

March 30, 2020

Company Name Japan Securities Clearing Corporation
Name of Representative President and CEO Miyama Hironaga

Company Name Japan Commodity Clearing House Co., Ltd.
Name of Representative President and CEO Hamada Takamichi

Execution of the Merger Agreement between
Japan Securities Clearing Corporation and Japan Commodity Clearing House Co., Ltd.

We are pleased to announce as below that Japan Securities Clearing Corporation (hereinafter referred to as “JSCC”) and Japan Commodity Clearing House Co., Ltd. (hereinafter referred to as “JCCH”), at the board of directors meeting of JSCC and JCCH, on the assumption that an approval is received in the general shareholders meeting of both companies, made a resolution to enter into the merger agreement under which JSCC will be the surviving company and JCCH will be the dissolving company and merge (hereinafter referred to as the “Merger”) pursuant to the relevant agreement and further executed the Merger agreement.

1. Purpose of the Merger

Given the realization of the comprehensive exchange within Japan Exchange Group, Inc., JSCC made a decision to merge with JCCH to take over the function of clearing commodity derivatives from JCCH and provide them on the purpose of an enhancement of credibility of Clearing House related to commodity derivatives.

2. Purpose of the Merger

(1) Timetable of the Merger

Resolution date at the board of directors meeting	(JCCH)	March 26, 2020
	(JSCC)	March 27, 2020
Execution date of the Merger agreement	(Both)	March 27, 2020
Resolution date at the general meeting of shareholders	(Both)	June 15, 2020
Effective Date	(Both)	July 27, 2020

(2) Type of the Merger

JSCC will be the surviving company and JCCH will be the dissolving company.

(3) Description of allotment related to the Merger

	JSCC (Surviving company)	JCCH (Dissolving company)
Description of allocation related to the Merger	1	4.142
The number of shares issued upon the Merger	Class A shares: 2,270 shares	

(Note) Allotment ratio and the number of allocated shares upon the Merger

Associated with the Merger, JSCC will issue 2,270 Class A shares, which will be allocated to JCCH's shareholders stated or recorded in the JCCH's shareholders' list immediately prior to the Merger effective time, by total number of JCCH shares held by each shareholder multiplying by 0.2414.

(4) Methodology to calculate allotment related to the Merger

Values of Class A share of JSCC and JCCH share are calculated based on total equity per a share of each company, as both companies are non-listed companies and the merger ratio is determined as stated above, with mutual consultation between two companies.

Specifically, based on the total equity per a share as of December 2019, the value of Class A share of JSCC is set as JPY 1,614 thousand per a share and the value of JCCH is set as JPY 389 thousand per a share, respectively and the merger ratio is obtained by dividing the latter value by the former value.

3. Outlines of the companies related to the Merger (as of today)

(1) Company Name	Japan Securities Clearing Corporation	Japan Commodity Clearing House Co., Ltd.
(2) Principal Office	2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo	10-7 Nihonbashi-Horidome-cho, 1-chome, Chuo-ku, Tokyo
(3) Title and name of the representative.	President and CEO, Miyama Hironaga	President and CEO, Hamada Takamichi
(4) Business description	<ul style="list-style-type: none"> ▪ Financial Instruments Obligation Assumption Business ▪ Businesses incidental or related to above businesses 	<ul style="list-style-type: none"> ▪ Business of Assuming Commodity Transaction Debts ▪ Businesses incidental or related to above businesses
(5) Capital Stock	JPY 8,950,000,000	JPY 634,350,000
(6) Date of Incorporation (Commencement of operations)	July 1, 2002 (January 14, 2003)	December 24, 2004 (May 2, 2005)
(7) Number of outstanding shares	61,341 shares Class A shares: 30,000 shares Class B shares: 9,000 shares Class C shares: 10,000 shares Class D shares: 12,341 shares	9,404 shares
(8) Fiscal Year	March 31	March 31

(9) Major shareholders and shareholder ratio	<ul style="list-style-type: none"> • Class A shares <ul style="list-style-type: none"> ▪ Japan Exchange Group, Inc. (99.2%) ▪ Nagoya Stock Exchange, Inc.(0.7%) ▪ Fukuoka Stock Exchange (0.05%) ▪ Sapporo Stock Exchange (0.05%) • Class B shares <ul style="list-style-type: none"> ▪ Japan Exchange Group, Inc. (100.0%) • Class C shares <ul style="list-style-type: none"> ▪ Japan Exchange Group, Inc. (60.4%) <li style="padding-left: 40px;">Other 18 firms • Class D shares <ul style="list-style-type: none"> ▪ Japan Exchange Group, Inc. (52.9%) <li style="padding-left: 40px;">Other 26 firms 	Tokyo Commodity Exchange, Inc. (100%)
(10) Business results and financial status in the recent fiscal year (in 100 mil yen)		
Fiscal year	Fiscal year ending at March 2019	Fiscal year ending at March 2019
Total equity	629	35
Total assets	37,703	1,408
Operating revenues	253	3.8
Operating profit	78	▲0.1
Net income	54	0.3

4. Status after the Merger (as of July 27, 2020)

(1)	Company Name	Japan Securities Clearing Corporation
(2)	Principal Office	2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo
(3)	Title and name of the representative.	President and CEO, Shizuka Masaki
(4)	Business description	<ul style="list-style-type: none"> ▪ Financial Instruments Obligation Assumption Business ▪ Business of Assuming Commodity Transaction Debts ▪ Businesses incidental or related to above businesses
(5)	Capital Stock	JPY 9,584,350,000
(6)	Fiscal Year	Fiscal year ending at March 31

【Contact points related to this Notice】

Japan Securities Clearing Corporation, Clearing Planning Department (TEL. : 03-3665-1234)

Japan Commodity Clearing House Co., Ltd., General Affairs Department (TEL. : 03-5847-7521)

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