

Notes on Media Briefing by Akira Kiyota, Director and Representative Executive Officer, Group CEO, Japan Exchange Group, Inc., on February 22, 2019

There is one item on the agenda for today:

JPX's new management team takes office from April 1 every year. I would like to announce that we decided on the candidates for directors and executive officers to take office from that date in 2019.

The new team was chosen with the main focus of strengthening the team to advance the Comprehensive Exchange initiative, one of our core strategies for FY2019.

Firstly, Mr. Isao Hasegawa will be promoted from executive officer at JPX, TSE, and OSE to senior executive officer at these companies.

Next, I will talk about TSE.

Mr. Moriyuki Iwanaga will leave the position of director and executive vice president, and Mr. Ryusuke Yokoyama, currently senior executive officer, will assume the position of director and senior executive officer.

Mr. Takashi Moriya will leave the position of standing statutory auditor, and Mr. Makoto Minoguchi will leave that of statutory auditor. Mr. Hiroyuki Matsuzaki, currently standing governor at JPX-R, will assume the position of standing statutory auditor.

Now, I shall move on to OSE.

Mr. Kazuo Fukuda will leave the position of director and senior executive officer. He will be replaced by Mr. Hiroyasu Ichimoto, currently director and executive officer at JSCC.

Next, I will talk about JPX-R.

Mr. Hiroyuki Matsuzaki will leave the position of standing governor. He will be replaced by Mr. Kazuo Fukuda, currently director and senior executive officer at OSE.

Mr. Takashi Moriya will leave the position of auditor. He will be replaced by Mr. Hiroyuki Matsuzaki, currently standing governor.

Lastly, there is JSCC.

Mr. Hiroyasu Ichimoto will leave the position of director and executive officer. Mr. Moriyuki Iwanaga, currently director and executive vice president at TSE, will assume the position of director and executive vice president at JSCC.

Mr. Takehiro Hosomura, currently director of the Equities Department at TSE, will assume the position of executive officer.

[Q&A]

Q: Regarding TCFD, does JPX have plans to require listed companies to disclose information related to climate change in the future?

A: The Task Force on Climate-related Financial Disclosures, TCFD, is an initiative that is receiving considerable attention. It is led by the Financial Stability Board (FSB). JPX expressed its support last fall just before Mark Carney, Governor of the Bank of England and Chair of FSB came for a discussion on promoting the task force. We will encourage listed companies to support the initiative.

There are just 56 companies and organizations in Japan who have expressed their support so far. However, the number is the third largest in the world. As the initiative has just started, there are still only a limited number of companies among them who actually disclose climate related information. The number will increase down the road.

JPX has already collaborated with the FSA to promote the initiative. A symposium titled "TCFD - The Power of the TCFD Framework in Company-Investor Dialogue" was co-hosted by JPX and the FSA on February 12. Over 400 persons, mainly from listed companies and investors, were in attendance.

Furthermore, the FSA and the Ministry of Economy, Trade and Industry are planning to launch the "TCFD Consortium of Japan" in mid-April. It will collect and provide best disclosure practices for companies and encourage investor feedback. JPX will join and cooperate with the consortium.

Having said that, I do not think we are yet at the stage of requiring listed companies to disclose such information on a compulsory basis.

Q: I would like to ask about the progress of the market structure review. How many comments did you receive from the public? Also, what kind of comments did you mainly receive, to the extent of your knowledge? Finally, you said at the previous media briefing that you expected to receive a summary of conclusions by the end of March. I

wonder if there have been any changes regarding this.

A: For the first question, the window for public comment closed at the end of January, and we received about 90 comments.

Concerning the second question, these comments were varied. Since the matter is still under discussion, I would like to refrain from going into details. We expect the advisory group to carry out more in-depth discussions based on these comments. We are planning to release a rough summary of the public comments when we can.

For the third question, the situation remains the same in that we expect the advisory group to draw up a summary of their conclusions by the end of March. We do not intend to proceed hastily but want the advisory group to thoroughly review what the market structure should look like. It depends on the findings of the advisory group, but the review may affect many market participants and other stakeholders. Thus, we will review the matter based on the findings while giving due consideration to such impact.

Q: My question is about the ten consecutive non-business days from late April to early May this year. Since many companies announce their earnings during the period, there should be concerns about the impact on the financial market. For instance, if a company announces its earnings after the market close on April 26th, we can say that investors will be unable to trade its stock in response to the announcement for the next 10 days. Are you considering or going to consider any measure to address the matter?

A: The ten consecutive non-business days were set for this year because of a decree that designates the day of the new Emperor's Accession to the Throne and the day of the Enthronement Ceremony as national holidays, as well as the Act on National Holidays stipulating that a weekday in between national holidays automatically becomes a public holiday. With fewer days available to announce earnings, some people are concerned that many more companies will announce on the same days as each other. However, TSE requests listed companies to disclose earnings promptly when they are settled, whether or not that is

during trading hours. This rule has not changed, so we will continue seeking listed companies' cooperation to avoid clustering of times and dates of earnings announcements.

We have also received various opinions about investors' responses to the ten consecutive non-business days. When a market closes for a long time, investors will generally reduce their positions in advance to avoid risks. Thus, it is important to cooperate with regulators and the securities industry to promote a thorough understanding and awareness of the holiday period among investors.

Q: With respect to clustering of earnings announcements, will you, for example, call for dispersing of such announcements?

A: To alleviate clustering of financial results announcements, TSE has always requested listed companies to spread out times and dates of earnings announcements and will continue to make the same request moving forward.

Q: Can you tell us about your deliberations on measures against Nissan Motor? Nissan Motor has posted hidden executive remuneration of approximately JPY 9 billion as expenses for the fiscal year ending March 2019. What are your thoughts on this?

A: Nissan Motor posted past executive remuneration of JPY 9.2 billion as expenses in the earnings report announced on February 12. However, regarding securities reports from past fiscal years, the company is still in the process of re-examining them. We understand that, as soon as details of corrections are confirmed, Nissan will submit amendment reports accordingly.

Based on these circumstances, we will continue to request that Nissan Motor conducts timely and appropriate disclosures.

With respect to disciplinary measures, as I always mention, we leave investigation of specific cases to the independent self-regulatory organization. Please understand that I cannot answer the question.

Q: I have a question regarding discussions on the Comprehensive

Exchange with Tokyo Commodity Exchange (TOCOM). At the press conference on February 14, TOCOM President Hamada said the aim was to reach a basic agreement at the end of March, and that an announcement regarding the matter could be expected after JPX's board meeting on March 28. Does JPX share this view?

A: Every time I speak about the matter of a Comprehensive Exchange, my answers do not provide as much information as you would hope. However, we are now reaching consensus on the key points of contention, so I think that negotiations should proceed on the schedule that you have just mentioned. It may sound a bit too optimistic from our side, but we are advancing with that expectation.

There remain some technical issues that have brought disagreements, but we are finalizing discussions. JPX and TOCOM have been discussing the Comprehensive Exchange initiative while being aware that the Council for Promotion of Regulatory Reform recommended that some kind of conclusion should be reached by the end of FY2018. As such, we are not at odds with the timeline President Hamada mentioned. Please understand that we are proceeding with said goal in mind.

Q: In relation to what you have just mentioned, I assume JPX will eventually take over TOCOM. TOCOM has been in the red in terms of operating income for the last ten years, and also in the red in terms of net income for the last three years. What are your thoughts on accountability of the management of TOCOM, or perhaps of President Hamada himself?

A: TOCOM has experienced severe management conditions since before President Hamada took office. Therefore, we are not intending to question the management responsibility of President Hamada. That would be a question for TOCOM's shareholders, and as we are not a shareholder in that position, and TOCOM is not a listed company, we do not have any intentions at all to pursue that line of thinking.

Rather, by creating a Comprehensive Exchange, commodity derivatives will enter into the domain of JPX Group. If this can trigger

a great leap for the commodities market, we would like to work together with TOCOM to make this happen. The corporate value of TOCOM will be evaluated via due diligence. From the standpoint of pursuing a takeover bid, we are not focusing on TOCOM's past business performance.

Q: During the ten consecutive non-business days, is it correct that you have determined that the market will be closed?

A: Yes, it's correct. We have no plans to open the market during the holiday period.

Q: You mentioned that the corporate accountability of TOCOM is an issue to be raised by its shareholders. However, as TOCOM posted losses for three consecutive years, President Hamada's management capabilities should be questioned. If, for example, such a person were to become an executive of JPX, I do not think JPX's shareholders would be on board with such a development. Is it right that you have no plans to hold the current management of TOCOM accountable for poor business performance?

A: I have no intention of questioning the accountability of the President of TOCOM.

If you do want to raise the issue of corporate accountability, it would be best to observe TOCOM's management from further back, and see that Mr. Hamada was not president for the entire period in which TOCOM's business performance has been deteriorating. Rather TOCOM has been under severe conditions for a long time. If TOCOM joins us, and as far as it will make efforts for expanding the commodity derivatives market in cooperation with us, we have no intention of accusing TOCOM's current management for the organization's poor business performance.

Q: If you bring in Mr. Hamada as one of the executives of JPX, what do you expect of him? Is that something you have yet to determine?

A: Exactly, that has yet to be determined. We are in a phase where it is still too early to be questioning TOCOM's management responsibility, and I do not think it is our place to do so either way.