3)

Q: In relation to inter-market competition, there have been media reports on new entries of proprietary trading systems (PTSs). What is your view of TSE's expected market share in the future?

A: We cannot say that there is no competition between PTSs and TSE, but in fact we think that the benefits outweigh the disadvantages as there are many complimentary aspects between the two. Trading on PTSs increases when the TSE markets are open, and on the other hand, if an overseas exchange acquires a PTS, for example, and the PTS market booms due to participation of overseas investors, new order flows will also come to TSE. In this sense, increased trading activity on PTSs is not detrimental to TSE.

(4)

Q: In this update of the Medium-Term Management Plan, IT and system investments will increase. Do you plan for IT-related investment to increase in the future each time the Medium-Term Management Plan is updated?

A: Since the entire JPX Group bears a social responsibility for stable system operations, we have always seen continual system-related investment as necessary. On top of this, we are studying future visions related to IT such as fintech and digital transformation (DX) at the newly established Center for Advanced Research and Development (DigiMa Lab.). When we enter new business fields, large system-related investment may be necessary depending on circumstances. However, we will act with a constant awareness of cost management regarding systems.

(5)

Q: With respect to new forms of stock listing and financing in the US and other markets, and new products such as futures on crypto-assets and digital assets, what are your views on widening revenue opportunities and have you been acting on this?

A: We are always following and studying changes occurring in the US and other countries. We would like to respond to such changes taking heed of the fairness and reliability of the markets and investor protection from an exchange perspective. Among our peripheral businesses, we think there may be potential opportunities in the information services field.