

## Notice of the Extraordinary General Shareholders Meeting

November 5, 2012

Dear Shareholder,

You are cordially invited to attend the Extraordinary General Shareholders Meeting to be held as described below.

**If you are unable to attend, you may exercise your voting rights in writing or via the Internet. To vote in writing, please review the item in the Notice entitled "Reference Documents for the Extraordinary General Shareholders Meeting." Then indicate your approval or disapproval on the enclosed form for the exercise of voting rights and return it to us by 4:45 p.m., Monday, November 19, 2012. To vote via the Internet, please review the item entitled "Instructions for the Exercise of Voting Rights, etc." on page 3, and then go to the website designated by Tokyo Stock Exchange Group, Inc. (hereinafter "the Company") at <http://www.evotep.jp/> to exercise your voting rights. Votes via the Internet must also be received by 4:45 p.m., Monday, November 19, 2012.**

Sincerely yours,

Atsushi Saito  
President and CEO  
Tokyo Stock Exchange Group, Inc.  
2-1, Nihombashi-Kabuto-cho,  
Chuo-ku, Tokyo

### MEETING AGENDA

1. **Date and Time** 10:00 a.m., Tuesday, November 20, 2012
2. **Place** Toshoh Hall  
2nd Floor, Tokyo Stock Exchange Building  
2-1 Nihombashi-Kabuto-cho, Chuo-ku, Tokyo
3. **Objectives of Meeting**  
Resolution Matters  
Proposal No. 1: Reduction in Capital  
Proposal No. 2: Reduction in Capital Reserves  
Proposal No. 3: Approval of the Merger Agreement between Our Company and Osaka Securities Exchange Co., Ltd.  
Proposal No. 4: Partial Amendment to the Articles of Incorporation

#### **4. Rules on Voting Rights for the Extraordinary General Shareholders Meeting**

- (1) When a shareholder who votes in writing fails to indicate approval or disapproval on a proposal, the Company shall deem this to be an expression of intent to approve such proposal.
- (2) When a shareholder votes multiple times, either in writing or via the Internet, the Company shall consider the final vote cast to be the effective vote.
- (3) When a shareholder votes twice, once in writing and again via the Internet, and, when the shareholder has taken different positions in the two votes, the Company shall consider the vote cast over the Internet to be the effective vote.
- (4) If you are unable to attend the Extraordinary General Shareholders Meeting, you may attend by proxy, which shall mean appointing one other shareholder with voting rights to act on your behalf. The proxy will be asked to submit a statement in writing attesting to his or her appointment as proxy.
- (5) If a shareholder intends to split a vote on any proposal, the Company requests that it be notified in writing of this intention at least three days before the Extraordinary General Shareholders Meeting and that it be provided with an explanation of the reasons for the split vote.

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Those attending the Extraordinary General Shareholders Meeting are kindly requested to submit the enclosed "Form for the Exercise of Voting Rights" at the reception desk. Please see the section entitled "Instructions for the Exercise of Voting Rights" on the following page for additional information on voting rights.

## **Instructions for the Exercise of Voting Rights, etc.**

### **1. Instructions related to the exercise of voting rights via the Internet**

- (1) You may exercise your voting rights via the Internet only on the website designated by the Company, which is at <http://www.evotep.jp/> (unavailable between 2:00 a.m. and 5:00 a.m. every day).
- (2) Although the Company will accept all votes cast by 4:45 p.m. (the end of the Company's business hours) on the day before the Extraordinary General Shareholders Meeting, it encourages shareholders to vote as early as possible to facilitate the counting of votes. If you have any questions regarding procedures, please inquire at the Help Desk shown below.

### **2. Site for the exercise of voting rights and method of voting over the Internet**

- (1) On the top page of the site designated above, use the "login ID" and "temporary password" found on the form for the exercise of voting rights to gain access to the site. Then follow the instructions on the screen to enter your approval or disapproval for each proposal.
- (2) Depending on the shareholder's user environment, it may not be possible to vote via personal computer. This situation may arise, for example, if a firewall is being used, if antivirus software has been installed, or if the shareholder is attempting to gain access to the Company site via a proxy server. Shareholders should bear this in mind and allow for this possibility.
- (3) Please also note that, in the interest of preventing unlawful access to the site by persons other than shareholders ("impersonation") or preventing any alterations to the content of a vote, the Company will require shareholders to change their temporary passwords at the site.
- (4) All dial-up connection charges or fees paid to telecommunication companies that are incurred by the shareholder when using the voting website shall be borne by the shareholder.

### **3. Method of receiving the shareholders' meeting notice**

Beginning with the next shareholders' meeting, shareholders will be given the option of receiving their meeting notifications via email. If you wish to receive your notifications in this manner, please use a personal computer to access the voting website and fill in the required information. (You will not be able to access the site from a mobile phone. You will also not be permitted to use a mobile phone email address as your email address.)

<p>For inquiries regarding computer systems, please contact: Mitsubishi UFJ Trust and Banking Corporation, Custody Department (Help Desk) Tel.: 0120-173-027 (9:00 a.m. to 9:00 p.m., toll-free)</p>
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## **Reference Documents for the Extraordinary General Shareholders Meeting**

### **Background to Submission of Proposals No. 1 to No. 4**

The Company and Osaka Securities Exchange Co., Ltd. (“OSE”) have agreed to conduct a business combination (the “Business Combination”) and entered into the Business Combination Agreement dated November 22, 2011 (the “Business Combination Agreement”). Under the Business Combination Agreement, the Business Combination is scheduled to be implemented by converting OSE into a subsidiary of the Company by conducting a tender offer with respect to the common shares of OSE (the “Tender Offer”) followed by an absorption-type merger whereby OSE will be the surviving company and the Company will be the absorbed company (This is referred to as the “Merger”, and OSE after the Merger is referred to as the “Combined Holding Company”). The Business Combination will use the holding company system, and, in order for a smooth transition to the Combined Holding Company after the Merger, both the Company and OSE are scheduled to implement a company split within each group.

The Company decided, pursuant to the Business Combination Agreement, to acquire shares of OSE via a tender offer on July 10, 2012 and launched the Tender Offer on July 11, 2012 following confirmation that the Japan Fair Trade Commission would not issue a cease-and-desist order, etc. under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade regarding the Business Combination. The Company obtained authorization of the Prime Minister with respect to making OSE a subsidiary pursuant to Article 106-10, Paragraph 1 of the Financial Instruments and Exchange Act, and the Tender Offer was completed on August 22, 2012. As a result, OSE became a consolidated subsidiary of the Company as of August 29, 2012. Since then, both companies have engaged in discussions toward the Business Combination, and on October 29, 2012 both companies entered into a merger agreement (the “Merger Agreement”) in accordance with the content agreed in the Business Combination Agreement. On the same day, with regard to the company split within the Company’s group mentioned above, the Company entered into an absorption-type split agreement (the “TSE Absorption-Type Split Agreement”) with Tokyo Stock Exchange, Inc. (“TSE”), a wholly-owned subsidiary of the Company, whereby the Company will be the split company and TSE will be the successor company, in order to transfer to TSE, prior to the Merger, all the businesses except for businesses relating to management of a stock company-type financial instruments exchange and other business incidental thereto that the Combined Holding Company will operate. As the aggregate book value of the Company’s assets to be transferred to TSE as the successor company in the absorption-type split (the “TSE Absorption-Type Split”)

pursuant to the TSE Absorption-Type Split Agreement does not exceed one-fifth of the Company's total assets calculated by the method provided in the Ordinance for Enforcement of the Companies Act, the TSE Absorption-Type Split will be implemented without having any approval resolved at the extraordinary general shareholders meeting by using a simplified absorption-type company split procedure under Article 784, Paragraph 3 of the Companies Act. Also, on the same day, OSE entered into an absorption-type split agreement (the "OSE Absorption-Type Split Agreement") with New Osaka Securities Exchange Preparatory Corporation ("New OSE"), a wholly-owned subsidiary of OSE established to serve as the successor company of an absorption-type split with OSE whereby OSE will be the split company, under which all the businesses (establishment and operation of financial instruments exchange market and financial instruments obligation assumption service etc. that OSE currently operates) except for the businesses relating to management of a stock company-type financial instruments exchange and other business incidental thereto that the Combined Holding Company will operate shall be transferred to New OSE.

By achieving the Business Combination, the Combined Holding Company, whose trade name shall be "Japan Exchange Group, Inc.", will become a financial instruments exchange holding company which has five consolidated subsidiaries of TSE, New OSE, Tokyo Stock Exchange Regulation and Japan Securities Clearing Corporation and four affiliates accounted for by the equity method. At the time of establishment, the Combined Holding Company will have capital of 11.5 billion yen, capital reserves of 3.0 billion yen, and retained earnings of zero yen, with the remainder to be allocated to surplus. In addition to the above, the Company and OSE agreed that the general profile of the Combined Holding Company at the time of establishment shall be as follows:

Trade Name	Japan Exchange Group, Inc.
Business Description	Management of a stock company-type financial instruments exchange and other business incidental thereto
Location of Head Office	2-1 Nihombashi-Kabuto-cho, Chuo-ku, Tokyo
Amount of Capital	11.5 billion yen
Type	Company with committees
End of Fiscal Year	March 31
Directors	Atsushi Saito Michio Yoneda Tsutomu Okuda Yuko Kawamoto Hideaki Kubori

	Taichi Sakaiya Hiroyuki Nakatsukasa Masakazu Hayashi Masayuki Hirose Katsuhiko Honda Kunihiro Matsuo Shigeru Morimoto Charles Ditmars Lake II
Accounting Auditor	Deloitte Touche Tohmatsu LLC

## Notes

1. Please see Reference Document 1 for the career profiles of candidates for directors.
2. Messrs. Tsutomu Okuda, Yuko Kawamoto, Hideaki Kubori, Taichi Sakaiya, Hiroyuki Nakatsukasa, Katsuhiko Honda, Kunihiro Matsuo, Shigeru Morimoto, and Charles Ditmars Lake II are candidates for outside directors.

A provisional decision has been made to appoint Mr. Atsushi Saito, the President and CEO of the Company, as the Director & Representative Executive Officer, Group CEO of the Combined Holding Company, and to appoint Mr. Michio Yoneda, the President and CEO of OSE, as the Director & Representative Executive Officer, Group COO of the Combined Holding Company.

The purposes of the Business Combination are as follows.

Both companies reached a common recognition that a firm position within the domestic cash equities market and derivatives markets will be established and significant synergies (i.e., strengthening of global competitiveness by means such as expanding market scale, diversifying the range of financial instruments on offer and reducing costs by combining the financial instruments available on the markets within the Company's group (mainly securities on the First Section of the Tokyo Stock Exchange, TOPIX futures, and JGB futures) and those available on OSE's markets (mainly Nikkei 225 futures and options), and enhancing the convenience of trading participants and investors by integrating the market functions and trading systems of both companies) will be created by combining the business of both companies, which have different areas of specialty (i.e., in the cash equities market and the derivatives market) that complement each other, and by moving forward with system integration and any other matters. Based on the above, both companies agreed on November 22, 2011 to conduct the Business Combination.

The Tender Offer conducted by the Company was successfully implemented and the settlement of the Tender Offer has been completed. Both companies have agreed to conduct the Merger in accordance with the Business Combination Agreement.

Both companies currently expect the following synergy effects to be generated from the Business Combination.

1. Synergies in terms of Profits

As a result of the Business Combination, both companies expect to generate synergies in terms of profits, such as (i) increase in trading participation fees from increase in trading volume due to improved user convenience and strengthened sales capacity, (ii) increase in listing-related income due to increase in the number of IPOs (initial public offering) in and outside of Japan from becoming an attractive exchange and (iii) expansion of demand for information provision services due to diversification of provided information.

2. Synergies in terms of Costs

As a result of the Business Combination, both companies expect to generate synergies in terms of costs, such as (i) reduction in costs for development and operation of systems due to system integration and (ii) cost synergies in relation to systems (after system integration).

3. Other Synergies

As a result of the Business Combination, both companies expect to generate other synergies such as, (i) enhancement of investment efficiency for investors as a result of consolidating derivatives clearing functions and (ii) further enhancement of product and system planning and services leveraged by concentration of know-how and utilization of personnel due to organizational consolidation.

At this extraordinary general shareholders meeting, the Company submits Proposals No. 1 through No. 4 as necessary proposals toward achieving the Business Combination. The Company asks that shareholders understand the purpose of and background to the proposals, and vote in favor of each proposal.

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The shares of common stock of Osaka Securities Exchange Co., Ltd. (the "OSE Shares") that will be allotted to you upon consummation of the merger have not been and will not be registered under the Securities Act or with any securities authority of any state of the United States. The OSE Shares may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws.

## **Proposal No. 1: Reduction in Capital**

### 1. Reasons for Reduction in Capital

As described above in “Background to Submission of Proposals No. 1 to No. 4”, the Combined Holding Company’s capital is planned to be 11.5 billion yen. The Company’s capital is currently 11.5 billion yen, but at the time of the Merger, the capital of OSE, the surviving company, will be increased by an amount equal to the capital of the Company, the absorbed company. Since OSE’s capital is 4,723.26 million yen, prior to the Merger taking effect, the capital of the Company will be reduced by 4,723.26 million yen to 6,776.74 million yen, so that the capital of the Combined Holding Company will be 11.5 billion yen.

### 2. Details of Reduction in Capital

#### (1) Amount of Reduction in Capital

The amount of capital of the Company, which is currently 11,500,000,000 yen, will be reduced by 4,723,260,000 yen to 6,776,740,000 yen, and the amount of the reduction will be transferred to other capital surplus.

#### (2) Effective Date of Reduction in Capital

The effective date of the reduction in capital will be January 1, 2013, after the end of the creditor objection period.

## **Proposal No. 2: Reduction in Capital Reserves**

### 1. Reasons for Reduction in Capital Reserves

As described above in “Background to Submission of Proposals No. 1 to No. 4”, the capital reserves of the Combined Holding Company are planned to be 3.0 billion yen. At the time of the Merger, the capital reserves of OSE, the surviving company, will be increased by an amount equal to the capital reserves of the Company, the absorbed company. Since OSE’s capital reserves are already 4,825,557,353 yen, the capital reserves of the Company will be reduced in their entirety to zero yen prior to the Merger taking effect. At its extraordinary general shareholders meeting, OSE plans to submit a proposal to reduce its capital reserves by 1,825,557,353 yen to 3,000,000,000 yen prior to the Merger.

### 2. Details of Reduction in Capital Reserves



(1) Amount of Reduction in Capital Reserves

The amount of capital reserves of the Company, which are currently 22,874,693,023 yen, will be reduced in their entirety to zero yen, and the amount of the reduction will be transferred to other capital surplus.

(2) Effective Date of Reduction in Capital Reserves

The effective date of the reduction in capital reserves will be January 1, 2013, after the end of the creditor objection period.

**Proposal No. 3: Approval of the Merger Agreement between the Company and Osaka Securities Exchange Co., Ltd.**

1. Reasons for Conducting the Merger

The reasons for conducting the Merger are described above in “Background to Submission of Proposals No. 1 to No. 4.”

2. Overview of the Merger Agreement

The content of the Merger Agreement is as described in “Exhibit 1: Merger Agreement (copy).”

3. Overview of the Matters Set Forth in Article 182, Paragraph 1, Items 1 through 4 of the Ordinance for Enforcement of the Companies Act

(1) Matters Relating to Appropriateness of the Merger Consideration

a. Matters Relating to Appropriateness of the Total Amount of Merger Consideration and the Allotment

At the time of the Merger, OSE shall allot shares at a ratio of 20.19 shares of OSE for each share of the Company (the “Merger Ratio”) (excluding shares subject to appraisal rights under Article 785, Paragraph 1 of the Companies Act) to each shareholder registered or recorded in the Company’s final shareholders register (other than the Company) on the day preceding the effective date of the Merger. The total number of shares of OSE to be allotted under the Merger is planned to be 45,906,810 shares.

Merger Ratio, etc. (ratio of allotment of shares of OSE per share of the Company)

Company Name	The Company	OSE
Details of the allotment regarding	20.19	1

the Merger		
Number of shares of OSE to be allotted (planned)	Common shares: 45,906,810	

At the time of execution of the Business Combination Agreement on November 22, 2011, it was planned that for each share of the Company, 0.2019 shares of OSE (the “Merger Ratio at the time of Execution of the Business Combination Agreement”) would be delivered by allotment. OSE will amend its Articles of Incorporation in order to implement the stock split whereby each share of OSE will be split into 100 shares (the “Stock Split”) and adoption of a share unit system whereby one share unit will constitute 100 shares (the “Adoption of a Share Unit System”), so that shares of OSE can be listed on the First Section of the Tokyo Stock Exchange as of the effective date of the Merger. As described above, the Merger Ratio was modified, under the Merger Agreement, to 20.19 shares of OSE for each share of the Company to be delivered by allotment subject to the Stock Split and the adoption of a share unit system taking effect.

The only substantial difference to both companies and their shareholders due to the modification of the Merger Ratio is the method of handling shares allotted for fractional shares less than one share to be allotted based on the Merger Ratio, but no substantial economic detriment is expected to occur with respect to that point, and accordingly, the impact on related parties is expected to be minimal.

#### b. Basis of Calculation of the Merger Ratio

##### (a) Basis of Calculations

In order to ensure the fairness of the Merger Ratio, the Company requested financial advisors independent from both companies to conduct a financial analysis of the Merger Ratio. The Company received reports on their financial analysis results from each of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (“Mitsubishi UFJ Morgan Stanley”), Nomura Securities Co., Ltd. (“Nomura Securities”) and Daiwa Securities Capital Markets Co., Ltd. (on April 1, 2012, Daiwa Securities Capital Markets Co., Ltd. became Daiwa Securities Co. Ltd. as result of merger with Daiwa Securities Co., Ltd., “Daiwa Securities CM”). In addition, the Company received written opinions (fairness opinions) dated November 21, 2011, from each of Mitsubishi UFJ Morgan Stanley, Nomura Securities, and Daiwa Securities CM, that the Merger Ratio is fair from a financial point of view to the shareholders of the Company, based on and subject to the principal assumptions of the three companies described in “Exhibit 2: The Overview of Financial Analyses concerning the Merger Ratio by the Company’s financial advisors” as well as other individual conditions unique to each company.

In order to ensure the fairness of the Merger Ratio, OSE previously decided to request financial advisors independent from both companies to conduct financial analyses of the Merger Ratio, and retained Goldman Sachs Japan Co., Ltd. (“Goldman Sachs”), SMBC Nikko Securities Inc. (“SMBC Nikko”), and Moelis & Company UK LLP (“Moelis”) as such financial advisors. Further, OSE received fairness opinions on the Merger Ratio from each of Goldman Sachs, SMBC Nikko, and Moelis.

For an overview of the financial analyses concerning the Merger Ratio by the Company’s financial advisors, please see “Exhibit 2: The Overview of Financial Analyses concerning the Merger Ratio by the Company’s financial advisors.” The overview of financial analyses of the Merger Ratio conducted by the financial advisors in Exhibit 2 contains the ranges of the number of common shares of OSE prior to the Stock Split to be allotted for each share of the Company.

#### (b) Background to Calculations

After numerous careful discussions and negotiations between both companies, the companies reached the conclusion that the Merger Ratio is appropriate. The Merger Ratio was set forth in the Business Combination Agreement and thereafter both companies approved the execution of the Business Combination Agreement at their respective Board of Directors meetings held on November 22, 2011. During the course of the above process, both companies referred to the financial analyses of the Merger Ratio submitted by their respective financial advisors, examined the results of the due diligence investigations conducted by both companies on each other, and comprehensively considered factors, including the financial and business situations, the status of assets, and future prospects, etc., of both companies.

As described above, the Merger Ratio was subsequently modified to 20.19 shares of OSE for each share of the Company to be delivered by allotment subject to the Stock Split and the Adoption of a Share Unit System taking effect. The only substantial difference to both companies and their shareholders due to the modification of the Merger Ratio is the method of handling shares allotted for fractional shares less than one share to be allotted based on the Merger Ratio at the time of execution of the Business Combination Agreement, but no substantial economic detriment is expected to occur with respect to that point, and accordingly, the impact on related parties is expected to be minimal.

In addition, when executing the Merger Agreement, we consulted our financial advisors and legal advisors and confirmed that no material events requiring correction of the allotment ratio of OSE shares to be delivered by allotment for each share of the Company have occurred with respect to the Company or OSE during the period from November 22, 2011 until the date

of execution of the Merger Agreement.

Based on the above, the Company and OSE reached agreement and decided to conduct the merger at the Merger Ratio and executed the Merger Agreement on October 29, 2012.

(c) Engagement of Independent Financial Advisors and Advice from Legal Advisors

In order for the Company and OSE to receive advice on examination of the Business Combination and other assistance in realizing the Business Combination, in addition the financial advisors independent from both companies retained and from which requested financial analyses of the Merger Ratio as described above, the Company also engaged JPMorgan Securities Japan Co., Ltd. as our independent financial advisor while OSE also engaged Merrill Lynch Japan Securities Co., Ltd. and Mizuho Securities Co., Ltd. as their independent financial advisors.

Further, in order to ensure that the decision-making process toward the Business Combination would be transparent and reasonable, the Company engaged Nagashima Ohno & Tsunematsu and Davis Polk & Wardwell LLP, and OSE engaged Nishimura & Asahi, TMI Associates, and Sullivan & Cromwell LLP, as their legal advisors, who have been providing each company with advice on various procedures and measures for the Business Combination from a legal perspective.

c. Reasons for Selecting Shares of OSE as Consideration for the Merger

The Company and OSE selected shares of OSE, which is the surviving company of the absorption-type merger, as consideration for the Company's shares in the Merger.

The Company and OSE determined that shares of OSE are appropriate as consideration for the Merger because shares of OSE are listed and actively traded on the Osaka Securities Exchange JASDAQ Standard market ("JASDAQ Standard"), thereby securing trading opportunities, and by receiving shares of OSE, the surviving company of the absorption-type merger, shareholders of the Company will be able to enjoy the synergies generated due to the Business Combination.

d. Matters Taken into Consideration to Prevent Undermining of Interests of Shareholders of the Company other than OSE when the Company and OSE are under Common Control

The Company and OSE are currently under common control, a situation which has arisen only after OSE became a consolidated subsidiary of the Company as a result of the Tender Offer. As described above, at the time of execution of the Business Combination Agreement following substantive negotiations, both companies were not under common control. Both companies negotiated the Merger Ratio as independent third parties to each other and requested calculations of

the Merger Ratio from their respective independent financial advisors. After numerous careful negotiations and discussions between both companies, taking into account the results of the calculations by the independent financial advisors, the Company and OSE agreed on the Merger Ratio in the Business Combination Agreement. The Company and OSE approved execution of the Business Combination Agreement at both companies' respective Board of Directors meetings held on November 22, 2011.

e. Matters Relating to Appropriateness of OSE's Capital and Capital Reserves, etc.

The amounts of OSE's capital, capital reserves and retained earnings to be increased pursuant to the Merger are set forth below. The consideration of these amounts was determined to the extent permitted under the laws, taking into account comprehensively the Combined Holding Company's capital policies and other circumstances, and accordingly, the amounts are appropriate.

- (a) Amount of capital to be increased: 6,776,740,000 yen
- (b) Amount of capital reserves to be increased: Zero yen
- (c) Amount of retained earnings to be increased: Zero yen

(2) Matters for Reference in connection with the Merger Consideration

a. The Articles of Incorporation of OSE

The Articles of Incorporation of OSE are as described in "Exhibit 3: Articles of Incorporation of Osaka Securities Exchange Co., Ltd."

The Articles of Incorporation in Exhibit 3 are the current Articles of Incorporation of OSE. OSE determined, at their Board of Directors meeting, to implement (i) the Stock Split and (ii) the Adoption of a Share Unit System. The amendment to the Articles of Incorporation in connection to these will take effect on January 1, 2013 as shown in the following table. In addition, at its extraordinary shareholders meeting to be held on November 20, 2012, OSE is scheduled to submit a proposal for another amendment to its Articles of Incorporation as described in Reference Document 2 which takes effect on January 1, 2013, subject to the amendment to the Articles of Incorporation mentioned above taking effect.

(Amendments indicated by underscore)

Current Articles of Incorporation	Proposed Amendments to Articles of Incorporation
(Total Number of Shares Authorized to be Issued)	(Total Number of Shares Authorized to be Issued)
Article 11 The total number of shares	Article 11 The total number of shares

<p>authorized to be issued by OSE shall be <u>nine hundred and thirty thousand (930,000)</u> shares.</p> <p>Article 12 <u>Deleted.</u></p> <p>Supplementary Provisions</p> <p>1 (omitted) (added)</p>	<p>authorized to be issued by OSE shall be <u>ninety-three million (93,000,000)</u> shares.</p> <p><u>(Number of Shares per Share Unit)</u></p> <p>Article 12 <u>The number of shares in a Share Unit shall be 100 shares.</u></p> <p>Supplementary Provisions</p> <p>1 (as of current)</p> <p><u>2 The effective date of the amendments to Article 11 and Article 12 shall be January 1, 2013. This paragraph will be deleted as of said effective date.</u></p>
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b. Matters Relating to Methods of Conversion of the Merger Consideration into Cash

(a) Markets on which the Merger Consideration is Traded

OSE shares are traded on the JASDAQ Standard.

(b) Entities that are Brokers, Intermediaries, or Agents for Trading of the Merger Consideration

Trading of OSE shares is brokered and handled by numerous securities firms, etc. nationwide.

(c) Details on Restrictions on Transfers or Other Disposition of the Merger Consideration where Applicable

Not applicable.

c. Matters Relating to Market Price of the Merger Consideration

The monthly maximum and minimum prices of shares of OSE for the past three months are as shown below.

Month	Jul. 2012	Aug. 2012	Sep. 2012
Maximum (yen)	464,000	463,000	355,000
Minimum (yen)	449,500	348,500	310,500

The most recent market price, etc. of shares of OSE can be found in the price information

and charts, etc. that OSE discloses at the following URL.

<http://qw131.qhit.net/osehp/quote.cgi?F=template/popdetailquotehist&QCODE=8697&MKTN=JQ>

(3) Matters Relating to Financial Statements, etc.

a. Details of Financial Statements, etc. for OSE's Most Recent Fiscal Year

The details of financial statements, etc. for OSE's most recent fiscal year (April 1, 2011 to March 31, 2012) are described in "Exhibit 4: Details of Financial Statements, etc. Relating to the Most Recent Fiscal Year of Osaka Securities Exchange Co., Ltd."

b. Details of Events that have Material Effect on Corporate Assets which occur after the Last Day of the Company's and OSE's Most Recent Fiscal Year

(a) The Company

- i. The Company obtained an 86,400 million yen loan from The Bank of Tokyo-Mitsubishi UFJ, Ltd. on August 27, 2012 for allocation to funds necessary for the Tender Offer.
- ii. The Company decided on July 10, 2012 to implement a tender offer for shares of OSE and launched the Tender Offer on July 11, 2012. The Tender Offer was completed on August 22, 2012, and, as a result, OSE became a consolidated subsidiary of the Company on August 29, 2012.
- iii. The Company executed the TSEG Absorption-Type Split Agreement with TSE on October 29, 2012. For details of the TSEG Absorption-Type Split Agreement, please see "Exhibit 5: Absorption-Type Split Agreement (copy)".
- iv. The Company determined by resolution of the Board of Directors meeting held on October 29, 2012 to reduce the capital and capital reserves on January 1, 2013 in accordance with Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act and transfer the amounts to other capital surplus on January 1, 2013.

(b) OSE

- i. OSE became a consolidated subsidiary of the Company on August 29, 2012 as a result of the Tender Offer implemented by the Company from July 11, 2012.
- ii. OSE executed the OSE Absorption-Type Split Agreement with New OSE on October 29, 2012. For details of the OSE Absorption-Type Split Agreement, please see "Exhibit 6: OSE Absorption-Type Split Agreement (copy)".
- iii. OSE determined by resolution of the Board of Directors meeting held on October 29, 2012 to reduce the capital reserves and retained earnings on January 1, 2013 in accordance with

Article 448, Paragraph 1 of the Companies Act and transfer the amounts to other capital surplus and other earnings surplus, respectively on January 1, 2013.

#### **Proposal No. 4: Partial Amendment to Articles of Incorporation**

##### 1. Reason for amendments

In order to introduce a system for the non-issuance of share certificates for the purpose of improving the efficiency, etc. of shareholder services in conjunction with the Merger under Proposal No. 3, we propose that deletion of the provision in Article 8 of the current Articles of Incorporation relating to the issuance of share certificates and other required amendments be made.

##### 2. Details of amendments

The details of the amendments are as follows.

(Amendments indicated by underscore)

Current Articles of Incorporation	Proposed Amendments to Articles of Incorporation
<p><b>Article 8. (Issuance of Share Certificates)</b>  <u>The Company shall issue share certificates pertaining to its shares.</u></p> <p><b>Article 12. (Shareholder Register Administrator)</b>            1. (omitted)            2. (omitted)            3. Preparation and maintenance of the shareholder register, the subscription warrant register <u>and the lost-share-certificate register</u> pertaining to the Company and other administrative works relating to these <u>three</u> registers shall be entrusted to the shareholder register administrator, and the Company shall not be involved with these.</p> <p><b>Article 13. (Rules on Handling of Shares)</b>  <u>The class of share certificates issued by the</u></p>	<p><b>Article 8. Deleted.</b></p> <p><b>Article 12. (Shareholder Register Administrator)</b>            1. (as of current)            2. (as of current)            3. Preparation and maintenance of the shareholder register <u>and</u> the subscription warrant register pertaining to the Company and other administrative works relating to these <u>two</u> registers shall be entrusted to the shareholder register administrator, and the Company shall not be involved with these.</p> <p><b>Article 13. (Rules on Handling of Shares)</b>            Entry or record in the shareholder register</p>



Company, entry or record in the shareholder register, the subscription warrant register and the lost-share-certificate register, the handling of shares and subscription warrants, and fees for these services shall be subject to rules adopted by the Board of Directors, in addition to laws and regulations, and/or these Articles of Incorporation.

and the subscription warrant register of the Company, the handling of shares and subscription warrants, and fees for these services shall be subject to rules adopted by the Board of Directors, in addition to laws and regulations, and/or these Articles of Incorporation.

Supplementary Provisions

These amended provisions shall come into effect on November 20, 2012.

## **Exhibit 1: Merger Agreement (copy)**

Content of the Merger Agreement

### **Merger Agreement**

Osaka Securities Exchange Co., Ltd. (“OSE”) and Tokyo Stock Exchange Group Inc. (“TSEG”) hereby enter into a merger agreement (this “Agreement”) as of October 29, 2012 (the “Execution Date”), with respect to the merger of OSE and TSEG.

#### Article 1 (Method of Merger)

- 1.1 OSE and TSEG shall conduct a merger (the “Merger”) pursuant to the provisions of this Agreement with OSE being the company surviving absorption-type merger and TSEG being the company absorbed in absorption-type merger.
- 1.2 Respective trade names and addresses of the company surviving absorption-type merger and the company absorbed in absorption-type merger concerning the Merger are as follows:
  - (1) Company surviving absorption-type merger  
Trade name: Osaka Securities Exchange Co., Ltd.  
Address: 8-16, Kitahama 1-chome, Chuo-ku, Osaka-shi
  - (2) Company absorbed in absorption-type merger  
Trade name: Tokyo Stock Exchange Group Inc.  
Address: 2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo

#### Article 2 (Matters Concerning Number of Shares to be Delivered upon the Merger and the Allotment Thereof)

- 2.1 Upon the Merger, OSE shall deliver to each of the shareholders (excluding OSE and TSEG, the “Shareholders Subject to Allotment”) who are registered or recorded in the last shareholder register of TSEG as of the date immediately prior to the effective date (hereinafter the date on which the Merger comes into effect), the number of common shares of OSE calculated by multiplying the total number of common shares of TSEG held by the Shareholders Subject to Allotment (excluding the number of shares subject to a share purchase demand pursuant to Article 785, paragraph (1) of the Companies Act) by 20.19.
- 2.2 Regarding the allotment of common shares to be delivered pursuant to the provisions of the preceding paragraph, OSE shall allot to the Shareholders Subject to Allotment common shares of OSE at the rate of 20.19 common shares of OSE per common share of TSEG held by them (excluding the shares subject to a share purchase demand pursuant to Article 785, paragraph (1) of the Companies Act).
- 2.3 OSE and TSEG confirm that OSE will schedule a stock split where OSE splits one (1) common share of OSE into one hundred (100) shares as of the effective date (the “Stock Split”) and an amendment to the articles of incorporation concerning the adoption of a share unit system (the

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“Adoption of a Share Unit System”) where one hundred (100) shares will constitute one (1) share unit; and that the number of common shares of OSE set forth in preceding paragraphs 2.1 and 2.2 are the numbers based on the effectuation of the Stock Split and the Adoption of a Share Unit System.

- 2.4 If there are any fractions less than one (1) share for the shares of OSE to be allotted to the shareholders of TSEG, such shares shall be treated pursuant to the procedures set forth in Article 234 of the Companies Act.

Article 3 (Matters, etc. Concerning the Amount of Capital and Capital Reserves, etc.)

- 3.1 The amount of capital and capital reserves, etc., to be increased by OSE through the Merger shall be as follows:

(1)	Capital:	6,776,740,000 yen
(2)	Capital reserves:	zero (0) yen
(3)	Retained earnings:	zero (0) yen

- 3.2 Prior to the Merger, OSE shall (i) reduce the amount of its capital reserves by 1,825,557,353 yen, transfer the full amount of such reduction to other capital surplus, and cause the amount of OSE's capital reserves after reduction to be 3,000,000,000 yen, and (ii) reduce the amount of its retained earnings of 322,985,592 yen in full, transfer the full amount of such reduction to other earnings surplus, and cause the amount of retained earnings after reduction to be zero (0) yen (collectively referred to as the “Reduction in Capital Reserves and Retained Earnings (OSE)”), and regarding both (i) and (ii), seek the necessary resolution of the shareholders’ meeting and conduct other necessary procedures.

- 3.3 Prior to the Merger, TSEG shall (i) decrease the amount of its capital by 4,723,260,000 yen, transfer the full amount of such reduction to other capital surplus, and cause the amount of TSEG's capital after the reduction to be 6,776,740,000 yen, and (ii) reduce the amount of its capital reserves of 22,874,693,023 yen in full, transfer the full amount of such reduction to other capital surplus, and cause the amount of capital reserves after reduction to be zero (0) yen (collectively referred to as the “Reduction in Capital and Capital Reserves (TSEG)”), and regarding both (i) and (ii), seek the necessary resolution of the shareholders’ meeting and conduct other necessary procedures.

Article 4 (Effective Date)

- 4.1 The effective date shall be January 1, 2013. However, the effectuation of the Merger shall be subject to (i) the effectuation of the absorption-type split pursuant to the absorption-type company split agreement to be executed between TSEG and the Tokyo Stock Exchange, Inc. after the execution of this Agreement (the “TSE Absorption-Type Company Split Agreement”), (ii) the effectuation of the Stock Split and the Adoption of a Share Unit System, and (iii) the effectuation of both the Reduction in Capital Reserves and Retained Earnings (OSE) and the Reduction in Capital and Capital Reserves (TSEG).

- 4.2 Irrespective of the provisions of the preceding paragraph, OSE and TSEG may agree to change the effective date upon mutual consultation as necessary to conform to the Merger procedures or for any other similar reasons.

Article 5 (Amendment to the Articles of Incorporation)

Subject to the effectuation of the Merger, OSE shall amend the articles of incorporation with the contents agreed upon between OSE and TSEG through consultation, and seek the necessary resolution of the shareholders' meeting.

Article 6 (Appointment of Directors and Accounting Auditor)

- 6.1 Subject to the effectuation of the Merger, OSE shall appoint the following persons as directors of OSE, and seek the necessary resolution of the shareholders' meeting. Such appointed persons shall assume the office of directors of OSE as of the effective date.

Note

Director: Atsushi Saito (Director & Representative Executive Officer,  
Group CEO)  
Michio Yoneda (Director & Representative Executive Officer,  
Group COO)  
Tsutomu Okuda  
Yuko Kawamoto  
Hideaki Kubori  
Taichi Sakaiya  
Hiroyuki Nakatsukasa  
Masakazu Hayashi  
Masayuki Hirose  
Katsuhiko Honda  
Kunihiro Matsuo  
Shigeru Morimoto  
Charles Ditmars Lake II

- 6.2 OSE shall appoint the following audit corporation as an accounting auditor of OSE, and seek the necessary resolution of the shareholders' meeting. Such appointed audit corporation shall assume the office of accounting auditor of OSE as of the conclusion of the relevant shareholders' meeting.

Note

Accounting auditor: Deloitte Touche Tohmatsu LLC

Article 7 (Shareholders' Meeting to Approve the Merger)

In order to obtain approval for this Agreement and for other necessary matters, OSE and TSEG shall seek a resolution thereon by respectively holding shareholders' meetings on November 20, 2012. However, OSE and TSEG may

agree to change the date of such shareholder's meetings upon mutual consultation as necessary to conform to the Merger procedures or for any other similar reasons.

Article 8 (Modification of the Terms and Conditions of the Merger and Cancellation of this Agreement)

During the period on and after the Execution Date up to the effective date, if (a) material changes in the asset conditions or operational results of OSE or TSEG occur or are discovered, (b) any circumstances that may materially hinder the execution of the Merger pursuant to this Agreement (including but not limited to cases where approvals or licenses and permissions, etc., from the relevant authorities, etc. pursuant to the laws and regulations required for the execution of the Merger have not been obtained) occur or are discovered, or (c) the achievement of the purpose of the Merger otherwise become difficult, OSE and TSEG may agree to modify or cancel this Agreement upon mutual consultation in good faith.

Article 9 (Due Care of a Prudent Custodian)

9.1 During the period from the execution of this Agreement up to the effective date, unless otherwise defined herein, OSE and TSEG shall respectively conduct their own business executions and management and operation of their own properties with the due care of a prudent custodian, and both agree only to conduct acts that may materially affect their properties or rights and obligations upon mutual consultation in advance.

9.2 Irrespective of the provisions of the preceding paragraph, OSE approves that TSEG shall execute the TSE Absorption-Type Split Agreement between TSEG and the Tokyo Stock Exchange, Inc. and conduct the absorption-type split pursuant to the TSE Absorption-Type Split Agreement after the execution of this Agreement. TSEG approves that OSE shall execute the absorption-type split agreement between OSE and New Osaka Securities Exchange Preparatory Corporation, conduct the absorption-type split pursuant to the relevant absorption-type company split agreement, and conduct the Stock Split and the Adoption of a Share Unit System after the execution of this agreement.

Article 10 (Preferred Application)

The provisions of this Agreement shall be applied in preference to any agreements made between OSE and TSEG prior to the execution of this Agreement.

Article 11 (Matters for Consultation)

In addition to those set forth in this Agreement, any matters necessary in connection with the Merger shall be determined pursuant to the purpose of this Agreement upon consultation between OSE and TSEG.

IN WITNESS WHEREOF, OSE and TSEG shall prepare originals hereof in duplicate by affixing their respective signatures or affixing their names and seals thereto, and each shall retain one (1) copy of the originals.

October 29, 2012

OSE: 8-16, Kitahama 1-chome, Chuo-ku, Osaka-shi  
Osaka Securities Exchange Co., Ltd.  
Michio Yoneda, President & CEO

TSEG: 2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo  
Tokyo Stock Exchange Group Inc.  
Atsushi Saito, President and CEO

## Exhibit 2: The Overview of Financial Analyses concerning the Merger Ratio by the Company's financial advisors

### Overview of Financial Analyses by Financial Advisors of the TSEG

#### <Mitsubishi UFJ Morgan Stanley>

Mitsubishi UFJ Morgan Stanley analyzed the Merger Ratio by performing valuation analyses based on the Comparable Companies Analysis, Discounted Cash Flow (the "DCF" in this Exhibit 2.) Analysis, and Contribution Analysis and comprehensively considered the results of such analyses.

The following table summarizes the ranges of the Merger Ratio under the Comparable Companies Analysis, DCF Analysis and Contribution Analysis conducted by Mitsubishi UFJ Morgan Stanley (assuming that the per share value of the OSE's common shares is set at 1).

	Methodology	Range of the Merger Ratio
(a)	Comparable Companies Analysis	0.128 - 0.175
(b)	DCF Analysis	0.184 - 0.230
(c)	Contribution Analysis	0.146 - 0.304

#### (a) Comparable Companies Analysis: 0.128 - 0.175

The Comparable Companies Analysis resulted in a merger ratio between the TSEG's and the OSE's common shares ranging from 0.128 - 0.175 by evaluating the equity value of the TSEG and the OSE through a comparison with financial indexes including share price and profitability of overseas listed exchanges operating a relatively similar business to those of the TSEG and the OSE (the "Comparable Companies" in this paragraph). Mitsubishi UFJ Morgan Stanley selected NYSE Euronext, Inc., ASX Limited, The NASDAQ OMX Group, Inc., London Stock Exchange Group plc, TMX Group Inc., and Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. as the Comparable Companies to the TSEG. Also, Mitsubishi UFJ Morgan Stanley selected CME Group Inc., IntercontinentalExchange, Inc., and CBOE Holdings, Inc. as the Comparable Companies to the OSE.

#### (b) DCF Analysis: 0.184 - 0.230

The DCF Analysis resulted in a merger ratio between the TSEG's and the OSE's common shares ranging from 0.184 - 0.230 by analyzing the enterprise value and equity value of the TSEG and the OSE using the present value of free cash flows which the TSEG and the OSE is expected to produce in the future, discounted at a certain level of discount rate, based on the earnings projections of the TSEG and the OSE, taking into consideration various factors including management projections obtained from the TSEG and the OSE, the latest business performance of

the TSEG and the OSE including trends in key performance indicators, various IR materials disclosed by the TSEG and the OSE, analyst reports regarding the OSE, and results of due diligence conducted on the TSEG and the OSE, and other information disclosed to the public, etc. With respect to the methodology to analyze the terminal value, Mitsubishi UFJ Morgan Stanley adopted the perpetual growth method which assumes free cash flows based on the end of the projection period continue to grow perpetually (the “Perpetual Growth Method” in this Exhibit 2.). 5.0-7.0% of the discount rate and (0.5)% - 0.5% of perpetual growth rate were used for the DCF Analysis on the TSEG and the OSE.

(c) Contribution Analysis: 0.146 - 0.304

The Contribution Analysis resulted a merger ratio between the TSEG’s and the OSE’s common shares ranging from 0.146 - 0.304 by analyzing the financial contribution to the Combined Holding Company in terms of the key financial indexes such as operating revenue, operating profit, net income and net asset of the TSEG and the OSE.

For assumptions and disclaimers regarding the analyses and opinion by Mitsubishi UFJ Morgan Stanley, please see Note below.

<Nomura Securities>

Nomura Securities performed the market approach analysis, the DCF analysis and the contribution analysis with respect to the TSEG and the OSE. The calculation results for each of the aforementioned methods are set forth below. The calculated range of the Merger Ratio provided below show the ranges of the number of shares of the OSE’s common shares that are to be allotted for each share of the TSEG’s common shares.

	Methodology	Range of the Merger Ratio
(a)	Market Approach Analysis	0.084 – 0.237
(b)	DCF Analysis	0.193 – 0.254
(c)	Contribution Analysis	0.134 – 0.262

(a) Market Approach Analysis: 0.084 – 0.237

In the market approach analysis, the Merger Ratio was calculated to be 0.084 – 0.237 based on the results of the per share values of the TSEG’s common shares under the comparable peer company analysis and the per share values of the OSE’s common shares under the average market price analysis and the comparable peer company analysis. Under the comparable peer company analysis, the equity values of the TSEG and the OSE were evaluated through a comparison with financial indexes including share price and profitability of overseas listed exchanges operating a



relatively similar business to the TSEG and the OSE (the “Comparable Companies” in this paragraph). Nomura Securities selected The NASDAQ OMX Group, Inc., London Stock Exchange Group plc, Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. and ASX Limited. as the Comparable Companies for the TSEG and CBOE Holdings, Inc., CME Group Inc. and IntercontinentalExchange, Inc. as Comparable Companies for the OSE. The average market price analysis was based on the JASDAQ Standard closing share price of the OSE’s common shares on November 4, 2011 which was the last trading day prior to November 7, 2011 on which the news media reported speculation that the TSEG and the OSE had entered the final stages of discussions regarding the Business Combination (365,000 yen) and the simple average of the closing share prices for each of the one-week (369,100 yen), one-month (371,000 yen), three-month (382,113 yen) and six-month (377,349 yen) periods up to and including November 4, 2011.

(b) DCF Analysis: 0.193 – 0.254

The DCF analysis is a method of analyzing the enterprise values and equity values of the TSEG and the OSE by discounting the free cash flows which the TSEG and the OSE are expected to generate in the future, without assuming the Business Combination and assuming that the business would continue to be conducted solely by each of the companies (the “stand-alone basis” in this Exhibit 2.), to the present value using a certain discount rate (e.g., costs of capital applicable to the TSEG and the OSE, etc.), based on the projected earnings and the investment plans as set forth in their business plans, the TSEG’s and the OSE’s latest business performances, including trends in major business indices, interviews with the management of the TSEG and the OSE, results of due diligence investigations, and other publicly disclosed information, as well as various other factors; based on this method, the Merger Ratios was calculated to be 0.193 – 0.254. In evaluating the value of the free cash flows after the earnings projection period, (i) Perpetual Growth Method and (ii) a method which involves multiplying multiples derived from certain financial figures relative to market capitalization, etc. of a target company or companies operating a relatively similar business to the target company, to the target company’s corresponding financial figures in the final year of earnings projection, and discounting the result to the present value (the “Terminal Multiple Method” in this Exhibit 2.) were used. Perpetual growth rates ranging from -0.25 to +0.25% for both the TSEG and the OSE were used under the Perpetual Growth Method and earnings before interest, taxes, depreciation and amortization (the “EBITDA” in this Exhibit 2.) multiples ranging from 4.5x to 6.5x for the TSEG and from 6.0x to 8.0x for the OSE were used under the Terminal Multiple Method. Also, discount rates ranging from 5.50% to 6.50% for the TSEG and from 5.75% to 6.75% for the OSE were used.

(c) Contribution Analysis: 0.134 – 0.262

In the contribution analysis, the Merger Ratio was calculated to be 0.134 – 0.262 based on the level of relative financial contribution of the TSEG and the OSE to a newly merged group in terms of Operating Revenue, EBITDA, Operating Income, Ordinary Income, Net Income and Shareholders' Equity.

For assumptions and disclaimers regarding the calculations and opinion on the Merger Ratio by Nomura Securities, please see Note below.

<Daiwa Securities CM>

Daiwa Securities CM analyzed the Merger Ratio based on the Market Approach and the DCF analysis. The following table summarizes the result of the analyses of the Merger Ratio based on each of the foregoing methods. Each of the Merger Ratio ranges below represents the range of the number of shares of the OSE's common shares that are to be allotted for each of the TSEG's common shares.

	Methodology	Range of the Merger Ratio
(a)	Market Approach	0.131 – 0.346
(b)	DCF Analysis	0.164 – 0.308

(a) Market Approach : 0.131 – 0.346

In performing the Market Approach, Daiwa Securities CM analyzed the Merger Ratio based on the per share values of both companies' common shares calculated by (1) the market price analysis, which was applied only to the OSE, and (2) the comparable companies analysis, which was applied to the TSEG and the OSE, respectively. The range of the Merger Ratio is calculated to be 0.131 – 0.346.

In performing the market price analysis, Daiwa Securities CM set (1) November 4, 2011, (the "Record Date (i)" in this paragraph), which was the last trading day prior to November 7, 2011, on which the news media reported speculation that the TSEG and the OSE had entered the final stages of discussion regarding the Business Combination and (2) July 4, 2011, (the "Record Date (ii)" in this paragraph), which was the last trading day prior to July 5, 2011, on which the news media reported speculation regarding the Tender Offer, as the record dates, and conducted calculations based on the simple average of the closing market price of the OSE's common shares on the JASDAQ Standard for the one-month and three-month periods ending on the Record Date (i) and the Record Date (ii), respectively (regarding the Record Date (i), the simple averages were 371,000 yen and 382,113 yen, for the one month and three month periods, respectively, and regarding the Record Date (ii), the simple averages were 345,024 yen and 378,697 yen, for the one month and three month periods, respectively).

In performing the comparable companies analysis, Daiwa Securities CM calculated the range of per share values of both companies' common shares through a comparison with financial indexes, including market share price and profitability of listed companies relatively similar to the TSEG and the OSE, respectively. Regarding the TSEG, those are NYSE Euronext, NASDAQ OMX Group, Inc., TMX Group, Inc., London Stock Exchange Group Plc and Bolsas y Mercados Españoles. Regarding the OSE, those are CME Group, Inc., IntercontinentalExchange, Inc., and CBOE Holdings, Inc.. Daiwa Securities CM conducted this calculation based on financial forecasts on a stand-alone basis, that were provided by the OSE.

(b) DCF Analysis : 0.164 – 0.308

The DCF analysis resulted in the Merger Ratio ranging from 0.164 to 0.308 by analyzing the enterprise value and the per share value of both companies using the present value of free cash flows on a stand-alone basis which both companies are expected to produce in the future, discounted at a certain level of discount rate, based on the earnings projections of both companies on a stand-alone basis, the latest business performance of both companies including trends in major business indices, results of interviews and due diligence investigations conducted on both companies, and other information disclosed to the public, etc. Daiwa Securities CM calculated the value of the free cash flows which both companies are expected to generate after the projection period based on the Perpetual Growth Method by regarding the free cash flows as a terminal value. The perpetual growth rate range which Daiwa Securities CM used was -1.00 - +1.00, and the discount rate range was 5.48 – 7.48.

For assumptions and disclaimers regarding the analyses and opinion on the Merger Ratio by Daiwa Securities CM, please see Note below.

(Note) In delivering the respective written opinions to the board of directors of the TSEG and analyzing the above ranges of the Merger Ratio as the basis thereof, each of Mitsubishi UFJ Morgan Stanley, Nomura Securities and Daiwa Securities CM (each referred to as a “TSEG Financial Advisor” and, collectively, the “TSEG Financial Advisors”, in this Note) relied on the information provided by and discussed with both companies, other relevant information reviewed by such TSEG Financial Advisor or reviewed for the benefit of the TSEG Financial Advisors, and publicly available information. Each of the TSEG Financial Advisors assumed that all such information was accurate and complete and that no information was undisclosed to such TSEG Financial Advisor, which may have a material adverse effect on the analyses of the ranges of the Merger Ratio, and therefore none of the TSEG Financial Advisors independently verified the accuracy or completeness of such information (in addition, the TSEG Financial Advisors are not responsible for independent verification or obliged to verify independently).

None of the TSEG Financial Advisors have independently valued or appraised, nor has such TSEG

Financial Advisor received any valuations or appraisals from third party institutions on, assets or liabilities (including off-balance sheet assets and liabilities, and other contingent liabilities) of either company or their respective affiliated companies. In addition, each of the TSEG Financial Advisors assumed that the information relating to business, operations, financial condition, financial forecasts and anticipated synergies has been reasonably prepared by managements of both companies based on their best estimates and judgments available at the time. Each of the TSEG Financial Advisors expresses no opinion with respect to the estimates and judgments (including synergy analysis) or the assumptions for the estimates and judgments.

The analyses and opinions of each of the TSEG Financial Advisors are only for the information of the board of directors of the TSEG and for the purpose of considering the Merger Ratio, and may not be relied upon or used by any other party and for any other purpose. Each of the TSEG Financial Advisors expresses no opinion or recommendation as to how the shareholders of the TSEG should vote or act at the shareholders' meetings to be held in connection with the Merger.

The analyses and opinions of each of the TSEG Financial Advisors are based on financial, economic, market and other conditions as in effect on, and the information made available to such TSEG Financial Advisor as of, the date of their respective opinions. Although the credit market, finance market and equity market continue to be unstable, the TSEG Financial Advisors express no opinion with respect to the potential impact on the TSEG, the OSE and the Merger Ratio caused by such unstable conditions. Events occurring after the date of the respective opinions may have an effect on the analyses and opinions, and the impact of certain conditions existing as of the date of the respective opinions on the analyses and opinions are difficult to measure. Notwithstanding the foregoing, none of the TSEG Financial Advisors are obliged to renew, revise or reconfirm their opinion and analyses.

With respect to the Merger, each of the TSEG Financial Advisors will receive fees for their services, a significant portion of which is contingent upon the closing of the Merger.

It should be noted that the financial projections of the TSEG, which the financial advisors of the TSEG used as the basis for their financial analyses in connection with the DCF analysis, include fiscal years with significant increases in profit compared to the immediately preceding fiscal year. These increases mainly reflect changes in the economic environment, an enhancement of market infrastructure, and an increase in transaction values and trading volume due to an expansion in the variety of products, together with the TSEG's continuous effort to reduce costs and so forth.

**Exhibit 3: Articles of Incorporation of Osaka Securities Exchange Co., Ltd.**

**Articles of Incorporation**

(As of July 6, 2007)

**Chapter 1 General Provisions**

*(Corporate Name)*

Article 1 The corporate name of this exchange shall be 株式会社大阪証券取引所 (KabushikiKaisha Osaka ShokenTorihikijo) in Japanese and Osaka Securities Exchange Co., Ltd. In English (hereinafter referred to as “OSE”).

*(Purpose)*

Article 2 The purpose of OSE shall be to conduct business prescribed in each Item below:

- (1) Providing financial instruments markets;
  - (2) Financial instruments obligation assumption business;
  - (3) Other business incidental to the business prescribed in each of the preceding Items.
2. The exchange financial instruments markets provided by OSE (hereinafter referred to as the “OSE markets”) shall be operated on the principle of maintaining fair and efficient execution of transactions in securities or market transactions of derivatives (hereinafter referred to as “transactions in securities, etc.”) for the public interest and protection of investors.

*(Location of Head Office)*

Article 3 The head office of OSE shall be located in the City of Osaka.

*(Method of Public Notice)*

Article 4 The method of public notice by OSE shall be electronic public notice; provided, however, that in the case public notice cannot be given via electronic public notice due to an accident or unavoidable reason, such notice shall be given in the Nihon Keizai Shimbun.

*(Organizational Entities)*

Article 4-2 OSE shall put in place the following organizational entities in addition to the general meeting of shareholders and directors:

- (1) Board of Directors;
- (2) Company Auditor;
- (3) Board of Company Auditors;
- (4) Accounting Auditor.

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## Chapter 2 Exchange Financial Instruments Markets

### *(Matters concerning Exchange Financial Instruments Markets)*

Article 5 Transactions in securities, etc. shall be conducted on the OSE markets.

### *(Enactment of Rules)*

Article 6 In addition to these Articles of Incorporation, OSE shall enact the Business Regulations, the Brokerage Agreement Standards and other rules and regulations to maintain fair and efficient execution of transactions in securities, etc. on the OSE markets for the protection of investors.

Article 7 Deleted

### *(Transaction Participant's Duty to Abide by Laws and Regulations)*

Article 8 Transaction Participants shall abide by the Laws and Regulations (meaning the Financial Instruments and Exchange Law (Law No. 25 of 1948) and related laws and regulations; the same shall apply in Article 9, Article 10 and Article 29-3), dispositions given by government agencies based on the Laws and Regulations, the OSE's Articles of Incorporation, Business Regulations, Brokerage Agreement Standards and other rules and regulations (hereinafter referred to as the "Rules") and fair and equitable principles of transactions.

### *(Disciplinary Actions against Transaction Participant)*

Article 9 In case a Transaction Participant has breached the Laws and Regulations, the disposition given by government agencies based on the Laws and Regulations or the OSE's Rules, or has behaved contrary to the fair and equitable principles of transactions, OSE may impose on such Transaction Participant a fine, or order a suspension from or limitation of transactions in securities, etc. on the OSE markets or of entrustment of brokerage for clearing of securities, etc., or revoke its Trading Qualification in accordance with the Business Regulations prescribed separately by OSE.

### *(Obligations to Submit Documents)*

Article 10 When OSE inspects the Transaction Participant's observance of the Laws and Regulations, of dispositions given by government authorities based on the Laws and Regulations, of the OSE's Rules or disciplinary actions taken by OSE thereunder, or of fair and equitable principles of transactions, or in other cases where OSE deems it necessary in the light of the objectives of OSE and the operation of the OSE markets, OSE may demand such Transaction Participant to submit a report or document relevant to their business or property, or have the staff of OSE to inspect the

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actual state of their business or property, or their books, documents or other materials.

### **Chapter 3 Shares**

*(Total Number of Shares Authorized to be Issued)*

Article 11 The total number of shares authorized to be issued by OSE shall be nine hundred and thirty thousand (930,000) shares.

Article 12 Deleted

*(Shareholder Register Administrator)*

Article 13 OSE shall appoint a shareholder register administrator.

2. The shareholder register administrator and an office(s) thereof shall be appointed by a resolution of the Board of Directors.

3. Preparation and maintenance of the shareholder register (including beneficial shareholders register; the same shall apply hereinafter), the share option registry and the lost-share-certificate register pertaining to OSE and other administrative works relating to these registers shall be entrusted to the shareholder register administrator, and OSE shall not handle these.

*(Share Handling Regulations)*

Article 14 Handling related to OSE shares and fees therefor shall be prescribed in laws and regulations, in these Articles of Incorporation as well as share handling regulations stipulated by the Board of Directors.

*(Acquisition of Own Shares)*

Article 15 As prescribed in Article 165, Paragraph 2 of the Companies Act, OSE may acquire its own shares by a resolution of the Board of Directors.

### **Chapter 4 General Meeting of Shareholders**

*(Convocation)*

Article 16 The general meeting of shareholders shall be classified into the annual general meeting of shareholders and extraordinary general meetings of shareholders. The annual general meeting of shareholders shall be convened each year within three (3) months from the day after the final day of the business year, and an extraordinary general meeting of shareholders shall be convened as occasion demands.

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2. Unless otherwise prescribed in laws and regulations, a general meeting of shareholders shall be convened by the President & CEO through a resolution of the Board of Directors; provided, however, that in case of an accident to the President & CEO, the general meeting of shareholders shall be convened by other directors in accordance with the order determined by the Board of Directors in advance.

*(Record Date for Annual General Meeting of Shareholders)*

Article 16-2 The record date for the voting rights at the OSE's annual general meeting of shareholders shall be March 31 every year.

*(Internet Disclosure and Deemed Provision of Reference Document for General Meeting of Shareholders)*

Article 16-3 Upon the convening of the general meeting of shareholders, OSE may be deemed to have provided the shareholders (including beneficial shareholders; the same shall apply hereinafter) with the necessary information with respect to the matters to be stated or indicated in the reference documents for the general meeting of shareholders, business reports, financial statements and consolidated financial statements, by disclosing such information via the internet in accordance with the ordinance of the Ministry of Justice.

*(Chairman)*

Article 17 The chairman of the general meeting of shareholders shall be the President & CEO; provided, however, that in case of an accident to the President & CEO, other directors shall preside as chairman over the general meeting of shareholders in accordance with the order determined by the Board of Directors in advance.

*(Method of Resolution)*

Article 18 Unless otherwise prescribed elsewhere in laws and regulations or in these Articles of Incorporation, a resolution at the general meeting of shareholders shall be made by a majority of the voting rights held by the shareholders present at the general meeting of shareholders.

2. The resolution at the general meeting of shareholders prescribed in Article 309, Paragraph 2 of the Companies Act shall be made by a majority of two thirds (2/3) or more of the voting rights held by the shareholders present at the general meeting of shareholders, where the shareholders holding one third (1/3) or more of the voting rights of the shareholders entitled to exercise their voting rights are present.

*(Proxy Exercise of Voting Rights)*

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Article 19 A shareholder may exercise their voting rights by proxy. In this case, such shareholder or proxy shall submit the document that certifies the authority of representation to OSE.

Article 20 Deleted

## **Chapter 5 Directors and the Board of Directors**

### *(Number of Directors)*

Article 21 The number of directors of OSE shall not exceed thirteen (13).

### *(Method of Election)*

Article 22 Directors shall be elected at a general meeting of shareholders.

2. At the general meeting of shareholders, a few of directors shall be elected from among knowledgeable and experienced persons other than directors and employees of Transaction Participants and those engaged in business directly connected to financial instruments business.
3. The resolution on the election prescribed in the preceding 2 Paragraphs shall be made by a majority of the voting rights held by the shareholders present at the general meeting of shareholders, where the shareholders holding one third (1/3) or more of the voting rights of the shareholders entitled to exercise their voting rights are present.
4. The resolution on the election of the directors shall not be made by cumulative voting.
5. The directors prescribed in Paragraph 2 may not engage in business directly related to financial instruments business during the term of office.

### *(Term of Office)*

Article 23 The term of office of directors shall be from the date of appointment to the close of the last annual general meeting of shareholders ending within two (2) years from the date of appointment; provided, however, that in case of a vacancy in the office of a director, the term of office of the director elected for filling such vacancy shall be the remaining term of office of the predecessor.

### *(Representative Directors)*

Article 24 The representative directors shall be elected by a resolution of the Board of Directors.

2. Each representative director of OSE shall represent OSE and perform their business in accordance with the resolution of the Board of Directors.

### *(Directors)*

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Article 25 One (1) Chairman and Director, one (1) President & CEO, one (1) Executive Vice President and Director, and a number of senior executive directors and executive directors may be elected from among directors by a resolution of the Board of Directors.

2. Directors who engage in daily business of OSE shall not engage in financial instruments business during the term of office.

3. Directors prescribed in the preceding Paragraph shall not engage in other business during the term of office without the approval of the Board of Directors.

*(Convocation)*

Article 26 Unless otherwise prescribed separately in laws and regulations, meetings of the Board of Directors shall be convened by the President & CEO; provided, however, that in case of an accident to the President & CEO, meetings of the Board of Directors shall be convened by other directors in accordance with the order determined by the Board of Directors in advance.

2. Notice of convocation referred to in the preceding Paragraph shall be given to each director and company auditor at least three (3) days prior to the date of the meeting; provided, however, that in case of an emergency, such period may be shortened.

3. In case all the directors and company auditors give their consent, a meeting of the Board of Directors may be held without taking the procedures for convocation of the meeting.

*(Method of Resolution)*

Article 27 A resolution of the Board of Directors shall be made by a majority of the directors present at the meeting of the Board of Directors, where the majority of the directors are present.

2. A resolution on matters relating to the basic policy of the operation of OSE shall be made by a majority of two thirds (2/3) of the directors present at the meeting of the Board of Directors.

*(Omission of Resolution)*

Article 27-2 When the requirements of Article 370 of the Companies Act are satisfied, OSE shall deem that a resolution of the Board of Directors has been made.

*(Regulations of Board of Directors)*

Article 27-3 Matters relating to the Board of Directors shall be governed by laws and regulations and these Articles of Incorporation as well as the regulations of the Board of Directors stipulated by the Board of Directors.

Article 28 Deleted

*(Remuneration, etc.)*

Article 29 The directors' remuneration, bonuses and other financial benefits which are received from OSE in consideration of their performance of duties (hereinafter referred to as "remuneration, etc.") shall be determined by a resolution at the general meeting of shareholders.

*(Exemption from Liability of Directors)*

Article 29-2 Pursuant to Article 426, Paragraph 1 of the Companies Act, by a resolution of the Board of Directors, OSE may exempt directors (including previous directors) from liability for damages due to failures to perform their duties to the extent legally allowed.

2. Pursuant to Article 427, Paragraph 1 of the Companies Act, OSE may conclude an agreement with the outside directors to limit their liability for damages arising from failures to perform their duties; provided, however, that the maximum amount of the liability indemnity based on the said agreement shall be either a predetermined amount not less than one million (1,000,000) Yen, or an amount prescribed by laws and regulations, whichever is the higher amount.

*(Self-Regulation Committee)*

Article 29-3 OSE shall establish a Self-Regulation Committee in accordance with the Laws and Regulations.

2. The Self-Regulation Committee shall make decisions on matters relating to the selfregulatory operations of OSE.

3. The Self-Regulation Committee shall be composed of three (3) or more Self-Regulation Committee members elected from the OSE's directors, of which the majority is the outside directors.

## **Chapter 6 Company Auditors and Board of Company Auditors**

*(Number of Company Auditors)*

Article 30 The number of company auditors of OSE shall be three (3).

*(Method of Election)*

Article 31 Company auditors shall be elected at the general meeting of shareholders.

2. The resolution on the election referred to in the preceding Paragraph shall be made by a majority of the voting rights held by shareholders present at the general meeting of shareholders, where the shareholders holding one third (1/3) or more of the voting rights of the shareholders entitled to exercise their voting rights are present.

*(Effective Term of Elected Alternate Company Auditor)*

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Article 31-2 The effective term of the alternate company auditor elected in case of vacancy in company auditors which results a shortfall in the number of company auditors prescribed in laws and regulations or in these Articles of Incorporation shall be until the start of the last annual general meeting of shareholders ending within four (4) years from the date of appointment; provided, however, that such period may be shortened by a resolution at the general meeting of shareholders.

*(Term of Office)*

Article 32 The term of office of company auditors shall be from the date of appointment to the close of the last annual general meeting of shareholders ending within four (4) years from the date of appointment; provided, however, that the term of office of the company auditor elected for filling the vacancy shall be the remaining term of office of the predecessor.

2. When an alternate company auditor assumes office of company auditor elected to fill a vacancy resulting a shortfall in the number of company auditors prescribed in laws and regulations or in these Articles of Incorporation, the term of the said company auditor's position shall be the remaining term of the previous company auditor.

*(Full-Time Company Auditor)*

Article 33 A full-time company auditor shall be elected by a resolution of the Board of Company Auditors.

2. A full-time company auditor shall not engage in financial instruments business during the term of office.

3. A full-time company auditor shall not engage in other business during the term of office without the approval of the Board of Company Auditors.

*(Convocation)*

Article 34 Meetings of the Board of Company Auditors shall be convened by company auditors.

2. Notice of convocation referred to in the preceding Paragraph shall be given to each company auditor at least three (3) days prior to the date of the meeting of the Board of Company Auditors; provided, however, that in case of an emergency, such period may be shortened.

3. In case all the company auditors give their consent, a meeting of the Board of Company Auditors may be held without taking the procedures for convocation of the meeting.

*(Regulations of Board of Company Auditors)*

Article 35 Matters relating to the Board of Company Auditors shall be governed by laws and regulations and these Articles of Incorporation as well as the regulations of the Board of Company Auditors stipulated by the Board of Company Auditors.

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Article 36 Deleted

*(Remuneration, etc.)*

Article 37 The remuneration, etc. of company auditors shall be determined by a resolution at the general meeting of shareholders.

*(Exemption from Liability of Company Auditors)*

Article 37-2 Pursuant to Article 426, Paragraph 1 of the Companies Act, by a resolution of the Board of Directors, OSE may exempt company auditors (including previous company auditors) from liability for damages due to failures to perform their duties to the extent legally allowed.

2. Pursuant to Article 427, Paragraph 1 of the Companies Act, OSE may conclude an agreement with the outside company auditors to limit their liability for damages arising from failures to perform their duties; provided, however, that the maximum amount of the liability indemnity based on the said agreement shall be either a predetermined amount not less than one million (1,000,000) Yen, or an amount prescribed by laws and regulations, whichever is the higher amount.

## **Chapter 7 Advisory Committee**

*(Advisory Committee)*

Article 37-3 OSE may establish an advisory committee.

2. The advisory committee may advise or give opinion to the Board of Directors concerning important matters related to the OSE operations, in response to consultation by the Board of Directors.

3. Matters relating to the advisory committee shall be governed by the rules on the advisory committee stipulated by the Board of Directors.

## **Chapter 8 Accounts**

*(Business Year)*

Article 38 The business year of OSE shall be from April 1 to March 31 of the following year.

*(Budget)*

Article 39 A resolution on the budget for the business year shall be made by a majority of two thirds (2/3) or more of the Directors present at the meeting of the Board of Directors prior to the beginning of the said business year prescribed in the preceding Article.

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*(Dividends of Surplus)*

Article 40 By a resolution at general meeting of shareholders, year-end dividends may be distributed to shareholders or registered stock pledges listed or recorded in the final shareholder register as of March 31 every year.

2. In addition to the preceding Paragraph, OSE may, by a resolution of the Board of Directors, distribute interim dividends to shareholders or registered stock pledges listed or recorded in the final shareholder register as of September 30 every year.

3. In case year-end dividends or interim dividends prescribed in the preceding 2 Paragraphs remain unreceived within three (3) years from the date of commencement of payment thereof, OSE shall be released from the obligation to pay such dividends.

### **Chapter 9 Miscellaneous Provisions**

*(Interpretation of Articles of Incorporation and Other Rules)*

Article 41 In case there is any doubt about the interpretation of the provisions of the Articles of Incorporation, Business Regulations, Brokerage Standards Agreement or any other rules and regulations of OSE established by a resolution of the Board of Directors, the interpretation thereof shall be determined by two-thirds (2/3) or more of the voting rights of the Directors present at the meeting of the Board of Directors.

**Exhibit 4:**

**Details of Financial Statements, etc. Relating to the Most Recent Fiscal Year of Osaka Securities Exchange Co., Ltd.**

To Our Shareholders

Securities Code: 8697

May 31, 2012

Michio Yoneda, President & CEO

Osaka Securities Exchange Co., Ltd.

8-16, Kitahama 1-chome, Chuo-ku,

Osaka, Japan

**Notice of the 11<sup>th</sup> Ordinary General Meeting of Shareholders**

You are cordially invited to attend our 11<sup>th</sup> Ordinary General Meeting of Shareholders. The meeting will be held in Osaka, Japan as described below.

Even if you are unable to attend the meeting, it is much appreciated if you would exercise your voting rights by paper ballot or via the Internet. For details of voting methods, please consult your custodian or your securities brokers, etc.

**1. Date & Time:** Thursday, June 21, 2012 at 10:00 a.m. (Japan Time)

**2. Place:** Kitahama Forum, OSE Building 3rd Floor  
8-16, Kitahama 1-chome, Chuo-ku, Osaka, Japan

**3. Purpose of the Meeting**

**[A matter to be reported]**

The Business Report and Financial Statements for the 11<sup>th</sup> Fiscal Year (From April 1, 2011 to March 31, 2012)

**[Matters to be resolved]**

**Proposal No.1:** Distribution of Surplus

**Proposal No.2:** Election of 11 Members of the Board

#### **4. Request regarding the Exercise of Voting Rights (\*)**

Please exercise your Voting Rights by 4:50 p.m., Wednesday, June 20, 2012 (Japan Time).

(\*) For details of voting methods, please consult your custodian or your securities brokers, etc.

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If any revisions in the Reference Documents for the General Meeting of Shareholders, Business Report or Financial Statements arise, it will be notified on our website (<http://www.ose.or.jp/>).



# Business Report

(From April 1, 2011 to March 31, 2012)

## 1. Current Situation of the Company

### (1) Business Progress and Results

OSE entered into a Business Combination Agreement to achieve a business combination with Tokyo Stock Exchange Group, Inc. (TSEG) in November last year. Significant synergies should be created by combining the business of the companies, which have different areas of specialty, i.e., in the derivatives market and the cash equities market, and complement each other, and by moving forward with system integration and any other matters. Further, based on this combination, we believe that the improvement of our presence as an international financial center should generate substantial benefits to market participants and other markets users, such as improved convenience, and should also contribute to the enhanced competitiveness of all the financial and capital markets of Japan, which would be a step towards the revitalization of the Japanese economy. Currently, in order to realize the business combination smoothly and promptly, we set up a Combination Preparatory Committee that is co-chaired by Presidents of the two companies and strive for preparation works.

Suffering from the Great East Japan Earthquake and the further rise of the yen, Japan's economy remained in the difficult condition. But with the restoration of supply chains and the stop of the rise of the yen, signs of a gradual economic recovery became visible. Under this situation, in stock markets during the current fiscal year, although Nikkei 225 fell from the 9,700-yen level of beginning of the term and touched a bottom of the 8,100-yen level, it rose up to the 10,000-yen level at the term end.

Under these circumstances, overview of Operating Revenue by each sector during the current fiscal year became as follows.

#### A. Participant Fees

During the current fiscal year, as for a derivatives market, one of the financial instruments markets operated by OSE (OSE's markets), due to an extension of trading hours of night session from July of last year and the fluctuation of the price of Nikkei Stock Average, the trading volume of Nikkei 225 mini and Nikkei 225 Options became the largest following the previous fiscal year when we marked the record high. Also, the trading volume of Exchange FX Margin Trading (OSE-FX) renewed the record high of the previous fiscal year. As a result, the total trading volume of derivatives products became 184.90 million units, which is 13.8% down from the previous fiscal year but the second highest in the past. Regarding the trading value, as a price of Nikkei 225 remained in a lower level than the previous fiscal year, etc, trading value of Nikkei 225 Futures, Nikkei 225 mini and Nikkei 225 Options fell short of the previous fiscal year, and the total trading value of derivatives products was 283,822.5 billion yen, decreased by 23.7% from the previous fiscal year.

As for the equity markets, trading value both in 1st/2nd Section and JASDAQ fell below the previous fiscal year, and the total trading volume became 15,885.7 billion yen, which is decreased by 16.5% from the previous fiscal year. However, as the trading volume of 1st/2nd Section and JASDAQ exceeded the previous fiscal year, and the total trading volume increased by 37.6% from the previous fiscal year.

Accordingly, Participant Fees was 13,035 million yen (decreased by 5.3% on the same period previous year).

#### B. Equipment and Information Services Fees

Equipment and Information Services Fees, which is mainly from real-time orders and settlements information service, closed price information service, and co-location service(\*), was 7,628 million yen (increased by 7.6% on the same period previous year.)

\* It is a service to improve order processing latency by placing a participant's order system in our data center and connecting it to our trading system.

#### C. Listing Fees

During the current fiscal year, the Listing Fees, which is from listed companies on OSE's markets, etc. resulted in 1,737million yen (decreased by 8.8% on the same period previous year).

#### D. Others

Other Operating Revenue in the current fiscal year was 92 million yen (decreased by 58.3% on the same period previous year.)

## &lt;Breakdown of Operating Revenue&gt;

(yen in millions, %)

Category	The 10 <sup>th</sup> FY (Previous Fiscal Year) (FY2010)		The 11 <sup>th</sup> FY (Current Fiscal Year) (FY2011)		y / y
	Amount	Ratio	Amount	Ratio	
Participant Fees	13,769	59.9	13,035	58.0	(5.3)
Transaction fees	8,548	37.2	7,987	35.5	(6.6)
Clearing fees	2,586	11.3	2,775	12.4	7.3
Access fees	1,870	8.1	1,464	6.5	(21.7)
Basic fees	734	3.2	733	3.3	(0.1)
Others	28	0.1	73	0.3	160.9
Equipment and Information Services Fees	7,086	30.8	7,628	33.9	7.6
Market information fees	3,961	17.2	3,999	17.8	0.9
Network line fees	1,282	5.6	1,252	5.6	(2.4)
Co-location service fees	557	2.4	770	3.4	38.4
Others	1,285	5.6	1,606	7.1	25.0
Listing Fees	1,905	8.3	1,737	7.7	(8.8)
Annual listing fees	1,427	6.2	1,476	6.5	3.4
Initial listing fees & fees for issuing new shares	478	2.1	261	1.2	(45.3)
Others	222	1.0	92	0.4	(58.3)
<b>Total</b>	<b>22,984</b>	<b>100.0</b>	<b>22,494</b>	<b>100.0</b>	<b>(2.1)</b>

Based on the results described above, Operating Revenue for the current fiscal year resulted in 22,494 million yen, decreased by 2.1% on the same period previous year.

Also, Selling, General and Administrative Expenses resulted in 14,123 million yen, decreased by 8.3% on the same period previous year. It is because occupancy expenses was 4,261 million yen, operating expenses was 4,012 million yen, personnel expenses was 3,297 million yen, and depreciation expenses was 2,552 million yen, due to improvements of infrastructures to provide stable exchange systems, etc.

As a result, Operating Income was 8,370 million yen, increased by 10.4% from the same period previous year, and Ordinary Income was 9,157million yen, increased by 8.3% from the same period previous year. And Net Income resulted in 5,466 million yen, decreased by 40.3% from the same period previous year. It is because there were Extraordinary Income from a merger with Jasdaq Securities Exchange, Inc. (Jasdaq) and reductions of corporate tax, etc in the previous fiscal year.

## (2) Equipment Investment

Equipment investments amounted 2,221 million yen, mainly invested in IT platforms such as Clearing system's hardware renewal related.

## (3) Financing

Fully self-financed

## (4) Issues

### A. Issues on Market Operations

#### a. Derivatives Market

OSE's stock index futures/options trading have the largest share in Japan, especially, Nikkei 225 Futures, Nikkei 225 mini and Nikkei 225 Options represent the Japan's derivatives products. As derivatives markets have high growth potential, various countries' exchanges are enhancing their competitiveness. Accordingly, we assume that intensive competition with SGX, where Nikkei 225 Futures are traded, and other financial product exchanges will continue.

As for enhancement of competitiveness of the Japan's capital market, the environment surrounding the derivatives market is about to change with a comprehensive exchange vision, designed to synthesize financial and commodities exchanges. In respond to these environmental changes, we recognize that it is our challenge to implement measures to enforce increased competitiveness of OSE's markets.

Accordingly, in July last year, we extended trading hours of night session from until 23:30 to until 3:00 next day for stock index futures/options trading. Also, we strive to enhance further competitiveness, for example, we launched a futures trading which is based on the Nikkei Stock Average Volatility Index indicating the degree of future fluctuations of a price of Nikkei Stock Average, in February of this year. Moreover, OSE-FX, which was launched as a new business area, is also growing steadily.

#### b. Equity Markets

Among our equity market businesses, Section 1/2 and JASDAQ remain the core. Especially, JASDAQ encourages companies with growth potential to implement an IPO at their early stage, and also plays a role as a stable market, which lists companies with a steady business and healthy profitability. We are contributing to Japan's economic growth through providing financing opportunities with SMEs and venture businesses. On the other hand, our critical challenges are: the improvement of the number of IPO companies, which remains in a low level in these years, and the introduction of venture businesses which bring innovation to markets as companies listed on NASDAQ in U.S.

For these challenges, we put our effort to improve our listing system, to enforce our IPO support department and supports (corporate services) for SMEs and venture listed companies with short-term experience as a listed company. For example, we enforce listed companies' information distribution and improve liquidity of markets by such as "Analyst Report Platform", which is the first trial among Japan's exchanges to encourage report developments by analysts. Based on these JASDAQ's unique corporate services, we do not only expand the IPO base but also realize environments where companies which succeeded IPO can continue to develop and grow.

In addition, on OSE's markets, there are characteristic products such as ETFs and Venture Funds, which invest in non-listed companies or companies listing for rather short term. We continue to develop attractive products to meet investor-needs.

#### c. Clearing Business

Along of destabilization of the financial/capital market, the roles of clearing functions are receiving attentions, and requirements for security are becoming higher.

Therefore, we also work on continuous implementation of adequate clearing risk management and strengthening of the financial basis to answer the requirements. We have a system to monitor total positions of derivatives trading at regular time intervals for management of clearing participants' positions, and besides, we retain sufficient financial resources against defaults of clearing participants through acceptance of trading margin and clearing deposit depending on the quantity of risks. Therefore, even when the market volatility increased drastically and trading concentrated intensively because of the Great East Japan Earthquake or the concern about the direction of world economy, trading at OSE were settled smoothly. In addition, in November last year, in accordance with the recent market environments and the trend of discussions on international standards for clearing organizations, we made amendments on the calculation methods of clearing margins of futures and options trading to reflect current market situations etc, more effectively, with the objective to improve our clearing functions / risk management functions.

## B. Issues on Self-Regulation Business

Enhancement of self-regulatory operations is one of the critical issues required to realize investor protections through fair securities and derivatives trading.

Aiming at enhancement of confidence for markets, we develop better listing system by such as improvements in listing criteria or delisting criteria, and also try to further moderation of listing managements, such as strict listing examinations, thoroughness against listed companies for a timely-manner and adequate disclosures and delisting of companies which lost eligibility while a listed company.

Also, regarding market surveillance, working with Securities and Exchanges Surveillance Commission, we try to prevent unfair trading by enhancement of surveillance functions against insider trading or market manipulation.

We continue to strengthen our self-regulatory operations by enhancing information distribution functions.

## C. Issues on IT Systems

Rapidly progressing upgrades of exchange platforms based on recent IT developments, such as stability and processing performances of the platforms greatly affect ensuring advantages in market competition.

Under the above circumstances, we realize stable operations of derivatives trading system "J-GATE", which is introduced in February of last year. Also, we are working hard on developments for scheduled function improvements of a clearing system in summer of this year.

We aim to implement more convenient and stable market operations through continuous enhancement of capacities and functions of platforms.

## D. Issues on the Corporate Structure and HR

It is very important to educate/retain/revitalize human resources to enhance exchange functions in each area such as new product/system planning and developments, self-regulatory functions including market surveillance, participants' administration and listing examinations, and system developments.

We continue to enforce our HR system to support developments of manpower to adopt changes in business environments, employee educations, and achievement of business goals.

We will appreciate your continued support and encouragement in the future.

## (5) Positions of Asset and Profit/Loss

(yen in millions)

	The 8 <sup>th</sup> FY (FY2008)	The 9 <sup>th</sup> FY (FY2009)	The 10 <sup>th</sup> FY (FY2010)	The 11 <sup>th</sup> FY (current) (FY2011)
Operating Revenue	18,902	18,080	22,984	22,494
Ordinary Income	9,331	7,684	8,453	9,157
Net Income	6,318	4,334	9,156	5,466
Net Income per Share	23,400 yen	16,053 yen	33,911 yen	20,244 yen
Total Asset	500,947	317,323	670,811	453,203
Net Asset	44,223	46,439	52,858	55,485

(Note) 1. Net Income per Share is calculated base on an average number of total shares outstanding.  
2. We merged Jasdaq, which had been our consolidated subsidiary, on April 1, 2010. Consolidated financial results for the 8<sup>th</sup> and 9<sup>th</sup> fiscal year are as follows.

[Reference]

(yen in millions)

	The 8 <sup>th</sup> FY (FY2008)	The 9 <sup>th</sup> FY (FY2009)
Operating Revenue	20,051	23,021
Ordinary Income	9,444	9,160
Net Income	6,372	6,298
Net Income per Share	23,603 yen	23,326 yen
Total Asset	507,508	320,362
Net Asset	46,396	48,429

## (6) Important Situations of a Parent Company and Subsidiaries

Not applicable

## (7) Main Business (as of March 31, 2012)

We provide financial instruments markets set forth in the Financial Instruments and Exchange Act, Article 2-17 and operate these markets on the principle of maintaining fair and efficient executions of transactions in securities or market transactions of derivatives.

Also, we conduct market disclosures and other business incidental to the business.

In addition, we conduct financial instruments obligation assumption services set forth in the Financial Instruments and Exchange Act, Article 2-28 for OSE's derivatives transactions as a financial instruments clearing organization set forth in the Article 2-29.

The number of listed issues and companies and the number of transaction/clearing participants on OSE's markets are as follows.

## 1. Number of listed issues and companies

Derivatives

	Category	Number
Futures	Nikkei 225 Futures	
	Nikkei 225 mini	
Options	Nikkei 225 Options	
	Security Options	
OSE-FX		11 currency pairs

## Equities

	Category	Number
Stocks	1st Section	508 companies
	2nd Section	203 companies
	JASDAQ (Standard and Growth)	952 companies
	Total	1,663 companies
Investment Securities		1 issue
Domestic Investment Securities		2 issues
Foreign Investment Securities		2 issues
ETFs		17 issues
Covered Warrants		40 issues
Bonds		303 issues
Convertible Bonds		3 issues

(Note) Other than those above, there are Nikkei 300 Futures, Russell/Nomura Prime Index Futures, and Nikkei Stock Average Volatility Index Futures for derivatives. Also, we operate J-NET Market, and domestic securities, domestic investment securities, ETFs, covered warrants, etc are listed on the market.

## 2. Number of Transaction and Clearing Participants

(companies)

Transaction Participants of Cash/Futures Trading etc./FX and JASDAQ	11
Transaction Participants of Cash/Futures Trading etc. and JASDAQ	59
Transaction Participants of Cash/Futures Trading etc.	4
Transaction Participants of Cash Trading and JASDAQ	3
Transaction Participants of Futures Trading etc. and JASDAQ	8
Transaction Participants of Futures Trading etc.	2
Transaction Participants of IPO	1
Transaction Participants of FX	6
Transaction Participants of JASDAQ	12
Total	106

(companies)

Clearing Participants of Futures Trading etc. and FX	12
Clearing Participants of Futures Trading etc.	71
Clearing Participants of FX	5
Total	88

## (8) Offices (As of March 31, 2012)

Head Office: 8-16, Kitahama 1-chome, Chuo-ku, Osaka JAPAN

Tokyo Branch: 5-8, Nihonbashi Kayabacho 1-chome, Chuo-ku, Tokyo JAPAN

## (9) Employees (As of March 31, 2012)

	Number of Employees (Change from March 31, 2011)		Average Age		Average Length of Service	
Male	238	(-7)	40 years	9 months	9 years	6 months
Female	87	(-6)	43 years	5 months	14 years	5 months
Total / Average	325	(-13)	41 years	6 months	10 years	10 months

- (Note)
1. Includes two workers on loan in the above employees
  2. Includes four outside workers in the above employees
  3. Includes seven executive officers in the above employees

## (10) Borrowings (As of March 31, 2012)

Not applicable

## (11) Other Critical Information on the Company's Current Situation

Not applicable

## 2. Stock of the Company (As of March 31, 2012)

(1) Total Number of Shares Authorized to be issued: 930,000 shares

(2) Total Number of Shares Issued: 270,000 shares

(3) Number of shareholders: 4,009 persons

(4) Principal Stockholders

No	Shareholder Name	Number of Shares Held	Shareholding Ratio
1	State Street Bank and Trust Company	18,193	6.74%
2	Deutsche Bank AG London-PB Non-Treaty Clients 613	10,515	3.89
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	8,557	3.17
4	J.P. Morgan Clearing Corp-Sec	8,438	3.13
5	Morgan Stanley and Co. International Plc	8,241	3.05
6	Northern Trust Global Services Limited Re Norwegian Clients Account	6,380	2.36
7	Goldman Sachs International	6,110	2.26
8	Deutsche Securities Inc.	6,085	2.25
9	Credit Suisse Securities (Europe) Limited PB Sec Int Non-TR Client	5,461	2.02
10	Goldman, Sachs and Co. Reg	5,405	2.00

(Note)

During the 11<sup>th</sup> Fiscal Year, following entities filed “report on large shareholders” etc, and following status of holding of OSE’s shares as of the date of occurrence of duty to report were reported. But as we are not able to confirm actual holding shares at the end of the current fiscal year, following entities are not included in the above principal shareholders.

In case multiple “reports on large shareholders” are submitted, overview of the most recent report is shown. Regarding Number of Shares and Shareholding Ratio, in case there is a report of shares held by joint holders, their holding shares and their holding ratio are included.

Name of Company	Date of Report	Date of Occurrence of Duty to Report	Number of Shares	Shareholding Ratio
JO Hambro Capital Management Limited	June 23, 2011	June 16, 2011	13,680	5.07 %
FIL Investments (Japan) Limited	December 15, 2011	December 8, 2011	38,191	14.14
Skagen AS	December 22, 2011	December 19, 2011	10,719	3.97
Credit Suisse Securities (Europe) Limited	February 22, 2012	February 15, 2012	8,626	3.19
Deutsche Securities Inc.	April 6, 2012	March 30, 2012	8,323	3.08

(5) Other Critical Information on the Stock

Not applicable

## 3. Stock Warrants (As of March 31, 2012)

Not applicable



## 4. Corporate Officers

### (1) Members of the Board and Statutory Auditors (As of March 31, 2012)

Name	Position	Assignment and Important Office(s) Concurrently Held
Michio Yoneda	President & CEO	General management, Internal Inspection Office Outside Director, Osaka Small and Medium Business Investment & Consultation Co., Ltd.
Motoharu Fujikura	Director	Self Regulation
Manabu Matsumoto	Director	Equities
Kotaro Yamazawa	Director	Derivatives, Integration Planning Project Outside Director, Japan Securities Clearing Corporation
Yoshinori Karino	Director	Market Operations, Information Technology
Tsutomu Okuda	Outside Director	Representative Director and Chairman & CEO, J. FRONT RETAILING Co., Ltd. Outside Director, Resona Holdings, Inc. Outside Corporate Auditor, Mainichi Broadcasting System Inc.
Yusuke Kawamura	Outside Director	Senior Counselor, Daiwa Institute of Research Ltd.
Yuko Kawamoto	Outside Director	Professor, Graduate School of Finance, Accounting & Law, Waseda University Outside Director, Monex Group, Inc. Outside Corporate Auditor, Tokio Marine Holdings, Inc. Outside Director, Yamaha Motor Co., Ltd. Outside Director, ITOCHU Corporation
Taichi Sakaiya (Autonym: Kotaro Ikeguchi)	Outside Director	Representative Director, Taichi-Sakaiya Office Co., Ltd. Representative Director, Taichi-Sakaiya Laboratory Co., Ltd.
Shigeo Sasaki	Outside Director	Lawyer Outside Director, Osaka Securities Finance Company, Ltd. Outside Corporate Auditor, Kobe Steel, Ltd. Outside Corporate Auditor, Sekisui Jushi Corporation
Shigeru Morimoto	Outside Director	Professor, Graduate School of Law, Doshisha University Lawyer
Yoshitake Kaneda	Full-time Statutory Auditor	
Hiroshi Iwaki	Outside Statutory Auditor	Lawyer
Hiroyuki Nakatsukasa	Outside Statutory Auditor	Representative of Nakatsukasa Certified Public Accountant/ Certified Tax Accountant Office, Outside Statutory Auditor, Furusato Industries, Ltd.

#### (Note)

1. Mr. Shigeo Sasaki, Outside Director, is Outside Director of Osaka Securities Finance Company, Ltd., and the company is a securities finance company of stock lending designated by us. There is no significant capital tie or business connection between OSE and any concurrent offices of the Outside Directors and the Outside Statutory Auditors.
2. Ms. Yuko Kawamoto, Outside Director, is Chairman of our Self Regulation Committee. Mr. Shigeo Sasaki, Outside Director and Mr. Motoharu Fujikura, Director are a member of our Self Regulation Committee.
3. Outside Director of Mr. Tsutomu Okuda, Mr. Yusuke Kawamura, Ms. Yuko Kawamoto, Mr. Taichi Sakaiya, Mr. Shigeo Sasaki and Mr. Shigeru Morimoto, and Outside Statutory Auditor of Mr. Hiroshi Iwaki and Mr. Hiroyuki Nakatsukasa are independent directors that Osaka Securities Exchange Co., Ltd. requires to retain for protection of general stakeholders.
4. Mr. Hiroyuki Nakatsukasa, Outside Statutory Auditor, is a certified public accountant and a certified tax accountant, and holds a respectable degree of knowledge on finance and accounting.
5. Mr. Yusuke Kawamura, Outside Director, was appointed to Deputy Chairman of Daiwa Institute of Research Ltd. as of April 1, 2012.
6. Mr. Shigeo Sasaki, Outside Director, was appointed to Outside Director of IwaiCosomo Securities Co., Ltd. as of May 1, 2012.

## (2) Executive Officers (As of March 31, 2012)

Name	Position	Assignment
Michio Yoneda	President & CEO	General Management, Internal Inspection Office
Motoharu Fujikura	Deputy President Head of Self Regulation	Self Regulation
Manabu Matsumoto	Deputy President	Equities
Kotaro Yamazawa	Managing Director	Derivatives, Integration Planning Project
Yoshinori Karino	Managing Director	Market Operations, Information Technology
Shigeharu Kobayashi	Senior Executive Officer Deputy Head of Self Regulation	Self Regulation
Yasutaka Masatsugu	Senior Executive Officer	Corporate Management
Masahiko Maruyama	Senior Executive Officer	Corporate Management
Masayuki Murata	Executive Officer	Equities
Tatsuya Kamiki	Executive Officer	Market Operations
Tetsuya Kawamoto	Executive Officer	Self Regulation
Daisuke Ryougoku	Executive Officer	Self Regulation

## (3) Total of Remuneration etc of Directors and Statutory Auditors

(yen in millions)

Item	Directors		Statutory Auditors		Total	
	Number of persons	Expected value of payments	Number of persons	Expected value of payments	Number of persons	Expected value of payments
1. Total of Remuneration	11	241	3	27	14	269
2. Bonuses of Outside Directors (Included in 1)	6	37	2	9	8	46
3. Bonuses of Directors (Included in 1)	5	45	-	-	5	45

(Note)

- Under the Ordinance for Enforcement of the Company Law, amounts of the current fiscal year are shown.
- Regarding remuneration of full-time Directors, in addition to monthly remuneration for assigned duties/responsibilities on the view point of improvement of business performance and mid-long term corporate value, bonuses based on business performance within 1 % of Net Income are paid. Retirement benefits system is abolished. We do not apply stock option system.

## (4) Outside Directors and Outside Statutory Auditors (Principal Activities during the Current Fiscal Year)

- Director: Tsutomu Okuda
  - Attendance records of Board of Directors meetings: 100%
  - Comments at Board of Directors meetings: Expressed necessary comments mainly as well-experienced executive of listed companies
- Director: Yusuke Kawamura
  - Attendance records of Board of Directors meetings: 92%
  - Comments at Board of Directors meetings: Expressed necessary comments mainly as a well-experienced academic expert from a technical viewpoint.
- Director: Yuko Kawamoto
  - Attendance records of Board of Directors meetings: 100%
  - Comments at Board of Directors meetings: Expressed necessary comments mainly as a well-experienced academic expert from a technical viewpoint.
- Director: Taichi Sakaiya
  - Attendance records of Board of Directors meetings: 100%
  - Comments at Board of Directors meetings: Expressed necessary comments mainly as a well-experienced

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academic expert from a technical viewpoint.

5. Director: Shigeo Sasaki

- a. Attendance records of Board of Directors meetings: 92%
- b. Comments at Board of Directors meetings: Expressed necessary comments mainly as a well-experienced lawyer from a technical viewpoint.

6. Director: Shigeru Morimoto

- a. Attendance records of Board of Directors meetings: 100%
- b. Comments at Board of Directors meetings: Expressed necessary comments mainly as a well-experienced academic expert from a technical viewpoint.

7. Statutory Auditor: Hiroshi Iwaki

- a. Attendance records of Board of Directors meetings: 100%
- b. Attendance records of Board of Auditors meetings: 100%
- c. Comments at Board of Directors meetings and Board of Auditors meetings: Expressed necessary comments mainly as a well-experienced lawyer from a technical viewpoint.

8. Statutory Auditor: Hiroyuki Nakatsukasa

- a. Attendance records of Board of Directors meetings: 100%
- b. Attendance records of Board of Auditors meetings: 100%
- c. Comments at Board of Directors meetings and Board of Auditors meetings: Expressed necessary comments mainly as a well-experienced accounting expert.

## (5) Contracts for Limitation of Liability

1. We have a contract for limitation of liability of the Company Law Article 423-1 with each Outside Director. Limitation for obligation to pay reparations based on the contract is 1 million yen or minimum obligation under the law, whichever is higher.

2. We have a contract for limitation of liability of the Company Law Article 423-1 with each Outside Statutory Auditor. Limitation for obligation to pay reparations based on the contract is 1 million yen or minimum obligation under the law, whichever is higher.

## (6) Other Critical Information on the Company's Executives

Not applicable

# 5. Accounting Auditor

## (1) Name of Accounting Auditor

KPMG AZSA LLC

## (2) Accounting Auditor Remuneration, etc. for the Current Fiscal Year

	(yen in millions)
1. Remuneration, etc for services specified in Article 2, Paragraph 1 of the Certified Public Accountants Law	26
2. Remuneration, etc for services other than services specified in Article 2, Paragraph 1 of the Certified Public Accountants Law	52
3. Total	78

## (3) Description of Non-Auditing Services

We paid consideration to the accounting auditor for advisory services on due diligence as non-auditing services.

## (4) Policy for Decisions on Dismissal and Non-reappointment of Accounting Auditor

In addition to dismissal of the accounting auditor by the Board of Auditors under respective items listed in the Company Law Article 340-1, in case it is recognized that the appropriate performance of duties by the accounting auditor is rendered not possible, or in other cases, upon consent or claim of the Board of Auditors, we shall propose an agenda on dismissal or non-reappointment to the General Meeting of Shareholders.

## 6. Corporate System and Policy

(1) Systems to ensure that executions of businesses by Directors comply with the laws and the Articles of Incorporation; other systems to ensure appropriateness of operations

Our current basic policies are as follows:

1. Basic Policies on Developments and Operations of the Internal Control System
  - A. In order to be an appropriate organization as a listed financial instruments exchange and to accord with the corporate identity as stipulated in the code of conducts, the Company has established an Internal Control System. The Company shall adjust the Internal Control System in accordance with provisions of the Company Law.
  - B. In order to reflect changes etc. in social conditions and economic environments surrounding the Company, the Company shall deliberate on the Internal Control System at Board of Directors meetings at least once a year and make amendments as necessary.
  
2. The Internal Control System of the Company
  - A. System to ensure that executions of duties by Directors and employees comply with the laws and the Articles of Incorporation
    - (a) In order to reflect the public nature of the Company, improve the transparency, and reflect opinions of market participants, the number of outside Directors shall be larger than that of full-time Directors. Outside Directors shall be independent in principle, and a few of Directors shall be elected from among knowledgeable or experienced persons.
    - (b) In order to ensure the independence of the Company's self-regulatory operations, in accordance with the Financial Instruments and Exchange Law, the Company shall establish a self-regulation committee consisting of three or more Directors (of which the majority is the outside Directors).
    - (c) In order to deliberate expertly on important matters on the Company's operations and to represent wide range of opinions, the Company shall establish following committees:
      - a. Market Operating Committee
      - b. Clearing & Settlement Committee
      - c. Clearing Risk Assessment Committee
      - d. Disciplinary Committee
      - e. Listing Committee
    - (d) The Company shall establish "code of conducts" to be complied by managements and employees and other internal rules, and act complying with the laws, the Articles of Incorporation and other internal rules in every business activity. Also, the Company shall impose responsibilities of coaching/supervision on Executive Officers and managerial workers.
    - (e) In order to perceive the Company's compliance circumstances in a cross-sectoral manner to coordinate or handle on a company-wide level as necessary, the Company shall appoint General Affairs of Corporate Management as a compliance controlling department and stipulate Executive Officer in charge of compliance. The compliance controlling department shall run internal training courses on a regular basis and endeavor to improve awareness of compliance in corporation with their human resources group. Also, the Company shall establish the Internal Inspection Office directly controlled by CEO and verify legal compliance conditions through inspections of operations etc. In case the General Affairs of Corporate Management executes compliance-management operations, they shall discuss with the Internal Inspection Office and the Auditors Office.
    - (f) Regarding business operations which are considered as being likely to conflict with the laws, the Articles of Incorporation, or other internal rules, Directors and employees shall execute after resolving the questions based on discussions with the division controlling compliance, opinions of lawyers etc.
    - (g) With a view to enhance internal supervisory functions and inhibit fraudulent activities, the Company shall establish Compliance Hotline, which receives intimations on fraudulent activities etc. by managements or employees, and Hotline Committee (including outside commissioners such as outside Directors, lawyers).
    - (h) The Company shall establish "Basic Policy on elimination of the antisocial force" and disclose it on the Company's website, and also implement following activities:
      - a. Maintenances of internal rules and handling manuals on antisocial eliminations
      - b. Conclusions of MOUs with business partners etc. on eliminations of organized crime groups
      - c. Enhancements of cooperation with related organizations
    - (i) The Company shall set "Handling of Safety Control Measures of Personal Data", etc. which complies with "Personal Information Protection Policy" and "Code of Practice for Safety Control Measures in the Guideline for Personal Information Protection in the Financial Field" developed by Financial Services Agency, and protect personal information.
    - (j) In light of the public nature and peculiarity of the business, the Company shall prohibit managements and employees from securities trading, etc. in principle.
  - B. System regarding retentions and managements of information relating to the performance of duties by Directors
    - (a) The Company shall establish following rules, and store and keep information
      - a. Documentation manual
      - b. Internal information management manual

- c. Rules for handling of confidential information
  - d. Information security policy
- (b) Regarding information on operational executions by Directors and Executive Officers, complying with above rules, the Company shall set a retention period for each document including following documents and implement organizational record retentions.
  - a. Minutes of General Meeting of Shareholders
  - b. Minutes of Board of Directors Meeting
  - c. Minutes of Self-Regulation Committee
  - d. Minutes of Executive Meeting
  - e. Requests for Approvals
  - f. Other important documents
- C. Rules relating to the risk management in the event of detriments and other systems
  - (a) The Company shall establish Risk Management Rules, which rule risk management methods etc. based on identification of the Company's managerial risks. The Company shall place a "risk management supervisor" at all departments. The supervisors shall be required identifications of risks in their department and analysis on sizes, exposures and potentials of risks. Based on results of these risk analysis etc., regarding operation processes with high risks, the Company shall appropriately respond to the risks by such as developments of manuals.
  - (b) The Company shall assign General Affairs of Corporate Management as a division controlling risk managements, and the division gathers and evaluates analysis results by each risk management supervisor in an integrated fashion.

Also, the Company shall place "Risk Management Committee". The Committee shall gather information on risk management situations etc. across company, and give improvement orders against to results of analysis and evaluations, and also control planning, adjusting and handling etc. of company-wide risk avoidance plans etc.

In addition, the Company shall make company-wide adjustments and handlings as necessary, and arrange systems for emergencies such as a development of business contingency plans for when a disaster strikes.
  - (c) In consideration of importance of information technologies for the Company's business, it is necessary to accommodate special handlings for the risks relating to the information technologies, and the Company shall enhance the effectiveness of preliminary risk managements by; placing a information technology operation management committee (Chairman: Executive Officer of Information Technology), which is participated by divisions related to system operations, sharing recognitions on systems' processing capacities, operating conditions and risks, and confirming operational points to keep in mind, or developing business contingency plans for when system troubles occur and emergency handling plans etc.
  - (d) In case above risks are actualized and a crisis occurs, the Company shall create a task force with a top of President and Executive Officer in respond to each crisis, and promptly execute cross-company information gathering, development of countermeasures, and instructions.
- D. System to ensure the effective performance of duties by Directors
  - (a) The Company shall introduce an executive officer system; full-time Directors shall hand over their reins of business operations to Executive Officers who are not Director, and these Executive Officers shall execute the operations efficiently with clarifying execution responsibilities.
  - (b) In order to facilitate discussions at Board of Directors meetings, the Company shall set up Executive meetings consisting of full-time Directors and Executive Officers and hold pre-discussions for matters requiring decision-making at the Board of Directors meetings.
  - (c) In addition to defining roles of full-time Directors and Executive Officers, the Company shall define duties of each department by "Organization Rules" and decision authorities by "Approval Rules" and clarify a command structure and responsibilities of business operations.
  - (d) At Board of Directors meetings, the Company shall institute operational plans and budgets for next fiscal year and a three-year midterm business plan starting from next fiscal year at every term-end. In this process, the Company shall strive to distribute operating resources efficiently according to the operational plans and report their progress and results to the Board of Directors after discussion at Executive meetings.
- E. System to ensure the fairness of operations of the Company and its subsidiaries  
The company does not have any subsidiaries which are deemed their corporate group.
- F. Matters relating to employees who support Auditors in case Auditors request to place employees to support their duties, and matters relating to independence of the relevant employees from Directors.
  - (a) The Company shall establish the Auditors Office and place dedicated staff members to support duties of Auditors.
  - (b) System, transfers, and performance evaluations of the Auditors Office shall require the consent by full-time Statutory Auditor(s) in advance in order to ensure the independence of the Auditors Office from the Board of Directors
  - (c) Auditors shall be able to give instructions for necessary matters to staff members belonging to the Auditors Office, and the staff members who receive the necessary instructions for auditing operations shall not receive any instructions from Directors or Executive Officers, etc.
- G. System regarding reports by Directors and employees to Auditors, and other reports to Auditors
  - (a) Full-time Directors, Executive Officers and employees shall effectively and flexibly report matters which are

- defined as to be reported by discussion with Auditors in advance.
- (b) Besides matters to be reported regularly, full-time Directors and Executive Officers shall promptly report to Auditors, when they find important facts that may cause significant damages for the Company or violate the laws or the articles of incorporation.
  - (c) Auditors shall be able to request necessary researches or reports, etc. from full-time Directors and Executive Officers, and also shall be able to attend important meetings such as Executive meetings and demand necessary explanations.
- H. Other systems to ensure effective executions of audits by Auditors
- (a) Outside Auditors shall be independent in principle.
  - (b) Full-time Directors and Executive Officers shall make efforts to promote better understanding of importance of audits by Auditors and mutual recognitions by having meetings with Auditors as necessary and exchanging opinions on: business policies, challenges of the Company, risks surrounding the Company, conditions of audits by Auditors, and important matters on audits etc.

## (2) Basic Policy of Governance of Corporate Limited

We do not establish basic policy for governor(s) to make decisions on corporate finance and business policies or an anti-takeover measures. However, there are regulations by the following laws for acquisition and ownership of over a certain number of OSE's shares (voting rights)

(Reference) Related Articles of Financial Instruments and Exchange Act

### Article 103-2 (Restrictions on Holdings of Voting Rights)

No person shall acquire or hold voting rights (excluding the voting rights specified by a Cabinet Office Ordinance taking into consideration the manner of acquisition or holding and any other circumstance; hereinafter referred to as the "Subject Voting Rights" in this Chapter) not less than 20 percent (or 15 percent, when there are facts specified by a Cabinet Office Ordinance as facts estimated to have material influence on the decision of the financial and operational policies; hereinafter referred to as the "Holding Ratio Threshold" in this Chapter) of the voting rights of all shareholders of a Stock Company-Type Financial Instruments Exchange; provided, however, that this shall not apply to the cases where an Authorized Financial Instruments Firms Association, a Financial Instruments Exchange, a Financial Instruments Exchange Holding Company, a Commodity Exchange or a Commodity Exchange Holding Company acquires or holds the Subject Voting Rights.

### Article 106-3 (Authorization, etc.)

Notwithstanding the provisions of Article 103-2(1), the local government or any other person specified by a Cabinet Order (hereinafter referred to as the "Local Government, etc." in this Article, Article 106-14 and Article 106-17) may, with an authorization of the Prime Minister, acquire or hold the Subject Voting Rights not less than the Holding Ratio Threshold but not more than 50 percent of the Holding Ratio Threshold of the voting rights of all shareholders of a Stock Company-Type Financial Instruments Exchange, pursuant to the provisions of the Cabinet Office Ordinance.

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Above report is shown by followings:

1. As for shown values, less than a unit is rounded down.
2. As for ratios (%), less than a unit is rounded off.

## Balance Sheets

(As of March 31, 2012)

	(yen in millions)
Assets	
Current Assets	
Cash and Deposits	43,222
Operating Accounts Receivable	2,012
Short-Term Investment Securities	1,015
Prepaid Expenses	103
Special Assets for Clearing Margin	342,743
Special Assets for Clearing Deposit	45,692
Deferred Tax Assets	319
Other	417
Allowance for Doubtful Accounts	(0)
Total Current Assets	<u>435,527</u>
Noncurrent Assets	
Property, Plant and Equipment	
Buildings, net	1,086
Structures, net	0
Information Equipment, net	1,917
Tools, Furniture and Fixtures, net	121
Land	98
Lease Assets	15
Construction in Progress	467
Total Property, Plant and Equipment	<u>3,708</u>
Intangible Assets	
Software	5,616
Software in Progress	1,515
Other	17
Total Intangible Assets	<u>7,149</u>
Investments and Other Assets	
Investment Securities	950
Long-Term Loans Receivable from Employees	17
Long-Term Prepaid Expenses	380
Long-Term Deposits	3,000
Guarantee Deposits	297
Special Assets for Guarantee Deposit	375
Deferred Tax Assets	1,771
Other	71
Allowance for Doubtful Accounts	(46)
Total Investments and Other Assets	<u>6,818</u>
Total Noncurrent Assets	<u>17,675</u>
Total Assets	<u>453,203</u>

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(Reference Translation)

(yen in millions)

Liabilities	
Current Liabilities	
Short-Term Loans Payable	0
Accounts Payable-Other	865
Accrued Expenses	1,107
Income Taxes Payable	3,236
Accrued Consumption Taxes	258
Deposits Received	100
Clearing Margin	342,743
Clearing Deposit	45,692
Lease Obligations	5
Provision for Bonuses	182
Provision for Directors' Bonuses	45
Other	445
Total Current Liabilities	<u>394,683</u>
Noncurrent Liabilities	
Long-Term Loans Payable	0
Long-Term Deposits Received	424
Guarantee Deposits Received	375
Lease Obligations	9
Provision for Retirement Benefits	2,170
Other	52
Total Noncurrent Liabilities	<u>3,034</u>
Total Liabilities	<u>397,717</u>
Net Assets	
Shareholders' Equity	
Capital Stock	4,723
Capital Surplus	
Legal Capital Surplus	4,825
Total Capital Surplus	<u>4,825</u>
Retained Earnings	
Legal Retained Earnings	322
Other Retained Earnings	
Default Compensation Reserve for Cash Transactions	3,569
Default Compensation Reserve for Futures Trading	7,011
General Reserve	5,302
Retained Earnings Brought Forward	29,730
Total Retained Earnings	<u>45,936</u>
Total Shareholders' Equity	<u>55,485</u>
Valuation and Translation Adjustments	
Valuation Difference on Available-for-Sale Securities	0
Total Valuation and Translation Adjustments	<u>0</u>
Total Net Assets	<u>55,485</u>
Total Liabilities and Net Assets	<u>453,203</u>

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## Profit and Loss Statements

(From April 1, 2011 to March 31, 2012)

	(yen in millions)
Operating Revenue	
Transaction Participants' Fees	13,035
Listing Fees	1,737
Income from Equipment and Market Information Service	7,628
Other	92
Total Operating Revenue	22,494
Selling, General and Administrative Expenses	14,123
Operating Income	8,370
Non-Operating Income	
Interest Income	462
Dividends Income	53
Amortization of Negative Goodwill	233
Other	64
Total Non-Operating Income	812
Non-Operating Expenses	
Interest Expenses	20
Other	6
Total Non-Operating Expenses	26
Ordinary Income	9,157
Extraordinary Income	
Gain on Sale of Investment Securities	30
Fine Paid by Transaction Participants	20
Total Extraordinary Income	50
Income Before Income Taxes	9,207
Income Taxes-Current	3,234
Income Taxes-Deferred	507
Total Income Taxes	3,741
Net Income	5,466

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## Statements of Changes in Net Assets

(From April 1, 2011 to March 31, 2012)

(yen in millions)

	Shareholders' Equity		
	Capital Stock	Capital Surplus	
		Legal Capital Surplus	Total Capital Surplus
Balance at the Beginning of Current Period	4,723	4,825	4,825
Changes of Items during Current Period			
Dividends from Surplus	-	-	-
Net Income	-	-	-
Net Changes of Items Other than Shareholders' Equity	-	-	-
Total Changes of Items during the Period	-	-	-
Balance at the End of Current Period	4,723	4,825	4,825

	Shareholders' Equity						
	Retained Earnings						Total Shareholders' Equity
	Legal Retained Earnings	Other Retained Earnings				Total Retained Earnings	
		Default Compensation Reserve for Cash Transactions	Default Compensation Reserve for Futures Trading	General Reserve	Retained Earnings Brought Forward		
Balance at the Beginning of Current Period		322	3,569	7,011	5,302		
Changes of Items during Current Period							
Dividends from Surplus	-	-	-	-	(2,835)	(2,835)	(2,835)
Net Income	-	-	-	-	5,466	5,466	5,466
Net Changes of Items Other than Shareholders' Equity	-	-	-	-	-	-	-
Total Changes of Items during the Period	-	-	-	-	2,631	2,631	2,631
Balance at the End of Current Period	322	3,569	7,011	5,302	29,730	45,936	55,485

	Valuation and Translation Adjustments		Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Total Valuation and Translation Adjustments	
Balance at the Beginning of Current Period	4	4	52,858
Changes of Items during Current Period			
Dividends from Surplus	-	-	(2,835)
Net Income	-	-	5,466
Net Changes of Items Other than Shareholders' Equity	(4)	(4)	(4)
Total Changes of Items during the Period	(4)	(4)	2,626
Balance at the End of Current Period	0	0	55,485

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# Notes to the Financial Statements

(From April 1, 2011 to March 31, 2012)

## 1. Significant Accounting Policies

### (1) Standards and Methods for Valuation of Securities

- A. Debt securities that are classified as "held-to maturity" securities  
We employ the amortized cost method. (straight-line method)
- B. Available-for-Sale Securities  
Marketable securities are stated mainly by a market value method based on average market prices during one month before the fiscal year-end. Valuation differences are reported as a component of shareholders' equity, and costs of securities sold are calculated by the moving-average method.  
Non-marketable securities are state at cost, which is determined by the moving-average method.

### (2) Depreciation Method for Noncurrent Assets

- A. Property, Plant and Equipment (excluding Lease Assets)  
We employ the straight-line method. Main lifetime is as follows;  
Buildings: 15-50 years  
Information Equipments: 2-6 years
- B. Intangible Assets (excluding Lease Assets)  
We employ the straight-line method.  
Depreciation period of software to use at the company is based on our usable life (Mainly five years).
- C. Lease Assets  
Lease Assets related finance leases, other than those for which the ownership transfers to the lessee  
We employ the straight-line method taking the useful lifetime of the assets as the term of the lease and depreciating the residual value to zero.  
Among Lease Assets related finance leases, other than those for which the ownership transfers to the lessee, lease transactions which started before March 31, 2008, are based on the ordinary rental transaction method.
- D. Long-Term Prepaid Expenses  
We employ the straight-line method.  
Depreciation period is based on the same standard as the Corporation Tax Act.

### (3) Standards for Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the year-end date on the spot exchange rates. Any resulting differences are reflected as foreign currency translation adjustments in net assets.

### (4) Standards for Provision

- A. Allowance for Doubtful Accounts  
In order to prepare for potential credit losses on receivables outstanding, an estimated uncollectible amount is recorded at the amount calculated based on the historical rate of credit loss with respect to normal receivables and the amount determined in consideration of collectability of individual receivables with respect to doubtful accounts and certain other receivables.
- B. Provision for Bonuses  
In order to prepare for the provision for bonuses, estimated amount for this current fiscal year of amount to be paid is posted.
- C. Provision for Directors' Bonuses  
In order to prepare for the provision for director's bonuses, estimated amount for this current fiscal year of amount to be paid is posted.
- D. Provision for Retirement Benefits  
In order to prepare for the provision of retirement benefits for employees, an amount that is determined to have accrued at the end of the fiscal year is recorded based on the estimated amounts of the retirement benefit obligation and plan assets as of the end of the fiscal year. Prior service cost is accounted for the subsequent fiscal years as an expense calculated by using the straight-line method based on a certain years (10 years) within the average remaining service period of the employees in service during the period in which it arises. Actuarial losses are accounted for as expenses for the fiscal years calculated by using the straight-line method based on a certain years (10 years) within the average remaining service period of the employees in service during the period in which they arise.

### (5) Other Significant Items for the Preparation of Statutory Report

Accounting for consumption tax etc.

Consumption tax and local consumption tax are accounted for under the tax exclusion method.

## 2. Additional Information

From accounting changes and error corrections which are made after the beginning of the current fiscal year, we apply "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24, December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, December 4, 2009).

## 3. Notes for Balance Sheets

(1) Amounts less than one million yen are rounded down.

(2) Cumulative Depreciation Amounts of Property, Plant and Equipment: 5,563 million yen

(3) Contingency Liability

Under the indemnity agreement with Japan Securities Clearing Corporation (JSCC) and other five companies, as for losses incurred to JSCC because of defaults or risks of defaults of obligations of indemnity by clearing participants of JSCC, we are to compensate with other entities which have obligations of indemnity in accordance with a ratio of investment in JSCC at the time of a default occurred or when JSCC identifies risks of a default.

A limitation for the compensation is determined by amounts of default compensation reserve for cash transactions as of September 30, 2002, and the limitation amount for us is 3,569 million yen.

(4) Special Assets for Clearing Margin

We receive deposits such as clearing margin etc. from each clearing participant to collateralize against risks from participants etc's defaults during a period from settlement to clearing. These assets are categorized by their purpose and shown by the categories on the Balance Sheets because the assets are managed separating from other assets under our rules.

(5) Value of Received Collateral Financial Assets

The value of collateral securities which are not on the balance sheets, are as follows;

Collateral securities of Clearing Margin	394,862 million yen
Collateral securities of Guarantee Deposit	168 million yen
Collateral securities of Clearing Deposit	61,030 million yen

We obtain the disposition right of above collateral securities when defaults of agreements of equities trading, etc incurred.

## 4. Notes for Profit and Loss Statements

Amounts less than one million yen are rounded down.

## 5. Notes for Statements of Changes in Net Assets

(1) Amounts less than one million yen are rounded down.

(2) Type of Outstanding Shares and Number of Shares

Type of Shares	Beginning of Current Fiscal Year	Increase	Decrease	End of Current Fiscal Year
Ordinary Shares	270,000	—	—	270,000

(3) Dividends

A. Payments of dividends

Resolution	Type of Shares	Total Dividends Paid (yen in millions)	Dividend Per Share (yen)	Dividend Record Date	Effective Date
Ordinary General Meeting held on June 22, 2011	Ordinary Shares	1,620	6,000	March 31, 2011	June 23, 2011
Board of Directors Meeting held on October 25, 2011	Ordinary Shares	1,215	4,500	September 30, 2011	December 1, 2011

(Reference Translation)

B. Dividends with the cut-off date falling within the current fiscal year and the effective date in the next fiscal year.

It is scheduled to be resolved at the Ordinary General Meeting held on June 21, 2012 as follows:

Item related to dividends on Ordinary Share

Total Dividends Paid	2,025 million yen
Dividend Per Share	7,500 yen (including Commemorative Dividend of 3,000 yen)
Dividend Record Date	March 31, 2012
Effective Date	June 22, 2012

The source of dividends will be retained earnings.

## 6. Note for Tax-Effect Accounting

(1) Breakdown of the principal factors giving rise to deferred tax assets and deferred tax liabilities

	(yen in millions)
Deferred Tax Assets	
Provision for retirement benefits	776
Depreciation of intangible assets	476
Depreciation of property, plant and equipment	177
Allowance for doubtful accounts	17
Research and development expenses	199
Amortization of long-term prepaid expense	66
Provision for bonuses	69
Write-down of golf memberships	39
Long-term account payable	18
Business Tax Receivable	231
Others	25
Deferred tax asset subtotal	2,097
Allowance account	(5)
Deferred tax asset total	2,091
Deferred Tax Liabilities	
Unrealized gain on available-for-sale securities	(0)
Deferred tax liability total	(0)
Net deferred tax asset total	2,090

(2) Breakdown of main reasons when there were significant differences between the statutory income tax rate and the effective income tax rate

Note is omitted because a difference between the statutory income tax rate and the effective income tax rate is 5 percent or less.

(3) Amendment of amounts of Deferred Tax Assets and Deferred Tax Liabilities due to a change of tax rate of corporate tax, etc.

According to the promulgation of The Law to Revise the Income Tax, etc. in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure and The Act on Special Measures for Securing Financial Resources Necessary for Reconstruction from the Great East Japan Earthquake" on December 2, 2011, the statutory income tax rate was changed from 40.6% of the previous fiscal year to; 38.0% for those of which redemption or payment are expected in a period between April 1, 2012 and March 31, 2015, and 35.6% for those of which redemption or payment are expected on or after April 1, 2015.

As a result, an amount of Deferred Tax Assets (an amount deducted an amount of Deferred Tax Liabilities) reduced by 210 million yen and Income Taxes-Deferred increased by 210 million yen.

## 7. Financial Instruments

(1) Financial Instruments

### A. Management Policy

We finance mainly through highly safe securities such as government bonds and bank deposits. Finances with loans are not used. We don't use derivative trading.

### B. Nature and extent of risks arising from financial instruments

Stocks of Investment Securities are exposed to market price fluctuation risks. However, they are mainly stocks of companies that we have business relationship, and regularly assesses the market value and issuers' financial status, if the change of their market value is significant, reports at Board of Directors meetings. Debt securities are usually exposed to credit risks such as issuers' risks. However, we invest only in highly safe

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securities such as government bonds, credit risks are limited.

Special Assets for Clearing Margin (Clearing Margin), Special Assets for Clearing Deposit (Clearing Deposit), and Special Assets for Guarantee Deposit (Guarantee Deposit) of Liabilities on the Balance Sheets are deposited from each clearing participant to collateralize against risks from participants etc's defaults during a period from settlement to clearing. These assets are managed separating from other assets under our rules. These assets are retained as Cash and Deposits, so that their risks are limited.

C. Supplementary explanation regarding fair value of financial instruments

Fair values of financial instruments are measured based on the quoted prices in markets or in cases where a quoted price is not available, other reasonably assessed estimated fair values are used. As such assessment is based on certain assumptions including fluctuating factors, under different assumptions, the assessed value might differ.

(2) Fair Value of Financial Instrument

The following table presents our financial instruments' balance sheet amount, fair value and the differences at March 31, 2012.

However, financial instruments for which it is difficult to measure their fair value are not included.

(yen in millions)

	Amount on the Balance Sheets	Fair Value	Difference
1. Cash and Deposits	43,222	43,222	-
2. Short-Term Investment Securities / Investment Securities Available-for-Sale Securities	1,005	1,005	-
3. Special Assets for Clearing Margin	342,743	342,743	-
4. Special Assets for Clearing Deposit	45,692	45,692	-
5. Special Assets for Guarantee Deposit	375	375	-
6. Income Taxes Payable	3,236	3,236	-

(Note1) The method for measuring fair values of financial instruments and matters relating to securities

1. Cash and Deposits

Cash and Deposits are listed at book value because they are all settled in a short time and their fair value approximates the book value.

2. Short-Term Investment Securities / Investment Securities

The fair value of equity instruments are measured at quoted market price of the stock exchange, and debt securities are measured at the quoted price obtained from counterparty financial institutions.

3. Special Assets for Clearing Margin

This item is retained as Cash and Deposit preparing for refund as need, and is listed at book value because their fair value approximates the book value.

4. Special Assets for Clearing Deposit

This item is retained as Cash and Deposit preparing for refund as need, and is listed at book value because their fair value approximates the book value.

5. Special Assets for Guarantee Deposit

This item is retained as Cash and Deposit preparing for refund as need, and is listed at book value because their fair value approximates the book value.

6. Income Taxes Payable

This item is listed at book value because they are all settled in a short time and their fair value approximates the book value.

(Note2) Unlisted stocks are not included in "2. Short-Term Investment Securities / Investment Securities Available-for-Sale Securities". It is because they do not have market prices, and therefore it is extremely difficult to determine their fair value.

(yen in millions)

Category	Amount on the Balance Sheets
Non-listed shares	950
Money Trust	10

(Note3) Scheduled redemption amounts for financial assets and securities with maturity after the consolidation date

(yen in millions)

	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and Deposits With maturities	23,750	-	-	-
Short Term Investment Securities / Investment Securities Available-for-Sale Securities With maturities (Government bonds/Local bonds)	1,000	-	-	-
Long-Term Deposits With maturities	-	-	-	3,000

## 8. Note for Profit and Loss on Equity Method

### (1) Affiliate Companies

We do not have any affiliates, and there is no applicable matter.

### (2) Specific Purpose Companies to be Disclosed

We do not have any specific purpose companies, and there is no applicable matter.

## 9. Notes to Per Share Information

### (1) Net Assets per Share

205,502.46 yen

Calculation of Net Assets per Share is based on followings;

Total of Net Assets on the Balance Sheets	(million yen)	55,485
Net Assets related to ordinary shares	(million yen)	55,485
Main breakdown of differences	(million yen)	—
Number of shares outstanding (ordinary shares)	(share)	270,000
Number of treasury stock (ordinary shares)	(share)	—
Number of ordinary shares used for calculation of Net Assets per Share	(share)	270,000

### (2) Net Income per Share

20,244.60 yen

Calculation of Net Income per Share is based on followings;

Net Income on the Profit and Loss Statements	(million yen)	5,466
Net Income related to ordinary shares	(million yen)	5,466
Amount not attributable to shareholders	(million yen)	—
Average number of shares outstanding (ordinary shares)	(share)	270,000

## 10. Notes for Retirement Benefits

### (1) Retirement Benefit Plans

We provide a lump-sum benefit at retirement as a defined benefit plan.

### (2) Retirement Benefit Obligations

(yen in millions)

a. Retirement benefit obligation	1,919
b. Unfunded retirement benefit obligation	1,919
c. Unrecognized actuarial gain and loss	177
d. Unrecognized prior service cost	74
e. Provision for Retirement Benefits (b+c+d)	2,170

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## (3) Components of Retirement Benefit Expenses

	(yen in millions)
a. Service cost	143
b. Interest cost	27
c. Amortization of actuarial gain and (loss)	(78)
d. Amortization of prior service cost	(10)
<u>e. Retirement benefit expenses (a+b+c+d)</u>	<u>81</u>

(Note) Amount of retirement benefit expense is discounted amount on retirement benefit expense.

## (4) Basis for Calculation of Retirement Benefit Obligation

Periodic allocation method estimated amount of retirement benefit	Straight-line method
Discount rate	1.5%
Accounting period of actuarial gain and loss	10 years (Actuarial losses are accounted for as expenses for in subsequent fiscal years beginning the following year in which they arise calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which they arise. )
Accounting period of prior service cost	10 years (Actuarial losses are accounted for as expenses for in subsequent fiscal years beginning the following year in which they arise calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which they arise. )

## 11. Notes for Business Combinations, etc.

A business combination whose main terms were agreed in the current fiscal year, which is not completed by the date of balance sheets, is as follows.

OSE and Tokyo Stock Exchange Group, Inc. entered into a business combination agreement, pursuant to the resolutions adopted at the companies' respective Board of Directors meetings held on November 22, 2011.

## (1) Overview of the Transaction

Name of a combined company	Tokyo Stock Exchange Group, Inc.
Businesses of a combined company	Management of a stock company-type financial instruments exchange and a self-regulatory corporation and other business
Date of the business combination	January 1, 2013 (scheduled)
A legal form of the business combination	Absorption-type merger whereby OSE will be the surviving company
Name of a surviving company	Japan Exchange Group, Inc. (tentative name)
Overview of a deal including purposes of a deal	OSE and Tokyo Stock Exchange Group, Inc. agreed to conduct a business combination including the absorption merger. It is aiming at establishing a strong position in Japan for both cash trading and derivatives trading, strengthening global competitiveness by expansion of scale, diversification of financial instruments and cost reduction, and improving convenience of participants and investors by aggregation of market functions and unification of trading systems.

## (2) Overview of an Accounting Procedure on the Transaction

OSE will be a subsidiary of Tokyo Stock Exchange Group, Inc. after a scheduled tender offer for our shares by Tokyo Stock Exchange Group, Inc. Therefore, this transaction will be treated as a transaction under common controls based on "Accounting Standard for Business Combinations" (ASBJ Statement No.21, December 26, 2008) and "Revised Guidance on Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, December 26, 2008).

### Copy of Audit Report of Accounting Auditor

Accounting auditor issued a clean opinion on the financial statements for the 11<sup>th</sup> fiscal year from April 1, 2011 to March 31, 2012.

(English translation of the copy is omitted.)

### Copy of Audit Report of Board of Auditors

Board of auditors issued a clean opinion on the business report etc. and financial statements for the 11<sup>th</sup> fiscal year from April 1, 2011 to March 31, 2012.

(English translation of the copy is omitted.)

## **Exhibit 5: Absorption-Type Company Split Agreement (copy)**

Tokyo Stock Exchange Group, Inc. (Location of head office: 2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo; hereafter, "TSEG") and Tokyo Stock Exchange, Inc. (Location of head office: 2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo; hereafter, "TSE") hereby execute an absorption-type company split agreement (hereafter, this "Agreement") regarding an absorption-type company split where the rights and obligations of TSEG with respect to its businesses shall be succeeded by TSE (hereafter, this "Company Split").

### Article 1 (Company Split)

1.1 Pursuant to the provisions of this Agreement, TSEG shall make TSE succeed, and TSE shall succeed from TSEG, in the manner of an absorption-type company split provided for by the Companies Act, the businesses specified in the following paragraph (hereafter, the "Target Businesses").

1.2 The Target Businesses mean, pursuant to the Business Combination Agreement between TSE and Osaka Securities Exchange Co., Ltd. (hereafter, "OSE") dated October 29, 2012, all the businesses except for businesses relating to management of a stock company-type financial instruments exchange and other business incidental thereto that the Combined Holding Company will operate after the merger between TSE and OSE comes into effect.

### Article 2 (Rights and Obligations to be Succeeded)

2.1 The rights and obligations to be succeeded by TSE from TSEG in this Company Split (hereafter, the "Rights and Obligations to be Succeeded") shall be as set forth in the Schedule "Specification of Rights and Obligations to be Succeeded".

2.2 The Rights and Obligations to be Succeeded, for which succession by TSE requires licenses and permissions or approvals, etc. of the relevant authorities and other relevant persons, shall be succeeded by TSE upon this Company Split subject to the acquisition of such relevant licenses and permissions or approvals, etc.

2.3 The succession of the obligations from TSEG to TSE through this Company Split shall be in the manner of noncumulative assumption of obligation.

### Article 3 (Consideration for Company Split)

As TSEG holds all of the issued shares of TSE, TSE shall not conduct an allotment or a delivery of shares or other consideration to TSEG for the rights and obligations to be succeeded by TSE upon this Company Split pursuant to the preceding article.

### Article 4 (Effective Date)

The effective date of this Company Split shall be January 1, 2013 (hereafter, the "Effective Date"). However, TSEG and TSE may change the date upon mutual consultation as necessary to conform to the procedures for this Company Split or for any other similar reasons.

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Article 5 (Resolution for Approval of Company Split)

Pursuant to the provisions of Article 784, Paragraph 3 of the Companies Act and the provisions of Article 796, Paragraph 1 thereof, TSEG and TSE shall, respectively, conduct the Company Split without obtaining the approval of a general shareholders meeting.

Article 6 (Obligation to Avoid Competition)

TSEG shall not have an obligation toward TSE to avoid competition for the Target Businesses.

Article 7 (Changes, etc. in this Agreement)

During the period from the execution of this Agreement up to the Effective Date, in the event of material changes in the Target Businesses or the assets, obligations, employment agreements and other rights and obligations concerning the Target Businesses due to natural disasters and other reasons, or in the case of a situation where significant difficulty in the execution of this Company Split arises or such situation becomes evident, or other cases where the need arises, TSEG and TSE may change the terms and conditions of the Company Split set forth in this Agreement or cancel this Agreement upon mutual consultation.

Article 8 (Matters not Specified in this Agreement)

In addition to the matters set forth in this Agreement, any matters necessary in connection with this Company Split shall be determined pursuant to the purpose of this Agreement upon consultation between TSEG and TSE.

IN WITNESS WHEREOF, TSEG and TSE shall prepare the originals hereof in duplicate by affixing their respective signatures or names and seals thereto, and TSEG and TSE shall each retain one (1) copy of the originals.

October 29, 2012

Tokyo Stock Exchange Group, Inc.:  
2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo  
Tokyo Stock Exchange Group, Inc.  
Atsushi Saito, President & CEO (seal)

Tokyo Stock Exchange, Inc.:  
2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo  
Tokyo Stock Exchange, Inc.  
Atsushi Saito, President & CEO (seal)

Schedule            Specification of Rights and Obligations to be Succeeded

The specification of the rights and obligations to be succeeded by TSE from TSEG shall be the rights and obligations listed below that belong to TSEG as of the Effective Date.

1.            Assets to be Succeeded

(1)          Current Assets

Any and all current assets that belong to the Target Businesses, excluding, however, cash and bank deposits.

(2)          Fixed Assets

Any and all fixed assets that belong to the Target Businesses. To clarify, investments in securities, shares of affiliates, and investments in capital of subsidiaries and affiliates shall not belong to the Target Businesses, and prepaid pension cost shall belong to the Target Businesses.

2.            Liabilities to be Succeeded

(1)          Current Liabilities

Any and all current liabilities that belong to the Target Businesses. To clarify, accounts payable-trade, short-term loans payable, other accounts payable, accrued expenses, income taxes payable, deposits received, accrued bonuses, other current liabilities shall not belong to the Target Businesses, and short-term loans payable to subsidiaries and affiliates shall belong to the Target Businesses.

(2)          Non-current Liabilities

Any and all fixed liabilities that belong to the Target Businesses. To clarify, liability for retirement benefits for employees shall belong to the Target Businesses.

3.            Employment Agreements to be Succeeded

(1)          Employment Agreements

Status under the employment agreements (including agreements incidental or related thereto; the same shall apply hereinafter) with all employees engaged by TSEG (including seconded employees and contract employees, excluding persons seconded to TSEG) and any and all rights and obligations incurred under the relevant agreements.

(2)          Others

Any and all collective agreements executed between TSEG and Tokyo Stock Exchange Labor Union.

4.            Other Rights and Obligations, etc. to be Succeeded (excluding, however, employment agreements)

Status under master transaction agreements, sale and purchase agreements, servicing

agreements, entrustment agreements, lease agreements (chintaishaku keiyaku and riisu keiyaku), and any other agreements executed in connection with the Target Businesses that remain effective, and any and all rights and obligations incurred pursuant to the above agreements; excluding, however, TSEG's contractual status concerning the following agreements and the rights and obligations TSEG incurred pursuant to these agreements.

- (1) Agreements with a third party other than TSE (including agreements incidental or related thereto)
- (2) Agreements incidental or related to assets and liabilities that are not succeeded by TSE

## **Exhibit 6: OSE Absorption-Type Split Agreement (copy)**

### **Absorption-Type Company Split Agreement**

Osaka Securities Exchange Co., Ltd. (“OSE”) and New Osaka Securities Exchange Preparatory Corporation (“New OSE”) hereby execute an absorption-type company split agreement (this “Agreement”) regarding an absorption-type company split where the rights and obligations with respect to the businesses set forth in Article 1, paragraph 1 held by OSE shall be succeeded to by New OSE.

#### Article 1 (Absorption-type Company Split)

1.1 Pursuant to the provisions of this Agreement, OSE shall have New OSE succeed to, and New OSE shall succeed from OSE, in the manner of an absorption-type company split provided for by the Companies Act, all businesses operated by OSE except for businesses relating to management of a stock company-type financial instruments exchange and other business incidental thereto (the “Target Businesses”), where OSE shall be the splitting company in absorption-type company split and New OSE shall be the succeeding stock company in absorption-type company split (this absorption-type company split shall be the “Company Split”).

1.2 The respective trade names and addresses of the splitting company in absorption-type company split and the succeeding stock company in absorption-type company split with respect to the Company Split are as follows:

(1) Splitting company in absorption-type company split

Trade name: Osaka Securities Exchange Co., Ltd. (trade name scheduled to be changed to “Japan Exchange Group, Inc.” as of the effective date (hereinafter the date on which the Company Split comes into effect).)

Address: 8-16, Kitahama 1-chome, Chuo-ku, Osaka (address scheduled to be changed to “2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo” as of the effective date)

(2) Succeeding stock company in absorption-type company split

Trade name: New Osaka Securities Exchange Preparatory Corporation (trade name scheduled to be changed to “Osaka Securities Exchange Co., Ltd.” as of the effective date)

Address: 8-16, Kitahama 1-chome, Chuo-ku, Osaka

Article 2 (Rights and Obligations to be Succeeded to)

- 2.1 The rights and obligations to be succeeded to by New OSE from OSE in the Company Split shall be as set forth in the Schedule “Specification of Rights and Obligations to be Succeeded to”.
- 2.2 The rights and obligations set forth in the preceding paragraph that require licenses and permissions or approvals, etc. of the relevant authorities and other relevant persons to be succeeded to by New OSE shall be succeeded to by New OSE upon the Company Split subject to the acquisition of the relevant licenses and permissions or approvals, etc.
- 2.3 The succession of the obligations from OSE to New OSE through the Company Split shall be in the manner of noncumulative assumption of obligation.

Article 3 (Consideration for Split)

As OSE holds all of the issued shares of New OSE, New OSE shall not conduct an allotment or delivery of the shares or other consideration for the rights and obligations to be succeeded to by New OSE to OSE upon the Company Split pursuant to the preceding article.



Article 4 (Effective Date)

The effective date shall be January 1, 2013. However, OSE and New OSE may agree to change the effective date upon mutual consultation as necessary to conform to the Company Split procedures or for any other similar reasons.

Article 5 (Terms and Conditions for Effectuation)

The effectuation of the Company Split shall be subject to (i) the effectuation of the absorption-type merger pursuant to the Absorption-Type Merger Agreement (the “Merger Agreement”) dated October 29, 2012, executed between OSE and Tokyo Stock Exchange Group Inc. (“TSEG”), (ii) New OSE’s acquisition of a license for the establishment of a financial instruments market as set forth in Article 80, paragraph 1 of the Financial Instruments and Exchange Act, and (iii) New OSE’s acquisition of other licenses and permissions or approvals, etc., of the relevant authorities and other relevant persons that may be necessary for New OSE’s operation of the Target Businesses or for it to conduct the business combination (the “Combination”) of OSE and TSEG. The Company Split shall come into effect immediately after the effectuation of the absorption-type merger pursuant to the Merger Agreement.

Article 6 (Resolution for Approval for Company Split, etc.)

6.1 OSE shall hold an extraordinary shareholders' meeting on November 20, 2012, and shall seek approval for this Agreement and for the other matters necessary for the Company Split. However, OSE and New OSE may agree to change the date of the relevant extraordinary shareholders' meeting upon mutual consultation as necessary to conform to the Company Split procedures or for any other similar reasons.

6.2 Pursuant to the provisions of Article 796, paragraph (1) of the Companies Act, New OSE shall conduct the Company Split without obtaining the approval of a shareholders' meeting.

Article 7 (Obligation to Avoid Competition)

OSE shall not owe an obligation to avoid competition with New OSE for the Target Businesses.

Article 8 (Changes, etc. in this Agreement)

During the period from the execution of this Agreement up to the effective date, in case of material changes in the Target Businesses or the assets, obligations, employment agreements and other rights and obligations concerning the Target Businesses due to natural disasters and other reasons, OSE and New OSE may change the terms and conditions of the Company Split set forth in this Agreement or cancel this Agreement upon mutual consultation.

Article 9 (Effect of this Agreement)

This Agreement shall cease to be effective in case any of the following occur.

- (1) At OSE's shareholders' meeting provided for in Article 6, paragraph 1, where any approval is not obtained for this Agreement, for the Merger Agreement, and for any of the proposals concerning the matters to be separately agreed between OSE and TSEG as matters necessary for the Combination.
- (2) At the shareholders' meeting of TSEG to be held after the execution of the Merger Agreement, where any approval is not obtained for the Merger Agreement, for the Absorption-Type Company Split Agreement dated October 29, 2012, between TSEG and the Tokyo Stock Exchange, Inc., and for any of the proposals concerning the matters to be separately agreed between OSE and TSEG as matters necessary for the Combination.
- (3) Up to the effective date, where licenses and permissions or approvals, etc., of the relevant authorities and other relevant persons set forth in the relevant laws and regulations that may be necessary to conduct the Combination have not been obtained.

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Article 10 (Matters for Consultation)

In addition to those set forth in this Agreement, any matters necessary in connection with the Company Split shall be determined pursuant to the purpose of this Agreement upon consultation between OSE and New OSE.

IN WITNESS WHEREOF, OSE and New OSE shall prepare the originals hereof in duplicate by affixing their respective signatures or names and seals thereto, and each shall retain one (1) copy of the originals.

October 29, 2012

OSE: 8-16, Kitahama 1-chome, Chuo-ku,  
Osaka-shi

Osaka Securities Exchange Co., Ltd.  
Michio Yoneda, President & CEO

New OSE: 8-16, Kitahama 1-chome, Chuo-ku, Osaka-shi  
New Osaka Securities Exchange Preparatory  
Corporation  
Toshiyuki Nishikoji, President and CEO

Schedule Specification of Rights and Obligations to be Succeeded to

The specification of rights and obligations to be succeeded to by New OSE from OSE shall be the rights and obligations listed below that belong to the Target Businesses as of the effective date. The evaluation of assets and liabilities shall be on the basis of OSE's balance sheet (the "Balance Sheet") as of September 30, 2012, and the calculation as of the effective date, and shall be determined after addition or deduction thereto of the increase and decrease up to the day immediately preceding the effective date.

1. Assets to be Succeeded to

(1) Liquid Assets

Any and all liquid assets that belong to the Target Businesses. Excluding, however, the following liquid assets on the Balance Sheet:

- (i) cash and deposit (however, even though the cash and deposits on the Balance Sheet are expected to exclude the amount of 41,714,028,564 yen, the amount of cash and deposits to be excluded shall be adjusted as appropriate on the effective date so that the amount of assets to be succeeded to by New OSE from OSE as of the effective date will not fall below 10,580,362,274 yen)
- (ii) deferred tax assets regarding business tax, etc.

(2) Fixed Assets

Any and all fixed assets that belong to the Target Businesses. Excluding, however, the following fixed assets on the Balance Sheet.

- (i) investment securities
- (ii) shares of affiliates
- (iii) deferred tax asset regarding long-term accounts payable

2. Liabilities to be Succeeded to

(1) Liquid Liabilities

Any and all liquid liabilities that belong to the Target Businesses. Excluding, however, the following liquid liabilities on the Balance Sheet:

- (i) outstanding dividends

- (ii) outstanding corporation tax, etc.
- (iii) outstanding consumption tax, etc.
- (iv) income tax withholding
- (v) deferred tax liabilities regarding business tax, etc.

(2) Fixed Liabilities

Any and all fixed liabilities that belong to the Target Businesses. Excluding, however, the long-term outstanding accounts on the Balance Sheet.

3. Employment Agreements to be Succeeded to

(1) Employment Agreements

Status under the employment agreements with all employees engaged in the Target Businesses (including seconded employees and contract employees) and any and all rights and obligations incurred under the relevant agreements.

(2) Others

Any and all collective agreements executed between OSE and Osaka Securities Exchange Labor Union (*Osaka Shoken Torihikijo Roudou Kumiai*) and Osaka Securities Labor Union (*Osaka Shoken Roudou Kumiai*).

4. Other Rights and Obligations, etc. to be Succeeded to (excluding, however, employment agreements)

Status under master transaction agreements, sale and purchase agreements, servicing agreements, entrustment agreements, lease agreements (*chintaishaku keiyaku* and *risu keiyaku*), and any other agreements executed in connection

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with the Target Businesses that remain effective, and any and all rights and obligations incurred pursuant to the above agreements. Excluding, however, OSE's contractual status concerning the following agreements and the rights and obligations OSE incurred pursuant to these agreements.

- (1) Any and all agreements in connection with the public relations services
- (2) Any and all agreements in connection with the services concerning shares
- (3) Agreement on subscription of class I preferred shares of Osaka Securities Finance Company, Ltd. executed between OSE and Osaka Securities Finance Company, Ltd.

## Reference Document 1

## Brief biographies of director candidates for Japan Exchange Group, Inc.

No.	Name (Date of Birth)	Brief Biography, Position, and Important Office(s) Concurrently Held	
1	*Atsushi Saito (October 18, 1939)	April, 1963 December, 1988 June, 1990 June, 1995 October, 1998 January, 1999 June, 2002 April, 2003 May, 2007 June, 2007 August, 2007	Joined Nomura Securities Co., Ltd. Managing Director, ditto Senior Managing Director, ditto Executive Vice President and Director, ditto Advisor, Sumisei Toshi Komon President and Director, Sumitomo Life Investment Co., Ltd. Chairman and Director, ditto Director and President, Industrial Revitalization Corporation of Japan Adviser, Tokyo Stock Exchange, Inc. President and CEO, ditto (To the present) President and CEO, Tokyo Stock Exchange Group, Inc. (To the present)
2	Michio Yoneda (June 14, 1949)	April, 1973 July, 1995 May, 1998 April, 2000 April, 2001 October, 2002 December, 2003 June, 2004 April, 2010	Joined The Bank of Japan General Manager, Akita Branch, ditto General Manager, Sapporo Branch, ditto Executive Director, Osaka Securities Exchange (Membership Org.) Executive Director (Member of the Board), OSE Senior Executive Director (Member of the Board), ditto President & CEO (Member of the Board), ditto Outside Director, Osaka Small and Medium Business Investment & Consultation Co., Ltd. President and CEO (Member of the Board), ditto (To the present)
3	Tsutomu Okuda (October 14, 1939)	April, 1964 September, 1991 May, 1995 May, 1996 March, 1997 May, 2003 June, 2004 June, 2006 September, 2007	Joined The Daimaru Inc. Representative Director, Daimaru Australia Pty. Ltd. Director, The Daimaru Inc. Managing Director, ditto President, ditto Chairman and CEO, ditto Outside Corporate Auditor, Mainichi Broadcasting System Inc. (To the present) Outside Director (Member of the Board), OSE (To the present) Outside Director, Resona Holdings, Inc. (To the present) President and CEO, J. Front Retailing Co., Ltd. Chairman, The Daimaru, Inc.

		March, 2010	Representative Director and Chairman & CEO, J. Front Retailing Co., Ltd. (To the present)
4	Yuko Kawamoto (May 31, 1958)	April, 1982 September, 1988 April, 2004 June, 2004 June, 2006 March, 2009 June, 2011	Joined Bank of Tokyo, Ltd. Joined Tokyo Office, McKinsey & Company Professor, Graduate School of Finance, Accounting & Law, Waseda University (To the present) Outside Director (Member of the Board), OSE (To the present) Outside Director, Monex Group, Inc. (To the present) Outside Corporate Auditor, Tokio Marine Holdings, Inc. (To the present) Outside Director, Yamaha Motor Co., Ltd. (To the present) Outside Director, ITOCHU Corporation (To the present)
5	Hideaki Kubori (August 29, 1944)	April, 1971 April, 1998 April, 2001 February, 2003 April, 2004 April, 2005 September, 2006 June, 2008 June, 2011	Lawyer (To the present) Joined Mori Sogo (Mori Hamada & Matsumoto at present) Representative, HIBIYA PARK LAW OFFICES (To the present) President, Daini Tokyo Bar Association Vice President, Japan Federation of Bar Associations Outside Auditor, SOURCENEXT CORPORATION (To the present) Professor, Omiya Law School (To the present) Compliance Meeting Member, Bank of Japan (To the present) Deputy Director-General, Planning and Coordination Bureau, Financial Services Agency (Advisor, Legal and Regulatory Compliance Research Office) (To the present) Member, Financial Transactions, etc. Screening Board, Bank of Japan (To the present) Member, Supervisory Committee, The Norinchukin Bank (To the present) Outside Director, Tokyo Stock Exchange Group, Inc. (To the present) Outside Governor, Tokyo Stock Exchange Regulation (To the present)
6	Taichi Sakaiya (Name at birth: Kotaro Ikeguchi) (July 13, 1935)	April, 1960 October, 1978 July, 1998 December, 2000	Joined Ministry of International Trade and Industry Started a career as an author and economist Minister of State for Economic Planning Special Advisor to the Prime Minister Representative Director, Taichi-Sakaiya Office Co., Ltd. (To the present) Representative Director, Taichi-Sakaiya



		<p>April, 2001</p> <p>April, 2002</p> <p>April, 2004</p> <p>April, 2006</p>	<p>Laboratory Co., Ltd. (To the present)</p> <p>Outside Director (Member of the Board), OSE (To the present)</p> <p>Professor of the University of Tokyo, Research Center for Advanced Science and Technology</p> <p>Professor of Waseda University, Graduate School of Finance, Accounting &amp; Law</p> <p>Professor (Special appointment), Waseda University</p>
7	Hiroyuki Nakatsukasa (December 21, 1957)	<p>October, 1981</p> <p>September, 1984</p> <p>October, 1988</p> <p>November, 1989</p> <p>June, 2007</p> <p>June, 2009</p> <p>February, 2012</p>	<p>Joined Deloitte Haskins &amp; Sells Certified Public Accountant Joint Firm (Deloitte Touche Tohmatsu at present)</p> <p>Certified public accountant (To the present)</p> <p>Certified tax accountant (To the present)</p> <p>Established Nakatsukasa Certified Public Accountant and Tax Accountant Firm; Representative, ditto (To the present)</p> <p>Chairman, The Japanese Institute of Certified Public Accountants Kinki Chapter</p> <p>Outside Auditor, OSE (To the present)</p> <p>Outside Corporate Auditor, Furusato Industries, Ltd. (To the present)</p>
8	Masakazu Hayashi (April 6, 1945)	<p>April, 1968</p> <p>June, 1992</p> <p>June, 2000</p> <p>January, 2003</p> <p>July, 2004</p> <p>July, 2005</p> <p>August, 2007</p> <p>October, 2007</p>	<p>Joined Ministry of Finance (MOF)</p> <p>Director, Co-ordination Division, Securities Bureau, ditto</p> <p>Director-General, Budget Bureau, ditto</p> <p>Administrative Vice Minister, ditto</p> <p>Special Advisor to the Minister of Finance</p> <p>Chairman, Japan Investor Protection Fund</p> <p>Director, Tokyo Stock Exchange Group, Inc. (To the present)</p> <p>President, Tokyo Stock Exchange Regulation (To the present)</p>
9	Masayuki Hirose (July 8, 1956)	<p>April, 1979</p> <p>June, 2003</p> <p>June, 2004</p> <p>April, 2006</p> <p>June, 2006</p> <p>June, 2007</p> <p>August, 2007</p>	<p>Joined Tokyo Stock Exchange</p> <p>General Manager, Examination Department, Tokyo Stock Exchange, Inc.</p> <p>General Manager, Information System Department, ditto</p> <p>General Manager, IT Planning Department, ditto</p> <p>General Manager, IT Planning Department and General Manager, Trading Systems Department, Development Operations Department, ditto</p> <p>General Manager, IT Planning Department and General Manager, Trading Systems Department, IT Development Department, ditto</p> <p>General Manager, IT Planning Department, Tokyo Stock Exchange Group, Inc.</p> <p>General Manager, Trading Systems Department, IT Development Department, Tokyo Stock Exchange, Inc.</p>

		<p>June, 2008</p> <p>January, 2009</p> <p>June, 2009</p>	<p>General Manager, Trading Systems Department, IT Development Department and Director, IT Management Office, Tokyo Stock Exchange, Inc.</p> <p>General Manager, Tdex + System Department, IT Development Department and Director, IT Management Office, ditto</p> <p>Director, Tokyo Stock Exchange Group, Inc. (To the present)</p> <p>Statutory Auditor, Tokyo Stock Exchange, Inc. (To the present)</p>
10	Katsuhiko Honda (March 12, 1942)	<p>April, 1965</p> <p>June, 1992</p> <p>June, 1994</p> <p>June, 1995</p> <p>June, 1996</p> <p>June, 1998</p> <p>June, 2000</p> <p>June, 2006</p> <p>June, 2009</p> <p>June, 2012</p>	<p>Joined Japan Tobacco and Salt Public Corporation (Japan Tobacco Inc. at present)</p> <p>Director and General Manager, Human Resources Division, ditto</p> <p>Executive Director and Group Leader, Human Resources Labor Group, ditto</p> <p>Executive Director and President, Tobacco Business, ditto</p> <p>Senior Executive Director and President, Tobacco Business, ditto</p> <p>Representative Director and Executive Deputy President, ditto</p> <p>Representative Director and President, ditto</p> <p>Member of the Board, Corporate Counselor, ditto</p> <p>Outside Director, Tokyo Stock Exchange Group, Inc. (To the present)</p> <p>Outside Director, Tokyo Stock Exchange, Inc. (To the present)</p> <p>Corporate Counselor, Japan Tobacco Inc.</p> <p>Corporate Counselor, ditto (To the present)</p>
11	Kunihiro Matsuo (September 13, 1942)	<p>April, 1966</p> <p>April, 1968</p> <p>December, 1996</p> <p>June, 1998</p> <p>December, 1999</p> <p>June, 2004</p> <p>September, 2006</p> <p>March, 2007</p> <p>June, 2007</p> <p>June, 2008</p> <p>June, 2009</p>	<p>Legal Apprentice</p> <p>Tokyo District Public Prosecutors Office</p> <p>Deputy Chief Public Prosecutor</p> <p>Director-General, Criminal Affairs Bureau, Ministry of Justice</p> <p>Vice Minister, Ministry of Justice</p> <p>Public Prosecutor General</p> <p>Lawyer (To the present)</p> <p>Independent Director, Asahi Glass Co., Ltd. (To the present)</p> <p>Outside Corporate Auditor, Toyota Motor Corporation (To the present)</p> <p>Outside Corporate Auditor, MITSUI &amp; CO., LTD. (To the present)</p> <p>Outside Director, Tokyo Stock Exchange Group, Inc. (To the present)</p> <p>Outside Statutory Auditor, Tokyo Stock Exchange, Inc. (To the present)</p> <p>Outside Corporate Auditor, Komatsu Ltd. (To the present)</p>

		June, 2011	present) Outside Corporate Auditor, BROTHER INDUSTRIES, LTD. (To the present)
12	Shigeru Morimoto (March 28, 1946)	April, 1969 August, 1971 June, 1983 April, 1992 April, 2009 June, 2009 October, 2011	Assistant, Faculty of Law, Kyoto University Assistant Professor, ditto Professor, ditto Professor, Graduate School of Law, ditto Professor, Graduate School of Law, Doshisha University (To the present) Outside Director (Member of the Board), OSE (To the present) Lawyer (To the present)
13	Charles Ditmars Lake II (January 8, 1962)	August, 1992 July, 1993 June, 1999 July, 2001 January, 2003 April, 2005 June, 2006 August, 2007 July, 2008	Director, Japan Affairs, Office of the United States Trade Representative Director, Japan Affairs and Special Counsel, Office of the United States Trade Representative Corporate Officer and Legal Counsel, American Family Life Assurance Company of Columbus Japan Branch (Aflac Japan) Deputy Vice President, ditto Representative and President in Japan, ditto Representative and Vice Chairman in Japan, ditto Outside Director, Tokyo Stock Exchange, Inc. (To the present) Outside Director, Tokyo Stock Exchange Group, Inc. (To the present) Representative and Chairman, American Family Life Assurance Company of Columbus (Japan Branch) (To the present)

## Reference Document 2

### **Proposal No. 4** Partial Amendment to the Articles of Incorporation

#### 1. Grounds for Proposal

At the Company's Board of Directors meeting held on October 29, 2012, the Company adopted a resolution to implement the Stock Split with January 1, 2013 as the effective date and to adopt a Share Unit System where one hundred (100) shares will be one (1) unit. The Company did this in order to make one hundred (100) shares the trading unit of the Company's shares, pursuant to the "Action Plan for Consolidating Trading Units" of the Japanese Stock Exchanges Conference (dated November 27, 2007), which aims to unify the number of shares in a Share Unit (trading unit) into one hundred (100) shares. In connection with the Stock Split and the Adoption of a Share Unit System, pursuant to the provisions of Article 184, Paragraph 2 and Article 191 of the Companies Act and considering the ratio of the Stock Split, as of January 1, 2013, per the resolution of the Board of Directors meeting above, the Company shall amend part of its articles of incorporation to change the Company's total number of authorized shares from 930,000 shares to 93,000,000 shares and include a new provision stating that the number of shares in a Share Unit (trading unit) is one hundred (100) shares concurrent with the Stock Split.

Regarding the Business Combination with TSEG scheduled on January 1, 2013, this Proposal No. 4 amends part of the Articles of Incorporation as of January 1, 2013, with respect to the following matters:

The amendment to the Articles of Incorporation under this Proposal No. 4 will take effect on January 1, 2013, on condition that each of Proposal Nos. 1, 2, 3, 5, and 6 is approved and the Merger under Proposal No. 2 and the Absorption-Type Split under Proposal No. 3 become effective.

(1) Change to Trade Name

The trade name will be changed to “Japan Exchange Group, Inc.”

(2) Corporate Philosophy

A new provision will be included to state that its corporate philosophy is to promote continuous development of the market, and contribute to realization of an affluent society by securing public nature and reliability, constructing the foundation of the market which is highly convenient, effective and transparent and providing creative and attractive services.

(3) Ensuring Collaboration

A new provision will be included to state that it will endeavor to ensure appropriate collaboration among its affiliates in carrying out its operations

(4) Head Office Location

The head office will be located in Chuo-ku, Tokyo.

(5) Purpose of Business

Its purpose of business will be to conduct management of a stock company-type financial instruments exchange and other business incidental thereto as a financial instruments exchange holding company

(6) Abolition of Provisions Regarding Statutory Auditors and a Board of Statutory Auditors, and Insertion of Articles Regarding a Company with Committees

- (i) Provisions regarding auditors and board of statutory auditors will be deleted.

- (ii) Provisions to the effect that the Company is a company with committees will be added.
- (iii) Provisions regarding committees (nominating committee, auditing committee, compensation committee) and executive officers will be added. Each of the Company auditors has consented to submission of this Proposal to include Article 37 “Exemption from Liabilities of Executive Officers”.
- (iv) The term of office of directors will be changed from two years to one year since the term of office of directors in a company with committees is one year.
- (v) Provisions regarding remuneration to directors will be deleted and changed to provisions whereby remuneration is decided by the compensation committee since the compensation committee decides remuneration of directors in a company with committees.
- (vi) Other necessary amendments in conjunction with transition to a company with committees will be made.

(7) Restrictions, etc. on Rights of Holders of Shares of Less than One Share Unit

In conjunction with the Adoption of a Share Unit System, to streamline the management of holders of shares less than one Share Unit, provisions related to restrictions on the rights of holders of shares of less than one Share Unit without voting rights will be included.

(8) Increase in the Total Number of Authorized Shares

In conjunction with the Stock Split, the Company’s total number of authorized shares will be changed from 93,000 shares to 93,000,000 shares, and in conjunction with the subsequent Merger, the total number of issued shares will become 72,906,810 after adding 45,906,810 shares which will be delivered by the Merger to 27,000,000 shares which is the

number of issued shares immediately after the Stock Split; thus, in order to be able to carry out a flexible capital policy even after the Business Combination, the total number of authorized shares will be changed to 290,000,000 shares, which is within four times the total number of issued shares.

(9) Dividends of Surplus, etc.

In regards to the decision-making body for dividends of surplus etc., new provisions will be added stipulating that pursuant to Article 459, Paragraph 1 of the Companies Act, these will be implemented by a resolution of the Board of Directors, without any resolution at the general shareholders' meeting.

(10) Other

In addition to the foregoing, correction of wording, insertion and deletion of provisions, changes to article numbers, and other necessary changes will be made

2 Details of the Changes

Details of the changes are described as follows.

(Underlines indicate the changed portions.)

Articles of incorporation after amendment by Board of Directors meeting resolution	Proposed changes
Chapter 1 General Provisions	Chapter 1 General Provisions
Article 1 (Corporate Name)	Article 1 (Corporate Name)
The corporate name of <u>the exchange</u> shall be <u>株式会社大阪証券取引所 (Kabushiki Kaisha Osaka Shoken Tororihikijo)</u> in Japanese and <u>Osaka Securities Exchange Co., Ltd.</u> in	The corporate name of <u>this company</u> shall be <u>株式会社日本取引所グループ</u> in Japanese or <u>Japan Exchange Group, Inc.</u> in English (hereinafter referred to as the " <u>Company</u> ").

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English (hereinafter referred to as “ <u>OSE</u> ”).	
(Added)	<u>Article 2 (Corporate Philosophy, Etc.)</u>
	<u>The Company shall achieve sustainable market development by ensuring its public nature and reliability, laying the foundation for a highly convenient, efficient, and transparent market, and providing creative and attractive services, thereby contributing to the realization of a wealthy society. The Company believes that achieving these objectives will lead to stronger support and deeper trust from market users including investors, with the end result being increased profits.</u>
<u>Article 2 (Purpose)</u>	<u>Article 3 (Purpose)</u>
<u>2.1 The purpose of <u>OSE</u> shall be to conduct business prescribed in each Item below:</u>	<u>The purpose of the Company shall be to conduct management and administration of financial instruments exchanges and other business incidental to these as a financial instruments exchange holding company.</u>



<p><u>(1) Providing financial instruments markets;</u></p> <p><u>(2) Financial instruments obligation assumption business;</u></p> <p><u>(3) Other business incidental to the business prescribed in each of the preceding Items.</u></p> <p><u>2.2 The exchange financial instruments markets provided by OSE (hereinafter referred to as the “OSE markets”) shall be operated on the principle of maintaining fair and efficient execution of transactions in securities or market transactions of derivatives (hereinafter referred to as “transactions in securities, etc.”) for the public interest and protection of investors.</u></p>	(Delete)
	<u>Article 4 (Maintenance of Cooperative Relationship)</u>
(Added)	<u>The purpose of the Company shall be to conduct management and administration of financial instruments exchanges and other business incidental to these as a financial instruments exchange holding company.</u>
<u>Article 3 (Location of Head Office)</u>	<u>Article 5 (Head Office Location)</u>
The head office of <u>OSE</u> shall be located in <u>the City of Osaka.</u>	The head office of <u>the Company</u> shall be located in <u>Chuo-Ku, Tokyo.</u>
<u>Article 4 (Method of Public Notice)</u>	<u>Article 6 (Method of Public Notice)</u>
<u>The method of public notice by OSE shall be electronic public notice; provided, however, that in the case public notice cannot be given via electronic public notice due to an</u>	<u>The Company shall give public notice by electronic means. However, if an accident or any other unavoidable reason prohibits electronic public notice, such a notice will be posted in</u>

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<u>accident or unavoidable reason, such notice shall be given in the Nihon Keizai Shimbun.</u>	<u>the Nikkei (the Nihon Keizai Shimbun) newspaper.</u>
<u>Article 4-2 (Organizational Entities)</u>	(Delete)
<u>OSE shall put in place the following organizational entities in addition to the general meeting of shareholders and directors:</u> <u>(1) Board of Directors;</u> <u>(2) Company Auditor;</u> <u>(3) Board of Company Auditors;</u> <u>(4) Accounting Auditor.</u>	
<u>Chapter 2 Exchange Financial Instruments Markets</u>	(Delete)
<u>Article 5 (Matters concerning Exchange Financial Instruments Markets)</u>	(Delete)
<u>Transactions in securities, etc. shall be conducted on the OSE markets.</u>	
<u>Article 6 (Enactment of Rules)</u>	(Delete)
<u>In addition to these Articles of Incorporation, OSE shall enact the Business Regulations, the Brokerage Agreement Standards and other rules and regulations to maintain fair and efficient execution of transactions in securities, etc. on the OSE markets for the protection of investors.</u>	
<u>Article 7 Deleted</u>	(Delete)
<u>Article 8 (Transaction Participant's Duty to Abide by Laws and Regulations)</u>	(Delete)
<u>Transaction Participants shall abide by the laws and Regulations</u>	

<p><u>(meaning the Financial Instruments and Exchange Law (Law No. 25 of 1948) and related laws and regulations; the same shall apply in Article 9, Article 10 and Article 29-3), dispositions given by government agencies based on the laws and Regulations; the OSE's Articles of Incorporation, Business Regulations, Brokerage Agreement Standards and other rules and regulations (hereinafter referred to as the "Rules") and fair and equitable principles of transactions.</u></p>	
<p><u>Article 9 (Disciplinary Actions against Transaction Participant)</u></p>	(Delete)
<p><u>In case a Transaction Participant has breached the Laws and Regulations, the disposition given by government agencies based on the Laws and Regulations or the OSE's Rules, or has behaved contrary to the fair and equitable principles of transactions, OSE may impose on such Transaction Participant a fine, or order a suspension from or limitation of transactions in securities, etc. on the OSE markets or of entrustment of brokerage for clearing of securities, etc. or revoke its Trading Qualification in accordance with the Business Regulations prescribed separately by OSE.</u></p>	
<p><u>Article 10 (Obligations to Submit Documents)</u></p>	(Delete)
<p><u>When OSE inspects the Transaction</u></p>	

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<p><u>Participant's observance of the Laws and Regulations, of dispositions given by government authorities based on the Laws and Regulations, of the OSE's Rules or disciplinary actions taken by OSE thereunder, or of fair and equitable principles of transactions, or in other cases where OSE deems it necessary in the light of the objectives of OSE and the operation of the OSE markets, OSE may demand such Transaction Participant to submit a report or document relevant to their business or property, or have the staff of OSE to inspect the actual state of their business or property, or their books, documents or other materials.</u></p>	
<p><u>Chapter 3 Shares</u></p>	<p><u>Chapter 2 Shares in the Company</u></p>
<p><u>Article 11 (Total Number of Shares Authorized to be Issued)</u></p>	<p><u>Article 7 (Total Number of Authorized Shares)</u></p>
<p>The total number of <u>shares</u> authorized to be issued by OSE shall be <u>ninety-three million (93,000,000) shares.</u></p>	<p>The total number of <u>authorized shares in the Company</u> shall be <u>290,000,000.</u></p>
<p><u>Article 12 (Number of Shares per Share Unit)</u></p>	<p><u>Article 8 (Number of Shares per Share Unit)</u></p>
<p>The number of shares <u>in a Share Unit</u> shall be <u>100 shares.</u></p>	<p>The <u>Company's</u> number of shares <u>per Share Unit</u> shall be <u>100.</u></p>
<p>(Added)</p>	<p><u>Article 9 (Rights to Shares Less Than One Share Unit)</u></p>
	<p><u>Shareholders of the Company shall not be able, with regard to shares less than one Share Unit they hold, to exercise rights other than the</u></p>

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	<p><u>following rights:</u></p> <p><u>(1) Rights referenced in each item of Article 189, Paragraph 2 of the Companies Act; and</u></p> <p><u>(2) Rights to receive allotment of offered share and offered subscription rights in accordance with the number of shares that a shareholder holds.</u></p>
<u>Article 13 (Shareholder Register Administrator)</u>	<u>Article 10 (Shareholder Registry Administrator)</u>
<p><u>13.1 OSE shall appoint a shareholder register administrator.</u></p> <p><u>13.2 The shareholder register administrator and an office(s) thereof shall be appointed by a resolution of the Board of Directors.</u></p> <p><u>13.3 Preparation and maintenance of the shareholder register (including beneficial shareholders register; the same shall apply hereinafter), the share option registry and the lost-share-certificate register pertaining to OSE and other administrative works relating to these registers shall be entrusted to the shareholder register administrator, and OSE shall not handle these.</u></p>	<p><u>1. The Company shall appoint a shareholder registry administrator.</u></p> <p><u>2. The shareholder registry administrator and an office(s) thereof shall be decided by a resolution of the Board of Directors, and public notice shall be given thereof.</u></p> <p><u>3. Preparation and maintenance of the shareholder registry and the subscription warrant registry pertaining to the Company and other administrative works relating to these two registries shall be entrusted to the shareholder registry administrator, and the Company shall not be involved with these.</u></p>
<u>Article 14 (Share Handling Regulations)</u>	<u>Article 11 (Rules for Handling of Shares)</u>
<u>Handling related to OSE shares and fees therefor shall be prescribed in laws and regulations, in these</u>	<u>Handling of the Company's shares and subscription warrants and its fees shall be subject to the rules for</u>

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<u>Articles of Incorporation as well as share handling regulations stipulated by the Board of Directors.</u>	<u>handling of shares adopted by the Board of Directors, in addition to laws and regulations, and/or these Articles of Incorporation.</u>
<u>Article 15 (Acquisition of Own Shares)</u>	(Delete)
<u>As prescribed in Article 165, Paragraph 2 of the Companies Act, OSE may acquire its own shares by a resolution of the Board of Directors.</u>	
<u>Chapter 4 General Meeting of Shareholders</u>	<u>Chapter 3 General Shareholders Meeting</u>
<u>Article 16 (Convocation)</u>	<u>Article 12 (Convocation of General Meeting of Shareholders)</u>
<u>16.1 The general meeting of shareholders shall be classified into the annual general meeting of shareholders and extraordinary general meetings of shareholders. The annual general meeting of shareholders shall be convened each year within three (3) months from the day after the final day of the business year, and an extraordinary general meeting of shareholders shall be convened as occasion demands.</u>	<u>The annual general shareholders meeting of the Company shall be convened within three months from the end of each fiscal year. Extraordinary general shareholders meetings shall be convened whenever necessary.</u>
<u>16.2 Unless otherwise prescribed in laws and regulations, a general meeting of shareholders shall be convened by the President &amp; CEO through a resolution of the Board of Directors; provided, however, that in case of an accident to the President &amp; CEO, the general meeting of shareholders shall be convened by other directors in accordance with</u>	(Delete)

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<u>the order determined by the Board of Directors in advance.</u>	
<u>Article 16-2 (Record Date for Annual General Meeting of Shareholders)</u>	<u>Article 13 (Record Date)</u>
The record date for the voting rights at the <u>OSE's annual general meeting of shareholders</u> shall be March 31 every year.	The record date of the voting rights of the annual general <u>shareholders meeting of the Company</u> shall be March 31 every year.
(Added)	<u>Article 14 (Convener and Chairperson of General Shareholders Meeting)</u>
	<p><u>1. The general shareholders meeting shall be convened and presided over by a board member (hereafter referred to as a "director") serving concurrently as executive officer CEO by a resolution of the Board of Directors, except as otherwise provided by laws and regulations.</u></p> <p><u>2. In the event the director concurrently serving as executive officer CEO is unable to fulfill his/her duties due to an accident or some other circumstances, another director concurrently serving as an executive officer shall convene and preside over the general shareholders meeting in an order predetermined by the Board of Directors.</u></p>
<u>Article 16-3 (Internet Disclosure and Deemed Provision of Reference</u>	<u>Article 15 (Internet Disclosure and Deemed Provision of Reference</u>

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<u>Document for General Meeting of Shareholders)</u>	<u>Documents, etc. of General Shareholders Meetings)</u>
<u>Upon the convening of the general meeting of shareholders, OSE may be deemed to have provided the shareholders (including beneficial shareholders; the same shall apply hereinafter) with the necessary information with respect to the matters to be stated or indicated in the reference documents for the general meeting of shareholders, business reports, financial statements and consolidated financial statements, by disclosing such information via the internet in accordance with the ordinance of the Ministry of Justice.</u>	<u>When the Company gives notice that a general shareholders meeting will be held, if the Company discloses information that is to be indicated in reference documents of the general shareholders meeting, business reports, accounting documents and/or consolidated accounting documents through the Internet in accordance with the provisions prescribed by the ordinance of the Ministry of Justice, it may be deemed that the Company has provided this information to shareholders.</u>
<u>Article 17 (Chairman)</u>	(Delete)
<u>The chairman of the general meeting of shareholders shall be the President &amp; CEO; provided, however, that in case of an accident to the President &amp; CEO, other directors shall preside as chairman over the general meeting of shareholders in accordance with the order determined by the Board of Directors in advance.</u>	
<u>Article 18 (Method of Resolution)</u>	<u>Article 16 (Method for Making Resolutions at the General Meeting of Shareholders)</u>
<u>18.1 Unless otherwise prescribed elsewhere in laws and regulations or in these Articles of Incorporation, a resolution at the general meeting of shareholders shall be made by a</u>	<u>1. Resolutions at the general shareholders meeting shall be made with the approval of a majority of the voting rights of the shareholders who are present and can exercise their</u>

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<p>majority of the voting rights <u>held by the shareholders present at the general meeting of shareholders.</u></p> <p><u>18.2 The resolution at the general meeting of shareholders prescribed in Article 309, Paragraph 2 of the Companies Act shall be made by a majority of two thirds (2/3) or more of the voting rights held by the shareholders present at the general meeting of shareholders, where the shareholders holding one third (1/3) or more of the voting rights of the shareholders entitled to exercise their voting rights are present.</u></p>	<p><u>voting rights, except as otherwise provided by laws and regulations, and/or these Articles of Incorporation.</u></p> <p><u>2. Resolutions at the general shareholders meeting as prescribed in Article 309, Paragraph 2 of the Companies Act shall be made if shareholders who possess at least one-third (1/3) of the total voting rights of shareholders that can exercise such rights are present, and at least two-thirds (2/3) of these voting rights approve.</u></p>
<p><u>Article 19 (Proxy Exercise of Voting Rights)</u></p>	<p><u>Article 17 (Exercise of Voting Right by Proxy)</u></p>
<p><u>A shareholder may exercise their voting rights by proxy. In this case, such shareholder or proxy shall submit the document that certifies the authority of representation to OSE.</u></p>	<p><u>1. Every shareholder may exercise his/her voting rights by having one other shareholder who is entitled to vote at the general shareholders meeting of the Company, act as a proxy on his/her behalf.</u></p>
<p>(Added)</p>	<p><u>2. In the event a shareholder exercises his/her voting rights pursuant to the provision of the preceding paragraph, the shareholder or the proxy must submit to the Company a document proving his/her power of representation at each general shareholders meeting.</u></p>
<p><u>Article 20 Deleted</u></p>	<p>(Delete)</p>

<u>Chapter 5</u> Directors and the Board of Directors	<u>Chapter 4</u> Directors and Board of Directors
(Added)	<u>Article 18 (Establishment of Board of Directors)</u>
	<u>The Company shall establish a Board of Directors.</u>
<u>Article 21 (Number of Directors)</u>	<u>Article 19 (Number of Directors)</u>
The number of directors of <u>OSE</u> shall not exceed <u>thirteen (13)</u> .	The number of directors of <u>the Company</u> shall not exceed <u>fifteen</u> .
<u>Article 22 (Method of Election)</u>	<u>Article 20 (Election of Directors)</u>
<u>22.1</u> Directors shall be elected <u>at a general meeting of shareholders</u> .	<u>1. Directors shall be elected by resolutions of the general shareholders meeting.</u>
<u>22.2</u> <u>At the general meeting of shareholders, a few of directors shall be elected from among knowledgeable and experienced persons other than directors and employees of Transaction Participants and those engaged in business directly connected to financial instruments business.</u>	(Delete)
<u>22.3</u> <u>The resolution on the election prescribed in the preceding 2 Paragraphs shall be made by a majority of the voting rights held by the shareholders present at the general meeting of shareholders, where the shareholders holding one third (1/3) or more of the voting rights of the shareholders entitled to exercise their voting rights are present.</u>	<u>2. A resolution on the election of a director shall be made with the approval of a majority of the voting rights of shareholders who are present and hold at least one-third (1/3) of the total voting rights of the shareholders who can exercise such rights.</u>
<u>22.4</u> <u>The resolution on the election of the directors shall not be made by</u>	<u>3. No cumulative voting shall be allowed in the election of directors.</u>

<u>cumulative voting.</u>	
<u>22.5 The directors prescribed in Paragraph 2 may not engage in business directly related to financial instruments business during the term of office.</u>	(Delete)
<u>Article 23 (Term of Office)</u>	<u>Article 21 (Term of Office of Directors)</u>
<u>The term of office of directors shall be from the date of appointment to the close of the last annual general meeting of shareholders ending within two (2) years from the date of appointment; provided, however, that in case of a vacancy in the office of a director, the term of office of the director elected for filling such vacancy shall be the remaining term of office of the predecessor.</u>	<u>1. The term of office of a director shall expire at the close of the annual general shareholders meeting for the last fiscal year out of the fiscal years terminating within one (1) year after his/her election.</u>
(Added)	<u>2. The term of office of a director who has been elected to fill a seat resulting from an increase in the authorized number of directors or to fill a vacancy on the Board of Directors shall expire when the term of office of incumbent directors ends.</u>
<u>Article 24 (Representative Directors)</u>	(Delete)
<u>24.1 The representative directors shall be elected by a resolution of the Board of Directors.</u> <u>24.2 Each representative director of OSE shall represent OSE and perform their business in accordance with the resolution of the Board of Directors.</u>	
<u>Article 25 (Directors)</u>	<u>Article 22 (Director with Officership)</u>

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<p><u>25.1 One (1) Chairman and Director, one (1) President &amp; CEO, one (1) Executive Vice President and Director, and a number of senior executive directors and executive directors may be elected from among directors by a resolution of the Board of Directors.</u></p>	<p><u>1. The Board of Directors may elect one chairperson of the board by its resolution.</u></p>
<p><u>25.2 Directors who engage in daily business of OSE shall not engage in financial instruments business during the term of office.</u></p>	<p><u>2. During his/her term of office, a director who regularly engages in the Company's operations shall not be permitted to engage in business activities directly related to the financial instruments business.</u></p>
<p><u>25.3 Directors prescribed in the preceding Paragraph shall not engage in other business during the term of office without the approval of the Board of Directors.</u></p>	<p>(Delete)</p>
<p><u>Article 26 (Convocation)</u></p>	<p><u>Article 23 (Convener of Board of Directors' Meeting and its Chairperson)</u></p>
<p><u>26.1 Unless otherwise prescribed separately in laws and regulations, meetings of the Board of Directors shall be convened by the President &amp; CEO; provided, however, that in case of an accident to the President &amp; CEO, meetings of the Board of Directors shall be convened by other directors in accordance with the order determined by the Board of Directors in advance.</u></p>	<p><u>A meeting of the Board of Directors shall be convened by the director appointed by the board of directors, who presides over as a chairperson, except as otherwise provided by laws and regulations.</u></p>
<p><u>26.2 Notice of convocation referred to in the preceding Paragraph shall be given to each director and company</u></p>	<p>(Delete)</p>

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<u>auditor at least three (3) days prior to the date of the meeting; provided, however, that in case of an emergency, such period may be shortened.</u>	
<u>26.3 In case all the directors and company auditors give their consent, a meeting of the Board of Directors may be held without taking the procedures for convocation of the meeting.</u>	(Delete)
(Added)	<u>Article 24 (Notice of Board of Directors' Meeting)</u>
	<u>1. When convening a meeting of the Board of Directors, notice shall be given to each director at least three days before the day of the meeting. However, this period may be reduced in case of emergency.</u>
	<u>2. With the consent of all directors, a meeting of the Board of Directors may be convened without required convening procedures.</u>
<u>Article 27 (Method of Resolution)</u>	<u>Article 25 (Method for Resolutions of Board of Directors)</u>
<u>27.1 A resolution of the Board of Directors shall be made by a majority of the directors present at the meeting of the Board of Directors, where the majority of the directors are present.</u>	<u>Resolutions of the Board of Directors shall be adopted if a majority of the directors who can vote at the meeting are present, and a majority of these directors approve.</u>
<u>27.2 A resolution on matters relating to the basic policy of the operation of OSE shall be made by a majority of two thirds (2/3) of the directors present at the meeting of the Board of</u>	(Delete)

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<u>Directors.</u>	
<u>Article 27-2 (Omission of Resolution)</u>	<u>Article 26 (Omission of Resolutions of the Board of Directors)</u>
When the requirements of Article 370 of the Companies Act are satisfied, OSE shall deem that a resolution of the Board of Directors has been made.	When all the directors who can vote agree in writing or by electromagnetic recording to a proposal pertaining to a resolution matter of the Board of Directors, approval of such proposal shall be deemed to have been adopted.
<u>Article 27-3 (Regulations of Board of Directors)</u>	<u>Article 27 (Matters Concerning the Board of Directors)</u>
Matters relating to the Board of Directors shall be governed by laws and regulations and these Articles of Incorporation as well as the regulations of the Board of Directors stipulated by the Board of Directors.	Matters concerning the Board of Directors shall be determined by the board of directors, in addition to laws and regulations, and/or these Articles of Incorporation.
<u>Article 28 (Deleted)</u>	(Delete)
<u>Article 29 (Remuneration, etc.)</u>	(Delete)
The directors' remuneration, bonuses and other financial benefits which are received from OSE in consideration of their performance of duties (hereinafter referred to as "remuneration, etc.") shall be determined by a resolution at the general meeting of shareholders.	
<u>Article 29-2 (Exemption from Liability of Directors)</u>	<u>Article 28 (Exemption from Liabilities of Directors, Etc.)</u>
<u>29-2.1</u> Pursuant to Article 426, Paragraph 1 of the Companies Act, by a resolution of the Board of Directors, OSE may exempt directors (including previous directors) from liability for	<u>1.</u> Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt a director

<p>damages <u>due to</u> failures to <u>perform</u> <u>their</u> duties to the extent legally <u>allowed</u>.</p>	<p>(including <u>a person who was</u> <u>formerly a director</u>) from <u>his/her</u> liability for damages <u>arising from</u> failure to <u>carry out his/ her</u> duties to the extent legally <u>permissible</u>.</p>
<p>29-2.2 Pursuant to Article 427, Paragraph 1 of the Companies Act, <u>OSE</u> may <u>conclude</u> an agreement with <u>the outside directors</u> to <u>limit their</u> liability for damages arising from <u>failures to perform their</u> duties; provided, however, that the maximum <u>amount of the</u> liability <u>indemnity based on the said agreement shall be either a predetermined amount not less than one million (1,000,000) Yen, or an amount</u> prescribed by laws and regulations, <u>whichever is the higher amount</u>.</p>	<p>2. Pursuant to <u>the provisions of</u> Article 427, Paragraph 1 of the Companies Act, <u>the Company</u> may <u>enter into</u> an agreement with <u>an outside director which limits his /her</u> liability for damages arising from <u>failure to carry out his/her</u> duties; provided, however, that the maximum liability <u>for damages under such agreement shall be as</u> prescribed by laws and regulations.</p>
<p>Article <u>29-3</u> (<u>Self-Regulation Committee</u>)</p>	<p>(Delete)</p>
<p>29-3.1 <u>OSE shall establish a Self-Regulation Committee in accordance with the Laws and Regulations.</u></p>	
<p>29-3.2 <u>The Self-Regulation Committee shall make decisions on matters relating to the self-regulatory operations of OSE.</u></p>	
<p>29-3.3 <u>The Self-Regulation Committee shall be composed of three (3) or more Self-Regulation Committee members elected from the OSE's directors, of which the majority is the outside directors.</u></p>	

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<u>Chapter 6 Company Auditors and Board of Company Auditors</u>	(Delete)
<u>Article 30 (Number of Company Auditors)</u>	(Delete)
<u>The number of company auditors of OSE shall be three (3).</u>	
<u>Article 31 (Method of Election)</u>	(Delete)
<u>31.1 Company auditor shall be elected at the general meeting of shareholders.</u>	
<u>31.2 The resolution on the election referred to in the preceding Paragraph shall be made by a majority of the voting rights held by shareholders present at the general meeting of shareholders, where the shareholders holding one third (1/3) or more of the voting rights of the shareholders entitled to exercise their voting rights are present.</u>	
<u>Article 31-2 (Effective Term of Elected Alternate Company Auditor)</u>	(Delete)
<u>The effective term of the alternate company auditor elected in case of vacancy in company auditor which results a shortfall in the number of company auditors prescribed in laws and regulations or in these Articles of Incorporation shall be until the start of the last annual general meeting of shareholders ending within four (4) years from the date of appointment; provided, however, that such period may be shortened by a resolution at the general meeting of shareholders.</u>	

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<u>Article 32 (Term of Office)</u>	(Delete)
<u>32.1 The term of office of company auditor shall be from the date of appointment to the close of the last annual general meeting of shareholders ending within four (4) years from the date of appointment; provided, however, that the term of office of the company auditor elected for filling the vacancy shall be the remaining term of office of the predecessor.</u>	
<u>32.2 When an alternate company auditor assumes office of company auditor elected to fill a vacancy resulting a shortfall in the number of company auditors prescribed in laws and regulations or in these Articles of Incorporation, the term of the said company auditor's position shall be the remaining term of the previous company auditor.</u>	
<u>Article 33 (Full-Time Company Auditor)</u>	(Delete)
<u>33.1 A full-time company auditor shall be elected by a resolution of the Board of Company Auditors.</u>	
<u>33.2 A full-time company auditor shall not engage in financial instruments business during the term of office.</u>	
<u>33.3 A full-time company auditor shall not engage in other business during the term of office without the approval of the Board of Company Auditors.</u>	

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<u>Article 34 (Convocation)</u>	(Delete)
<u>34.1 Meetings of the Board of Company Auditors shall be convened by company auditors.</u>	
<u>34.2 Notice of convocation referred to in the preceding Paragraph shall be given to each company auditor at least three (3) days prior to the date of the meeting of the Board of Company Auditors; provided, however, that in case of an emergency, such period may be shortened.</u>	
<u>34.3 In case all of the company auditors give their consent, a meeting of the Board of Company Auditors may be held without taking the procedures for convocation of the meeting.</u>	
<u>Article 35 (Regulations of Board of Company Auditors)</u>	(Delete)
<u>Matters relating to the Board of Company Auditors shall be governed by laws and regulations and these Articles of Incorporation as well as the regulations of the Board of Company Auditors stipulated by the Board of Company Auditors.</u>	
<u>Article 36 Deleted</u>	
<u>Article 37 (Remuneration, etc.)</u>	(Delete)
<u>The remuneration, etc. of company auditors shall be determined by a resolution at the general meeting of shareholders.</u>	
<u>Article 37-2 (Exemption from Liability of Company Auditors)</u>	(Delete)

<p><u>37-2.1 Pursuant to Article 426, Paragraph 1 of the Companies Act, by a resolution of the Board of Directors, OSE may exempt company auditors (including previous company auditors) from liability for damages due to failures to perform their duties to the extent legally allowed.</u></p>	
<p><u>37-2.2 Pursuant to Article 427, Paragraph 1 of the Companies Act, OSE may conclude an agreement with the outside company auditors to limit their liability for damages arising from failures to perform their duties; provided, however, that the maximum amount of the liability indemnity based on the said agreement shall be either a predetermined amount not less than one million (1,000,000) Yen, or an amount prescribed by laws and regulations, whichever is the higher amount.</u></p>	
<p><u>Chapter 7 Advisory Committee</u></p>	(Delete)
<p><u>Article 37-3 (Advisory Committee)</u></p>	(Delete)
<p><u>37-3.1 OSE may establish an advisory committee.</u></p>	
<p><u>37-3.2 The advisory committee may advise or give opinion to the Board of Directors concerning important matters related to the OSE operations, in response to consultation by the Board of Directors.</u></p>	
<p><u>37-3.3 Matters relating to the</u></p>	

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<u>advisory committee shall be governed by the rules on the advisory committee stipulated by the Board of Directors.</u>	
(Added)	<u>Chapter 5 Nomination Committee, Audit Committee and Compensation Committee</u>
(Added)	<u>Article 29 (Establishment of Nominating Committee, Audit Committee and Compensation Committee)</u>
	<u>The Company shall establish a Nomination Committee, an Audit Committee and a Compensation Committee.</u>
(Added)	<u>Article 30 (Selection of Committee Members)</u>
	<u>1. Members of the Nomination Committee, the Audit Committee, and the Compensation Committee shall be selected from among the members of the Board of Directors by resolutions of the Board of Directors.</u>
	<u>2. The chairpersons of the respective committees shall be elected by resolutions of the Board of Directors.</u>
(Added)	<u>Article 31 (Authority, etc. of Each Committee)</u>
	<u>1. The Nomination Committee shall make decisions on the content of proposals submitted to the general shareholders meeting with regard to the election and dismissal of directors.</u>

	<p><u>2. The Audit Committee shall carry out the following duties:</u></p> <p><u>(1) To audit the execution of duties by directors and executive officers and prepare audit reports</u></p> <p><u>(2) To decide the content of proposals submitted to the general shareholders meeting with regard to the election and dismissal of the accounting auditor and proposals to not reappoint the accounting auditor.</u></p>
	<p><u>3. The Compensation Committee shall determine the policies regarding decisions made on compensation, etc. received by individual directors and executive officers, and shall determine the actual compensation, etc. for each director and executive officer. When an executive officer is also an employee of the Company, the Compensation Committee shall likewise decide on the compensation, etc. of that employee.</u></p>
(Added)	<u>Article 32 (Matters Concerning the Committees)</u>
	<u>Matters concerning each committee shall be determined by the Board of Directors in addition to laws and regulations, and these Articles of Incorporation.</u>
(Added)	<u>Chapter 6 Executive Officers</u>
(Added)	<u>Article 33 (Set-Up of Executive Officer Positions)</u>

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	<u>The Company shall set up executive officer positions.</u>
(Added)	<u>Article 34 (Executive Officers and Their Authorities)</u>
	<u>1. Executive officers shall be elected by resolutions of the Board of Directors.</u>
	<u>2. Executive officers shall carry out the following duties.</u> <u>(1) Decision on the execution of the Company's business delegated by the Board of Directors</u> <u>(2) Execution of the Company's business</u>
(Added)	<u>Article 35 (Term of Office of Executive Officers)</u>
	<u>1. The term of office of executive officers shall be until the close of the first Board of Directors meeting that is convened after the conclusion of the annual general shareholders meeting for the last fiscal year out of the fiscal years terminating within one (1) year after his/her election.</u> <u>2. The term of office of an executive officer who has been selected to fill a position newly created as part of an increase in the number of such officers or to fill a vacancy shall be until the close of the term of the incumbent executive officers.</u>
(Added)	<u>Article 36 (Representative Executive Officer and Executive Officers with Managerial Titles)</u>
	<u>1. Representative executive officers shall be selected from among its</u>

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	<u>executive officers by resolutions of the Board of Directors.</u>
	<u>2. The Company may elect an executive officer CEO, an executive officer COO, and a small number of senior managing executive officers and managing executive officers by resolutions of the Board of Directors.</u>
	<u>3. During their term of office, executive officers of the Company shall not be permitted to engage in business activities directly related to the financial instruments business.</u>
(Added)	<u>Article 37 (Exemption from Liabilities of Executive Officers)</u>
	<u>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt an executive officer (including a person who was formerly an executive officer) from his/her liability for damages arising from a failure to carry out his/ her duties to the extent legally permissible.</u>
(Added)	<u>Article 38 (Matters Concerning Executive Officers)</u>
	<u>Matters concerning the executive officers shall be determined by the Board of Directors in addition to those pursuant to laws and regulations, and/or these Articles of Incorporation.</u>
(Added)	<u>Chapter 7 Accounting Auditor</u>

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	<u>Article 39 (Set-up of Accounting Auditor Position)</u>
	<u>The Company shall set up an accounting auditor position.</u>
(Added)	<u>Article 40 (Election of Accounting Auditor)</u>
	<u>The accounting auditor shall be elected by a resolution of the general shareholders meeting.</u>
(Added)	<u>Article 41 (Term of Office of Accounting Auditor)</u>
	<p><u>1. The term of office of the accounting auditor shall expire at the close of the annual general shareholders meeting for the last fiscal year out of the fiscal years terminating within one (1) year after its election.</u></p> <p><u>2. When no specific resolution has been made with respect to the accounting auditor in the annual general shareholders meeting in the preceding paragraph, the accounting auditor shall be deemed to have been reelected at this meeting.</u></p>
Chapter 8 <u>Accounts</u>	Chapter 8 <u>Accounting</u>
<u>Article 38 (Business Year)</u>	<u>Article 42 (Fiscal Year)</u>
The <u>business</u> year of <u>OSE</u> shall be from April 1 to March 31 of the following year.	The <u>fiscal</u> year of <u>the Company</u> shall be <u>the year</u> from April 1 <sup>st</sup> to March 31 <sup>st</sup> of the following year.
<u>Article 39 (Budget)</u>	(Delete)
<u>A resolution on the budget for the business yer shall be made by a majority of two thirds (2/3) or more of</u>	



<u>the Directors present at the meeting of the Board of Directors prior to the beginning of the said business year prescribed in the preceding Article.</u>	
<u>Article 40 (Dividends of Surplus)</u>	<u>Article 43 (Dividends from Retained Earnings, Etc.)</u>
<u>40.1 By a resolution at general meeting of shareholders, year-end dividends may be distributed to shareholders or registered stock pledges listed or recorded in the final shareholder register as of March 31 every year.</u>	<u>Except as otherwise provided by laws and regulations, the Company shall decide on matters provided in each item of Article 459, Paragraph 1 of the Companies Act including dividends paid out of retained earnings by resolutions of the Board of Directors, but not by resolutions of the general shareholders meeting.</u>
<u>40.2 In addition to the preceding Paragraph, OSE may, by a resolution of the Board of Directors, distribute interim dividends to shareholders or registered stock pledges listed or recorded in the final shareholder register as of September 30 every year.</u>	(Delete)
<u>40.3 In case year-end dividends or interim dividends prescribed in the preceding 2 Paragraphs remain unreceived within three (3) years from the date of commencement of payment thereof, OSE shall be released from the obligation to pay such dividends.</u>	(Delete)
(Added)	<u>Article 44 (Record Dates for Retained Earnings Dividends)</u>
	<u>1. The record dates for dividends paid out of retained earnings shall be September 30 and March 31 of each</u>

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	<u>year.</u>
	<u>2. In addition to the preceding paragraph, the Company may pay dividends out of retained earnings by setting other record dates.</u>
(Added)	<u>Article 45 (Limitation on Claim for Dividends)</u>
	<u>1. When dividend assets are in cash, the Company shall be exempted from the obligation to pay the dividends if the dividends have not been received after the passage of three full years from the date the payments begin.</u>
	<u>2. No interest shall accrue on the dividend assets mentioned in the preceding paragraph.</u>
<u>Chapter 9 Miscellaneous Provisions</u>	(Delete)
<u>Article 41 (Interpretation of Articles of Incorporation and Other Rules)</u>	(Delete)
<u>In case there is any doubt about the interpretation of the provisions of the Articles of Incorporation, Business Regulations, Brokerage Standards Agreement or any other rules and regulations of OSE established by a resolution of the Board of Directors, the interpretation thereof shall be determined by two-thirds (2/3) or more of the voting rights of the Directors present at the meeting of the Board of Directors.</u>	
Supplementary Provision	Supplementary Provision
<u>1 These Articles of Incorporation shall come into force as of July 1,</u>	<u>These amended provisions shall come into effect on January 1, 2013.</u>

<u>2009.</u>	
<u>2 The effective date of the amendments to Article 11 and Article 12 shall be January 1, 2013. This paragraph will be deleted as of said effective date.</u>	