



[TRANSLATION]

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Securities Code: 8697

May 30, 2016

Notice of the 15th Annual General Shareholders Meeting

Dear Shareholder,

You are cordially invited to attend the 15th 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 20, 2016.

Sincerely yours,

Akira Kiyota
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

1. Date and Time 10:00 a.m., Tuesday, June 21, 2016 (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 15th term (from April 1, 2015 to March 31, 2016)
2. The Non-consolidated Financial Statements for the 15th term (from April 1, 2015 to March 31, 2016)

Matters to Be Resolved

Proposal No. 1 Partial Amendments to the Articles of Incorporation

Proposal No. 2 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.

Partial Amendments to the Articles of Incorporation

1. Reasons for proposed amendments

- (1) The current Article 14, Paragraph 2 of the Articles of Incorporation is proposed to be amended to enable a different director serving as an executive officer to convene and preside over the general shareholders meeting, in an order predetermined by the Board of Directors, if the director serving as CEO is absent.
- (2) The Act for Partial Revision of the Companies Act (Act No. 90 of 2014) implemented on May 1, 2015 newly allows for the conclusion of limited liability agreements with directors who are not executive directors, etc. As such, Article 28, Paragraph 2 of the Articles of Incorporation is proposed to be amended to allow such directors to fully play their expected role. All Audit Committee members have given their consent to said change.
- (3) The current Article 35, Paragraph 1 of the Articles of Incorporation is proposed to be amended to bring the end of the term of office for executive officers in line with the end of fiscal year, so that said term is up to one (1) year, until the end of the fiscal year of election.

2. Details of Proposed Amendments

The details of the proposed amendments are as follows.

(Underline denotes amendment)

Current Articles of Incorporation	Proposed Amendments
<p>(Convener and Chairperson of General Shareholders Meeting)</p> <p>Article 14</p> <p>1. (Omitted)</p> <p>2. <u>In the event the director serving as CEO is unable to fulfill his/her duties due to an accident or some other circumstances</u>, another director serving as an executive officer shall convene and preside over the general shareholders meeting in an order predetermined by the Board of Directors.</p> <p>(Exemption from Liabilities of Directors, Etc.)</p> <p>Article 28</p> <p>1. (Omitted)</p> <p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with <u>an outside director</u> which limits his/her liability for damages arising from failure to carry out his/her duties; provided, however, that the maximum liability for damages under such agreement shall be as prescribed by laws and regulations.</p> <p>(Term of Office of Executive Officers)</p> <p>Article 35</p> <p>1. The term of office of executive officers shall be <u>until the close of the first Board of Directors meeting that is convened after the conclusion of the annual general shareholders meeting for the last fiscal year out of the fiscal years terminating within one (1) year after his/her election</u>.</p> <p>2. (Omitted)</p> <p>(New provision)</p>	<p>(Convener and Chairperson of General Shareholders Meeting)</p> <p>Article 14</p> <p>1. (Unchanged)</p> <p>2. <u>In the event the director serving as CEO is unable to fulfill his/her duties due to his/her absence, an accident, or other circumstances</u>, another director serving as an executive officer shall convene and preside over the general shareholders meeting in an order predetermined by the Board of Directors.</p> <p>(Exemption from Liabilities of Directors, Etc.)</p> <p>Article 28</p> <p>1. (Unchanged)</p> <p>2 Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with <u>a director (excluding an executive director, etc.)</u> which limits his/her liability for damages arising from failure to carry out his/her duties; provided, however, that the maximum liability for damages under such agreement shall be as prescribed by laws and regulations.</p> <p>(Term of Office of Executive Officers)</p> <p>Article 35</p> <p>1. The term of office of executive officers shall be <u>up to one (1) year, until the end of the fiscal year of his/her election</u>.</p> <p>2. (Unchanged)</p> <p style="text-align: center;"><u>Supplementary Provisions</u></p> <p><u>These amendments shall be implemented on June 21, 2016. However, the post-amendment provisions of Article 35, Paragraph 1 shall come into effect at the close of the first Board of Directors meeting to be convened after the conclusion of the annual general shareholders meeting held on June 21, 2016.</u></p>

Proposal No. 2 Election of Thirteen (13) Directors

The term of office of all twelve (12) Directors will expire upon the conclusion of this annual general shareholders meeting. In addition, with the passing of Director Shigetaka Sato on November 20, 2015, 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	Area of Expertise				Diversity	
			Corporate Management	Accounting	Legal Affairs	Researcher Government Agencies	Female	Foreigner
Directors								
1	Hiroki Tsuda	Director (Chairperson of the Board of Directors)	Re-election	—	—	—	—	—
2	Akira Kiyota	Director and Representative Executive Officer, Group CEO	Re-election	—	—	—	—	—
3	Koichiro Miyahara	Director and Executive Officer	Re-election	—	—	—	—	—
4	Hiromi Yamaji	Director and Executive Officer	Re-election	—	—	—	—	—
5	Christina Ahmadjian	Director	Re-election Independent Director Candidate for Outside Director				✿ ✿ ✿	
6	Hitoshi Ogita	—	New Independent Director Candidate for Outside Director	✿				
7	Hideaki Kubori	Director	Re-election Independent Director Candidate for Outside Director			✿		
8	Main Kohda	—	New Independent Director Candidate for Outside Director				✿ ✿	
9	Eizo Kobayashi	—	New 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	Kimitaka Mori	—	New Independent Director Candidate for Outside Director			✿		
13	Tsuyoshi Yoneda	Director	Re-election Independent Director Candidate for Outside Director				✿	

Candidate number 1	Hiroki Tsuda	Re-election 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
Jun. 2015 Outside Director of the Company (current position)
 Chairperson of the Board of Directors of the Company (current position)

(Area of Responsibility)

Chairperson of the Board of Directors

Reason for Nomination as Outside Director

Mr. Hiroki Tsuda has been put forth as a candidate for Outside Director due to his capacity to identify with the Company's corporate philosophy and social mission as well as his abundant experience and insight in financial policy, which can be expected to be reflected in the management of the Company. Although Mr. Tsuda was not 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 9,600 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.
- Jun. 2015 Representative Executive Officer, Group CEO of the Company (current position)
Director, Tokyo Stock Exchange, Inc. (current position)

(Areas of Responsibility)

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

(Significant Concurrent Position)

- Director, Tokyo Stock Exchange, Inc.

Reason for Nomination as Director

Mr. Akira Kiyota was appointed as a Director in 2013 due to his abundant experience and insight in securities markets through his business at a securities company, which could be reflected in the management of the Company. Afterwards, he has managed the Company as Director & Representative Executive Officer, Group CEO since June 2015 as the best person for CEO and due to, among others, his experience and track record of leading the cash equity market for two years, which covered the promotion of the implementation of Japan's Corporate Governance Code. Based on his experience with the JPX group, he is deemed appropriate as a Member of the Board of Directors and is therefore put forth as a candidate for Director.

Candidate number 3	Koichiro Miyahara	Re-election	Date of birth Mar. 10, 1957	No. of Company shares held 13,800 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
 - Jun. 2015 Director of the Company (current position)
President & CEO, Tokyo Stock Exchange, Inc. (current position)
 - Nov. 2015 Executive Officer of the Company (current position)
- (Significant Concurrent Position)
President & CEO, Tokyo Stock Exchange, Inc.

Reason for Nomination as Director

Mr. Koichiro Miyahara was appointed as a Director in June 2015 as his past experience such as overseeing business integration between Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd. as Senior Executive Officer of Tokyo Stock Exchange Group, Inc. and other past achievements, as well as his considerable knowledge and experience regarding the exchange business in general, could be reflected in the management of the Company. Moreover, as President & CEO of Tokyo Stock Exchange, Inc., he manages a core subsidiary of the Company. Based on his experience with the JPX group, he is deemed appropriate as a Member of the Board of Directors and is therefore put forth as a candidate for Director.

Candidate number 4	Hiromi Yamaji Re-election	Date of birth Mar. 8, 1955	No. of Company shares held 7,000 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)
President & CEO, Osaka Securities Exchange Co., Ltd. (currently Osaka Exchange, Inc.) (current position)
 - Nov. 2015 Executive Officer of the Company (current position)
- (Significant Concurrent Position)
President & CEO, Osaka Exchange, Inc.

Reason for Nomination as Director

Mr. Hiromi Yamaji was appointed as a Director of the Company in 2013 as his considerable experience and insight acquired through working at a securities company could be reflected in the management of the Company. Subsequently, over the course of three years, as President & CEO of Osaka Securities Exchange Co., Ltd. (currently Osaka Exchange, Inc.), he demonstrated leadership in the development of derivatives markets, including the listing of new products such as futures contracts on the JPX-Nikkei Index 400, and attracting new institutional and overseas investors. Based on his experience with the JPX group, he is deemed appropriate as a Member of the Board of Directors and is therefore put forth as a candidate for Director.

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)

(Area of Responsibility)

Member of the Audit Committee

(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 capacity to identify with the Company's corporate philosophy and social mission as well as 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 was not 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	Hitoshi Ogita	New Independent Director Candidate for Outside Director	Date of birth Jan. 1, 1942	No. of Company shares held 3,000 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

Apr. 1965 Joined Asahi Breweries, Ltd. (currently Asahi Group Holdings, Ltd.)

Mar. 1997 Director, General Manager of Fukuoka Branch, Asahi Breweries, Ltd. (currently Asahi Group Holdings, Ltd.)

Mar. 2000 Managing Corporate Officer, Senior General Manager of Kyushu Regional Headquarters, Asahi Breweries, Ltd.

Mar. 2002 Senior Managing Corporate Officer, Senior General Manager of Kanshin-etsu Regional Headquarters, Asahi Breweries, Ltd.

Sep. 2002 Corporate Officer, Vice President, Asahi Soft Drinks Co., Ltd.

Mar. 2003 President and Representative Director, Asahi Soft Drinks Co., Ltd.

Mar. 2006 President and Representative Director, Asahi Breweries, Ltd.

Mar. 2010 Chairman of the Board and Representative Director, Asahi Breweries, Ltd.

Jun. 2010 Outside Director, Imperial Hotel, Ltd. (current position)

Jun. 2012 Outside Director, NEC Corporation (current position)

Mar. 2014 Senior Adviser, Asahi Group Holdings, Ltd. (current position)

(Significant Concurrent Positions)

Senior Adviser, Asahi Group Holdings, Ltd.

Outside Director, Imperial Hotel, Ltd.

Outside Director, NEC Corporation

Reason for Nomination as Outside Director

Mr. Hitoshi Ogita has been put forth as a candidate for Outside Director due to his capacity to identify with the Company's corporate philosophy and social mission as well as 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 capacity to identify with the Company's corporate philosophy and social mission as well as 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 was not 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	Main Kohda	New Independent Director Candidate for Outside Director	Date of birth Apr. 25, 1951	No. of Company shares held 0 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Sep. 1995 Started independently as Novelist, to the present
- Jan. 2003 Member of Financial System Council, Ministry of Finance Japan
- Apr. 2004 Visiting professor, Faculty of Economics, Shiga University
- Mar. 2005 Member of the Council for Transport Policy, Ministry of Land, Infrastructure, Transport and Tourism
- Nov. 2006 Member of the Tax Commission, Cabinet Office, Government of Japan
- Jun. 2010 Member of the Board of Governors, Japan Broadcasting Corporation
- Jun. 2012 Outside Director, Japan Tobacco Inc. (current position)
- Jun. 2013 Outside Director, LIXIL Group Corporation (current position)

(Significant Concurrent Positions)

Novelist
Outside Director, Japan Tobacco Inc.
Outside Director, LIXIL Group Corporation

Reason for Nomination as Outside Director

Ms. Main Kohda has been put forth as a candidate for Outside Director due to her capacity to identify with the Company's corporate philosophy and social mission as well as her creativity and her perception as a novelist, her insight in finance, and her experience in serving as a university professor and a member of government advisory councils, which can be expected to be reflected in the management of the Company.

Candidate number 9	Eizo Kobayashi	New Independent Director Candidate for Outside Director	Date of birth Jan. 7, 1949	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 C. Itoh & Co. Ltd. (Former name of ITOCHU Corporation)
Jun. 2000 Executive Officer, ITOCHU Corporation
Apr. 2002 Managing Executive Officer, ITOCHU Corporation
Jun. 2003 Representative Director, Managing Director, ITOCHU Corporation
Apr. 2004 Representative Director, Senior Managing Director, ITOCHU Corporation
Jun. 2004 President & Chief Executive Officer, ITOCHU Corporation
Apr. 2010 Representative Director, Chairman, ITOCHU Corporation
Jul. 2010 Outside Corporate Auditor, ASAHI MUTUAL LIFE INSURANCE CO. (current position)
Jun. 2011 Director, Chairman, ITOCHU Corporation (current position)
Jun. 2013 Outside Director, OMRON Corporation (current position)
Jun. 2015 Counsellor, Bank of Japan (current position)
External Director, Japan Airlines Co., Ltd. (current position)
Jun. 2016 Chairman, ITOCHU Corporation (expected to resign from his position as Director on June 24, 2016)

(Significant Concurrent Positions)

Chairman, ITOCHU Corporation
Chairman, ITOCHU Foundation
Chairman, Japan Foreign Trade Council, Inc.
Outside Corporate Auditor, ASAHI MUTUAL LIFE INSURANCE CO.
Outside Director, OMRON Corporation
Counsellor, Bank of Japan
External Director, Japan Airlines Co., Ltd.
Outside Director of Nippon Venture Capital Co., Ltd.

Reason for Nomination as Outside Director

Mr. Eizo Kobayashi has been put forth as a candidate for Outside Director due to his capacity to identify with the Company's corporate philosophy and social mission as well as his abundant experience and insight in corporate management, which can be expected to be reflected in the management of the Company.

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)

Standing 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

Reason for Nomination as Director

Mr. Masayuki Hirose joined Tokyo Stock Exchange in April 1979, and in the company and the JPX group, was responsible for the operation of IT systems and participant examinations. He has been put forth as a candidate for Director due to his abundant knowledge and experience in the overall operations of the stock exchange, which can be expected to be useful for overseeing business execution in the JPX group.

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 capacity to identify with the Company's corporate philosophy and social mission as well as his abundant experience and insight in corporate management, which can be expected to be reflected in the management of the Company.

Candidate number 12	Kimitaka Mori	New Independent Director Candidate for Outside Director	Date of birth Jun. 30, 1957	No. of Company shares held 0 shares
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

Apr. 1980 Joined Shinwa Accountants (currently KPMG AZSA LLC)
Jun. 2000 Representative Partner, Asahi & Co. (currently KPMG AZSA LLC)
Jun. 2004 Director of financial services, KPMG AZSA & Co. (currently KPMG AZSA LLC)
Jun. 2006 Board Member, KPMG AZSA & Co.
Jul. 2011 Chairman, KPMG FS Japan
Jun. 2013 Retired KPMG AZSA LLC
Jul. 2013 Established Mori Certified Public Accountant Office

Reason for Nomination as Outside Director

Mr. Kimitaka Mori has been put forth as a candidate for Outside Director due to his capacity to identify with the Company's corporate philosophy and social mission as well as his insight in corporate accounting in his capacity as an accounting professional, which can be expected to be reflected in the management of the Company. Although Mr. Mori was not previously involved in corporate management, based on the above reason, it was determined that Mr. Mori will be able to appropriately conduct the duties of Outside Director.

Candidate number 13	Tsuyoshi Yoneda	Re-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
Jun. 2015	Outside Director of the Company (current position)

(Area of Responsibility)

Member of the Audit Committee

Reason for Nomination as Outside Director

Mr. Tsuyoshi Yoneda has been put forth as a candidate for Outside Director due to his capacity to identify with the Company's corporate philosophy and social mission as well as his abundant experience and insight in police organizations, which can be expected to be reflected in the management of the Company. Although Mr. Yoneda was not 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.

- (Notes)
1. Mr. Hitoshi Ogita is Senior Adviser at Asahi Group Holdings, Ltd., and the corporate group pays annual listing and other fees to the JPX group (JPY 5 million). Mr. Eizo Kobayashi is Chairman of the Board at ITOCHU Corporation, and the corporate group pays annual listing and other fees to the JPX group (JPY 18 million). Furthermore, Mr. Katsuhiko Honda is Corporate Advisor at Japan Tobacco Inc., and the corporate group pays annual listing and other fees to the JPX group (JPY 8 million). The amounts of such transactions in FY2015 accounted for less than 1% of the consolidated sales of the JPX group and each of said groups. Therefore, the Company deems that there are no concerns over the independence of the above-mentioned persons. In addition, the other candidates do not have any particular conflicts of interest with the Company.
 2. If Mr. Kimitaka Mori is elected, he will assume the position on July 26, 2016.
 3. The following persons are candidates for Outside Director: Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Hitoshi Ogita, Mr. Hideaki Kubori, Ms. Main Kohda, Mr. Eizo Kobayashi, Mr. Katsuhiko Honda, Mr. Kimitaka Mori, and Mr. Tsuyoshi Yoneda.
 4. The following persons are Independent Directors, which Tokyo Stock Exchange, Inc. requires listed companies to secure to protect the interests of general investors: Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Hideaki Kubori, Mr. Katsuhiko Honda, and Mr. Tsuyoshi Yoneda. Among them, the Company will continue to file the following persons as Independent Directors with the exchange: Ms. Christina Ahmadjian, Mr. Hideaki Kubori, Mr. Katsuhiko Honda, and Mr. Tsuyoshi Yoneda.
The following persons qualify as Independent Directors as defined by Tokyo Stock Exchange, Inc. and will be filed as Independent Directors with the exchange: Mr. Hitoshi Ogita, Ms. Main Kohda, Mr. Eizo Kobayashi, and Mr. Kimitaka Mori.
 5. Mr. Katsuhiko Honda, a candidate for Outside Director, was previously Outside Director at subsidiary Tokyo Stock Exchange, Inc. as described in his "Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)". Also, Mr. Hideaki Kubori, a candidate for Outside Director, is currently Outside Governor at subsidiary Japan Exchange Regulation as described in his "Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)".

6. 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.
7. Conclusion of Limited Liability Agreements with Non-Executive Directors
 Under the current Articles of Incorporation, the Company stipulates a provision that allows it to enter into agreements with Outside Directors that limit liability for damages of the Company to the minimum amount as set by laws and regulations. Such limited liability agreements have been concluded with Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Hideaki Kubori, Mr. Katsuhiko Honda, and Mr. Tsuyoshi Yoneda. If the reappointments of Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Hideaki Kubori, Mr. Katsuhiko Honda, and Mr. Tsuyoshi Yoneda are approved, the corresponding limited liability agreements with them will continue to remain effective, and if the appointments of Mr. Hitoshi Ogita, Ms. Main Kohda, Mr. Eizo Kobayashi, and Mr. Kimitaka Mori are approved, the Company will enter into limited liability agreements with them. Moreover, if Proposal No.1 for the 15th Annual General Shareholders Meeting is approved, it will be stipulated that the Company may enter into limited liability agreements with Directors (excluding executive directors, etc. stipulated by Article 427, Paragraph 1 of the Companies Act; hereinafter referred to as "Non-Executive Director(s)"). If the reappointment of Mr. Masayuki Hirose is approved, the Company will enter into a limited liability agreement with him.
 The summary of such agreements is as follows:
- If a Non-Executive Director becomes liable to the Company for damages arising from failure to carry out his/her duties, his/her liability shall be limited to the minimum amount of liability stipulated by Article 425, Paragraph 1 of the Companies Act.
 - The above limit on liability shall be limited to cases where such Non-Executive Director is not grossly negligent in his/her performance in good faith of the duty that was the cause of liability.
8. Number of years in office of Outside Director candidates since assuming the position of Outside Director of the Company
 Of the candidates for Outside Director, the number of years in office, as of the conclusion of this annual general shareholders meeting, of current Outside Directors of the Company since assuming their positions is as follows: Mr. Hiroki Tsuda: 1 year; Ms. Christina Ahmadjian: 2 years; Mr. Hideaki Kubori: 3 years and 6 months; Mr. Katsuhiko Honda: 3 years and 6 months; and Mr. Tsuyoshi Yoneda: 1 year.
9. Composition of Committees and Chairpersons
 If this proposal is approved, the composition and chairperson of the Committees will be as follows. Mr. Kimitaka Mori will assume the position of an Audit Committee member on July 26, 2016 when he is scheduled to become a Director.
 Nomination Committee: Mr. Akira Kiyota (Chairperson), Mr. Koichiro Miyahara, Mr. Hitoshi Ogita, Mr. Hideaki Kubori, Mr. Katsuhiko Honda
 Compensation Committee: Mr. Katsuhiko Honda (Chairperson), Mr. Akira Kiyota, Mr. Koichiro Miyahara, Ms. Christina Ahmadjian, Mr. Eizo Kobayashi
 Audit Committee: Mr. Tsuyoshi Yoneda (Chairperson), Ms. Christina Ahmadjian, Ms. Main Kohda, Mr. Masayuki Hirose, Mr. Kimitaka Mori

(Reference) Independence Standards and Qualification for Independent Outside Directors

The Company verifies the status of outside directors to the extent reasonably possible and judges that an outside director is independent if he/she satisfies all of Items 1 through 14 below.

1. Not being an executive director, etc. (Note 2) or employee of the JPX group (Note 1) in the last ten years;
2. Not being an officer executing business or employee of the Company's current major shareholders (Note 3) group or a company in which the Company is a current major shareholder in the last five years;
3. Not being an officer executing business or employee of a major business partner of the JPX group (Note 4);
4. Not being an officer executing business or employee of a major business partner of the JPX group (Note 5) during any of the three fiscal years prior to the last fiscal year;
5. Not being an officer executing business or employee of an organization that receives a donation or subsidy exceeding the specified amount from the JPX group (Note 6);
6. Not being a director, auditor, or executive officer of a corporate group that accepts a director seconded from the JPX group;
7. Not being an officer executing business or employee of a group company of a major creditor, etc. (Note 7), of the JPX group in the last three years;
8. Not being a member, partner, or employee of the accounting auditor of the JPX group;
9. Not being a member, partner, or employee of the current accounting auditor of the JPX group, who engaged in actual audit work of the JPX group (except, however, for secondary involvement) in the last three years;
10. Not being an attorney-at-law, certified public accountant, certified public tax accountant, or other consultant who receives money and other economic benefits in an amount exceeding the specified amount (Note 8) other than remuneration for directors, auditors, or executive officers from the JPX group;
11. Not being a member, partner, associate, or employee of a law firm, audit firm, tax accounting firm, consulting firm, or other professional advisory firm, for which the JPX group is a major client (Note 9);
12. Not being the spouse, a relative within the second degree of kinship, or a relative residing in the same household of a person falling under any of the following items:
 - (i) An officer executing business or employee of the JPX group in the last five years;
 - (ii) A director, auditor, or executive officer of a company that is the Company's current major shareholder or of which the Company is a current major shareholder in the last five years;
 - (iii) An officer executing business or employee of a major business partner of the JPX group;
 - (iv) An officer executing business or employee of a major business partner of the JPX group during any of the last three years;
 - (v) An officer executing business or employee of an organization that receives from the JPX group a donation or subsidy exceeding the specified amount;
 - (vi) An officer executing business or employee of a group company of a major creditor, etc., of the JPX group in the last three years;
 - (vii) A member, partner, or other certified public accountant of the accounting auditor of the JPX group;
 - (viii) An employee of the accounting auditor of the JPX group, who currently engages in actual audit work of the JPX group (except, however, for secondary involvement);
 - (ix) A member, partner, or employee of the current accounting auditor of the JPX group in the last three years, who engaged in actual audit work of the JPX group (except, however, for secondary involvement) during said period;
 - (x) An attorney-at-law, certified public accountant, certified public tax accountant, or other consultant who receives money and other economic benefits in an amount exceeding the specified amount from the JPX group; or
 - (xi) A member, partner, or associate of a law firm, audit firm, tax accounting firm, consulting firm, or other professional advisory firm, for which the JPX group is a major client;
13. Not being a person who is likely to constantly have substantial conflict of interest with the Company's general shareholders;
14. A person who has served as an outside director of the Company for not more than ten years in total, or where having served for not more than ten years in total, there is no doubt over his/her substantial independence due to work circumstances at the Company; or
15. Even if a person does not satisfy any of the above Items 2 to 12, the person may be appointed an independent director of the Company on the condition that (1) the person satisfies the requirements of outside directors under the Companies Act and (2) the Company explains to external parties the reason why the person is considered appropriate as its independent director.

Note 1: "The JPX group" refers to Japan Exchange Group, Inc., Tokyo Stock Exchange, Inc., Osaka Exchange, Inc., Japan Exchange Regulation, Japan Securities Clearing Corporation, and TOSHO SYSTEM SERVICE CO., LTD.

Note 2: "Executive director, etc." refers to an executive director, executive officer (*shikkoyaku* or *shikkoyakuin*), president (*rijicho*), or standing governor (*joninriji*).

Note 3: "Major shareholder" refers to a shareholder that holds 10% or more of the voting rights of the Company.

- Note 4: "Major business partner" in Items 3 and 12(iii) refers to a party for which the JPX group is a major client (a party that received payment, from the JPX group, accounting for 2% or more of the amount equivalent to its consolidated gross sales for the latest fiscal year), or a party that was a major client of the JPX group (a party that accounted for 2% or more of the amount equivalent to the Company's consolidated gross sales for the latest fiscal year), as well as its parent company or significant subsidiary.
- Note 5: "Major business partner" in Items 4 and 12(iv) refers to a party for which the JPX group was a major client (a party that received payment, from the JPX group, accounting for 2% or more of the amount equivalent to its consolidated gross sales for the latest fiscal year), or a party that is a major client of the JPX group (a party that made a payment of 2% or more of the amount equivalent to the consolidated gross sales of the Company for the latest fiscal year among the fiscal years included), as well as its parent company or major subsidiary.
- Note 6: "The specified amount" in Items 5 and 12(v) refers to JPY 10 million per year (the annual average over the past three fiscal years) or 30% of the annual total expenses of the organization, whichever larger.
- Note 7: "Major creditor, etc." refers to a financial institution or other major creditor that is essential for the Company's financing, which the Company is dependent on to the extent that it cannot be replaced with another party.
- Note 8: "The specified amount" in Items 10 and 12(x) refers to JPY 10 million per year (the annual average over the past three fiscal years, excluding remuneration for directors, auditors, or executive officers).
- Note 9: A firm "for which the JPX group is a major client" refers to a firm that received payment, from the JPX group, accounting for 2% or more (the annual average over the past three fiscal years) of its consolidated gross sales.

Business Report

(From April 1, 2015 to March 31, 2016)

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 stock market in Japan was strong during the early period of the fiscal year, with TOPIX reaching 1,691.29 points in August 2015 (up 148.18 points from the end of March 2015) on the back of the gradual recovery of the Japanese economy, evident from improvements in corporate earnings and employment conditions among other aspects. Later, however, there emerged a view that a stronger yen would have a negative impact on corporate performance, particularly on export industries, as the risk-off trend among investors globally became evident due to factors such as the slowdown in the growth of the Chinese economy and stagnation in emerging economies caused by declining natural resource prices. As a result, market conditions became unstable, with TOPIX declining to 1,347.20 points at the end of March 2016 (down by 195.91 points from the end of March 2015).

Under such circumstances, the JPX group (meaning the corporate group comprising the Company and its subsidiaries in this Business Report) channeled its energies into achieving its core strategies – "Creation of a new Japanese stock market", "Expansion of the derivatives market", "Expansion of exchange business fields", "Asian strategy", and "Early realization of integration benefits" in the final year of the 1st Medium-Term Management Plan (FY2013-FY2015).

The consolidated results of the JPX group during the fiscal year ended March 31, 2016 included operating revenue of JPY 114,776 million (up 8.1% year-on-year), operating expenses of JPY 50,925 million (down 3.7% year-on-year), operating income of JPY 66,271 million (up 23.8% year-on-year), income before income tax of JPY 67,774 million (up 23.5% year-on-year), and net income attributable to owners of the parent company of JPY 44,877 million (up 30.4% year-on-year).

(a) Trading services revenue

The average daily trading value in the JPX group's cash equity markets (TSE 1st and 2nd Sections, Mothers, JASDAQ, TOKYO PRO Market, and ETFs/ETNs, REITs, etc.) during this fiscal year was JPY 3,412.6 billion. Also, total trading volume for derivatives reached 386 million contracts, both respectively the highest levels on record.

During the fiscal year ended March 31, 2016, basic fees were JPY 1,061 million (down 0.6% year-on-year), transaction fees from cash equities and derivatives were JPY 30,783 million (up 7.2% year-on-year) and JPY 12,510 million (up 8.6% year-on-year) respectively, and other fees such as access fees and trading system facilities usage fees were JPY 8,115 million (up 9.5% year-on-year). As a result, trading services revenue came to JPY 52,471 million (up 7.7% year-on-year).

Under these circumstances, during this fiscal year, the JPX group endeavored to establish the Corporate Governance Code, renew the trading system, and expand the ETF/REIT markets from the perspective of "Creation of a new Japanese stock market", as well as list new products for the "Expansion of the derivatives market".

(i) Establishment, etc. of the Corporate Governance Code

To realize effective corporate governance of listed companies, Tokyo Stock Exchange, Inc. (hereafter "TSE") formulated the "Corporate Governance Code" as an attachment in the TSE Securities Listing Regulations, and developed corresponding listing rules (effective from June 2015) in response to the draft of "Japan's Corporate Governance Code" (announced in March 2015) compiled by the "Council of Experts Concerning the Corporate Governance Code".

Moreover, to follow up on the adoption and establishment of the corporate governance code and discuss and propose necessary measures for further enhancing the corporate governance of listed companies as a whole, TSE and the Financial Services Agency established the "Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code" and published its opinions in October 2015 and February 2016.

As a result of these initiatives, by the end of December 2015, 2,485 companies submitted reports that reflected Japan's Corporate Governance Code, with companies appointing two or more independent outside directors reaching 52.9% of the TSE 1st Section.

(ii) arrowhead Renewal

TSE renewed arrowhead – the trading system for cash equity products – in September 2015 and achieved improved reliability, improved convenience, and improved processing capability.

Regarding improving reliability, enhanced risk control functions were implemented in response to growth in electronic trading and trading at increasingly high speeds, thereby improving the reliability of the market. Moreover, with regard to improving convenience, market convenience was further improved by enhancing services for system responses concerning changes in trading rules, including Phase III of optimizing the tick sizes, and for the distribution of market information. Furthermore, regarding improving processing capability, greater system stability was achieved by allowing for flexible capacity augmentation in response to increases in orders, among others, in addition to almost halving order response and information distribution latency.

(iii) Expansion of the ETF/REIT markets

For the expansion of the ETF market, TSE strove to further bolster its product lineup, such as listing leveraged and inverse ETFs that track the JPX-Nikkei Index 400. As a result, during this fiscal year, 21 ETFs were newly listed.

To promote investment, TSE regularly exchanged opinions on ETF, etc. 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 in various locations across Japan, and workshops for securities companies and financial planners, and engaged in initiatives to enrich investment information through various media. As a result, during this fiscal year, the average daily trading value of ETFs (including ETNs) reached a record high of JPY 286.8 billion.

For the expansion of the REIT market, five issues, including a healthcare REIT, were newly listed as a result of efforts to increase and diversify the listed lineup through activities to support issuers considering listing and managing trading participants, as well as events to promote healthcare REITs.

Moreover, to encourage investment in REIT, TSE pursued promotion activities, such as holding and participating in events for individual investors, operating a specialized website that offers videos showcasing investment properties, visiting and holding conferences for institutional investors in Japan and abroad, and providing disclosure of summary information in English. As a result of these efforts, the average daily trading value in the REIT market reached a historic high of JPY 42.8 billion.

(iv) Expansion of the derivatives market

Osaka Exchange, Inc. (hereinafter "OSE") listed Nikkei 225 Weekly Options in May 2015 to provide investors with a new method for hedging risk.

Moreover, OSE started preparations in earnest, announcing new products (including TSE Mothers Index Futures and JPX-Nikkei Index 400 Options) and changes in trading rules, including the extension of trading hours, to be introduced with the launch of next-generation J-GATE scheduled for July 2016.

In terms of sales and promotion activities, besides securing market makers, holding seminars, participating in overseas events, and aggressively seeking out overseas investors through efforts such as its "New Customer Program", OSE also conducted promotion activities to encourage securities firms to offer the new products, etc.

(b) Clearing services revenue

Clearing services revenue for this fiscal year was JPY 23,140 million (up 15.2% year-on-year). This reflected an increase in cash equities and derivatives trading, the two main clearing product segments.

Under these circumstances, from the viewpoint of "Expansion of exchange business fields", Japan Securities Clearing Corporation (JSCC) introduced cross-margining for JGB futures and yen-denominated interest rate swaps and began clearing transactions of foreign-denominated interest rate swaps in September 2015 as an initiative to increase the

competitiveness of its OTC derivatives clearing business.

Furthermore, to capture the diversity of cross-border transactions by overseas users, JSCC aligned itself with global regulatory standards to obtain certification for Europe in April 2015, followed by Australia in September and the United States in October the same year.

(c) Listing services revenue

Fees from initial and additional listings were JPY 5,330 million (up 11.9% year-on-year) and annual listing fees were JPY 7,919 million (up 5.8% year-on-year), bringing the total for listing services revenue for this fiscal year to JPY 13,250 million (up 8.2% year-on-year).

Under these circumstances, 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 from the viewpoint of "Creation of a new Japanese stock market".

Moreover, TSE engaged in comprehensive support for growth, such as supporting companies post-IPO for stepping up according to their needs.

As a result, this fiscal year saw 20 IPOs on the TSE 1st and 2nd Sections (up 3 companies from last year), 57 on Mothers (up 1 company), 14 on JASDAQ (up 3 companies), and 4 on TOKYO PRO Market (down 1 company). These brought the number of companies to 2,492 on the TSE 1st and 2nd Sections (up 71 companies), 225 on Mothers (up 12 companies), 786 on JASDAQ (down 48 companies), and 14 on TOKYO PRO Market (up 3 companies).

(d) Information services revenue

Information services revenue for this fiscal year was JPY 17,706 million (up 8.6% year-on-year), partly reflecting increased revenue from market information fees and increased revenue from index business.

As for initiatives for the "Creation of a new Japanese stock market", TSE strived to further spread and establish the JPX-Nikkei Index 400 and started calculating a Swiss franc hedged index in May 2015, in addition to the US dollar, euro, and pound hedged indices, to meet the needs of overseas investors. At the same time, TSE started calculating leveraged and inverse indices in August 2015 to enhance the lineup of listed products to meet diverse investor needs.

As a result of these activities, as of the end of March 2016, with regard to financial products related to the JPX-Nikkei Index 400, there were 15 ETFs and 49 publicly offered investment trusts.

(e) Asian strategy

To create business opportunities in Asia, the JPX group undertook the following initiatives during this fiscal year, including supporting the establishment of an exchange in Myanmar and cross-listings with exchanges in Taiwan.

(i) Support for establishing an exchange in Myanmar

In cooperation with the state-owned Myanmar Economic Bank under the Ministry of Finance of the Republic of the Union of Myanmar, the Company and Daiwa Institute of Research Ltd. achieved the launch of Yangon Stock Exchange – Myanmar's first stock exchange – in December 2015. In March 2016, the stock of First Myanmar Investment Co., Ltd., which engages mainly in real estate business in Myanmar, was listed and started trading as the first listing on Yangon Stock Exchange.

(ii) Cross-listing of ETFs and futures with exchanges in Taiwan

The Company and Taiwan Stock Exchange Corporation concluded an agreement on the listing of TOPIX-related ETFs on Taiwan Stock Exchange and the provision of the license for Taiwan Capitalization Weighted Stock Index to OSE in September 2015. Besides achieving the listing of Fubon TOPIX Leveraged 2X Index ETF, Fubon TOPIX Inverse -1X Index ETF, and Fubon TOPIX ETF on Taiwan Stock Exchange Corporation, the listing of Taiwan Capitalization Weighted Stock Index futures on OSE will coincide with the launch of next-generation J-GATE scheduled in July 2016.

Moreover, the Company and Taiwan Futures Exchange agreed to bring futures contracts on TOPIX, JPX's major

stock index, to investors in Taiwan, and Taiwan dollar-denominated TOPIX futures contracts were listed on Taiwan Futures Exchange in December 2015.

(iii) Support for developing rules in Vietnam

The JPX group started to provide support for developing derivatives CCP (central counterparty) rules in Vietnam in August 2014, and completed its support as scheduled in February 2016.

(iv) Financing through PRO-BOND Market

TSE aimed to increase Pro-bond offerings mainly among Asian companies and strengthened its activities toward issuers in collaboration with domestic and overseas securities firms, etc. During this fiscal year, Asian issuers listed three bond issuance programs and issued four bonds.

(f) Initiatives to further enhance the convenience and reliability of market infrastructure

As the core infrastructure of the Japanese capital market, the JPX group pursued the following initiatives to further enhance the convenience and reliability of market infrastructure.

(i) Fulfilling self-regulatory functions in response to the evolving market environment

In response to the occurrence of cases that could damage the confidence of shareholders and investors in IPOs, such as the discovery of inappropriate transactions involving managers of IPO companies and substantial downward revisions of earnings forecasts immediately after listing, the JPX group published the "Response to Address Issues Identified in Recent IPOs" in March 2015, strengthening listing examinations, requesting the appropriate disclosure of assumptions for earnings forecasts announced at the time of listing and their grounds, and requesting the alleviation of concentration of listing dates, among others.

Moreover, having observed some cases in which the responses of listed companies to irregularities did not sufficiently identify causes or have adequate measures to prevent recurrence, an investigation system that was not sufficiently objective or neutral, or information disclosure that was not conducted quickly and accurately, Japan Exchange Regulation published the "Principles for Listed Company Response to Irregularities" in February 2016 as a set of principles for responses and actions strongly expected of listed companies when they encounter irregularities.

In addition, Japan Exchange Regulation engaged in participant examinations and inspections that focused on arrowhead renewal and developments in high-speed trading as well as market surveillance that considered evolving market environment, such as unfair trading using algorithms.

(ii) Strengthening policy recommendation and information dissemination functions

To achieve a desirable financial and securities tax regime for the growth and development of the Japanese stock market, TSE expressed its desire to amend the tax regime on infrastructure funds through Japan Securities Dealers Association and realized this change.

In support of efforts toward making the Tokyo market an international financial center, we also submitted recommendations through meetings of the "Council for Tokyo Global Financial Center Promotional Activities".

(g) Operating expenses

During this fiscal year, personnel expenses were JPY 16,437 million, system maintenance and operation expenses were JPY 9,480 million, and depreciation and amortization was JPY 9,973 million. As a result, operating expenses came to JPY 50,925 million (down 3.7% year-on-year).

(2) Capital investment

Overall capital investment, including investment for trading and clearing systems, was about JPY 13.0 billion.

(3) Financing

There are no matters to report.

(4) Significant corporate restructuring, etc.

There are no matters to report.

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

The JPX group

(JPY million)

Classification	IFRS		
	March 2014 Year (Apr. 2013 to Mar. 2014)	March 2015 Year (Apr. 2014 to Mar. 2015)	March 2016 Year (Apr. 2015 to Mar. 2016)
Operating revenue	113,846	106,167	114,776
Income before income tax	54,786	54,887	67,774
Net income attributable to owners of the parent company	33,304	34,427	44,877
Basic earnings per share (JPY)	60.66	62.70	81.74
Total assets	17,479,946	27,746,771	29,546,776
Equity attributable to owners of the parent company	207,101	235,611	257,194
Equity attributable to owners of the parent company per share (JPY)	377.19	429.11	468.43

(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)	32.30	54.34
Total assets	1,276,386	1,403,713
Net assets	179,077	202,018
Net assets per share (JPY)	321.51	357.60

(Breakdown of operating revenue)

(JPY million)

Classification	IFRS		
	March 2014 Year	March 2015 Year	March 2016 Year
Trading services revenue	54,155	48,698	52,471
Clearing service revenue	20,334	20,092	23,140
Listing services revenue	12,308	12,249	13,250
Information services revenue	16,116	16,311	17,706
Other	10,931	8,815	8,208
Total	113,846	106,167	114,776

(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 The Company being established on January 1, 2013, following the business combination between TSE Group and OSE. 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.
- *3 A 5-for-1 stock split and a 2-for-1 stock split were separately conducted on October 1, 2013 and October 1, 2015. The net income per share, 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 splits were 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, 2016 are also used to classify items in previous fiscal years for ease of comparison.

(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)	March 2016 Year (Apr. 2015 to Mar. 2016)
Operating revenue	18,643	12,248	33,102	35,072
Operating income	5,612	7,068	27,287	29,724
Ordinary income	6,358	8,444	28,747	31,309
Net income	3,637	7,380	27,728	30,275
Net income per share (JPY)	10.73	13.44	50.50	55.14
Total assets	193,658	165,956	215,218	230,071
Net assets	83,714	81,221	102,104	110,107
Net assets per share (JPY)	152.47	147.93	185.96	200.54

*1 The Company being established on January 1, 2013, following the business combination between TSE Group and OSE. 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.

*2 A 5-for-1 stock split and a 2-for-1 stock split were separately conducted on October 1, 2013 and October 1, 2015. The net income per share and net assets per share are calculated as if such stock splits were implemented at the beginning of the fiscal year ended March 31, 2013.

3. Information Concerning the Parent Company and Major Subsidiaries

(1) Relationship with parent company

There are no matters to report.

(2) Major subsidiaries

(a) Major subsidiaries

Company Name	Location	Share capital	Holding Ratio of Voting Rights [indirect holding]	Principal Businesses
		(JPY million)	%	
Tokyo Stock Exchange, Inc.	Chuo-ku, Tokyo	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	100.0 [100.0] (Note 3)	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.
 3. In March 2016, TOSHO SYSTEM SERVICE CO., LTD. acquired its own common shares (400 shares) that were held by Japan Securities Depository Center, Inc. As a result, TOSHO SYSTEM SERVICE CO., LTD. became a fully-owned subsidiary of the Company.

(b) Status of specified fully-owned subsidiaries as of the last day of fiscal year

Company Name	Address	Book Value of Shares of Specified Wholly Owned Subsidiary as of March 31, 2016
		(JPY million)
Tokyo Stock Exchange, Inc.	2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo	97,884

(Note) Total asset of the Company as of March 31, 2016 is JPY 230,071 million.

4. Issues Requiring Action

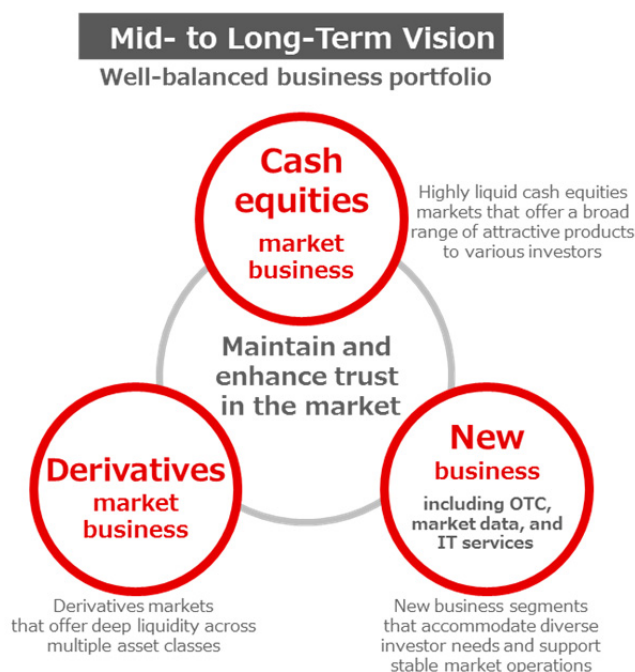
The JPX group's corporate philosophy states that it will seek to contribute to the realization of an affluent society by promoting the continuous development of the market by ensuring our public nature and credibility, constructing the foundation of a market that is highly convenient, efficient and transparent, and providing creative and attractive services. Since trading value in cash equity markets and trading volume in derivatives markets operated by the JPX group tend to be substantially affected by global economic conditions and market developments, in order to realize the sustainable development of the market, it is necessary to strive to provide high-quality services that are welcomed by market users in Japan and abroad. In addition, to secure an adequate financial base that enables stable market operations even in times of short-term external downturns, it is also necessary to strive to expand the business portfolio through active investment in business fields that have relatively high-growth potential.

Having established a basic policy to "increase investment for sustainable market development to build on successful TSE-OSE integration" in the 2nd Medium-Term Management Plan (FY2016 - FY2018), formulated in March 2016, the JPX group has set a medium- to long-term goal of possessing a balanced business portfolio composed of "cash equities market business", "derivatives market business", and "new business". The JPX group aims to achieve this by aggressively pursuing new business while strengthening initiatives, such as improving the quality of its market infrastructure and services through stronger cross-division cooperation and complementary relationships within the corporate group.

Moreover, the JPX group's basic financial capital policy is to pursue expansion and increased stability of revenue and profit with making aggressive growth investment, while balancing sound financial health and shareholder returns. Under this policy, the JPX group is working to address the susceptibility to market conditions of the Company's ROE* by setting the medium- to long-term target of achieving 10% ROE that is above capital costs regardless of changes in market conditions by placing management focus on capital efficiency.

We would appreciate the continued support of shareholders going forward.

* Average ROE for FY2008 to FY2012 (based on aggregate of pre-integration entities) was approximately 5%, and the average ROE for FY2013 to FY2015 (term of 1st Medium-Term Management Plan) was approximately 16%.



Outline of the 2nd Medium-Term Management Plan

Under the 2nd Medium-Term Management Plan (FY2016-FY2018), the JPX group will tackle the following issues.

(1) Satisfy diverse investor needs and encourage medium- to long-term asset building

Against the background of a declining working age population and onset of a super-ageing society in Japan, it is becoming increasingly necessary to raise financial literacy among individual investors and promote more sophisticated and diversified asset management by institutional investors, from the viewpoint of encouraging medium- to long-term asset building through portfolio diversification. Moreover, we recognize the importance of encouraging market participation from a wide range of investors to provide diverse investment decisions to maintain smooth and fair price formation in markets operated by the JPX group and sustainable market development.

Accordingly, in addition to enriching information provision and education programs for the younger generation that do not have investment experience, the JPX group will engage in listing investment products that meet the diverse needs of investors, expanding marketing/promotional systems targeting institutional investors, and providing new representations of the investment appeal of Japanese stocks through the development of new indices, and so forth.

Furthermore, the JPX group will encourage the utilization of derivatives contracts among investors, in addition to expanding its interest rate-related derivatives. Moreover, we will continue pursuing the comprehensive exchange initiative.

(2) Support listed companies in enhancing corporate value

To improve the effectiveness of corporate governance, in addition to actively disseminating information to domestic and overseas investors on progress in initiatives of listed companies, the JPX group will use the JPX-Nikkei Index 400 and develop conditions for smooth dialogue between listed companies and institutional investors. Moreover, from the

viewpoint of realizing the sustainable growth of the Japanese economy, the JPX group will develop conditions to improve the ecosystem for venture companies through the smooth supply of risk money into growth segments, in addition to broadening the IPO base. Furthermore, the JPX group will nurture the development of primary and secondary markets for bonds.

(3) Reinforce market infrastructure

Given the importance of the markets operated by the JPX group as public infrastructure, it is necessary to continue improving convenience, efficiency, and transparency to maintain competitiveness, while operating them stably and smoothly.

Accordingly, the JPX group will move toward shortening the settlement cycle to reduce settlement risk, while endeavoring to implement more advanced risk controls for clearing and settlement services and improve user convenience. Moreover, in addition to starting a fundamental review of the business continuity planning (BCP) based on the latest expertise, the JPX group will strengthen its cyber security. Furthermore, the JPX group will start considering next generation trading systems, and strive to enhance market surveillance and system risk inspections on trading participants with an accurate understanding of how new trading techniques are employed.

(4) Expand exchange business

From the viewpoint of improving its medium- to long-term financial stability, the JPX group will strive to enter into new business fields, such as the expansion of its OTC derivatives clearing services, capitalizing on its market infrastructure. Moreover, bearing in mind the possibility of significant changes in the existing business environment due to tighter global financial regulations and developments in new finance and IT (FinTech), the JPX group will pursue the development and proof of concept tests of core technologies for exchange business. In addition, while developing the internal structure in preparation for M&A and nurturing an innovative culture, as well as enhancing the organizational structure for pursuing overseas business expansion, the JPX group will monitor changes in the regulatory environment and more actively disseminate opinions, including policy recommendations.

5. Principal Business (as of March 31, 2016)

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 JPX 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, 2016)

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, 2016)

The JPX group

No. of Employees	Compared to the Previous Fiscal Year	Average Age	Average Years of Employment
1,088	43 decrease	42 years 4 months	16 years 4 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 JPX group by the JPX group but including persons assigned to work temporarily at the JPX group by other entity outside the JPX 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, 2016)

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.	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. (hereinafter "Mizuho Securities") against Tokyo Stock Exchange, Inc. (hereinafter "TSE") claiming damages of JPY 41,578 million with respect to the erroneous order on December 8, 2005 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 appeals court judgment, Mizuho Securities filed a final appeal and the petition for acceptance of the final appeal. TSE filed an incidental final appeal and the petition for acceptance of the incidental final appeal to the Supreme Court. However, the final appeal and the incidental final appeal, as well as the petitions for acceptance were dismissed on September 3, 2015.

As a result, this case has closed, as the appeals court judgment issued by the Tokyo High Court on July 24, 2013 for TSE to pay Mizuho Securities the total amount of JPY 12,870 million, consisted of JPY 10,712 million and delinquency charges based on a 5% annual rate, became final.

II. Status of Shares (as of March 31, 2016)

(1) Total Authorized No. of Shares to Be Issued 2,180,000,000

(Note) Due to the 2-for-1 stock split on October 1, 2015, the total authorized no. of shares to be issued increased by 1,090,000,000.

(2) Total No. of Shares Issued 549,069,100 (including 7,252 treasury shares)

(Note) Due to the 2-for-1 stock split on October 1, 2015, the total no. of shares issued increased by 274,534,550.

(3) No. of Shareholders 30,748

(4) Major Shareholders

Rank	Name of Shareholder	No. of Shares Held	Shareholding Ratio
		shares	%
1	STATE STREET BANK AND TRUST COMPANY	22,060,218	4.02
2	Japan Trustee Services Bank, Ltd. (Trust Account)	17,138,700	3.12
3	SMBC Friend Securities Co., Ltd.	15,114,000	2.75
4	The Master Trust Bank of Japan, Ltd. (Trust Account)	13,793,900	2.51
5	MELLON BANK. N. A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	9,014,605	1.64
6	Mizuho Securities Co., Ltd.	8,657,600	1.58
7	STATE STREET BANK WEST CLIENT-TREATY 505234	7,968,760	1.45
8	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,557,000	1.38
9	Japan Trustee Services Bank, Ltd. (Trust Account 7)	7,553,500	1.38
10	THE CHASE MANHATTAN BANK 385036	7,125,300	1.30

(Notes) 1. Shareholding ratios are calculated after deducting treasury shares (7,252 shares).

2. Distribution of Shareholders of the Company is as follows:

Financial institutions: 130,131,800 shares (23.70%), financial instruments business operators: 143,845,045 shares (26.20%), other domestic corporations: 21,634,200 shares (3.94%), foreign corporations, etc.: 236,332,875 shares (43.04%), individuals and others: 17,117,928 shares (3.12%)

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, 2016)

(1) Board of Directors

Position	Name	Area(s) of Responsibility	Significant Concurrent Position(s)
Director	Hiroki Tsuda	Chairperson of the Board of Directors	
Director & Representative Executive Officer, Group CEO	Akira Kiyota	Group CEO; Chairman of the Nomination Committee; Member of the Compensation Committee	Director, Tokyo Stock Exchange, Inc.
Director & Executive Officer	Koichiro Miyahara		President & CEO, Tokyo Stock Exchange, Inc.
Director & Executive Officer	Hiromi Yamaji		President & CEO, Osaka Exchange, Inc.
Director	Christina Ahmadjian	Member of the Audit Committee	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, Toin Law School Member of the Supervisory Committee, The Norinchukin Bank
Director	Michiko Tomonaga	Chairperson of the Audit Committee	Outside Corporate Auditor, Keikyu Corporation Outside Corporate Auditor, NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Director	Masayuki Hirose	Standing 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	Tsuyoshi Yoneda	Member of the Audit Committee	
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) 1. The following persons are Outside Directors: Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Tsutomu Okuda, Mr. Hideaki Kubori, Ms. Michiko Tomonaga, Mr. Katsuhiko Honda, Mr. Tsuyoshi Yoneda, and Mr. Charles Ditmars Lake II.
2. The following persons are Independent Directors, which Tokyo Stock Exchange, Inc. requires listed companies to secure to protect the interests of general investors: Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Tsutomu Okuda, Mr. Hideaki Kubori, Ms. Michiko Tomonaga, Mr. Katsuhiko Honda, Mr. Tsuyoshi Yoneda, and Mr. Charles Ditmars Lake II. Among them, the following persons will continue to be filed as Independent Directors with the exchange: Ms. Christina Ahmadjian, Mr. Hideaki Kubori, Mr. Katsuhiko Honda, and Mr. Tsuyoshi Yoneda.

3. 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 relationships requiring special mention.
4. 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.
5. On June 16, 2015, Director, Mr. Hiroki Tsuda assumed the position of Chairperson of the Board of Directors of the Company.
On June 16, 2015, Director, Mr. Akira Kiyota assumed the position of Group CEO, Member of the Nomination Committee (Chairman), and Member of the Compensation Committee of the Company. Furthermore, on the same day, Mr. Akira Kiyota assumed the position of Director from the position of President & CEO of Tokyo Stock Exchange, Inc.
On June 16, 2015, Director, Mr. Koichiro Miyahara assumed the position of President & CEO of Tokyo Stock Exchange, Inc.
On June 16, 2015, Director, Ms. Christina Ahmadjian assumed the position of Member of the Audit Committee of the Company.
On June 16, 2015, Director, Ms. Michiko Tomonaga assumed the position of Member of the Audit Committee (Chairperson) of the Company. Furthermore, on June 29, 2015, she retired from her position as Outside Auditor of the Corporation for Revitalizing Earthquake-affected Business.
On June 16, 2015, Director, Mr. Tsuyoshi Yoneda assumed the position of Member of the Audit Committee of the Company.
6. To regularly maintain the audit environment, gather internal information, monitor and inspect the Internal Control System, and by sharing those results with other Members of the Audit Committee to increase the effectiveness of discussions at the Audit Committee, of the four Members of the Audit Committee, the Company has appointed Director, Mr. Masayuki Hirose as a Full-time Member of the Audit Committee due to his considerable knowledge and experience in the Company's business in general.
7. Director, Mr. Shigetaka Sato passed away on November 20, 2015, vacating the position. Mr. Shigetaka Sato's last position, area(s) of responsibility, and significant concurrent position(s) were as follows. As for the companies at which concurrent positions were held, the Company does not have any significant capital or transactional relationships requiring special mention.

Position	Area(s) of Responsibility	Significant Concurrent Position(s)
Director	Member of the Compensation Committee	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

(2) Executive Officers

Position	Name	Area(s) of Responsibility	Significant Concurrent Position(s)
Director & Representative Executive Officer, Group CEO	Akira Kiyota	Group CEO	Refer to "(1) Board of Directors"
Senior Executive Officer & CIO	Hiroyuki Shibuya	CIO, IT Planning	Director and Senior Executive Officer, Tokyo Stock Exchange, Inc. Senior Executive Officer, 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 and IR	Senior Executive Officer, Tokyo Stock Exchange, Inc. Director, Japan Securities Clearing Corporation Outside Director, Japan Securities Depository Center, Inc.
Director and Executive Officer	Koichiro Miyahara	Management of Tokyo Stock Exchange, Inc.	Refer to "(1) Board of Directors"
Director and Executive Officer	Hiroshi Yamaji	Management of Osaka Exchange, Inc.	Refer to "(1) Board of Directors"
Executive Officer	Isao Hasegawa	General Administration	Executive Officer, Tokyo Stock Exchange, Inc. Executive Officer, Osaka Exchange, Inc.
Executive Officer	Satoshi Futagi	Human Resources, Corporate Communications	
Executive Officer	Takeshi Hirano	Corporate Strategy	

(Note) Mr. Akira Kiyota assumed the position of Representative Executive Officer and Group CEO of the Company on June 16, 2015.

Mr. Hiroyuki Shibuya assumed the position of Senior Executive Officer (CIO and IT Planning) of the Company on June 16, 2015. He also assumed the position of Director and Senior Executive Officer of Tokyo Stock Exchange, Inc. and Senior Executive Officer of Osaka Exchange, Inc. on the same date.

Mr. Moriyuki Iwanaga assumed new IR responsibilities, in addition to CFO and Treasury, on June 16, 2015.

Mr. Koichiro Miyahara retired from the position of Executive Vice President of the Company and assumed the position of Executive Officer (Management of Tokyo Stock Exchange, Inc.) of the Company on November 25, 2015.

Mr. Hiroshi Yamaji assumed the position of Executive Officer (Management of Osaka Exchange, Inc.) of the Company on November 25, 2015.

Mr. Satoshi Futagi assumed the position of Executive Officer (Human Resources and Public Relations) of the Company on June 16, 2015.

Mr. Takeshi Hirano assumed the position of Executive Officer (Corporate Strategy) of the Company on June 16, 2015.

Mr. Atsushi Saito retired from the position of Representative Executive Officer and Group CEO of the Company on June 16, 2015.

Mr. Michio Yoneda retired from the position of Representative Executive Officer and Group COO of the Company on June 16, 2015.

Mr. Yoshinori Suzuki and Mr. Kotaro Yamazawa retired from their positions of Executive Vice President of the Company on June 16, 2015.

(Reference) Executive Officers as of April 1, 2016, and Reasons for Appointment

Position	Name	Area(s) of Responsibility	Significant Concurrent Position(s)
Director & Representative Executive Officer, Group CEO	Akira Kiyota	Group CEO	Refer to "(1) Board of Directors"
<Reason for Appointment> Mr. Akira Kiyota has considerable experience and insight acquired through working at a securities company. After being appointed as President & CEO of Tokyo Stock Exchange, Inc. in 2013, over two years, he demonstrated leadership in the development of cash equity markets and the promotion of implementation of Japan's Corporate Governance Code. Since 2015, he has been responsible for the Company's management in his position as a director and Representative Executive Officer, Group CEO of the Company. He has been appointed as Representative Executive Officer, Group CEO because he is considered the best person for the position in light of his experience and accomplishments with the JPX group and the image of the person for CEO.			
Senior Executive Officer	Hiroyuki Shibuya	CIO, IT Planning	Director and Senior Executive Officer, Tokyo Stock Exchange, Inc. Senior Executive Officer, Osaka Exchange, Inc.
<Reason for Appointment> Mr. Hiroyuki Shibuya joined The Tokio Marine and Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.) in 1977, where he was engaged in overall system planning. At Tokio Marine & Nichido Fire Insurance Co., Ltd., he led the "Drastic Reform", a project aimed at drastically redesigning the backbone system and all insurance products. From 2010 to 2013, with Tokio Marine Holdings, Inc., he provided assistance on IT strategy to its Japanese and overseas group companies. He has been appointed as a Senior Executive Officer of the Company due to his considerable experience and insight in financial institution systems, which can be expected to be reflected in the Company's management.			
Senior Executive Officer	Yoshinori Karino	IT Planning	Director and Senior Executive Officer, Osaka Exchange, Inc.
<Reason for Appointment> Mr. Yoshinori Karino joined Nippon Telegraph and Telephone Public Corporation in 1980 and was transferred to NTT Data Communications Systems Corporation in 1988, where he engaged in operations related to financial systems. In 2010, he joined Osaka Securities Exchange Co., Ltd., where he engaged in operations in relation to exchange systems in general at Osaka Securities Exchange and continued in the same role at the JPX group, and facilitated the system integration accompanying business integration at the Company. He is also facilitating the development of the next-generation derivatives trading system. He has been appointed as a Senior Executive Officer of the Company due to his considerable knowledge and experience of exchange systems in general, which can be expected to be reflected in the Company's management.			
Senior Executive Officer	Moriyuki Iwanaga	CFO, Treasury, IR, and Clearing & Settlement Development	Director, Japan Securities Clearing Corporation Outside Director, Japan Securities Depository Center, Inc.
<Reason for Appointment> Mr. Moriyuki Iwanaga joined Tokyo Stock Exchange in 1984. He subsequently engaged in operations in relation to corporate strategy, human resources, treasury, corporate communications, information services, and clearing and settlement services at Tokyo Stock Exchange and the JPX group. As the CFO of the Company, he guided the financial strategy of the JPX group and cost optimization for post-integration operations in the organization. Moreover, as officer for clearing and settlement, he facilitated business integration between Japan Securities Clearing Corporation and Japan Government Bond Clearing Corporation, and, as officer for information services, he developed the JPX-Nikkei Index 400. He has been appointed as a Senior Executive Officer of the Company due to his considerable knowledge and experience of the exchange business in general, which can be expected to be reflected in the Company's management.			
Director and Executive Officer	Koichiro Miyahara	Management of Tokyo Stock Exchange, Inc.	Refer to "(1) Board of Directors"
<Reason for Appointment> Mr. Koichiro Miyahara has been appointed as Executive Officer due to his past achievements, including facilitating the business integration between Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd. as Senior Executive Officer of Tokyo Stock Exchange Group, Inc., and his considerable knowledge and experience of the exchange business in general, which can be expected to be reflected in the Company's management.			

Position	Name	Area(s) of Responsibility	Significant Concurrent Position(s)
Director and Executive Officer	Hiromi Yamaji	Management of Osaka Exchange, Inc.	Refer to "(1) Board of Directors"
<p><Reason for Appointment> Mr. Hiromi Yamaji has considerable experience and insight in the securities market acquired through working in a securities company, and, as President & CEO of Osaka Securities Exchange Co., Ltd. (currently Osaka Exchange, Inc.), over three years, he demonstrated leadership in the development of derivatives markets, including the listing of new products such as futures contracts on the JPX-Nikkei Index 400, and attracting new institutional and overseas investors. He has been appointed as Executive Officer in consideration of his experience and accomplishments with the JPX group.</p>			
Executive Officer	Hironaga Miyama	Management of Japan Securities Clearing Corporation	President & CEO, Japan Securities Clearing Corporation
<p><Reason for Appointment> Mr. Hironaga Miyama joined Tokyo Stock Exchange in 1978. He subsequently engaged in operations in relation to, among others, corporate strategy, treasury, equities, and derivatives at Tokyo Stock Exchange and the JPX group. Then in 2013, he assumed the position of President & CEO of Japan Securities Clearing Corporation (JSCC). JSCC, a core subsidiary of the Company, engages in clearing of listed products, whereby it plays a key role in the value chain pertaining to the trading of listed products offered by the JPX group, and OTC derivatives. He manages and oversees JSCC's overall business and operations as President & CEO. He has been appointed to the management team of the Company as an Executive Officer to further strengthen the corporate group's management structure.</p>			
Executive Officer	Isao Hasegawa	General Administration	Executive Officer, Tokyo Stock Exchange, Inc. Executive Officer, Osaka Exchange, Inc.
<p><Reason for Appointment> Mr. Isao Hasegawa joined Tokyo Stock Exchange in 1987. He subsequently engaged in operations in relation to corporate strategy, general administration, and the stock market at Tokyo Stock Exchange and the JPX group. He led the development of stock market rules and measures to improve market liquidity. He has been appointed as an Executive Officer of the Company due to his considerable knowledge and experience of the exchange business in general, which can be expected to be reflected in the Company's management.</p>			
Executive Officer	Satoshi Futagi	Human Resources, Corporate Communications	
<p><Reason for Appointment> Mr. Satoshi Futagi joined Tokyo Stock Exchange in 1988. He subsequently engaged in operations in relation to corporate strategy, treasury, corporate communications, systems, and the stock market at Tokyo Stock Exchange and the JPX group. At Tokyo Stock Exchange Group, Inc., he facilitated business integration with Osaka Securities Exchange Co., Ltd. He has been appointed as an Executive Officer of the Company due to his considerable knowledge and experience of the exchange business in general, which can be expected to be reflected in the Company's management.</p>			
Executive Officer	Takeshi Hirano	Corporate Strategy	
<p><Reason for Appointment> Mr. Takeshi Hirano joined Tokyo Stock Exchange in 1989. He subsequently engaged in operations in relation to corporate strategy, information services, and clearing and settlement services at Tokyo Stock Exchange and the JPX group. He led the establishment of Japan Securities Clearing Corporation and the clearing of interest rate swaps and CDS transactions at said company. He has been appointed as an Executive Officer of the Company due to his considerable knowledge and experience of the exchange business in general, which can be expected to be reflected in the Company's management.</p>			
Executive Officer	Atsushi Tabata	Global Strategy	Executive Officer, Tokyo Stock Exchange, Inc. Executive Officer, Osaka Exchange, Inc.
<p><Reason for Appointment> Mr. Atsushi Tabata joined Tokyo Stock Exchange in 1988. He subsequently engaged in operations in relation to, among others, the secretary office, corporate strategy, and general administration at Tokyo Stock Exchange and the JPX group. As a policy secretary to the CEO at Tokyo Stock Exchange Group, Inc., he facilitated business integration with Osaka Securities Exchange, Co., Ltd. He has been appointed as an Executive Officer of the Company due to his considerable knowledge and experience of the exchange business in general, which can be expected to be reflected in the Company's management.</p>			

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]	12 (10)	110 (75)
Executive Officers	12	396

- (Notes)
1. Five Directors serving concurrently as Executive Officers, as well as one Outside Director serving concurrently as Governor of Japan Exchange Regulation, do not receive compensation as Directors and are therefore not included in the number of recipients. Furthermore, one Executive Officer serving concurrently as Director of Osaka Exchange, Inc. does not receive compensation as an Executive Officer and is therefore not included in the number of recipients.
 2. The above amounts include JPY 154 million paid in bonuses to Directors and Executive Officers as decided in the Compensation Committee on April 22, 2016.
 3. During the fiscal year under review, JPY 10 million in total was separately paid out to Outside Directors as compensation by Japan Exchange Regulation.

4. Summary of limited liability agreements

The company has concluded limited liability agreements with Outside Directors Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Tsutomu Okuda, Mr. Hideaki Kubori, Ms. Michiko Tomonaga, Mr. Katsuhiko Honda, Mr. Tsuyoshi Yoneda, and Mr. Charles Ditmars Lake II pursuant to Article 423, Paragraph 1 of the Companies Act. The Company had also concluded such an agreement with Outside Director Mr. Shigeo Sato, who vacated the position on November 20, 2015. The liability limit under such agreements is the prescribed minimum amount set by laws and regulations.

5. Item Related to Outside Directors

Primary activities during the fiscal year

Position	Name	Primary Activities
Director	Hiroki Tsuda	Attended all 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	Christina Ahmadjian	Attended 10 of the 11 Board of Directors meetings; attended 8 of the 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	Tsutomu Okuda	Attended 10 of the 11 Board of Directors meetings; attended all 4 Compensation Committee meetings; attended all 4 Nomination Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.
Director	Hideaki Kubori	Attended 10 of the 11 Board of Directors meetings; attended all 4 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 10 of the 11 Board of Directors meetings; attended all 11 Audit Committee meetings; 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 4 Nomination Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.
Director	Tsuyoshi Yoneda	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	Charles Ditmars Lake II	Attended 10 of the 11 Board of Directors meetings; attended all 4 Compensation Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.

(Note) Director Shigetaka Sato passed away on November 20, 2015, vacating his position. He attended 3 of the 4 Board of Directors meetings and both of the 2 Compensation Committee meetings held during his term of office. At meetings he made statements that were relevant to the deliberation of agenda items and contributed such statements in an appropriate way.

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 85 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 85 million
3) Of the total in 2), the amount of Accounting Auditor's compensation, etc. paid by the Company	JPY 33 million

(Note) The Company's Audit Committee reviewed the audits performed during the preceding fiscal year and the content of the audit plan for the current fiscal year in accordance with "Practical Guidelines Regarding Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association. It then considered the appropriateness of the estimated audit duration and compensation before granting the consent required pursuant to Article 399, Paragraphs 1 and 4 of the Companies Act for the compensation, etc. paid to the accounting auditor.

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 and Other Improvements Designed to Ensure Appropriate Execution of Operations

1. Outline of Decisions Regarding Organization to Ensure Appropriate Execution of Operations

The outline of the content of decisions regarding the Company's structure to ensure that executive officers carry out their duties in compliance with laws, regulations, and the articles of incorporation, and that other company operations are conducted appropriately, is as follows.

(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.

- (a) 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.
- (b) 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.

- (a) 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.
- (b) 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.

- (a) Employees assigned to the Audit Committee Office shall support the Audit Committee in executing its duties, and follow the instructions of the Audit Committee.
- (b) 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

(a) 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.

- i. 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.
- ii. 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.

- (b) 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.

- i. 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.
- ii. 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.

- (a) 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.
- (b) 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.

- (a) When an executive officer or 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.
- (b) 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.

- (a) 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.
- (b) 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.

- (a) 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.
- (b) 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.
- (c) The Company shall establish and operate a compliance hotline as a whistle-blowing system.
- (d) 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.

- (a) 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.
- (b) 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

(a) 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".

(b) 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.

(c) 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.

(d) 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.

- (e) 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.

2. Outline of Application of Organization to Ensure Appropriate Execution of Operations

The Company endeavors to develop the above "Organization to Ensure Appropriate Execution of Operations" and apply it appropriately. From its independent position from the executive divisions, the internal auditing office reports directly to the CEO and checks and evaluates (monitors) whether the frameworks stipulated by said basic policy (excluding those for ensuring the effective implementation of audits by the Audit Committee) are appropriately developed and applied. The following is the outline of the major initiatives implemented during this fiscal year.

(1) Application of frameworks for compliance

- (a) In addition to continuously operating the compliance hotline as a whistleblowing system, appropriately responding to and reporting tip-offs, aiming to raise the awareness of and disseminate thoroughly the observance of compliance-related internal rules and regulations, such as "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, the Company posted relevant documents on its intranet. The Company also distributed compliance-related information to executive officers and employees and provided training through e-learning courses.
- (b) As part of its efforts to prevent the intervention of anti-social forces in the TSE and OSE markets and create sound and fair financial instruments markets, the Company held a meeting of the "Liaison Council on Measures for Eliminating Anti-Social Forces from Exchange Markets" organized jointly with National Police Agency and Tokyo Metropolitan Police Department in November 2015, where it shared detailed information on recent developments and actively exchanged opinions.

(2) Application of frameworks regarding information management and storage

- (a) In accordance with the information security policy standards and other relevant rules, the Company prepares minutes of board of executive officer meetings and other documents related to the execution of duties of executive officers in a timely and appropriately manner and stores important documents internally or at an outsourcing contractor appropriately.
- (b) As initiatives to prevent information leakage and external unauthorized access, the Company not only developed relevant rules and formulated administrative procedures, but also continually implemented system-based security measures. In addition, to thoroughly disseminate the importance of information management to executive officers and employees, the Company conducted training through e-learning courses and drills on response to suspicious e-mails.

(3) Application of frameworks regarding loss risk management

- (a) In accordance with the "Risk Management Policy", each department continuously identified risks and developed and implemented appropriate measures from the viewpoint of prevention. The states of development and implementation as well as Group-wide risk analysis results were discussed quarterly at the Risk Management Committee chaired by the CEO.
- (b) The Company recognizes that stable system operation is essential to maintaining the reliability and stability of the markets. The Company renewed its stock trading system for cash equity markets of the JPX group (arrowhead) in September 2015. System renewal was completed without issue and stable operations were achieved by implementing the necessary measures, including implementing standardized development

techniques and various confirmation tests sufficiently, developing and observing detailed operational manuals, and implementing thorough quality control.

- (c) In situations where the continued operation of the market becomes difficult due to events such as natural disasters and terrorist acts, the Company shall take action in accordance with the "Business Continuity Plan" to minimize the impact on related parties and resume operations as quickly as possible. To improve the effectiveness of said plan, the Company reviewed its procedures. In addition, for thorough dissemination, the Company provided training for executive officers and employees through e-learning courses and safety confirmation drills that simulated emergency situations.

(4) Application of frameworks to ensure efficient execution of duties

- (a) Each department conducts operations by delegating authority as necessary according to their contents, thereby ensuring a swift and flexible decision-making process.
- (b) To achieve the targets in the 1st Medium-Term Management Plan (FY2013-FY2015) (updated on April 28, 2015), the Company improved the efficiency of the execution of duties through appropriate progress management, such as reporting earnings and progress regularly to the board of directors and the board of executive officers, and reviewing the business plan according to changes in business conditions.

(5) Application of frameworks regarding management of Group companies

- (a) Regarding management of its subsidiaries, the Company implements business management according to business management agreements or receives various reports including documents on financial conditions and the state of risk management based on "Affiliated Company Management Rules". The Company continuously monitored financial conditions and state of business execution, and provided advice when necessary.
- (b) The Company received reports on results of internal audits by the internal auditing office of the Company or those of internal audits by subsidiaries. No material deficiencies were identified in such audit results.

(6) Application of frameworks to ensure effective audits by the Audit Committee

While endeavoring to ensure effective audits by the Audit Committee through the committee members' participation in important meetings such as the board of directors meeting, the board of executive officers meeting, and Risk Management Committee meeting, examination of important documents such as those for important meetings and internal approval procedures, and cooperation with the internal auditing office, the Company appropriately made various reports on matters related to execution of duties and processed auditing expenses based on the "Rules regarding Reports to the Audit Committee, etc.".

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 JPX 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.

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, 2016)

(JPY million)

Assets		Liabilities and Equity	
Current assets		Liabilities	
Cash and cash equivalents	66,547	Current liabilities	
Trade and other receivables	10,096	Trade and other payables	4,413
Clearing business financial assets	26,395,558	Loans payable	22,500
Specified assets for deposits from clearing participants	2,809,433	Clearing business financial liabilities	26,395,558
Specified assets for legal guarantee funds	483	Deposits from clearing participants	2,809,433
Income tax receivables	5,055	Legal guarantee funds	483
Other financial assets	65,600	Trading participant security money	7,429
Other current assets	1,163	Income tax payables	10,714
Total current assets	29,353,939	Other current liabilities	6,403
		Total current liabilities	29,256,937
Non-current assets		Non-current liabilities	
Property and equipment	6,025	Loans payable	10,000
Goodwill	67,374	Retirement benefit liabilities	7,352
Intangible assets	31,033	Other non-current liabilities	3,924
Retirement benefit assets	3,626	Deferred tax liabilities	5,650
Investments accounted for using the equity method	7,592	Total non-current liabilities	26,926
Specified assets for default compensation reserve funds	27,948	Total liabilities	29,283,864
Other financial assets	38,639	Equity	
Other non-current assets	5,854	Share capital	11,500
Deferred tax assets	4,741	Capital surplus	59,726
Total non-current assets	192,836	Treasury shares	(9)
		Other components of equity	13,321
		Retained earnings	172,656
		Total equity attributable to owners of the parent company	257,194
		Non-controlling interests	5,717
		Total equity	262,912
Total assets	29,546,776	Total liabilities and equity	29,546,776

Consolidated Statement of Income

(From April 1, 2015 to March 31, 2016)

	(JPY million)
Revenue	
Operating revenue	114,776
Other revenue	2,137
Total revenue	<u>116,914</u>
Expenses	
Operating expenses	50,925
Other expenses	466
Total expenses	<u>51,392</u>
Share of income of investments accounted for using the equity method	749
Operating income	66,271
Financial income	1,540
Financial expenses	36
Income before income tax	67,774
Income tax expense	22,599
Net income	45,175
Net income attributable to	
Owners of the parent company	44,877
Non-controlling interests	297

Consolidated Statement of Changes in Equity

(From April 1, 2015 to March 31, 2016)

(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 , 2015	11,500	59,726	(5)	14,828	-
Net income	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	(1,491)	(1,484)
Total comprehensive income	-	-	-	(1,491)	(1,484)
Acquisitions of treasury shares	-	-	(3)	-	-
Dividends paid	-	-	-	-	-
Changes of interests in subsidiaries without losing control	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	(15)	1,484
Total transactions with the owners	-	-	(3)	(15)	1,484
Balance as of March 31, 2016	11,500	59,726	(9)	13,321	-

	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, 2015	14,828	149,562	235,611	5,954	241,565
Net income	–	44,877	44,877	297	45,175
Other comprehensive income, net of tax	(2,975)	–	(2,975)	–	(2,975)
Total comprehensive income	(2,975)	44,877	41,902	297	42,199
Acquisitions of treasury shares	–	–	(3)	–	(3)
Dividends paid	–	(20,315)	(20,315)	(8)	(20,324)
Changes of interests in subsidiaries without losing control	–	–	–	(525)	(525)
Transfer from other components of equity to retained earnings	1,468	(1,468)	–	–	–
Total transactions with the owners	1,468	(21,784)	(20,319)	(534)	(20,853)
Balance as of March 31, 2016	13,321	172,656	257,194	5,717	262,912

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

Consolidated financial statements of the Company and its subsidiaries (hereinafter the "JPX 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.

2. Early application of new standard

The JPX group is carrying out early application of IFRS 9 "Financial Instruments" (amended in October 2010) from April 1, 2013.

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 JPX group recognizes a financial asset when the JPX group becomes a party to the contractual provisions of the financial instrument.

The JPX 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 JPX 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 JPX 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 JPX 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 JPX 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 JPX 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 JPX 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 JPX 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 JPX 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 JPX 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, ahead of the launch of new systems, Tokyo Stock Exchange, Inc. and Osaka Exchange, Inc. conducted a review of the useful life of current systems.

Due to this review, operating income and income before income tax for the fiscal year ended March 31, 2016 decreased by JPY 1,199 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 130 million

2. Accumulated depreciation of property and equipment (including accumulated impairment losses): JPY 12,942 million

3. Guarantee:

Guarantee for employee housing loans from financial institutions: JPY 1,774 million

4. 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 2,324,542 million
- (b) Substitute securities for legal guarantee funds: JPY 1,151 million
- (c) Substitute securities for trading participant security money: JPY 2,635 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: 549,069,100 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, 2015	Common share	8,785	32.00	March 31, 2015	May 26, 2015
Board Meeting of October 30, 2015	Common share	11,530	(Note)42.00	September 30, 2015	December 1, 2015

(Note) The record date for dividend is September 30, 2015. As such, the stock split conducted on October 1, 2015 is not reflected.

(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 17, 2016	Common share	15,922	Retained earnings	29.00	March 31, 2016	May 31, 2016

IV. Notes relating to Financial Instruments

1. Items relating to financial instruments

Although the JPX 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 JPX 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 JPX 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 JPX 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 468.43 |
| 2. Basic earnings per share: | JPY 81.74 |

Note: A 2-for-1 stock split was conducted with an effective date of October 1, 2015. Equity attributable to owners of the parent company per share and basic earnings per share are calculated as if such stock split was implemented at the beginning of the fiscal year ended March 31, 2016.

VI. Other

Legal disputes

Mizuho Securities Co., Ltd. (hereinafter "Mizuho Securities") filed a lawsuit against Tokyo Stock Exchange, Inc. (hereinafter "TSE"), our consolidated subsidiary, claiming damages of JPY 41,578 million with respect to an erroneous order for sale of shares of J-COM Co., Ltd., which was placed by Mizuho Securities on December 8, 2005. With regard to this case, Mizuho Securities filed a final appeal and the petition for acceptance of the final appeal to the Supreme Court, and TSE filed an incidental final appeal and the petition for acceptance of the incidental final appeal to the Supreme Court. However, the final appeal and the incidental final appeal, as well as the petitions for acceptance were dismissed on September 3, 2015.

As a result, this case has closed, as the appeals court judgment that was issued by the Tokyo High Court on July 24, 2013 for TSE to pay Mizuho Securities the total amount of JPY 12,870 million, consisting of JPY 10,712 million and delinquency charges based on a 5% annual rate, became final.

Litigation-related loss of JPY 195 million is included in "Other expenses" in the Consolidated Statement of Income.

Non-consolidated Balance Sheet

(As of March 31, 2016)

(JPY million)

Assets	Liabilities
Current assets	Current liabilities
62,608	104,789
Cash and deposits	Operating accounts payable
57,241	114
Operating accounts receivable	Short-term loans payable
8	22,500
Prepaid expenses	Short-term loans payable to subsidiaries and associates
73	81,200
Deferred tax assets	Accounts payable - other
214	19
Other	Accrued expenses
5,071	176
Non-current assets	Deposits received
167,462	11
Property and equipment	Unearned revenue
29	41
Buildings	Provision for bonuses
0	481
Vehicles	Provision for directors' bonuses
20	150
Tools, furniture and fixtures	Other
7	94
Intangible assets	Non-current liabilities
118	15,173
Trademark right	Long-term loans payable
15	10,000
Software	Provision for retirement benefits
95	2
Other	Deferred tax liabilities
7	5,104
Investments and other assets	Other
167,314	66
Investment securities	Total liabilities
35,436	119,963
Shares of subsidiaries and associates	Net assets
118,273	Shareholders' equity
Investments in capital of subsidiaries and associates	98,546
3,000	Share capital
Long-term loans receivable from employees	11,500
1	Capital surplus
Long-term prepaid expenses	23,903
0	Legal capital surplus
Prepaid pension cost	3,000
10	Other capital surplus
Specified assets for default compensation reserve funds	20,903
10,580	Retained earnings
Other	63,152
12	Other retained earnings
	63,152
	General reserve
	5,302
	Retained earnings brought forward
	57,850
	Treasury shares
	(9)
	Valuation and translation adjustments
	11,561
	Valuation difference on available-for-sale securities
	11,561
	Total net assets
	110,107
Total assets	Total liabilities and net assets
230,071	230,071

Non-consolidated Statement of Income

(From April 1, 2015 to March 31, 2016)

	(JPY million)
Operating revenue	35,072
Management fee income	6,708
Dividend income from subsidiaries and associates	28,354
Other	10
Operating expenses	5,347
Operating income	29,724
Non-operating income	1,663
Interest income	46
Dividend income	1,525
Other	91
Non-operating expenses	78
Interest expenses	78
Ordinary income	31,309
Income before income taxes	31,309
Income taxes - current	1,054
Income taxes - deferred	(20)
Net income	30,275

Non-consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2015 to March 31, 2016)

(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	47,889
Changes of items during the period						
Dividends of surplus	–	–	–	–	–	(20,315)
Acquisitions of treasury shares	–	–	–	–	–	–
Net income	–	–	–	–	–	30,275
Net changes of items other than shareholders' equity	–	–	–	–	–	–
Total changes of items during the period	–	–	–	–	–	9,960
Balance at the end of current period	11,500	3,000	20,903	23,903	5,302	57,850

	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	53,192	(5)	88,589	13,514	13,514	102,104
Changes of items during the period						
Dividends of surplus	(20,315)	–	(20,315)	–	–	(20,315)
Acquisitions of treasury shares	–	(3)	(3)	–	–	(3)
Net income	30,275	–	30,275	–	–	30,275
Net changes of items other than shareholders' equity	–	–	–	(1,953)	(1,953)	(1,953)
Total changes of items during the period	9,960	(3)	9,956	(1,953)	(1,953)	8,003
Balance at the end of current period	63,152	(9)	98,546	11,561	11,561	110,107

Notes Regarding Non-consolidated Financial Statements

I. Accounting Policies

1. Standards and methods of asset valuation

Securities

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

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

(c) 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 63 million

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

Short-term monetary claims

JPY 8 million

Short-term monetary liabilities

JPY 92 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 35,062 million

Operating expenses JPY 3,078 million

Transaction from non-operating transactions JPY 163 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 7,252 shares

V. Note relating to Tax Effect Accounting

The major cause for deferred tax liabilities was valuation difference on available-for-sale securities.

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)	3,762	–	–
			Employee secondment	Payment for secondment (Note 2)	2,082	Accrued expenses	87
	Tokyo Stock Exchange, Inc.	Directly held 100.0%	Borrowing of funds	Borrowing of funds	62,000	Short-term loans payable to subsidiaries and associates	62,000
			Concurrent positions of directors	Payment for interest expense (Note 3)	30	Accrued expenses	6
Subsidiaries	Japan Exchange Regulation	Directly held 100.0%	Management control	Borrowing of funds	5,700	Short-term loans payable to subsidiaries and associates	5,700
			Borrowing of funds				
			Management control	Payment for secondment (Note 2)	652	Accrued expenses	0
			Employee secondment				
	Osaka Exchange, Inc.	Directly held 100.0%	Borrowing of funds	Borrowing of funds	13,500	Short-term loans payable to subsidiaries and associates	13,500
			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 200.54

2. Net income per share: JPY 55.14

Note: A 2-for-1 stock split was conducted with an effective date of October 1, 2015. Net assets per share and basic earnings per share are calculated as if such stock split was implemented at the beginning of the fiscal year ended March 31, 2016.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 11, 2016

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, 2016 of Japan Exchange Group, Inc. (the "Company") and its consolidated subsidiaries, and the consolidated statement of income and changes in equity for the fiscal year from April 1, 2015 to March 31, 2016, 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, 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 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 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 International Financial Reporting Standards 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 the Company and its consolidated subsidiaries as of March 31, 2016, 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 11, 2016

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, 2016 of Japan Exchange Group, Inc. (the “Company”), and the related statements of income and changes in net assets for the 15th fiscal year from April 1, 2015 to March 31, 2016, 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 conformity 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 the Company as of March 31, 2016, and the results of its operations for the year then ended in conformity 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 15th business year, the period from April 1, 2015 to March 31, 2016. 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 matters referred to in Article 416, Paragraph 1, Item 1, sub-items (b) and (e) of the Companies Act. At the same time, the Audit Committee performed audits by the following methods:

- (i) In accordance with auditing policies, auditing plans, etc. set by the Audit Committee, conforming to the auditing standards established by the Audit Committee, and in cooperation with the internal control divisions of the Company, the Audit Committee examined the Company's operational and financial condition through attending important meetings, receiving reports from directors, executive officers, etc. on the execution of their duties and asking for details when necessary, and examining important documents, etc. related to Company decisions. Regarding subsidiaries, the Committee maintained communication and exchanged information with directors, auditors, etc. of subsidiaries, and received business reports of subsidiaries when necessary.
- (ii) 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, asking for details when necessary. The Audit Committee was also informed by the Accounting Auditor that the "system to ensure proper execution of its duties" (matters described in each item of Article 131 of the 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, asking for details when necessary.

Through the above methods, the Audit Committee reviewed the business report and its supplementary statements, financial documents (balance sheet, statement of income, and statement of changes in shareholders' equity) and its 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 the second sentence of Paragraph 1 of Article 120 of the 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 13, 2016

Audit Committee of Japan Exchange Group, Inc.

Member of the Audit Committee
Michiko Tomonaga

Standing Member of the Audit Committee
Masayuki Hirose

Member of the Audit Committee
Christina Ahmadjian

Member of the Audit Committee
Tsuyoshi Yoneda

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