



[TRANSLATION]

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Securities Code: 8697

May 25, 2015

Notice of the 14th Annual General Shareholders Meeting

Dear Shareholder,

You are cordially invited to attend the 14th Annual General Shareholders Meeting of Japan Exchange Group, Inc. (hereinafter the “Company”) to be held as described below.

If you are unable to attend, please review the items in the reference documents for the general shareholders meeting described in this Notice and indicate your approval or disapproval either by returning the enclosed form for exercise of voting rights or via electromagnetic means by accessing the website indicated in the form. Votes must be received by 4:45 p.m., Monday, June 15, 2015.

Sincerely yours,

Atsushi Saito
Director & Representative Executive Officer, Group CEO
Japan Exchange Group, Inc.
2-1, Nihombashi-Kabuto-cho,
Chuo-ku, Tokyo

Regarding exercise of voting rights

1. Exercise of voting rights in writing (postal mail)

Please indicate your approval or disapproval and return the enclosed form for exercise of voting rights by the deadline indicated above.

2. Exercise of voting rights by electromagnetic means (via the Internet)

Please access the website (<http://www.evotep.jp/>) designated by the Company and follow on-screen instructions to indicate your approval or disapproval by the deadline indicated above.

MEETING AGENDA

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|--------------------------|---|
| 1. Date and Time | 10:00 a.m., Tuesday, June 16, 2015 (Reception desk will open at 9:00 a.m.) |
| 2. Venue | Royal Hall
3rd Floor, Royal Park Hotel
2-1-1 Nihombashi-Kakigara-cho, Chuo-ku, Tokyo |
| 3. Objectives of Meeting | |
| Matters to Be Reported | 1. The Business Report, the Consolidated Financial Statements and the Reports on the audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit Committee for the 14th term (from April 1, 2014 to March 31, 2015)
2. The Non-consolidated Financial Statements for the 14th term (from April 1, 2014 to March 31, 2015) |
| Matters to Be Resolved | |
| Proposal | Election of thirteen (13) Directors |

- When attending the general shareholders meeting in person, you are kindly requested to submit the enclosed form for exercise of voting rights at the reception desk. Please note that persons, such as proxies and accompanying persons, other than the shareholders who are eligible to vote will not be allowed entry to the meeting even if they bring the form for exercise of voting rights with them.
- If the need arises to amend the reference documents for the general shareholders meeting, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements, the amendments will be posted on the Company's website. (<http://www.jpx.co.jp/english/corporate/investor-relations/>)
- In cases where a shareholder votes more than once by sending the form for exercise of voting rights via postal mail and via the Internet, the vote cast via the Internet shall be considered the effective vote. In cases where a shareholder votes via the Internet multiple times or via the websites for both computers and mobile telephones, the final vote cast will be considered the effective vote.

Reference documents for the general shareholders meeting

Proposal Election of thirteen (13) Directors

The term of office of all fourteen (14) Directors will expire upon the conclusion of this annual general shareholders meeting. Based on the decision of the Nomination Committee, thirteen (13) Directors have been put forth for election. The candidates for Directors are as follows.

Candidate No.	Name	Position at the Company	
1	Hiroki Tsuda	–	New Election Independent Director Candidate for Outside Director
2	Akira Kiyota	Director	Re-election
3	Koichiro Miyahara	Executive Vice President	New Election
4	Hiromi Yamaji	Director	Re-election
5	Christina Ahmadjian	Director	Re-election Independent Director Candidate for Outside Director
6	Tsutomu Okuda	Director	Re-election Independent Director Candidate for Outside Director
7	Hideaki Kubori	Director	Re-election Independent Director Candidate for Outside Director
8	Shigetaka Sato	–	New Election Independent Director Candidate for Outside Director
9	Michiko Tomonaga	Director	Re-election Independent Director Candidate for Outside Director
10	Masayuki Hirose	Director	Re-election
11	Katsuhiko Honda	Director	Re-election Independent Director Candidate for Outside Director
12	Tsuyoshi Yoneda	–	New Election Independent Director Candidate for Outside Director
13	Charles Ditmars Lake II	Director	Re-election Independent Director Candidate for Outside Director

Candidate number 1	Hiroki Tsuda	New Election Independent Director Candidate for Outside Director	Date of birth Aug. 11, 1948	No. of Company shares held 0 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

Apr. 1972 Joined Ministry of Finance
 Aug. 2002 Director-General, Tokyo Customs
 Jan. 2003 Deputy Vice Minister for Policy Planning and Co-ordination
 Jul. 2004 Deputy Vice Minister
 Jul. 2006 Director-General of the Budget Bureau
 Jul. 2007 Administrative Vice Minister of Finance
 Sep. 2008 Professor, Graduate School of Public Management, Waseda University

Reason for Nomination as Outside Director

Mr. Hiroki Tsuda has been put forth as a candidate for Outside Director due to his abundant experience and insight in financial policy, which can be expected to be reflected in the management of the Company. Although Mr. Tsuda has not been previously involved in corporate management other than in the capacity of Outside Director or Outside Corporate Auditor, based on the above reason, it was determined that Mr. Tsuda will be able to appropriately conduct the duties of Outside Director.

Candidate number 2	Akira Kiyota	Re-election	Date of birth May 6, 1945	No. of Company shares held 3,300 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

Apr. 1969 Joined Daiwa Securities Co. Ltd. (currently Daiwa Securities Group Inc.)
 Jun. 1994 Director, Head of Tobu Area Sales Division
 May 1996 Director, Head of Bond & Finance Division
 Jun. 1997 Managing Director, Head of Bond & Finance Division
 Oct. 1997 Deputy President
 Apr. 1999 President, Daiwa Securities SB Capital Markets Co. Ltd. (currently Daiwa Securities Co. Ltd.)
 Jun. 2004 Deputy Chairman of the Board and Corporate Executive Officer, Daiwa Securities Group Inc.
 Chairman of the Institute, Daiwa Institute of Research Ltd.
 Jun. 2008 Chairman of the Board and Corporate Executive Officer, Daiwa Securities Group Inc.
 Apr. 2011 Director and Honorary Chairman
 Jun. 2011 Honorary Chairman
 Jun. 2013 Director of the Company (current position)
 President & CEO, Tokyo Stock Exchange, Inc. (current position)

(Significant Concurrent Position)

President & CEO, Tokyo Stock Exchange, Inc.

Candidate number 3	Koichiro Miyahara New Election	Date of birth Mar. 10, 1957	No. of Company shares held 5,800 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Apr. 1979 Joined Electric Power Development Co., Ltd.
- Apr. 1988 Joined Tokyo Stock Exchange
- Jun. 2002 Director, General Administration Department, Tokyo Stock Exchange, Inc.
- Jun. 2004 Director, Information Services Department
- Jun. 2005 President, Representative Director, ICJ, Inc.
- Dec. 2005 Executive Officer, Tokyo Stock Exchange, Inc.
- Oct. 2007 Standing Governor, Tokyo Stock Exchange Regulation (currently Japan Exchange Regulation)
- Jun. 2009 Senior Executive Officer, Tokyo Stock Exchange Group, Inc.
- Jan. 2013 Senior Executive Officer of the Company
Senior Executive Officer, Tokyo Stock Exchange, Inc.
- Jun. 2014 Executive Vice President of the Company (current position)

Candidate number 4	Hiromi Yamaji Re-election	Date of birth Mar. 8, 1955	No. of Company shares held 2,400 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Apr. 1977 Joined The Nomura Securities Co., Ltd. (currently Nomura Holdings, Inc.)
- Jun. 1997 General Manager, Personnel Department
- Jun. 1998 Member of the Board in charge of Investment Banking Products Division
- Jun. 2000 Managing Director, Head of Global Investment Banking Division
- Apr. 2002 President & CEO, Nomura Europe Holdings plc (London) and Chairman, Nomura Holding America Inc. (New York)
- Apr. 2007 Executive Vice President, Global Investment Banking, in charge of Corporate Finance Division, Nomura Securities Co., Ltd.
- Jun. 2013 Director of the Company (current position) and President & CEO, Osaka Securities Exchange Co., Ltd. (currently Osaka Exchange, Inc.) (current position)

(Significant Concurrent Position)

President & CEO, Osaka Exchange, Inc.

Candidate number 5	Christina Ahmadjian	Re-election Independent Director Candidate for Outside Director	Date of birth Mar. 5, 1959	No. of Company shares held 0 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Jan. 1995 Assistant Professor, Columbia Business School (Graduate School of Business, Columbia University)
- Oct. 2001 Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
- Jan. 2004 Professor, Graduate School of International Corporate Strategy
- Apr. 2010 Dean, Graduate School of International Corporate Strategy
- Apr. 2012 Professor, Graduate School of Commerce and Management (current position)
- Jun. 2014 Outside Director of the Company (current position)

(Significant Concurrent Positions)

- Professor, Graduate School of Commerce and Management, Hitotsubashi University
- Outside Director, Mitsubishi Heavy Industries, Ltd.

Reason for Nomination as Outside Director

Ms. Christina Ahmadjian has been put forth as a candidate for Outside Director due to her insight in corporate strategy from a technical perspective as an academic which can be expected to be reflected in the management of the Company. Although Ms. Ahmadjian has not been previously involved in corporate management other than in the capacity of Outside Director or Outside Corporate Auditor, based on the above reason, it was determined that Ms. Ahmadjian will be able to appropriately conduct the duties of Outside Director.

Candidate number 6	Tsutomu Okuda	Re-election Independent Director Candidate for Outside Director	Date of birth Oct. 14, 1939	No. of Company shares held 4,500 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Apr. 1964 Joined The Daimaru Inc.
- Sep. 1991 Representative Director, Daimaru Australia Pty. Ltd.
- May 1995 Director, The Daimaru Inc.
- May 1996 Managing Director
- Mar. 1997 President
- May 2003 Chairman and CEO
- Jun. 2006 Outside Director, Osaka Securities Exchange Co., Ltd.
- Sep. 2007 President and CEO, J. FRONT RETAILING Co., Ltd.
Chairman, The Daimaru, Inc.
- Mar. 2010 Representative Director and Chairman & CEO, J. FRONT RETAILING Co., Ltd.
- Jan. 2013 Outside Director of the Company (current position)
- Apr. 2013 Director and Senior Advisor, J. FRONT RETAILING Co., Ltd.
- May 2014 Senior Advisor (current position)

(Areas of Responsibility)

- Member of the Nomination Committee
- Chairman of the Compensation Committee

(Significant Concurrent Positions)

- Senior Advisor, J. FRONT RETAILING Co., Ltd.
- Outside Director, Mitsubishi UFJ Financial Group, Inc.
- Outside Corporate Auditor, Mainichi Broadcasting System Inc.

Reason for Nomination as Outside Director

Mr. Tsutomu Okuda has been put forth as a candidate for Outside Director due to his abundant experience and insight in corporate management which can be expected to be reflected in the management of the Company.

Candidate number 7	Hideaki Kubori	Re-election Independent Director Candidate for Outside Director	Date of birth Aug. 29, 1944	No. of Company shares held 0 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Apr. 1971 Registration as Attorney-at-Law (current position)
Joined Mori Sogo (currently Mori Hamada & Matsumoto)
- Apr. 1998 Representative, HIBIYA PARK LAW OFFICES (current position)
- Apr. 2001 President, Daini Tokyo Bar Association, and Vice President, Japan Federation of Bar Associations
- Jun. 2011 Outside Director, Tokyo Stock Exchange Group, Inc.
Outside Governor, Tokyo Stock Exchange Regulation (currently Japan Exchange Regulation) (current position)
- Jan. 2013 Outside Director of the Company (current position)
- Apr. 2015 Professor, Toin Law School (current position)

(Area of Responsibility)

Member of the Nomination Committee

(Significant Concurrent Positions)

Outside Governor, Japan Exchange Regulation
Attorney-at-Law
Representative, HIBIYA PARK LAW OFFICES
Outside Director, SOURCENEXT CORPORATION
Professor, Toin Law School
Member of the Supervisory Committee, The Norinchukin Bank

Reason for Nomination as Outside Director

Mr. Hideaki Kubori has been put forth as a candidate for Outside Director due to his insight in corporate legal affairs from a technical perspective as a legal professional which can be expected to be reflected in the management of the Company. Although Mr. Kubori has not been previously involved in corporate management other than in the capacity of Outside Director or Outside Corporate Auditor, based on the above reason, it was determined that Mr. Kubori will be able to appropriately conduct the duties of Outside Director.

Candidate number 8	Shigetaka Sato	New Election Independent Director Candidate for Outside Director	Date of birth May 7, 1941	No. of Company shares held 0 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Apr. 1965 Joined Keihan Electric Railway Co., Ltd.
- Jun. 2001 Representative Director, President
- Jun. 2007 Representative Director, CEO, Chairman of Board of Director
- Mar. 2010 Chairman, Osaka Chamber of Commerce and Industry (current position)
- Jun. 2011 Director and Corporate Counselor, Keihan Electric Railway Co., Ltd.
Chairman of Board of Director
- Jun. 2013 Advisory Council (current position)

(Significant Concurrent Positions)

- Advisory Council, Keihan Electric Railway Co., Ltd.
- Outside Corporate Auditor, ASAHI KOGYOSHA CO., LTD.
- Chairman, Osaka Chamber of Commerce and Industry
- Outside Corporate Auditor, Asahi Broadcasting Corporation
- Outside Director, Mitsubishi Tanabe Pharma Corporation

Reason for Nomination as Outside Director

Mr. Shigetaka Sato has been put forth as a candidate for Outside Director due to his abundant experience and insight in corporate management which can be expected to be reflected in the management of the Company.

Candidate number 9	Michiko Tomonaga	Re-election Independent Director Candidate for Outside Director	Date of birth Jul. 26, 1947	No. of Company shares held 0 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Apr. 1972 Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)
- Mar. 1975 Registration as Certified Public Accountant (current position)
- Jul. 2007 Vice President, Japanese Institute of Certified Public Accountants
- Jul. 2008 Senior Partner, Ernst & Young ShinNihon LLC
- Jun. 2014 Outside Director of the Company (current position)

(Area of Responsibility)

- Member of the Audit Committee

(Significant Concurrent Positions)

- Outside Corporate Auditor, Keikyū Corporation
- Outside Corporate Auditor, NIPPON TELEGRAPH AND TELEPHONE CORPORATION
- Outside Corporate Auditor, Corporation for Revitalizing Earthquake-affected Business

Reason for Nomination as Outside Director

Ms. Michiko Tomonaga has been put forth as a candidate for Outside Director due to her insight in corporate accounting in her capacity as an accounting professional which can be expected to be reflected in the management of the Company. Although Ms. Tomonaga has not been previously involved in corporate management other than in the capacity of Outside Director or Outside Corporate Auditor, based on the above reason, it was determined that Ms. Tomonaga will be able to appropriately conduct the duties of Outside Director.

Candidate number 10	Masayuki Hirose	Re-election	Date of birth Jul. 8, 1956	No. of Company shares held 0 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Apr. 1979 Joined Tokyo Stock Exchange
- Jun. 2003 Director, Examination Department, Tokyo Stock Exchange, Inc.
- Jun. 2004 Director, Information System Department
- Apr. 2006 Director, IT Planning Department
- Jun. 2006 Director, IT Planning Department and Director, Trading Systems, Development Operations Department
- Aug. 2007 Director, IT Planning Department, Tokyo Stock Exchange Group, Inc.
Director, Trading Systems, IT Development Department, Tokyo Stock Exchange, Inc.
- Jan. 2009 Director, Tdex+ System, IT Development Department and Director, IT Management Office, Tokyo Stock Exchange, Inc.
- Jun. 2009 Director, Tokyo Stock Exchange Group, Inc.
Statutory Corporate Auditor, Tokyo Stock Exchange, Inc. (current position)
- Jan. 2013 Director of the Company (current position)

(Area of Responsibility)

Member of the Audit Committee

(Significant Concurrent Positions)

Statutory Corporate Auditor, Tokyo Stock Exchange, Inc.

Chairperson, Public Interest Incorporated Association, Japan Audit & Supervisory Board Members Association

Candidate number 11	Katsuhiko Honda	Re-election Independent Director Candidate for Outside Director	Date of birth Mar. 12, 1942	No. of Company shares held 0 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Apr. 1965 Joined Japan Tobacco and Salt Public Corporation (currently Japan Tobacco Inc.)
- Jun. 1992 Director, General Manager, Human Resources
- Jun. 1994 Managing Director and Leader, Personnel and Labor Group
- Jun. 1995 Managing Director, Tobacco Business Headquarters
- Jun. 1996 Senior Managing Director, Tobacco Business Headquarters
- Jun. 1998 Executive Deputy President and Representative Director
- Jun. 2000 President and Representative Director
- Jun. 2006 Member of the Board, Corporate Counselor
- Jun. 2009 Outside Director, Tokyo Stock Exchange Group, Inc.
Outside Director, Tokyo Stock Exchange, Inc.
Corporate Counselor, Japan Tobacco Inc.
- Jun. 2012 Corporate Advisor (current position)
- Jan. 2013 Outside Director of the Company (current position)

(Area of Responsibility)

Member of the Nomination Committee

(Significant Concurrent Positions)

Corporate Advisor, Japan Tobacco Inc.

Member of the Board of Governors, Japan Broadcasting Corporation

Reason for Nomination as Outside Director

Mr. Katsuhiko Honda has been put forth as a candidate for Outside Director due to his abundant experience and insight in corporate management which can be expected to be reflected in the management of the Company.

Candidate number 12	Tsuyoshi Yoneda	New Election Independent Director Candidate for Outside Director	Date of birth Apr. 7, 1952	No. of Company shares held 0 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Apr. 1976 Joined National Police Agency
- Jul. 1997 General Manager, Wakayama Prefectural Police Headquarters
- Sep. 2001 General Manager, Criminal Affairs Department, Metropolitan Police Department
- Aug. 2003 General Manager, Kyoto Prefectural Police Headquarters
- May 2005 General Manager, Organized Crime Department, National Police Agency
- Sep. 2007 Commissioner, Criminal Affairs Bureau
- Jun. 2009 Commissioner-General's Secretariat
- Oct. 2011 Deputy Directors-General
- Jan. 2013 Commissioner General
- Jan. 2015 Retired

Reason for Nomination as Outside Director

Mr. Tsuyoshi Yoneda has been put forth as a candidate for Outside Director due to his abundant experience and insight in policing organizations which can be expected to be reflected in the management of the Company. Although Mr. Yoneda has not been previously directly involved in corporate management, based on the above reason, it was determined that Mr. Yoneda will be able to appropriately conduct the duties of Outside Director.

Candidate number 13	Charles Ditmars Lake II	Re-election Independent Director Candidate for Outside Director	Date of birth Jan. 8, 1962	No. of Company shares held 0 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Aug. 1992 Director for Japan Affairs, Office of the U.S. Trade Representative (USTR), Executive Office of the President
- Jul. 1993 Director for Japan Affairs and Special Counsel to the Deputy U.S. Trade Representative
- Jun. 1999 Vice President and Counsel, Japan Branch, American Family Life Assurance Company of Columbus (Aflac Japan)
- Jul. 2001 Deputy President
- Jan. 2003 President and Representative in Japan
- Apr. 2005 Vice Chairman and Representative in Japan
- Jun. 2006 Outside Director, Tokyo Stock Exchange, Inc.
- Aug. 2007 Outside Director, Tokyo Stock Exchange Group, Inc.
- Jul. 2008 Representative and Chairman, Aflac Japan (current position)
- Jan. 2013 Outside Director of the Company (current position)
- Jan. 2014 President, Member of the Board of Directors, Aflac International Incorporated (current position)

(Area of Responsibility)

Member of the Compensation Committee

(Significant Concurrent Positions)

Representative and Chairman, Aflac Japan

President, Member of the Board of Directors, Aflac International Incorporated

Reason for Nomination as Outside Director

Mr. Charles Ditmars Lake II has been put forth as a candidate for Outside Director due to his abundant experience and insight as a corporate executive which can be expected to be reflected in the management of the Company.

- (Notes)
1. The candidates do not have any particular conflict of interest with the Company.
 2. The following persons are candidates for Outside Director: Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Tsutomu Okuda, Mr. Hideaki Kubori, Mr. Shigetaka Sato, Ms. Michiko Tomonaga, Mr. Katsuhiko Honda, Mr. Tsuyoshi Yoneda, and Mr. Charles Ditmars Lake II.
 3. The following persons are Independent Directors whose securement is required by the Tokyo Stock Exchange, Inc. to protect the interests of general investors: Ms. Christina Ahmadjian, Mr. Tsutomu Okuda, Mr. Hideaki Kubori, Ms. Michiko Tomonaga, Mr. Katsuhiko Honda, and Mr. Charles Ditmars Lake II.
The following persons are qualified as Independent Directors as defined by the Tokyo Stock Exchange and planned to be registered as Independent Directors to the Tokyo Stock Exchange: Mr. Hiroki Tsuda, Mr. Shigetaka Sato, and Mr. Tsuyoshi Yoneda.
 4. As described in their respective “Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s),” Mr. Katsuhiko Honda and Mr. Charles Ditmars Lake II, two candidates for Outside Director, were previously Directors of Group subsidiary Tokyo Stock Exchange, Inc.
 5. Violations of laws and regulations, and articles of incorporation, or inappropriate business execution of candidates for Outside Director during terms of office at other companies
With regard to Mr. Hideaki Kubori, during his tenure as Outside Director of Nomura Securities Co., Ltd., the said company was deemed that, with regard to the management of corporate information pertaining to public offerings, it was in a state of business operation where necessary and appropriate measures had not been implemented to prevent unfair trading, and under such circumstances provided clients with corporate information on securities and other trading and conducted acts of solicitation. On August 3, 2012, the said company received a business improvement order from the Financial Services Agency pursuant to Article 51 of the Financial Instruments and Exchange Act. Mr. Kubori has already retired from the position at the said company. As Outside Director of the said company, he fulfilled his responsibilities and endeavored to ensure compliance with laws and regulations through the board of directors of the said company and other opportunities.
On March 4, 2014, while Mr. Shigetaka Sato was serving as Outside Corporate Auditor at ASAHI KOGYOSHA CO., LTD., the aforesaid company and its employees were indicted by the Tokyo District Public Prosecutors Office for alleged violations of the Anti-Monopoly Act in relation to bids for facilities for the Hokuriku Shinkansen. On October 2, 2014, the company and its employees were found guilty of the violations by the Tokyo District Court. Since being appointed Outside Corporate Auditor at the aforesaid company in June 2009, Mr. Sato has taken an active stance on compliance during meetings of the Board of Directors and the Board of Corporate Auditors, and since the ruling, has fulfilled his responsibilities appropriately by implementing adequate measures to further strengthen and tighten compliance and prevent any reoccurrence.
In addition, on September 30, 2013, while Mr. Sato was Outside Director of Mitsubishi Tanabe Pharma Corporation, the aforesaid company’s consolidated subsidiary, Bipla Corporation, and Mitsubishi Tanabe Pharma Corporation, received a business improvement order from the Minister of Health, Labour and Welfare in regard to the manufacture and sale of Medway Injection, a recombinant human serum albumin product, which contained an ingredient not listed in the approval documentation. At meetings of the aforesaid company’s Board of Directors, Mr. Sato had regularly raised the view that the internal control system needed to be strengthened from the perspectives of compliance and governance, and in regard to the business improvement order, stated the need to identify the cause of the issue and implement rigorous measures to prevent any reoccurrence.
 6. Conclusion of limited liability agreements with the candidates for Outside Director
The Company has concluded limited liability agreements with Outside Directors Ms. Christina Ahmadjian, Mr. Tsutomu Okuda, Mr. Hideaki Kubori, Ms. Michiko Tomonaga, Mr. Katsuhiko Honda, and Mr. Charles Ditmars Lake II. The liability limit under such agreements is the minimum amount as set by laws and regulations. Upon approval of the election of the individual candidates as Outside Directors, the Company shall succeed such agreements with Ms. Christina Ahmadjian, Mr. Tsutomu Okuda, Mr. Hideaki Kubori, Ms. Michiko Tomonaga, Mr. Katsuhiko Honda, and Mr. Charles Ditmars Lake II. The Company also shall conclude such agreements with Mr. Hiroki Tsuda, Mr. Shigetaka Sato, and Mr. Tsuyoshi Yoneda when they are elected as Outside Director of the Company.
 7. Number of years in office of the candidates for Outside Director since assuming the position of Outside Director of the Company
Of the candidates for Outside Director, as of the conclusion of this annual general shareholders meeting, the number of years in office of current Outside Directors of the Company since assuming their positions is as follows: Ms. Christina Ahmadjian: 1 year; Mr. Tsutomu Okuda: 9 years; Mr. Hideaki Kubori: 2 years and 6 months; Ms. Michiko Tomonaga: 1 year; Mr. Katsuhiko Honda: 2 years and 6 months; and Mr. Charles Ditmars Lake II: 2 years and 6 months.

Business Report

(From April 1, 2014 to March 31, 2015)

I. Overview of Current Status of Corporate Group

1. Business Report for This Fiscal Year

(1) Review and results of business operations

During this fiscal year, the Japanese economy continued its modest recovery as corporate performance improved thanks to the correction of the strong yen, although consumer spending was soft as a result of the consumption tax hike. In the stock market, prices increased significantly due to the rapid weakening of the yen after an additional monetary easing policy announced by the Bank of Japan at the end of October 2014, with the TOPIX reaching 1,543.11 points at the end of this fiscal year (up 340.22 points from the previous fiscal year).

Under such circumstances, the Group (meaning the corporate group comprising the Company and its subsidiaries in this Business Report) aimed for the realization of our future vision of becoming “the most preferred exchange in Asia, providing high-quality services with creativity, reliability and a dedication to the public,” while prioritizing our core strategies – “Creation of a new Japanese stock market,” “Expansion of the derivatives market,” “Expansion of exchange business fields,” “Asia strategy,” and “Early realization of integration benefits” set forth in our medium-term management plan (FY2013-FY2015). These strategies mostly progressed in a steady manner.

The consolidated results of the Group during the fiscal year ended March 31, 2015 included operating revenue of JPY 106,167 million (down 6.7% year-on-year), operating expenses of JPY 52,863 million (down 10.8% year-on-year), operating income of JPY 53,529 million (up 0.3% year-on-year), income before income tax of JPY 54,887 million (up 0.2% year-on-year), and net income attributable to owners of the parent company of JPY 34,427 million (up 3.4% year-on-year).

<Adoption of IFRS>

The Group adopted the International Financial Reporting Standards (hereafter “IFRS”) from this fiscal year instead of conventional Japanese GAAP. Year-on-year figures included in the above-mentioned operating results and financial data are based on comparisons with those for the previous fiscal year contained in the consolidated financial statements prepared in accordance with IFRS.

(a) Trading services revenue

The average daily trading value in Group cash equity markets (TSE 1st and 2nd Sections, Mothers, JASDAQ, TOKYO PRO Market and ETFs/ETNs, REITs etc.) during this fiscal year was JPY 2,856.4 billion. Also, total trading volume for derivatives reached 312.98 million contracts, the second highest level on record, but cash trading value and derivatives trading volume both declined year-on-year.

During the fiscal year ended March 31, 2015, basic fees were JPY 1,067 million (down 9.8% year-on-year), transaction fees from cash equities and derivatives were JPY 28,705 million (down 10.5% year-on-year) and JPY 11,515 million (down 13.3% year-on-year) respectively, and other fees such as access fees and trading system facilities usage fees were JPY 7,410 million (down 2.8% year-on-year). As a result, trading services revenue came to JPY 48,698 million (down 10.1% year-on-year).

In this fiscal year, the Group pursued the following initiatives to invigorate the market.

(i) Disseminate and firmly establish JPX-Nikkei Index 400

In January 2014, the Company, Tokyo Stock Exchange, Inc. (hereafter “TSE”) and Nikkei Inc. (hereafter “Nikkei”) jointly started to calculate a new stock price index called “JPX-Nikkei Index 400.” To help public and other pension funds, etc., use or start to use this index more for their index investing, the Group strove to improve the understanding of effectiveness and advantages of JPX-Nikkei Index 400.

In October 2014, the Company, TSE and Nikkei also started to calculate “JPX-Nikkei 400 Net Total Return Index” (which is calculated by incorporating an amount equivalent to taxes on dividend income) as a sub-index

to meet various user needs. Then in January 2015, the Company, TSE and Nikkei started to calculate six indices to hedge the foreign exchange risk of JPX-Nikkei Index 400 and improve the convenience of overseas investors. The effects of these activities on relevant financial products are the listing of five ETFs and the creation of 40 publicly offered investment trusts as of the end of March 2015.

(ii) Revise trading rules

From the standpoint of further improving cash equity market convenience, TSE made a plan before to revise trading rules and optimize the tick sizes of highly liquid stocks in three phases. In July 2014, TSE introduced sub-yen tick sizes for TOPIX100 component issues priced 5,000 yen or less as part of Phase II. In December 2014, after the completion of Phases I and II, TSE announced the trading analysis results and the policy on Phase III made based on these results (September 2015 (plan)).

The extension of trading hours in cash equity markets was discussed at the “round table regarding the extension of trading hours,” and the relevant report was issued in July 2014. In November 2014, however, the TSE announced its decision that it would not be appropriate to extend trading hours considering the results of interviews, etc., held thereafter with market participants, institutional investors and others.

(iii) Promote diversification of and investment in ETF/J-REIT markets

For the expansion of the ETF market, TSE strove to further bolster its product lineup such as the listing of overseas bond or index ETFs/ETNs. As a result, during this fiscal year, 25 ETFs and 6 ETNs were newly listed.

For the promotion of investment, we regularly exchanged opinions on ETF with institutional investors all over Japan, conducted activities to make more investment managers recognize the characteristics of ETF accounting processing and liquidity, held events to promote the market at various locations across Japan, and engaged in initiatives to enrich investment information via various media. As a result, during this fiscal year, the average daily trading value of ETFs and ETNs reached a record high of JPY 154.6 billion.

With respect to the REIT market, we continued to provide support to companies preparing for listing while engaging in promotion activities such as holding and participating in events for individual investors, exchange of opinions with domestic institutional investors regarding REIT, and global promotion activities for overseas institutional investors, as well as expanding the information available to investors through the “J-REIT view” website, which showcases investment properties and “J-REIT Flash,” which is a service that provides English-language information disclosure. As a result of these efforts, the market saw 7 new issues listed including 2 new health care REIT issues. The average daily trading value in the J-REIT market reached a historic high of JPY 37.6 billion.

(iv) Expand the derivatives market

Osaka Exchange, Inc. (hereafter “OSE”) discontinued its 20-year JGB futures trading in September 2002, but restarted it in April 2014. In November 2014, OSE also started futures trading of JPX-Nikkei Index 400 to respond to strong demand from market participants. OSE made a strong start for JPX-Nikkei Index 400 futures, with the average daily trading volume of 49,000 contracts.

In terms of sales and promotion activities, besides acquiring market makers, holding seminars, participating in events overseas, and aggressively finding overseas investors through new investor invitations and other programs, we conducted sales activities so that securities firms can commence the trading of new products, etc., and liquidity can be ensured.

As for the new derivatives trading system scheduled to be implemented in mid-2016, we selected NASDAQ OMX Group, Inc. and NTT Data Corporation in July 2014 as development vendors, and made progress in defining system requirements, etc.

(v) Broaden the individual investor base

For the expansion of the individual investor base as part of mid- to long-term efforts, TSE implemented the “+YOU Project in support of the Japanese economy.” TSE held nationwide seminars mainly targeting investors having no or little prior experience in investing, and announced the “securities focused on a particular theme” to

introduce listed companies having mid- to long-term growth potential by classifying them by theme so that individual investors can refer to them when selecting securities.

To disseminate social functions of derivatives, OSE issued books and implemented a derivatives training tool called the “Futures & Options Simulator.”

(b) Clearing services revenue

Clearing services revenue for this fiscal year was JPY 20,092 million (down 1.2% year-on-year). This reflected a decline in cash equities and derivatives trading, the two main products in clearing services, partially offset by a full year of revenues from OTC bond trading at the former Japan Government Bond Clearing Corporation (JGBCC), which became part of the Group in October 2013, and by an increase in revenues from interest rate swap trading.

To expand our clearing business for OTC derivatives, Japan Securities Clearing Corporation (hereafter “JSCC”) started to handle yen-denominated Overnight Index Swaps in November 2014. Under these swaps, unsecured overnight call rates are exchanged for fixed interest rates. JSCC also increased the number of companies that use its client clearing services to 14. These services started in February 2014. Furthermore, in an effort to expand CDS related clearing business, clearing services for single-name CDS was launched in December 2014.

(c) Listing services revenue

This fiscal year saw an increase in the number of IPOs with 17 on the TSE 1st and 2nd Sections (up 6 companies from last year), 56 on Mothers (up 28 companies), 11 on JASDAQ (down 2 companies), and 5 on TOKYO PRO Market (up 1 company). These brought the number of companies to 2,421 on the TSE 1st and 2nd Sections (up 66 companies), 213 on Mothers (up 18 companies), 834 on JASDAQ (down 29 companies), and 11 on TOKYO PRO Market (up 5 companies).

Fees from new and additional listings were JPY 4,762 million (down 9.9% year-on-year) and annual listing fees were JPY 7,486 million (up 6.6% year-on-year), bringing the total for listing services revenue for this consolidated fiscal year to JPY 12,249 million (down 0.5% year-on-year).

TSE encouraged domestic and overseas companies with investment appeal to pursue listing through promotion activities for parties involved in IPO work, such as companies preparing for listing, securities companies, and audit firms, and support for companies preparing for listing in accordance with their characteristics and stage of growth.

(d) Information services revenue

Information services revenue for this fiscal year was JPY 16,311 million (up 1.2% year-on-year), partly reflecting an increase in licensing revenues from the JPX-Nikkei 400, a new product launched by the index business.

In efforts to enrich our information businesses, TSE changed its data provision service and started the “JPX Data Cloud” in February 2015. This service provides historical stock quote information (full stock quote) and other new information on derivatives products such as open-high-low-close charts and order execution data.

TSE also started allocating LEI (Legal Entity Identifier) to entities or funds that are parties of financial transactions in August 2014 for identity verification purposes. LEI has been adopted to efficiently and effectively grasp actual financial transaction data.

To clarify the usage of quote services, OSE has prepared and announced its “Market Information Usage Policy.” OSE also adopted the Market Information Client System and enhanced the efficiency of clerical processing. This system has been adopted by TSE and enables users to electromagnetically follow various procedures related to information provision.

(e) Asian strategy

To create business opportunities in Asia, the Group undertook the following:

- (i) Support for establishing an exchange in Myanmar
 On December 23, 2014, the Company set up Yangon Stock Exchange Joint-Venture Company Limited by concluding a joint venture agreement with state-owned Myanma Economic Bank and Daiwa Institute of Research Ltd. regarding the establishment of Yangon Stock Exchange. The Company has provided support for setting up the stock exchange, including the preparation of stock exchange rules, with local authorities.
 - (ii) Infrastructure exports to ASEAN countries
 In August 2014, the Group started to provide support for developing derivatives CCP (Central Counterparty) rules in Vietnam, and also held positive discussions with local authorities, etc., regarding expansion of areas of support.
 - (iii) Financing through PRO-BOND Market
 TSE aimed to increase Pro-bond offerings mainly to Asian companies and strengthened its activities for issuers in collaboration with domestic and overseas securities firms, etc. During this fiscal year, two Asian issuers' programs were listed, with three cases of bond issues.
 - (iv) Financing through infrastructure fund market
 The TSE released draft guidelines for an infrastructure fund market in February 2015 and launched the market in April 2015.
 - (v) Mutual cooperation with Singapore Exchange
 In December 2014, the Company and Singapore Exchange (SGX) signed the letter of intent (LOI) regarding the development and joint promotion of both exchanges. As part of the cooperation outlined in the LOI, in April 2015 the Group and SGX started operation of "JPX-SGX Co-Location Direct," a communication service that connects the co-location sites of JPX and SGX.
 - (vi) Conclusion of MOU with the Bank of China regarding the establishment of a yuan-denominated financial instruments market in Japan
 In July 2014, the Company and the Bank of China (BOC) concluded a comprehensive Memorandum of Understanding (MOU) on establishing a yuan-denominated financial instruments market in Japan. Based on this MOU, the Company and BOC will jointly develop yuan-denominated financial instruments and establish a structure for the settlement and clearing of yuan-denominated financial instruments in Japanese markets.
- (f) Initiatives to further enhance the convenience and reliability of market infrastructure
 As the core infrastructure of the Japanese capital market, the Group pursued the following initiatives to further enhance the convenience and reliability of market infrastructure.
- (i) Enhancing listed company governance
 To realize the effective corporate governance of listed companies, TSE jointly held meetings of the "Council of Experts Concerning the Corporate Governance Code" from August 2014 to March 2015 with the Financial Services Agency, and announced the draft of "Japan's Corporate Governance Code" in March 2015. Additionally, TSE provided educational contents to, and held seminars for, directors and executive officers of listed companies for the purpose of encouraging the spread of management that aims to improve corporate value, and offered the Corporate Value Improvement Award. This is an event for commendation of listed companies that are considered to have achieved high corporate value and contributed to the improvement of attractiveness of the TSE market through their management practices including the improvement of corporate value by deeply incorporating investors' viewpoints regarding capital costs, etc.
 - (ii) Fulfilling self-regulatory functions in response to the evolving market environment

To provide a highly efficient and reliable market and ensure fair price formation and smooth circulation, Japan Exchange Regulation set up the principles that should be respected to support and promote high-quality equity financing, announced them as the “Principles for Equity Financing” in October 2014, and conducted activities to notify them to market participants such as listed companies and securities firms.

Japan Exchange Regulation also inspected trading participants in relation to HFT and the revision of margin transaction collateral, and conducted other inspections focusing on order and margin management systems of trading participants in futures and other transactions to prepare for the integration of derivatives markets. In addition, Japan Exchange Regulation revised the new listing guidebook to promote understanding of listing examination and other procedures, promoted “preventative” listed company compliance by actively announcing these actions to listed companies, conducted compliance support activities by holding seminars, training, etc., for listed companies, and engaged in market surveillance in accordance with the evolving market environment, such as derivatives trading using algorithms and unfair trading conducted across multiple markets.

(iii) Strengthen functions to propose policy recommendations and provide information

To achieve a desirable financial and securities tax regime for the growth and development of the Japanese stock market, we approached the Japan Securities Dealers Association and expressed our desire for a change in the tax regime and brought about this change so that ETF can be treated as stocks as far as the dividends received deduction is concerned.

To develop the Tokyo market into an international financial center, we also submitted recommendation documents through meetings of the “Panel for vitalization of financial and capital markets,” “Tokyo Global Financial Center Task Force,” etc.

(g) Operating expenses

During this fiscal year, personnel expenses were JPY 15,265 million, system maintenance and operation expenses were JPY 9,947 million, and depreciation and amortization was JPY 10,803 million. As a result, operating expenses came to JPY 52,863 million.

(2) Capital investment

Overall capital investment, including investment for trading and clearing systems, was about JPY 16.4 billion.

(3) Financing

There are no matters to report.

(4) Significant corporate restructuring, etc.

There are no matters to report.

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

There are no matters to report.

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

(JPY million)

Classification	IFRS	
	March 2014 Year (Apr. 2013 to Mar. 2014)	March 2015 Year (Apr. 2014 to Mar. 2015)
Operating revenue	113,846	106,167
Income before income tax	54,786	54,887
Net income attributable to owners of the parent company	33,304	34,427
Basic earnings per share (JPY)	121.31	125.41
Total assets	17,479,946	27,746,771
Equity attributable to owners of the parent company	207,101	235,611
Equity attributable to owners of the parent company per share (JPY)	754.38	858.23

(JPY million)

Classification	Japanese GAAP	
	March 2013 Year (Apr. 2012 to Mar. 2013)	March 2014 Year (Apr. 2013 to Mar. 2014)
Operating revenue	71,708	116,251
Operating income	19,555	51,120
Ordinary income	21,631	52,801
Net income	10,941	29,835
Net income per share (JPY)	64.59	108.68
Total assets	1,276,386	1,403,713
Net assets	179,077	202,018
Net assets per share (JPY)	643.01	715.19

(Breakdown of operating revenue)

(JPY million)

Classification	IFRS	
	March 2014 Year	March 2015 Year
Trading services revenue	54,155	48,698
Clearing service revenue	20,334	20,092
Listing services revenue	12,308	12,249
Information services revenue	16,116	16,311
Other	10,931	8,815
Total	113,846	106,167

(JPY million)

Classification	Japanese GAAP	
	March 2013 Year	March 2014 Year
Trading services revenue	29,868	54,155
Clearing service revenue	10,916	20,334
Listing services revenue	9,216	12,308
Information services revenue	12,828	16,116
Other	8,879	13,336
Total	71,708	116,251

*1 Effective from the fiscal year ended March 31, 2015, the Company prepares consolidated financial statements in accordance with IFRS under the provision of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies. For the fiscal year ended March 31, 2014, figures in accordance with IFRS are provided as information for comparison with that of the fiscal year ended March 31, 2015.

*2 Due to the Company being established on January 1, 2013 following the business combination between TSE Group and OSE, only figures for the fiscal year ended March 31, 2013, the fiscal year ended March 31, 2014 and the fiscal year ended March 31, 2015 are provided.

For the fiscal year ended March 31, 2013, in accordance with the Accounting Standards for Business Combinations, etc. the previous consolidated financial statements of TSE Group shall be incorporated into the previous consolidated financial statements of the Company. As such, the previous consolidated financial results contains the total of the consolidated results of TSE Group during the period from April 1, 2012 to December 31, 2012 and the consolidated results of the Company during the period from January 1, 2013 to March 31, 2013. The asset and profit/loss situation of TSE Group for the fiscal year ended March 31, 2012 are included below.

*3 Due to a 5-for-1 stock split which was conducted with an effective date of October 1, 2013, the net income per share, the net assets per share, basic earnings per share and equity attributable to owners of the parent company per share are calculated as if such stock split was implemented at the beginning of the fiscal year ended March 31, 2013.

*4 In the breakdown of operating revenue, the line item classifications for the fiscal year ended March 31, 2015 are also used to classify items in previous fiscal years for ease of comparison.

<Reference> TSE Group

(JPY million)

Classification	March 2012 Year (Apr. 2011 to Mar. 2012)
Operating revenue	53,045
Operating income	9,159
Ordinary income	10,903
Net income	6,311
Net income per share (JPY)	2,775.98
Total assets	345,247
Net assets	127,122
Net assets per share (JPY)	54,801.89

<Reference> The Company

(JPY million)

Classification	March 2013 Year (Apr. 2012 to Mar. 2013)	March 2014 Year (Apr. 2013 to Mar. 2014)	March 2015 Year (Apr. 2014 to Mar. 2015)
Operating revenue	18,643	12,248	33,102
Operating income	5,612	7,068	27,287
Ordinary income	6,358	8,444	28,747
Net income	3,637	7,380	27,728
Net income per share (JPY)	21.47	26.88	101.00
Total assets	193,658	165,956	215,218
Net assets	83,714	81,221	102,104
Net assets per share (JPY)	304.93	295.86	371.92

*1 Due to the Company being established on January 1, 2013 following the business combination between TSE Group and OSE, only figures for the fiscal year ended March 31, 2013, the fiscal year ended March 31, 2014 and the fiscal year ended March 31, 2015 are provided.

For the fiscal year ended March 31, 2013, in accordance with the Accounting Standards for Business Combinations, etc., the previous non-consolidated financial results contains the total of the non-consolidated results of OSE during the period from April 1, 2012 to December 31, 2012 and the results of the Company during the period from January 1, 2013 to March 31, 2013. The asset and profit/loss situation of OSE for the fiscal year ended March 31, 2012 are included below.

*2 Due to a 5-for-1 stock split which was conducted with an effective date of October 1, 2013, the net income per share and the net assets per share are calculated as if such stock split was implemented at the beginning of the fiscal year ended March 31, 2013.

<Reference> OSE

(JPY million)

Classification	March 2012 Year (Apr. 2011 to Mar. 2012)
Operating revenue	22,494
Operating income	8,323
Ordinary income	9,177
Net income	5,466
Net income per share (JPY)	202.45
Total assets	453,203
Net assets	55,485
Net assets per share (JPY)	2,055.02

3. Information Concerning the Parent Company and Major Subsidiaries

(1) Relationship with parent company

There are no matters to report.

(2) Major subsidiaries

Company Name	Address	Share capital	Holding Ratio of Voting Rights [indirect holding]	Principal Businesses
Tokyo Stock Exchange, Inc.	Chuo-ku, Tokyo	(JPY million) 11,500	% 100.0	Financial instruments exchange market operations
Osaka Exchange, Inc.	Chuo-ku, Osaka	4,723	100.0	Financial instruments exchange market operations
Japan Exchange Regulation	Chuo-ku, Tokyo	3,000 (Note 1)	100.0	Self-regulatory operations
Japan Securities Clearing Corporation	Chuo-ku, Tokyo	8,950	(Note 2)	Financial instruments obligation assumption services
TOSHO SYSTEM SERVICE CO., LTD.	Chuo-ku, Tokyo	100	80.0 [80.0]	System development, etc.

- (Notes) 1. The amount indicated under “Share capital” for Japan Exchange Regulation is non-stock capital.
 2. The ownership ratio of Japan Securities Clearing Corporation is 99.2% of Class-A stock, 100.0% of Class-B stock, 58.2% of Class-C stock, and 52.9% of Class-D stock.

4. Issues Requiring Actions

The Group has laid out its future vision of becoming “the most preferred exchange in the Asian region providing high-quality services with creativity, reliability and a dedication to the public.”

The medium-term management plan for FY2013 to FY2015 (released on March 26, 2013 and revised on April 28, 2014 and April 28, 2015) is the first three-year plan toward the realization of our future vision. The Group aims to secure our overall competitive advantage as an exchange in the Asian region in terms of various aspects including reliability, liquidity, IPOs, market capitalization, and profitability. Through means such as the effective utilization of the mature market infrastructure of the Group in the Asian region and collaboration with other exchanges in Asia, we will strive to support Asian growth and grow our presence in the Asian market.

Based on this medium-term management plan, the Group will address the following key issues.

(1) Creation of a new Japanese stock market

- We will raise awareness to help listed companies prepare for the enforcement of the Corporate Governance Code in June 2015 and disseminate information on how listed companies respond to the Code.
- We will renew arrowhead with enhanced risk control functions for high-speed trading in September 2015.
- We will provide support for listings and for subsequent steps (change of market or moves up to TSE-1) in accordance with the development stage of companies, while also ensuring the quality of IPOs
- We will proceed to diversify our products and develop a system to improve liquidity, etc., in order to firmly maintain the top ETF market in Asia and the world’s third largest REIT market in terms of assets under management and asset diversity.
- For further spread and establishment of JPX-Nikkei Index 400, we will endeavor to develop and calculate the sub-index as well as improve awareness of the merits of the Index.
- To increase the competitiveness of the Tokyo market as an international financial center, we will support and appeal for implementation of the previous proposals by furthering cooperation with the government and others.

(2) Expansion of the derivatives market

- We will proceed with the listing of Nikkei 225 Weekly Options, while establishing it in the market through the acquisition of market makers and promotion, etc.

- We will determine new products and rules to be introduced at the time of launching the new derivatives trading system in mid-2016, intensify the preparatory work for the launch and, at the same time, consider further expansion of the product lineup after the launch.
- We will continue our coordination with related organizations to plan for expansion into commodities.

(3) Expansion of exchange business fields

- In anticipation of the entry of foreign clearinghouses into Japanese market, we will introduce cross-margining for yen-denominated interest rate products and launch foreign-denominated interest rate swaps, as well as realize provision of services comparable to those of competing clearinghouses by enhancing portfolio compression capability, etc., from the viewpoint of increasing the competitiveness of our OTC derivative clearing business.
- We will explore entry into a new business fields that allow the Group to leverage its strengths in information resources, technical expertise, and its broad network of clients.

(4) Asian Strategy

- We will facilitate supporting work for the establishment of the Yangon Stock Exchange, aiming to start its trading in 2015.
- We will continue to help develop trading systems and infrastructure overseas, mainly in ASEAN countries, including support for the creation of a derivatives central counterparty (CCP) clearing house in Vietnam.
- We will supply risk money to meet growing demands for industrial facilities and infrastructure in the ASEAN countries by becoming one of the top bond markets for professionals in Asia through the strengthened promotion to Asian issuers and professional investors.
- We will promote the listing of China-related products from the viewpoint of expanding demand for securities investment between Japan and China given the increased presence of China in financial and capital markets due to the progress in internationalization of the Renminbi and the opening of its securities sector, as well as movements towards the resumption of dialogue between Japan and China.
- We will realize the listing of TOPIX ETFs, futures, and other products on Asian exchanges to increase awareness of TOPIX and its related products, as well as the prominence of the Japanese derivatives market.

(5) Continuous medium-to-long term initiatives

- Through continued efforts for the “+YOU Project” to expand the individual investor base, we will look to enhance awareness of the project and strengthen its association with investment activities so as to expand the individual investor base for Japanese stocks. We will also seek to bring depth to the investor base by improving the image of derivatives and spreading awareness of their social function.
- To improve confidence in the market, we will strive to fulfill our self-regulatory functions in response to the evolving market environment.

(6) Cultivation of a new corporate culture

- We will cultivate a new corporate culture that is efficient and creative, and change our mindset toward establishing the 4Cs (Customer First - prioritize customer needs, Credibility - build public confidence, Creativity - pursue innovative solutions, Competency - harness employee potential) in our corporate group.

The Group will complete as scheduled the integration of main organizations and infrastructure we have been tackling since our establishment in January 2013, and going forward, we will endeavor in earnest to strengthen our international competitiveness building on the outcome of the integration.

Currently, while the Group is highly dependent on Japanese stock-related business with earnings prone to be substantially influenced by developments in external conditions, major exchanges in Europe and the U.S. are accelerating the expansion of overseas businesses and entry into new businesses, such as information services, by utilizing M&As.

Under these circumstances, the Group will start the following endeavors under the next medium-term management plan (FY2016-FY2018) in anticipation of striving in earnest to expand and diversify business foundations in order to

strengthen our international competitiveness.

(1) Entry into new businesses fields

- We will develop swiftly concrete plans for entry into new businesses fields and consider M&A and JV to acquire necessary know-how and expedite the process.

(2) Expansion of oversea businesses

- We will strengthen alliances and grow business opportunities in ASEAN countries, etc. through technical support, infrastructure exports, and providing opportunities to invest in Japanese products, etc.
- With the positioning of the China business as a core strategy, we will promote the enhancement of China-related products in Japan/Japan-related products in China, in view of expanding investment demand for the time being.

(3) Expansion of derivatives business

- Besides commodities, we will also consider broadening the derivatives lineup toward interest rate and currency product segment.

(4) Strengthening the organization for business expansion

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

5. Principal Business (as of March 31, 2015)

The Company is a stock corporation licensed as a financial instruments exchange holding company under the Financial Instruments and Exchange Act to engage in the administration and management of its subsidiaries TSE, OSE, and Japan Exchange Regulation. The principal business of the Group is the establishment and operation of exchange financial instruments markets that are established by TSE and OSE.

6. Main Offices (as of March 31, 2015)

The Company

Head Office	Chuo-ku, Tokyo
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Subsidiaries

Tokyo Stock Exchange, Inc.	Chuo-ku, Tokyo
Osaka Exchange, Inc.	Chuo-ku, Osaka
Japan Exchange Regulation	Chuo-ku, Tokyo
Japan Securities Clearing Corporation	Chuo-ku, Tokyo
TOSHO SYSTEM SERVICE CO., LTD.	Chuo-ku, Tokyo

7. Employees (as of March 31, 2015)

The Group

No. of Employees	Compared to the Previous Fiscal Year	Average Age	Average Years of Employment
1,131	30 decrease	42 years 0 months	16 years 8 months

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

8. Lenders, Loans and Shares Held by Lenders (as of March 31, 2015)

Lender	Type of Loan	Outstanding Loans (JPY million)
The 77 Bank, Ltd.	Short-term loans	9,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Short-term loans	13,500
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Current portion of long-term loans	10,000

9. Other Important Items Related to the Corporate Group

With regard to the lawsuit filed by Mizuho Securities Co, Ltd. (Mizuho Securities) against Tokyo Stock Exchange, Inc. (TSE) claiming damages of JPY 41,578 million with respect to an erroneous order for the sale of shares of J-COM Co., Ltd., the Tokyo High Court partially amended the judgment of the court of first instance, which ordered TSE to pay damages (JPY 10,712 million and delinquency charges), and ordered Mizuho Securities to return the difference of JPY 342 million between the JPY 13,213 million, paid by TSE to exempt compulsory execution based on the initial judgment, and the JPY 12,870 amount in this judgment.

With regard to the appeal court judgment, Mizuho Securities Co., Ltd. filed a final appeal and the petition for acceptance of the final appeal. Tokyo Stock Exchange, Inc. filed an incidental final appeal and the petition for acceptance of the incidental final appeal to the Supreme Court, and litigation is ongoing.

II. Status of Shares (as of March 31, 2015)

(1) Total Authorized No. of Shares to Be Issued 1,090,000,000

(2) Total No. of Shares Issued 274,534,550 (including 2,655 treasury shares)

(3) No. of Shareholders 15,304

(4) Major Shareholders

Rank	Name of Shareholder	No. of Shares Held	Shareholding Ratio
		shares	%
1	Japan Trustee Services Bank, Ltd. (Trust Account)	7,856,900	2.86
2	SMBC Friend Securities Co., Ltd.	7,557,000	2.75
3	STATE STREET BANK AND TRUST COMPANY	7,467,586	2.72
4	The Master Trust Bank of Japan, Ltd. (Trust Account)	6,211,600	2.26
5	THE CHASE MANHATTAN BANK 385036	5,311,600	1.93
6	SAJAP	4,665,000	1.70
7	Mizuho Securities Co., Ltd.	4,290,600	1.56
8	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,778,500	1.38
9	Okachi Securities Co., Ltd.	3,500,000	1.27
10	TACHIBANA SECURITIES CO., LTD.	3,443,600	1.25

(Note) Shareholding ratios are calculated after deducting treasury shares (2,655 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, 2015)

(1) Board of Directors

Position	Name	Area(s) of Responsibility	Significant Concurrent Position(s)
Director	Masakazu Hayashi	Chairperson of the Board of Directors	
Director & Representative Executive Officer, Group CEO	Atsushi Saito	Group CEO; Chairman of the Nomination Committee; Member of the Compensation Committee	Director, Osaka Exchange, Inc.
Director & Representative Executive Officer, Group COO	Michio Yoneda	Group COO; Member of the Nomination Committee	Director, Tokyo Stock Exchange, Inc.
Director	Akira Kiyota		President & CEO, Tokyo Stock Exchange, Inc.
Director	Hiromi Yamaji		President & CEO, Osaka Exchange, Inc.
Director	Christina Ahmadjian		Professor, Graduate School of Commerce and Management, Hitotsubashi University Outside Director, Mitsubishi Heavy Industries, Ltd.
Director	Tsutomu Okuda	Member of the Nomination Committee, Chairman of the Compensation Committee	Senior Advisor, J. FRONT RETAILING Co., Ltd. Outside Director, Mitsubishi UFJ Financial Group, Inc. Outside Corporate Auditor, Mainichi Broadcasting System Inc.
Director	Hideaki Kubori	Member of the Nomination Committee	Outside Governor, Japan Exchange Regulation Attorney-at-Law Representative, HIBIYA PARK LAW OFFICES Outside Director, SOURCENEXT CORPORATION Professor, Omiya Law School Member of the Supervisory Committee, The Norinchukin Bank
Director	Michiko Tomonaga	Member of the Audit Committee	Outside Corporate Auditor, Keikyu Corporation Outside Corporate Auditor, NIPPON TELEGRAPH AND TELEPHONE CORPORATION Outside Corporate Auditor, Corporation for Revitalizing Earthquake-affected Business
Director	Masayuki Hirose	Member of the Audit Committee	Statutory Corporate Auditor, Tokyo Stock Exchange, Inc. Chairperson, Public Interest Incorporated Association, Japan Audit & Supervisory Board Members Association
Director	Katsuhiko Honda	Member of the Nomination Committee	Corporate Advisor, Japan Tobacco Inc. Member of the Board of Governors, Japan Broadcasting Corporation
Director	Kunihiro Matsuo	Chairman of the Audit Committee	Attorney-at-Law Outside Corporate Auditor, Toyota Motor Corporation Outside Corporate Auditor, MITSUI & CO., LTD. Outside Corporate Auditor, Komatsu Ltd. Outside Corporate Auditor, BROTHER INDUSTRIES, LTD. Outside Corporate Auditor, Seven Bank, Ltd. Outside Corporate Auditor, TV Tokyo Holdings Corporation
Director	Shigeru Morimoto		Professor, Graduate School of Law, Doshisha University Attorney-at-Law

Position	Name	Area(s) of Responsibility	Significant Concurrent Position(s)
Director	Charles Ditmars Lake II	Member of the Compensation Committee	Representative and Chairman, Aflac Japan President, Member of the Board of Directors, Aflac International Incorporated

- (Notes)
- The following persons are Outside Directors: Ms. Christina Ahmadjian, Mr. Tsutomu Okuda, Mr. Hideaki Kubori, Ms. Michiko Tomonaga, Mr. Katsuhiko Honda, Mr. Kunihiro Matsuo, Mr. Shigeru Morimoto, and Mr. Charles Ditmars Lake II.
 - The following persons are Independent Directors whose securement is required by the Tokyo Stock Exchange, Inc. to protect the interests of general investors: Ms. Christina Ahmadjian, Mr. Tsutomu Okuda, Mr. Hideaki Kubori, Ms. Michiko Tomonaga, Mr. Katsuhiko Honda, Mr. Kunihiro Matsuo, Mr. Shigeru Morimoto, and Mr. Charles Ditmars Lake II.
 - Concurrent position held by an Outside Director includes at Japan Exchange Regulation, a wholly-owned subsidiary. As for the other companies at which concurrent positions are held, the Company does not have any significant capital or transactional relationship requiring special mention.
 - Director and Member of the Audit Committee, Ms. Michiko Tomonaga is a certified public accountant, and holds a respectable degree of knowledge on finance and accounting.
 - Director, Mr. Tsutomu Okuda assumed the position of Member of the Nomination Committee of the Company on June 17, 2014, retired from the position of Outside Director, Resona Holdings, Inc. on June 20, 2014 and assumed the position of Outside Director, Mitsubishi UFJ Financial Group, Inc. on June 27, 2014. Director, Mr. Hideaki Kubori retired from the position of Outside Corporate Auditor, SOURCENEXT CORPORATION and assumed the position of Outside Director on June 23, 2014. He also retired from the position of Professor, Omiya Law School on March 31, 2015 and assumed the position of Professor, Toin Law School on April 1, 2015. Director, Mr. Masayuki Hirose assumed the position of Chairperson, Public Interest Incorporated Association, Japan Audit & Supervisory Board Members Association on November 5, 2014.

(2) Executive Officers

Position	Name	Area(s) of Responsibility	Significant Concurrent Position(s)
Director & Representative Executive Officer, Group CEO	Atsushi Saito	Group CEO	Refer to “(1) Board of Directors”
Director & Representative Executive Officer, Group COO	Michio Yoneda	Group COO	Refer to “(1) Board of Directors”
Executive Vice President & CIO	Yoshinori Suzuki	CIO, IT Planning	Director and Executive Vice President, Tokyo Stock Exchange, Inc. Executive Vice President, Osaka Exchange, Inc.
Executive Vice President	Koichiro Miyahara	Human Resources	
Executive Vice President	Kotaro Yamazawa	Corporate Strategy, and Corporate Communications	Director and Executive Vice President, Osaka Exchange, Inc.
Senior Executive Officer	Yoshinori Karino	IT Planning	Director and Senior Executive Officer, Osaka Exchange, Inc.
Senior Executive Officer & CFO	Moriyuki Iwanaga	CFO, Treasury	Senior Executive Officer, Tokyo Stock Exchange, Inc. Director, Japan Securities Clearing Corporation Outside Director, Japan Securities Depository Center, Incorporated
Executive Officer	Isao Hasegawa	General Administration	Executive Officer, Tokyo Stock Exchange, Inc. Executive Officer, Osaka Exchange, Inc.

(Note) Mr. Yoshinori Suzuki retired from the position of Senior Managing Director and assumed the position of Director and Executive Vice President, Tokyo Stock Exchange, Inc. on June 17, 2014.

Mr. Koichiro Miyahara and Mr. Kotaro Yamazawa retired from the position of Senior Executive Officer, Japan Exchange Group, Inc. and assumed the position of Executive Vice President, Japan Exchange Group, Inc. on June 17, 2014.

Mr. Kotaro Yamazawa retired from the position of Director and Senior Executive Officer, Osaka Exchange, Inc. and assumed the position of Director and Executive Vice President, Osaka Exchange, Inc. on June 17, 2014.

Mr. Norio Iwasaki and Mr. Masahiko Maruyama retired from the position of Executive Officer, Japan Exchange Group, Inc. on June 17, 2014.

Mr. Isao Hasegawa assumed the position of Executive Officer, Japan Exchange Group, Inc. on June 17, 2014.

2. Policies Regarding Decisions on Compensation for Directors and Executive Officers

Compensation for Directors and Executive Officers of the Company is comprised of basic salary, bonus, and company stock, and is determined by the Compensation Committee.

Basic salary is consideration for daily business execution and participation in management commensurate with each position and its duties. Bonus is incentive for improving corporate performance for a fiscal year. The total amount of bonus is determined based on corporate performance, which is then distributed to each officer based on basic salary and the degree of contribution. Company stock is incentive for raising medium-to-long term corporate value and is an amount commensurate with each position and its duties that is allocated to purchasing shares of the Company.

3. Compensation Paid to Directors and Executive Officers

Classification	No. of Recipients	Amount Paid (JPY million)
Directors [of which Outside Directors]	11 (9)	95 (42)
Executive Officers	10	451

(Notes) 1. Persons serving as both Directors and Executive Officers do not receive compensation as Directors.

2. The above amounts include JPY 158 million paid in bonuses to Directors and Executive Officers as decided in the Compensation Committee on April 14, 2015.

3. During the fiscal year under review, JPY 6 million in total was separately paid out to Outside Directors as compensation by Japan Exchange Regulation.

4. Item Related to Outside Directors

(1) Primary activities during the fiscal year

Position	Name	Primary Activities
Director	Christina Ahmadjian	Attended 8 of the 9 Board of Directors meetings held after assuming the position; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.
Director	Tsutomu Okuda	Attended 10 of the 11 Board of Directors meetings; attended all 2 Compensation Committee meetings; attended 1 Nomination Committee meeting held after assuming the position; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.
Director	Hideaki Kubori	Attended all 11 Board of Directors meetings; attended all 2 Nomination Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.
Director	Michiko Tomonaga	Attended all 9 Board of Directors meetings held after assuming the position; attended all 9 Audit Committee meetings held after assuming the position; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.
Director	Katsuhiko Honda	Attended all 11 Board of Directors meetings; attended all 2 Nomination Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.
Director	Kunihiro Matsuo	Attended 9 of the 11 Board of Directors meetings; attended 9 of the 12 Audit Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.
Director	Shigeru Morimoto	Attended 10 of the 11 Board of Directors meetings; made statements that were relevant to the 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; attended all 2 Compensation Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.

(2) Summary of limited liability agreements

The company has concluded limited liability agreements with Outside Directors Ms. Christina Ahmadjian, Mr. Tsutomu Okuda, Mr. Hideaki Kubori, Ms. Michiko Tomonaga, Mr. Katsuhiko Honda, Mr. Kunihiro Matsuo, Mr. Shigeru Morimoto, and Mr. Charles Ditmars Lake II pursuant to Article 423, Paragraph 1 of the Companies Act. The liability limit under such agreements was the minimum amount as set by the laws and regulations.

V. Accounting Auditor

1. Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

2. Compensation, etc. Paid to Accounting Auditor

Compensation, etc. paid to Deloitte Touche Tohmatsu LLC

	Amount Paid
1) Total compensation, etc. paid to the Accounting Auditor by the Company and its subsidiaries	JPY 96 million
2) Of the total in 1), the total amount of compensation, etc. paid as a consideration for audit certification under Article 2, Paragraph 1 of the Certified Public Accountants Act	JPY 96 million
3) Of the total in 2), the amount of Accounting Auditor's compensation, etc. paid by the Company	JPY 43 million

3. Non-audit Services

There are no matters to report.

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

The Audit Committee shall submit a proposal to the general shareholders meeting on 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, and 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 Limited Liability Agreement

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. (As of May 1, 2015)

1. Matters regarding Board Members and Employees that Support the Audit Committee of the Company in Execution of Duties

In order to set forth matters regarding employees that support the Audit Committee in the execution of its duties, the Company shall establish “Rules regarding Employees that Support the Audit Committee in Execution of Duties,” including the following details, as company rules, and apply such rules appropriately.

- (1) Employees assigned to the Audit Committee Office shall support the Audit Committee in the execution of its duties and follow instructions of the Audit Committee.
- (2) Four (4) or more employees, including an office director, shall be assigned to the Audit Committee Office.

2. Matters regarding Independence of Board Members and Employees that Support the Audit Committee of the Company in Execution of Duties from Executive Officers of the Company

In order to ensure the independence of employees assigned to the Audit Committee Office, the Company shall establish “Rules regarding Employees that Support the Audit Committee in Execution of Duties,” including the following details, as company rules, and apply such rules appropriately.

- (1) The Company shall obtain consent of the Audit Committee (in cases where the committee has designated a specific Audit Committee member, it shall be such member) in advance regarding employment, personnel transfer, employee evaluation, salary, and disciplinary punishment of employees assigned to the Audit Committee Office.
- (2) Executive officers and employees shall be careful not to undermine the independence of employees assigned to the Audit Committee Office by unduly restricting the execution of such employees' duties.

3. Matters regarding Ensuring the Effectiveness of Instructions by the Audit Committee of the Company to Board Members and Employees that Support the Audit Committee in Execution of Duties

In order to ensure the effectiveness of the instructions of the Audit Committee given to employees assigned to the Audit Committee Office, the Company shall establish “Rules regarding Employees that Support the Audit Committee in Execution of Duties,” including the following details, as company rules, and apply such rules appropriately.

- (1) Employees assigned to the Audit Committee Office shall support the Audit Committee in executing its duties, and follow the instructions of the Audit Committee.
- (2) The director of the Audit Committee Office shall assist the Audit Committee in executing its duties, and, for the purpose of smooth audits by the Audit Committee, shall oversee operations and take overall command of other employees assigned to the Audit Committee Office.

4. Frameworks for Reporting to the Audit Committee of the Company, including Those Specified below

- (1) Frameworks for reporting to the Audit Committee, including those by the Company's board members (excluding Audit Committee members), executive officers, and employees reporting to the Audit Committee of the Company.

In order to develop a framework for reporting to the Audit Committee, the Company shall establish “Rules regarding Reports to the Audit Committee, etc.,” including the following details, as company rules, and apply such rules appropriately.

- a. When a board member (excluding Audit Committee members), executive officer, or employee receives a request for a report on execution of duties from the Audit Committee or an Audit Committee member designated by the Audit Committee, such board member, executive officer, or employee shall promptly make an appropriate report.
- b. When an executive officer or employee discovers a matter that may have material effect on the business or financial condition of the Company, its subsidiaries, or affiliated companies, such executive officer or employee must immediately report the details of such matter to the Audit Committee or an Audit Committee member designated by the Audit Committee.

- (2) Framework for reporting to the Audit Committee of the Company by the Company's subsidiary board member,

auditor, executive officer, other person equivalent thereto, and employee as well as a person who has received a report from such board member, etc. (hereinafter collectively referred to as “Subsidiary Board Member, etc.” in this item)

In order to develop a framework for reporting to the Audit Committee, the Company shall establish “Rules regarding Reporting to the Audit Committee, etc.,” including the following details, as company rules, and apply such rules appropriately.

- a. When a Subsidiary Board Member, etc., or an executive officer or employee of the Company receives a request for report on matters regarding the subsidiaries from the Audit Committee or an Audit Committee member designated by the Audit Committee, such Subsidiary Board Member, etc. shall promptly make an appropriate report.
- b. When a Subsidiary Board Member, etc., or an executive officer or employee of the Company discovers a matter that may have material effect on the business or financial condition of any of the subsidiaries, such Subsidiary Board Member, etc. must immediately report the details of such matter to the Audit Committee or an Audit Committee member designated by the Audit Committee.

5. Frameworks for Ensuring that the Person who Made a Report in the above 4 Shall Not be Subject to Any Unfavorable Treatment for Reason of Having Made Such Report

In order to establish a framework for ensuring that a person who made a report to the Audit Committee shall not be subject to unfavorable treatment for reason of having made such report, the Company shall establish “Rules regarding Reporting to the Audit Committee, etc.,” including the following details, as company rules, and apply such rules appropriately.

- (1) A person who made a report to the Audit Committee or an Audit Committee member designated by the Audit Committee shall not be subject to unfavorable treatment by the Company, executive officers, employees, etc. for reason of having made such report.
- (2) The Company, executive officers, employees, etc. must not disadvantage a person who made such report to the Audit Committee or the Audit Committee member designated by the Audit Committee for reason of having made such report.

6. Matter regarding the Policy for Handling Expenses or Payables in relation to Execution of Duties of Members of the Audit Committee of the Company (limited to those related to the Execution of Duties of the Audit Committee), such as Procedures for Advance Payment or Reimbursement in relation to Execution of Such Duties

With respect to the policy for handling expenses or payables in relation to the execution of duties of Audit Committee members, the Company shall establish “Rules regarding Reporting to the Audit Committee, etc.,” including the following details, as company rules, and apply such rules appropriately.

- (1) When an executive officer and employee claims expenses necessary for activities such as requesting advice from or entrusting investigation, appraisal, and other work to a lawyer, certified public accountant, and other outside experts for the purpose of Audit Committee members or the Audit Committee conducting audits, such executive officer and employee may not refuse such claims unless the claimed expenses are deemed unnecessary for the execution of duties of Audit Committee members or the Audit Committee.
- (2) The provisions of the preceding item shall be applied to expenses for the execution of duties of the Audit Committee, including advance payment of retainer fees, and reimbursement of ex-post facto expenses, etc.

7. Frameworks to Ensure Effectiveness of Audits by the Audit Committee of the Company

In order to ensure the effectiveness of audits by the Audit Committee, the Company shall establish “Rules regarding Reporting to the Audit Committee, etc.,” including the following details, as company rules, and apply such rules appropriately.

- (1) The representative executive officer shall regularly meet with the Audit Committee or an Audit Committee member designated by the Audit Committee and exchange opinions regarding management policies, issues that the Company should deal with, material risks involving the Company, the audit environment of the Audit

Committee, other important audit issues, etc.

- (2) When an Audit Committee member designated by the Audit Committee delivers an opinion or requests explanation at the meeting of the board of executive officers or other important meetings, executive officers and employees shall respond to such actions appropriately in good faith.

8. Frameworks to Ensure that Execution of Duties of Executive Officers and Employees of the Company is in Compliance with Laws, Regulations, and the Articles of Incorporation

The Company shall conduct operations in accordance with the division of duties and authority prescribed in company rules and ensure that the execution of duties is in compliance with laws, regulations, and the articles of incorporation.

A compliance program shall be implemented with the following measures.

- (1) The Company shall establish and observe company compliance rules (including those related to information management), such as “the Charter of Corporate Behavior,” which lays out universal values from the perspective of corporate ethics for executive officers and employees, and the employee code of conduct, which is a guideline for employee conduct.
- (2) The Company shall appoint a compliance executive officer (CEO) and an officer in charge of compliance (executive officer in charge of general administration), and establish a secretariat for operations related to compliance (within the general administration department) as an internal compliance system..
- (3) The Company shall establish and operate a compliance hotline as a whistle-blowing system.
- (4) The Company shall continuously conduct awareness and educational activities, such as holding liaison meetings for staff responsible for compliance, distributing compliance information over the intranet, and implementing in-house training through e-learning.

The Company shall enact the following measures based on “the Charter of Corporate Behavior” toward the exclusion of anti-social forces.

- (1) The Company shall take a firm stance against anti-social forces which threaten public order and safety, and work to stop and prevent any relationship with such entities.
- (2) The Company shall work to prevent the intervention of anti-social forces in the financial instruments markets and create sound and fair markets.

An internal auditing office shall be established under the direct control of the CEO and COO and conduct internal audits.

9. Framework regarding Information Storage and Management related to Execution of Duties of Executive Officers

The Company shall set forth provisions regarding the handling of the storage of documents pertaining to the execution of duties of executive officers, such as minutes of the board of executive officers meetings, in the information security policy standards clarified in the company rules.

10. Rules and Other Frameworks regarding Loss Risk Management of the Company

The Company shall employ a business operation framework in accordance with the division of duties and authority clarified in the company rules, and be based on the idea that board members, executive officers, and employees shall conduct business and operations with an awareness of risk management with responsibility in accordance with their own scope of duties and authority.

The Company shall establish a Risk Management Committee with the CEO acting as the chair and set forth a “Risk Management Policy” to be aware of risks of the corporate group comprised of the Company and its subsidiaries (hereinafter referred to as “JPX Group Companies”). At the same time, the Company shall develop and manage appropriate measures against such risks from the perspective of prevention and develop a structure where such risks and measures taken against them shall be regularly reported to the Risk Management Committee. Also, in cases where risks are actualized, or there is a possibility of such, the Risk Management Committee shall obtain a comprehensive understanding of circumstances, enact measures for a prompt solution, and so forth.

Particularly, the Company shall maintain a strong awareness of the core responsibilities of JPX Group Companies as market operator to stably provide opportunities for market users to trade with confidence. Furthermore, regarding risks related to the stable operation of systems, the Company will enact the required and appropriate measures in their

development and operation frameworks, such as implementing standardized development methods and adequate operational tests, preparing detailed operational manuals and complying with such, and maintaining thorough quality control pertaining to development and operations via the establishment of dedicated departments or divisions.

Moreover, in preparation for situations where the continued operation of the market becomes difficult due to natural disasters, terrorist acts, etc., the Company shall establish a “Business Continuity Plan” to minimize the impact on related parties and provide appropriate measures through predetermined frameworks and procedures necessary for resuming operations as quickly as possible.

Additionally, in consideration of the importance of self-regulatory functions to JPX Group Companies as market operator and the general public's high expectations for such functions, the Company shall establish measures to maintain fairness, such as organizational measures to ensure the independence of self-regulatory operations with regard to the risks pertaining to the proper function of self-regulatory operations (various risks including reputation risks in cases where self-regulatory operations are not carried out appropriately). At the same time, by proactively investing management resources, the Company will pursue improvements to the quality of self-regulatory operations through such means as preparing detailed operational manuals and complying with such, and enhancing educational training in order to raise the quality of self-regulatory operations.

11. Frameworks to Ensure Efficient Execution of Duties of Executive Officers of the Company

The Company shall establish a framework for the management of operations in accordance with the division of duties and authority clarified in the company rules so as to specialize and enhance operations through a system of divided labor. Within this framework, the Company shall allow authority to be delegated according to their importance and improve the mobility of decision-making procedures.

The Company shall formulate medium-term management and annual budget plans with the appropriate combination of top-down management and bottom-up operations at the departmental level, etc. and also execute operations efficiently through appropriate work-flow management.

12. Frameworks to Ensure Proper Operations by the Corporate Group Comprised of the Company, its Parent Company, and its Subsidiaries

- (1) Framework for reporting the execution of duties of board members, executive officers, and persons equivalent thereto of subsidiaries of the Company (hereinafter collectively referred to as “Board Members, etc. of Subsidiaries”) to the Company

The Company shall conduct business management of its subsidiaries based on business management agreements or request various reports based on “Affiliated Company Management Rules.”

- (2) Frameworks including rules regarding management of risk of losses that may be incurred by subsidiaries of the Company

The Company shall conduct business management of its subsidiaries based on business management agreements, or request them to report the state of risk management based on “Affiliated Company Management Rules” and provide advice, etc. on an as-needed basis.

- (3) Framework for ensuring efficient execution of duties by Board Members, etc. of Subsidiaries

The Company shall conduct efficient execution of duties of JPX Group Companies based on business management agreements or “Affiliated Company Management Rules” by appropriately managing and supporting subsidiaries in accordance with each JPX Group Company's corporate positioning and scale.

- (4) Framework for ensuring that the execution of duties by board members, etc. of subsidiaries and their employees is in compliance with laws, regulations, and the articles of incorporation

The Company shall continuously conduct awareness and educational activities, such as holding liaison meetings with staff responsible for compliance at JPX Group Companies and disseminating information on compliance.

The Company shall conduct business management of its subsidiaries based on business management agreements, or request them to establish a compliance hotline as a whistleblowing system based on “Affiliated Company Management Rules” and provide advice, etc. on an as-needed basis.

The Company shall request its subsidiaries to report results of internal audits by the internal auditing office of the Company or those of internal audits by the subsidiaries based on business management agreements or “Affiliated

Company Management Rules,” and provide advice, etc. on an as-needed basis.

(5) Other Frameworks to Ensure Proper Operations within the Corporate Group Comprised of the Company, its Parent Company, and its Subsidiaries

The Company shall establish “the Charter of Corporate Behavior,” which lays out universal values from the perspective of corporate ethics for executive officers and employees of JPX Group Companies.

(Note) In accordance with a resolution of the Board of Directors, approved on April 28, 2015, the above Basic Policy was partially revised following the enforcement of Amendments to the Companies Act (Act No. 90, 2014) and Amendments to the Ordinance for Enforcement of the Companies Act (Ministry of Justice Ordinance No. 6, 2015) on May 1, 2015.

The revisions have been made to more accurately reflect the current state of the Group’s audit system and its systems to ensure appropriate business operations, and to adopt more specific, clearer phrasing in line with the amendments to the Companies Act.

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

The Company adopts a dividend policy with a target payout ratio of about 60% tied to business performance while giving due consideration to the importance of internal reserves for the following purposes:

- Maintaining sound financial health as a financial instruments exchange group,
- Preparing for risks as a clearing organization, and
- Enabling the Group to pursue investment opportunities to raise the competitiveness of its markets as they arise.

Furthermore, the Company stipulates “Except as otherwise provided by laws and regulations, the Company shall decide on matters provided in each item of Article 459, Paragraph 1 of the Companies Act including dividends paid out of retained earnings by resolutions of the Board of Directors, but not by resolutions of the general shareholders meeting” in the Articles of Incorporation.

(Note) This policy is revised version adopted by the Board of Directors on April 28, 2015.

VIII. Basic Policy Regarding Control of the Company

The Company has not prescribed a basic policy or takeover defense measures related to entities controlling decisions on the Company’s finances or business.

However, the following legal provisions exist regarding the acquisition/holding of a certain amount or more of the Company’s stock.

(Reference) Excerpts of the Related Law

(a) Article 103-2, Paragraph 1 of the Financial Instruments and Exchange Act

It is prohibited for any person to acquire or hold a number of voting rights (excluding the voting rights that are specified by Cabinet Office Ordinance in consideration of the manner in which they are acquired or held and any other circumstances; hereinafter referred to as “Subject Voting Rights” in this Chapter) constituting 20 percent or more (or 15 percent or more, if a fact has occurred that is specified by Cabinet Office Ordinance as something that is presumed to have a material influence on decisions about financial and operational policies; hereinafter referred to as the “Threshold Holding Ratio” in this Chapter) of all shareholders’ voting rights in a Stock Company-Operated Financial Instruments Exchange; provided, however, that this does not apply if an Authorized Financial Instruments Business Association, Financial Instruments Exchange, Financial Instruments Exchange Holding Company, Commodity Exchange, or Commodity Exchange Holding Company acquires or holds Subject Voting Rights.

(b) Article 106-14, Paragraph 1 of the Financial Instruments and Exchange Act

It is prohibited for any person to acquire or hold a number of Subject Voting Rights in a Financial Instruments Exchange Holding Company which is equal to or greater than the Threshold Holding Ratio of all shareholders’ voting rights; provided, however, that this does not apply if an Authorized Financial Instruments Business Association, Financial Instruments Exchange, or Commodity Exchange acquires or holds Subject Voting Rights.

(c) Article 106-17, Paragraph 1 of the Financial Instruments and Exchange Act

Notwithstanding the provisions of Article 106-14, paragraph (1), with the authorization of the Prime Minister, a Local Government, etc. may acquire or hold a number of Subject Voting Rights that is equal to or greater than the Threshold Holding Ratio, but no greater than 50 percent, of all shareholders’ voting rights in a Financial Instruments Exchange Holding Company, pursuant to the provisions of Cabinet Office Ordinance.

(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 Financial Position

(As of March 31, 2015)

(JPY million)

Assets		Liabilities and Equity	
Current assets		Liabilities	
Cash and cash equivalents	60,114	Current liabilities	
Trade and other receivables	10,300	Trade and other payables	4,712
Clearing business financial assets	25,635,085	Loans payable	32,500
Specified assets for deposits from clearing participants	1,795,095	Clearing business financial liabilities	25,635,085
Specified assets for legal guarantee funds	492	Deposits from clearing participants	1,795,095
Income tax receivables	4,693	Legal guarantee funds	492
Other financial assets	42,869	Trading participant security money	7,437
Other current assets	1,844	Income tax payables	7,852
Total current assets	27,550,495	Other current liabilities	5,626
		Total current liabilities	27,488,802
Non-current assets		Non-current liabilities	
Property and equipment	8,573	Retirement benefit liabilities	7,039
Goodwill	67,374	Other non-current liabilities	2,488
Intangible assets	27,631	Deferred tax liabilities	6,875
Retirement benefit assets	5,424	Total non-current liabilities	16,403
Investments accounted for using the equity method	6,806	Total liabilities	27,505,206
Specified assets for default compensation reserve funds	27,948	Equity	
Other financial assets	39,682	Share capital	11,500
Other non-current assets	5,605	Capital surplus	59,726
Deferred tax assets	7,230	Treasury shares	(5)
Total non-current assets	196,276	Other components of equity	14,828
		Retained earnings	149,562
		Total equity attributable to owners of the parent company	235,611
		Non-controlling interests	5,954
		Total equity	241,565
Total assets	27,746,771	Total liabilities and equity	27,746,771

Consolidated Statement of Income

(From April 1, 2014 to March 31, 2015)

	(JPY million)
Revenue	
Operating revenue	106,167
Other revenue	318
Total revenue	<u>106,486</u>
Expenses	
Operating expenses	52,863
Other expenses	610
Total expenses	<u>53,473</u>
Share of income of investments accounted for using the equity method	516
Operating income	53,529
Financial income	1,400
Financial expenses	41
Income before income tax	54,887
Income tax expense	20,171
Net income	34,716
Net income attributable to	
Owners of the parent company	34,427
Non-controlling interests	288

Consolidated Statement of Changes in Equity

(From April 1, 2014 to March 31, 2015)

(JPY million)

	Equity attributable to owners of the parent company				
	Share capital	Capital surplus	Treasury shares	Other components of equity	
				Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan
Balance as of April 1, 2014	11,500	59,726	(5)	9,225	-
Net income	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	5,631	803
Total comprehensive income	-	-	-	5,631	803
Dividends paid	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	(29)	(803)
Total transactions with the owners	-	-	-	(29)	(803)
Balance as of March 31, 2015	11,500	59,726	(5)	14,828	-

	Equity attributable to owners of the parent company			Non-controlling interests	Total equity
	Other components of equity	Retained earnings	Total		
	Total				
Balance as of April 1, 2014	9,225	126,655	207,101	5,675	212,777
Net income	-	34,427	34,427	288	34,716
Other comprehensive income, net of tax	6,435	-	6,435	-	6,435
Total comprehensive income	6,435	34,427	40,863	288	41,152
Dividends paid	-	(12,353)	(12,353)	(10)	(12,364)
Transfer from other components of equity to retained earnings	(832)	832	-	-	-
Total transactions with the owners	(832)	(11,521)	(12,353)	(10)	(12,364)
Balance as of March 31, 2015	14,828	149,562	235,611	5,954	241,565

Notes Regarding Consolidated Financial Statements

I. Notes Regarding Important Items Underlying the Preparation of the Consolidated Financial Statements

1. Accounting standards for preparing consolidated financial statements

Effective from the fiscal year under review, consolidated financial statements of the Company and its subsidiaries (hereinafter the “Group”) are prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) under the provision of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies. In the consolidated financial statements, some items required to be disclosed in IFRS are omitted under the provision of the second sentence of the same Paragraph.

The Group applies IFRS for the first time from the fiscal year ended March 31, 2015, and the date of the transition to IFRS (hereinafter the “Transition Date”) is April 1, 2013.

2. Early application of new standard

The Group is carrying out early application of IFRS 9 “Financial Instruments” (amended in October 2010) from the Transition Date.

3. Item related to the scope of consolidation

Number of consolidated subsidiaries: Five

Names of consolidated subsidiaries:

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

4. Item related to application of the equity method

Number of associates accounted for by the equity method: Three

Names of associates accounted for by the equity method:

Japan Securities Depository Center, Inc., ICJ, Inc., and Tosho Computer Systems Co., Ltd.

5. Items related to accounting policy

(1) Policy and methods of financial asset valuation

(a) Financial assets:

i. Initial recognition and measurement

The Group recognizes a financial asset when the Group becomes a party to the contractual provisions of the financial instrument.

The Group classifies financial assets as those measured at amortized cost if both of the following conditions are met under the facts and circumstances at the initial recognition. Otherwise, financial assets are classified as those measured at fair value through profit or loss.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group may make an irrevocable designation of recognizing changes in fair value of investments in equity instruments as other comprehensive income at initial recognition.

All financial assets are measured at the fair value plus transaction costs that are directly attributable to the financial assets, except for the case of being classified in the category of financial assets measured at fair value through profit or loss.

ii. Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows:

a. Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured using the effective interest method.

b. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are measured at fair value, and changes in the fair value are recognized in profit or loss.

c. Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are measured at fair value, and changes in the fair value are recognized as other comprehensive income. When such a financial asset is derecognized or the decline in its fair value compared to its acquisition cost is significant, the amount recognized in other comprehensive income is transferred directly to retained earnings, rather than being recognized as profit or loss.

However, dividend income from such financial assets is recognized in profit or loss.

iii. Derecognition

Financial assets are derecognized when contractual rights to cash flows from the financial assets expire, or when contractual rights to receive cash flows generated from the financial assets are transferred in a transaction where substantially all the risks and rewards of the ownership of those financial assets are transferred.

(b) Impairment of financial assets measured at amortized cost:

In accordance with IAS 39, the Group assesses at the end of each fiscal year whether there is any objective evidence that financial assets measured at amortized cost are impaired. Objective evidence of impairment includes significant financial difficulty of the borrower, a default or delinquency in interest or principal payments, and bankruptcy.

The Group assesses evidence of impairment of financial assets measured at amortized cost for each individual asset as well as collectively for these financial assets. Significant financial assets are assessed for impairment individually. For significant financial assets for which impairment is not necessary on an individual basis, the Group collectively assesses whether there is any evidence of impairment that has occurred but not been identified.

If there is objective evidence that impairment losses on financial assets measured at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

When impairment is recognized, the carrying amount of the financial assets measured at amortized cost is reduced by an allowance for doubtful accounts and impairment loss is recognized. The carrying amount of the financial assets measured at amortized cost is directly reduced for impairment when they are expected to become uncollectible in the future and all collaterals are realized or transferred to the Group. If, in a subsequent period, the amount of impairment loss estimated changes due to an event occurring after the impairment was recognized, the previously recognized impairment loss is adjusted by an allowance for doubtful accounts.

(c) Clearing business financial assets and clearing business financial liabilities:

As a financial instruments clearing organization, Japan Securities Clearing Corporation presents receivables and payables related to transactions to be cleared as clearing business financial assets and clearing business financial liabilities (hereinafter "clearing business financial assets and liabilities") and provides a settlement guarantee by assuming debts for the transactions conducted by market participants and acting as a party to the transactions.

For cash equity transactions at financial instruments exchanges and sales and purchase transactions of Japanese government bonds at over-the-counter markets, clearing business financial assets and liabilities are initially recognized and simultaneously derecognized on the settlement date basis.

Futures transactions are initially recognized as clearing business financial assets and liabilities on the transaction date. Subsequently, those transactions are measured at fair value and their valuation differences are recognized in profit or loss. Since this company receives and pays such profit or loss as net settlements from and to clearing participants on a daily basis, the clearing business financial assets and liabilities are derecognized upon the receipt or payment.

Option transactions are initially recognized on the transaction date, while interest rate swap transactions and credit default swap transactions at over-the-counter markets are initially recognized on the date when the debt is assumed. Subsequently, these transactions are measured at fair value and their valuation differences are recognized in profit or loss.

Over-the-counter transactions of Japanese government bonds that are transactions with repurchase or resale agreement and cash-secured bond lending transactions are initially recognized on the commencement date of transactions and subsequently measured at fair value.

Clearing business financial assets and liabilities recognized are offset and presented as a net amount in the consolidated statement of financial position when the company currently holds a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Because clearing business financial assets and liabilities are recognized at the same amount, profit or loss arising from changes in their fair value is also the same amount. Hence, the profit or loss is eliminated and is not presented in the consolidated statement of income.

(2) Methods of depreciation and amortization of assets

(a) Property and equipment:

Depreciation of assets is recorded using the straight-line method over their estimated useful lives. The estimated useful lives of major asset items are as follows:

- Buildings: 2 to 50 years
- Information system equipment: 5 years

(b) Intangible assets:

Amortization of assets is recorded using the straight-line method over their estimated useful lives. The estimated useful life of software, a major asset item, is five years.

(3) Accounting for employee retirement benefits

The Company and some of its subsidiaries have introduced contract-type defined benefit corporate pension plans and lump-sum retirement benefit plans as defined benefit plans, and defined contribution plans.

(a) Defined benefit plans:

For each plan the Group calculates the present value of defined benefit obligations, and related current service cost and past service cost using the projected unit credit method. A discount rate is determined based on the market yields on high-rating corporate bonds for the period until the expected date of benefit payment in each plan at the end of the fiscal year.

Net defined benefit liability (asset) is calculated by deducting the fair value of the plan assets (including adjustments for the asset ceiling for defined benefit asset and minimum funding requirements, if necessary) from the present value of the defined benefit obligation. The net amount of interest on net defined benefit liability (asset) is recognized as operating expenses.

Remeasurements of defined benefit plans are recognized in full as other comprehensive income in the period when they are incurred, and transferred to retained earnings immediately. Past service costs are recognized as profit or loss in the period when they are incurred.

Except when the Group has legal power to use surplus in defined benefit plans for settling obligations of other plans, assets and liabilities are not set off between the plans.

(b) Defined contribution plans:

Cost for retirement benefits is recognized as expenses at the time of contribution.

(4) Standards for revenue

Revenue is recognized at fair value of the consideration received or receivable.

The Group is primarily engaged in the financial instruments exchanges business and its revenue consists mainly of revenue related to the rendering of services, such as trading services revenue and clearing services revenue.

For transactions involving the rendering of services, revenue is recognized in accordance with the stage of completion of the transaction as of the end of the fiscal year when all the following conditions are met and the outcome of the transaction can be estimated reliably.

- The amount of revenue can be estimated reliably.
- It is probable that economic benefits related to the transaction will flow to the Group.
- The stage of completion of the transaction at the end of the fiscal year can be measured reliably.
- The costs incurred in respect of the transaction and those required to complete the transaction can be measured reliably.

When a reliable estimation cannot be made for the rendering of services, revenue is recognized only to the extent of the expenses that are deemed recoverable.

Dividend income is recognized when the shareholder's right to receive payment is established.

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

Foreign currency transactions are translated into Japanese yen, which is the Company's functional currency, at the rates of exchange prevailing at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of each fiscal year are translated into functional currency at the rates of exchange prevailing at the end of the fiscal year. Differences arising from the translation are recognized in profit or loss. However, exchange differences arising from the translation of financial assets measured at fair value through other comprehensive income are recognized as other comprehensive income.

(6) Accounting for consumption taxes, etc.

Consumption taxes and local consumption taxes are not included in transaction amounts.

(7) Goodwill

Goodwill is not amortized. It is tested for impairment at the end of each fiscal year or whenever there is any indication of impairment, and impairment losses are recognized, if any. No reversal of impairment losses is made.

6. Notes pertaining to change in accounting estimates

In the fiscal year under review, Tokyo Stock Exchange, Inc. conducted a review of the useful life of the non-current assets whose period of use became shorter due to the decision to implement the new system.

Due to this review, operating income and income before income tax for the fiscal year ended March 31, 2015 decreased by JPY 126 million respectively in comparison with those calculated by the previous method.

II. Notes to Consolidated Statement of Financial Position

1. Allowance for doubtful accounts directly deducted from assets

- (1) Trade and other receivables: JPY 10 million
- (2) Other financial assets: JPY 138 million

2. Accumulated depreciation of property and equipment (including accumulated impairment losses): JPY 21,120 million

3. Guarantee:

Guarantee for employee housing loans from financial institutions: JPY 2,133 million

4. Legal disputes

Mizuho Securities Co., Ltd. filed a lawsuit against Tokyo Stock Exchange, Inc. claiming damages of ¥41,578 million with respect to an erroneous order for the sales of shares of J-COM Co., Ltd placed by Mizuho Securities Co., Ltd. on December 8, 2005. With regard to this case, on July 24, 2013, the Tokyo High Court issued an appeal court judgment altering original judgment in the first instance that ordered Tokyo Stock Exchange, Inc. to pay damages (¥10,712 million and delinquency charges), and ordering Mizuho Securities Co., Ltd. to return to Tokyo Stock Exchange, Inc. the difference of ¥342 million between ¥13,213 million paid by Tokyo Stock Exchange, Inc. in order to be exempt from compulsory execution based on the judgment in the first instance and the ordered amount of ¥12,870 million in this judgment.

Against this judgment, Mizuho Securities Co., Ltd. filed a final appeal and the petition for acceptance of the final appeal to the Supreme Court, and Tokyo Stock Exchange, Inc. filed an incidental final appeal and the petition for acceptance of the incidental final appeal to the Supreme Court. This case is currently in litigation.

5. Assets and liabilities based on various rules for ensuring safety of financial instruments trading

Deposits from clearing participants are collaterals that Japan Securities Clearing Corporation requires clearing participants to deposit (clearing deposit for clearing fund, etc., clearing margin, initial margin and variation margin) in order to provide for possible losses incurred by the company in the event of settlement default of clearing participants.

Legal guarantee funds are collaterals that Tokyo Stock Exchange, Inc. and Osaka Exchange, Inc. require trading participants to deposit to provide for possible losses incurred by entrusters of securities trading, etc. in the event of default by trading participants.

Trading participant security money is collateral that Tokyo Stock Exchange, Inc. and Osaka Exchange, Inc. require trading participants to deposit to provide for possible losses incurred by these companies in the event of default by trading participants.

Each type of collateral is deposited in the form of cash or substitute securities (only those permitted by each company's rules). For collateral that is deposited in the form of cash, an asset and a corresponding liability are recorded in the consolidated statement of financial position.

On the other hand, collaterals deposited in the form of substitute securities are not recorded in the consolidated statement of financial position. Fair values of substitute securities for the collaterals are as follows:

- (a) Substitute securities for deposits from clearing participants: JPY 3,070,924 million
- (b) Substitute securities for legal guarantee funds: JPY 1,739 million
- (c) Substitute securities for trading participant security money: JPY 3,295 million

Default compensation reserve funds are reserve funds to cover losses incurred by Japan Securities Clearing Corporation in association with clearing operations.

III. Notes to Consolidated Statement of Changes in Equity

1. Number and type of issued shares as of the end of the fiscal year under review: 274,534,550 common shares

2. Dividend

(1) Dividend paid

Resolution	Share type	Total amount of dividend (JPY million)	Dividend per share (JPY)	Record date	Effective date
Board Meeting of May 13, 2014	Common share	7,412	27.00	March 31, 2014	May 28, 2014
Board Meeting of October 31, 2014	Common share	4,941	18.00	September 30, 2014	December 1, 2014

(2) Dividend with a record date that falls in the fiscal year under review but whose effective date falls in the next fiscal year

Resolution	Share type	Total amount of dividend (JPY million)	Source	Dividend per share (JPY)	Record date	Effective date
Board Meeting of May 13, 2015	Common share	8,785	Retained earnings	32.00	March 31, 2015	May 26, 2015

IV. Notes relating to Financial Instruments

1. Items relating to financial instruments

Although the Group is exposed to various financial risks such as credit risk and liquidity risk from financial instruments in the process of carrying out business activities, the Group works to avoid or reduce such risks by identifying and analyzing the risks, and carrying out integrated risk management by appropriate methods.

Major risks the Group is aware of are credit risk and liquidity risk from clearing operations of Japan Securities Clearing Corporation.

Although Japan Securities Clearing Corporation is exposed to credit risks of clearing participants on clearing business financial assets, which are receivables the corporation acquires by assuming obligations from transactions carried out by market participants, these risks are addressed through the maintenance of systems such as a qualification system and a collateral system for clearing participants. In addition, even in cases of settlement default by clearing participants, it may be necessary for Japan Securities Clearing Corporation to cover the shortfall in funds and complete settlement itself, thus exposing the corporation to liquidity risk on clearing business financial liabilities. Even so, the said risk is addressed through the maintenance of a system to secure sufficient liquidity by such means as entering into contracts with funds settlement banks regarding liquidity supply.

2. Items relating to fair value, etc. of financial instruments

Financial instruments held by the Group comprise cash and cash equivalents, trade and other receivables, clearing business financial assets, specified assets for deposits from clearing participants, specified assets for legal guarantee funds, specified assets for default compensation reserve funds, other financial assets, trade and other payables, loans payable, clearing business financial liabilities, deposits from clearing participants, legal guarantee funds and trading participant security money. The carrying amounts of these financial instruments are the same as or approximate to the fair values.

V. Notes relating to Per Share Information

- | | |
|---|------------|
| 1. Equity attributable to owners of the parent company per share: | JPY 858.23 |
| 2. Basic earnings per share: | JPY 125.41 |

Non-consolidated Balance Sheet

(As of March 31, 2015)

(JPY million)

Assets		Liabilities	
Current assets	46,194	Current liabilities	106,633
Cash and deposits	40,577	Operating accounts payable	242
Operating accounts receivable	1	Short-term loans payable	22,500
Prepaid expenses	61	Short-term loans payable to subsidiaries and associates	73,000
Deferred tax assets	191	Current portion of long-term loans payable	10,000
Other	5,362	Accounts payable - other	71
Non-current assets	169,024	Accrued expenses	110
Property and equipment	35	Deposits received	13
Buildings	0	Unearned revenue	20
Vehicles	25	Provision for bonuses	320
Tools, furniture and fixtures	8	Provision for directors' bonuses	158
Intangible assets	63	Other	196
Trademark right	10	Non-current liabilities	6,481
Software	40	Deferred tax liabilities	6,459
Other	12	Other	21
Investments and other assets	168,926	Total liabilities	113,114
Investment securities	37,055		
Shares of subsidiaries and associates	118,273	Net assets	
Investments in capital of subsidiaries and associates	3,000	Shareholders' equity	88,589
Long-term prepaid expenses	0	Share capital	11,500
Prepaid pension cost	5	Capital surplus	23,903
Specified assets for default compensation reserve funds	10,580	Legal capital surplus	3,000
Other	10	Other capital surplus	20,903
		Retained earnings	53,192
		Other retained earnings	53,192
		General reserve	5,302
		Retained earnings brought forward	47,889
		Treasury shares	(5)
		Valuation and translation adjustments	13,514
		Valuation difference on available-for-sale securities	13,514
		Total net assets	102,104
Total assets	215,218	Total liabilities and net assets	215,218

Non-consolidated Statement of Income

(From April 1, 2014 to March 31, 2015)

	(JPY million)
Operating revenue	33,102
Management fee income	6,888
Dividend income from subsidiaries and associates	26,207
Other	6
Operating expenses	5,814
Operating income	27,287
Non-operating income	1,541
Interest income	28
Dividend income	1,424
Other	88
Non-operating expenses	81
Interest expenses	81
Ordinary income	28,747
Income before income taxes	28,747
Income taxes - current	1,092
Income taxes - deferred	(73)
Net income	27,728

Non-consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2014 to March 31, 2015)

(JPY million)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	
					General reserve	Retained earnings brought forward
Balance at the beginning of current period	11,500	3,000	20,903	23,903	5,302	32,515
Changes of items during the period						
Dividends of surplus	-	-	-	-	-	(12,353)
Net income	-	-	-	-	-	27,728
Net changes of items other than shareholders' equity	-	-	-	-	-	-
Total changes of items during the period	-	-	-	-	-	15,374
Balance at the end of current period	11,500	3,000	20,903	23,903	5,302	47,889

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total Valuation and translation adjustments	
	Total retained earnings					
Balance at the beginning of current period	37,817	(5)	73,215	8,006	8,006	81,221
Changes of items during the period						
Dividends of surplus	(12,353)	-	(12,353)	-	-	(12,353)
Net income	27,728	-	27,728	-	-	27,728
Net changes of items other than shareholders' equity	-	-	-	5,507	5,507	5,507
Total changes of items during the period	15,374	-	15,374	5,507	5,507	20,882
Balance at the end of current period	53,192	(5)	88,589	13,514	13,514	102,104

Notes Regarding Non-consolidated Financial Statements

I. Accounting Policies

1. Standards and methods of asset valuation

Securities

(a) Shares of subsidiaries and associates: Cost method based on the moving-average-method

(b) Other securities:

Securities with market value: Market value method based on average market prices over a one-month period prior to the closing date 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)

Securities without market value: Cost method based on the moving-average-method

2. Methods of depreciation of non-current assets

(1) Property and equipment:

The straight-line method is used.

(2) Intangible 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 and provision

(1) Provision for bonuses:

For payment of employee bonuses, allowance is provided for the portion of the total anticipated bonuses that is attributable to the fiscal year under review.

(2) Provision for directors' bonuses:

For payment of bonuses to directors and executive officers, allowance is provided for the portion of the total anticipated bonuses that is attributable to the fiscal year under review.

(3) Provision for retirement benefits

This reserve is provided for payments of future retirement benefits to employees. It is recorded as the amount accrued at the end of the fiscal year, based on the projected retirement benefit obligation and estimated value of plan assets at the end of the fiscal year under review.

In the calculation of retirement benefit obligation, the benefit formula basis is used to attribute the projected retirement benefit to the period through the end of the fiscal year under review.

Actuarial differences are amortized using the straight-line method over a fixed number of years (10 years), which is within the average remaining years of service of the employees, as these differences are incurred, from the fiscal year following the fiscal year in which the respective actuarial differences are incurred.

4. Other significant matters which constitute the basis for preparation of the non-consolidated financial statements.

(1) Translation of foreign currency-denominated assets and liabilities into yen

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

(2) Accounting for consumption taxes, etc.

Consumption taxes and local consumption taxes are not included in transaction amounts.

II. Notes to Non-consolidated Balance Sheet

1. Accumulated depreciation on property and equipment

JPY 55 million

2. Monetary claims and monetary liabilities vis-à-vis affiliated companies (excluding those presented separately)

Short-term monetary claims

JPY 2 million

Short-term monetary liabilities

JPY 50 million

3. Loss compensation, etc.

The Company has “Specified assets for default compensation reserve funds” recorded under assets in its balance sheet as reserve for compensation of loss suffered by Japan Securities Clearing Corporation concerning the clearing services.

III. Notes to Non-consolidated Statement of Income

Transactions with affiliated companies

Transaction from operating transactions	
Operating revenue	JPY 33,096 million
Operating expenses	JPY 3,530 million
Transaction from non-operating transactions	JPY 258 million

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

Type of treasury shares and number of shares at the end of the current fiscal year

Common share	2,655 shares
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V. Note relating to Tax Effect Accounting

Breakdown of deferred tax assets and liabilities by major causes

Deferred tax assets:

Nondeductible accrued bonuses	JPY 105 million
Nondeductible accrued business tax	JPY 46 million
Loss on valuation of subsidiaries shares	JPY 228 million
Others	JPY 39 million
<hr/> Subtotal of deferred tax assets	<hr/> JPY 420 million
Valuation allowance	JPY(228) million
<hr/> Total deferred tax assets	<hr/> JPY 191 million

Deferred tax liabilities:

Valuation difference on available-for-sale securities:	JPY (6,459) million
<hr/> Total deferred tax liabilities	<hr/> JPY (6,459) million
<hr/> Net amounts of deferred tax assets (liabilities)	<hr/> JPY (6,267) million

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 191 million
Non-current liabilities - deferred tax liabilities	JPY 6,459 million

VI. Note relating to Transactions with Related Parties

Subsidiaries

Type of company	Name of company, etc.	Percentage of voting rights, etc. held (held by others)	Business relationship	Type of transaction	Value of transactions (JPY million)	Accounting classification	Balance at end of period (JPY million)
			Management control	Receipt of management fees (Note 1)	3,894	–	–
			Employee secondment	Payment for secondment (Note 2)	2,067	Accrued expenses	46
	Tokyo Stock Exchange, Inc.	Directly held 100.0%	Borrowing of funds	Borrowing of funds	56,000	Short-term loans payable to subsidiaries and associates	56,000
			Concurrent positions of directors	Payment for interest expense (Note 3)	31	Accrued expenses	2
Subsidiaries	Japan Exchange Regulation	Directly held 100.0%	Management control	Borrowing of funds	5,000	Short-term loans payable to subsidiaries and associates	5,000
			Borrowing of funds				
			Management control	Payment for secondment (Note 2)	665	Accrued expenses	0
			Employee secondment				
	Osaka Exchange, Inc.	Directly held 100.0%	Borrowing of funds	Borrowing of funds	12,000	Short-term loans payable to subsidiaries and associates	12,000
			Concurrent positions of directors				

The transaction amounts shown above do not include consumption taxes, etc.; balance at end of period includes consumption taxes, etc. Transaction-related conditions and policies for determining such conditions, etc.

(Note 1) Management fee is determined in consideration of costs for management and administration of group companies.

(Note 2) The amount of payment for secondment is determined in consideration of personnel expenses for secondment to the Company.

(Note 3) Interest rates for borrowed funds are determined in consideration of market rates, etc.

VII. Notes relating to Per Share Information

1. Net assets per share:	JPY 371.92
2. Net income per share:	JPY 101.00

(TRANSLATION)

Independent Auditor's Report

May 7, 2015

To The Board of Directors of
Japan Exchange Group, Inc.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Yasuyuki Miyasaka

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Takako Fujimoto

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Koji Ishikawa

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2015 of Japan Exchange Group, Inc. (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income and changes in equity for the fiscal year from April 1, 2014 to March 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards ("IFRS") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as

evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under IFRS pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of Japan Exchange Group, Inc. and its consolidated subsidiaries as of March 31, 2015, and the results of their operations for the year then ended.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

Independent Auditor's Report

May 7, 2015

To The Board of Directors of
Japan Exchange Group, Inc.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Yasuyuki Miyasaka

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Takako Fujimoto

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Koji Ishikawa

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2015 of Japan Exchange Group, Inc. (the "Company"), and the related statements of income and changes in net assets for the 14th fiscal year from April 1, 2014 to March 31, 2015, and a summary of significant accounting policies and other explanatory information, and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of Japan Exchange Group, Inc. as of March 31, 2015, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

■ Audit Report of Audit Committee

Audit Report

The Audit Committee of Japan Exchange Group, Inc. (the Company) has audited the execution of official duties by the directors and executive officers of the Company during its 14th business year, the period from April 1, 2014 to March 31, 2015. Our audit methods and results are as follows.

1. Auditing Methods and Content thereof

The Audit Committee monitored and inspected 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 Ordinance on Accounting of Companies) 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 and statement of changes in shareholders' equity) and supplementary statements, and consolidated financial documents (consolidated statement of financial position, consolidated statement of income, and consolidated statement of changes in equity that were prepared with omissions of part of the disclosure items required by International Financial Reporting Standards as prescribed in Paragraph 1 of Article 120 of Ordinance on Accounting of Companies) 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 regulations as well as the Articles of Incorporation.
- (ii) We found no wrongful act or material fact in violation of laws, regulations, 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.

(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, 2015
Audit Committee of Japan Exchange Group, Inc.

Member of the Audit Committee
Kunihiro Matsuo

Standing Member of the Audit Committee
Masayuki Hirose

Member of the Audit Committee
Michiko Tomonaga

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