[TRANSLATION]
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Japan Exchange Group, Inc.
Akira Kiyota,
Director & Representative Executive Officer, Group CEO
Contact: Corporate Strategy
(TEL: +81-3-3666-1361)
http://www.jpx.co.jp/english

The state of corporate governance of Japan Exchange Group, Inc. ("the Company" or "JPX") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information

1. Basic Views

The corporate philosophy of the Company is described below. The Company seeks to fulfill its social mission by serving as vital public infrastructure in the form of Japan's central financial instruments market.

- We contribute to the realization of an affluent society by promoting continuous development of the market through ensuring our public nature and credibility, constructing the foundation of the market which is highly convenient, efficient and transparent, and providing creative and attractive services.
- Our efforts bring rewards in the form of profits resulting from the increased support and confidence from investors and other market users.

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 established the basic views on corporate governance from four perspectives: (1) corporate philosophy and social mission, (2) market operations, (3) enhanced corporate value, and (4) effective corporate governance to help stakeholders understand the Company's business and raise confidence in the Company. The Company develops its corporate governance system in accordance with these basic views.

[Basic Views on Corporate Governance]

<Corporate philosophy and social mission>
The Company operates markets that are a public asset and fulfills its social mission by pursuing the sustainable development of its markets.

<Market operations>
The Company operates the markets with the view that garnering support for and fostering confidence in the markets it establishes is in the common interest of all investors and market users, and maintaining and enhancing the support and confidence will build the foundations for sustainable development of its markets.

<Enhanced corporate value>
In order for the Company to pursue sustainable development of its markets, it must continue to accommodate the diverse needs of shareholders and other stakeholders, thereby enhancing corporate value over the medium to long term.

<Effective corporate governance>
The Company 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.

Based on the basic views on corporate governance described above, 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 such as by developing a highly effective system of checks achieved through tension and harmony between the management and independent outside directors while striving to facilitate the smooth sharing of information and coordination between them.

[Reasons for Non-compliance with Principles of Japan's Corporate Governance Code]
Not applicable.

[Disclosure Based on Principles of Japan's Corporate Governance Code]

[Principle 1.4 Cross-Shareholdings]

Policy regarding cross-shareholdings

If a stronger business relationship or other collaborative initiative can be expected to increase the corporate value of the JPX group over the medium to long term, the JPX group might hold shares issued by other listed companies.

The board of directors will regularly evaluate the Company's major cross-shareholdings to justify the reason for continuing to maintain such holdings for increasing corporate value.

Standards on exercise of voting rights

In exercising its voting rights, the Company will make judgment based not only on established or formal standards but also from the perspective of corporate value enhancement and sustainable growth of investee companies.

[Principle 1.7 Related Party Transactions]

To ensure the appropriateness of transactions with directors and executive officers, with regard to competitive transactions or transactions involving a conflict of interest with directors and executive officers, important facts will be communicated in advance to the board of directors, in accordance with the Companies Act and the Company's board of directors rules, before the Company obtains the approval of the board of directors.

In the case of a related party transaction between the Company or its subsidiary and a major shareholder (except where the major shareholder is a trading participant, listed company, or other market user, and payment is to be made to the Company's subsidiary based on the terms stipulated in advance by the subsidiary), the board of directors or other appropriate body must discuss the rationality and appropriateness of the terms and conditions in consideration of the materiality of the amount, and then give its approval.

With regard to a transaction that is approved by the board of directors, progress will be regularly reported to the board of directors, and it will verify that the transaction does not harm the interests of the Company or the common interest of its shareholders.

In addition, the Company will regularly check for transactions between related parties and the Company.

[Principle 3.1 Full Disclosure]

(i) Company objectives (e.g., corporate philosophy), business strategies, and business plans

<Company objectives (e.g., corporate philosophy)>

As described above in "1. Basic Views" of "I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information."

<Business strategies and business plans>

The Company announced its 2nd Medium-Term Management Plan for FY2016 to FY2018 on March 22, 2016.

http://www.jpx.co.jp/english/corporate/news-releases/0063/b5b4pj000000ztpy-att/20160322eng.pdf

With the aim of fulfilling the Company's role as public infrastructure for the Japanese securities market and promoting the sustainable development of its markets, the Company formulated the 2nd Medium-Term Management Plan based upon a capital policy of ensuring the stability of its financial foundations based on adequate equity capital while making growth investments and shareholder returns in view of capital efficiency, as well as achieving improved corporate value over the medium to long term through these activities.

(ii) Basic views and policies on corporate governance

As described above in "1. Basic Views" of "I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information."

(iii) Policies and procedures for determination of remuneration for senior management and directors by the board of directors

[Current]

The Company is a company with a nomination committee and other committees. It establishes a statutory Compensation Committee for the purpose of ensuring transparency and objectivity in remuneration for its directors and executive officers.

The remuneration for directors, executive officers, and statutory auditors is determined by the Compensation

Committee, in which independent outside directors are in the majority.

Their remuneration is comprised of (1) basic salary, (2) bonus, and (3) company stock.

With regard to executive officers, remuneration is determined as follows. (1) Basic salary is consideration for daily business execution and participation in management commensurate with each position and its duties. (2) Bonus is incentive for improving corporate performance in the short to medium term, the total amount of which is determined based mainly on corporate performance and work performance of each executive officer. (3) Company stock is incentive for raising corporate value over the medium to long term and is an amount commensurate with each position and its duties that is allocated to purchasing company shares.

With regard to directors (excluding those who concurrently serve as executive officers), the Company only provides a basic salary and does not pay a bonus or company stock from the perspective of their roles and independence.

[Future]

The remuneration structure for executive officers is currently under review to provide more appropriate incentives for sound management that contributes to improved corporate value over the medium to long term. The new structure is expected to be implemented from FY2016.

(iv) Policies and procedures for appointment of senior management and nomination of director and executive officer candidates by the board of directors

<Procedures for nomination of director candidates and election of executive officers>

The Company is a company with a nomination committee and other committees. It has established a statutory Nomination Committee for the purpose of ensuring transparency and objectivity concerning appointment and removal of directors and executive officers.

The Nomination Committee is composed of a majority of independent outside directors. Proposals for appointment and removal of directors are thoroughly deliberated by the Nomination Committee and put forth for approval at general shareholders meetings. The appointment and removal of executive officers is determined by the board of directors.

<Policy on nomination of candidates for directors>

When nominating candidates for directors, the Nomination Committee, as basic policy, selects those who (1) have professional knowledge of the Company's business, abundant experience as a corporate manager, or have expertise in law, accounting, or finance, (2) have the character and insight to make fair judgment on the Company's business as a director, and (3) do not have any health issues that will hinder them in performing their duties as director.

In addition, the Nomination Committee is composed of a majority of independent outside directors to raise the transparency of management and increase accountability, as well as enhance the appropriateness of business execution. The independent outside directors in the committee are from a wide variety of fields (directors, etc. of other listed companies, legal professionals, certified public accountants, academics, former government officials, and others). Each director attends board of director meetings and other important meetings to contribute expert knowledge and experience and participate in discussions. This structure contributes to the realization of the corporate philosophy.

The independence standards for the Company's independent outside directors are described in "Principle 4.9 Independence Standards and Qualification for Independent Outside Directors."

<Policy on election of executive officers>

[Current]

When nominating candidates for executive officers, the Nomination Committee, as basic policy, selects those who (1) have professional knowledge of the Company's operations and excellent ability to make business judgments and execute business operations, (2) have outstanding ability for leadership, decision-making, foresight, and planning, (3) have the character and insight appropriate as an executive officer, and (4) do not have any health issues that will hinder them in performing their duties as executive officer. The Committee proposes them to the board of directors, which elects them as executive officers based on the proposal.

Especially, for the executive officer who serves as the Representative Executive Officer and Group CEO, the board of directors elects an individual who best matches the image of a person who (1) respects the Company's corporate philosophy and is able to execute high-level management operations in accordance with the corporate philosophy, (2) has the character and insight, and is capable of taking appropriate action, to garner broad support and confidence from those who are related to the Company's markets, and (3) has a global perspective, an in-depth knowledge about Japanese society and its economy, is fully knowledgeable about the Company's

markets, and is able to demonstrate leadership to market users and on market rules, among other matters.

[Future]

The Nomination Committee will continually examine and further improve the appropriateness of successor planning, including for the Representative Executive Officer, Group CEO of the Company.

(v) Explanations with respect to appointments of senior management and appointments and nominations of individual director and executive officer candidates based on (iv) above by the board of directors

The reasons why the Nomination Committee selected eight candidates as independent outside directors, based on the above nomination policy, are described later in [Outside Directors' Relationships with the Company (2)] contained in [Directors] "1. Organizational Composition and Operations" of "II Business Management Organization and Other Corporate Governance Systems regarding Decision Making, Execution of Business, and Oversight." The reasons for appointments of the Company's directors (except for independent outside directors) and executive officers are described below.

The career histories of the directors and executive officers listed below are described in "JPX Report 2015" (pages 35–36).

http://www.jpx.co.jp/english/corporate/investor-relations/ir-library/annual-reports/index.html

Akira Kiyota, Director & Representative Executive Officer, Group CEO of the Company and Member of the Board of Directors of Tokyo Stock Exchange, Inc.

His career history is described in "JPX Report 2015."

In 2013, he was appointed as a director and President & CEO of Tokyo Stock Exchange, Inc. due to his considerable experience and insight acquired through working at a securities company, which was expected to be reflected in the Company's management.

As President & CEO of Tokyo Stock Exchange, Inc., over two years, he demonstrated leadership in the development of cash equity markets and the promotion of Japan's Corporate Governance Code.

He has been appointed as a director and Representative Executive Officer, Group CEO of the Company because he is considered as the best person for the position in light of his experience and accomplishments in the JPX group and the image of the person for CEO.

Koichiro Miyahara, Director & Executive Officer (Management of Tokyo Stock Exchange, Inc.) of the Company and President & CEO of Tokyo Stock Exchange, Inc.

His career history is described in "JPX Report 2015."

As Senior Executive Officer of Tokyo Stock Exchange Group Inc., he oversaw business integration between Tokyo Stock Exchange, Inc. and Osaka Securities Exchange, Co., Ltd.

He has been appointed as a director & executive officer (management of Tokyo Stock Exchange, Inc.) of the Company and President & CEO of Tokyo Stock Exchange, Inc. due to his past achievements and considerable knowledge, experience, and insight on the stock exchange business in general, which is expected to be reflected in the Company's management.

Hiromi Yamaji, Director & Executive Officer (Management of Osaka Exchange, Inc.) of the Company and President & CEO of Osaka Exchange, Inc.

His career history is described in "JPX Report 2015."

In 2013, he was appointed as a director and President & CEO of Osaka Securities Exchange Co., Ltd. (currently Osaka Exchange, Inc.) due to his considerable experience and insight on the securities market acquired through working in a securities company, which was expected to be reflected in the Company's management.

As President & CEO of Osaka Exchange, Inc., over two years, he demonstrated leadership in the development of derivatives markets, including the listing of new products such as futures contracts on the JPX-Nikkei Index 400, and attracting new institutional investors and overseas investors.

He has been appointed as a director & executive officer (management of Osaka Exchange, Inc.) of the Company and President & CEO of Osaka Exchange, Inc. in consideration of his experience and accomplishments in the JPX group.

Masayuki Hirose, Director (Member of the Audit Committee) of the Company and Statutory Corporate Auditor of Tokyo Stock Exchange, Inc.

His career history is described in "JPX Report 2015."

He has been appointed as a director (member of the Audit Committee) of the Company due to his considerable knowledge and experience in exchange operations in general, which is expected to be reflected in oversight of business execution and other aspects of the Company.

Hiroyuki Shibuya, Senior Executive Officer & CIO (IT Planning) of the Company, Senior Executive Officer (IT Administration and IT Development (Trading and Information)) of Tokyo Stock Exchange, Inc., and Senior Executive Officer (IT Administration, IT Development (Derivatives), and IT Services) of Osaka Exchange, Inc.

He joined The Tokio Marine and Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.) in 1977, where he was engaged in overall system planning.

At Tokio Marine & Nichido Fire Insurance Co., Ltd., he led the “Drastic Reform,” a project aimed at drastically redesigning the backbone system and all insurance products. From 2010 to 2013, with Tokio Marine Holdings, Inc., he provided assistance on IT strategy to its Japanese and overseas group companies.

He has been appointed as a senior executive officer of the Company due to his considerable experience and insight on financial institution systems, which is expected to be reflected in the Company’s management.

Yoshinori Karino, Senior Executive Officer (IT Planning) of the Company and Senior Executive Officer (IT Development (Derivatives) and IT Services) of Osaka Exchange, Inc.

He joined Nippon Telegraph and Telephone Public Corporation in 1980 and was transferred to NTT Data Communications Systems Corporation in 1988, where he engaged in operations related to financial systems. In 2010, he joined Osaka Securities Exchange Co., Ltd. (currently Osaka Exchange, Inc.), where he engaged in operations in relation to exchange systems in general for Osaka Securities Exchange and continued in the same role at the JPX group.

He is overseeing the system integration accompanying business integration at the Company and the development of a next-generation derivatives system.

He has been appointed as a senior executive officer of the Company due to his considerable knowledge and experience of exchange systems in general, which is expected to be reflected in the Company’s management.

Moriyuki Iwanaga, Senior Executive Officer & CFO (Treasury, Investor Relations, and Clearing & Settlement Development) of the Company.

He joined Tokyo Stock Exchange in 1984. He subsequently engaged in operations in relation to corporate strategy, human resources, finance, corporate communications, information services, and clearing and settlement services of Tokyo Stock Exchange and the JPX group.

As the CFO of the Company, he guided the financial strategy of the JPX group and cost optimization for post-integration organizational operations. Moreover, as officer for clearing and settlement, he facilitated business integration between Japan Securities Clearing Corporation and Japan Government Bond Clearing Corporation and, as officer for information services, he facilitated the development of the JPX-Nikkei Index 400.

He has been appointed as a senior executive officer of the Company due to his considerable knowledge and experience of the exchange business in general, which is expected to be reflected in the Company’s management.

Hironaga Miyama, Executive Officer (Management of Japan Securities Clearing Corporation) and President & CEO of Japan Securities Clearing Corporation

He joined Tokyo Stock Exchange in 1978. He subsequently engaged in operations in relation to corporate strategy, finance, equities, derivatives, and other operations at Tokyo Stock Exchange and the JPX group. Then in 2013, he assumed the position of President & CEO of Japan Securities Clearing Corporation (JSCC).

JSCC engages in not only clearing operations of listed products, whereby it plays a key role in the value chain pertaining to the trading of listed products offered by the JPX group, but also clearing operations of OTC derivatives as a core subsidiary of the JPX group. He manages and oversees JSCC's overall business and operations as President & CEO.

He has been appointed to the management team of the Company as an executive officer to further strengthen the corporate group's management structure.

Isao Hasegawa, Executive Officer (General Administration) of the Company, Executive Officer (General Administration) of Tokyo Stock Exchange, Inc., and Executive Officer (General Administration) of Osaka Exchange, Inc.

He joined Tokyo Stock Exchange in 1987. He subsequently engaged in operations in relation to corporate strategy, general administration, and the stock market for Tokyo Stock Exchange and the JPX group.

He led the development of stock market rules and measures to improve market liquidity.

He has been appointed as an executive officer of the Company due to his considerable knowledge and experience of the exchange business in general, which is expected to be reflected in the Company's management.

Satoshi Futagi, Executive Officer (Human Resources and Corporate Communications)

He joined Tokyo Stock Exchange in 1988. He subsequently engaged in operations in relation to corporate strategy, finance, corporate communications, systems and the stock market for Tokyo Stock Exchange and the JPX group.

At Tokyo Stock Exchange Group, Inc., he facilitated business integration with Osaka Securities Exchange, Co., Ltd.

He has been appointed as an executive officer of the Company due to his considerable knowledge and experience of the exchange business in general, which is expected to be reflected in the Company's management.

Takeshi Hirano, Executive Officer (Corporate Strategy)

He joined Tokyo Stock Exchange in 1989. He subsequently engaged in operations in relation to corporate strategy, information services, and clearing and settlement services of Tokyo Stock Exchange and the JPX group.

He led the establishment of Japan Securities Clearing Corporation and the clearing operations for interest rate swaps and CDS transactions at said company.

He has been appointed as an executive officer of the Company due to his considerable knowledge and experience of the exchange business in general, which is expected to be reflected in the Company's management.

Atsushi Tabata, Executive Officer (Global Strategy) of the Company, Executive Officer (Financial Literacy Support) of Tokyo Stock Exchange, Inc., and Executive Officer (Financial Literacy Support) of Osaka Exchange, Inc.

He 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.

As a policy secretary to the CEO of Tokyo Stock Exchange Group, Inc., he facilitated business integration between the company and Osaka Securities Exchange, Co., Ltd.

He has been appointed as an executive officer of the Company due to his considerable knowledge and experience of the exchange business in general, which is expected to be reflected in the Company's management.

[Supplementary Principle 4.1.1 Decision on the Scope of Matters Delegated to the Management and Disclosure of Summary]

The Company is a company with a nomination committee and other committees. As such, the Company's board of directors makes decisions primarily on matters left solely to the board of directors by laws and regulations, such as the basic management policy and the appointment of executive officers, for the purpose of ensuring swift and flexible decision making and strengthening oversight of persons who execute business. Decisions on business execution other than those above are delegated to the Representative Executive Officer and Group CEO and other executive officers.

[Principle 4.8 Effective Use of Independent Outside Directors]

Of the 12 directors currently serving the Company, eight are outside directors. All eight outside directors are deemed to have satisfied the independence standards for independent outside directors stipulated by the Company, and have been registered as independent directors with Tokyo Stock Exchange.

[Supplementary Principle 4.8.1 Information Exchange and Shared Awareness among Independent Outside Directors]

[Supplementary Principle 4.8.2 Establishment of Systems for Communication and Cooperation among Independent Outside Directors]

The Company has adopted a structure of a company with a Nomination Committee and other committees and appointed eight independent outside directors to strengthen management oversight and achieve efficient business operations.

The Company's independent outside directors actively share opinions at the board of directors meetings and other meetings, and we are confident that there is effective corporate governance at the Company.

In March 2016, the Company 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 further facilitate active discussions at meetings of the board of directors by exchanging information and sharing awareness among themselves.

At its first meeting, the Independent Outside Directors Committee conducted a primary evaluation on improvement measures presented by the management based on self-evaluations concerning the effectiveness of the board of directors by all directors and that of the Nomination Committee, Audit Committee, and Compensation Committee by each committee member (See **[Supplementary Principle 4.11.3 Disclosure of Summary of Analysis and Evaluation Results Concerning Effectiveness of Board of Directors]**).

[Principle 4.9 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 JPXgroup (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 an 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 to a person falling under any of the following items, or a relative residing in the same household:
    - (i) An officer executing business or employee of the JPX group in the last five years;
    - (ii) A director, auditor, or executive officer of a company that is the Company’s current major shareholder or of which the Company is a current major shareholder in the last five years;
    - (iii) An officer executing business or employee of a major business partner of the JPX group;
    - (iv) An officer executing business or employee of a major business partner of the JPX group during any of the last three years;
    - (v) An officer executing business or employee of an organization that receives from the JPX group a donation or subsidy exceeding the specified amount;
    - (vi) An officer executing business or employee of a group company of a major creditor, etc., of the JPX group in the last three years;
    - (vii) A member, partner, or other certified public accountant of the accounting auditor of the JPX group;
    - (viii) An employee of the accounting auditor of the JPX group, who currently engages in actual audit work of the JPX group (except, however, for secondary involvement);

(ix) A member, partner, or employee of the current accounting auditor of the JPX group in the last three years, who engaged in actual audit work of the JPX group (except, however, for secondary involvement) during said period;
(x) An attorney-at-law, certified public accountant, certified public tax accountant, or other consultant who receives money and other economic benefits in an amount exceeding the specified amount from the JPX group; or
(xi) A member, partner, or associate of a law firm, audit firm, tax accounting firm, consulting firm, or other professional advisory firm, for which the JPX group is a major client;

13. Not being a person who is likely to constantly have substantial conflict of interest with the Company's general shareholders;
14. A person who has served as an outside director of the Company for not more than ten years in total, or where having served for not more than ten years in total, there is no doubt over his/her substantial independence due to work circumstances at the Company; or
15. Even if a person does not satisfy any of the above Items 2 to 12, the person may be appointed an independent director of the Company on the condition that (1) the person satisfies the requirements of outside directors under the Companies Act and (2) the Company explains to external parties the reason why the person is considered appropriate as its independent director.

Note 1: "The JPX group" refers to Japan Exchange Group, Inc., Tokyo Stock Exchange, Inc., Osaka Exchange, Inc., Japan Exchange Regulation, Japan Securities Clearing Corporation, and Tosho System Service Co., Ltd.
Note 2: "Executive director, etc." refers to an executive director, executive officer (*shikkoyaku* or *shikkoyakuin*), president (*rijicho*), or standing governor (*joninriji*).
Note 3: "Major shareholder" refers to a shareholder that holds 10% or more of the voting rights of the Company.
Note 4: "Major business partner" in Items 3 and 12(iii) refers to a party for which the JPX group is a major client (a party that received payment, from the JPX group, accounting for 2% or more of the amount equivalent to its consolidated gross sales for the latest fiscal year), or a party that was a major client of the JPXe 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), as well as its parent company or major subsidiary.
Note 6: "The specified amount" in Items 5 and 12(v) refers to ¥10 million or more (the annual average over the past three fiscal years) or 30% of the annual total expenses of the organization, whichever larger.
Note 7: "Major creditor, etc." refers to a financial institution or other major creditor that is essential for the Company's financing, which the Company is dependent on to the extent that it cannot be replaced with another party.
Note 8: "The specified amount" in Items 10 and 12(x) refers to ¥10 million (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.

[Supplementary Principle 4.11.1 Determination of View on Appropriate Balance between Knowledge, Experience, and Capabilities of the Board of Directors as a Whole and Disclosure of Policy and Procedures for Appointment of Directors]

The Company's basic policy is to appoint directors who have expert knowledge and experience in a wide variety of areas so as to reflect opinions from diverse stakeholders in business management and market operations.

The size of the board of directors is limited to a maximum of 15 members so that it can fully exercise management oversight and ensure appropriate and efficient business operations.

Presently, the Company's board of directors is comprised of 12 members, including two female directors. Of the 12 directors, eight are independent outside directors.

Of the eight independent outside directors, three are directors, etc. of other listed companies, one is a legal professional, one is a certified public accountant, one is an academic, and two are former government officials. Each of these directors has considerable experience and insight on their various fields and contributes to a structure that allows for a multifaceted external perspective to be readily incorporated into the Company's management.

[Supplementary Principle 4.11.2 Concurrent Positions of Independent Outside Directors]

The significant concurrent positions of independent outside directors are described in "JPX Report 2015" (pages 35 and 36).

http://www.jpx.co.jp/english/corporate/investor-relations/ir-library/annual-reports/index.html

[Supplementary Principle 4.11.3 Disclosure of Summary of Analysis and Evaluation Results Concerning Effectiveness of Board of Directors]

<Evaluation process>
In order to analyze and evaluate the effectiveness of the board of directors, the Nomination Committee, Audit Committee, and Compensation Committee meetings held in FY2015, the Company's board of directors conducted a survey targeting all directors. After reviewing the contents and evaluation of the survey, the management, etc. discussed improvement measures. Then, the Independent Outside Directors Committee, which is the corporate organ composed exclusively of part-time independent outside directors, conducted a primary evaluation of those measures In said primary evaluation, the Independent Outside Directors Committee mainly discussed the measures that need further consideration.
The chairperson of the Independent Outside Directors Committee directly provided the chairperson of the board of directors and Representative Executive Officer and Group CEO the results of this primary evaluation. In light of said results, the management, etc. reconsidered the improvement measures.
Thereafter, the board of directors reviewed the contents of the evaluation and the revised improvement measures presented by the management, etc. and finalized the all matters related to said evaluation.

<Contents of the survey>
The survey primarily focused on the following matters (*: the same applies to the Nomination Committee, Audit Committee, and Compensation Committee):
- Composition of directors *;
- Preparations and support system for attending board of directors meetings* ;
- Effectiveness of discussions at meetings of the board of directors* ;
- Communication with the management;
- Training for directors;
- Systems pertaining to risk management, compliance, and review; and
- Adequacy of discussions concerning management strategies and related matters

<Summary of analysis, evaluation results, and improvement measures pertaining to effectiveness>
[The board of directors]
The Company's board of directors determined that the board of directors remains effective. However, the results of the survey revealed that directors raised four items that need improvement: steering of the board of directors; training; communication with executive officers (*shikkoyaku* and *shikkoyakuin*); and, management strategies, risk management, review, etc.
On steering of the board of directors:
(1) Secure adequate time for preparations and deliberations to further facilitate active discussions
(2) Ensure that the board of directors to properly ascertain the opinions of stakeholders
On training and communication with executive officers:
(1) Improve beyond current state
On management strategy, risk management, review, etc.:
(1) Strengthen risk management
(2) Further improve review and reporting
In light of the above, the Company's management, etc. confirmed that they will examine improvement measures and that the board of directors shall properly carry out the improvement measures.

[Nomination Committee]
It was pointed out that the Nomination Committee should continually examine corporate manager succession plans and related matters, as well as further improve reporting by the Nomination Committee to the board of directors. In light of the above, the Nomination Committee confirmed that they will properly examine improvement measures.

[Audit Committee]
It was pointed out that the Audit Committee should enrich lectures, etc. on practices that lead to more accurate audit viewpoints. Based on this, the Audit Committee confirmed that they will properly examine improvement measures.

[Compensation Committee]

It was pointed out that the Compensation Committee should, in the same way as the Nomination Committee, further improve reporting by the Compensation Committee to the board of directors. The Compensation Committee confirmed that they will properly examine improvement measures. Moreover, with the new remuneration structure coming into effect on April 1, 2016, the Compensation Committee will continually verify the remuneration structure and evaluation methods.

[Supplementary Principle 4.14.2 Disclosure of Training Policy for Directors and Statutory Auditors]

[Current]

Training Policy for Directors and Statutory Auditors]

[Current]

<Training Policy for Outside Directors>

The Company's outside directors include directors, etc. of other listed companies, a legal professional, a certified public accountant, an academic, and former government officials. Each of them has sufficient knowledge about management and corporate governance due to their expert knowledge and experience.

Therefore, the Company focuses on helping outside directors deepen their understanding of the business of the JPX group. When outside directors assume office, the Company provides them with explanations regarding the business of the JPX group, related laws, regulations, and rules, and other necessary matters by using rule books and other literature. It also organizes visits to company offices and system centers.

After assuming office, the Company regularly provides reports on operations and financial status to outside directors. It also helps to keep outside directors up-to-date on developments by providing information regarding rule revisions and other matters where necessary so that they will be able to fully perform their expected roles.
In light of the increasing complexity of the exchange business, from 2015, the Company is holding lunch workshops for directors to engage in discussions while keeping them up-to-date on knowledge and information regarding the exchange business. In addition, starting this year, the Company has launched JPX director workshops for sharing opinions with external experts.

<Training Policy for Executive Officers>

Executive officers (*shikkoyaku* and *shikkoyakuin*) of the JPX group actively utilize the "E-Learning for Listed Companies", provided by Tokyo Stock Exchange, Inc., and attend external seminars to keep their expert knowledge, which is necessary to perform their duties, up-to-date.

[Future]

The Company will further increase opportunities for directors and executive officers to keep up-to-date on knowledge and information regarding the exchange business and further improve training and sharing opinions with external experts regarding international trends, laws and regulations, risk management, and other issues that the Company should address.

[Future]

In light of the increasing complexity of exchange operations, the Company will further increase opportunities for directors and executive officers to keep up-to-date on knowledge and information regarding exchange operations. In addition, in FY2015, the Company will begin providing opportunities for training and sharing opinions with external experts regarding international trends, risk management, and other issues that the Company should address.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company aims to continuously increase its corporate value through the development of fair, transparent, and convenient markets. The Company is aware that to achieve this, it is important to listen to the voices of the different stakeholders. The Company will thus provide opportunities for active dialogue with shareholders and investors to build a long-term relationship of trust.

Dialogue with shareholders and investors are overseen by the executive officer in charge of IR. Actual meetings will take place with a director, executive officer, or the department in charge of IR, depending on the purpose of the meeting.

To raise the effectiveness of dialogue, the department in charge of IR will ensure that it coordinates closely to share information with other corporate divisions, including finance, corporate strategy, and general administration, as well as other divisions of the JPX group, including financial instruments exchange operators that are subsidiaries of the Company.

To facilitate constructive dialogue, the Company will undertake the following:

- Issue integrated reports to deepen the understanding of the Company over the medium to long term horizon;
- Hold briefing sessions, etc., for individual investors;
- Hold briefing sessions on financial results for institutional investors and visit institutional investors;
- Provide materials on financial results and briefing sessions, etc., on the website; and
- Provide information on the financial instruments market as business-related statistics on the website or by other means.

Opinions and other feedback obtained through dialogue will be reported regularly to the management and the board of directors so that it can serve as reference in business judgment.

Company information will be disclosed in accordance with the separately stipulated "Disclosure Policy," in a speedy, accurate, and fair manner. In particular, the Company maintains a strong awareness that acts in violation

of the regulations on insider trading would result in significant damage to the credibility of the financial instruments market, and it ensures that it will appropriately manage information to prevent information leakage and other similar incidents.

(Reference) Disclosure Policy
http://www.jpx.co.jp/english/corporate/investor-relations/shareholders/basic-info/

2. Capital Structure

Percentage of Foreign Shareholders	At least 30%

[Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Percentage (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	7,856,900	2.86
SMBC Friend Securities Co., Ltd.	7,557,000	2.75
STATE STREET BANK AND TRUST COMPANY	7,467,586	2.72
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,211,600	2.26
THE CHASE MANHATTAN BANK 385036	5,311,600	1.93
SAJAP	4,665,000	1.70
Mizuho Securities Co., Ltd.	4,290,600	1.56
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,778,500	1.38
Okachi Securities Co., Ltd.	3,500,000	1.27
TACHIBANA SECURITIES CO., LTD.	3,443,600	1.25

Controlling Shareholder (except for Parent Company)	None

Parent Company	None

Supplementary Explanation

The following corporations submitted the Report of Possession of Large Volume, etc. and JPX was notified that these corporations held JPX shares as of the day on which the reporting obligation arose as below. However, JPX cannot confirm the number of shares that they actually held as of the end of FY2014. As such, they are not included in the above list of major shareholders.

In the case where the Report of Possession of Large Volume, etc. was submitted more than once, the outline of the latest report is described. In the case where the report pertains to shares owned by a joint holder, the number and ratio of share certificates, etc. held include such shares.

- Mizuho Bank, Ltd.
  Submission Date: May 22, 2014
  Date of Reporting Obligation: May 15, 2014
  No. of Share Certificates, etc. Held: 13,816,950 shares
  Ratio of Share Certificates, etc. Held: 5.03%
- BAILLIE GIFFORD & CO
  Submission Date: Jan. 21, 2015
  Date of Reporting Obligation: Jan. 15, 2015
  No. of Share Certificates, etc. Held: 26,486,900 shares
  Ratio of Share Certificates, etc. Held: 9.65%

3. Corporate Attributes

Listed Stock Market and Market Division	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Type of Business	Other Financing Business
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Revenue (consolidated) for the Previous Fiscal Year	More than ¥100 billion but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Special Circumstances which may have Material Impact on Corporate Governance

JPX is a “Financial Instruments Exchange Holding Company” defined under the Financial Instruments and Exchange Act and is authorized by the Prime Minister to conduct the business administration, etc. of financial instruments exchanges and self-regulatory organizations.

JPX subsidiary financial instruments exchanges are “stock companies which establish financial instruments exchange markets” defined in the Act and are licensed by the Prime Minister under the Act to establish and operate financial instruments markets. Our subsidiary self-regulatory organization is also authorized by the Prime Minister to conduct self-regulatory operations. The Act states that amendments to the articles of incorporation of financial instruments exchanges and self-regulatory organizations require approval of the Prime Minister, that the Prime Minister may order an amendment to the articles of incorporation to the extent necessary if he/she deems it necessary and appropriate for the public interest or protection of investors, and that, when there is a violation of laws and regulations, etc., the Prime Minister may order the implementation of necessary measures, including the dismissal of directors, auditors, or executive officers, if he/she deems it necessary and appropriate for the public interest or protection of investors.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision Making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Organization Form	Company with a nomination committee and other committees

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside director
Number of Directors	12
Number of Outside Directors	8
Number of Independent Directors Designated from among Outside Directors	8

Outside Directors’ Relationship with the Company (1)

Name	Attribute	Relationship with the Company*									
		a	b	c	d	e	f	g	h	i	j	k
Hiroki Tsuda	Other											
Christina Ahmadjian	Academic											
Tsutomu Okuda	From another company								△			
Hideaki Kubori	Attorney-at-law											
Michiko Tomonaga	CPA											
Katsuhiko Honda	From another company								△			
Tsuyoshi Yoneda	Other											
Charles Ditmars Lake II	From another company											

* Categories for “Relationship with the Company”

a. Executive (a person who executes business; hereinafter the same) of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/auditor
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/auditors are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
Hiroki Tsuda				○		Mr. Tsuda has been appointed as an outside director due to his considerable experience and insight on financial regulations and systems which can be expected to be reflected into the management of JPX. He also does not meet the criteria specified by the Exchange of being likely to have conflicts of interest with general shareholders such as being a major client of the JPX group, or a consultant who receives a large amount of money or other assets other than director remuneration from the JPX group. As such, he has been designated as an independent director.

Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
Christina Ahmadjian			○	○		Ms. Ahmadjian has been appointed as an outside director due to her insight on corporate strategy from a technical perspective as an academic which can be expected to be reflected into the management of JPX. She also does not meet the criteria specified by the Exchange of being likely to have conflicts of interest with general shareholders such as being a major client of the JPX group, or a consultant who receives a large amount of money or other assets other than director remuneration from the JPX group. As such, she has been designated as an independent director.
Tsutomu Okuda	○	○		○	h: Mr. Tsutomu Okuda is concurrently Senior Advisor at J. Front Retailing Co., Ltd. The company is listed on the financial instruments market established by JPX subsidiary Tokyo Stock Exchange, Inc. (hereinafter “TSE” in this supplementary explanation). The company pays annual listing and other fees to TSE. Since the conditions of such transactions are the same for all listed companies, it is not considered to influence his independence from JPX. As such, description on the outline of the transactions has been	Mr. Okuda has been appointed as an outside director due to his considerable experience and insight on business management as a corporate executive which can be expected to be reflected into the management of JPX. He also does not meet the criteria specified by the Exchange of being likely to have conflicts of interest with general shareholders such as being a major client of the JPX group, or a consultant who receives a large amount of money or other assets other than director remuneration from the JPX group. As such, he has been designated as an independent director.

Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
					omitted.	
Hideaki Kubori	○			○		Mr. Kubori has been appointed as an outside director due to his insight on corporate legal affairs from a technical perspective as a legal professional which can be expected to be reflected into the management of JPX. He also does not meet the criteria specified by the Exchange of being likely to have conflicts of interest with general shareholders such as being a major client of the JPX group, or a consultant who receives a large amount of money or other assets other than director remuneration from the JPX group. As such, he has been designated as an independent director.
Michiko Tomonaga			○	○		Ms. Tomonaga has been appointed as an outside director due to her insight on corporate accounting in her capacity as an accounting professional which can be expected to be reflected into the management of JPX. She also does not meet the criteria specified by the Exchange of being likely to have conflicts of interest with general shareholders such as being a major client of the JPX group, or a consultant who receives a large amount of money or other assets other than director remuneration from the JPX group. As such, she has been designated as an independent

Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
						director.
Katsuhiko Honda	○			○	h. Mr. Katsuhiko Honda is concurrently Corporate Counselor for Japan Tobacco Inc. The company is listed on the financial instruments market established by TSE. The company pays annual listing and other fees to TSE. Since the conditions of such transactions are the same for all listed companies, it is not considered to influence his independence from JPX. As such, description on the outline of the transactions has been omitted.	Mr. Honda has been appointed as an outside director due to his considerable experience and insight on business management which can be expected to be reflected into the management of JPX. He also does not meet the criteria specified by the Exchange of being likely to have conflicts of interest with general shareholders such as being a major client of the JPX group, or a consultant who receives a large amount of money or other assets other than director remuneration from the JPX group. As such, he has been designated as an independent director.
Tsuyoshi Yoneda			○	○		Mr. Yoneda has been appointed as an outside director due to his considerable experience and insight from past appointments at law enforcement agencies which can be expected to be reflected into the management of JPX. He also does not meet the criteria specified by the Exchange of being likely to have conflicts of interest with general shareholders such as being a major client of the JPX group, or a consultant who receives a large amount of money or other assets other than director remuneration from the JPX group. As such, he has been designated as an independent director.

Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
Charles Ditmars Lake II		○		○		Mr. Lake has been appointed as an outside director due to his considerable experience and insight on business management as a corporate executive which can be expected to be reflected into the management of JPX. He also does not meet the criteria specified by the Exchange of being likely to have conflicts of interest with general shareholders such as being a major client of the JPX group, or a consultant who receives a large amount of money or other assets other than director remuneration from the JPX group. As such, he has been designated as an independent director.

[Committees]
Committee's Composition and Chairperson's Attributes

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nomination Committee	4	0	1	3	Inside Director
Compensation Committee	3	0	1	2	Outside Director
Audit Committee	4	1	1	3	Outside Director

[Executive Officers (*Shikkoyaku*)]

Number of Executive Officers (*Shikkoyaku*)	11

Status of Concurrent Duties

Name	Representative Authority	Duties Concurrent with Directorship			Concurrent Duties as Employee
			Nomination Committee Member	Compensation Committee Member	
Akira Kiyota	Yes	Yes	Yes	Yes	No
Hiroyuki Shibuya	No	No			No
Yoshinori Karino	No	No			No
Moriyuki Iwanaga	No	No			No

Koichiro Miyahara	No	No			No
Hiromi Yamaji	No	No			No
Hironaga Miyama	No	No			No
Isao Hasegawa	No	No			No
Satoshi Futagi	No	No			No
Takeshi Hirano	No	No			No
Atsushi Tabata	No	No			No

[Auditing Structure]

Appointment of Directors and/or Staff to Support the Audit Committee	Appointed

Matters Related to the Independence of Such Directors and/or Staff from Executive Officers (*Shikkoyaku*)

JPX has an Audit Committee Office to provide assistance to the duties of the Audit Committee (the office is comprised of an office director and four other employees, who serve concurrently in the auditor offices of subsidiaries as needed). Matters including the employment, transfer, evaluation, and discipline of Audit Committee Office staff require prior approval from an Audit Committee member designated by the Audit Committee, and care is taken to prevent any executive officer from undermining the independence of the office.

Cooperation among Audit Committee, Accounting Auditor and Internal Audit Departments

Deloitte Touche Tohmatsu LLC is engaged as the accounting auditor for JPX. The Audit Committee strives to allow audits to be conducted in an efficient manner by receiving audit reports, plans, and results from the accounting auditor and sharing information on a regular basis. JPX has also established an Internal Auditing Office that reports directly to the CEO and COO as an internal auditing department. The Audit Committee cooperates flexibly by means such as receiving plans for and progress of internal audit on a regular basis, and requesting implementation of measures such as investigations where necessary.

[Independent Directors]

Number of Independent Directors/Auditors	8

Matters relating to Independent Directors

All eligible directors are designated as independent directors.

[Incentives]

Implementation of Measures to Provide Incentives to Directors and/or Executive Officers (*Shikkoyaku*)	Performance-linked remuneration, other

Supplementary Explanation

Director, executive officer, and auditor remuneration is comprised of a fixed basic salary and a bonus based on consolidated net income as incentive for improving corporate performance for a fiscal year. Additionally, remuneration for purchasing company shares is offered as incentive for increase of corporate value over the medium to long term.

Recipients of Stock Options	–

Supplementary Explanation

–

[Remuneration for Directors]

Disclosure of Individual Directors' Remuneration	No individual disclosure

Supplementary Explanation

–

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

[Current]

JPX is a company with a nomination committee and other committees. It establishes a statutory Compensation Committee for the purpose of ensuring transparency and objectivity in compensation for its directors and executive officers.

The remuneration for directors, executive officers, and statutory auditors is determined by the Compensation Committee, in which independent outside directors are in the majority.

Their remuneration is comprised of (1) basic remuneration, (2) bonus, and (3) company stock.

With regard to executive officers, remuneration is determined as follows. (1) Basic remuneration is consideration for daily business execution and participation in management commensurate with each position and its duties. (2) Bonus is incentive for improving corporate performance in the short to medium term. The total amount of bonus is determined based mainly on the corporate performance and work performance of each executive officer. (3) Company stock is incentive for raising corporate value over the medium to long term and is an amount commensurate with each position and its duties that is allocated to purchasing company shares.

With regard to directors (excluding those who concurrently serve as executive officers), JPX only provides a basic salary and does not pay a bonus or company shares from the perspective of their roles and independence.

[Future]

The remuneration structure for executive officers is currently under review to provide more appropriate incentives for sound management that contributes to improved corporate value over the medium to long term. The new system is expected to be implemented in FY2016 or after.

[Supporting System for Outside Directors)]

The General Administration Department assists outside directors. The General Administration Department provides prior explanation on the content of proposals put forth at board of director meetings to outside directors to enable them to engage in constructive discussions during meetings. In addition, JPX has an Audit Committee Office comprised of staff dedicated to providing assistance to the Audit Committee. The Audit Committee Office provides prior explanation on the content of proposals put forth at board of director meetings to Audit Committee members who are outside directors.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

JPX 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. Oversight is centered on the JPX board of directors, which is comprised of 12 members, including two female directors. To raise the transparency of management and increase accountability, as well as enhance the function of supervising appropriateness of business execution, the majority of the board is made up of outside directors.

Of the eight outside directors, three are directors, etc. of other listed companies, one is a legal professional, one is a certified public accountant, one is an academic, and two are former government officials. These directors each have considerable experience and insight on their various fields and contribute to a structure that allows for a multifaceted external perspective to be readily incorporated into JPX management. JPX has concluded, with each of the eight outside directors, a limited liability agreement with the liability limit set at the minimum amount set forth by laws and regulations. Meetings of the board of directors are generally held on a regular basis. The board of directors makes decisions on the basic management policy and important management matters, and supervises business execution by executive officers.

As required by law, JPX has a Nomination Committee and a Compensation Committee for the purpose of ensuring transparency and objectivity in the appointment/removal and compensation of directors and executive officers. Outside directors are in the majority in both these committees. The appointment and removal of directors and executive officers is 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.

JPX also has an Audit Committee, as required by law, to perform the audit function. It is comprised of four directors (one full-time Audit Committee member), of which three, including a certified public accountant, are outside directors. Audit Committee meetings are generally held on a regular basis, and an Audit Committee Office has been established to support the committee. Directors appointed to the Audit Committee (full-time Audit Committee members) are required to conduct audit such that business execution is in compliance with

laws and regulations by means such as attending important meetings including those of the board of directors and the board of executive officers. The committee collaborates with the accounting auditor, the internal auditing office, and statutory auditors of subsidiaries among others to raise the effectiveness of accounting and operational audits. The Audit Committee verifies the internal control system and monitors its application, based on the audit plan and division of roles that it determines, while collaborating closely with the accounting auditor, internal auditing office, and the statutory auditors of subsidiaries, etc., as to conduct audit in an efficient manner.

3. Reasons for Adoption of Current Corporate Governance System

JPX acknowledges the need to further increase accountability to shareholders and other stakeholders. We also seek to further enhance corporate governance by clearly segregating the management monitoring/supervisory function and the business execution function, which would contribute toward strengthening oversight and raising the transparency of management. As such, JPX adopts the structure of a company with a nomination committee and other committees.

The board of directors is composed of a majority of outside directors to enhance the transparency and accountability of the management and enhance the function of supervising appropriateness of the business execution.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholders Meeting and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholders Meeting	The notice of the meeting is sent about three weeks prior to the meeting. In addition, the notice is posted on the JPX website about 4 weeks prior to the meeting.
Scheduling Annual General Shareholders Meeting Avoiding the Peak Day	The annual general shareholders meeting is held about 1 week before the peak day.
Allowing Electronic Exercise of Voting Rights	Voting rights may be exercised by electronic means via the administrator of our shareholder register.
Participation in Electronic Voting Platform	Voting rights may be exercised via the electronic voting website of the “electronic voting platform for institutional investors.”
Providing Convocation Notice in English (Fully or Partially)	To create an environment that is more conducive for voting rights exercise, we prepare English versions of convocation notices, which are provided to overseas shareholders via the “Institutional Investor Voting Platform,” in addition to being published on our website.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	Our disclosure policy describes our basic approach toward information disclosure and is posted on the JPX website.	
Regular Investor Briefings for Individual Investors	Briefing sessions, etc. for individual investors are held as and when necessary.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	We hold briefing sessions both overseas and domestically for analysts and institutional investors	Yes
Regular Investor Briefings for Overseas Investors	We participate in both overseas and domestic briefing sessions for overseas investors.	Yes

	Supplementary Explanations	Explanation by Representative
Posting of IR Materials on Website	We have websites for shareholders and investors, and post earnings reports, material and video content on earnings results meetings, securities reports, medium-term management plans, convocation notices and notices of resolutions of general shareholders meetings, reports for shareholders, press releases and other material on the website.	
Establishment of Department and/or Manager in Charge of IR	IR activities are conducted with a dedicated person responsible for corporate communications under an executive officer in charge.	
Other	We strive to prepare business reports, annual reports, and other supplementary explanatory material on earnings results which are easy to understand.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Internal Rules Stipulated for Respecting the Position of Stakeholders	As a financial instruments exchange holding company, through the management of subsidiary financial instruments exchanges and a subsidiary self-regulatory organization, we conduct activities to build social credibility by constructing an efficient, convenient market that is fair and reliable. The charter of corporate behavior at JPX is aimed at developing a harmonious relationship with society and clarifying the social responsibilities of JPX as an open company. It lays out the basic policies of JPX for behavior as a corporation from both a moral and ethical standpoint derived from universal values. In line with the spirit of the charter, we will continue to fulfill our social mission by carrying out sensible, fair and transparent corporate activities. Moving forward, we will observe and enforce the charter to contribute to society and pursue sustainable development as a corporation.
Implementation of Environmental Activities, CSR Activities, etc.	Based on the fundamental aspect of securing the operations of financial instruments exchanges as public infrastructure, our basic stance toward CSR activities involves maintaining good relations with shareholders and other stakeholders. This specifically entails pursuing CSR activities by turning ideas laid out in the JPX charter of corporate behavior into action. Tree-planting is also carried out as part of our environmental preservation activities.
Other	At JPX, the percentage of women among board members (including outside directors), auditors, and executive officers is 10.0%. Currently, JPX has a “Diversity Promotion Group” for the purpose of creating a working environment that accommodates diverse values and lifestyles. Specifically, for employees with children, in addition to enriching the statutory models of systems for childcare leave and reduced working hours, JPX has also introduced systems, such as staggered working hours and reimbursements for use of childcare facilities for sick children, for employees with children who wish to stay in the workforce. As of April 1, 2016, the ratio of women in managerial or higher level positions is 4.5%. In addition to developing the above maternity and parenting support systems, JPX provides career training programs for women and opportunities for dialogue between employees and their supervisors on the use of parenting support systems, among other initiatives to promote positive change in the employee mindset and increase the ratio of women in managerial or higher level positions. Through these activities, JPX pursues its policy toward cultivating and securing highly capable human resources suitable for director/executive roles. In tandem with the empowerment of women in the workplace, JPX strives to create an environment where all employees can continue working through a variety of life events while allowing them to develop diverse capabilities for career development. In light of this, JPX has established caregiving leave systems that offer more than statutory models.

	Since FY2014, JPX has held nursing care seminars to provide basic knowledge and information for employees concerned about or interested in nursing care. Moreover, in FY2015, JPX introduced an hourly leave system to create a better working environment for all employees. This system is applicable to caregiving leave and childcare leave, thereby creating an environment that allows employees to better balance providing nursing care and parenting duties with work. Moving forward, with the aim of achieving sustainable growth as an organization, JPX will leverage the diverse workforce to increase productivity, while strengthening its organizational foundations to drive innovation in employees in order to create an environment where all employees can continuously perform and maintain a balance between life and work. (Reference) Related data at JPX as of April 1, 2016 is as below. - Ratio of women in managerial or higher level positions: 4.5% - Number of new women graduates hired: Ten women out of 20 new graduates hired (50%) - Ratio of reentry of women into workforce after childcare leave (FY2015): 100%

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

Our basic policy on building internal control systems is as described below.

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

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

(1) Employees assigned to the Audit Committee Office shall support the Audit Committee in the execution of its duties and follow instructions of the Audit Committee.
(2) At least 4 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 JPX Audit Committee in Execution of Duties from JPX Executive Officers

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

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

3. Matters regarding Ensuring the Effectiveness of Instructions by the JPX Audit Committee 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, JPX shall establish "Rules regarding Employees that Support the Audit Committee in Execution of Duties," including the following details, as company rules, and apply such rules appropriately.

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

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

(1) Frameworks for reporting to the Audit Committee, by JPX board members (excluding Audit Committee

members), executive officers, and employees and for other reporting to the JPX Audit Committee

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

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

(2) Framework for reporting to the JPX Audit Committee by a JPX 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 referred to as "Subsidiary Board Member, etc.")

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

a. When a Subsidiary Board Member, etc., JPX executive officer, or JPY employee receives a request for report on matters regarding the subsidiaries from the Audit Committee or an Audit Committee member designated by the Audit Committee, such Subsidiary Board Member, etc. shall promptly make an appropriate report.
b When a Subsidiary Board Member, etc., JPX executive officer, or JPY employee 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, JPX shall establish "Rules regarding Reporting to the Audit Committee, etc.," including the following details, as company rules, and apply such rules appropriately.

(1) A person who made a report to the Audit Committee or an Audit Committee member designated by the Audit Committee shall not be subject to unfavorable treatment by JPX, executive officers, employees, etc. for reason of having made such report.
(2) JPX, 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 JPX Audit Committee Members (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, JPX shall establish "Rules regarding Reporting to the Audit Committee, etc.," including the following details, as company rules, and apply such rules appropriately.

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

7. Frameworks to Ensure Effectiveness of JPX Audit Committee Audits

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

appropriately.

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

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

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

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

A compliance program shall be implemented with the following measures.

(1) JPX shall establish and observe company compliance rules (including those related to information management), such as the "Charter of Corporate Behavior," which lays out universal values from the perspective of corporate ethics for executive officers and employees, and the employee code of conduct, which is a guideline for employee conduct.

(2) JPX shall appoint a compliance executive officer (position assumed by the CEO) and an officer in charge of compliance (executive officer in charge of general administration), and establish a secretariat for operations related to compliance (within the general administration department) as an internal compliance system.

(3) JPX shall establish and operate a compliance hotline as a whistle-blowing system.

(4) JPX 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.

JPX shall enact the following measures based on the "Charter of Corporate Behavior" toward the exclusion of anti-social forces.

(1) JPX shall take a firm stance against anti-social forces which threaten public order and safety, and work to stop and prevent any relationship with such entities.

(2) JPX shall work to prevent the intervention of anti-social forces in the financial instruments markets and create sound and fair markets.

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

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

JPX 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 JPX Loss Risk Management

JPX shall employ a business operation framework in accordance with the division of duties and authority clarified in the company rules, 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.

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

Particularly, JPX shall maintain a strong awareness of its core responsibilities as a market operator to stably provide opportunities for market users to trade with confidence. Furthermore, regarding risks related to the stable operation of systems, JPX 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., JPX 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 a market operator and the general public's high expectations for such functions, JPX shall establish measures to maintain fairness, such as organizational measures to ensure the independence of self-regulatory operations with regard to the risks pertaining to the proper function of self-regulatory operations (various risks including reputation risks in cases where self-regulatory operations are not carried out appropriately). At the same time, by proactively investing management resources, JPX will pursue improvements to the quality of self-regulatory operations through such means as preparing appropriate 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 JPX Executive Officer Duties

JPX 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, JPX shall allow authority to be delegated according to their importance and improve the mobility of decision-making procedures.

JPX shall formulate medium-term management and annual budget plans with the appropriate combination of top-down management and bottom-up approach from the departmental level, etc. and also execute operations efficiently through appropriate progress management.

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

(1) Framework for reporting the execution of duties of board members, executive officers, and persons equivalent thereto of JPX subsidiaries (hereinafter collectively referred to as "Subsidiary Board Member, etc.") to JPX

JPX shall conduct business management of its subsidiaries based on business management agreements or request various reports based on "Affiliated Company Management Rules."

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

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

(3) Framework for ensuring efficient execution of duties by JPX Subsidiary Board Member, etc.

JPX 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 the JPX group company's corporate positioning and scale.

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

JPX 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.

JPX 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.

JPX shall make the JPX internal auditing office conduct internal audit on its subsidiaries or request reports on the results of internal audits by the subsidiaries based on business management agreements or "Affiliated Company Management Rules," and provide advice, etc. on an as-needed basis.

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

JPX shall establish the "Charter of Corporate Behavior," which lays out universal values from the perspective of corporate ethics for executive officers and employees of JPX group companies.

2. Fundamental Approach to Eliminating Anti-Social Forces and State of Related Efforts

(1) Fundamental approach

<Basic policy of Japan Exchange Group on exclusion of anti-social forces >

Based on the JPX Code of Corporate Conduct, we will take a firm stance against anti-social forces which threaten public order and safety, and work to cut off all relations with such entities, and will work to prevent the intervention of anti-social forces in the financial instruments market to create sound and fair markets. Our basic policy on the exclusion of anti-social forces is set forth as below.

1. We will make efforts as an organization to exclude anti-social forces.
2. We will cut off all transactional and other relations with anti-social forces. In the event where such relations were revealed after the event, we will take necessary measures such as terminating contracts with immediate effect.
3. We will cooperate with the police, attorneys-at-law, and institutions that conduct activities related to the elimination of anti-social forces and strive to eliminate anti-social forces.
4. We will take necessary measures to ensure the safety of our directors, auditors, executive officers, and employees.

(2) State of related efforts

The above basic policy on elimination of anti-social forces formulated by JPX is also partially incorporated into our code of corporate conduct and our basic policy on building internal control systems, which is required by the Companies Act.

In the course of our daily operations, we prepare manuals and other documents on response to anti-social forces, conduct activities to spread knowledge among persons in charge, gather and manage information related to anti-social forces, and conduct investigations on related entities as necessary. With regard to our clients, we take measures such as requiring them to conclude agreements that specify the termination of contracts, etc. in the event where the client is found to have ties to anti-social forces. These measures are part of our efforts aimed at preventing the influence of anti-social forces in JPX business activities and early detection.

JPX also strives to strengthen its cooperation with external institutions, such as law enforcement organs and legal professionals, and continue improving our system to enable us to respond appropriately when the need arises.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted

Supplementary Explanation

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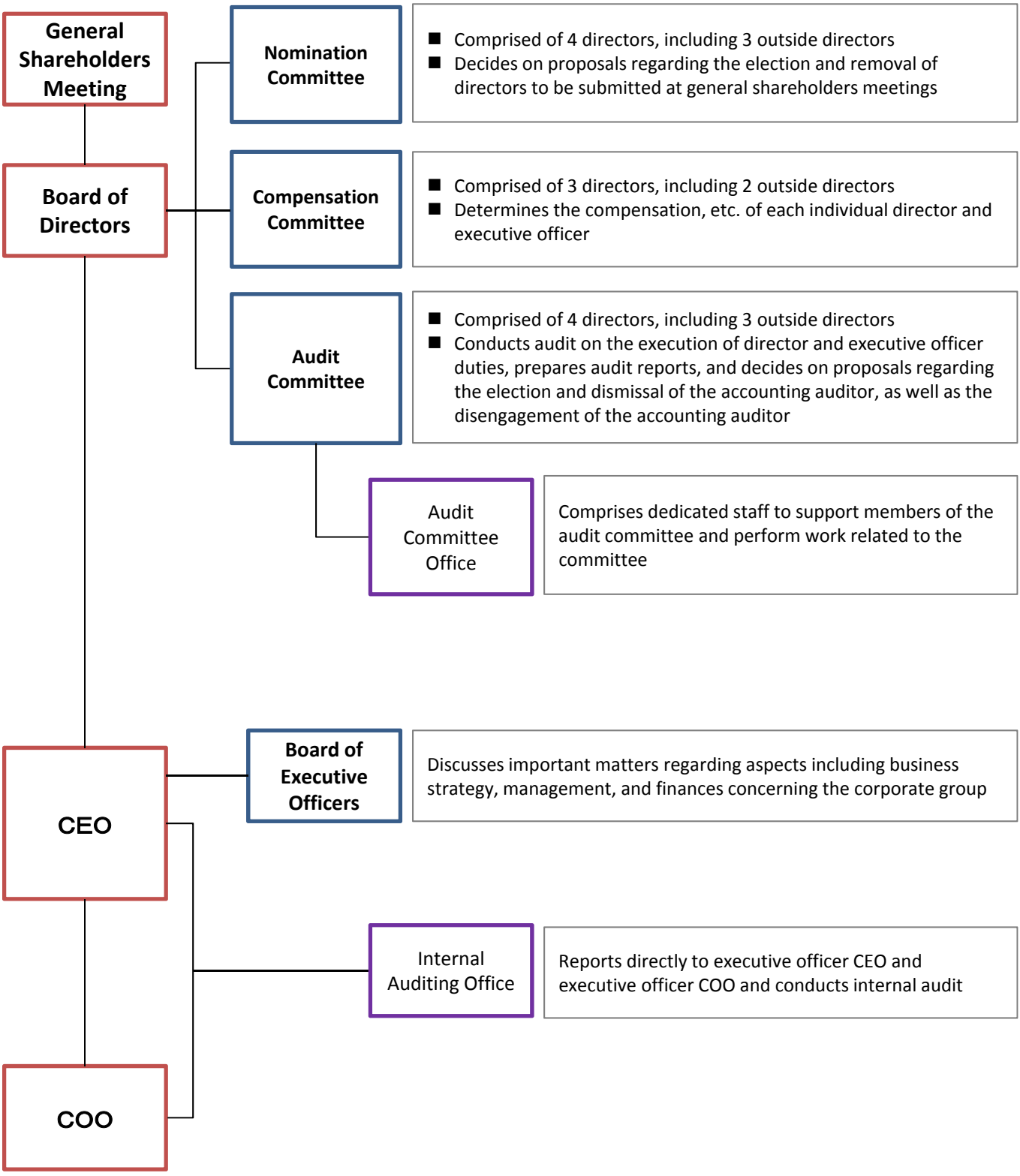
2. Other Matters Concerning Corporate Governance System

The Financial Instruments and Exchange Act implemented on September 30, 2007 established a framework to enhance the independence of an organization that is responsible for the self-regulatory function of a financial instruments exchange. Following the enforcement of the Act, Tokyo Stock Exchange Group, Inc. swiftly established Tokyo Stock Exchange Regulation as a self-regulatory organization under the Act. The Act also stipulates that highly independent outside governors should make up the majority of governors of the self-regulatory organization and that the president should be appointed from amongst such outside governors.

JPX subsidiaries Tokyo Stock Exchange, Inc. and Osaka Exchange, Inc. entrust self-regulatory work (meaning matters pertaining to market surveillance, participant examinations and inspections, listing examination, and delisting) to Japan Exchange Regulation.

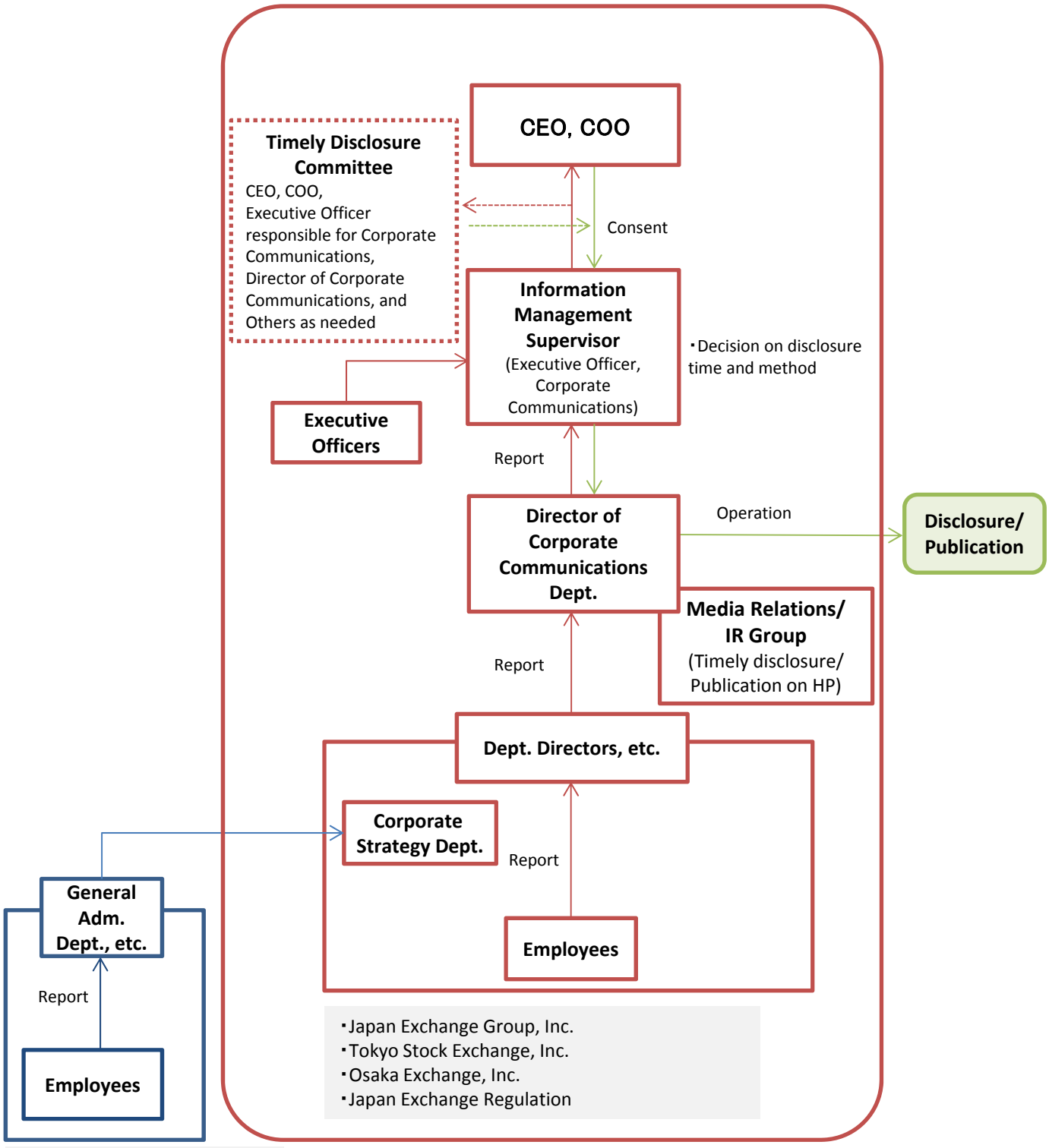
Through such measures, we will strive to raise the independence of the self-regulatory functions of the JPX group and prevent conflicts of interest between JPX as a corporation and market fairness.

Corporate Governance System at Japan Exchange Group



*As of May 17, 2016, the COO position is vacant.

Overview of Japan Exchange Group Timely Disclosure System



*As of May 17, 2016, the COO position is vacant.