

# Notice of the 5<sup>th</sup> Annual General Shareholders Meeting

May 30, 2012

Dear Shareholder,

You are cordially invited to attend the 5<sup>th</sup> Annual 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 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, June 18, 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 web site 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, June 18, 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, June 19, 2012
2. **Place** Tosho Hall  
2nd Floor, Tokyo Stock Exchange Building  
2-1 Nihombashi-Kabuto-cho, Chuo-ku, Tokyo
3. **Objectives of Meeting**
  - Reports
    1. Business Report, the Consolidated Financial Statements and the report on the audit of the consolidated accounts by the Independent Auditor and the Audit Committee for the 5<sup>th</sup> term (the period from April 1, 2011 to March 31, 2012)
    2. The Non-consolidated Financial Statements for the 5<sup>th</sup> term (the period from April 1, 2011 to March 31, 2012)
  - Proposal Regarding the election of fourteen (14) Directors

#### **4. Rules established for the 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 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 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 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.

If a need arises to amend either the section entitled "Reference Documents for the General Shareholders Meeting," Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements in the Company's business report and financial reports, the Company will inform shareholders through its web site at <http://www.tse.or.jp/about/ir/meeting/soukai/>. Please note that this will be considered the formal announcement of any such changes.

## **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 web site 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. on the day before the General Shareholders Meeting (up to the Company's closing time), 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 web site 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 web site 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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## **Business Report**

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

### **I. Overview of Current Status of Corporate Group**

#### **1. Business Report for Consolidated Fiscal Year**

##### (1) Review and results of business and operations

During this consolidated fiscal year, the Japanese economy was greatly affected by the limited supply of electricity and delays in the repair of supply chains due to the Great East Japan Earthquake. Recovery was seen following the disaster. However, the situation remained unclear under the weight of risks arising from negative conditions, such as the effects of the European debt crisis, rising oil prices, and weakening overseas economic conditions as a result of these factors.

Moreover, the Company resolved a business combination with Osaka Securities Exchange, Co., Ltd. (hereinafter "OSE") in the board of directors meeting on November 22, 2011 and concluded a business combination agreement on the same date. Both exchanges have different areas of expertise, one being in the cash market and the other in the derivatives market. By conducting a business combination between these complementary exchanges and proceeding to unify systems, etc., the Company and OSE will be able to achieve synergies and contribute to strengthening the overall competitiveness of the financial market by improving Japan's presence as an international financial center.

Under such circumstances, the TSE group (meaning the corporate group comprising the Company and its subsidiaries including Tokyo Stock Exchange, Inc. (hereinafter "TSE") in this Business Report) remains conscious of its social mission as a market operator to stably provide reliable trading opportunities to market users. In addition to establishing a stable market operation base as the core infrastructure of the Japanese capital market, we planned to further improve market functions by enhancing market transparency and fairness and providing rich liquidity to market users. With this in mind, the TSE group has pursued the following measures to contribute to enhancing the functions of the capital market of Japan.

##### 1) Increase IPOs/Expand Derivatives and ETF Markets

In the Medium-Term Management Plan (FY2011-FY2013) which the TSE group started from this consolidated fiscal year, "Increase IPOs" and "Expand Derivatives/ETF Markets" were provided as core strategies.

In relation to "Increase IPOs", TSE created a sales unit in April 2011 to promote listing of companies with investment appeal for both domestic and overseas investors, and strengthened initiatives toward promotion activities for companies preparing to list, securities companies, auditors, and other related parties, as well as support activities for companies preparing to list according to their unique attributes and growing stages.

On the side of TSE's rules and systems, TSE conducted a revision of listing criteria for the 1<sup>st</sup>/2<sup>nd</sup> Sections for the purpose of providing fund-raising opportunities flexibly through the capital market to core small/medium companies, which play a vital role in the Japanese economy, and contributing to the continuous growth of the Japanese economy, as well as providing attractive investment opportunities to investors through the listing of such core small/medium companies. Additionally, from the perspective of enhancing services for listed companies in order to improve the added-value of TSE listing, TSE launched an English

information dissemination service and aimed to expand the number of companies using such service to strengthen listed company information dissemination for overseas investors, in addition to expanding analyst coverage of Mothers-listed companies in cooperation with outside institutions.

As a result of these efforts, IPOs for this consolidated fiscal year were 6 companies on the 1<sup>st</sup>/2<sup>nd</sup> Sections and 14 companies on Mothers (\*Note), bringing the total number of listed companies to 2,109 on the 1<sup>st</sup>/2<sup>nd</sup> Sections (7 less than the previous period) and 178 on Mothers (2 more than the previous period).

(\*Note) Furthermore, there were 22 companies on the 1<sup>st</sup>/2<sup>nd</sup> Sections which newly listed through other markets. 8 companies on the 1<sup>st</sup>/2<sup>nd</sup> Sections were listed after being established through merger or stock transfer with already listed companies.

In relation to the expansion of the derivatives market, futures trading migrated to Tdex+ System and TSE introduced new rules, such as a market maker scheme in November 2011. Additionally, TSE strengthened marketing activities through the establishment of a sales unit, and conducted initiatives aimed to attract market makers, etc. to capture order flows from overseas and encourage participation of online and retail securities companies to increase individual investors.

Regarding the expansion of the ETF market, TSE has conducted many rule adjustments in relation to ETFs, including allowing for the listing of ETNs as a new product whose price is linked to stock price and commodity indices, etc., similar to ETFs, in addition to ETFs linked to leveraged/inverse indices which multiply/reverse the fluctuations of an underlying index, such as TOPIX or enhanced indices which express investment strategies for certain investment results. Additionally, with the establishment of a sales unit in April 2011, TSE has strengthened marketing functions, improved cooperation with asset management companies to enhance the product line-up and advanced promotion activities to investors in order to increase ETF market liquidity. As a further enhancement of ETF investment information, TSE began real-time calculation and dissemination of indicative NAVs in April 2011 and publishing of portfolio composition file information (PCF information) in July 2011.

As a result, 17 ETF/ETN issues were newly listed during this consolidated fiscal year. Specifically, 10 ETNs, an ETF linked to the "Nikkei 225 Covered Call Index" which is an enhanced index-linked ETF calculated based on the covered call strategy, and an ETF tracking the "TOPIX Risk Control Index (Volatility 5%)" which is calculated based on the risk control strategy, all of which were the first of their kind to be listed in Japan.

## 2) Improving Convenience/Efficiency of Market Infrastructure

In the current Medium-Term Management Plan, the TSE group aims to further sophisticate the existing market infrastructure, particularly strengthening trading systems, etc., and pursue improvement in convenience and efficiency, while expanding the user-base, including individual investors, and securing high liquidity. As part of these efforts, the morning trading session for cash products was extended by 30 minutes, from the previous 9:00AM-11:00AM, to 9:00AM-11:30AM. Additionally, the end of the morning trading session for index futures/options was extended to 11:35AM, with the start of the afternoon trading session beginning 10 minutes later at 11:45AM. Additionally, in conjunction with the migration of futures trading to Tdex+ System, TSE also upgraded the speed of the ToSTNeT (off-auction) system which is used for block and basket trading, and at the same time revised the trading rules. With equities on arrowhead and derivatives on Tdex+ System, all products on the TSE market are traded on systems meeting the world's highest standards.

Given the speed of recent technological innovation and the diversification of market user needs, TSE is working to provide exchange systems which meet user needs, such as by speedily and continuously improving capabilities and enhancing functions. TSE progressively implemented measures, including the introduction of wideband FLEX Full information (FLEX Full WB) in January 2012, making it possible for low latency dissemination of high bandwidth data amounts without delay at times of sudden increases in information corresponding with sharp shifts in the market.

Amidst these circumstances, trading was halted for some issues which coincided with a malfunction in the equities trading system on February 2, 2012. The TSE group offers its sincerest regret for the inconvenience suffered by investors and other market participants due to the malfunction. It is TSE's understanding that this arose from a lack of adequate measures on the part of TSE itself, in its role as a market operator and TSE will work towards strengthening the system operation structure and preventing reoccurrence, while steadily continuing highly reliable system operations.

Regarding the field of clearing/settlement for securities transactions, the TSE group is expanding into the business field of OTC derivatives. From July 2011, the TSE group began clearing operations for credit default swaps (CDS) and is proceeding with deliberations regarding the start of interest rate swap clearing.

Additionally, the TSE group is continuing its activities aimed at attracting listings to the market operated by TOKYO AIM, Inc. (hereinafter "TAIM"), a market for professional investors, and listed the market's second company in May 2012. On July 1, 2012, TSE will conduct an absorption-type merger of TOKYO AIM, whereupon it plans on assuming operations of the market for professional investors.

### 3) Fulfill Self-Regulatory Functions Responding to Evolving Environments

As initiatives to prevent unfair trading, with a view to improving the sophistication and efficiency of inspection/surveillance operations in response to the diversification of trading methods coinciding with recent developments in IT technology and the changing trading environment, Tokyo Stock Exchange Regulation (hereinafter "TSER") verified whether trading participants have established risk management structures and systems for high-speed trading, and, additionally, has improved surveillance system functions to extract signs of unfair trading, such as market manipulation.

The "TSE-R Compliance Learning Center (TSE COMLEC)", which specializes in supporting market participant compliance, is pro-actively involved in awareness activities to prevent unfair trading. These activities include providing e-learning training services, as well as dispatching instructors for in-house training seminars at listed companies and trading participants and holding seminars for market participants.

TSER continued to enact initiatives to promote "preventative" listing supervision, from the perspective of preventing the occurrence of misconducts. Specifically, TSER has been engaging in monitoring visits to listed companies and proactively spreading information through its homepage, seminars/information meetings for listed companies, guidelines which introduce listing supervisory operations, and other means.

### 4) Initiatives to Improve Corporate Governance

Given the series of cases where corporate value was seriously damaged by the actions of listed company managers, TSE has enacted measures to improve listed company corporate

governance. Specifically, in October 2011, TSE issued a notice to all listed companies calling for enhanced corporate governance. In February 2012, TSE announced a revision to the listing rules pertaining to corporate governance in order to restore confidence in the securities market, which included enhanced information disclosure regarding independent directors/auditors, and measures aimed to encourage independent directors/auditors to fulfill their expected roles.

Additionally, TSE has engaged in a wide range of initiatives to enhance the corporate governance of Japanese listed companies, including pro-actively expressing opinions in the discussion related to revisions of the Companies Act from the perspective of revisions pertaining to the appropriate form of corporate governance and parent-subsidary relationship in the Companies Act Subcommittee of the Legislative Council.

Furthermore, in March 2012, TSE conducted a fundamental revision of the listed company awards system, introducing measures to improve the attractiveness of the TSE market, such as creating the "Corporate Value Improvement Award" for listed companies which work to improve their corporate value by including investor concerns in management decisions and activities.

#### 5) Propose Policy Measures/Actively provide Information and Releases

In the current Medium-Term Management Plan, the TSE group has decided to actively propose policy measures and provide information beyond the exchange position in order to strengthen the competitiveness of the overall capital market. In this consolidated fiscal year, the TSE group conducted foundational surveys of the three fields of macroeconomics, microeconomics, and market systems/rules which make up the base of market operations and policies and are closely related to financial capital markets such as the TSE market. The TSE group held 7 workshops to which it invited leading scholars in financial policy, tax systems, and each field, and publicized a report that summarized suggestions for market operations.

Also, the TSE group held 102 seminars for working people and college students through the "Tosho Academy" as part of its efforts to spread knowledge of the economy/securities investment and improve understanding of those, in order to expand the individual investor base. Additionally, the TSE group has ambitiously engaged in holding classes for elementary/junior high/high school students and dispatching TSE group staff to schools as instructors. During this consolidated fiscal year, the TSE group restricted seminars from April to September in response to the planned blackouts and electricity-saving measures in the wake of the Great East Japan Earthquake. Even with such limitations, TSE group staff continued to engage in activities to spread fundamental economic/financial knowledge through family-targeted economy seminars in Nagoya and other regions and actively holding seminars for college students and school teachers.

In addition to the above, the TSE group promoted measures aimed at ensuring an even smoother business continuity structure in emergencies based on the lessons learned from the Great East Japan Earthquake. Such efforts included newly defining particularly important areas for market operations, preparing a structure to secure the necessary personnel, revising the business continuity plan manual, and engaging in practical drills.

Furthermore, the TSE group has been dedicated to supporting the recovery of the companies and regions affected by the Great East Japan Earthquake. In order to allow for flexible responses in the listing supervision of listed companies whose management was affected and the new listing of prospective companies, TSE has established special listing rule provisions

and changed listing supervision and listing examination operations in consideration of the earthquake's effects.

Under these conditions, average daily trading value for equities during this consolidated fiscal year was JPY1.3050 trillion (down 16.0% year-on-year). Also, average daily trading volume was 57,840 contracts for TOPIX Futures (down 5.1% year-on-year) and 29,307 contracts for JGB Futures (down 10.3% year-on-year).

Funds raised by listed companies largely dropped versus the previous consolidated fiscal year, falling to JPY 1.2151 trillion (down 68.9% year-on-year). At the end of March 2012, TOPIX stood at 854.35 points, with a market capitalization of listed companies being JPY 298.3589 trillion

As a result, for this consolidated fiscal year, the TSE group's operating revenue was JPY 53,045 million (down 7.1% year-on-year), operating expenses were JPY 43,885 million (up 0.9% year-on-year), operating profit was JPY 9,159 million (down 32.6% year-on-year), and ordinary profit was JPY 10,903 million (down 28.7% year-on-year). The TSE group reported an income of JPY 10,896 million (down 27.9% year-on-year) before income taxes and minority interest and a net profit of JPY 6,311 million (down 28.9% year-on-year).

Under non-operating revenue of this consolidated fiscal year under review, listing agreement violation penalties from listed companies accounted for JPY 10 million, which TSE applied to entrustment fees that it paid to TSER. TSER partly finance itself by such fee revenue for the operations of the market surveillance system, etc. as investment to build a sound stock market.

(2) Capital expenditures

During the year under review, the TSE group worked on development of trading systems and other projects. Overall, capital investments for infrastructure during this consolidated fiscal year amounted to approximately JPY 6.3 billion.

(3) Financing

There are no matters to report.

(4) Business transfer, mergers and demergers

There are no matters to report.

(5) Acquisitions of operations from other companies

There are no matters to report.

(6) Assumption of the rights and obligations of other corporate entities as a result of absorption-typed mergers or demergers

There are no matters to report.

(7) Acquisition or disposition of shares or equities in other companies, or subscription warrants, etc.

In order to merge with TOKYO AIM ("TAIM"), the Company received all 980 shares of TAIM held by London Stock Exchange plc and TAIM became a wholly owned subsidiary of the Company in March 2012. TSE is scheduled to conduct an absorption-type merger of TAIM in July 2012 and operate a professional investor-oriented market.



## 2. Assets and Earnings in the Three Years Prior to the Year under Review

· TSE group

(JPY Million)

	March 2009 term (Apr. 2008 to Mar. 2009)	March 2010 term (Apr. 2009 to Mar. 2010)	March 2011 Term (Apr. 2010 to Mar. 2011)	March 2012 Term (Apr. 2011 to Mar. 2012)
Operating revenue	67,090	60,665	57,097	53,045
Operating profit	14,174	14,824	13,596	9,159
Ordinary profit	16,259	17,425	15,302	10,903
Net income (loss)	(3,696)	(3,602)	8,879	6,311
Net income (loss) per share (JPY)	(1,625.65)	(1,584.27)	3,905.07	2,775.98
Total assets	677,163	391,075	514,405	345,247
Net assets	114,088	116,940	124,782	127,122
Net assets per share (JPY)	49,113.92	50,085.81	53,606.95	54,801.89

(Operating revenue)

(JPY Million)

	March 2011 term (Apr. 2010 to Mar. 2011)	March 2012 term (Apr. 2011 to Mar. 2012)	Year-on-year change	
Trading participation fees	21,516	19,842	(1,674)	(7.8)%
Listing fees	9,862	7,329	(2,532)	(25.7)%
Income from Information services	11,071	11,050	(21)	(0.2)%
Income related to clearing and settlement	7,407	6,828	(579)	(7.8)%
Other operating revenues	7,238	7,994	756	10.4%
Total	57,097	53,045	(4,052)	(7.1)%

**The Company**

(JPY Million)

	<b>March 2009 term</b> (Apr. 2008 to Mar. 2009)	<b>March 2010 term</b> (Apr. 2009 to Mar. 2010)	<b>March 2011 Term</b> (Apr. 2010 to Mar. 2011)	<b>March 2012 Term</b> (Apr. 2011 to Mar. 2012)
Operating revenues	9,068	7,606	6,994	7,465
Operating profit	3,209	2,026	1,386	2,201
Ordinary profit	3,453	3,148	2,522	3,281
Net income	2,544	1,858	869	1,686
Net income per share (JPY)	1,119.15	817.35	382.61	741.79
Total assets	129,852	141,054	139,861	144,553
Net assets	100,670	108,340	108,337	106,429
Net assets per share (JPY)	44,275.07	47,648.76	47,647.47	46,808.23

DISCLAIMER: This translation may be used for reference purposes only. This English version is not an official translation of the original Japanese version (including tables for comparison of new and old rules and regulations; hereinafter the same). Certain parts of the translation may have been edited to accommodate differences in writing style and expression between English and Japanese. In cases where any differences including, but not limited to, those differences above occur between the English version and the original Japanese version, the Japanese version shall prevail. This translation is subject to change without notice. Tokyo Stock Exchange Group, Inc., Tokyo Stock Exchange, Inc., Tokyo Stock Exchange Regulation, and/or their affiliates shall individually or jointly accept no responsibility or liability for damage or loss caused by any error, inaccuracy, misunderstanding, or changes with regard to this translation.

### 3. Information Concerning the Parent Company and Major Subsidiaries

#### (1) Relationship with parent company

There are no matters to report.

#### (2) Major subsidiaries

	Address	Paid-in Capital (JPY Million)	Percentage of total (%) [indirect]	Principal businesses
Tokyo Stock Exchange, Inc.	Chuo-ku, Tokyo	11,500	100.0	Financial instruments exchange market operations
Tokyo Stock Exchange Regulation	Chuo-ku, Tokyo	3,000 (*1)	100.0	Self-regulatory operations
TOKYO AIM, Inc.	Chuo-ku, Tokyo	1,000	100.0	Specified financial instruments exchange market operations
Japan Securities Clearing Corporation	Chuo-ku, Tokyo	4,850	90.3 (*2)	Clearing and settlement operations for trading in securities
TOSHO SYSTEM SERVICE CO., LTD.	Chuo-ku, Tokyo	100	80.0 [80.0]	Systems development, etc.

(\*1) The amount in the "paid-in capital" column for Tokyo Stock Exchange Regulation refers to the non-stock capital of non-profit organizations.

(\*2) Class-A stock 87.7%, Class-B stock 100.0%

### 4. Issues Requiring Actions

The TSE group recognizes that, as a market operator, it has been entrusted with the social mission of providing market users with opportunities to trade with confidence, and that it must provide such opportunities consistently and reliably. While striving to perform its business in a transparent manner and strike a balance between the exchange's public nature and its need for profitability, the group is intent on evolving into an exchange capable of responding to a wide range of user needs. In order to realize this goal, "Increase IPOs" and "Expand Derivatives/ETF Markets" have been provided as two core strategies in the first year of the Medium-Term Management Plan (FY2011-FY2013) for this consolidated fiscal year via fulfilling its functions of providing risk money as the capital market's infrastructure and acting as a one-stop market to lead in the revitalization of the Japanese economy.

In the next consolidated fiscal year, the TSE group will engage in the "Revitalization of the Japanese Stock Market" project in order to accelerate positive changes in Japanese corporations in the difficult economic environment, including the earthquake and the European debt crisis. In addition to promoting further increase in IPOs and the further enhancement of services for listed companies, the TSE group will also work to "Expand New Layers of Investors" and, as a part of core strategies, achieve a highly convenient and effective market through synergies generated with other exchanges using the system infrastructure and the strategic use of such infrastructure.

As a basic strategy to achieve this, in addition to providing risk-money needed to support the growth of the various companies that will forge the future of Japan, the TSE group will aim to realize a market in which individual and institutional investors will support corporations in the medium-to-long term, focusing on such corporations' appeal and future potential. To realize this, the TSE group will make efforts for dissemination of information to new

corporations/investor layers and promotion activities, as well as improving rules/systems and fortifying the foundation toward the revitalization of the Japanese stock market.

Alongside this, the TSE group engages in improving arrowhead capabilities and expanding its capacity, and strategically using arrownet, while also promoting the creation of a next-generation market design in order to further improve the convenience and reliability of the market infrastructure.

In light of the foregoing management policies, major management goals that the TSE group will work to achieve are as follows.

- (1) Increase IPOs/Enhance Services for Listed Companies
  - Promote listing of attractive domestic/foreign companies through promotion activities to companies preparing for listing, securities companies, audit firms, and other related parties.
  - Enhance services for listed companies, such as analyst coverage, English information dissemination services for overseas investors, and Listed Company Awards.
  - Revitalize IPOs through communication with municipal bodies and local corporations, and listed company PR.
- (2) Expand New Investor Base
  - Engage in promotion activities for Japanese stocks, ETFs, and REITs to domestic/overseas institutional investors according to their individual investment styles in cooperation with securities companies, listed companies, IR companies, etc.
  - Expand new layers of individual investors through consumer-level promotion activities, and comprehensive initiatives aimed at improving financial literacy.
  - Engage in initiatives such as revisions to rules and systems beyond the TSE group's original position with measures aimed at expanding new investor bases and improving the competitiveness of the Japanese stock market.
- (3) Expand ETF/Derivatives Markets
  - Aim to secure leading overseas market makers and increase issues handled by designated trading participants through marketing activities for expanded liquidity, as well as enrich the new product lineup through continued development/marketing at ETF and other new asset companies.
  - Aim to increase trading volume through continued marketing targeting market makers and retail securities companies, while strengthening systems and product line-up, including improved trading rules and development of JGB and equity related products.
- (4) Fulfill Self-Regulatory Functions Responding to Evolving Environments
  - Revise the matters examined and process of listing examination to promote more balanced examination procedures, while conducting continuous "monitoring visit" to promote preventative listing supervision.
  - Engage in focused-inspections responding to the development of high-speed trading as an introduction of inspection methods in line with market environment changes, while creating an inspection structure for the remote trading participant system, as well as enhancing the functions of the new trading surveillance system to increase sophistication and efficiency of market surveillance operations in response to changes in the market environment.

(5) Expand Market Infrastructure and Strengthen its Function

- Promote next-generation market design through next-generation arrowhead and expand the scope of arrownet provision, including development of a global connection, as well as steadily strengthen the system operational structure by specifying the system process flow, based on past malfunctions.
- Begin clearing operations for interest rate swaps in October 2012, and expand CDS clearing user base.
- Further enhance information services, including implementing new services pertaining to corporate action information.

Furthermore, regarding future plans in relation to the business combination with Osaka Securities Exchange Co., Ltd., (OSE) following the conclusion of the corporate merger examination currently underway by the Fair Trade Committee, the Company will conduct a tender offer to buy shares of OSE and conclude a merger agreement. After that, in extraordinary shareholders meetings for both companies, a proposal related to approval of the merger agreement will be submitted and the effective date of the merger is scheduled for January 1, 2013.

**5. Principal Business** (as of March 31, 2012)

The principal business of the TSE group is to provide and operate financial instruments exchange markets. Specifically, the group provides market facilities for securities trading and derivatives market trading ("securities trading, etc."), publicizes market information such as quotes and prices, and engages in operations that ensure the fairness of securities trading, etc. It also provides the service of assuming securities obligations, etc.

**6. Main Offices** (as of March 31, 2012)

• *The Company*

Name	Address
Head Office	2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo

• *Subsidiaries*

Name	Address
Tokyo Stock Exchange, Inc.	2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo
Tokyo Stock Exchange Regulation	2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo
TOKYO AIM, Inc.	2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo
Japan Securities Clearing Corporation	2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo
TOSHO SYSTEM SERVICE CO., LTD.	2-1-1, Nihombashi-Kayaba-cho, Chuo-ku, Tokyo

**7. Employees (as of March 31, 2012)****• TSE group**

Number of employees	Compared to the previous fiscal year	Average age	Average year of employment
862	8	40 years 10 months	16 years 3 months

(Note) The number of employees refers to persons working on a regular basis (excluding persons assigned temporarily by the TSE group but including persons assigned to work temporarily in the TSE group); temporary employees (part-time workers and persons dispatched from temporary employment agencies) are not included.

**• The Company**

Number of employees	Compared to the previous fiscal year	Average age	Average year of employment
149	(3)	43 years 6 months	20 years 1 months

(Note) The number of employees refers to persons working on a regular basis (excluding persons assigned to outside entities temporarily by the Company but including persons assigned to work temporarily in the Company); temporary employees (part-time workers and persons dispatched from temporary employment agencies) are not included.

**8. Lenders, Loans and Shares Held by Lenders (as of March 31, 2012)**

Lenders	Type of Loan	Account of loan (JPY Million)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Short-term borrowings	17,570

**9. Other Important Items Related to the Corporate Group**

On December 8, 2005, Mizuho Securities Co., Ltd. (Mizuho Securities) issued an erroneous order for the sale of shares of J-COM Co., Ltd. Mizuho Securities filed a lawsuit against TSE in the Tokyo District Court claiming damages of approximately JPY 41.5 billion with respect to this incident. However, on December 4, 2009, the court decided to order TSE to pay damages (approximately JPY 10.7 billion and delinquency charges). On December 18, 2009, TSE made a payment of JPY 13.2 billion, including delinquency charges up until that date, in order to exempt compulsory execution based on the court ruling with declaration of provisional execution.

In response to this court ruling, Mizuho Securities has filed an appeal with the Tokyo High Court, and TSE has filed an incidental appeal with the court accordingly. The case is currently under litigation.

**II. Status of Shares** (as of March 31, 2012)

<b>1. Total Authorized Number of Shares to be Issued</b>	9,200,000
<b>2. Total Number of Shares Issued</b>	2,300,000
<b>3. Number of Shareholders</b>	107

**4. Fourteen (14) Largest Shareholders**

Name of shareholders	Number of shares	Percentage of total
	Thousands	%
Morgan Stanley MUFG Securities Co., Ltd.	100	4.40
SMBC Friend Securities Co., Ltd.	60	2.64
Goldman Sachs Japan Co., Ltd.	60	2.64
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	55	2.42
Retela Crea Securities Co., Ltd.	41	1.80
AIZAWA SECURITIES CO., LTD.	40	1.76
Iwai Cosmo Holdings, Inc.	40	1.76
SBI VEN HOLDINGS PTE. LTD.	40	1.76
OKACHI SECURITIES CO., LTD.	40	1.76
KYOKUTO SECURITIES CO., LTD.	40	1.76
Securities Japan, Inc.	40	1.76
BNP Paribas Securities (Japan) Limited	40	1.76
Monex, Inc.	40	1.76
Mizuho Securities Co., Ltd.	40	1.76

(Note) Calculations of the "percentage of total" exclude treasury shares (26,260 shares).

**III. Status of Subscription Warrants (*shinkabu-yoyakuken*), etc.**

There are no matters to report.

#### IV. Directors and Executive Officers of the Company

##### 1. Directors and Executive Officers (as of March 31, 2012)

###### 1) Board of Directors

Position	Name	Areas of responsibility, primary position	Representation of other companies, etc.
Director	Atsushi Saito	President and CEO; Chairman of the Nomination Committee; Member of the Compensation Committee	President and CEO, Tokyo Stock Exchange, Inc.
Director	Hiroyuki Iwakuma	Senior Executive Vice President and COO	Representative Senior Managing Director and COO, Tokyo Stock Exchange, Inc.
Director	Hiroshi Okuda	Member of the Nomination Committee	Outside Director, Tokyo Stock Exchange, Inc.; Senior Adviser, Toyota Motor Corporation; Outside Director, Japan Post Holdings Co., Ltd.
Director	Paul Kuo		Outside Director, Tokyo Stock Exchange, Inc.; Senior Adviser Credit Suisse Securities (Japan) Limited
Director	Hideaki Kubori	Member of the Nomination Committee	Governor, Tokyo Stock Exchange Regulation; Attorney-At-Law; Representative, HIBIYA PARK LAW OFFICES; Outside Auditor, SOURCENEXT CORPORATION
Director	Eiko Kono		Outside Director, Tokyo Stock Exchange, Inc.; Outside Director, DIC Corporation; Outside Director, HOYA CORPORATION; Outside Director, Mitsui Sumitomo Insurance Company Limited
Director	Atsushi Shimizu	Member of the Audit Committee	Outside Statutory Auditor, Tokyo Stock Exchange, Inc.; Attorney-At-Law; Outside Auditor, The Bank of Yokohama, Ltd.
Director	Masakazu Hayashi		President, Tokyo Stock Exchange Regulation
Director	Masayuki Hirose	Member of the Audit Committee	Statutory Auditor, Tokyo Stock Exchange, Inc.



Position	Name	Areas of responsibility, primary position	Representation of other companies, etc.
Director	Tsuguoki Fujinuma		Governor, Tokyo Stock Exchange Regulation; CPA; Professor, Chuo University Graduate School; Outside Director, Sumitomo Life Insurance Company; Outside Director, Nomura Holdings, Inc.; Outside Corporate Auditor, Sumitomo Corporation; Outside Corporate Auditor, Seven & i Holdings Co., Ltd.; Outside Corporate Auditor, Takeda Pharmaceutical Company Limited
Director	Katsuhiko Honda	Chairman of the Compensation Committee	Outside Director, Tokyo Stock Exchange, Inc.; Corporate Counselor, Japan Tobacco Inc.; Outside Director, Tokyo Gas Co. Ltd.
Director	Kunihiro Matsuo	Member of the Audit Committee	Outside Statutory Auditor, Tokyo Stock Exchange, Inc.; Attorney-At-Law; Independent Director, Asahi Glass Co., Ltd.; Outside Corporate Auditor, Komatsu Ltd.; Outside Corporate Auditor, Sompo Japan Insurance Inc.; Outside Corporate Auditor, Toyota Motor Corporation; Outside Auditor, BROTHER INDUSTRIES, LTD.; Outside Corporate Auditor, MITSUI & CO., LTD.
Director	Okii Matsumoto		Outside Director, Tokyo Stock Exchange, Inc.; Representative Director, Chairman and CEO, Monex Group, Inc.; Representative Director and President CEO, Monex Inc.; Outside Director, Kakaku.com, Inc.
Director	Takashi Moriya	Chairman of the Audit Committee	Standing Outside Auditor, Tokyo Stock Exchange, Inc.; Auditor, Tokyo Stock Exchange Regulation
Director	Charles Ditmars Lake II	Member of the Compensation Committee	Outside Director, Tokyo Stock Exchange, Inc.; Representative and Chairman, American Family Life Assurance Company of Columbus (Japan Branch)

## (Notes)

- The following eleven (11) persons are Outside Directors: Hiroshi Okuda, Paul Kuo, Hideaki Kubori, Eiko Kono, Atsushi Shimizu, Tsuguoki Fujinuma, Katsuhiko Honda, Kunihiro Matsuo, Okii Matsumoto, Takashi Moriya and Charles Ditmars Lake II.
- Director Paul Kuo resigned from the following position on the following date: President and CEO, Credit Suisse and Representative in Japan of Tokyo Branch of Credit Suisse Bank on January 2, 2012.  
Director Hideaki Kubori resigned from the following position at the general shareholders meeting on the following date: Outside Director, Nomura Holdings, Inc. on June 28, 2011.  
Director Kunihiro Matsuo was elected for and assumed the following position at the general shareholders meeting on the following date: Outside Auditor, BROTHER INDUSTRIES, LTD. on June 23, 2011.  
Director Okii Matsumoto resigned from the following position at the general shareholders meeting on the following date: Outside Director, Shinsei Bank, Ltd. on June 22, 2011.  
Director Takashi Moriya resigned from the following positions at the general shareholders meetings on the following dates: President and Representative Director, JAPAN SECURITIES AGENTS, LTD. on June 21, 2011; Vice President and Representative Director, JBIS Holdings, Inc. on June 22, 2011.

## 2) Executive Officers

Position	Name	Areas of responsibility, primary position	Representation of other companies, etc.
President and CEO	Atsushi Saito	Chief Executive Officer	Refer to "1) Board of Directors"
Senior Executive Vice President and COO	Hiroyuki Iwakuma	Chief Operating Officer	Refer to "1) Board of Directors"
Executive Vice President and CIO	Yoshinori Suzuki	Chief Information Officer; IT Planning	Senior Managing Director and CIO, Tokyo Stock Exchange, Inc.
Senior Executive Officer	Tomoyoshi Uranishi	Corporate Communications (excluding IR) and CSR Promotion	
Senior Executive Officer	Koichiro Miyahara	Corporate Strategy and Human Resources	
Executive Officer and CFO	Norio Iwasaki	Chief Financial Officer; General Administration and Treasury	

**2. New and Retiring Directors and Executive Officers during the Fiscal Year**

## (1) Newly elected

All directors were elected at the 4<sup>th</sup> Annual General Shareholders Meeting held on June 21, 2011 and took office respectively on that day; all executive officers were elected at the regular meeting of the Board of Directors held on the same day and took office respectively on that day.

## (2) Retired

Directors Toshiaki Katsushima, Satoshi Shiibashi, Yoshinari Hara, and Hitoshi Maeda resigned as director effective the end of the 4<sup>th</sup> Annual General Shareholders Meeting held on June 21, 2011.

**3. Policies Regarding Decisions on Compensation for Directors and Executive Officers**

The compensation received by the Company's directors and executive officers shall be determined by the Compensation Committee in accordance with the following policies:

- In addition to being appropriate for the work responsibilities of directors and executive officers, compensation must also contribute to enhanced awareness of the need to achieve the Company's management goals.
- Compensation must be competitive and adequate to attract the talent necessary to build a market that offers excellent reliability and convenience.
- In light of the Company's special nature as a part of the social infrastructure, compensation must be appropriate in light of the social situation, and compensation decision procedures and other aspects must be transparent.

**4. Compensation Paid to Directors and Executive Officers**

	No. of Recipients	Amount Paid (JPY Million)
Directors	14	106
[of which Outside Directors]	[13]	[78]
Executive Officers	6	287

(Notes)

1. The compensation, etc. for persons serving as both Executive Officers and Directors is listed on the Executive Officer line.
2. The above amounts include JPY 62 million paid in bonuses to Executive Officers as decided in the Compensation Committee on April 27, 2012.
3. During the fiscal year under review, JPY 12 million in total was separately paid out to Outside Directors as compensation by Tokyo Stock Exchange Regulation.

## 5. Item Related to Outside Directors and Outside Statutory Auditors

### (1) Persons serving as Outside Directors and Outside Statutory Auditors at other companies

Position	Name	Company/Corporation/etc. name	Relation to the Company
Director	Hiroshi Okuda	Outside Director, Tokyo Stock Exchange, Inc. Outside Director, Japan Post Holdings Co., Ltd.	Tokyo Stock Exchange, Inc. is a wholly-owned subsidiary of the Company. There is no particular relation to any other corporation.
Director	Paul Kuo	Outside Director, Tokyo Stock Exchange, Inc.	Tokyo Stock Exchange, Inc. is a wholly owned subsidiary of the Company.
Director	Hideaki Kubori	Governor, Tokyo Stock Exchange Regulation Representative, HIBIYA PARK LAW OFFICES Outside Auditor, SOURCENEXT CORPORATION	Tokyo Stock Exchange Regulation is a wholly-owned subsidiary of the Company. SOURCENEXT CORPORATION is a listed company of Tokyo Stock Exchange, Inc. There is no particular relation to any other corporation.
Director	Eiko Kono	Outside Director, Tokyo Stock Exchange, Inc. Outside Director, DIC Corporation Outside Director, HOYA CORPORATION Outside Director, Mitsui Sumitomo Insurance Company Limited	Tokyo Stock Exchange, Inc. is a wholly-owned subsidiary of the Company. DIC Corporation and HOYA CORPORATION are listed companies of Tokyo Stock Exchange, Inc. There is no particular relation to any other corporation.

Position	Name	Company/Corporation/etc. name	Relation to the Company
Director	Atsushi Shimizu	Outside Statutory Auditor, Tokyo Stock Exchange, Inc. Outside Auditor, The Bank of Yokohama, Ltd.	Tokyo Stock Exchange, Inc. is a wholly owned subsidiary of the Company. The Bank of Yokohama, Ltd. is a listed company of Tokyo Stock Exchange, Inc.
Director	Tsuguoki Fujinuma	Governor, Tokyo Stock Exchange Regulation Outside Director, Sumitomo Life Insurance Company Outside Director, Nomura Holdings, Inc. Outside Corporate Auditor, Sumitomo Corporation Outside Corporate Auditor, Seven & i Holdings, Inc. Outside Corporate Auditor, Takeda Pharmaceutical Company Limited	Tokyo Stock Exchange Regulation is a wholly-owned subsidiary of the Company. Nomura Holdings, Inc., Sumitomo Corporation, Seven & i Holdings, Inc., and Takeda Pharmaceutical Company Limited are listed companies of Tokyo Stock Exchange, Inc. There is no particular relation to any other corporation.
Director	Katsuhiko Honda	Outside Director, Tokyo Stock Exchange, Inc. Outside Director, Tokyo Gas Co. Ltd.	Tokyo Stock Exchange, Inc. is a wholly-owned subsidiary of the Company. Tokyo Gas Co. Ltd. is a listed company of Tokyo Stock Exchange, Inc.
Director	Kunihiro Matsuo	Outside Statutory Auditor, Tokyo Stock Exchange, Inc. Independent Director, Asahi Glass Co., Ltd. Outside Corporate Auditor, Komatsu Ltd. Outside Corporate Auditor, Sampo Japan Insurance Inc. Outside Corporate Auditor, Toyota Motor Corporation Outside Auditor, BROTHER INDUSTRIES, LTD. Outside Corporate Auditor, MITSUI & CO., LTD.	Tokyo Stock Exchange, Inc. is a wholly-owned subsidiary of the Company. Asahi Glass Co., Ltd., Komatsu Ltd., Toyota Motor Corporation, BROTHER INDUSTRIES, LTD. and MITSUI & CO., LTD. are listed companies of Tokyo Stock Exchange, Inc. There is no particular relation to any other corporation.
Director	Oki Matsumoto	Outside Director, Tokyo Stock Exchange, Inc. Representative Director, Chairman and CEO, Monex Group, Inc. Representative Director and President CEO, Monex, Inc. Outside Director, Kakaku.com, Inc.	Tokyo Stock Exchange, Inc. is a wholly-owned subsidiary of the Company. Monex, Inc. is a trading participant of Tokyo Stock Exchange, Inc. and holds shares in the Company. Monex Group, Inc., and Kakaku.com, Inc. are listed companies of Tokyo Stock Exchange, Inc.
Director	Takashi Moriya	Standing Outside Auditor, Tokyo Stock Exchange, Inc. Auditor, Tokyo Stock Exchange Regulation	Tokyo Stock Exchange, Inc. and Tokyo Stock Exchange Regulation are wholly owned subsidiaries of the Company.
Director	Charles Ditmars Lake II	Outside Director, Tokyo Stock Exchange, Inc. Representative and Chairman, American Family Life Assurance Company of Columbus (Japan Branch)	Tokyo Stock Exchange, Inc. is a wholly-owned subsidiary of the Company. There is no particular relation to any other corporation.

(2) Family relationships with persons involved in the execution of business operations, etc. of the Company or "specified related parties" to the Company  
There are no matters to report.

## (3) Primary activities during the fiscal year

Position	Name	Primary activities
Director	Hiroshi Okuda	Attended 9 of the 11 Board of Directors meetings held during the business year under review; attended all 2 Nomination Committee meetings held during the business year under review; made statements that were relevant to the Board's deliberation of agenda items, contributed such statements in an appropriate way.
Director	Paul Kuo	Attended 7 of the 9 Board of Directors meetings held since assuming his position on June 21, 2011; made statements that were relevant to the Board's deliberation of agenda items, contributed such statements in an appropriate way.
Director	Hideaki Kubori	Attended 8 of the 9 Board of Directors meetings held since assuming his position on June 21, 2011; made statements that were relevant to the Board's deliberation of agenda items, contributed such statements in an appropriate way.
Director	Eiko Kono	Attended 9 of the 11 Board of Directors meetings held during the business year under review; made statements that were relevant to the Board's deliberation of agenda items, contributed such statements in an appropriate way.
Director	Atsushi Shimizu	Attended all 9 Board of Directors meetings held since assuming his position on June 21, 2011; attend all 9 Audit Committee meetings held since the same date; made statements that were relevant to the Board's deliberation of agenda items, contributed such statements in an appropriate way.
Director	Tsuguoki Fujinuma	Attended 10 of the 11 Board of Directors meetings held during the business year under review; made statements that were relevant to the Board's deliberation of agenda items, contributed such statements in an appropriate way.
Director	Katsuhiko Honda	Attended 10 of the 11 Board of Directors meetings held during the business year under review; attended all 2 Compensation Committee meetings held during the business year under review; made statements that were relevant to the Board's deliberation of agenda items, contributed such statements in an appropriate way.
Director	Kunihiro Matsuo	Attended 8 of the 11 Board of Directors meetings held during the business year under review; attended 9 of the 12 Audit Committee meetings held during the business year under review; made statements that were relevant to the Board's deliberation of agenda items, contributed such statements in an appropriate way.
Director	Oki Matsumoto	Attended 10 of the 11 Board of Directors meetings held during the business year under review; made statements that were relevant to the Board's deliberation of agenda items, contributed such statements in an appropriate way.
Director	Takashi Moriya	Attend all 9 Board of Directors meetings held since assuming his position on June 21, 2011; attended all 9 Audit Committee meetings held since the same date; made statements that were relevant to the Board's deliberation of agenda items, contributed such statements in an appropriate way.
Director	Charles Ditmars Lake II	Attended 10 of the 11 Board of Directors meetings held during the business year under review; attended the 1 Compensation Committee meeting held since June 21, 2011; made statements that were relevant to the Board's deliberation of agenda items, contributed such statements in an appropriate way.

## (4) Summary of agreements limiting liability

The Articles of Incorporation of the Company stipulate that it shall be able to conclude an agreement with outside directors which limits such outside directors' liabilities for damages to the Company so as to facilitate commitment to their duties without unnecessary negligence, and appropriate execution of duties expected of them. The Company has concluded such agreements limiting liability with the following ten individuals: Outside Directors Hiroshi Okuda, Paul Kuo, Hideaki Kubori, Eiko Kono, Atsushi Shimizu, Tsuguoki Fujinuma, Katsuhiko Honda, Kunihiro Matsuo, Oki Matsumoto and Charles Ditmars Lake II.

The agreements limiting liability shall be generally structured as follows:

- In the event that an outside director of the Company has to assume responsibility under Article 423, Paragraph 1 of the Companies Act, and provided that the outside director has conducted his or her actions in good faith and without gross negligence, said outside

director shall accept responsibility for liability to the Company up to the limit provided as follows.

- The amount established as a limit for the liability of outside directors shall be arrived at by multiplying by 2 the figure which results from applying the formula prescribed by Ministry of Justice ordinance, as stipulated under Article 425, Paragraph 1, Item 1 of the Companies Act, and adding the amount stipulated under Item 2 of the same paragraph.

## V. Accounting Auditor

### 1. Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

### 2. Compensation Paid to Accounting Auditor

	Amount Paid
1) Total fees paid to the Accounting Auditor by the Company and its subsidiaries	JPY 81 million
2) Of the total in 1), the amount of fees paid as a consideration for audit certification under Article 2, Paragraph 1 of the Certified Public Accountants Act	JPY 71 million
3) Of the total paid in 2), the total amount of fees paid by the Company to its Accounting Auditor as defined under the Companies Act and the Financial Instruments and Exchange Act	JPY 25 million

*(Note) In the auditing agreement entered into between the Company and the Accounting Auditor, no distinction is made between compensation paid for audits made in accordance with the Companies Act and compensation paid for audits made in accordance with the Financial Instruments and Exchange Act; in practical terms, this distinction cannot be made, and thus the amounts shown as paid during the year under review are the total of these two amounts.*

### 3. Non-audit Services

The Company paid consideration to the accounting auditor for services other than the services specified in Article 2, Paragraph 1 of the Certified Public Accountants Act, such as financial due diligence.

### 4. Policy Regarding Decisions to Dismiss or Not Reappoint the Accounting Auditor

The Audit Committee shall submit a resolution to the General Shareholders Meeting proposing the dismissal of the Accounting Auditor or recommending against its reappointment in the event that the Committee determines that such action is necessary in light of a comprehensive assessment of the Accounting Auditor's independence, trustworthiness, or other conditions related to the performance of its duties.

In addition, if the provisions of items of Article 340, Paragraph 1 of the Companies Act are found to apply to the Accounting Auditor, the Company shall dismiss the Accounting Auditor.

### 5. Matters Related to Agreements to Limit Liability

There are no matters to report.

## **VI. Matters Related to Organizational Improvements Designed to Ensure Appropriate Execution of Operations**

The Company has made a number of decisions regarding its structures to ensure that executive officers carry out their duties in compliance with the law and with the Articles of Incorporation, and that other company operations are conducted appropriately.

### **1. Matters Related to Directors and Employees who Support the Audit Committee in Performing Its Duties**

- The Company shall establish a set of internal rules known as "Regulations Regarding Employees who Support the Audit Committee in Performing Its Duties" to prescribe certain matters for employees who support the Audit Committee in its operations, and shall apply these rules appropriately. These regulations shall include the following provisions:
  - (1) Employees attached to the Audit Committee Office shall assist the Audit Committee in performing its duties and shall obey directions and orders issued by the committee.
  - (2) There shall be at least four employees attached to the Audit Committee Office, including one director of the office.

### **2. Matters Related to the Independence of Directors and Employees from Executive Officers**

- In order to ensure the independence of employees attached to the Audit Committee Office, the Company shall establish a set of internal rules known as "Regulations Regarding Employees who Support the Audit Committee in Performing Its Duties" and shall apply them appropriately. These regulations shall include the following provisions:
  - (1) Prior approval shall be obtained from the Audit Committee (or from a specified committee member in the event that the Audit Committee has appointed such a member) regarding matters concerned with hiring, transfer, performance evaluations, salaries, or reprimands of employees attached to the Audit Committee Office.
  - (2) Executive officers and employees shall be careful not to undermine the independence of employees attached to the Audit Committee Office through actions that may unfairly restrict the execution of duties by such employees.

### **3. System Governing Reporting by Executive Officers and Employees to the Audit Committee; System Related to Other Reporting to the Audit Committee**

- To develop a system for reporting to the Audit Committee, the Company shall establish a set of internal rules known as "Regulations Regarding Reporting, etc. to the Audit Committee" and shall apply them appropriately. These regulations shall include the following provisions:
  - (1) When the Audit Committee or a member of the Audit Committee who has been designated by the committee requests a report on operations, executive officers and employees shall promptly submit such a report.
  - (2) In the event that any executive officer or employee discovers something that may significantly affect the operations or the financial condition of the Company, its subsidiaries, or its affiliates, such officer or employee shall immediately report the details of the problem to the Audit Committee or to a member of the Audit Committee who has been designated by the committee.

### **4. System for Ensuring that Audits by the Audit Committee are Carried Out Effectively**

- To ensure that audits by the Audit Committee are carried out effectively, the Company shall establish a set of internal rules known as "Regulations Regarding Reporting, etc. to the Audit Committee" and shall apply them appropriately. These regulations shall include the following

provisions:

- (1) Representative executive officers shall hold periodic meetings with the Audit Committee, or with a member of the Audit Committee who has been designated by the committee, to exchange opinions on the following: management policies; issues requiring a response by the Company; serious risks that could affect the Company; creating an environment favorable for conducting audits; and important audit-related issues, etc.
- (2) When the Audit Committee or a member of the Audit Committee requests payment of expenses for advice sought from lawyers, CPAs or other outside experts to conduct an audit, or for the commissioning of research, appraisals or other activities to such outside experts, the executives officers and employees concerned shall not refuse such requests, except when it is clear that the expenses related to such requests are unnecessary for the execution of duties by the Audit Committee or by a member of the Audit Committee.

## **5. System to Ensure that Executive Officers and Employees Fulfill their Duties in Accordance with Applicable Laws and Regulations, and with the Company's Articles of Incorporation**

- The Company shall establish regulations for the Board of Directors, regulations for the Committee of Executive Officers, job function-related regulations, etc., and it shall conduct its operations based on the separation of duties and authorities provided for under these regulations.
- The Company shall adopt a compliance program and implement the following measures:
  - (1) Establish internal regulations on compliance (including regulations related to information management), including a Charter of Corporate Behavior and code of conduct for employees, which shall stipulate universal values and specific action guidelines with which persons belonging to the Company, the TSE, and TSER (the respective TSE group companies) must comply from the standpoint of corporate ethics; and require that the respective TSE group companies share and adhere to these internal regulations.
  - (2) As part of its internal compliance system, establish the positions of Chief Compliance Officer (President and CEO), Director in Charge of Compliance (Executive Officer in Charge of General Affairs), and Secretariat for Compliance-related Operations (within the Department of General Affairs).
  - (3) Establish and operate a "TSE Compliance Hotline" to provide whistleblowers with protection that is accessible to persons working in the Company and its subsidiaries.
  - (4) As part of an ongoing program for awareness and education, hold liaison meetings comprising persons in charge of compliance in the various departments and offices of the respective TSE group companies, distribute information related to compliance over the Company intranet, and conduct training through e-learning.
- Based on its Charter of Corporate Behavior, the TSE group shall respond in the following resolute manner to rid the market of criminal and extremist elements:
  - (1) It shall confront and deal resolutely with criminal and extremist elements that threaten the order and safety of civil society; when it receives unreasonable demands from such organizations, the TSE group shall face these groups down and deal with the situation firmly.
  - (2) By preventing criminal and extremist elements from becoming involved in the financial products markets, the TSE group shall endeavor to build sound and fair markets.
- The Company shall establish an Internal Auditing Office under the direct jurisdiction of the President and CEO and conduct internal audits.



## **6. System for Storing and Managing Information on the Execution of Duties by Executive Officers**

- Based on standards for the securing of information shared by the respective TSE group companies, the Company shall establish regulations on the handling of documents related to the execution of duties by executive officers, including minutes of Board of Directors meetings; and apply such regulations appropriately.

## **7. Regulations and Other Systems Related to Risk Management**

- To ensure appropriate risk management, the Company shall carry out its operations in accordance with the occupational duties and authorities clearly defined in its internal regulations. Fundamentally, operations shall be carried out with the understanding that each group – directors, executive officers, and employees – is responsible for risk management in accordance with its members' specific duties and authorities.
- The Company shall establish rules for a Risk Management Committee that the respective TSE group companies can agree to and accept. With respect to risks affecting the respective TSE group companies, each company shall take steps to improve its ability to recognize risk-related phenomena and take appropriate action from the standpoint of prevention. In the event that risks materialize or are likely to materialize, the Risk Management Committee, headed by the President and CEO, shall take action that results in gaining "a comprehensive grasp of the situation" and in the implementation of "responses aimed at a rapid resolution of the situation."
- In particular, the TSE group shall remain fully cognizant of the fact that its essential duty as a market operator is to provide market participants with the opportunity to trade with confidence, and to do so in a stable and reliable manner. With respect to the risks of systems failing to operate in a stable manner, the group shall take all necessary steps to minimize such risks as it proceeds with the development and operation of these systems. These steps shall include adopting standardized development methods and performing a sufficient number of operational tests to confirm reliability, developing detailed operations manuals and requiring strict adherence to these manuals, ensuring development by specialized departments established for this purpose, and strictly enforcing quality control in operations. In addition, to deal with situations in which continuation of market operations is threatened by natural disasters, terrorist acts, or other such problems, the TSE group shall endeavor to respond appropriately by developing a "Basic Plan for Business Continuity" for the respective TSE group companies under this plan. It shall seek to minimize the impact on related parties and to put into place beforehand the necessary systems and procedures that will enable the resumption of operations in the shortest possible time.
- In view of the importance of the self-regulatory function of a market operator such as the TSE group, as well as of society's significant expectations for greater efficacy of its self-regulatory function, there is a risk that the group will be unable to effectuate self-regulation in an appropriate manner (including a risk to the reputation of the group if self-regulation is not conducted appropriately). In this regard, the group shall take every possible step to prevent such situations from arising, including implementing organizational measures designed to ensure the independence of its self-regulatory operations and guarantee fairness, and aggressively investing management resources into measures that enhance the quality of its self-regulatory operations. The latter shall include developing detailed operational manuals and requiring strict adherence to these manuals, while also providing for improved and more effective education and training.

## **8. System for Ensuring that Executive Officers Fulfill their Duties Efficiently**

The respective TSE group companies shall operate according to a system in which work is performed in accordance with duties and authorities that are clearly defined in each company's internal regulations, and shall aim to increase its areas of expertise and sophistication through such division of responsibility. At the same time, the system shall enable delegation of occupational authority according to the degree of importance of the respective tasks and with the aim of increasing the speed and agility of the decision-making processes. The respective TSE group companies shall also seek to improve their operating efficiency through the adoption of an IT system optimization plan (EA: Enterprise Architecture).

The group shall develop and adopt a medium-term management plan and annual budgets for the Company and all its affiliates, including its subsidiaries and affiliated companies. It will formulate these plans and budgets by appropriately combining top-down directives from management with bottom-up input from the operations divisions, and shall seek to increase its operating efficiency through appropriate reviews of the progress made under these plans and budgets.

## **9. System for Ensuring the Appropriateness of Business Operations of the Corporate Group Comprising the Company, Its Parent Company, and Its Subsidiaries**

- The fundamental idea of this system is to establish organizational frameworks that enable the Company and the group's subsidiaries to take appropriate action autonomously. Upon achieving this, the Company shall endeavor to ensure appropriate corporate group operations by implementing suitable management and support for its subsidiaries.
- Each subsidiary shall conduct its operations in accordance with operational duties and authorities that are clearly defined in the internal regulations of the respective companies; they shall establish codes of conduct for their employees and apply these codes in an appropriate manner.
- Based on regulations related to managing affiliates, the Company shall receive reports and engage in monitoring qualitative information from its affiliates, and provide advice as necessary on matters related to risk management and compliance.
- The directors and employees of the subsidiaries shall have access to the "TSE Compliance Hotline," which the Company shall establish to provide a reporting system for whistleblowers.
- Depending on the nature of its operations and the size of such operations, each subsidiary shall carry out its own internal audits or shall have the Company's Internal Auditing Office conduct internal audits of its operations.

## **VII. Policy Regarding Decisions on Dividends Paid Out of Retained Earnings, etc.**

-Omitted-

## **VIII. Basic Policy Regarding Control of the Company**

There are no matters to report.

(Regarding the figures presented in this report on operations: monetary values and numbers of shares are rounded down to the nearest whole number of the units used; percentages are rounded off to the nearest decimal place.)



**Consolidated Statement of Income**

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

	<b>(million yen)</b>
<b>Operating revenues</b>	<b>53,045</b>
Trading participation fees	19,842
Listing fees	7,329
Income from information services	11,050
Income from securities settlement	6,828
Other operating income	7,994
<b>Operating expenses</b>	<b>43,885</b>
<b>Operating profit</b>	<b>9,159</b>
<b>Non-operating revenues</b>	<b>1,813</b>
Interest income	113
Dividend income	875
Equity in earnings of affiliated companies	392
Subsidy income	246
Other non-operating revenues	185
<b>Non-operating expenses</b>	<b>69</b>
Interest expense	52
Share delivery expense	15
Other non-operating expenses	1
<b>Ordinary profit</b>	<b>10,903</b>
<b>Extraordinary losses</b>	<b>6</b>
Impairment loss	6
Other extraordinary losses	0
<b>Income before income taxes and minority interest</b>	<b>10,896</b>
Income taxes - current	4,568
Income taxes - deferred	82
<b>Income before minority interest</b>	<b>6,245</b>
Minority interest	66
<b>Net Income</b>	<b>6,311</b>

**Consolidated Statement of Changes in Shareholders' Equity**

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

**(million yen)**

<b>Shareholders' equity</b>	
<b>Common stock</b>	
Balance at beginning of year	11,500
Changes of items during the period	
Total changes of items during the period	—
Balance at end of year	11,500
<b>Capital surplus</b>	
Balance at beginning of year	25,358
Changes of items during the period	
Total changes of items during the period	—
Balance at end of year	25,358
<b>Retained earnings</b>	
Balance at beginning of year	83,621
Changes of items during the period	
Cash dividends paid	(2,728)
Net income	6,311
Total changes of items during the period	3,583
Balance at end of year	87,205
<b>Treasury stock</b>	
Balance at beginning of year	(4,332)
Changes of items during the period	
Total changes of items during the period	—
Balance at end of year	(4,332)
<b>Total shareholders' equity</b>	
Balance at beginning of year	116,147
Changes of items during the period	
Cash dividends paid	(2,728)
Net income	6,311
Total changes of items during the period	3,583
Balance at end of year	119,731

	(million yen)
<b>Accumulated other comprehensive income</b>	
<b>Unrealized gain (loss) on available-for-sale securities</b>	
Balance at beginning of year	5,740
Changes of items during the period	
Net changes of items other than shareholders' equity	(866)
Total changes of items during the period	(866)
Balance at end of year	4,873
<b>Total accumulated other comprehensive income</b>	
Balance at beginning of year	5,740
Changes of items during the period	
Net changes of items other than shareholders' equity	(866)
Total changes of items during the period	(866)
Balance at end of year	4,873
<b>Minority interests</b>	
Balance at beginning of year	2,893
Changes of items during the period	
Net changes of items other than shareholders' equity	(376)
Total changes of items during the period	(376)
Balance at end of year	2,516
<b>Total net assets</b>	
Balance at beginning of year	124,782
Changes of items during the period	
Cash dividends paid	(2,728)
Net income (loss)	6,311
Net changes of items other than shareholders' equity	(1,243)
Total changes of items during the period	2,340
Balance at end of year	127,122

## Notes to Consolidated Financial Statements

### I. Notes regarding important items underlying the preparation of the consolidated financial statements

#### 1. Item related to the scope of consolidation

Number of consolidated subsidiaries and names

Number of consolidated subsidiaries: 5

Names of consolidated subsidiaries:

Tokyo Stock Exchange, Inc., Tokyo Stock Exchange Regulation, Japan Securities Clearing Corporation, TOKYO AIM, Inc., and TOSHO SYSTEM SERVICE CO., LTD.

#### 2. Item related to application of the equity method

(1) Number of affiliates accounted for by the equity method: 4

Names of affiliates accounted for by the equity method:

Japan Securities Depository Center, Inc., ICJ, Inc., Tosho Computer Systems Co., Ltd., and Japanese Government Bond Clearing Corporation

(2) Number of affiliates not accounted for by the equity method:

From the perspective of current net income and loss (amount corresponding to equity holdings) and retained earnings (amount corresponding to equity holdings), the influence of Emissions Trading Exchange Preparatory Corporation, Inc. on consolidated financial statements is minimal, even if excluded from the equity method, and because it has no overall importance, the corporation shall be excluded from the application of the equity method.

#### 3. Items related to accounting standards

(1) Standards and methods of valuation of important assets

1) Marketable securities:

- Held-to-maturity debt securities: amortized cost method (straight-line method)

- Other securities:

Securities with market value: market value method based on average market prices in the month prior to the end of the fiscal year (differences in valuation are included at net assets, and the cost of securities sold is calculated using the moving average method)

Securities without market value: cost method based on the periodic average method

2) Inventories:

Work in progress: cost method based on the specific-cost method (method by which the book value is reduced based on decline in the profitability of inventories shown on the balance sheet)

(2) Method of depreciating fixed assets

1) Property and equipment:

The declining-balance method is used. However, the straight-line method is used for buildings (excluding facilities attached to the buildings) acquired on or after April 1, 1998.

2) Intangible fixed assets:

The straight-line method is used. The straight-line method based on the expected period of use (5 years) is used for software for internal use.



(3) Standards for allowances

1) Allowance for doubtful accounts:

An allowance for doubtful accounts is provided to protect against potential losses on collection. For ordinary debt, the amount is calculated using the historical bad debt ratio; for specific debt with a possibility of default, the estimated irrecoverable amount is calculated considering the possibility of recovery of the individual debt.

2) Accrued bonuses:

For payment of employee bonuses, an allowance is provided for that portion of the total anticipated bonuses that is applicable to the current period.

3) Accrued bonuses for directors:

For payment of bonuses to directors, governors, and executive officers, an allowance is provided for that portion of total anticipated bonuses that is applicable to the current period.

4) Liability for retirement benefits for employees:

The amount in liabilities for retirement benefits for employees is provided in an amount deemed to have accrued at the fiscal year-end, based on projected benefit obligations and pension plan assets at the end of the said period in order to cover the required retirement benefits for employees.

Unrecognized differences arising from adoption of new accounting standards are accounted for in expenses using the straight-line method over a fixed period (15 years).

Unrecognized actuarial gains and losses are accounted for in expenses over a fixed period (10 years) using the straight-line method, which is within the average remaining service period of employees.

Unrecognized prior service costs are accounted for in expenses using the straight-line method over a fixed period (10 years), which is within the average effective remaining service period of employees as of the date of their accrual.

(4) Method of handling deferred assets

Deferred assets will be accounted in their full amount at the time of payment.

(5) Conversion of foreign currency-denominated assets and liabilities into yen

Foreign currency-denominated assets and liabilities are converted into yen based on the exchange rate on the closing date of the fiscal period for consolidated accounts. Other securities are converted into yen based on the average exchange rate over a one-month period prior to the closing date.

(6) Accounting for obligation assumption

Obligations and credits that the Japan Securities Clearing Corporation assumes and acquires in the securities obligation assumption business and the business specified under Article 156-6, Paragraph 1 of the Financial Instruments and Exchange Act are accounted for at the point of settlement.

(7) Accounting for consumption taxes, etc.

Consumption taxes and local consumption taxes are not included.

## II. Notes regarding changes in display methods

1. Change in the Display Method for software

In the previous consolidated fiscal year, software was included in “Other” in “Intangible assets”. However, in this fiscal year, because the value of such software has exceeded 5/100 of the total assets, such software has been separately listed. In the previous consolidated fiscal year, software was valued at JPY 20,718 million.

2. Change in the Display Method for Stock Delivery Cost

In the previous fiscal year, “Stock delivery cost” was included in “Others” of “Non-operation cost.” However,

(Reference Translation)

because such cost has exceeded 10/100 of the total non-operation cost, such cost is separately listed in the current fiscal year. The stock delivery cost in the previous fiscal year was JPY 6 million.

### 3. Change in Display Method for Loss on Retirement of Fixed Assets

Loss on disposal of property and equipment and intangible assets was independently listed in the previous fiscal year. However, because such a loss fell below 10/100 of the total special losses, it is included in "Other." In the current fiscal year, the loss on disposal of property and equipment and intangible assets is less than JPY 1 million.

## III. Notes Pertaining to Change in Accounting Estimates

The Company conducted a revision in the current fiscal year of the serviceable life of fixed assets whose usage period was shortened coinciding with the decision to launch a new system.

Due to this, operating profit and ordinary profit for the current fiscal year each declined JPY 1,802 million compared to the previous method.

In addition, in the current fiscal year, Income Before Income Taxes and Minority Interest declined JPY 325 million due to retirement of some of such fixed assets.

(Additional information)

“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) shall be applied from the accounting adjustments and past error corrections conducted following the start of the current consolidated fiscal year.

#### IV. Notes to Consolidated Balance Sheet

1. Accumulated depreciation of property and equipment: JPY 17,272 million

2. Guarantee liabilities:

Guarantee liabilities for employee housing loans from financial institutions:

JPY 2,998 million

3. Legal disputes

On December 8, 2005, Mizuho Securities Co., Ltd. (Mizuho Securities) issued an erroneous order for trading of shares of J-COM Co., Ltd. Mizuho Securities filed a lawsuit against the TSE, a consolidated subsidiary of the Company, in the Tokyo District Court claiming damages of JPY 41,578 million with respect to this incident. However, on Dec. 4, 2009, the court decided to order the TSE to pay damages (JPY 10,712 million and delinquency charges). On Dec.18, 2009, the TSE made a payment of JPY 13, 213 million, including delinquency charges up until that date, in order to exempt compulsory execution based on the court ruling with declaration of provisional execution.

In response to this court ruling, Mizuho Securities has filed an appeal with the Tokyo High Court, and the TSE has filed an incidental appeal with the court accordingly. The case is currently under litigation.

4. Assets and liabilities based on systems designed to ensure the safety of securities trading

Two of the Company's subsidiaries, Tokyo Stock Exchange, Inc. and Japan Securities Clearing Corporation (hereinafter, "the Exchange, etc."), consolidated subsidiaries of the Company, have established clearing deposits and other systems based on the Financial Instruments and Exchange Act and related regulations of the Exchange, etc., as a means of ensuring the safety of securities trading in the market. Acting as a clearing organization for trades in financial products, Japan Securities Clearing Corporation assumes obligations and acquires claims that arise from the trading of securities, etc. by its clearing participants. To provide security against risks of the clearing participants defaulting on their liabilities for settlement of the trades, Japan Securities Clearing Corporation receives clearing deposits, etc. from the participants based on the Financial Instruments and Exchange Act and other regulations. In addition, Tokyo Stock Exchange, Inc. receives legal guarantee funds from trading participants based on the Financial Instruments and Exchange Act and other regulations in order to provide security against risk of default by trading participants that are incurred by their customers, etc. These deposits are in the form of cash or securities (which are restricted to securities that are permitted under the regulations of the Exchange, etc.) and are managed separately from the assets of the Exchange, etc. When the deposit is in the form of cash, the Exchange, etc., classifies these in separate asset and liability accounts which indicate the objectives of the deposits. The market value of the deposited securities as of the end of the consolidated fiscal period under review was as follows:

1) Margin funds for when-issued transactions:	JPY -- million
2) Margin funds for derivatives transactions:	JPY 673,708 million
3) Deposits for clearing funds:	JPY 125,810 million
4) Deposits as collateral for facilitating settlements:	JPY 70,648 million
5) Deposits for legal guarantee funds:	JPY 1,212 million

In addition, to provide security against risk incurred by TSE arising from defaults by trading participants, the TSE group receives security deposits from the trading participants based on the relevant rules of TSE. The assets that are deposited are recorded as cash or collateral securities (which are restricted to securities that are permitted under the regulations of TSE). When the deposit is in the form of cash, the group records it on the asset side of the balance sheet in the cash and bank deposits accounts, while recognizing a liability referred to as "deposits received as trading participants' guarantee." The market value of these collateral securities as of the end of the consolidated fiscal period under review was JPY 1,583 million.

With respect to clearing and settlement operations for cash transactions and futures and options transactions, Tokyo Stock Exchange, Inc. has entered into an indemnity agreement with Japan Securities Clearing Corporation. In accordance with this agreement, if losses incurred by Japan Securities Clearing Corporation as a result of defaults or the like by parties clearing through the corporation cannot be covered by the participant-clearing deposits, etc. of the parties involved in the clearing transactions, TSE (and other exchanges for

transactions in the cash market) are obligated to compensate for these losses up to the amounts specified in this indemnity agreement. Tokyo Stock Exchange, Inc. consequently recognizes as an asset an account referred to as "special assets for default compensation reserve funds" in an amount equal to the limit set by the indemnification agreement. The amount recognized for this asset on the consolidated balance sheet is JPY 17,367 million.

## V. Notes to Statement of Changes in Shareholders' Equity

1. Number and type of issued shares during the consolidated fiscal year: 2,300,000 shares of common stock

2. Dividends

(1) Dividend paid

Resolution	Share type	Total amount of dividend (million JPY)	Dividend per share (JPY)	Record date	Effective date
Board Meeting of May 17, 2011	Common stock	2,728	1,200.00	March 31, 2011	June 1, 2011

(2) Dividends with a record date that falls in the current period but whose effective date falls in the next period.

Resolution	Share type	Total amount of dividend (million JPY)	Source	Dividend per share (JPY)	Record date	Effective date
Board Meeting of May 15, 2012	Common stock	1,932	Retained earnings	850.00	March 31, 2012	May 31, 2012

## VI. Notes to Financial Instruments

1. Items related to financial instruments

(1) Policies related to investments in financial instruments

The TSE group limits investments to secure financial instruments and finances the investments, etc. through borrowing.

(2) The financial instruments and the risks as well as accounts receivable that are trade receivables for risk management systems are exposed to credit risk for trading participants, etc, clients of the TSE group. Therefore, the TSE group continues to conduct monitoring, etc. on the financial position based on the rules and regulations of the TSE group.

Marketable securities and investments in securities include government bonds for fund management, and stocks held in relation to a business alliance, etc. The TSE group reports to the board of directors on a regular basis on market value, etc. of these stocks that fluctuates depending on market price. Margin funds for when-issued transactions, margin funds for derivatives transactions, deposits for clearing funds, deposits as collateral for facilitating settlements, legal guarantee funds, security deposits from the trading participants, and default compensation reserve funds are assets and liabilities based on systems designated to ensure the safety of securities trading (please refer to "4. Assets and liabilities based on systems designed to ensure the safety of securities trading" in "IV. Notes to Consolidated Balance Sheet").

2. Items related to market value, etc. of financial instruments

The following are the amount recognized on the consolidated balance sheet, the market value, and the difference. However, financial instruments that are deemed extremely difficult to obtain market value are not included in the table (please refer to IV. 4).

(Reference Translation)

(Unit: JPY million)

	Amount recognized on balance sheet (*)	Market value (*)	Difference
(1) Cash and bank deposits	67,679	67,679	-
(2) Accounts receivable	4,656	4,656	-
(3) Marketable securities and investments in securities			
① Held-to-maturity debt securities	1,591	1,607	16
② Other securities	24,285	24,285	-
(4) Special assets for margin funds for derivatives and when-issued transactions	111,296	111,296	-
(5) Special assets for deposits for clearing funds	59,376	59,376	-
(6) Special assets for deposits as collateral for facilitating settlements	11,110	11,110	-
(7) Special assets for legal guarantee funds	314	314	-
(8) Special assets for default compensation reserve funds	17,367	17,367	-
Total assets	297,677	297,693	16
(9) Margin funds received for derivatives and when-issued transactions	(111,296)	(111,296)	-
(10) Deposits received for clearing funds	(59,376)	(59,376)	-
(11) Deposits received as collateral for facilitating settlements	(11,110)	(11,110)	-
(12) Deposits received as trading participants' guarantee	(3,525)	(3,525)	-
Total liabilities	(185,308)	(185,308)	-

(\*) The figures shown in parentheses are recorded as liabilities.

(Note 1) Items related to the computation method of market value of financial instruments and marketable securities

(1) Cash and bank deposits and (2) accounts receivable

Bank deposits and accounts receivable are all short-term. The market value is based on book value as it is almost equivalent to said book value.

(3) Marketable securities and investments in securities

The market value for stocks and bonds is based on prices at stock exchanges and the

"Reference Prices (Yields) for OTC Bond Transactions" publicized by Japan Securities Dealers Association, respectively.

The following are the difference between the amount recognized for held-to-maturity debt securities on the balance sheet and the market value, and the difference between the acquisition costs for other securities and the amount recognized on the balance sheet.

1) Bonds held to maturity

(Unit : million JPY)

	Type of bonds	Amount recognized on balance sheet	Market value	Difference
Bonds whose market value exceeds the amount recognized on the balance sheet	Government bonds and municipal bonds, etc.	1,591	1,607	16
Bonds whose market value does not exceed the amount recognized on the balance sheet	Government bonds and municipal bonds, etc.	-	-	-
Total		1,591	1,607	16

2) Other securities

(Unit : million JPY)

	Type of securities	Acquisition costs	Amounts posted in balance sheet	Difference
Securities whose amounts recognized on the balance sheet exceed acquisition costs	Stocks	16,712	24,285	7,573
Securities whose amounts recognized on the balance sheet do not exceed acquisition costs	Stocks	-	-	-
Total		16,712	24,285	7,573

(4) to (12) Assets and liabilities based on systems to ensure the safety of securities trading  
The market value is based on book value.

(13) Derivatives trading

There are no matters to report.

(Note 2) Unlisted stocks (JPY 7,869 million recognized on the balance sheet) are deemed extremely difficult to obtain market value as these stocks have no market value and the future cash flow are unable to be estimated; therefore, the TSE group does not include the unlisted stocks in "(3) Marketable securities and investments in securities, Other Securities". The items related to market value, etc. of financial instruments are not disclosed for "Deposits received for legal guarantee fund" (JPY 314 million on the consolidated balance sheet) for the same reason.

(Reference Translation)

(Note 3) Scheduled redemption amounts after the fiscal year end for monetary claims and securities with maturities

(Unit : million JPY)

	Within one year	Over 1 year to 5 years
Cash and bank deposits	67,679	-
Accounts receivable	4,656	-
Marketable securities and investments in securities		
Held-to-maturity debt securities (government bonds, municipal bonds, etc.)	-	1,568
Total	72,335	1,568

## VII. Per Share Information

1. Net assets per share: JPY 54,801.89
2. Net Income per share: JPY 2,775.98

**Non-consolidated Balance Sheet**

(As of March 31, 2012)

(million yen)

Assets		Liabilities	
<b>Current assets</b>	<b>5,329</b>	<b>Current liabilities</b>	<b>31,086</b>
Cash and bank deposits	4,397	Accounts payable - trade	204
Accounts receivable - trade	1	Short-term debt	17,570
Prepaid expenses	115	Short-term loans payable to subsidiaries and affiliates	11,600
Deferred income taxes	193	Accrued expenses payable	7
Other current assets	622	Accrued corporate taxes	172
<b>Fixed assets</b>	<b>139,224</b>	Deposits received	1,058
<b>Property and equipment</b>	<b>19</b>	Accrued bonuses	119
Buildings	3	Accrued bonuses for directors	221
Vehicles and delivery equipment	8	Other current liabilities	62
Tools, furniture and fixtures	7		69
<b>Intangible fixed assets</b>	<b>9</b>	<b>Non-current liabilities</b>	<b>7,038</b>
Software	9	Deferred tax liabilities	2,028
<b>Investments and other assets</b>	<b>139,195</b>	Retirement benefits for employees	5,009
Investment in securities	24,285	<b>Total liabilities</b>	<b>38,124</b>
Stocks of subsidiaries and affiliates	108,748		
Investments in capital of subsidiaries and affiliates	3,000	<b>Net assets</b>	
Long-term loans to employees	22	<b>Shareholders' equity</b>	<b>101,555</b>
Long-term prepaid expenses	0	<b>Common stock</b>	<b>11,500</b>
Prepaid pension costs	3,128	<b>Capital surplus</b>	<b>90,437</b>
Others	9	Capital reserve	22,874
		Other capital surplus	67,562
		<b>Retained earnings</b>	<b>3,951</b>
		Other retained earnings	3,951
		Retained earnings brought forward	3,951
		<b>Treasury stock</b>	<b>(4,332)</b>
		<b>Revaluation and translation adjustments</b>	<b>4,874</b>
		<b>Unrealized gain (loss) on available-for-sale securities</b>	<b>4,874</b>
		<b>Total net assets</b>	<b>106,429</b>
<b>Total assets</b>	<b>144,553</b>	<b>Total liabilities and net assets</b>	<b>144,553</b>

DISCLAIMER: This translation may be used for reference purposes only. This English version is not an official translation of the original Japanese version (including tables for comparison of new and old rules and regulations; hereinafter the same). Certain parts of the translation may have been edited to accommodate differences in writing style and expression between English and Japanese. In cases where any differences including, but not limited to, those differences above occur between the English version and the original Japanese version, the Japanese version shall prevail. This translation is subject to change without notice. Tokyo Stock Exchange Group, Inc., Tokyo Stock Exchange, Inc., Tokyo Stock Exchange Regulation, and/or their affiliates shall individually or jointly accept no responsibility or liability for damage or loss caused by any error, inaccuracy, misunderstanding, or changes with regard to this translation.



**Non-consolidated Statement of Income**

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

	<b>(million yen)</b>
<b>Operating revenues</b>	<b>7,465</b>
Income from management control fees	7,422
Other operating income	43
<b>Operating expenses</b>	<b>5,263</b>
<b>Operating profit</b>	<b>2,201</b>
<b>Non-operating income</b>	<b>1,174</b>
Interest income	1
Dividend income	952
Subsidy income	199
Other non-operating income	20
<b>Non-operating expenses</b>	<b>94</b>
Interest expense	94
Other non-operating expenses	0
<b>Ordinary profit</b>	<b>3,281</b>
<b>Extraordinary losses</b>	<b>136</b>
Loss on valuation of subsidiaries' stocks	136
Other extraordinary losses	0
<b>Income before income taxes</b>	<b>3,144</b>
Income taxes - current	1,377
Income taxes - deferred	80
<b>Net income</b>	<b>1,686</b>

**Non-consolidated Statement of Changes in Shareholders' Equity**

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

	(million yen)
<b>Shareholders' equity</b>	
<b>Common stock</b>	
Balance at beginning of year	11,500
Changes of items during the period	
Total changes of items during the period	—
Balance at end of year	11,500
<b>Capital surplus</b>	
<b>Capital Reserve</b>	
Balance at beginning of year	22,874
Changes of items during the period	
Total changes of items during the period	—
Balance at end of year	22,874
<b>Other capital surplus</b>	
Balance at beginning of year	67,562
Changes of items during the period	
Total changes of items during the period	—
Balance at end of year	67,562
<b>Total capital surplus</b>	
Balance at beginning of year	90,437
Changes of items during the period	
Total changes of items during the period	—
Balance at end of year	90,437
<b>Retained earnings</b>	
<b>Other retained earnings</b>	
<b>Retained earnings brought forward</b>	
Balance at beginning of year	4,992
Changes of items during the period	
Cash dividends paid	(2,728)
Net income (loss)	1,686
Total changes of items during the period	(1,041)
Balance at end of year	3,951

	(million yen)
<b>Total retained earnings</b>	
Balance at end of previous period	4,992
Changes of items during the period	
Cash dividends paid	(2,728)
Net income (loss)	1,686
Total changes of items during the period	(1,041)
Balance at end of year	3,951
<b>Treasury stock</b>	
Balance at beginning of year	(4,332)
Changes of items during the period	
Total changes of items during the period	—
Balance at end of year	(4,332)
<b>Total shareholders' equity</b>	
Balance at beginning of year	102,597
Changes of items during the period	
Cash dividends paid	(2,728)
Net income	1,686
Total changes of items during the period	(1,041)
Balance at end of year	101,555
<b>Revaluation and translation adjustments</b>	
<b>Unrealized gain (loss) on available-for-sale securities</b>	
Balance at beginning of year	5,740
Changes of items during the period	
Net changes of items other than shareholders' equity	(866)
Total changes of items during the period	(866)
Balance at end of year	4,874
<b>Total revaluation and translation adjustments</b>	
Balance at beginning of year	5,740
Changes of items during the period	
Net changes of items other than shareholders' equity	(866)
Total changes of items during the period	(866)
Balance at end of year	4,874

	<b>(million yen)</b>
<b>Total net assets</b>	
Balance at beginning of year	108,337
Changes of items during the period	
Cash dividends paid	(2,728)
Net income	1,686
Net changes of items other than shareholders' equity	(866)
Total changes of items during the period	(1,908)
Balance at end of year	106,429

## Notes to Non-consolidated Financial Statements

### I. Accounting Policies

#### 1. Standards and methods of valuation for assets

##### Marketable securities

- 1) Shares in subsidiaries and affiliated companies: cost method based on the periodic average method
- 2) Available-for-sale securities:  
Securities with market value: market value method based on average market prices in the month prior to the end of the fiscal year (differences in valuation are included in net assets and the cost of securities sold is calculated using the moving average method)

#### 2. Methods of depreciation of fixed assets

##### (1) Property and equipment:

The declining-balance method is used.

##### (2) Intangible fixed assets:

The straight-line method is used. The straight-line method based on the available period of use (5 years) is adopted for software for use within the company.

#### 3. Standards for allowances

##### (1) Accrued bonuses:

For payment of employee bonuses, an allowance is provided for that portion of the total anticipated bonuses payable in the next period that is applicable to the current period.

##### (2) Accrued bonuses for directors:

For payment of bonuses to directors and executive officers, an allowance is provided for that portion of the total anticipated bonuses payable in the next period that is applicable to the current period.

##### (3) Liability for employee retirement benefits:

The amount in liabilities for retirement benefits for employees is an amount accrued at the fiscal year-end, based on projected benefit obligations and pension plan assets at the end of the said period in order to cover the required retirement benefits for employees.

Unrecognized differences arising from adoption of new accounting standards are accounted for in expenses using the straight-line method over a fixed period (15 years).

Unrecognized actuarial gains and losses are accounted for in expenses over a fixed period (10 years) using the straight-line method, which is within the average remaining service period of employees.

Unrecognized prior service costs are accounted for in expenses using the straight-line method over a fixed period (10 years), which is within the average effective remaining service period of employees as of the date of their accrual

#### 4. Conversion basis for foreign currency-denominated assets and liabilities into yen

Foreign currency-denominated assets and liabilities are converted into yen based on the exchange rate on the closing date of the fiscal period. Other securities are converted into yen based on the average exchange rate over a one-month period prior to the closing date.

#### 5. Accounting for consumption taxes, etc.

Consumption taxes and local consumption taxes are not included in any amounts in the accompanying statement of income.

(Additional information)

“Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24, December 4,

(Reference Translation)

2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24, December 4, 2009) shall be applied from the accounting adjustments and past error corrections conducted following the start of the current fiscal year.

## II. Notes to Non-consolidated Balance Sheet

1. Accumulated depreciation on property and equipment:	JPY 135 million
2. Guarantee liabilities:	
Guarantee liabilities for employee housing loans from financial institutions:	JPY 2,977 million
3. Monetary claims and monetary liabilities vis-à-vis affiliated companies (excluding those presented separately)	
Short-term monetary claims:	JPY 207 million
Short-term monetary liabilities:	JPY 5 million

## III. Notes to Non-consolidated Statement of Income

Transaction volume with affiliates	
Transaction volume from operating transactions	
Operating revenues:	JPY 7,422 million
Operating expenses:	JPY 1,309 million
Transaction volume from non-operating transactions:	JPY 8,515 million

## IV. Notes to Non-consolidated Statement of Changes in Shareholders' Equity

Type and number of treasury stock as of the end of the fiscal year under review

Common stock	26,260 shares
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## V. Note Regarding Tax Effect Accounting

Breakdown of main reasons for accrual of deferred tax assets and liabilities

Deferred tax assets:

Denied allowance for retirement benefits:	JPY 670 million
Denied accrued bonuses:	JPY 84 million
Denied accrued business tax	JPY 83 million
Loss on valuation of subsidiaries' stocks	JPY 252 million
Others:	JPY 26 million
Subtotal of deferred tax assets	<u>JPY 1,116 million</u>
Valuation reserve	<u>(JPY 252 million)</u>
Total of deferred tax assets:	JPY 863 million

Deferred tax liability:

Other unrealized gain (loss) on available-for-sale securities:	<u>JPY (2,699) million</u>
Total deferred tax liabilities	<u>JPY (2,699) million</u>
Net amounts of deferred tax assets (liabilities)	JPY (1,835) million

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(Reference Translation)

Net amounts of deferred tax assets (liabilities) are included in the following items in the non-consolidated balance sheet.

Current assets - deferred tax assets: JPY 193 million

Non-current liabilities - deferred tax liabilities: JPY 2,028 million

## VI. Note Regarding Transactions with Related Parties

### • Subsidiaries and affiliated companies

Name of company, etc.	Percentage of voting rights, etc. held (held by others)	Business relationship	Type of transaction	Value of transactions (million JPY)	Accounting classification	Balance at end of period (million JPY)
<b>Subsidiaries</b>						
Tokyo Stock Exchange, Inc.	Directly held 100.0%	Management control; secondment of employees; use of facilities and equipment; leasing of real estate; financing through borrowings; guarantee of liabilities; shared directors	Receipt of fees for management control (Note 1)	5,424	–	–
			Receipt of fee for seconded employees from the Company (Note 2)	5,342	Other liquid assets	152
			Payment of charges for use of facilities and equipment (Note 3)	550	Operating accounts payable – trade	4
			Borrowings (Note 4)	6,500	Short-Term Loans Payable To Subsidiaries And Affiliates	11,600
			Payment of interest (Note 4)	42	–	–
			Guarantees for bank loans borrowed by the Company (Note 5)	17,570	–	–
Tokyo Stock Exchange Regulation	Directly held 100.0%	Management control; secondment of employees; shared directors	Receipt of fees for management control (Note 1)	1,998	–	–
			Receipt of fee for seconded employees from the Company (Note 2)	1,927	Other liquid assets	54

The transaction amounts shown above do not include consumption taxes, etc.; year-end balances include consumption taxes, etc.

Transaction-related conditions and policies, etc. for determining such conditions

Note 1: The Company determines management control fees based on the expenses related to the management control of group companies.

Note 2: The Company determines amounts received as payments for seconded personnel based on the personnel expenses incurred in the Company.

Note 3: The Company determines the charges for use of facilities and equipment based on the expenses for maintenance and operation of such facilities and equipment

Note 4: To determine interest rates on loans, the Company takes into consideration market rates of interest and other factors.

Note 5: When it borrows from banks, the Company receives guarantee of liability from Tokyo Stock Exchange, Inc. It does not pay Tokyo Stock Exchange, Inc. fees for such guarantees.

## VII. Per Share Information

1. Net assets per share: JPY 46,808.23

2. Net income per share: JPY 741.79

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Copy of the Auditor's Report on the Consolidated Financial Documents

## **Independent Auditor's Report**

May 9, 2012

To The Board of Directors

Tokyo Stock Exchange Group, Inc.

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner  
Certified Public Accountant

Yukio Ono

Designated Unlimited Liability Partner,  
Engagement Partner  
Certified Public Accountant

Kazuhiro Kido

Designated Unlimited Liability Partner,  
Engagement Partner  
Certified Public Accountant

Masaya Shibata

We have audited the consolidated statutory report (i.e. the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Shareholders' Equity and Notes to Consolidated Financial Statements) of Tokyo Stock Exchange Group, Inc. (the Company) for the fiscal year from April 1, 2011 to March 31, 2012 in accordance with Article 444, Paragraph 4 of the Companies Act.

### Management Responsibility for this Consolidated Statutory Report

The Company's management is responsible for the creation and accurate representation of this consolidated statutory report according to the generally accepted corporate accounting principles in Japan. This includes the preparation and operation of internal controls deemed required by the management for the creation and accurate representation of this consolidated statutory report without material false statement due to fraud or error.

### Responsibility of Auditor

We are responsible for expressing an opinion on this consolidated statutory report from an independent position based on an audit. We conducted an audit in accordance with auditing standards generally acknowledged to be fair and appropriate in Japan. These auditing standards require the creation of an audit plan and the conduction of an audit based on such, to reasonably guarantee there is no material false statement in this consolidated statutory report.

In auditing, procedures are conducted to obtain auditing evidence regarding monetary amounts and disclosures in this consolidated statutory report. Auditing procedures are selected and applied by our judgment based on the evaluation of risk of material false statements in this consolidated statutory report due to fraud or error. The purpose of the audit is not to express an opinion regarding the effectiveness of internal controls. However, when conducting the risk evaluation, we consider the internal controls related to the creation and accurate representation



(Reference Translation)

of this consolidated statutory report in order to draft an appropriate audit procedure in accordance with the circumstances. Additionally, the audit includes consideration of the overall representation of this consolidated statutory report, including the accounting method employed by the management, its method of application, and the appraisal of estimates conducted by the management.

We deem ourselves to have acquired sufficient and appropriate auditing evidence to form a basis for our opinion.

#### Auditor's Opinion

We deem that the above consolidated statutory report appropriately represents all material points for asset, profit, and loss conditions during the period pertaining to the consolidated statutory report for the corporate group composed of the Company and its consolidated subsidiaries based on the generally accepted corporate accounting principles in Japan.

#### (Item to note)

As described in "3. Legal disputes" of "IV. Notes to Consolidated Balance Sheet", on Dec. 4, 2009, Tokyo District Court decided to order Tokyo Stock Exchange, Inc. (TSE), a consolidated subsidiary of the Company, to pay damages regarding an erroneous order for trading of shares of J-COM Co., Ltd. placed by Mizuho Securities Co., Ltd. The TSE paid the damages on Dec. 18, 2009. In response to this court ruling, Mizuho Securities Co., Ltd. has filed an appeal with the Tokyo High Court, and the TSE has filed an incidental appeal with the court accordingly. The case is currently under litigation.

This matter has no influence on the auditor's opinion.

#### Interest

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Copy of the Auditor's Report on the Non-consolidated Financial Documents

**Independent Auditor's Report**

May 9, 2012

To The Board of Directors  
Tokyo Stock Exchange Group, Inc.

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner  
Certified Public Accountant  
Yukio Ono

Designated Unlimited Liability Partner,  
Engagement Partner  
Certified Public Accountant  
Kazuhiro Kido

Designated Unlimited Liability Partner,  
Engagement Partner  
Certified Public Accountant  
Masaya Shibata

We have audited the statutory report (i.e. the Balance Sheet, the Statement of Income, the Statement of Changes in Shareholders' Equity and Notes to Non-Consolidated Financial Statements) and its supporting schedules) of Tokyo Stock Exchange Group, Inc. (the Company) for the 5th business year from April 1, 2011 to March 31, 2012 in accordance with Article 436, Paragraph 2, Item 1 of the Companies Act.

Management Responsibility for this Statutory Report, etc.

The Company's management is responsible for the creation and accurate representation of this statutory report and the supporting schedules according to the generally accepted corporate accounting principles in Japan. This includes the preparation and operation of internal controls deemed required by the management for the creation and accurate representation of this statutory report and the supporting schedules without material false statement due to fraud or error.

Responsibility of Auditor

We are responsible for expressing an opinion on this statutory report and the supporting schedules from an independent position based on an audit. We conducted an audit in accordance with auditing standards generally acknowledged to be fair and appropriate in Japan. These auditing standards require the creation of an audit plan and the conduction of an audit based on such, to reasonably guarantee there is no material false statement in this statutory report and the supporting schedules.

In auditing, procedures are conducted within the audit to obtain auditing evidence regarding monetary amounts and disclosures in this statutory report and the supporting schedules. Auditing procedures are selected and applied

(Reference Translation)

by our judgment based on the evaluation of risk of material false statements in this statutory report and the supporting schedules due to fraud or error. The purpose of the audit is not to express an opinion regarding the effectiveness of internal controls. However, when conducting the risk evaluation, we consider the internal controls related to the creation and accurate representation of this statutory report and the supporting schedules in order to draft an appropriate audit procedure in accordance with the circumstances. Additionally, this includes consideration of the overall representation of this statutory report and the supporting schedules, including the accounting method employed by the management, its method of application, and the appraisal of estimates conducted by the management.

We deem ourselves to have acquired sufficient and appropriate auditing evidence to form a basis for our opinion.

#### Auditor's Opinion

We deem that the above statutory report and the supporting schedules appropriately represent all material points for asset, profit, and loss conditions during the period pertaining to the statutory report and the supporting schedules based on the generally accepted corporate accounting principles in Japan.

#### Interest

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Copy of Auditor's Report of the Audit Committee

### **Auditors' Report**

The Audit Committee of Tokyo Stock Exchange Group, Inc. (the Company) has audited the execution of official duties by the Directors and executive officers of the Company during its 5th business year, the period from April 1, 2011 to March 31, 2012. Our audit methods and results are as follows.

#### 1. Auditing Methods and Content thereof

The Audit Committee monitored and examined the resolutions of the Board of Directors and the status of establishment and operation of the system (Internal Control System) developed under such resolutions with regard to Article 416, Paragraph 1, Item 1, sub-items (b) and (e) of the Companies Act. Furthermore, in accordance with auditing policies, auditing plans, etc., conforming to the auditing standards established by the Audit Committee, and in cooperation with the internal control department of the Company, the Audit Committee attended important meetings, received reports from Directors, executive officers, etc. on the execution of their duties and asked them details when necessary, examined important documents, etc. related to Company decisions, and evaluated the Company's operational and financial condition. Regarding subsidiaries, the Committee endeavored to maintain communication and exchange information with Directors, Auditors, etc. of subsidiaries, and received business reports of subsidiaries when necessary.

Furthermore, the Audit Committee monitored and inspected whether the Accounting Auditor performed proper audits while assuring said Auditor's independence, and received reports from the Accounting Auditor on the execution of said Auditor's duties and asked details when necessary. The Audit Committee was also informed by the Accounting Auditor that the "System to ensure proper execution of its duties" (matters described in each item of Article 131 of the Corporate Accounting Rules) has been developed in accordance with "Quality Control Standards for Audits" issued by the Business Accounting Council on October 28, 2005, and others, and asked details when necessary.

Through the above methods, the Audit Committee reviewed the business report, financial documents (balance sheet, statement of income, statement of changes in shareholders' equity and notes to non-consolidated financial documents) and supplementary statements, and consolidated financial documents (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity and notes to consolidated financial documents) for said business year.

#### 2. Results of Audit

##### (1) Results of Audit of Business Report, etc.

- (i) We certify that the business report and its supplementary statements fairly present the situation of the Company in accordance with laws and the Articles of Incorporation.
- (ii) We found no wrongful act or material fact in violation of laws or the Articles of Incorporation with respect to the performance of duties by the Directors and executive officers.
- (iii) We certify that the resolutions of the Board of Directors with respect to the internal control system are proper and correct. In addition, we found no matter that needed to be addressed regarding the performance of duties by the Directors and executive officers with respect to the internal control system.

(Reference Translation)

(2) Audit Results of Financial Documents and Supplementary Statements

We certify that the auditing method of Deloitte Touche Tohmatsu LLC, the Accounting Auditor, and the results of its audit are proper and correct.

(3) Audit Results of Consolidated Financial Documents

We certify that the auditing method of Deloitte Touche Tohmatsu LLC, the Accounting Auditor, and the results of its audit are proper and correct.

May 11, 2012

Audit Committee of  
Tokyo Stock Exchange Group, Inc.  
Masayuki Hirose  
Standing Member of the Audit Committee  
Atsushi Shimizu  
Member of the Audit Committee  
Kunihiro Matsuo  
Member of the Audit Committee  
Takashi Moriya  
Member of the Audit Committee

*(Note) Members of the Audit Committee Atsushi Shimizu, Kunihiro Matsuo, and Takashi Moriya are outside directors as stipulated in Article 2, Item 15, and Article 400, Paragraph 3 of the Companies Act.*