



Japan Exchange Group

Update of Medium-Term Management Plan for FY2013 to FY2015

Your Exchange of Choice

April 28, 2015

01 Highlights – Updates to the Medium-term Management Plan –



Updates to Core Strategies

- Completed planned post-merger structural reorganization and infrastructure consolidation.
- Steady progress on “Creation of a New Japanese Stock Market,” “Expansion of the Derivatives Market,” “Expansion of Exchange Business Fields,” and “Asian Strategy.”
- In FY2015, the final year of the 3-year plan, fulfill commitment to achieve financial and management targets and business goals.



- Build on initiatives toward “Establishment of Corporate Governance Code,” “Promotion of IPOs,” “Expansion of Derivatives Lineup.” Pursue Asian strategy with focus on ASEAN while developing JPX’s China strategy.
- Develop and expand new/overseas business while strengthening the organization to build on current achievements and position the organization toward enhancing global competitiveness in the next 3-year plan.

Updates to Management and Financial Targets

- Operating revenue remains strong in robust market conditions boosted by improved corporate results on the correction in yen strength and hopes for a shift in corporate mindset toward growth. Revise cash equity trading volume upward in FY2015 following steady expansion of JPX business base.
- Steady progress on targeted merger cost reductions.



- Revise FY2015 operating revenue target from JPY 97 billion to JPY 100 billion with upward revision of trading volume estimates.
- Maintain JPY 8.5 billion cost reduction target.

02 Progress on Medium-term Management Plan over 2 Years

Key ①

Creation of a New Japanese Stock Market

FY2014 daily trading value continued to hover at a high level of JPY 2.9 trillion. IPO market was also strong with 89 companies, up by 33 from last year.

- Final Corporate Governance Code announced (Mar. 2015)
- JPX-Nikkei 400 grows as equity benchmark with GPIF announcing its adoption
- Continued listing support while ensuring and raising market quality

Key ②

Expansion of the Derivatives Market

FY2014 annual trading volume was 310million contracts, the 2nd highest on record. Smooth start to JPX-Nikkei 400 futures market, launched in November 2014 (daily average: 49,000 contracts).

- Launched JPX-Nikkei futures market (Nov. 2014)
- Announced vendor for new derivatives trading system (Jul. 2014)
- Concluded service agreement with TOCOM on system provision (Dec. 2014)

Key ③

Expansion of Exchange Business Fields

Established use of yen-denominated IRS clearing services by expanding clearing products and service offerings such as client clearing.(notional cleared value: JPY 1,158 trillion (end Mar. 2015) (end Mar. 2014: JPY 718 trillion))

- Began new client clearing services to increase use of IRS clearing (Feb. 2014)
- Established New Business Development Unit (Jan. 2015)

Key ④

Asian Strategy (Create business opportunities in Asia)

- Set up JV company (Dec. 2014) in continued efforts to support establishment of stock exchange in Myanmar
- Extend support on rules and infrastructure to Vietnam and other neighboring countries
- Opened Hong Kong office to strengthen base in Asia
- Agreed with SGX to provide Co-Location Direct Service (Jan. 2015)
- MOU with Bank of China to develop market for RMB-denominated financial products in Japan (Jul. 2014)

Early Realization of Integration Benefits

Completed planned major organizational restructuring and infrastructure consolidation since establishment of JPX in 2013. Proceed to strengthen the organization for business expansion.

03 Overview of Medium-term Management Plan (FY2013-FY2015) (after FY2015 update)



Key ①

Creation of a New Japanese Stock Market

Using the opportunity provided by the market integration, re-envision the Japanese stock market as one that develops with the Asian economy

Improve Appeal of Japanese Stocks

- Establish and spread Corporate Governance Code
- Renew arrowhead
- Expand ETF/REIT products
- Establish JPX-Nikkei 400 as equity benchmark
- Policy recommendations for enhancing market functions

Promote IPOs

- Continue listing support while ensuring and raising market quality

Key ②

Expansion of the Derivatives Market

Combine the trading infrastructure and marketing capabilities of both TSE and OSE and promote ourselves as a comprehensive exchange to become a top-class Asian derivatives market

Comprehensive Exchange/New Product Development, etc.

- Develop and list new products based on current system
- Explore new products and opportunities presented by new J-GATE system
- Expand into commodity derivatives

Key ③

Expansion of Exchange Business Fields

Realize the diversification of our revenue streams mainly through expanding our OTC clearing business to become the most preferred destination for investments in Asia

Expand Clearing Business

- Increase use of OTC derivatives clearing

Explore New business field

- Explore entry into new business fields that allow JPX to leverage its strengths in information resources, technical expertise, and its broad network of clients.

Key ④

Asian Strategy (Create business opportunities in Asia)

- Support for establishment of a stock exchange in Myanmar
- Infrastructure exports to ASEAN and other markets
- Fund provision through the PRO-BOND Market
- Developing the China strategy

Strengthening the Organization for Business Expansion

Build on achievements in organizational restructuring and system integration and proceed to strengthen the organization for expansion.

04 Core strategy 1 “Creation of a New Japanese Stock Market”

Key ①

Creation of a New Japanese Stock Market

Growing interest in Japanese stocks among domestic and international investors

Worldwide interest in Japanese stocks has grown with improving corporate performance boosted by the correction in yen strength and hopes for a shift in corporate Japan’s mindset fuelled by the enactment of Corporate Governance Code and the JPX-Nikkei 400’s growing stature as an equity benchmark.

Establish and spread Corporate Governance Code

Raise awareness to help listed companies prepare for the enforcement of the Corporate Governance Code in June and disseminate information on how listed companies respond to the Code.

Renew arrowhead

Launch planned system renewal with enhanced risk control functions for high-speed trading (Sep. 24, 2015).

Promote IPOs

Continue to conduct listing support activities while ensuring and raising the quality of the listed market, as IPO figures grow steadily with strong interest among companies.

Continue initiatives to enhance appeal of Japanese stocks

05 Core strategy 2 “Expansion of the Derivatives Market”

Key ②

Expansion of the Derivatives Market

Major global exchanges focus on broadening product lineup

Major global exchanges have responded to the tighter regulatory regime for OTC derivatives and moved toward broadening interest rate and currency related product lineups.

In contrast, the JPX derivatives market continues to be Japanese equity-centric.

Product development and new listings

List Nikkei 225 weekly options (May 25, 2015).

Explore new products and opportunities presented by new J-GATE system

Determine new products and rules to be introduced with new J-GATE system (mid FY2015).

Prepare for new J-GATE system launch in mid 2016 and consider further broadening product lineup (in FY2015).

Expansion into commodities

Continue coordinating with related organizations to plan for expansion into commodities.

Address expansion of derivatives market by broadening the product lineup

06 Core strategy 3 “Expansion of Exchange Business Fields”

Key ③

Expansion of Exchange Business Fields

Entry of foreign clearinghouses into Japanese market

Even as JSCC's OTC derivatives clearing business grows steadily, foreign clearinghouses still continue to ponder entry into the Japanese market.

Major US and European exchanges have stepped up entry into new business fields other than OTC derivatives clearing.



Need to raise competitiveness of yen-denominated interest rate OTC derivatives clearing services and enter into new business fields

Increase use of OTC derivatives

Further establish and expand yen-denominated IRS trading by raising service offerings to global standard.

Introduce cross-margining for yen-denominated interest rate products and launch foreign-denominated interest rate swaps (Sep. 2015).

Enhance portfolio compression capability to offer services that are on par with competitors (in FY2015).

Entry into new business fields

Explore entry into new fields that allow JPX to leverage its strengths in information resources, technical expertise, and its broad network of clients.

07 Core strategy 4 “Asian Strategy (Create business opportunities in Asia)”

Key 4

Asian Strategy (Create business opportunities in Asia)

Continuing Asian growth and changing China-Japan relations

As ASEAN continues to draw keen interest as a growth engine of the world, Japan has made progress in forming a public-private support framework for the region, and this has raised expectations for technical support on financial market infrastructure from JPX.

With China trying to internationalize the RMB and opening its securities market to foreign investors, its presence in the capital market has grown. There are also signs of resumption of China-Japan dialogue.

Support for establishment of a stock exchange in Myanmar

Speed up rule development and other support operations for establishing and commencing trading at Yangon Stock Exchange (2015).

Infrastructure exports to ASEAN

Ongoing efforts have increased the number of specific targets. Continue to extend technical support on exchange operations to ASEAN and other countries.

Provide technical support in Vietnam to develop derivatives clearing rules (Feb. 2016).

Fund provision through the PRO-BOND market

Strengthen promotion efforts toward Asian issuers and professional investors to attract pro-bond listings.

Developing the China strategy

Bring more China-related products to Japan to cultivate demand for cross-border investment.

Pursue Asian strategy with focus on ASEAN, while developing JPX's China strategy

08 Pushing Ahead - Initiatives for the Next Medium-term Management Plan -



Having completed planned post-merger structural reorganization and infrastructure consolidation, JPX will push on to build on merger effects and raise global competitiveness.

JPX recognizes that its domestic equity-centric business leaves it vulnerable to external developments.

While cross-border consolidation in the exchange industry in the US and Europe has abated, major exchanges have stepped up entry into new business fields, such as overseas business expansion and information services, through M&A.



Broaden and diversify business base to raise global competitiveness

Entry into new business fields

Develop swiftly concrete plans for entry into new fields. Consider M&A and JV to acquire necessary know-how and expedite the process.

Expansion of overseas business

Strengthen alliances and grow business opportunities in ASEAN countries through technical support, infrastructure exports, and providing opportunities to invest in Japanese products.

Position China business as a core strategy and, for now, bring more China-related products to Japan, and vice versa, to cultivate investor demand.

Expansion of derivatives business

Besides commodities, also consider broadening the derivatives lineup toward interest rate and currency product segments.

Strengthening the organization for business expansion

Cultivate international and highly-skilled staff, embrace diversity, and reform corporate culture to strengthen and poise the organization for entry into new fields and overseas expansion.

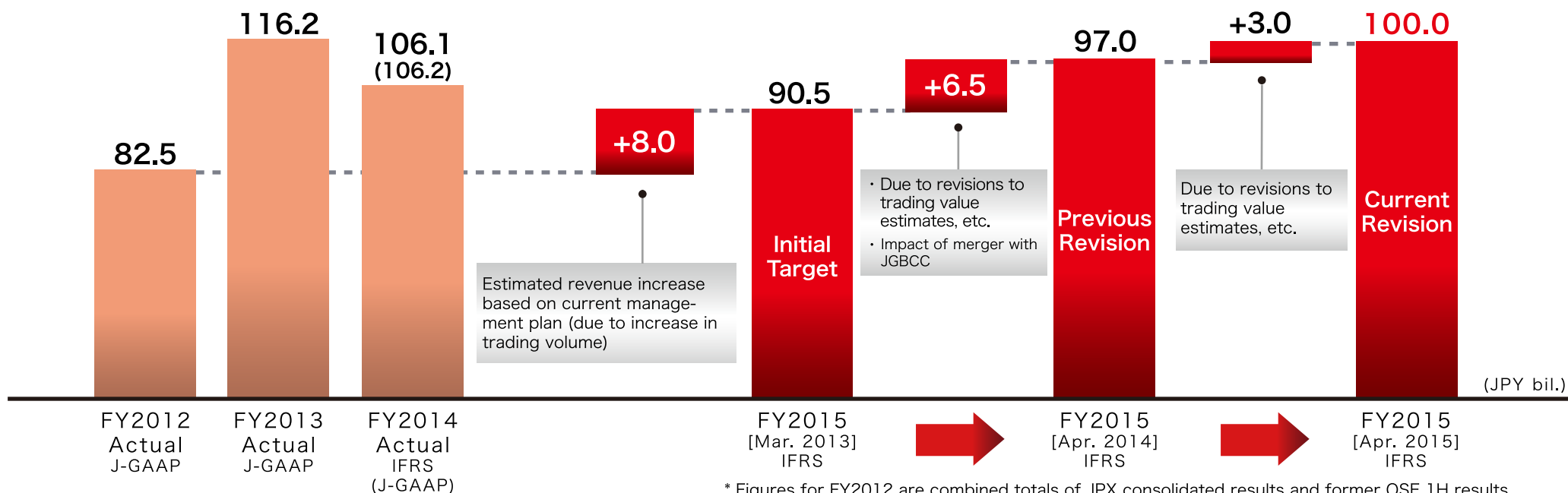
09 Revised Targets for FY2015 Operating Revenue



Estimates for Average Daily Trading Value/Volume

	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Initial Target (Mar. 2013)	FY2015 Previous Revision (Apr. 2014)	FY2015 Current Revision (Apr. 2015)
Equities*1	JPY 1.6 trillion	JPY 3.1 trillion	JPY 2.9 trillion	JPY 1.7 trillion	JPY 2.1 trillion	JPY 2.4 trillion
TOPIX Futures	68,200 contracts	94,000 contracts	85,000 contracts	104,000 contracts	115,000 contracts	100,000 contracts
Nikkei 225 Futures*2	153,000 contracts	218,000 contracts	187,000 contracts	217,000 contracts	234,000 contracts	221,000 contracts
Nikkei 225 Options*3 (Derivatives vol.)	JPY 23.5 billion (260 million contracts)	JPY 40.0 billion (360 million contracts)	JPY 27.8 billion (310 million contracts)	JPY 47.0 billion (400 million contracts)	JPY 41.0 billion (400 million contracts)	JPY 33.5 billion (380 million contracts)

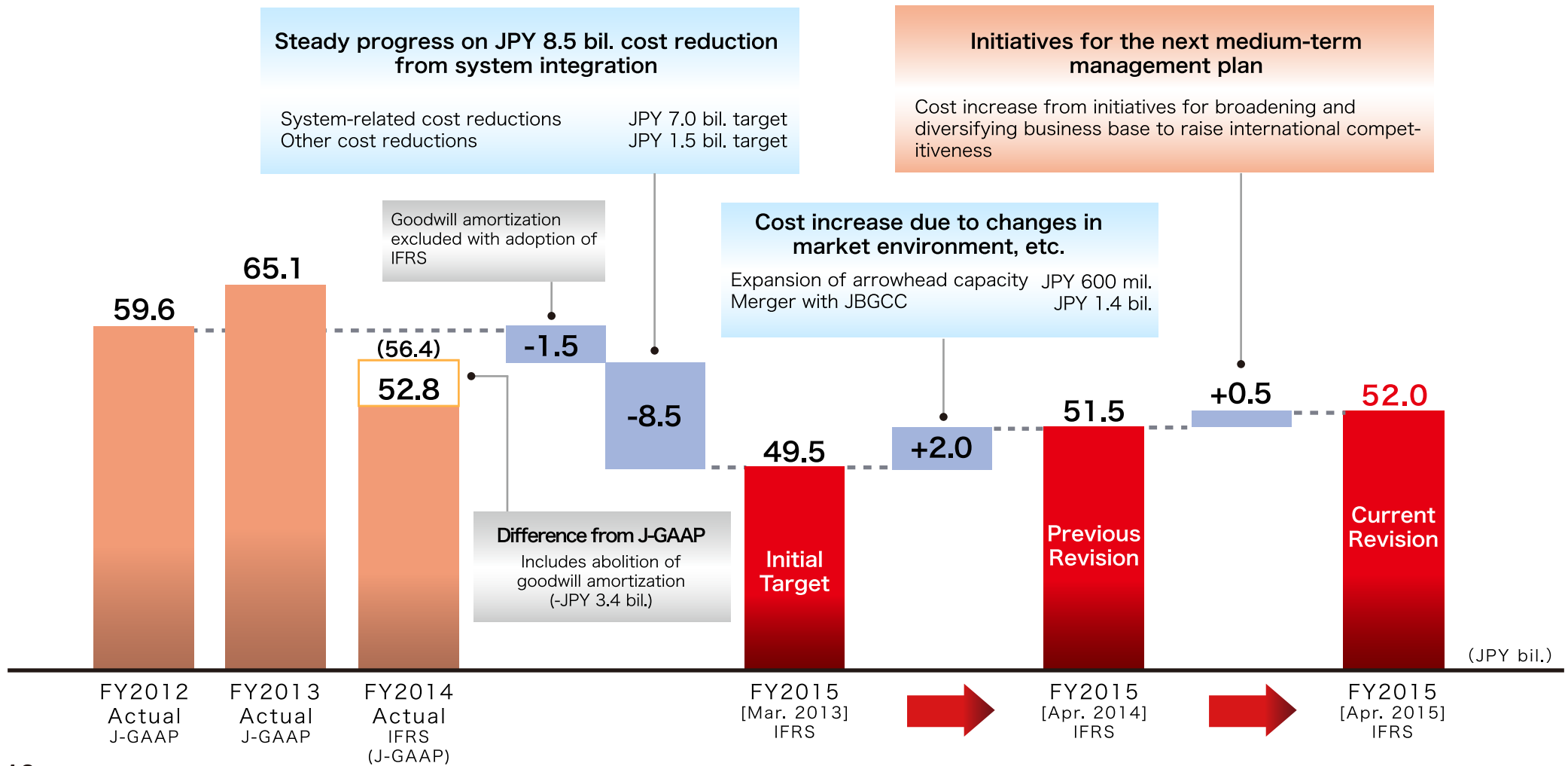
*1. Including off-auction trading and ETFs, ETN, REITs, etc. *2. Total of large and mini contracts
*3. Excluding weekly options.



* Figures for FY2012 are combined totals of JPX consolidated results and former OSE 1H results. Same for subsequent FY2012 figures.

* IFRS was adopted from the full-year earnings results for FY2014. The consolidated J-GAAP figures for FY2014 in this document are provided as reference to facilitate comparison with past year results.

10 Revised Targets for FY2015 Operating Expenses



11 Management and Financial Targets



● Management and Financial Targets*1

(JPY bil.)

	FY2012	FY2013	FY2014		FY2015		
	Actual (J-GAPP)	Actual (J-GAPP)	Actual (J-GAPP)	Actual (IFRS)	Initial Target [Mar. 2013] (IFRS)	Previous Revision [Apr. 2014] (IFRS)	Current Revision [Apr. 2015] (IFRS)
Operating Revenue	82.5	116.2	106.2	106.1	90.5	97.0	100.0
Operating Expenses	59.6	65.1	56.4	52.8	49.5	51.5	52.0
Operating Income*2	22.8	51.1	49.7	53.5	41.0	45.5	48.5
Net Income*2	12.9	29.8	31.4	34.4	26.0	29.5	33.0
Annual Dividends per share (JPY)	16	43		50			73*3

<Reference>

	Previous	Current
Capital Investment (FY2013 - FY2015)	JPY 40.0 bil.	JPY 40.0 bil. + JPY 6.0 bil.

	Previous	Current
For FY2015 Financial Indicators	ROE*4	approx. 13% (approx. 15%)
	EBITDA	approx. JPY 57.0 bil.

New derivatives system (including matters related to TOCOM)

Enhancement of clearing system functions (including shortening JGB settlement cycle)

*1 The above management and financial targets are based on the average daily trading value/volume and other figures shown on P.9. The average daily trading value/volume figures were set by JPX based on actual past results, but may be largely influenced to market conditions and other external factors.

*2 Operating income in accordance with IFRS includes non-operating and extraordinary income/loss other than financial income/expenses and equity in income/loss of affiliates. Net income in accordance with IFRS indicates net income attributable to owners of the parent company.

*3 Based on revised basic policy on profit distribution for FY2015 onward (dividend payout ratio of approx. 60%). For details, refer to "Changes to Basic Policy on Profit Distribution, etc." disclosed on April 28, 2015.

*4 ROEs in parentheses are calculated less the reserves for compensating for loss due to clearing operations (i.e., Default Compensation Reserve Funds).



April 28, 2015 Japan Exchange Group, Inc.

(Convenience Translation Disclaimer)

This translation may be used for reference purposes only. This English version is not an official translation of the original Japanese document. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. This translation is subject to change without notice. Japan Exchange Group, Inc., Tokyo Stock Exchange, Inc., Osaka Securities Exchange Co., Ltd., Tokyo Stock Exchange Regulation, and/or their affiliates shall individually or jointly accept no responsibility or liability for damage or loss caused by any error, inaccuracy, misunderstanding, or changes with regard to this translation.

(No Offer of Securities)

These materials are prepared solely for the purpose of providing information regarding Japan Exchange Group, Inc., and as such, they are not intended as any offer or solicitation for sale or purchase of securities or other similar action whether inside or outside Japan. Our securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and shall not be offered or sold in the United States except cases of securities registration or an applicable exemption from registration requirements pursuant to the Securities Act.

(Forward-Looking Statements)

These materials contain forward-looking statements. These statements are based on the information currently available to us at the time of preparing these materials and our assumptions and premises subject to risks and uncertainties which will affect future business performance. There is no guarantee that such statements and assumptions come true in the future, and they differ greatly from actual results. Also matters for future estimates such as business strategies are based on our recognition at the time of stating such matters and contain a certain degree of risks and uncertainties. Therefore actual results may vary from future estimates. We shall not necessarily update any of the forward-looking statements and disclaim any obligation to conduct such updates.