[TRANSLATION]
This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Updated: June 22, 2016
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

Please refer to "Remuneration for Directors/Executive Officers" under section II. 1. of this report.

(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 the Notice of the 15th Annual General Shareholders Meeting.

http://www.jpx.co.jp/corporate/investor-relations/shareholders/meeting/tvdivq00000094t8-att/nlsgeu0000111xxre.pdf

<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 [Relationship with the Company (2)] under [Matters Related to Outside Directors] in "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 and biographies of the Company's directors (except for independent outside directors) and executive officers are described in the Notice of the 15th Annual General

Shareholders Meeting.
http://www.jpx.co.jp/corporate/investor-relations/shareholders/meeting/tvdivq00000094t8-att/nlsgeu0000111xxre.pdf

(*) Descriptions in related items and the items below include Mr. Kimitaka Mori, who will assume the position of independent outside director on July 26, 2016.
- [Principle 4.8 Effective Use of Independent Outside Directors]
- [Supplementary Principle 4.8.1 Information Exchange and Shared Awareness among Independent Outside Directors]
- [Supplementary Principle 4.8.2 Establishment of Frameworks for Communication and Cooperation by Independent Outside Directors]
- [Supplementary Principle 4.11.1 Determination of View on Appropriate Balance between Knowledge, Experience, and Skills of the Board of Directors as a Whole, and Disclosure of Policy and Procedures for Appointment of Directors]
- [Supplementary Principle 4.14.2 Disclosure of Training Policy for Directors and Statutory Auditors]
- II Business Management Organization and Other Corporate Governance Systems regarding Decision Making, Execution of Business, and Oversight
- III. Implementation of Measures for Shareholders and Other Stakeholders

[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 13 directors currently serving the Company, nine are outside directors. Of the nine outside directors, eight directors are deemed to have satisfied the independence standards for independent outside directors stipulated by the Company, and have been filed as independent directors with Tokyo Stock Exchange, Inc.

[Supplementary Principle 4.8.1 Information Exchange and Shared Awareness among Independent Outside Directors]
[Supplementary Principle 4.8.2 Establishment of Frameworks for Communication and Cooperation by 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 independence standards and qualification for independent outside directors of the Company are described in the Notice of the 15th Annual General Shareholders Meeting.
http://www.jpx.co.jp/corporate/investor-relations/shareholders/meeting/tvdivq00000094t8-att/nlsgeu0000111xxre.pdf

[Supplementary Principle 4.11.1 Determination of View on Appropriate Balance between Knowledge, Experience, and Skills 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 13 members, including two female directors. Of the 13 directors, eight are independent outside directors.

The breakdown of the eight independent outside directors is indicated as below. Each of these directors has considerable experience and insight on their respective fields and contributes to a structure that allows for a multifaceted external perspective to be readily incorporated into the Company's management.

Name	Area of Expertise				Diversity	
	Corporate Management	Accounting	Legal Affairs	Researcher / Government Agencies	Female	Foreigner
Christina Ahmadjian				○	○	○
Hitoshi Ogita	○					
Hideaki Kubori			○			
Main Kohda				○	○	
Eizo Kobayashi	○					
Katsuhiko Honda	○					
Kimitaka Mori		○				
Tsuyoshi Yoneda				○		

[Supplementary Principle 4.11.2 Concurrent Positions of Independent Outside Directors]

The significant concurrent positions of independent outside directors are described in the Notice of the 15th Annual General Shareholders Meeting.

http://www.jpx.co.jp/corporate/investor-relations/shareholders/meeting/tvdivq00000094t8-att/nlsgeu0000111xxre.pdf

[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 (%)
STATE STREET BANK AND TRUST COMPANY	22,060,218	4.02
Japan Trustee Services Bank, Ltd. (Trust Account)	17,138,700	3.12
SMBC Friend Securities Co., Ltd.	15,114,000	2.75
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,793,900	2.51
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	9,014,605	1.64
Mizuho Securities Co., Ltd.	8,657,600	1.58
STATE STREET BANK WEST CLIENT-TREATY 505234	7,968,760	1.45
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,557,000	1.38
Japan Trustee Services Bank, Ltd. (Trust Account 7)	7,553,500	1.38
THE CHASE MANHATTAN BANK 385036	7,125,300	1.30

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.

- BlackRock Japan Co., Ltd.
  Date of Submission: June 19, 2015
  Date of Reporting Obligation: June 15, 2015
  No. of Share Certificates, etc. Held: 13,850,950 shares
  Ratio of Share Certificates, etc. Held: 5.05%
- Mitsubishi UFJ Financial Group, Inc.
  Date of Submission: August 31, 2015
  Date of Reporting Obligation: August 24, 2015
  No. of Share Certificates, etc. Held: 14,790,070 shares
  Ratio of Share Certificates, etc. Held: 5.39%
- BAILLIE GIFFORD & CO
  Date of Submission: December 24, 2015
  Date of Reporting Obligation: December 18, 2015
  No. of Share Certificates, etc. Held: 58,650,921 shares
  Ratio of Share Certificates, etc. Held: 10.68%

3. Corporate Attributes

Listed Stock Market and Market Division	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Sector Classification	Other Financing Business
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	At least 1,000

Revenue (consolidated) for the Previous Fiscal Year	¥100 billion or more, 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

–

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	13

[Matters Related to Outside Directors]

Number of Outside Directors	9
Number of Independent Directors Designated from among Outside Directors	8

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											
Hitoshi Ogita	From another company								△			
Hideaki Kubori	Attorney-at-law											
Main Kohda	Other											
Eizo Kobayashi	From another company								△			
Katsuhiko Honda	From another company								△			
Kimitaka Mori	CPA											

Tsuyoshi Yoneda	Other											

* Categories for “Relationship with the Company”

* "○" indicates that the director currently falls under the category, or did so recently, and "Δ" indicates that the director fell under the category in the past.
* "●" indicates that a close relation falls under the category, or did so recently, and "▲" indicates that a close relation fell under the category in the past.

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 said major shareholder if the shareholder is a corporation)
h. Executive of a client or supplier 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

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 capacity to identify with the Company's corporate philosophy and social mission as well as his considerable experience and insight on financial policy and systems which can be expected to be reflected into the management of JPX.

Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
Christina Ahmadjian		Yes	Yes	Yes		Ms. Ahmadjian has been appointed as an outside director due to her capacity to identify with the Company's corporate philosophy and social mission as well as 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 Tokyo Stock Exchange, Inc. that is the exchange market operator (hereinafter “the Exchange” in this “Reasons for Appointment" column) 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 monetary consideration or other property other than director remuneration from the JPX group. As such, she has been designated as an independent director.
Hitoshi Ogita	Yes			Yes	h: Mr. Hitoshi Ogita is concurrently Senior Adviser at Asahi Group Holdings, Ltd. The company is listed on the financial instruments market established by JPX subsidiary Tokyo Stock Exchange, Inc. (hereinafter "TSE" in this "Supplementary Explanation of the Relationship" column).	Mr. Ogita has been appointed as an outside director due to his capacity to identify with the Company's corporate philosophy and social mission as well as his considerable experience and insight on business management, which can be expected to be reflected into the management of JPX.

Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
					The corporate group of Asahi Group Holdings, Ltd. has a transactional relationship with the JPX group in terms of annual listing and other fees of ¥ 5 million. Since the conditions of such transactions are the same as those for other listed companies and the amount of such transactions is less than 1% of consolidated sales of the JPX group and the corporate group of Asahi Group Holdings, Ltd., this relationship is not considered to influence his independence from JPX. As such, description on the outline of the transactions has been omitted.	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 monetary consideration or other property other than director remuneration from the JPX group. As such, he has been designated as an independent director.
Hideaki Kubori	Yes			Yes		Mr. Kubori has been appointed as an outside director due to his capacity to identify with the Company's corporate philosophy and social mission as well as 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 monetary consideration or other property other

Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
						than director remuneration from the JPX group. As such, he has been designated as an independent director.
Main Kohda			Yes	Yes		Ms. Main Kohda has been appointed as an outside director due to her capacity to identify with the Company's corporate philosophy and social mission as well as her creativity and perception as a novelist, insight in finance, and experience in serving as a university professor and a member of government advisory councils, all of which can be expected to be reflected in 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 monetary consideration or other property other than director remuneration from the JPX group. As such, she has been designated as an independent director.
Eizo Kobayashi		Yes		Yes	h: Mr. Eizo Kobayashi is concurrently Chairman at ITOCHU Corporation (scheduled to leave his position as Director on June 24, 2016). The company is listed on the financial instruments market established by TSE. The corporate group of	Mr. Kobayashi has been appointed as an outside director due to his capacity to identify with the Company's corporate philosophy and social mission as well as his considerable experience and insight on business management, which can

Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
					ITOCHU Corporation has a transactional relationship with the JPX group in terms of annual listing and other fees of ¥ 18 million. Since the conditions of such transactions are the same as those for other listed companies and the amount of such transactions is less than 1% of consolidated sales of the JPX group and the corporate group of ITOCHU Corporation, this relationship is not considered to influence his independence from JPX. As such, description on the outline of the transactions has been omitted.	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 monetary consideration or other property other than director remuneration from the JPX group. As such, he has been designated as an independent director.
Katsuhiko Honda	Yes			Yes	h. Mr. Katsuhiko Honda is concurrently Corporate Counselor at Japan Tobacco Inc. The company is listed on the financial instruments market established by TSE. The corporate group of Japan Tobacco Inc. has a transactional relationship with the JPX group in terms of annual listing and other fees of ¥ 8 million. Since the conditions of such transactions are the same as those for other listed companies and the amount of such transactions is less than 1% of consolidated sales of the JPX group and the corporate group of Japan Tobacco Inc., this relationship is not considered to influence his independence from	Mr. Honda has been appointed as an outside director due to his capacity to identify with the Company's corporate philosophy and social mission as well as 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 monetary consideration or other property other than director remuneration from the

Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
					JPX. As such, description on the outline of the transactions has been omitted.	JPX group. As such, he has been designated as an independent director.
Kimitaka Mori			Yes	Yes		Mr. Mori has been appointed as an outside director due to his capacity to identify with the Company's corporate philosophy and social mission as well as his insight on corporate accounting in his capacity as an accounting 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 monetary consideration or other property other than director remuneration from the JPX group. As such, he has been designated as an independent director.
Tsuyoshi Yoneda			Yes	Yes		Mr. Yoneda has been appointed as an outside director due to his capacity to identify with the Company's corporate philosophy and social mission as well as 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

Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
						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 monetary consideration or other property 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	5	0	2	3	Inside Director
Compensation Committee	5	0	2	3	Outside Director
Audit Committee	5	1	1	4	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	Yes	Yes	Yes	No
Hiromi Yamaji	No	Yes			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	8

Matters Related 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*)	Introduction of performance-linked remuneration system, and so forth

Supplementary Explanation

Director, executive officer, and auditor remuneration is comprised of basic salary, bonus, and JPX stock. The bonus is consisted of an amount of short-term incentive determined based on the consolidated net income and an amount of medium-term incentive determined in accordance with, among others, the state of implementation of the business plan as well as the state of achievement of management and financial targets. JPX stock remuneration is consideration for purchasing JPX stock as incentive for increasing corporate value over the medium to long term, and is an amount commensurate with each position and its duties.

Recipients of Stock Options	–

Supplementary Explanation

–

[Remuneration for Directors/Executive Officers]

Disclosure of Individual Directors' Remuneration	No individual disclosure
Disclosure of Individual Executive Officers' Remuneration	Individual disclosure on some executive officers

Supplementary Explanation

The amount of remuneration for directors, etc. paid in FY 2015 consisted of a total amount of ¥ 110 million for 12 directors and a total amount of ¥ 396 million for 12 executive officers.
* Director remuneration was not paid to directors who concurrently served as executive officers.
Remuneration for individual executive officers is disclosed as follows.
- Mr. Akira Kiyota: Total amount of consolidated remuneration, etc. was ¥ 110 million (out of which bonus was ¥ 47 million)
* Disclosure provided only on persons for which the total amount of consolidated remuneration, etc. was at least ¥ 100 million.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

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) JPX stock.

The remuneration structure for executive officers was revised, effective date on April 1 2016. The current structure is 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 consisted of an amount of short-term incentive determined based on the consolidated net income and an amount of medium-term incentive determined in accordance with, among others, the state of implementation of the business plan as well as the state of achievement of management and financial targets. (3) JPX stock is incentive for raising corporate value over the medium to long term and is an amount commensurate with each position and its duties. With this structure, incentive works effectively to lead to sound management that contributes to sustainable corporate value enhancement, not only for a short term but also over the medium to long term.

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 offer JPX stock from the perspective of their roles and independence.

[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 13 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.

The breakdown of the eight outside directors is described in "[Supplementary Principle 4.11.1 Determination of View on Appropriate Balance between Knowledge, Experience, and Skills of the Board of Directors as a Whole and Disclosure of Policy and Procedures for Appointment of Directors]". 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 five directors (including one full-time Audit Committee member), of which four, 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 four weeks prior to the meeting.
Scheduling Annual General Shareholders Meeting Avoiding the Peak Day	The annual general shareholders meeting is held about one 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. The content of such sessions, etc. are posted on the JPX website.	No
Regular Investor Briefings for Analysts and Institutional Investors	We hold briefing sessions both overseas and domestically for analysts and institutional investors.	Yes

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Overseas Investors	We participate in both overseas and domestic briefing sessions for overseas investors.	Yes
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. http://www.jpx.co.jp/english/corporate/investor-relations/index.html	
Establishment of Department and/or Manager in Charge of IR	IR activities are conducted with a dedicated person responsible for investor relations in the Corporate Communications Department 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 9.5%. 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 2016, the ratio of women in managerial 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 who use parenting support systems and their supervisors, 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. Furthermore, since FY2014, JPX has held nursing care seminars to provide basic knowledge and information for employees concerned about or interested in caregiving. In addition, in FY2015, JPX introduced an hourly leave system to establish a better working environment for all employees. This system is also applicable to childcare leave and caregiver leave, thereby creating an environment that allows employees to better balance parenting and caregiving 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 establishing 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 2016 is as below. - Ratio of women in managerial or higher level positions: 4.5% (previous year: 3.1%) - Number of women among FY2016 graduate hires: Ten out of 20 new-graduate hires (50%) (previous year: 28.5%) - 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 JPX 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 JPX 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

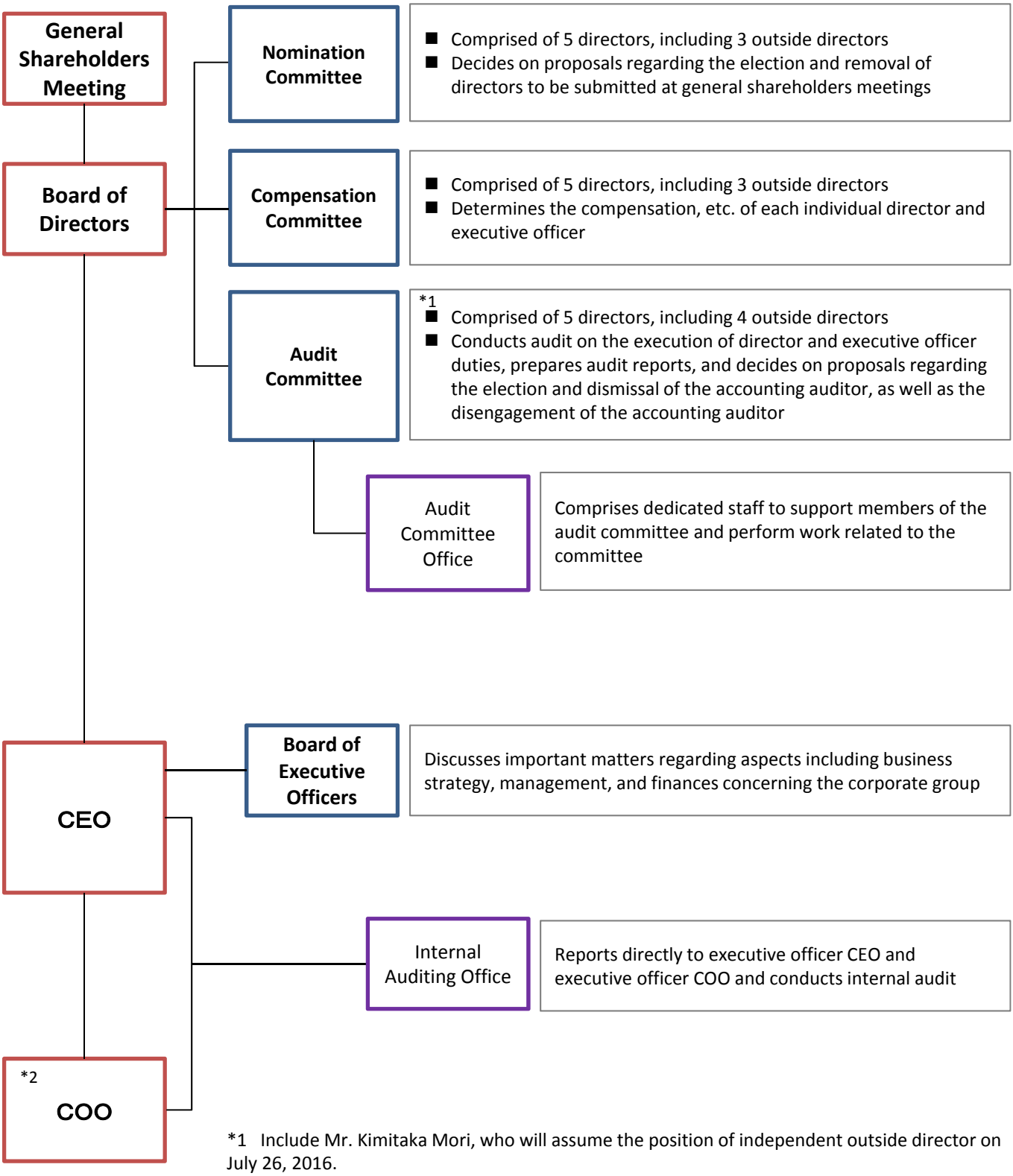
–

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.

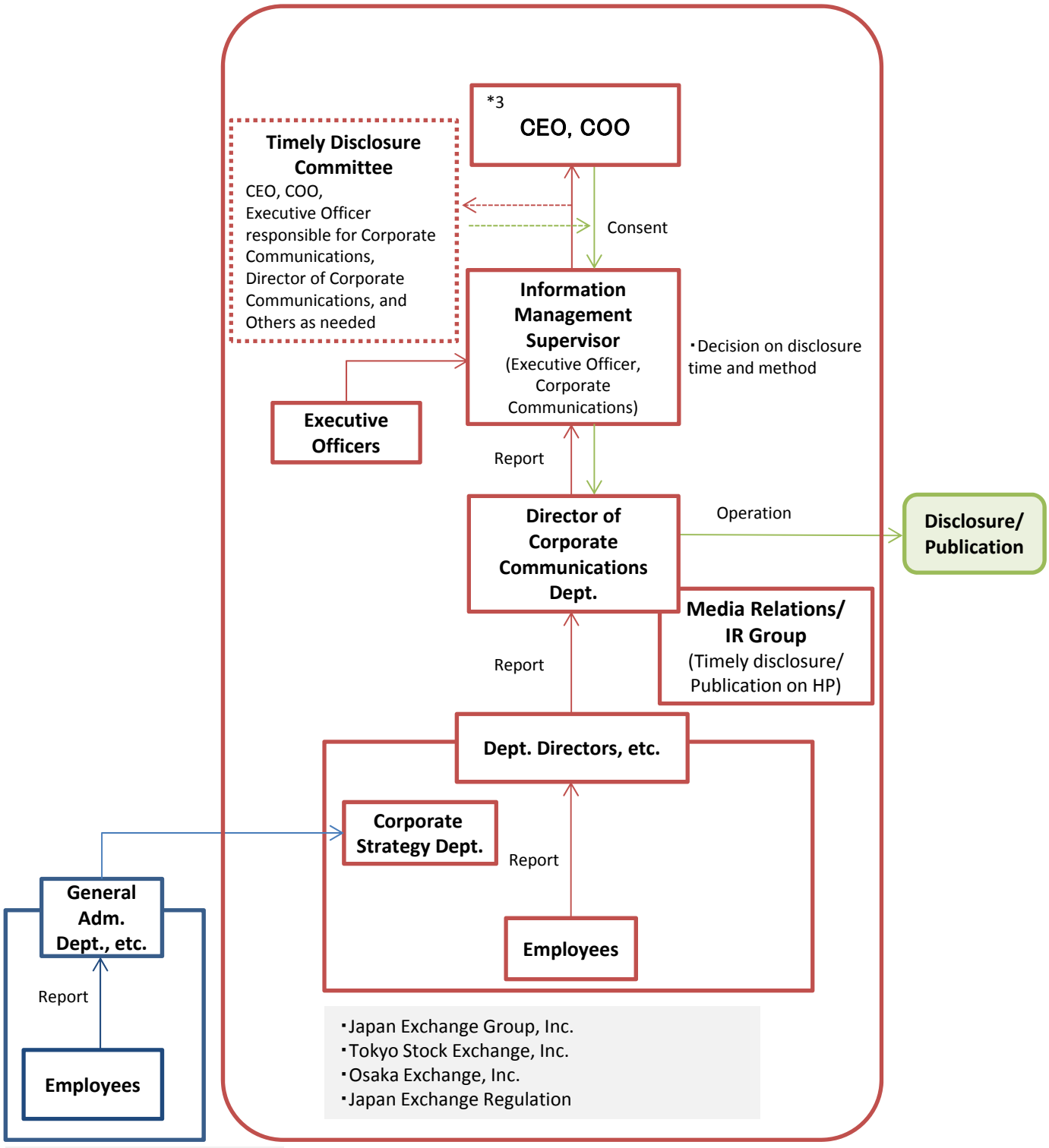
Corporate Governance System at Japan Exchange Group



*1 Include Mr. Kimitaka Mori, who will assume the position of independent outside director on July 26, 2016.

*2 As of June 22, 2016, the COO position is vacant.

Overview of Japan Exchange Group Timely Disclosure System



*3 As of June 22, 2016, the COO position is vacant.