



[TRANSLATION]

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Securities Code: 8697

May 26, 2017

Notice of the 16th Annual General Shareholders Meeting

Dear Shareholder,

You are cordially invited to attend the 16th 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., Thursday, June 15, 2017.

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., Friday, June 16, 2017 (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 16th term (from April 1, 2016 to March 31, 2017)
2. The Non-consolidated Financial Statements for the 16th term (from April 1, 2016 to March 31, 2017)

Matter to Be Resolved

Proposal Election of Thirteen (13) Directors





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





Reference documents for the general shareholders meeting

Proposal

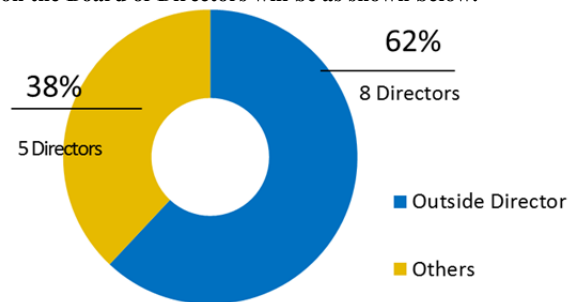
Election of Thirteen (13) Directors

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

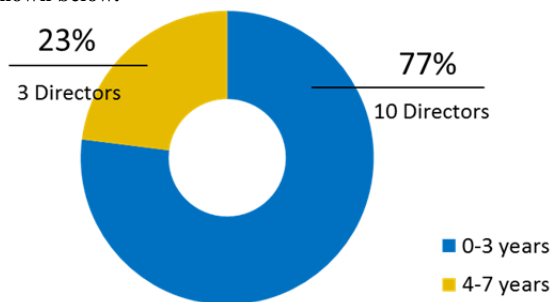
Candidate No.	Name	Position and Responsibilities at the Company	Area of Expertise				
			Corporate Management	Financial Audit	Legal Affairs	Researcher Government Agencies	
							
Directors							
1	Hiroki Tsuda	Director Chairperson of the Board of Directors	Re-election Candidate for Outside Director	-	-	-	-
2	Akira Kiyota	Director and Representative Executive Officer, Group CEO Chairperson of the Nomination Committee Member of the Compensation Committee	Re-election	-	-	-	-
3	Koichiro Miyahara	Director and Executive Officer Member of the Nomination Committee Member of the Compensation Committee	Re-election	-	-	-	-
4	Hiromi Yamaji	Director and Executive Officer	Re-election	-	-	-	-
5	Hironaga Miyama	Executive Officer	New	-	-	-	-
6	Christina Ahmadjian	Director Member of the Compensation Committee Member of the Audit Committee	Re-election Independent Director Candidate for Outside Director				●
7	Hitoshi Ogita	Director Member of the Nomination Committee Chairperson of the Independent Outside Directors Committee	Re-election Independent Director Candidate for Outside Director	●			
8	Hideaki Kubori	Director Member of the Nomination Committee	Re-election Independent Director Candidate for Outside Director			●	
9	Main Kohda	Director Member of the Audit Committee	Re-election Independent Director Candidate for Outside Director				●

Candidate No.	Name	Position and Responsibilities at the Company		Area of Expertise			
				Corporate Management	Financial Audit	Legal Affairs	Researcher Government Agencies
							
10	Eizo Kobayashi	Director Member of the Compensation Committee	Re-election Independent Director Candidate for Outside Director	●			
11	Makoto Minoguchi	–	New	–	–	–	–
12	Kimitaka Mori	Director Member of the Audit Committee	Re-election Independent Director Candidate for Outside Director		●		
13	Tsuyoshi Yoneda	Director Chairperson of the Audit Committee	Re-election Independent Director Candidate for Outside Director				●

If this proposal is approved, the ratio of Outside Directors on the Board of Directors will be as shown below.



If this proposal is approved, each Director's tenure will be as shown below.



In the event that this proposal is approved, the composition of each committee and the number of listed companies, other than the Company, where an officer position is concurrently held will be as shown below.

Name	Committee (Scheduled) ⊙ indicates a chairperson					No. of listed companies other than the Company where an officer position is concurrently held	
	Nomination	Compensation	Audit	Independent Outside Directors	Risk Policy	Executive Officer	Director/Auditor
Hiroki Tsuda						0	0
Akira Kiyota	⊙	•			•	0	0
Koichiro Miyahara	•	•				0	0
Hiroimi Yamaji						0	0
Hironaga Miyama						0	0
Christina Ahmadjian		•	•	•		0	1
Hitoshi Ogita	•			⊙		0	2
Hideaki Kubori	•			•	⊙	0	1
Main Kohda			•	•	•	0	2
Eizo Kobayashi	•	⊙		•		0	2
Makoto Minoguchi			•			0	0
Kimitaka Mori		•	•	•		0	2
Tsuyoshi Yoneda			⊙	•	•	0	1

Candidate number 1	Hiroki Tsuda	Date of birth Aug. 11, 1948	
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FY2016
Meeting Attendance
Board of Directors
11/11 (100%)

Tenure as Director
2 years

No. of Company shares held
100 shares

No. of listed companies where an officer position is concurrently held
0

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 reasons, it was determined that Mr. Tsuda will be able to appropriately conduct the duties of Outside Director.

Re-election
Candidate for Outside Director

Candidate number 2	Akira Kiyota	Date of birth: May 6, 1945
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FY2016
Meeting Attendance
Board of Directors
11/11 (100%)
Nomination Committee
6/6 (100%)
Compensation
Committee
5/5 (100%)

Re-election

Tenure as Director
4 years

No. of Company shares held
17,800 shares

No. of listed companies where an officer position is concurrently held
0

Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

<p>Apr. 1969 Jun. 1994 May 1996 Jun. 1997 Oct. 1997 Apr. 1999 Jun. 2004 Jun. 2008 Apr. 2011 Jun. 2011 Jun. 2013 Jun. 2015</p>	<p>Joined Daiwa Securities Co. Ltd. (currently Daiwa Securities Group Inc.) Director, Head of Tobu Area Sales Division Director, Head of Bond & Finance Division Managing Director, Head of Bond & Finance Division Deputy President President, Daiwa Securities SB Capital Markets Co. Ltd. (currently Daiwa Securities Co. Ltd.) Deputy Chairman of the Board and Corporate Executive Officer, Daiwa Securities Group Inc. Chairman of the Institute, Daiwa Institute of Research Ltd. Chairman of the Board and Corporate Executive Officer, Daiwa Securities Group Inc. Director and Honorary Chairman Honorary Chairman Director of the Company (current position) President & CEO, Tokyo Stock Exchange, Inc. Representative Executive Officer, Group CEO of the Company (current position) Director, Tokyo Stock Exchange, Inc. (current position)</p>
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(Areas of Responsibility)

Group CEO
Chairperson 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 June 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 has, therefore, been put forth as a candidate for Director.

Candidate number 3	Koichiro Miyahara	Date of birth Mar. 10, 1957
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FY2016
Meeting Attendance
Board of Directors
11/11 (100%)
Nomination Committee
5/5 (100%)
Compensation
Committee
4/4 (100%)

Re-election

Tenure as Director
2 years

No. of Company shares held
20,000 shares

No. of listed companies where an officer position is concurrently held
0

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)

(Areas of Responsibility)

Member of the Nomination Committee
Member of the Compensation Committee

(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 considerable knowledge and experience regarding the exchange business in general could be reflected in the management of the Company. Subsequently, as President & CEO, he manages and oversees the overall business and operations of Tokyo Stock Exchange, Inc., a core subsidiary of the JPX group managing cash equity markets. Based on his experience with the JPX group, he is deemed appropriate as a Member of the Board of Directors and has, therefore, been put forth as a candidate for Director.

Candidate number 4	Hiromi Yamaji	Date of birth Mar. 8, 1955
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FY2016
Meeting Attendance
Board of Directors
11/11 (100%)

Re-election

Tenure as Director
4 years

No. of Company shares held
11,900 shares

No. of listed companies where an officer position is concurrently held
0

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)
- 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 June 2013 as his abundant experience and insight acquired through working at a securities company could be reflected in the management of the Company. Subsequently, as President & CEO, he manages and oversees the overall business and operations of Osaka Securities Exchange Co., Ltd. (currently Osaka Exchange, Inc.), a core subsidiary of the JPX group managing derivatives markets. Based on his experience with the JPX group, he is deemed appropriate as a Member of the Board of Directors and has, therefore, been put forth as a candidate for Director.

Candidate number	5	Hironaga Miyama	Date of birth Oct. 20, 1954
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New

Tenure as Director	No. of Company shares held	No. of listed companies where an officer position is concurrently held
-	9,000 shares	0

Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Apr. 1978 Joined Tokyo Stock Exchange
- Nov. 2001 Director, Derivatives Department, Tokyo Stock Exchange, Inc.
- Jun. 2003 Director, Treasury Department
- Jun. 2004 Director, Corporate Strategy Department
- Jun. 2005 Executive Officer
- Jun. 2007 Senior Executive Officer
- Jun. 2011 Managing Director
- Jun. 2013 President & CEO, Japan Securities Clearing Corporation (current position)
- Apr. 2016 Executive Officer of the Company (current position)

(Significant Concurrent Position)

President & CEO, Japan Securities Clearing Corporation

Reason for Nomination as Director

Mr. Hironaga Miyama has engaged in operations in relation to, among others, corporate strategy, treasury, equities, and derivatives at the JPX group; and, from June 2013, has held the position of President & CEO of Japan Securities Clearing Corporation (JSCC), a core subsidiary of the JPX group, where he has managed and overseen JSCC's overall business and operations. Based on his experience with the JPX group, he is deemed appropriate as a Member of the Board of Directors and has, therefore, been put forth as a candidate for Director.

Candidate number

6

Christina Ahmadjian

Date of birth
Mar. 5, 1959



FY2016

Meeting Attendance

Board of Directors
11/11 (100%)

Compensation
Committee
3/3 (100%)

Audit Committee
12/12 (100%)

Re-election

Independent
Director

Candidate for
Outside Director

Tenure as Director
3 years

No. of Company shares held
100 shares

No. of listed companies where an officer position is concurrently held
1

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)

(Areas of Responsibility)

Member of the Compensation Committee
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 reasons, it was determined that Ms. Ahmadjian will be able to appropriately conduct the duties of Outside Director.

Candidate number 7	Hitoshi Ogita	Date of birth Jan. 1, 1942	
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FY2016
Meeting Attendance
Board of Directors
9/9 (100%)
Nomination Committee
5/5 (100%)

Re-election
Independent Director
Candidate for Outside Director

Tenure as Director
1 year

No. of Company shares held
3,100 shares

**No. of listed companies where an
officer position is concurrently held**
2

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
 Mar. 2000 Managing Corporate Officer, Senior General Manager of Kyushu Regional
 Headquarters
 Mar. 2002 Senior Managing Corporate Officer, Senior General Manager of Kanshin-etsu Regional
 Headquarters
 Sep. 2002 Corporate Officer, Vice President, Asahi Soft Drinks Co., Ltd.
 Mar. 2003 President and Representative Director
 Mar. 2006 President and Representative Director, Asahi Breweries, Ltd.
 Mar. 2010 Chairman of the Board and Representative Director
 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)
 Jun. 2016 Outside Director of the Company (current position)

(Areas of Responsibility)

Member of the Nomination Committee
 Chairperson of the Independent Outside Directors Committee

(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 8	Hideaki Kubori	Date of birth Aug. 29, 1944	
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FY2016
Meeting Attendance
Board of Directors
11/11 (100%)
Nomination Committee
6/6 (100%)

Re-election
Independent Director
Candidate for Outside Director

Tenure as Director
4 years and 6 months

No. of Company shares held
—

No. of listed companies where an officer position is concurrently held
1

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) (expected to retire on June 16, 2017)
- 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 (expected to retire on June 16, 2017)
- 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 reasons, it was determined that Mr. Kubori will be able to appropriately conduct the duties of Outside Director.

Candidate number 9	Main Kohda	Date of birth Apr. 25, 1951	
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FY2016
Meeting Attendance
Board of Directors
9/9 (100%)
Audit Committee
9/9 (100%)

Re-election
Independent Director
Candidate for Outside Director

Tenure as Director
1 year

No. of Company shares held
100 shares

No. of listed companies where an officer position is concurrently held
2

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)
- Jun. 2016 Outside Director of the Company (current position)

(Area of Responsibility)

Member of the Audit Committee

(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

10

Eizo Kobayashi

Date of birth
Jan. 7, 1949

FY2016

Meeting Attendance

Board of Directors
9/9 (100%)Compensation
Committee
3/3 (100%)

Re-election

Independent
DirectorCandidate for
Outside DirectorTenure as Director
1 yearNo. of Company shares held
300 sharesNo. of listed companies where an
officer position is concurrently held
2**Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)**

Apr. 1972 Joined C. Itoh & Co. Ltd. (currently ITOCHU Corporation)
 Jun. 2000 Executive Officer
 Apr. 2002 Managing Executive Officer
 Jun. 2003 Representative Director, Managing Director
 Apr. 2004 Representative Director, Senior Managing Director
 Jun. 2004 President & Chief Executive Officer
 Apr. 2010 Representative Director, Chairman
 Jul. 2010 Outside Corporate Auditor, ASAHI MUTUAL LIFE INSURANCE CO. (current position)
 Jun. 2011 Director, Chairman, ITOCHU Corporation
 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 Outside Director of the Company (current position)
 Chairman, ITOCHU Corporation (non-executive) (current position)

(Area of Responsibility)

Member of the Compensation Committee

(Significant Concurrent Positions)

Chairman, ITOCHU Corporation (Non-executive)
 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, 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 11	Makoto Minoguchi	Date of birth Mar. 14, 1961	
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New

Tenure as Director –	No. of Company shares held 7,200 shares	No. of listed companies where an officer position is concurrently held 0
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Brief Biography, Position, Area(s) of Responsibility, and Significant Concurrent Position(s)

- Apr. 1984 Joined Tokyo Stock Exchange
- Jun. 2007 Director, General Administration Department, Tokyo Stock Exchange, Inc.
- Aug. 2007 Director, General Administration Department, Tokyo Stock Exchange Group, Inc.
- Jun. 2009 Director, Corporate Strategy Department
- Oct. 2010 Director, Listing Examination Department, Tokyo Stock Exchange Regulation (currently Japan Exchange Regulation)
- Jun. 2011 Standing Governor
- Jun. 2015 Managing Director, Japan Securities Clearing Corporation (expected to retire on June 15, 2017)
- Apr. 2017 Managing Director and Executive Officer (expected to retire on June 15, 2017)
- Jun. 2017 Statutory Auditor, Tokyo Stock Exchange, Inc. (expected to assume the position on June 16, 2017)

(Significant Concurrent Position)

- Managing Director and Executive Officer, Japan Securities Clearing Corporation (expected to retire on June 15, 2017)
- Statutory Auditor, Tokyo Stock Exchange, Inc. (expected to assume the position on June 16, 2017)

Reason for Nomination as Director

Mr. Makoto Minoguchi joined Tokyo Stock Exchange in 1984 and has been mainly responsible for operations in general administration, corporate strategy, listing examination, and listing management at the JPX group. He has been put forth as a candidate for Director due to his considerable knowledge and experience regarding the exchange business in general, which can be expected to be advantageous in monitoring and supervising the execution of business at the Company.

Candidate number

12

Kimitaka Mori

Date of birth
Jun. 30, 1957

FY2016

Meeting Attendance

Board of Directors
8/8 (100%)Audit Committee
8/8 (100%)**Tenure as Director**
11 months**No. of Company shares held**
300 shares**No. of listed companies where an officer position is concurrently held**
2**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 from KPMG AZSA LLC
 Jul. 2013 Established Mori Certified Public Accountant Office
 Chairman and President, The Japanese Institute of Certified Public Accountants
 Jul. 2016 Advisor, The Japanese Institute of Certified Public Accountants (current position)
 Outside Director of the Company (current position)

(Area of Responsibility)

Member of the Audit Committee

(Significant Concurrent Positions)

Certified Public Accountant
 Advisor, The Japanese Institute of Certified Public Accountants
 Outside Corporate Auditor, MITSUI & CO., LTD. (expected to assume the position on June 21, 2017)
 Outside Corporate Auditor, East Japan Railway Company (expected to assume the position on June 23, 2017)

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 other than being an Outside Director or Outside Auditor, based on the above reasons, it was determined that Mr. Mori will be able to appropriately conduct the duties of Outside Director.

Re-election

Independent
DirectorCandidate for
Outside Director

Candidate number

13

Tsuyoshi Yoneda

Date of birth
Apr. 7, 1952



FY2016

Meeting Attendance

Board of Directors

11/11 (100%)

Audit Committee

12/12 (100%)

Tenure as Director
2 years

No. of Company shares held
100 shares

No. of listed companies where an officer position is concurrently held
1

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 Director-General
Jan. 2013 Commissioner General
Jan. 2015 Retired
Jun. 2015 Outside Director of the Company (current position)

(Area of Responsibility)

Chairperson of the Audit Committee

(Significant Concurrent Position)

Independent Audit & Supervisory Board Member, Marubeni Corporation (expected to assume the position on June 23, 2017)

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 law enforcement, which can be expected to be reflected in the management of the Company. Although Mr. Yoneda was not previously directly involved in corporate management, other than in the capacity of Outside Director or Outside Corporate Auditor, based on the above reasons, it was determined that Mr. Yoneda will be able to appropriately conduct the duties of Outside Director.

- (Notes)
1. The number of Company shares held by each candidate for Director includes the number of shares substantively held under the name of the Japan Exchange Group, Inc. Officers' Shareholding Association.
 2. The number of listed companies where an officer position is concurrently held for each candidate for Director includes appointments planned to occur after the day of the issuance of this Notice.
 3. 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 (approximately JPY 5 million). Mr. Eizo Kobayashi is Chairman at ITOCHU Corporation (non-executive), and the corporate group pays annual listing and other fees to the JPX group (approximately JPY 16 million). The amounts of such transactions in FY2016 accounted for less than 1% of the consolidated sales of the JPX group and those of said corporate groups. Therefore, the Company deems that there are no concerns over the independence of the aforementioned persons. In addition, candidates other than the aforementioned candidates do not have any particular conflicts of interest with the Company.
 4. 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. Kimitaka Mori, and Mr. Tsuyoshi Yoneda.
 5. The following persons are Independent Directors, which Tokyo Stock Exchange, Inc. requires listed companies to secure to protect the interests of general investors: Ms. Christina Ahmadjian, Mr. Hitoshi Ogita, Mr. Hideaki Kubori, Ms. Main Kohda, Mr. Eizo Kobayashi, Mr. Kimitaka Mori, and Mr. Tsuyoshi Yoneda.
 6. 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)" (expected to retire on June 16, 2017).
 7. Conclusion of 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)")
Under the current Articles of Incorporation, the Company stipulates a provision that allows it to enter into agreements with Non-Executive Directors that limit liability for damages of the Company to the minimum amount as specified by laws and regulations. Such limited liability agreements have been concluded with Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Hitoshi Ogita, Mr. Hideaki Kubori, Ms. Main Kohda, Mr. Eizo Kobayashi, Mr. Kimitaka Mori, and Mr. Tsuyoshi Yoneda. If the reappointments of Mr. Hiroki Tsuda, Ms. Christina Ahmadjian, Mr. Hitoshi Ogita, Mr. Hideaki Kubori, Ms. Main Kohda, Mr. Eizo Kobayashi, Mr. Kimitaka Mori, and Mr. Tsuyoshi Yoneda are approved, then the corresponding limited liability agreements with them will continue to remain effective; and, if the appointment of Mr. Makoto Minoguchi is approved,

then the Company will enter into a limited liability agreement with Mr. Makoto Minoguchi, as well.

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: 2 years; Ms. Christina Ahmadjian: 3 years; Mr. Hitoshi Ogita: 1 year; Mr. Hideaki Kubori: 4 years and 6 months; Ms. Main Kohda: 1 year; Mr. Eizo Kobayashi: 1 year; Mr. Kimitaka Mori: 11 months; and Mr. Tsuyoshi Yoneda: 2 years.

9. Composition and Chairpersons of Statutory Committees

If this proposal is approved, in a Board of Directors made up of a majority (8 out of 13 people) of Outside Directors, the composition and chairpersons of the statutory committees will be decided as follows. Group CEO Akira Kiyota is expected to assume the position of Chairperson of the Nomination Committee because, at the Company, the Nomination Committee is granted not only the authority to nominate candidates for Director based on the regulations of the Companies Act, but also the authority to recommend candidates for Executive Officer of the Company, candidates for Director/Governor at subsidiaries, and statutory committee member candidates from the Board of Directors, and to clarify that the Nomination Committee bears the responsibility for group-wide personnel decisions, we believe the Group CEO should serve as the committee chairperson. Furthermore, in statutory committees including the Nomination Committee, there is no difference in the authority held by the chairperson and that of other committee members, and each committee is operated to ensure sufficient respect to the opinions of other committee members including committee members who are Outside Directors. In this way, we work to ensure the independence and objectivity of the decisions of each committee, and believe each committee is able to fully execute its respective role and functions.

Nomination Committee: Mr. Akira Kiyota (Chairperson), Mr. Koichiro Miyahara, Mr. Hitoshi Ogita, Mr. Hideaki Kubori, and Mr. Eizo Kobayashi

Compensation Committee: Mr. Eizo Kobayashi (Chairperson), Mr. Akira Kiyota, Mr. Koichiro Miyahara, Ms. Christina Ahmadjian, and Mr. Kimitaka Mori

Audit Committee: Mr. Tsuyoshi Yoneda (Chairperson), Ms. Christina Ahmadjian, Ms. Main Kohda, Mr. Makoto Minoguchi, and 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 a period that does not surpass ten years in total, or where having served for a period that does not surpass 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 as 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 is 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 or more 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, 2016 to March 31, 2017)

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 significantly affected by the uncertainty in global politics and economy, including the national referendum in the U.K. on the issue of exit from the European Union and the result of the U.S. presidential election. In the early period of the fiscal year, the risk-off trend strengthened globally, with TOPIX decreasing to 1,192.80 points (down by 154.40 points from the end of March 2016) on the back of the decision to exit from the European Union in the U.K. national referendum in June 2016, in addition to the continued strong yen and a wave of downward revisions in earnings of Japanese companies. Later, upon the victory of Mr. Trump in the U.S. presidential election in November 2016, market conditions became solid, against the backdrop of expectations for the recovery of global economies centered on the U.S. and the favorable employment conditions in Japan, with TOPIX reaching 1,512.60 points at the end of March 2017 (up by 165.40 points from the end of March 2016).

Under such circumstances, the JPX group (meaning the corporate group comprising the Company and its subsidiaries in this Business Report) strenuously tackled the core initiatives of "satisfying diverse investor needs and encouraging mid- to long-term asset building", "supporting listed companies in enhancing corporate value", "reinforcing market infrastructure", and "expanding exchange business" in this fiscal year as the first fiscal year of the 2nd Medium-Term Management Plan (FY2016–FY2018) so as to realize the mid- to long-term goal of possessing a balanced business portfolio composed of "cash equities market business", "derivatives market business", and "new business".

The consolidated results of the JPX group during the fiscal year ended March 31, 2017 included operating revenue of JPY 107,885 million (down 6.0% year-on-year), operating expenses of JPY 50,185 million (down 1.5% year-on-year), operating income of JPY 59,377 million (down 10.4% year-on-year), income before income tax of JPY 60,604 million (down 10.6% year-on-year), and net income attributable to owners of the parent company of JPY 42,124 million (down 6.1% year-on-year).

(a) Trading services revenue

Trading services revenue comprises "Transaction Fees" based on the value of securities traded or volume of derivatives traded, "Basic Fees" based on the type of trading participant's trading qualification, "Access Fees" based on the number of orders, and "Access Fees and Trading System Facilities Usage Fees" based on the types of trading system facilities used.

The average daily trading value in the cash equity markets (TSE 1st and 2nd Sections, Mothers, JASDAQ, TOKYO PRO Market, ETFs/ETNs, and REITs, etc.) during this fiscal year was JPY 2,998.7 billion. Also, total trading volume for derivatives reached 307.52 million contracts.

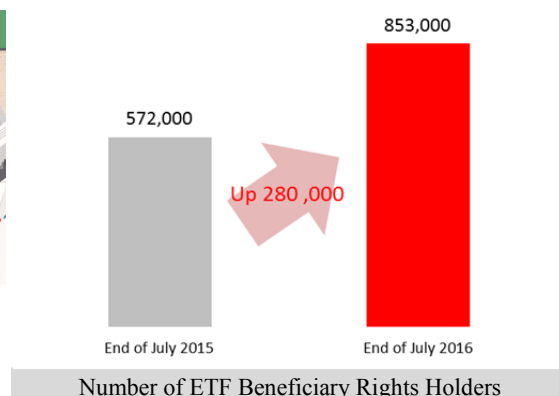
During the fiscal year ended March 31, 2017, basic fees were JPY 1,044 million (down 1.6% year-on-year), transaction fees from cash equities and derivatives were JPY 26,168 million (down 15.0% year-on-year) and JPY 10,354 million (down 17.2% year-on-year) respectively, and other fees such as access fees and trading system facilities usage fees were JPY 8,136 million (up 0.2% year-on-year). As a result, trading services revenue came to JPY 45,703 million (down 12.9% year-on-year).

Core initiatives:

- Disseminated information on ETFs and information to promote asset building for retail investors, and launched initiatives to raise literacy regarding asset building, etc.
- Listed ETFs/ETNs linked to the smart beta index, foreign exchange hedge index, etc. (17 issues)
- Listed REITs targeting various assets and infrastructure funds targeting renewable energies (10 issues)
- Renewed the derivatives trading system (J-GATE) and listed four products including TSE Mothers Index Futures and JPX-Nikkei Index 400 Options (July 2016)



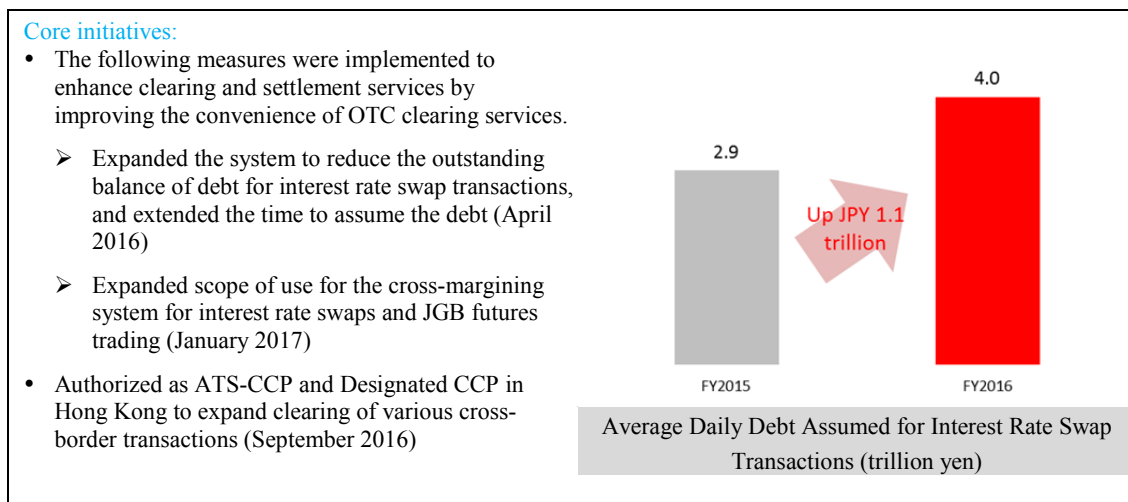
Web-site for Individual Investors "Tosho Manebu
(Learning about Money at TSE)"
<http://money-bu-jpx.com/>



(b) Clearing services revenue

Clearing services revenue comprises clearing fees related to the assumption of obligations of financial instrument transactions carried out by Japan Securities Clearing Corporation.

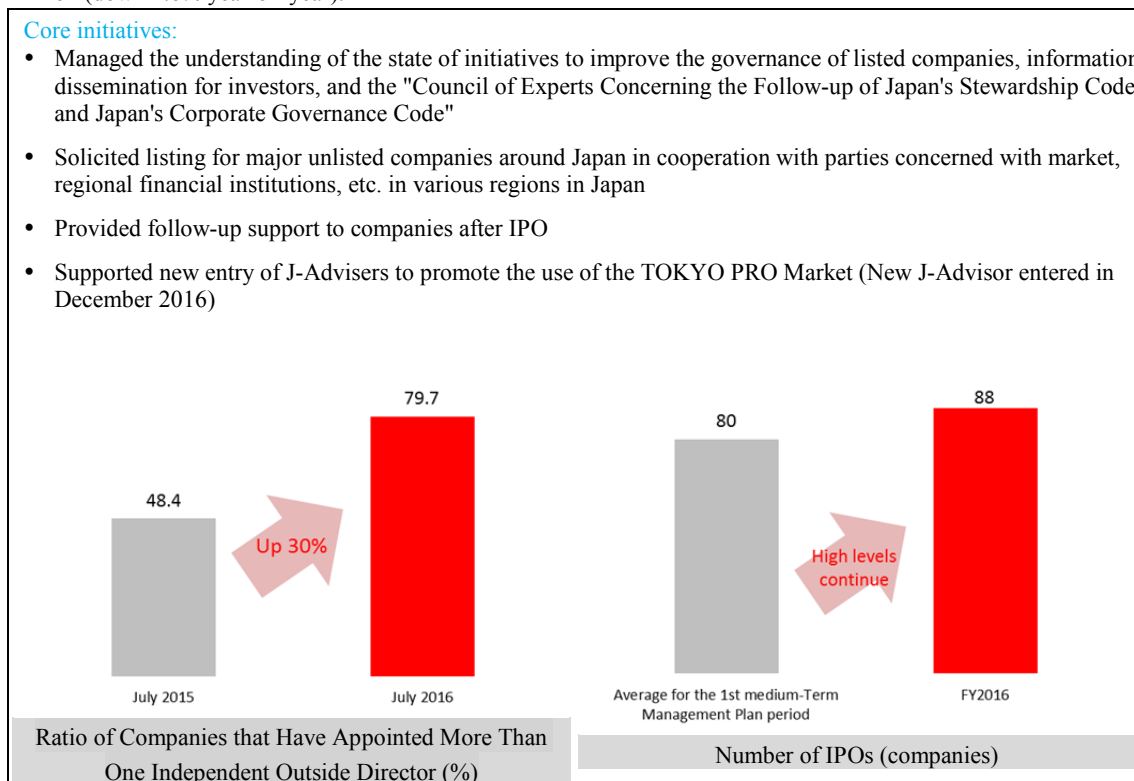
Clearing services revenue for this fiscal year was JPY 21,454 million (down 7.3% year-on-year). This reflected a decrease in cash equities and derivatives trading, the two main clearing product segments.



(c) Listing services revenue

Listing services revenue comprises "Initial/Additional Listing Fees" that are received based on the issue amount when a company initially lists or when a listed company issues additional shares, and "Annual Listing Fees" received from listed companies based on their market capitalization.

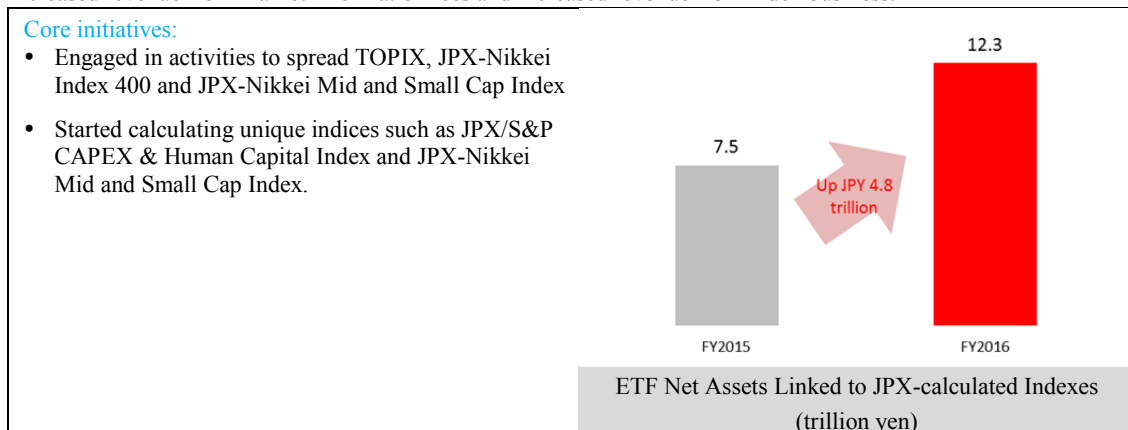
Initial/additional listing fees were JPY 4,317 million (down 19.0% year-on-year), and annual listing fees were JPY 8,586 million (up 8.4% year-on-year), bringing the total for listing services revenue for this fiscal year to JPY 12,903 million (down 2.6% year-on-year).



(d) Information services revenue

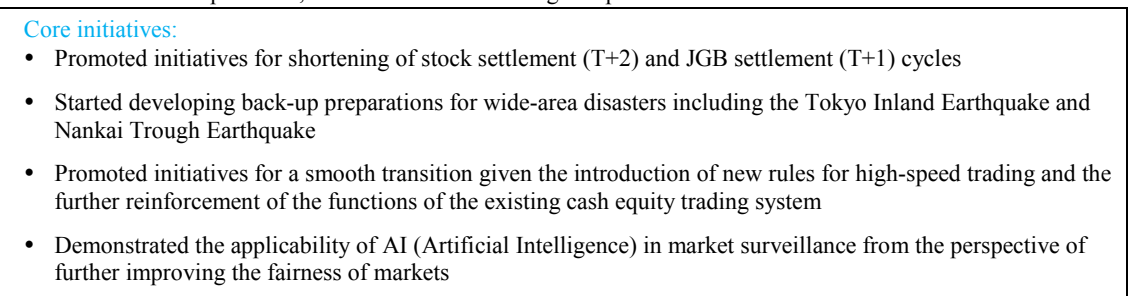
Information services revenue comprises revenue related to the provision of market information to information vendors, etc. (market information fees), revenue related to the index business, and revenue related to the provision of corporate action information and other information.

Information services revenue for this fiscal year was JPY 18,112 million (up 2.3% year-on-year), partly reflecting increased revenue from market information fees and increased revenue from index business.



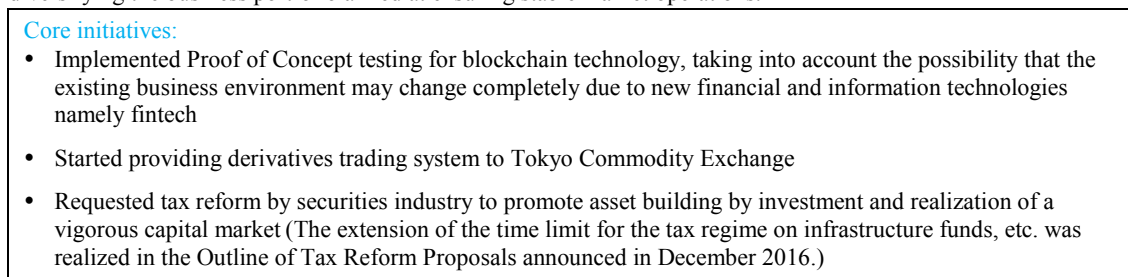
(e) Reinforce market infrastructure

Given the importance of markets operated by the JPX group as part of the public infrastructure, the following initiatives were implemented for the purpose of improving convenience, efficiency, and transparency aimed at stable and smooth market operations, as well as for maintaining competitiveness of said markets.



(f) Expand exchange business

With the aim of improving the revenue structure of the JPX group, which is significantly affected by the stock market in Japan, the following initiatives were implemented to enhance the exchange business from the perspective of diversifying the business portfolio aimed at ensuring stable market operations.



(g) Operating expenses

During this fiscal year, personnel expenses were JPY 15,614 million, system maintenance and operation expenses were JPY 10,813 million, and depreciation and amortization was JPY 10,983 million. As a result, operating expenses came to JPY 50,185 million (down 1.5% year-on-year).

(2) Capital investment

Overall capital investment, including investment for trading and clearing systems, was about JPY 10.3 billion.

(3) Financing

Utilizing the TOKYO PRO-BOND Market, which is a bond market operated by Tokyo Stock Exchange, the JPX group issued the first unsecured corporate bonds on March 16, 2017 to raise a total of JPY 20.0 billion.

(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)	March 2017 Year (Apr. 2016 to Mar. 2017)
Operating revenue	113,846	106,167	114,776	107,885
Income before income tax	54,786	54,887	67,774	60,604
Net income attributable to owners of the parent company	33,304	34,427	44,877	42,124
Basic earnings per share (JPY)	60.66	62.70	81.74	77.00
Total assets	17,479,946	27,746,771	29,546,776	41,288,932
Equity attributable to owners of the parent company	207,101	235,611	257,194	257,955
Equity attributable to owners of the parent company per share (JPY)	377.19	429.11	468.43	477.31

(Breakdown of operating revenue)

(JPY million)

Classification	IFRS			
	March 2014 Year	March 2015 Year	March 2016 Year	March 2017 Year
Trading services revenue	54,155	48,698	52,471	45,703
Clearing service revenue	20,334	20,092	23,140	21,454
Listing services revenue	12,308	12,249	13,250	12,903
Information services revenue	16,116	16,311	17,706	18,112
Other	10,931	8,815	8,208	9,711
Total	113,846	106,167	114,776	107,885

*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 A 5-for-1 stock split and a 2-for-1 stock split were conducted on October 1, 2013 and October 1, 2015, respectively. 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, 2014.

*3 The Company introduced a stock-granting employee stock ownership plan ("ESOP") trust in the fiscal year ended March 31, 2017. The shares of the Company held by said stock-granting ESOP trust for the fiscal year ended March 31, 2017, 586,800 shares, were included in the number of treasury shares at the end of the period, and 81,300 shares were deducted from the weighted average number of ordinary shares outstanding.

(Reference) The Company

(JPY million)

Classification	March 2014 Year (Apr. 2013 to Mar. 2014)	March 2015 Year (Apr. 2014 to Mar. 2015)	March 2016 Year (Apr. 2015 to Mar. 2016)	March 2017 Year (Apr. 2016 to Mar. 2017)
Operating revenue	12,248	33,102	35,072	47,887
Operating income	7,068	27,287	29,724	42,424
Ordinary income	8,444	28,747	31,309	43,682
Net income	7,380	27,728	30,275	42,774
Net income per share (JPY)	13.44	50.50	55.14	78.19
Total assets	165,956	215,218	230,071	244,641
Net assets	81,221	102,104	110,107	111,061
Net assets per share (JPY)	147.93	185.96	200.54	205.50

*1 A 5-for-1 stock split and a 2-for-1 stock split were conducted on October 1, 2013 and October 1, 2015, respectively. 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, 2014.

*2 The Company introduced a stock-granting employee stock ownership plan ("ESOP") trust in the fiscal year ended March 31, 2017. The shares of the Company held by said stock-granting ESOP trust for the fiscal year ended March 31, 2017, 586,800 shares, were included in the number of treasury shares at the end of the period, and 81,300 shares were deducted from the average number of shares.

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 (JPY million)	Holding Ratio of Voting Rights [indirect holding] %	Principal Business
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]	System development, etc.

(Notes) 1. Non-stock capital

2. The Company's holding ratios are 99.2% of Class-A stock, 100.0% of Class-B stock, 60.4% of Class-C stock, and 52.9% of Class-D stock.

(b) Status of specified wholly-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, 2017 (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, 2017 is JPY 244,641 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 its public nature and credibility, constructing the foundation of a market that is highly convenient, efficient, and transparent, and by providing creative and attractive services.

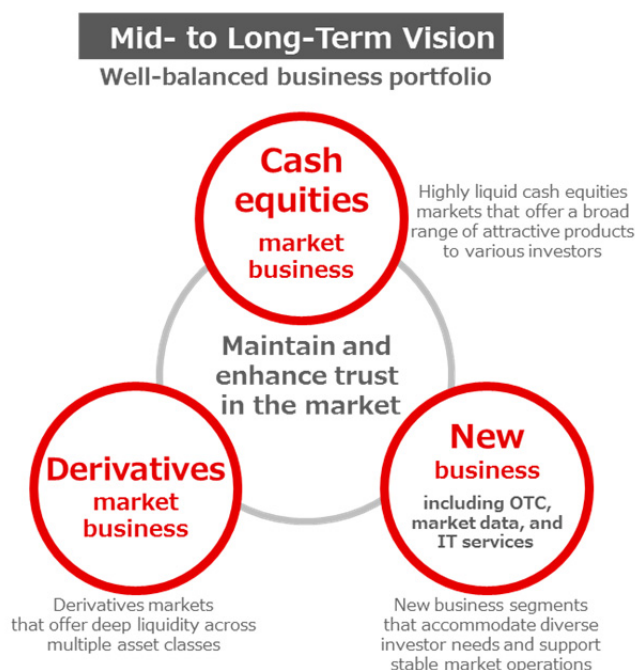
Since trading value in cash equity markets and trading volume in derivatives markets operated by the JPX group tend to be substantially affected by global economic conditions and market developments, in order to realize the sustainable development of the market, it is necessary to strive to provide high-quality 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), the JPX group has set a mid- 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 by 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 mid- 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.

The JPX group 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 (Updated)

In preparation for FY2017, the second year of the 2nd Medium-Term Management Plan (FY2016–FY2018), the plan was updated on March 31, 2017, in light of the progress in specific core initiatives and new issues, etc., including the appropriate response to high-speed trading. The JPX group will tackle the following initiatives in accordance with the updated 2nd Medium-Term Management Plan.

(1) Satisfying diverse investor needs and encouraging mid- to long-term asset building

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 mid- to long-term asset building through portfolio diversification. Moreover, the JPX group recognizes the importance of encouraging participation from a wide range of investors to provide diverse investment decisions for maintaining and developing smooth and fair price formation in markets operated by the JPX group.

Accordingly, in addition to further enriching information provision and education programs for young generations and those new to investing by utilizing various channels, the JPX group will engage in listing investment products that meet the diverse needs of investors, soliciting new investors to markets by enhancing connectivity services with overseas exchanges, and providing new representations of the investment appeal of Japanese stocks through the development of new indices, and so forth.

Furthermore, with respect to the derivatives market, the JPX group will encourage the utilization of derivatives contracts among institutional investors in Japan, in addition to introducing new instruments. The JPX group will also continue pursuing the comprehensive exchange initiative.

(2) Supporting listed companies in enhancing corporate value

The JPX group will encourage smooth dialogue between listed companies and investors and further improve the effectiveness of corporate governance by facilitating the disclosure of reports related to corporate governance and financial results, etc. in English, as well as developing an environment in which investors can easily obtain both the financial and non-financial information of listed companies. Furthermore, from the viewpoint of contributing to the sustainable growth of the Japanese economy through the smooth supply of risk money into growth segments, the JPX group will launch initiatives to raise understanding of market concepts while, at the same time, broadening the IPO base by supporting the listing of unlisted companies based outside major metropolitan areas.

(3) Reinforcing market infrastructure

The JPX group will move toward shortening the stock and JGB settlement cycles to reduce settlement risk, while endeavoring to implement more advanced risk controls for clearing and settlement services and improving convenience. Moreover, the JPX group will take initiatives to reinforce the market operation system as a precaution against wide-area disasters, as well as to strengthen and enhance cyber security.

Furthermore, while striving to enhance the risk management system for market operations, the JPX group will launch initiatives for a smooth transition alongside the introduction of new rules for high speed trading and additional enhancements to functions of the existing cash equity trading system.

In addition, the JPX group will engage in an initiative to fully utilize AI (Artificial Intelligence) in market surveillance by Japan Exchange Regulation.

(4) Expanding exchange business

From the viewpoint of diversifying the mid- to long-term business portfolio, the JPX group will launch initiatives to enter into new business fields including the expansion of its OTC derivatives clearing services.

Furthermore, bearing in mind the possibility of significant changes in the existing business environment for the JPX group due to the progress in global financial regulation reforms and developments in new financial and information technologies (fintech), the JPX group will conduct research and development of new technologies for exchange business. The JPX group will also nurture an innovative culture, reinforce overseas business bases, strengthen study and research functions for regulatory developments, etc. in Japan and abroad, and disseminate opinions.

5. Principal Business (as of March 31, 2017)

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 Tokyo Stock Exchange, Inc. (TSE), Osaka Exchange, Inc.(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, 2017)

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, 2017)

The JPX group

No. of Employees	Compared to the Previous Fiscal Year	Average Age	Average Years of Employment
1,085	3-person decrease	42 years 5 months	17 years 0 months

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

8. Lenders and Outstanding Loans (as of March 31, 2017)

Creditor	Outstanding Loan (JPY million)
The 77 Bank, Ltd.	9,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	23,500

9. Other Important Items Related to the Corporate Group

There are no matters to report.

II. Status of Shares (as of March 31, 2017)

- (1) Total Authorized No. of Shares to Be Issued 2,180,000,000
- (2) Total No. of Shares Issued 549,069,100 (including 8,049,252 treasury shares)
- (3) No. of Shareholders 52,560

(4) Major Shareholders

Rank	Name of Shareholder	No. of Shares Held	Shareholding Ratio
		shares	%
1	Japan Trustee Services Bank, Ltd. (Trust Account)	18,469,000	3.41
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	16,168,600	2.99
3	SMBC Friend Securities Co., Ltd.	15,118,000	2.79
4	Japan Trustee Services Bank, Ltd. (Trust Account 5)	11,274,100	2.08
5	THE BANK OF NEW YORK MELLON 140044	10,748,028	1.99
6	Mizuho Securities Co., Ltd.	9,600,200	1.77
7	NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	9,248,609	1.71
8	Japan Trustee Services Bank, Ltd. (Trust Account 1)	8,276,700	1.53
9	Japan Trustee Services Bank, Ltd. (Trust Account 2)	8,271,500	1.53
10	Japan Trustee Services Bank, Ltd. (Trust Account 7)	8,018,800	1.48

- (Notes) 1. Shareholding ratios are calculated after deducting treasury shares (8,049,252 shares).
2. To improve the Company's mid- and long-term corporate value by giving employees a sense of participation in company management and further motivation toward improving corporate performance and increasing the price of the Company's stock, the Company reached a resolution in its Board of Directors meeting held on January 30, 2017 to introduce an employee incentive plan, the stock-granting employee stock ownership plan trust (hereinafter "the stock-granting ESOP trust"). As a result of this introduction, 586,800 shares of the Company stock were entrusted with Mitsubishi UFJ Trust and Banking Corp. under the name of The Master Trust Bank of Japan, Ltd. (Stock-Granting ESOP Trust Account, 76,043 units), the Co-trustee on February 8, 2017.
3. The distribution of shareholders of the Company by category is as follows:
 Financial institutions: 128,122,700 shares (23.34%); financial instruments business operators: 142,733,670 shares (26.00%); other domestic corporations: 21,210,431 shares (3.86%); foreign corporations, etc.: 228,628,042 shares (41.64%); individuals and others: 20,325,005 shares (3.70%); and, treasury shares: 8,049,252 shares (1.47%)

(5) Other Important Items Related to Shares

The Company acquired own shares during this fiscal year as described below.

(a) First acquisition

Acquisition period:	July 29, 2016 – January 27, 2017
Total number of shares acquired:	2,746,800 shares
Total value of shares acquired:	JPY 3,994,268,900

(b) Second acquisition

Acquisition period:	January 31, 2017 – March 31, 2017
Total number of shares acquired:	5,295,200 shares

Total value of shares acquired: JPY 8,547,937,200

(Note) The second acquisition is part of the acquisition of own shares (Acquisition period: January 31, 2017–July 27, 2017; total number of shares to be acquired: 16,000,000 shares (upper limit); total value of shares to be acquired: JPY 16 billion (upper limit)) in accordance with the resolution of the Board of Directors meeting held on January 30, 2017.

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, 2017)

(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; Chairperson of the Nomination Committee; Member of the Compensation Committee	Director, Tokyo Stock Exchange, Inc.
Director & Executive Officer	Koichiro Miyahara	Member of the Nomination Committee; Member of the Compensation Committee	President & CEO, Tokyo Stock Exchange, Inc.
Director & Executive Officer	Hiroshi Yamaji		President & CEO, Osaka Exchange, Inc.
Director	Christina Ahmadjian	Member of the Compensation Committee; Member of the Audit Committee	Professor, Graduate School of Commerce and Management, Hitotsubashi University Outside Director, Mitsubishi Heavy Industries, Ltd.
Director	Hitoshi Ogita	Member of the Nomination Committee, Chairperson of the Independent Outside Directors Committee	Senior Adviser, Asahi Group Holdings, Ltd. Outside Director, Imperial Hotel, Ltd. Outside Director, NEC Corporation
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	Main Kohda	Member of the Audit Committee	Novelist Outside Director, Japan Tobacco Inc. Outside Director, LIXIL Group Corporation
Director	Eizo Kobayashi	Member of the Compensation Committee	Chairman, ITOCHU Corporation (non-executive) 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, Nippon Venture Capital Co., Ltd.
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

Position	Name	Area(s) of Responsibility	Significant Concurrent Position(s)
Director	Katsuhiko Honda	Member of the Nomination Committee; Chairperson of the Compensation Committee	Corporate Advisor, Japan Tobacco Inc. Member of the Board of Governors, Japan Broadcasting Corporation
Director	Kimitaka Mori	Member of the Audit Committee	Certified Public Accountant Advisor, The Japanese Institute of Certified Public Accountants
Director	Tsuyoshi Yoneda	Chairperson of the Audit Committee	

- (Notes)
- The following persons are Outside Directors: 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.
 - The following persons are Independent Directors, which Tokyo Stock Exchange, Inc. requires listed companies to secure to protect the interests of general investors: 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.
 - Concurrent position held by an Outside Director includes at Japan Exchange Regulation, a wholly-owned subsidiary of the Company. 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.
 - Director and Member of the Audit Committee, Mr. Kimitaka Mori is a certified public accountant, and holds a respectable degree of knowledge on finance and accounting.
 - On June 21, 2016, Director, Mr. Koichiro Miyahara assumed the position of Member of the Nomination Committee and Member of the Compensation Committee of the Company.
On June 21, 2016, Director, Ms. Christina Ahmadjian assumed the position of Member of the Compensation Committee of the Company.
On June 21, 2016, Director, Mr. Hitoshi Ogita assumed the position of Member of the Nomination Committee of the Company. He also assumed the position of Chairperson of the Independent Outside Directors Committee on October 28, 2016.
On June 21, 2016, Director, Ms. Main Kohda assumed the position of Member of the Audit Committee of the Company.
On June 21, 2016, Director, Mr. Eizo Kobayashi assumed the position of Member of the Compensation Committee of the Company. He also retired from the position of Director of ITOCHU Corporation on July 24 2016.
On June 21, 2016, Director, Mr. Katsuhiko Honda assumed the position of Chairperson of the Compensation Committee of the Company.
On July 26, 2016, Director, Mr. Kimitaka Mori assumed the position of Member of the Audit Committee of the Company. He also retired from the position of Chairman and President of The Japanese Institute of Certified Public Accountants on July 25 2016, and assumed the position of Advisor of The Japanese Institute of Certified Public Accountants on July 26, 2016.
On June 21, 2016, Director, Mr. Tsuyoshi Yoneda assumed the position of Chairperson of the Audit Committee of the Company.
 - 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 five Members of the Audit Committee, the Company has appointed Director, Mr. Masayuki Hirose as a Standing Member of the Audit Committee due to his considerable knowledge and experience in the Company's business in general.

(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	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	Moriyuki Iwanaga	CFO, Treasury, IR, and Clearing & Settlement Development	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	Hironaga Miyama	Management of Japan Securities Clearing Corporation	President & CEO, Japan Securities Clearing Corporation
Executive Officer	Isao Hasegawa	General Administration	Executive Officer, Tokyo Stock Exchange, Inc. Executive Officer, Osaka Exchange, Inc.
Executive Officer	Satoshi Futagi	Human Resources and Corporate Communications	
Executive Officer	Takeshi Hirano	Corporate Strategy	
Executive Officer	Atsushi Tabata	Global Strategy	Executive Officer, Tokyo Stock Exchange, Inc. Executive Officer, Osaka Exchange, Inc.

(Note) Mr. Moriyuki Iwanaga assumed new Clearing & Settlement Development responsibilities on April 1, 2016 in addition to CFO, Treasury, and IR. He retired from his position of Senior Executive Officer of Tokyo Stock Exchange, Inc. on the same date.

Mr. Hironaga Miyama assumed the position of Executive Officer (Management of Japan Securities Clearing Corporation) of the Company on April 1, 2016.

Mr. Atsushi Tabata assumed the position of Executive Officer (Global Strategy) of the Company on April 1, 2016. Furthermore, on the same day, he assumed the position of Executive Officer of Tokyo Stock Exchange, Inc. and Executive Officer of Osaka Exchange, Inc.

(Reference) Executive Officers as of April 1, 2017, 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"
<p><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.</p>			
Senior Executive Officer	Ryusuke Yokoyama	CIO, IT Planning	Senior Executive Officer, Tokyo Stock Exchange, Inc. Senior Executive Officer, Osaka Exchange, Inc.
<p><Reason for Appointment> Mr. Ryusuke Yokoyama joined Tokyo Stock Exchange in 1986. He subsequently engaged in operations mainly related to IT planning and development at the JPX group. As an Executive Officer of Tokyo Stock Exchange, Inc., he is leading the grand design of a clearing system for the purpose of enhancing clearing functions and accommodating various types of new derivative products. This is to support the business portfolio diversification strategy through "expansion of new business which includes the clearing and settlement fields", and by "stimulating growth of the derivatives market business", which together form a pillar of the Company's Medium-Term Management Plan. He has been appointed as Senior Executive Officer in consideration of his experience and accomplishments with the JPX group.</p>			
Senior Executive Officer	Yoshinori Karino	IT Planning	Senior Executive Officer, Tokyo Stock Exchange, Inc. Director and Senior Executive Officer, Osaka Exchange, Inc.
<p><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. Since assuming office in June 2010, as a Director and Senior Executive Officer of 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, where he facilitated the system integration accompanying business integration at the Company. He also facilitated the development of the derivatives trading system. He has been appointed as Senior Executive Officer in consideration of his experience and accomplishments with the JPX group.</p>			
Senior Executive Officer	Yoshihiro Isaka	Global Strategy	Senior Executive Officer, Tokyo Stock Exchange, Inc. Senior Executive Officer, Osaka Exchange, Inc. Representative Director, ICJ, Inc. (Part-time)
<p><Reason for Appointment> Mr. Yoshihiro Isaka joined the Ministry of Finance in 1979. He subsequently engaged in operations mainly related to international affairs and taxes at the Ministry of Finance, the Ministry of Foreign Affairs, the National Tax Agency, and the Financial Supervisory Agency. Since assuming office in June 2013, as an Executive Officer of Tokyo Stock Exchange, Inc., as the officer in charge of information services, he has worked to facilitate the creation of ETFs and publicly offered investment trusts based on indices developed by Tokyo Stock Exchange, Inc., and worked to promote the development of new indices. These efforts form a main pillar of the Company's current Medium-Term Management Plan. He has been appointed as Senior Executive Officer in consideration of his experience and accomplishments with the JPX group.</p>			
Director and Executive Officer	Koichiro Miyahara	Management of Tokyo Stock Exchange, Inc.	Refer to "(1) Board of Directors"
<p><Reason for Appointment> Mr. Koichiro Miyahara has considerable knowledge of and experience in the exchange business in general, and, as President & CEO of Tokyo Stock Exchange, Inc., he manages and oversees the overall business and operations of a core subsidiary of the JPX group. He has been appointed as Executive Officer in consideration of his experience and accomplishments with the JPX group.</p>			

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 knowledge of and experience in the exchange business in general, and, as President & CEO of Osaka Exchange, Inc., he manages and oversees the overall business and operations of a core subsidiary of the JPX group. 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 has considerable knowledge of and experience in the exchange business in general, and, as President & CEO of Japan Securities Clearing Corporation, he manages and oversees the overall business and operations of a core subsidiary of the JPX group. He has been appointed as Executive Officer in consideration of his experience and accomplishments with the JPX group.</p>			
Executive Officer	Isao Hasegawa	General Administration and Human Resources	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 the JPX group. Since assuming office in June 2014 as an Executive Officer of the Company, as the officer in charge of general administration, he has primarily worked on the appropriate development of corporate governance in the Company. He has been appointed as Executive Officer in consideration of his experience and accomplishments with the JPX group.</p>			
Executive Officer	Satoshi Futagi	Corporate Strategy and Clearing & Settlement Development	
<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 the JPX group. Since assuming office in June 2015 as an Executive Officer of the Company, as the officer in charge of human resources and corporate communications, he has primarily worked on policies to reform the JPX group's personnel system and improve the profile of the Company's brand. He has been appointed as Executive Officer in consideration of his experience and accomplishments with the JPX group.</p>			
Executive Officer	Atsushi Tabata	CFO, Treasury, Corporate Communications, and IR	
<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's office, corporate strategy, and general administration at the JPX group. Since assuming office in April 2016 as an Executive Officer of the Company, as the officer in charge of global strategy, he has primarily worked to support overseas exchanges and promote cooperation with various overseas organizations. He has been appointed as Executive Officer in consideration of his experience and accomplishments with the JPX group.</p>			

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

Compensation for Directors and Executive Officers of the Company is comprised of (1) basic salary, (2) bonus, and (3) company stock, and is determined by the Compensation Committee.

(1) Basic salary is consideration for daily business execution and participation in management commensurate with each position and its duties. (2) Bonus consists of an amount of short-term incentive determined based on consolidated net income and an amount of medium-term incentive determined in accordance with, among others, the state of implementation of the business plan as well as the state of achievement of management and financial targets. (3) 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.

With regard to Directors (excluding those who serve concurrently as Executive Officers), the Company does not pay bonus or offer company stock from the perspective of their roles and independence.

3. Compensation Paid to Directors and Executive Officers

Classification	No. of Recipients	Amount Paid (JPY million)
Directors	12	140
[of which Outside Directors]	(11)	(112)
Executive Officers	8	422

- (Notes)
1. Three Directors serving concurrently as Executive Officers and 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 Tokyo Stock Exchange, Inc., one Executive Officer serving concurrently as Director of Osaka Exchange, Inc., and one Executive Officer serving concurrently as Director of Japan Securities Clearing Corporation do not receive compensation as Executive Officers and are, therefore, not included in the number of recipients.
 2. The above amounts include JPY 139 million paid in bonuses to Directors and Executive Officers as decided in the Compensation Committee on April 24, 2017.
 3. During the fiscal year under review, JPY 17 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. Hitoshi Ogita, Mr. Hideaki Kubori, Ms. Main Kohda, Mr. Eizo Kobayashi, Mr. Katsuhiko Honda, Mr. Kimitaka Mori, and Mr. Tsuyoshi Yoneda, and Non-Executive Director Mr. Masayuki Hirose pursuant to Article 423, Paragraph 1 of the Companies Act. The liability limit under such agreements is the prescribed minimum amount specified 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 11 Board of Directors meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.
Director	Christina Ahmadjian	Attended all 11 Board of Directors meetings; attended all 3 Compensation Committee meetings held after assuming the position; attended all 12 Audit Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.
Director	Hitoshi Ogita	Attended all 9 Board of Directors meetings held after assuming the position; attended all 5 Nomination 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	Hideaki Kubori	Attended all 11 Board of Directors meetings; attended all 6 Nomination Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.
Director	Main Kohda	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	Eizo Kobayashi	Attended all 9 Board of Directors meetings held after assuming the position; attended all 3 Compensation Committee meetings held after assuming the position; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.
Director	Katsuhiko Honda	Attended all 11 Board of Directors meetings; attended all 6 Nomination Committee meetings; attended all 3 Compensation 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	Kimitaka Mori	Attended all 8 Board of Directors meetings held after assuming the position; attended all 8 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	Tsuyoshi Yoneda	Attended all 11 Board of Directors meetings; attended all 12 Audit Committee meetings; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way.

Reference Corporate Governance System

Basic Views on Corporate Governance

In order to conduct management in line with its corporate philosophy, the Company is aware of the importance of having its stakeholders understand its corporate philosophy and corporate activities. Therefore, the Company has established the basic views on corporate governance from the four perspectives described below.

Based on the basic views, in light of the intent of the individual principles of Japan's Corporate Governance Code, the Company is committed to properly developing its corporate governance system.

Corporate Philosophy and Social Mission

The JPX group operates markets that are a public asset and fulfills its social mission by pursuing the sustainable development of its markets.

Enhancing Corporate Value

In pursuing sustainable development of its markets, the JPX group must continue to accommodate the diverse needs of shareholders and other stakeholders, thereby enhancing its corporate value over the medium-to-long term.

Market Operations

The JPX group operates its markets with the view that garnering support for and fostering confidence in the markets it establishes are in the common interest of all investors and market users, and maintaining and enhancing such support and confidence will build the foundations for sustainable development of its markets.

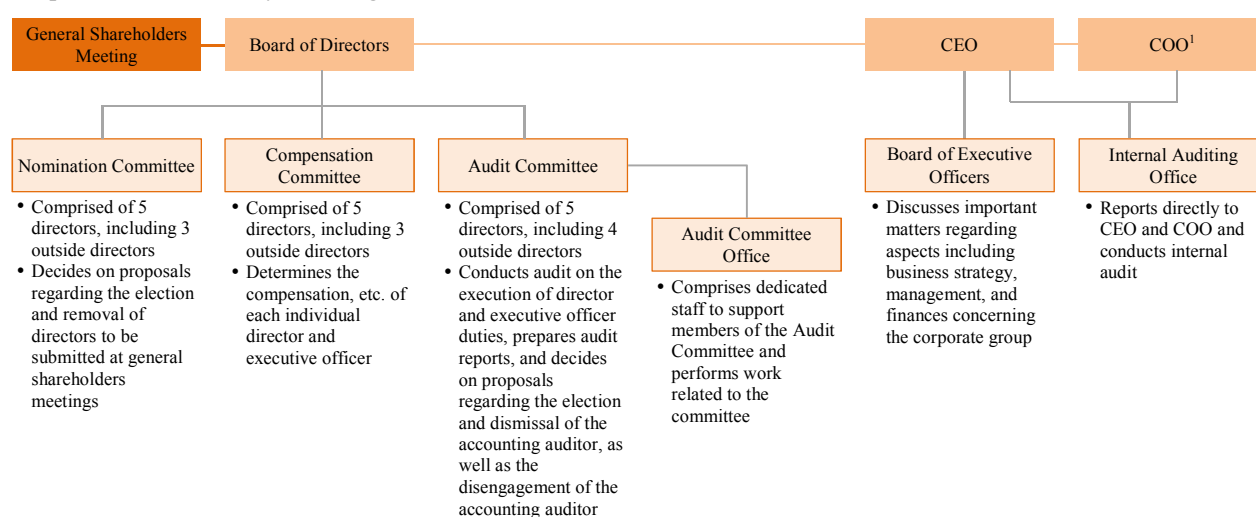
Effective Corporate Governance

The JPX group strives to constantly improve its corporate governance system to further facilitate effective and proper systems, so as to support the sustainable development of its markets.

Corporate Governance System

The Company clearly segregates the management monitoring/supervisory function and the business execution function, and adopts the company with a nomination committee and other committees structure to strengthen oversight and raise the transparency of management.

Corporate Governance System Diagram



(Note) 1. The post of COO is vacant as of May 11, 2017.

Composition of the Board of Directors

The Company's Board of Directors is composed of 13 directors, including two female directors. The functions of the board

include increasing the transparency and accountability of the management and enhancing the function of supervising the appropriateness of business execution. To accomplish this, the composition of the board includes the chairman of the board, who is set apart from business execution, and nine outside directors, which constitute a board majority. Of these nine outside directors, eight have been filed as independent directors of the Company.

The breakdown of the eight Independent Outside Directors is as follows. Three are corporate managers. One is a legal expert, and another is a certified public accountant. Three are researchers or have served in government agencies. Each Director has considerable experience and insight in their respective field and contributes to a structure that allows for multifaceted external perspectives to be readily incorporated into the management of the Company.

- **Nomination, Compensation, and Audit Committees**

The Company has set up a statutory Nomination Committee and Compensation Committee for the purpose of ensuring transparency and objectivity in the appointment/removal and compensation of directors and executive officers. Each committee has a majority of outside directors as members. The appointment and removal of directors and executive officers are thoroughly deliberated and determined by the Nomination Committee and put forth for approval at general shareholders meetings, and the compensation of directors and executive officers is determined by the Compensation Committee.

In addition, the Company has established a statutory Audit Committee, which performs the auditing function. The Audit Committee is made up of five directors (including one full-time Audit Committee member), of which four, including a certified public accountant, are outside directors. In addition, the Company has set up an Audit Committee Office to assist the Audit Committee members in the performance of their duties.

- **Establishing an Independent Outside Directors Committee**

The Company has established an Independent Outside Directors Committee as a corporate organ composed exclusively of part-time Independent Outside Directors in order for the Company's part-time Independent Outside Directors to better perform management oversight and also to exchange information and build a common understanding among themselves to facilitate active discussion at Board of Directors meetings.

Independent Outside Directors Committee

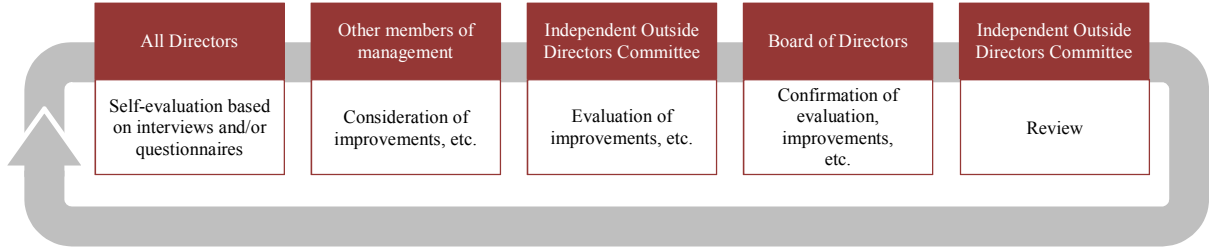
Objectives	For part-time Independent Outside Directors to exchange information and share views * The Chairman of the board, CEO, and other members of management may participate upon the request of the Committee.
Frequency of meetings	In principle, two times or more annually * Meetings are called at appropriate times by the Chairman.
Committee Chairman	The Chairman of the Committee calls the meetings and presides over them. When the Committee deems it necessary for ensuring smooth communication, the contents of the discussions of the Committee can be reported to the Chairman of the board, CEO, and other members of management.

- **Evaluating the Effectiveness of the Board of Directors**

At the Company, the Board of Directors analyzes and evaluates its own effectiveness based on a questionnaire survey and interviews with all board members. When this evaluation takes place, the Independent Outside Directors Committee, which is composed of part-time Independent Outside Directors, takes part in the evaluation process with the aim of increasing its objectivity and transparency.

For a summary of results of the evaluation of the effectiveness of the Board of Directors in FY2016, please refer to the Company's Corporate Governance Report (<http://www.jpx.co.jp/english/corporate/about-jpx/co-governance/index.html>).

Board Effectiveness Evaluation Cycle



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 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 or non-reappointment of the Accounting Auditor 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 any of the provisions of the 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 to conduct 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 board of executive officers meetings 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 "Charter of Corporate Behavior", which lays out universal values that executive officers and employees should adhere to from the perspective of corporate ethics, and the employee code of conduct, which is a guideline for employee conduct.
- (b) The Company shall appoint a chief compliance 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 whistleblowing 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 "Charter of Corporate Behavior" toward the exclusion of anti-social forces.

- (a) The Company shall take a firm stance against anti-social forces that 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 work to create sound and fair markets.

An internal auditing office shall be established under the direct control of the CEO and COO, and it shall 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 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 Policy Committee with an Outside Director as the chair and a Risk Management Committee with the CEO as the chair, as described below, in order to be aware of risks of the corporate group comprised of the Company and its subsidiaries (hereinafter referred to as "JPX Group Companies"), to develop and manage appropriate measures against such risks from the perspective of prevention, and to develop a structure where such risks and measures taken against them shall be regularly reported. At the same time, the Company shall set forth a "Risk Management Policy" and manage it appropriately.

The Risk Policy Committee shall discuss various issues for the management of material risks at JPX Group Companies in accordance with the comprehensive risk management framework stipulated in the "Risk Management Policy", and make recommendations and report to the Board of Directors.

The Risk Management Committee shall gain a comprehensive understanding of the daily risk management situations at JPX Group Companies, as well as the circumstances in cases where any risk at JPX Group Companies is actualized, or such possibility arises, enact measures for prompt resolution, etc., and report to the Board of Directors.

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 (meaning various risks including reputational risk 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 agility of the decision-making process.

The Company shall formulate medium-term management and annual budget plans with the appropriate combination of top-down and division-driven bottom-up approaches and 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 of matters related to 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 by the corporate group comprised of the Company, its parent company, and its subsidiaries
The Company shall establish "Charter of Corporate Behavior", which lays out universal values that executive officers and employees of JPX Group Companies should adhere to from the perspective of corporate ethics.

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 that executive officers and employees should adhere to from the perspective of corporate ethics, 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 December 2016, 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 officers 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. During this fiscal year, in addition to constructing a "Comprehensive Risk Management Framework" as a risk management arrangement that places greater emphasis on prevention, the JPX group established a Risk Policy Committee, which is mainly composed of Outside Directors, with the aim of strengthening corporate governance in risk management. The Committee discussed "critical risks" that the JPX group should prioritize in risk management in FY2017.
- (b) The Company recognizes that stable system operation is essential to maintaining the reliability and stability of the markets. The Company renewed the derivatives trading system of the JPX group (J-GATE) in July 2016 and implemented 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. During this fiscal year, to strengthen business continuity in the event of a wide-area disaster, such as the Tokyo Inland Earthquake and the Nankai Trough Earthquake, the JPX

group pursued plans to arrange for its Tokyo and Osaka sites to serve as backup sites for each other. In addition, for thorough dissemination of emergency response procedures, the Company provided training for executive officers and employees through e-learning courses and 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 2nd Medium-Term Management Plan (FY2016-FY2018) (formulated on March 22, 2016, updated on March 31, 2017), 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 based on 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 on subsidiaries 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 board of directors meetings, board of executive officers meetings, and Risk Management Committee meetings, examination of important documents such as those for important meetings and internal approval procedures, and coordination 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 from Related Laws

(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 figures on operations presented in this report: monetary values and numbers of shares are rounded down to the nearest unit used; percentages and other figures are rounded off.)

Consolidated Statement of Financial Position

(As of March 31, 2017)

(JPY million)

Assets		Liabilities and Equity	
Current assets		Liabilities	
Cash and cash equivalents	73,553	Current liabilities	
Trade and other receivables	9,774	Trade and other payables	3,190
Clearing business financial assets	37,555,555	Bonds and loans payable	22,500
Specified assets for deposits from clearing participants	3,374,863	Clearing business financial liabilities	37,555,555
Specified assets for legal guarantee funds	474	Deposits from clearing participants	3,374,863
Income tax receivables	8,507	Legal guarantee funds	474
Other financial assets	73,800	Trading participant security money	8,142
Other current assets	1,626	Income tax payables	9,210
Total current assets	41,098,156	Other current liabilities	5,339
		Total current liabilities	40,979,276
Non-current assets		Non-current liabilities	
Property and equipment	5,140	Bonds and loans payable	29,933
Goodwill	67,374	Retirement benefit liabilities	7,357
Intangible assets	30,596	Other non-current liabilities	3,693
Retirement benefit assets	5,202	Deferred tax liabilities	4,900
Investments accounted for using the equity method	8,809	Total non-current liabilities	45,884
Specified assets for default compensation reserve funds	27,948	Total liabilities	41,025,161
Other financial assets	36,275	Equity	
Other non-current assets	5,793	Share capital	11,500
Deferred tax assets	3,635	Capital surplus	59,722
Total non-current assets	190,775	Treasury shares	(13,506)
		Other components of equity	11,604
		Retained earnings	188,634
		Total equity attributable to owners of the parent company	257,955
		Non-controlling interests	5,815
		Total equity	263,770
Total assets	41,288,932	Total liabilities and equity	41,288,932

Consolidated Statement of Income

(From April 1, 2016 to March 31, 2017)

	(JPY million)
Revenue	
Operating revenue	107,885
Other revenue	161
Total revenue	108,047
Expenses	
Operating expenses	50,185
Other expenses	9
Total expenses	50,195
Share of income of investments accounted for using the equity method	1,525
Operating income	59,377
Financial income	1,235
Financial expenses	8
Income before income tax	60,604
Income tax expense	18,240
Net income	42,363
Net income attributable to	
Owners of the parent company	42,124
Non-controlling interests	238

Consolidated Statement of Changes in Equity

(From April 1, 2016 to March 31, 2017)

(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 , 2016	11,500	59,726	(9)	13,321	-
Net income	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	(1,717)	1,268
Total comprehensive income	-	-	-	(1,717)	1,268
Acquisitions of treasury shares	-	(3)	(13,497)	-	-
Dividends paid	-	-	-	-	-
Changes of interests in subsidiaries without losing control	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	(1,268)
Total transactions with the owners	-	(3)	(13,497)	-	(1,268)
Balance as of March 31, 2017	11,500	59,722	(13,506)	11,604	-

	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, 2016	13,321	172,656	257,194	5,717	262,912
Net income	–	42,124	42,124	238	42,363
Other comprehensive income, net of tax	(448)	–	(448)	–	(448)
Total comprehensive income	(448)	42,124	41,676	238	41,914
Acquisitions of treasury shares	–	–	(13,500)	–	(13,500)
Dividends paid	–	(27,414)	(27,414)	–	(27,414)
Changes of interests in subsidiaries without losing control	–	–	–	(140)	(140)
Transfer from other components of equity to retained earnings	(1,268)	1,268	–	–	–
Total transactions with the owners	(1,268)	(26,146)	(40,915)	(140)	(41,056)
Balance as of March 31, 2017	11,604	188,634	257,955	5,815	263,770

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.

II. Notes to Consolidated Statement of Financial Position

1. Allowance for doubtful accounts directly deducted from assets

- (1) Trade and other receivables: JPY 9 million
- (2) Other financial assets: JPY 117 million

2. Accumulated depreciation of property and equipment (including accumulated impairment losses): JPY 11,334 million

3. Guarantee:

Guarantee for employee housing loans from financial institutions: JPY 1,550 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 2,675,561 million
- (b) Substitute securities for legal guarantee funds: JPY 1,338 million
- (c) Substitute securities for trading participant security money: JPY 2,591 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 17, 2016	Common share	15,922	29.00	March 31, 2016	May 31, 2016
Board Meeting of October 28, 2016	Common share	11,491	21.00	September 30, 2016	December 1, 2016

(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 16, 2017	Common share	14,066	Retained earnings	26.00	March 31, 2017	May 29, 2017

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, bonds and 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 477.31

2. Basic earnings per share: JPY 77.00

Note: The Company introduced a stock-granting employee stock ownership plan (hereinafter "ESOP") trust in the fiscal year ended March 31, 2017. The shares of the Company held by said stock-granting ESOP trust for the fiscal year ended March 31, 2017 are treated as treasury shares. As a result, 586,800 shares were included in the number of treasury shares at the end of the period, and 81,300 shares were deducted from the weighted average number of ordinary shares outstanding.

Non-consolidated Balance Sheet

(As of March 31, 2017)

(JPY million)

Assets		Liabilities	
Current assets	78,162	Current liabilities	98,754
Cash and deposits	70,144	Operating accounts payable	116
Operating accounts receivable	7	Short-term loans payable	12,500
Prepaid expenses	90	Short-term loans payable to subsidiaries and associates	75,200
Deferred tax assets	193	Current portion of long-term loans payable	10,000
Other	7,725	Accounts payable - other	21
Non-current assets	166,479	Accrued expenses	176
Property and equipment	22	Deposits received	15
Buildings	0	Unearned revenue	68
Vehicles	15	Provision for bonuses	453
Tools, furniture and fixtures	5	Provision for directors' bonuses	135
Intangible assets	170	Other	67
Trademark right	19	Non-current liabilities	34,825
Software	149	Long-term loans payable	10,000
Other	1	Bonds	20,000
Investments and other assets	166,286	Provision for retirement benefits	8
Investment securities	34,254	Deferred tax liabilities	4,702
Shares of subsidiaries and associates	118,413	Other	114
Investments in capital of subsidiaries and associates	3,000	Total liabilities	133,580
Long-term loans receivable from employees	0	Net assets	
Long-term prepaid expenses	1	Shareholders' equity	100,409
Prepaid pension cost	13	Share capital	11,500
Specified assets for default compensation reserve funds	10,580	Capital surplus	23,903
Other	23	Legal capital surplus	3,000
		Other capital surplus	20,903
		Retained earnings	78,512
		Other retained earnings	78,512
		General reserve	5,302
		Retained earnings brought forward	73,210
		Treasury shares	(13,506)
		Valuation and translation adjustments	10,652
		Valuation difference on available-for-sale securities	10,652
		Total net assets	111,061
Total assets	244,641	Total liabilities and net assets	244,641

Non-consolidated Statement of Income

(From April 1, 2016 to March 31, 2017)

	(JPY million)
Operating revenue	47,887
Management fee income	6,882
Dividend income from subsidiaries and associates	40,939
Other	65
Operating expenses	5,463
Operating income	42,424
Non-operating income	1,344
Interest income	12
Dividend income	1,294
Other	37
Non-operating expenses	85
Interest expenses	15
Bond issuance costs	63
Other	6
Ordinary income	43,682
Income before income taxes	43,682
Income taxes - current	888
Income taxes - deferred	19
Net income	42,774

Non-consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2016 to March 31, 2017)

(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	57,850
Changes of items during the period						
Dividends of surplus	–	–	–	–	–	(27,414)
Acquisitions of treasury shares	–	–	–	–	–	–
Net income	–	–	–	–	–	42,774
Net changes of items other than shareholders' equity	–	–	–	–	–	–
Total changes of items during the period	–	–	–	–	–	15,359
Balance at the end of current period	11,500	3,000	20,903	23,903	5,302	73,210

	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	63,152	(9)	98,546	11,561	11,561	110,107
Changes of items during the period						
Dividends of surplus	(27,414)	–	(27,414)	–	–	(27,414)
Acquisitions of treasury shares	–	(13,497)	(13,497)	–	–	(13,497)
Net income	42,774	–	42,774	–	–	42,774
Net changes of items other than shareholders' equity	–	–	–	(908)	(908)	(908)
Total changes of items during the period	15,359	(13,497)	1,862	(908)	(908)	953
Balance at the end of current period	78,512	(13,506)	100,409	10,652	10,652	111,061

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. Accounting method for deferred assets

Bond issuance costs are charged to expense as incurred.

4. 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.

5. 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.

6. Additional Information

Stock-Granting ESOP Trust

(1) Outline of the transactions

The Company made a resolution for the introduction of an employee stock incentive plan (hereinafter "the Plan") at the

board of directors meeting held on January 30, 2017.

The Plan is an employee stock incentive plan based on ESOP in the U.S. The Company's shares acquired by the ESOP Trust will be granted to employees upon their retirement based on the level of achievement of management financial index and productivity-related goals. The Company contributes all funding for the acquisition of the Company's shares that is to be conducted by the ESOP Trust.

(2) The Company's shares held by the stock-granting ESOP trust

In accordance with "the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (ASBJ PITF No.30, March 26, 2015), the Company's shares held by the stock-granting ESOP trust are recorded as treasury shares under shareholders' equity.

The book value and the number of the shares held by the stock-granting ESOP trust at the fiscal year end were JPY 954 million and 586,800 shares, respectively.

The number of shares held by the stock-granting ESOP trust is included in the number of treasury shares. Treasury shares are deducted from calculation of per-share information.

II. Notes to Non-consolidated Balance Sheet

- | | |
|-------------------------------------------------------------------------------------------------------------------|----------------|
| 1. Accumulated depreciation on property and equipment | JPY 35 million |
| 2. Monetary claims and monetary liabilities vis-à-vis affiliated companies (excluding those presented separately) | |
| Short-term monetary claims | JPY 9 million |
| Short-term monetary liabilities | JPY 83 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 47,821 million
Operating expenses	JPY 2,825 million
Transaction from non-operating transactions	JPY 129 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	8,636,052 shares
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Note: The shares of the Company held by the stock-granting ESOP trust are treated as treasury shares, and 586,800 shares were included in the number of treasury shares at the end of the period.

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)
			Employee secondment	Payment for secondment (Note1)	2,124	Accrued expenses	86
	Tokyo Stock Exchange, Inc.	Directly held 100.0%	Borrowing of funds	Borrowing of funds (Note2)	56,000	Short-term loans payable to subsidiaries and associates	56,000
			Concurrent positions of directors				
Subsidiaries			Employee secondment	Payment for secondment (Note1)	595	Accrued expenses	0
	Osaka Exchange, Inc.	Directly held 100.0%	Borrowing of funds	Borrowing of funds (Note2)	13,000	Short-term loans payable to subsidiaries and associates	13,000
			Concurrent positions of directors				
	Japan Exchange Regulation	Directly held 100.0%	Borrowing of funds	Borrowing of funds (Note2)	6,200	Short-term loans payable to subsidiaries and associates	6,200

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.

(Note1) The amount of payment for secondment is determined in consideration of personnel expenses for secondment to the Company.

(Note2) 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 205.50
2. Net income per share: JPY 78.19

Note: The shares of the Company held by said stock-granting ESOP trust for the fiscal year ended March 31, 2017 are treated as treasury shares. As a result, 586,800 shares were included in the number of treasury shares at the end of the period, and 81,300 shares were deducted from the weighted average number of ordinary shares outstanding.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 10, 2017

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, 2017 of Japan Exchange Group, Inc. (the "Company") and its consolidated subsidiaries, and the consolidated related statements of income and changes in equity for the fiscal year from April 1, 2016 to March 31, 2017, 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, 2017, 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 10, 2017

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, 2017 of Japan Exchange Group, Inc. (the “Company”), and the related statements of income and changes in net assets for the 16th fiscal year from April 1, 2016 to March 31, 2017, 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, 2017, 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 16th business year, the period from April 1, 2016 to March 31, 2017. 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 12, 2017

Audit Committee of Japan Exchange Group, Inc.

Member of the Audit Committee
Tsuyoshi Yoneda

Member of the Audit Committee
Kimitaka Mori

Member of the Audit Committee
Christina Ahmadjian

Member of the Audit Committee
Main Kohda

Standing Member of the Audit Committee
Masayuki Hirose

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