Corporate Governance

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

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

1. Fundamental Views

The Company aims to fulfill its social mission by serving as a core market infrastructure in Japan, and the corporate philosophy of the Company is described below.

Corporate Philosophy

The Company shall contribute to the realization of an affluent society by promoting sustainable development of the market by ensuring reliability and public visibility, laying the foundation of a market which is highly convenient, efficient, and transparent, and providing creative and attractive services. The Company believe that these efforts bring rewards in the form of profits resulting from the increased support and confidence of investors and other market users.

In order to manage in line with its corporate philosophy, the Company is aware of the importance of having its stakeholders understand its corporate philosophy and corporate activities. Therefore, the Company has determined its fundamental views on corporate governance regarding the following four topics to help stakeholders understand the Company's business and to increase trust in the Company.

(1) Corporate philosophy and social mission

JPX Group operates markets that are public assets, and our social mission is to ensure their sustainable development.

(2) Market operations

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

(3) Enhancing corporate value

In pursuing the sustainable development of its markets, the Company must continue to accommodate the diverse needs of shareholders and other stakeholders, and through this the Company will enhance its corporate value over the medium to long term.

(4) Effective corporate governance

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

Based on the fundamental views on corporate governance described above, and with the intent of each of the principles of Japan's Corporate Governance Code in mind, the Company is committed to appropriately developing its corporate governance system such as by developing a highly effective system of checks achieved through mutual accountability and harmony between the management and independent 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

The Company implements each principle of Japan's Corporate Governance Code.

Disclosure Based on Principles of Japan's Corporate Governance Code

Principle 1.4 Cross-Shareholdings

With respect to shares issued by listed companies, JPX does not own shares that fall under cross-shareholdings.

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 another 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.

Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources

JPX Group places human resources as one of the most important assets for sustainably enhancing corporate value. The Group's Charter of Corporate Behavior provides for "respect for human rights and prohibition of discrimination" as part of its basic policy, under which JPX Group creates an environment for individual employees with various backgrounds to demonstrate their full caliber.

Specifically, JPX has set up a "Diversity Promotion Group" under the Human Resources Department to expand schemes for employees who need to strike a balance between work and child-rearing and/or nursing care, and also established a system that facilitates flexible work styles (flextime system and remote work system). The Company also internally and publicly announced the "JPX Health Management Declaration" and in FY2023, put in place a "Wellness Promotion Group" within the Human Resources Department. Such systems and measures are being developed, considered, and/or implemented, with the goal of maintaining and promoting employees' mental and physical health.

Furthermore, JPX Group offers OJT, various training programs, and various work experience opportunities to develop employees' talents and to assess their aptitude, and appropriately promotes talented personnel to core human resources, regardless of background such as gender, nationality, or whether they are new graduate employees or mid-career employees. By doing this, JPX aims to boost employee engagement, enhance productivity, create new value (innovation), and build a robust organizational foundation.

Female employees are often forced to take a career break due to life events such as childbirth and child-rearing, and therefore JPX Group considers it is especially important to provide support for female employees. To this end, JPX Group continues making proactive recruitment efforts while undertaking various initiatives to create a friendly working environment for women in the child-rearing life phase and has set a target for women in managerial positions.

In addition, based on the idea that we can advance female empowerment by increasing participation of men in child-rearing, in order to advance the creation of an environment that enables promotions regardless of gender, JPX Group encourages its male employees to proactively make use of the childcare support schemes.

These initiatives have borne fruit with a steady increase in the number of female managers. As of April 2024, there were 48 female managers accounting for 9.0% of all managers. The ratio of female employees one step below management stands at 29.1%, so it is expected that there will also be an increase in female employees moving up to manager positions in the future. JPX Group will keep pressing ahead with its proactive initiatives with the current aim of promoting diversity and women's empowerment to increase the number of female managers to 50 or more (approximately 1.5 times the number as of April 2021) and 70 or more (approximately double the same number) by FY2025 and FY2030, respectively.

If the target mentioned above is achieved, compared to FY2016 when the target for female managers was set out, the number of female employees holding a manager or higher position will have increased by approximately

3.3 times and 4.6 times by FY2025 and FY2030, respectively. The ratio of female managers is expected to reach 10% or more by FY2025 and exceed 14% before FY2030.

Meanwhile, as of April 2024, the ratio of foreign national employees accounted for 1.3%, and the ratio of foreign national managers stood at 0.6%. The ratio of mid-career hires was 31.0%, and the ratio of mid-career hires in manager positions stood at 31.4%.

JPX Group will continue its proactive recruitment efforts to appoint talented personnel, by carrying out mid-career hires, mainly personnel who have work experience in law, accounting, finance, and IT, regardless of nationality, and employing new hires with foreign nationality who do not have work experience, in order to keep and raise the number of managers who are foreign nationals and mid-career hires.

(Reference) Promotion status of female employees, foreign national employees, and mid-career hires in JPX Group (April 2024)

	Total	Female	Foreign nationals	Mid-career hires
Number of employees	1,263	382	16	391
	(100%)	(30.2%)	(1.3%)	(31.0%)
Managers	535	48	3	168
	(100%)	(9.0%)	(0.6%)	(31.4%)

Note: Individual measures and various data on human capital are those of JPX and its core subsidiaries.

For more details on the JPX Group initiatives, please refer to the Annual Securities Report, "Toward the Success of All Employees" on the JPX website, and the JPX Report (Integrated Report).

Annual Securities Report (FY2023) (English version to be published later)
https://www.jpx.co.jp/corporate/investor-relations/ir-library/securities-reports/index.html

JPX Website "Toward the Success of All Employees"
https://www.jpx.co.jp/english/corporate/sustainability/jpx-esg/employee/index.html

JPX Report 2023 (Integrated Report pp. 59-62)
https://www.jpx.co.jp/english/corporate/investor-relations/ir-library/integrated-report/index.html

Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

The Company has announced its acceptance of the "Principles for Responsible Institutional Investors: Japan's Stewardship Code" to properly fulfill its stewardship responsibilities as an asset owner in the management of its corporate pension plan. JPX's corporate philosophy is to "contribute to the realization of an affluent society by promoting the sustainable development of the market." In terms of stewardship activities, the Company believes that the proactive fulfillment of stewardship responsibilities as an asset owner will lead to the achievement of this goal. Regarding its corporate pension plan, the Company will promote efforts to develop human resources and improve their investment capabilities so that they can conduct business in a fair and honest manner while taking the best interests of its corporate pension's beneficiaries into consideration. In its position as an asset owner, the Company will encourage the sustainable growth of its investee companies and the improvement of their corporate value, and thereby fulfill its fiduciary responsibilities to its corporate pension's beneficiaries.

The Company has a contract-type, defined-benefit corporate pension plan. Since the plan is not managed by the Company directly, but through asset managers, the Company will require those managers to conduct stewardship activities, and evaluate and monitor said activities to ensure their effectiveness.

For more details on the Stewardship Code Statement of Acceptance, please refer to the Company's website.

Policy for Fulfilling Stewardship Responsibilities
https://www.jpx.co.jp/english/corporate/governance/stewardship/index.html

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. Fundamental Views" of "I. Fundamental Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information."

Business strategies and business plans

The Company published its Medium-Term Management Plan 2024 for FY2022 to FY2024 on March 31, 2022. The plan was then updated on April 30, 2024.

Medium-Term Management Plan
https://www.jpx.co.jp/english/corporate/investor-relations/management/mid-business-plan/index.html

In its Medium-Term Management Plan 2024, the Company set forth a fundamental policy direction on its capital policy, namely of supporting the sustainable development and evolution of the market through constant investment while keeping a balance between shareholder returns and fiscal robustness for stable management of the market. Under this policy, the Company aims to, regardless of market conditions, maintain 10% ROE over the medium to long term exceeding capital cost, as well as enhance its corporate value over the medium to long term and provide appropriate shareholder returns.

(ii) Fundamental views and policies on corporate governance

As described above in "1. Fundamental Views" of "I. Fundamental Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key 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 and removal of senior management and nomination of director and executive officer candidates by the board of directors

Procedures for appointment and removal of directors and executive officers

The Company is a Company with Three Committees (Nomination, Compensation, and Audit). It has established a statutory Nomination Committee for the purpose of ensuring transparency, timeliness, and objectivity concerning appointment and removal of directors and executive officers.

The majority of the members of the Nomination Committee are independent directors, and the committee is chaired by an independent director. Appointment of candidates for and removal of directors, representative executive officers, representatives of subsidiaries, etc. are thoroughly deliberated by the committee; the appointment and removal of directors are put forth for approval at general shareholders meetings; and, the appointment and removal of executive officers are determined at board of directors meetings.

Policy on appointment of candidates for and removal of directors

In considering appointment of director candidates, the Nomination Committee sets forth the following requirements as its basic policy. Based on such policy, the appointment of director candidates is put forth for approval at general shareholders meetings.

(1) Candidates should possess any of the following:
  a. Experience as a corporate manager
  b. Knowledge of the Company's business (finance, technology, etc.)
  c. Expertise in accounting, finance, or auditing
  d. Expertise in law or risk management
  e. Advanced academic experience or knowledge of government agencies, etc.

(2) Have the character and insight to make fair judgment regarding the Company's business as a director

(3) Have no health issues that will hinder the performance of duties as a director.

Likewise, if a director no longer satisfies the above points or if a director has committed an improper act, material breach of laws and regulations or the articles of incorporation, etc., the Company will consider putting forth a proposal to remove such director for approval at a general shareholders meeting.

In addition, the Company has in place a structure where the independent directors are from a wide variety of fields (experienced corporate managers, legal professionals, certified public accountants, academics, former government officials, and others) and attend board of directors meetings and other important meetings to contribute their expert knowledge and experience and participate in discussions, whereby the Company aims for the realization of the corporate philosophy.

The independence standards for the Company's independent directors are described in a document concerning the Annual General Shareholders Meeting.

Other Matters Provided Electronically (Matters Excluded from Paper-Based Documents Delivered to

Shareholders)
https://www.jpx.co.jp/english/corporate/investor-relations/shareholders/meeting/index.html

Policy on appointment and removal of executive officers

In considering appointment of candidates for executive officers, the Nomination Committee sets forth the following four points as its basic policy. Based on such policy, executive officer candidates are proposed for appointment to the board of directors, and the board of directors then appoints executive officers based on said proposal.

(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 that are appropriate as an executive officer
(4) Do not have any health issues that will hinder the performance of duties as an executive officer

Especially, for the executive officer who serves as the Representative Executive Officer and Group CEO, the board of directors appoints an individual who best matches the following description.

(1) A person who respects the Company's corporate philosophy and is able to perform management at a high level in accordance with the corporate philosophy
(2) A person who 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 markets operated by JPX Group
(3) A person who has a global perspective and in-depth knowledge about Japanese society, the Japanese economy and the markets operated by JPX Group, and is able to demonstrate leadership regarding market users, market rules, and other matters.

Likewise, if an executive officer or the Representative Executive Officer, Group CEO of the Company no longer satisfies the above points or if such officer has committed an improper act, material breach of laws and regulations or the articles of incorporation, etc., the Company will consider putting forth a proposal to remove such executive officer for approval at a board of directors meeting.

In addition, the Nomination Committee, in conjunction with the board of directors, will continually examine and further improve the appropriateness of successor planning, including for the Representative Executive Officer and Group CEO of the Company.

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

The reasons for nominating nine outside directors by the Nomination Committee, 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".

Individual reasons for nominating the Company's directors other than outside directors and those for appointing the Company's executive officers are as stated in the "Notice of the Annual General Shareholders Meeting".

Notices of Annual General Shareholders Meetings
https://www.jpx.co.jp/english/corporate/investor-relations/shareholders/meeting/index.html

Supplementary Principle 3.1.3 Initiatives for sustainability, investments in human capital and intellectual property, etc.

Initiatives for sustainability

In order to "contribute to the realization of an affluent society by promoting the sustainable development of the market" as stated in its corporate philosophy, JPX Group recognizes that one of its important management-related priorities is to focus on the environmental and social issues surrounding it and its relationship with them, and to advance initiatives that lead to the enhancement of its corporate value. JPX Group establishes its management policy and formulates its management plan and other plans based on this recognition.

In light of its business model, which is to provide attractive services and markets that are fair, reliable, convenient, efficient, and transparent, the Company believes that it is essential to promote initiatives that utilize market mechanisms. As "Promoting Sustainability that Connects Society and Economy" is one of three specific

focus areas under the long-term vision set out in its Medium-Term Management Plan 2024, the Company is working to strengthen the distribution of sustainability-related information, calculate sustainability-related indices and list related products, advance the creation of an emissions trading market, and more.

For more details on the JPX Group initiatives, please refer to the Annual Securities Report, "Sustainability" on the JPX website, and the JPX Report (Integrated Report).

Annual Securities Report (FY2023) (English version to be published later)
https://www.jpx.co.jp/corporate/investor-relations/ir-library/securities-reports/index.html
JPX website "Sustainability"
https://www.jpx.co.jp/english/corporate/sustainability/index.html
JPX Report 2023 (Integrated Report on pages 24, 26, 51-56)
https://www.jpx.co.jp/english/corporate/investor-relations/ir-library/integrated-report/index.html

Regarding environmental issues, especially climate change, JPX Group is advancing its Green Strategy with the aim of contributing to Japan's overall carbon neutrality goal. From a market operator perspective, the Group is aiming for carbon neutrality in securities market operations by 2030 as well as working to promote sustainability utilizing market mechanisms, while from a business corporation perspective, we have set a target of carbon neutrality across the Group by FY2024. In October 2018, JPX also announced its support for the Task Force on Climate-related Financial Disclosures (TCFD). As well as working to spread the TCFD recommendations in the Japanese market from a market operator perspective, JPX Group has also analyzed the impacts that climate-related risks and opportunities could have on its business activities with reference to scenarios and income from a corporation perspective, and publishes information in line with the TCFD recommendations on its "Environmental Information (TCFD Disclosure)" webpage as well as in the Annual Securities Report and JPX Report (Integrated Report).

Annual Securities Report (FY2023) (English version to be published later)
https://www.jpx.co.jp/corporate/investor-relations/ir-library/securities-reports/index.html
JPX website "Environmental Information (TCFD Disclosure)"
https://www.jpx.co.jp/english/corporate/sustainability/jpx-esg/environment/index.html
JPX Report 2023 (Integrated Report on pages 51-56)
https://www.jpx.co.jp/english/corporate/investor-relations/ir-library/integrated-report/index.html

JPX has created a Human Rights Policy which applies to all JPX Group officers and employees. In addition, JPX expects all business partners to support and respect the Policy and will work with them on human rights issues.

JPX Human Rights Policy
https://www.jpx.co.jp/english/corporate/sustainability/our-sustainability/policies/b5b4pj000004upwe-att/policy_en_20230401.pdf

Investment in human capital, etc.

JPX Group considers human resources as one of the most important assets for sustainably enhancing corporate value; thereby, JPX Group has been creating an environment where employees proactively and voluntarily learn professional and technical knowledge and intake the latest information to allow a broader perspective and unconstrained creativity, so that each and every employee can demonstrate their maximum ability.

For more details on investment in human capital, etc., please refer to the Annual Securities Report, "Towards the Success of All Employees" on the JPX website, and the JPX Report (Integrated Report).

Annual Securities Report (FY2023) (English version to be published later)
https://www.jpx.co.jp/corporate/investor-relations/ir-library/securities-reports/index.html
JPX website "Towards the Success of All Employees "
https://www.jpx.co.jp/english/corporate/sustainability/jpx-esg/employee/index.html
JPX Report 2023 (Integrated Report on pages 59-62)
https://www.jpx.co.jp/english/corporate/investor-relations/ir-library/integrated-report/index.html

Investment in intellectual property

JPX Group prescribes protection of its intellectual property and respect for intellectual property rights of other persons and companies under its Charter of Corporate Behavior. In accordance with said charter, JPX Group proactively registers patents, trademarks, and other intellectual property rights.

In addition, JPX Group is proceeding with making investments, etc., into intellectual property, in ways such as diversifying data/index services by utilizing innovations and partnerships, strengthening IT system infrastructure, and promoting digital transformation (DX). JPX Group considers that such investments, etc., lead to the creation of value for JPX Group in the sense of being a foundation which will enable us to exhibit corporate value while responding to future changes in society and the business environment. This foundation is built on (i) the provision of opportunities to use highly fair, transparent, and neutral index services and data services that fulfill increasingly diversifying and more sophisticated needs of stakeholders, and (ii) the creation of highly reliable and convenient markets and provision of services leveraged by IT, the source of JPX Group's competitiveness.

For more details on investment in intellectual property, etc., please refer to the JPX Report (Integrated Report).

JPX Report 2023 (Integrated Report on page 18)
https://www.jpx.co.jp/english/corporate/investor-relations/ir-library/integrated-report/index.html

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 Three Committees (Nomination, Compensation, and Audit). 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 fundamental 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 Directors

Of the 15 directors currently serving the Company, nine are outside directors. All of the nine outside directors are deemed to have satisfied the independence standards for independent directors stipulated by the Company, and have been filed as independent directors/auditors with Tokyo Stock Exchange, Inc.

In addition, we are improving the effectiveness of the Board of Directors' oversight function through creating an environment designed for substantial discussion. For example, the position of Chair of the Board is held by an independent director, who, when deciding the Board's agenda, picks up necessary items from an oversight perspective, as well as ensuring enough time for the Board to deliberate after encouraging adequate information sharing from the business execution side to the oversight side.

Supplementary Principle 4.8.1 Information Exchange and Shared Awareness among Independent Directors
Supplementary Principle 4.8.2 Establishment of Frameworks for Communication and Cooperation by Independent Directors

The Company adopts a structure of a Company with Three Committees (Nomination, Compensation, and Audit) and appoints nine independent directors to strengthen management oversight and achieve efficient business operations.

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

In March 2016, the Company established an Independent Directors Committee as a corporate organ composed exclusively of its part-time independent directors to allow them to exchange views and form consensus among themselves in order to better perform management oversight and further facilitate active discussions at board of directors meetings. The committee holds at least two meetings in a fiscal year.

The Independent Directors Committee appoints its chairperson, who convenes committee meetings and conducts meeting proceedings. The chairperson requests the management of the Company to attend committee meetings on an as-needed basis and feeds what was discussed or deliberated at committee meetings back to the chairperson of the board of directors as well as CEO and other executive officers, thereby promoting smooth communication among directors and executive officers.

Principle 4.9 Independence Standards for Independent Directors

The independence standards for independent directors of the Company are described in a document concerning the Annual General Shareholders Meeting.

Other Matters Provided Electronically (Matters Excluded from Paper-Based Documents Delivered to Shareholders)

https://www.jpx.co.jp/english/corporate/investor-relations/shareholders/meeting/index.html

Supplementary Principle 4.11.1 Disclosure of View on Balance of Knowledge, etc., Diversity, and Scale of the Board of Directors as a Whole and a 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, and in addition to appointing a majority of independent directors, to strive to increase its proportion of female directors at least 30%.

The board of directors is comprised of 15 members, including three female directors, so that it can fully exercise management oversight and ensure appropriate and efficient business operations. Presently, the Company's board of directors is. Of the 15 directors, nine are independent directors. (At present, the percentage of female directors is 20%, but the Company aims to increase this to 30% or more by 2025.)

Action Plan to Raise the Ratio of Female Directors
https://www.jpx.co.jp/english/corporate/governance/policy/tvdivq0000006qbo-att/dh3otn0000004jf8.pdf

Considering the Company's management strategy and the characteristics of the Company's business as a core infrastructure of the Japanese market, the Company also identifies the following as expertise required of its directors: experience as a corporate manager; knowledge of the Company's business (finance, technology, etc.); expertise in financial accounting and auditing; expertise in law or risk management; and advanced academic experience or knowledge of government agencies, etc.

In addition, the Company discloses the expertise of each director in the Notice of Annual General Shareholders Meeting and maintains a solid structure by appointing persons who are deemed to have considerable experience and insight on their respective fields.

The details on the current 15 directors of the Company are described in the Notice of the 23rd Annual General Shareholders Meeting.

Notices of Annual General Shareholders Meetings
https://www.jpx.co.jp/english/corporate/investor-relations/shareholders/meeting/index.html

Supplementary Principle 4.11.2 Concurrent Positions of Independent Directors

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

Notices of Annual General Shareholders Meetings
https://www.jpx.co.jp/english/corporate/investor-relations/shareholders/meeting/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, Nomination Committee, Compensation Committee, and Audit Committee meetings (hereinafter collectively referred to as "board of directors meetings, etc.") held in FY2022, the secretariat of the board of directors conducted a survey involving all directors, this year without utilizing an external body. After reviewing the contents and evaluations in the survey and interviews, the management, etc. discussed improvement measures. The Independent Directors Committee, the corporate organ composed exclusively of part-time independent directors, then conducted a primary evaluation of those improvement measures. In said primary evaluation, the committee mainly discussed the measures that needed further consideration.

The committee also reviewed progress on the improvement measures in response to the evaluation concerning the effectiveness of board of directors meetings, etc. held in FY2021.

The chairperson of the committee directly presented the results of the primary evaluation to the chairperson of the board of directors and the Representative Executive Officer and Group CEO. 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 matters related to said evaluation.

Contents of the survey

The survey primarily focused on the following matters (* indicates same perspectives applied to surveys on the Nomination Committee, Compensation Committee, and Audit Committee).

- Composition of directors*;
- Preparations and support system for attending board of directors meetings*;
- Steering of board of directors*;
- Effectiveness of discussions at board of directors meetings*;
- Communication between directors and executive officers;
- Training for directors;
- Risk management and compliance systems;
- Adequacy of discussions concerning management strategies and related matters;
- Appropriateness of oversight on conflicts of interest; and
- Oversight based on expectations and requirements from stakeholders

Summary of analysis, evaluation results, and improvement measures pertaining to effectiveness

1. Progress on Improvement Measures in Response to Evaluation Results of Effectiveness of Board of Directors Meetings, etc. Held in FY2021

The Independent Directors Committee held a meeting in July 2023 to review improvement measures in response to the evaluation concerning the effectiveness of board of directors meetings, etc. in FY2021 and found that all the matters needing a response were addressed appropriately.

(For the evaluation results for FY2021, please refer to "Corporate Governance Report" updated on July 28, 2023.)
Corporate Governance Report (updated on July 28, 2023)
https://www.jpx.co.jp/english/corporate/governance/policy/tvdivq0000006qbo-att/tvdivq000000tmu1.pdf

2. Evaluation Results of Effectiveness of Board of Directors Meetings, etc. Held in FY2022 and Improvement Measures in Response to said Results

Results of the FY2022 survey showed that the effectiveness of board of directors meetings, etc. maintained the high standards of the previous year. On the other hand, the following comments were made regarding board of directors meetings, etc.:

(1) Supervision and deliberation of policies and strategies from a medium- to long-term perspective
- JPX should secure opportunities for further in-depth discussions on important issues.
- JPX needs to review and discuss its business expansion more proactively.
- JPX are holding discussions as necessary, but supervision and deliberation of policies and strategies from a medium- to long-term perspective are important issues that need to be further enhanced.
- JPX should spend more time discussing medium- and long-term management policies.
- JPX should further facilitate the sharing of views on opportunities and risks in light of long-term changes in the external environment, as the current system will never be sufficient.

(2) Supervision over expectations and requirements from multiple stakeholders (shareholders/investors, listed companies, market participants, regulators, etc.)- Since opinions and recommendations from many stakeholders are helpful for discussions at the board of directors meetings and are necessary to improve the effectiveness of the board, they should continue to be reported in a timely manner.

(3) Composition of the board of directors, etc.- It may be a good time to discuss the composition of the board of directors again, taking into consideration the balance between inside and outside directors, diversity, and other factors.

(4) Management of the board of directors, etc.
- Since there is not enough time for discussion on some issues, more time should be spent discussing priority issues such as the Medium-Term Management Plan.
- JPX needs to spend more time discussing the Medium-Term Management Plan and issues related to risks for the Company. It should make some adjustments such as extending the time of the meetings and narrowing down the number of issues to be discussed.

Based on these points, the Company's management, etc. have developed improvement measures and the board of directors has confirmed that the management, etc. will implement the measures appropriately.

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

Training Policy for Outside Directors

The Company's outside directors include experienced corporate managers, 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 JPX Group. When outside directors assume office, the Company provides them with explanations regarding the business of JPX Group, related laws, regulations, and rules, and other necessary matters by using rule books, brochures, and other material. 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 keeps outside directors up-to-date on developments by providing information regarding rule revisions and other matters where necessary so that they are able to fully perform their expected roles to the fullest.

In light of the increasing complexity of the exchange business, since 2015, the Company has been holding workshops for directors to allow them to engage in discussions while keeping up-to-date on knowledge and information regarding the exchange business and has been providing directors with opportunities to share opinions with external experts on themes such as global financial trends, risk management, and fintech. From 2019, the Company has begun partly subsidizing outside directors' attendance fees for external seminars, if they wish to attend and the contents are necessary for the purposes of their role.

Training Policy for Executive Officers

To allow executive officers (shikkoyaku and shikkoyakuin) of JPX Group to keep up-to-date on expert knowledge necessary for business execution, the Company provides appropriate opportunities for them to participate in training programs for JPX directors, etc. that target outside directors.

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 CEO, 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 JPX Group, including financial instruments exchange operators that are subsidiaries of the Company.

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

- Issue the JPX Report (Integrated Report) 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 and business briefings (JPX Investor Day) for institutional investors and visit institutional investors;
- Provide materials on financial results and briefing sessions, etc., on the JPX website; and
- Provide information on the market as business-related statistics on the JPX 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.

Disclosure Policy

https://www.jpx.co.jp/english/corporate/investor-relations/shareholders/disclosure-policy/index.html

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

This information can be found in "Overview of Earnings for FY2023" below.

https://www.jpx.co.jp/english/corporate/investor-relations/ir-library/financial-info/E_EM_JPX_Q4FY2023.pdf

Disclosure of Dialogue with Shareholders
This information can be found in "Dialogue with Shareholders" on the JPX website.

Dialogue with Shareholders
https://www.jpx.co.jp/english/corporate/investor-relations/shareholders/dialogue/index.html

2. Capital Structure

Percentage of Foreign Shareholders	At least 30%

Status of Major Shareholders

Name	Number of Shares Owned (Shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	89,594,100	17.15
Custody Bank of Japan, Ltd. (Trust Account)	32,053,100	6.14
SMBC Nikko Securities Inc.	12,281,825	2.35
State Street Bank West Client – Treaty 505234	10,122,036	1.94
State Street Bank and Trust Company 505001	8,545,455	1.64
Northern Trust Co. (AVFC) Re Non Treaty Clients Account	8,207,701	1.57
BNY GCM Client Account JPRD AC ISG (FE-AC)	7,707,408	1.48
MUFG Bank, Ltd.	7,557,007	1.45
SSBTC Client Omnibus Account	7,280,613	1.39
JP Morgan Chase Bank 385781	7,265,071	1.39

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 JPX's fiscal year. 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.

- Nomura Securities Co., Ltd.
  Date of Submission: April 5, 2024
  Date of Reporting Obligation: March 29, 2024
  No. of Share Certificates, etc. Held: 34,490,327 shares
  Ratio of Share Certificates, etc. Held: 6.60%

- JPMorgan Securities Japan Co., Ltd.
  Date of Submission: March 21, 2024
  Date of Reporting Obligation: March 15, 2024
  No. of Share Certificates, etc. Held: 26,883,728 shares
  Ratio of Share Certificates, etc. Held: 5.15%

- Mitsubishi UFJ Financial Group, Inc.
  Date of Submission: October 16, 2023
  Date of Reporting Obligation: October 9, 2023
  No. of Share Certificates, etc. Held: 33,363,405 shares

Ratio of Share Certificates, etc. Held: 6.31%

3. Corporate Attributes

Listed Exchange and Market Division	Tokyo Stock Exchange, Prime Market
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	JPY 100 billion or more, but less than JPY 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 appropriate business administration, etc. of financial instruments exchanges and others. JPX subsidiary financial instruments exchanges, commodity exchange, self-regulatory organization and clearing organizations are licensed to conduct their respective businesses under the Financial Instruments Exchange Act, Commodity Derivatives Act and other related laws and regulations, and obey certain regulations such as in receiving approval for amendments to articles of incorporation.

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 three committees (nomination, audit and compensation)

Directors

Maximum Number of Directors Stipulated in Articles of Incorporation	16
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside director
Number of Directors	15

Matters Related to Outside Directors

Number of Outside Directors	9
Number of Independent Directors/Auditors Designated from among Outside Directors	9

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	J	k
Kinoshita Yasushi	From another company								△			
Philippe Avril	From another company								△			
Endo Nobuhiro	From another company								△			
Ota Hiroko	Academic											

Kama Kazuaki	From another company								△			
Sumida Sayaka	CPA											
Takeno Yasuzo	Attorney-at-law								○			
Teshirogi Isao	From another company								○			
Matsumoto Mitsuhiro	Other											

* Categories for "Relationship with the Company"

* "○" indicates that the director currently falls under the category, or did so recently, and "△" 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/ Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
Kinoshita Yasushi				Yes	h: Mr. Kinoshita was Chairman at Development Bank of Japan Inc. until June 2023. Its corporate group has paid JPX Group less than JPY 1 million (mainly network usage fees). However, since the amount of the transaction is very small, the Company judges that his independence is unlikely to be affected.	Mr. Kinoshita has been appointed as an outside director as he is expected to perform his role in a way in which his capacity to identify with the Company's corporate philosophy and social mission, as well as his abundant experience and insight in corporate management and government institutions and insight in financial policy, financing, and economics in general, are reflected in the management of the Company. In accordance with its "Independence Standards for Independent Directors," the Company has also appointed him as an independent

Name	Membership of Committees			Designation as Independent Director/ Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
						director/auditor.
Philippe Avril	Yes	Yes		Yes	h: Mr. Avril was Senior Advisor at BNP Paribas SA, Tokyo Branch and Non-Executive Director at BNP Paribas Securities (Japan) Limited until November 2022. Its corporate group has paid JPX Group fees of approximately JPY 1.264 billion (mainly trading fees). However, since the value of the transactions comprises less than 1% of the consolidated sales, etc. of the corporate group and JPX Group, the Company judges that his independence is unlikely to be affected.	Mr. Avril has been appointed as an outside director as he is expected to perform his role in a way in which his capacity to identify with the Company's corporate philosophy and social mission, as well as his abundant experience and insight in domestic and international financial and capital markets, and his experience in holding key posts at financial institutions and industry associations overseas, are reflected in the management of the Company. In accordance with its "Independence Standards for Independent Directors," the Company has also appointed him as an independent director/auditor.
Endo Nobuhiro	Yes			Yes	h: Mr. Endo is Executive Advisor at NEC Corporation and its corporate group has paid JPX Group approximately JPY 16 million (mainly listing fees and information-related fees), while JPX Group pays the corporate group approximately JPY 80 million (mainly for system-related expenses). However, since the value of the transactions comprises less than 1% of the consolidated sales, etc. of the corporate group and JPX Group, the	Mr. Endo has been appointed as an outside director as he is expected to perform his role in a way in which his capacity to identify with the Company's corporate philosophy and social mission, as well as his abundant experience and insight in corporate management and system networks, are reflected in the management of JPX. In accordance with its "Independence Standards for Independent Directors," the Company has also

Name	Membership of Committees			Designation as Independent Director/ Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
					Company judges that his independence is unlikely to be affected.	appointed him as an independent director/auditor.
Ota Hiroko		Yes	Yes	Yes		Ms. Ota has been appointed as an outside director as she is expected to perform her role in a way in which her capacity to identify with the Company's corporate philosophy and social mission, as well as her abundant experience in government institutions and insight in economy and finance, are reflected in the management of JPX. In accordance with its "Independence Standards for Independent Directors," the Company has also appointed her as an independent director/auditor.
Kama Kazuaki		Yes	Yes	Yes	h: Mr. Kama is Senior Advisor (non-executive) at IHI Corporation and its corporate group has paid JPX Group fees of approximately JPY 5	Mr. Kama has been appointed as an outside director as he is expected to perform his role in a way in which his capacity to identify with the Company's

Name	Membership of Committees			Designation as Independent Director/ Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
					million (mainly listing fees). However, since the value of the transactions comprises less than 1% of the consolidated sales, etc. of the corporate group and JPX Group, the Company judges that his independence is unlikely to be affected.	corporate philosophy and social mission, as well as his abundant experience and insight in corporate management and financial auditing, are reflected in the management of the Company. In accordance with its "Independence Standards for Independent Directors," the Company has also appointed him as an independent director/auditor.
Sumida Sayaka			Yes	Yes		Ms. Sumida has been appointed as an outside director as she is expected to perform her role in a way in which her capacity to identify with the Company's corporate philosophy and social mission, as well as her insight in corporate accounting from her perspective as a financial accounting professional, are reflected in the management of the Company. In accordance with its "Independence Standards for Independent Directors," the Company has also appointed her as an independent director/auditor.
Takeno Yasuzo	Yes			Yes	h: Mr. Takeno is a partner of Mori Hamada & Matsumoto, and the firm pays JPX Group approximately JPY 1 million (mainly system usage fees), while JPX Group has paid the firm under JPY	Mr. Takeno has been appointed as an outside director as he is expected to perform his role in a way in which his capacity to identify with the Company's corporate philosophy and social mission, as

Name	Membership of Committees			Designation as Independent Director/ Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
					3 million (mainly legal consultation fees). However, since the value of the transactions comprises less than 1% of the consolidated sales, etc. of the firm and JPX Group, the Company judges that his independence is unlikely to be affected. Note that JPX Group has no advisory contract with the firm.	well as his insight in corporate legal affairs from a technical perspective as a legal professional, are reflected in the management of the Company. In accordance with its "Independence Standards for Independent Directors," the Company has also appointed him as an independent director/auditor.
Teshirogi Isao	Yes	Yes		Yes	h: Mr. Teshirogi is Representative Director, President and CEO at Shionogi & Co., Ltd. and its corporate group has paid JPX Group approximately JPY 5 million (mainly listing fees). However, since the value of the transactions comprises less than 1% of the consolidated sales, etc. of the corporate group and JPX Group, the Company judges that his independence is unlikely to be affected.	Mr. Teshirogi has been appointed as an outside director as he is expected to perform his role in a way in which his capacity to identify with the Company's corporate philosophy and social mission, as well as his abundant experience and insight in corporate management, are reflected in the management of the Company. In accordance with its "Independence Standards for Independent Directors," the Company has also appointed him as an independent director/auditor.
Matsumoto Mitsuhiro			Yes	Yes		Mr. Matsumoto 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 the Company's expectation that he will fulfill a role in the management of JPX that will demonstrate

Name	Membership of Committees			Designation as Independent Director/ Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
						his considerable experience and insight from past appointments at law enforcement agencies. In accordance with its "Independence Standards for Independent Directors," the Company has also appointed him as an independent director/auditor.

Committees

Committee's Composition and Chairperson's Attributes

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nomination Committee	5	0	1	4	Outside Director
Compensation Committee	5	0	1	4	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	
Yamaji Hiromi	Yes	Yes	Yes	Yes	No
Iwanaga Moriyuki	Yes	Yes			No
Hasegawa Isao	No	No			No
Futagi Satoshi	No	No			No
Tabata Atsushi	No	No			No
Takura Satoshi	No	No			No
Yokoyama Ryusuke	No	Yes			No
Ishizaki Takashi	No	No			No
Miyahara Koichiro	No	Yes			No
Konuma Yasuyuki	No	Yes			No
Yoshida Masanori	No	No			No

Auditing Structure

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

Corporate Governance

Matters Related to the Independence of Said Directors and/or Staff from Executive Officers

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 seven other employees, who serve exclusively in the office (and concurrently in the auditor offices of subsidiaries). 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

JPX's external accounting auditor is Deloitte Touche Tohmatsu LLC. The Company also has an Internal Auditing Office that reports directly to the CEO and COO as an internal auditing department. 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. They cooperate in the following manner:

- The accounting auditor provides an explanation of the interim report on the progress of the audit conducted by the accounting auditor, proposed audit compensation, and other necessary matters (in the presence of the Internal Auditing Office).
- The Audit Committee receives a final report for the fiscal year-end audit and an audit report prepared by the accounting auditor pursuant to the provisions of the Companies Act.
- The accounting auditor explains the audit plans prepared by the accounting auditor (in the presence of the Internal Auditing Office).
- The accounting auditor explains the results of the quarterly review.
- The Audit Committee confers with the accounting auditor regarding Key Audit Matters (KAM).

In addition, the full-time Committee members regularly exchange views with the lead engagement partner of the accounting auditor.

The Audit Committee cooperates flexibly with the Internal Auditing Office 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. They cooperate in the following manner:

- The Internal Auditing Office explains the internal audit plan (in the presence of the accounting auditor)
- The Internal Auditing Office explains the results of the internal audit.

In addition, the full-time Committee member shares information with the Internal Auditing Office daily, and they mutually share views on the formulation of audit plans prepared by the Audit Committee.

Independent Directors/Auditors

Number of Independent Directors/Auditors	9

Matters Related to Independent Directors/Auditors

All eligible directors are designated as independent directors/auditors.

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

Of the compensation for the directors and executive officers of the Company, the bonus, the performance-linked portion of stock compensation, and the monetary compensation related to the degree of achievement of the Medium-Term Management Plan fall under "performance-linked compensation, etc." provided for by the Regulations for Enforcement of the Companies Act.

For details of the respective types of compensation, please refer to "Disclosure of Policy on Determining Compensation Amounts and Calculation Methods" below.

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 FY2023 consisted of a total amount of JPY 259 million for 14 directors and a total amount of JPY 590 million for 7 executive officers.
*Director remuneration was not paid to directors who concurrently served as executive officers.

Name	Total Amount of Consolidated Compensation, etc.	(Basic salary)	(Bonus)	(Stock compensation)	(Medium-Term Management Plan-linked portion)
Yamaji Hiromi	200	(60	57	82	-)
Iwanaga Moriyuki	140	(54	49	36	-)
Yokoyama Ryusuke	119	(46	42	30	-)
Miyahara Koichiro	119	(46	42	30	-)
Konuma Yasuyuki	101	(39	35	26	-)

(in millions of yen)

Notes: 1. Only persons whose total consolidated compensation, etc. is JPY 100 million or more are listed.
2. The Company does not pay compensation to executive officers who concurrently serve as representative directors of Tokyo Stock Exchange, Inc., Osaka Exchange, Inc., JPX Market Innovation & Research, Inc., Tokyo Commodity Exchange, Inc. or Japan Securities Clearing Corporation.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Based on the below 1) Basic Policy of Compensation for Directors and Executives Officers, compensation for the Directors and Executive Officers of the Company is comprised of a. basic salary, b. annual incentive (bonus), and c. medium- to long-term incentive (stock compensation and monetary compensation.) Only a. basic salary is paid to Directors who are not concurrently serving as Executive Officers.

1) Basic Policy on Compensation for Directors and Executive Officers
In order to contribute to the sustainable growth of the Company and the improvement of corporate value over the medium to long term, Compensation for Directors and Executive Officers shall be determined in accordance with the following policy:
- It should be appropriate for the duties and responsibilities of the directors, executive officers, etc.
- It should be a motivation for the achievement of the long-term vision and management plan
- It should maintain enough competitiveness to secure the human resources necessary to steadily implement the Company's corporate philosophy
- In view of our responsibility as a part of social infrastructure, it should be appropriate in light of social conditions, and be decided with objectivity and transparency of decision-making procedures, etc.

The details of each type of compensation are as follows.

a. Basic salary
As consideration for the execution of duties and participation in management of each executive, basic salary is determined in accordance with their position and duties with reference to the level of executive compensation at other companies based on research, etc., by external expert organizations.

b. Annual incentive (bonus)

Annual incentive (bonus) is paid to Executive Officers at an amount proportionate to net income (meaning net income attributable to owners of the parent company on the consolidated statement of income, hereinafter the same).

Net income is used as the indicator for two major reasons. First, net income is a source of funds for dividends to shareholders and for investment aimed at the enhancement of corporate value. Second, it is also appropriate to base the payment of the annual incentive (bonus), which is an incentive for each fiscal year, on the net income recorded in the relevant fiscal year.

Besides these, a bonus related to individual performance is paid in order to evaluate the achievement of each executive for each fiscal year.

However, an annual incentive (bonus) will not be paid if net income for the fiscal year fails to reach JPY 10.0 billion.

c. Medium- to long-term incentive (stock compensation and monetary compensation)

The medium- to long-term incentive (stock compensation) is paid to Executive Officers with the aim of strengthening the alignment of interests with shareholders, increasing the motivation for medium- to-long term corporate value improvement, as well as strengthening the link between performance and compensation.

The Company's stock compensation utilizes a stock-granting trust mechanism and is comprised of a fixed portion and a performance-linked portion.

For the fixed portion, points are issued to executives in accordance with their position, etc. for each fiscal year, and shares corresponding to the points issued are granted after three years from the issuance date of such points.

For the performance-linked portion, "Performance-linked Basic Points" are issued to executives for each fiscal year, and after three years from the point issuance date, "Performance-linked Points" are calculated by multiplying such Performance-linked Basic Points by a "Performance-linked Factor" in accordance with the degree of achievement of the Company's performance conditions, and then shares corresponding to the Performance-linked Points are granted.

In accordance with the chart below, the Performance-linked Factor will be determined between 0–150% based on the relative evaluation of (i) the Company's consolidated ROE when three years have elapsed from the issuance date of such Performance-linked Basic Points and (ii) Total Shareholder Return (TSR) of the Company shares for the period from the end of the last fiscal year before the issuance date of such points until three years have elapsed (in comparison with the growth rate of JPX-Nikkei 400 Total Return Index).

Consolidated ROE is used as an indicator from the perspective of improving capital efficiency, while Total Shareholder Return (TSR) is used from the perspective of enhancing shareholder value.

In accordance with the Company's rules for Executive Officers, in principle, shares in the Company acquired through stock compensation, etc. may not be sold until one year has elapsed from the time of departure from the Company. Furthermore, based on the share delivery regulations, in the event of any misconduct on the part of the officer to whom the stock compensation is granted, in the case of issuance prior to the delivery of shares, etc., delivery shall be canceled, and in the case where delivery has been made, a request for the return of the amount equivalent to the delivery may be made to the officer.

The medium- to long-term incentive (monetary compensation) is paid to Executive Officers in accordance with the achievement level of consolidated ROE and sustainability measures specified in the Medium-Term Management Plan 2024.

With respect to consolidated ROE, the condition for payment is that consolidated ROE is 10% or more in each year during the period of the Medium-Term Management Plan (three years). The amount paid will reach a maximum if either of the consolidated ROE in the final year of the Medium-Term Management Plan or the average consolidated ROE across the period of the Medium-Term Management Plan is 15% or more. The amount to be paid to each executive will be decided in accordance with the consolidated ROE figures and their respective positions.

Specifically, with respect to the sustainability measures specified in the Medium-Term Management Plan 2024 (promoting sustainability using market mechanisms, achieving carbon neutrality as a corporation, achieving carbon neutrality in securities market operations by 2030, etc.), if the plan has been achieved by the end of the Medium-Term Management Plan 2024, the final incentive amount will be calculated by multiplying the incentive amount calculated based on the degree of achievement of the consolidated ROE above by a factor of 2 for the Group CEO and 1.5 for the other executive officers.

Supporting System for Outside Directors (and Outside Auditors)

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 with staff dedicated to providing assistance to the Audit Committee members. 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.

Persons holding advisory positions (sodanyaku, komon, etc.) after retiring as representative director and president, etc.

Information on persons holding advisory positions (sodanyaku, komon, etc.) after retiring as representative director and president, etc.

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date of retirement	Term
—	—	—	—	—	—

Number of persons holding advisory positions (sodanyaku, komon, etc.) after retiring as representative director and president, etc.	0

Others

JPX has in place a system to appoint advisors (komon) for the purpose of allowing smooth handovers between retiring and newly appointed directors.
Purpose of appointments: To allow smooth handovers between retiring and newly appointed directors.
Body with authority over system revision or abolishment: Nomination committee
Term of appointment: Three months or less
Remuneration: Paid

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

(1) Board of directors

Recognizing the importance of ensuring accountability to shareholders and other stakeholders and believing that it will contribute to the enhancement of its own corporate governance, the Company clearly segregates its management oversight and business execution functions, adopting the structure of a Company with Three Committees (Nomination, Compensation, and Audit) to strengthen oversight and enhance the transparency of management. In addition to making decisions on basic management policies and important matters, the board of directors is composed of a majority of outside directors in order to improve management transparency and accountability and enhance supervision of the appropriateness of business execution, and is mainly responsible for the following supervisory functions.

a. Management strategy
The board of directors monitors whether the Group's management strategies, including the Medium-Term Management Plan, are consistent with the Group's goal of increasing corporate value while fulfilling its social mission as a core infrastructure of the Japanese market based on the Company's corporate philosophy. In order to enhance the effectiveness of this strategy, the board of directors discusses updates to the Medium-Term Management Plan for each fiscal year, monitors progress, and holds regular discussions with the Group CEO, as well as the president & CEOs of major business subsidiaries.

b. Risk management
The board of directors supervises the Company's risk management in recognition that maintaining sound and stable business operations is crucial for JPX Group to continue enhancing corporate value while fulfilling its public role as a market operator. In order to enhance the effectiveness of risk management, the

Risk Policy Committee, which consists primarily of outside directors, identifies the significant risks for each fiscal year and establishes basic policies for responses to each significant risk in a Comprehensive Risk Management Statement. This is then brought to a resolution by the board of directors. In addition, the Company receives reports on the status of company-wide risk management through the Risk Management Committee, which has been established on the executive side.

c. ESG (sustainability)
The board of directors monitors the promotion of ESG (sustainability) efforts based on the belief that in addition to responding to JPX Group's own ESG issues as a Group, supporting its stakeholders, especially listed companies and investors, in addressing various social issues from the perspective of financial and capital markets will contribute to the development of a sustainable and prosperous society. In order to enhance the effectiveness of the promotion of ESG efforts, the board of directors passes resolutions on basic policies related to human rights policies and climate change and receives reports on the status of activities and important matters in accordance with those policies.

The Company's board of directors is comprised of 15 members, including three female directors, nine of whom are outside directors. The chair of the board is also an outside director. The details of the nine outside directors is described in "Supplementary Principle 4.11.1 Disclosure of View on Balance of Knowledge, etc., Diversity, and Scale of the Board of Directors as a Whole and a 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.

(2) The Nomination, Compensation, and Audit Committees

JPX has a statutory Nomination Committee for the purpose of ensuring transparency, timeliness, and objectivity in the appointment/removal of its directors and executive officers. The Committee is made up of five directors, of which four are outside directors. The Nomination Committee mainly decides the contents of proposals for appointment/removal of directors which are put forth for approval at general shareholders meetings.

JPX also has a statutory Compensation Committee for the purpose of ensuring transparency and objectivity in the remuneration of its directors and executive officers. The Committee is made up of five directors, of which four are outside directors. The Compensation Committee decides the contents of each director and executive officer's remuneration package, etc.

JPX also has a statutory Audit Committee, which performs the audit function. The Committee is made up of five directors, of which four are outside directors (all of which are part-time members, including two members with extensive knowledge about finance and accounts) and one of whom is a full-time member. The Audit Committee audits the directors' and the executive officers' execution of duties, creates audit reports, and decides the contents of proposals for the appointment or dismissal of external accounting auditors or proposals for non-reappointment of external accounting auditors, which are presented to general shareholders meetings.
For more details, please see "(4) Details on the Audit Committee" below.)

In FY2023, the Nomination Committee met eight times, the Compensation Committee 13 times, and the Audit Committee 13 times. For information on each director's attendance record at board of directors and statutory committee meetings, please see the Notice of the Annual General Shareholders Meeting via the following link:
https://www.jpx.co.jp/english/corporate/investor-relations/shareholders/meeting/index.html

The Company has an Independent Directors Committee as a corporate organ composed exclusively of part-time Independent Directors to allow them to exchange information and form consensus among them. The committee helps part-time Independent Directors to better perform management oversight and facilitate active discussion at Board of Directors meetings. In FY2023, the Independent Directors Committee met two times (For more details, please refer to "Supplementary Principle 4.8.2 Establishment of Frameworks for Communication and Cooperation by Independent Directors" of this paper.)

(3) The Risk Policy Committee

JPX has a Risk Policy Committee, which is made up of five members in total: four directors, three of which

are outside directors, and one executive officer. The Risk Policy Committee holds discussions on what appropriate risk management systems for JPX Group should look like and how they should be managed, and provides recommendations, etc. to the board of directors, for the purpose of providing assistance to the board of directors in the oversight of such systems, and therefore contributing to their establishment. The Risk Policy Committee's current membership is as below.

Mr. Takeno Yasuzo (Committee Chair, outside director)
Ms. Sumida Sayaka (outside director)
Mr. Matsumoto Mitsuhiro (outside director)
Mr. Yamaji Hiromi
Mr. Hasegawa Isao (executive officer)

The Risk Policy Committee meets at least twice a year in principle, and all of its members met two times in FY2023.

Below is more detail on the audit by the Audit Committee, the internal audit and the external financial audit.

(4) Details on the Audit Committee

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 Internal Auditing Office, the external accounting auditor, and the audit board members of subsidiaries (including the auditors of Japan Exchange Regulation; hereinafter the same in this (4), as to conduct audit in an efficient manner.

The chairperson of the Audit Committee and the Committee members are convinced that based on the premise of auditing effective corporate governance and the status of development and management of the internal control system, it is critical to conduct audits on the status of response to various managerial risks. This includes business strategies and the business environment, and the development and operation of systems for trading and others that ensure resilience, given that the main business of JPX Group is the establishment and operation of financial instruments exchange markets and that it is required to ensure stable market operation and to advance various measures to invigorate the markets.

Based on the above, the Audit Committee formulates an audit plan for each fiscal year and conducts audits. The FY2023 audit plan focuses on: (i) ensuring stable market operations that can respond to sudden changes in economic and social conditions and unforeseen circumstances; (ii) playing an active role in realizing a "virtuous cycle of growth and distribution"; (iii) efforts to improve the Group's organizational infrastructure and human capital and human resources strategy; and (iv) ensuring growth and information provision to enhance corporate value as a listed company.

The Audit Committee members' views on and work related to the key audit areas are as follows:

(i) Ensuring stable market operation that can respond to sudden changes in economic and social conditions and unforeseen circumstances

- Amid growing uncertainty about the future economic and social environment in Japan and abroad, including the emergence and prolongation of serious geopolitical risks and monetary policy trends in Europe, the United States, and the Bank of Japan, stable market operations that can respond to sudden changes in economic and social conditions and unforeseen circumstances are essential for JPX Group, as market operation is the Group's fundamental business.
- From this perspective, the Audit Committee has confirmed the status of various environments and systems, such as the Kansai backup center, for stable BCP operations, as well as the status of system development to improve market resilience.

(ii) Playing an active role in achieving a "virtuous cycle of growth and distribution"

- While improving market convenience and attractiveness is an important measure in JPX Group's business strategy, under the government's "New Form of Capitalism" policy, JPX Group is expected to play an active role in areas such as doubling asset income, accelerating startup entrepreneurship, and "Green Transformation (GX)", as well as to make these areas a driver of growth.
- From this perspective, the Audit Committee has confirmed the progress of measures to promote autonomous initiatives by listed companies to enhance their corporate value, the consideration toward the creation of a carbon credit market, and market operations after its creation.

(iii) Efforts to improve the Group's organizational infrastructure and human capital and human resources strategy

- In addition to the development of the JPX organizational structure for business diversification, etc., the most important asset of JPX Group's business is human resources, and it is important to invest in human resources more proactively than ever.
  - From this perspective, the Audit Committee has confirmed the progress of PMI (Post Merger Integration) in conjunction with business diversification, as well as the environmental arrangements and operational status for the smooth introduction and establishment of a new personnel system and other measures related to digitally-minded personnel.

(iv) Ensuring growth and information provision to enhance corporate value as a listed company

- As a listed company, the Company is required to work toward sustainable growth while aiming to increase revenue under appropriate cost control, and to provide corporate information that contributes to enhancing corporate value.
  - From this perspective, the Audit Committee has checked the management status of cost control of various measures and information provision to increase awareness and understanding of JPX Group's initiatives.

The full-time Committee member carries out day-to-day audit duties such as (i) attending important meetings including those of the board of directors, the board of executive officers, and the Risk Management Committee, (ii) inspecting key documents approving project proposals, etc., (iii) sharing information with full-time auditors of subsidiaries, the accounting auditor, and the Internal Auditing Office, and (iv) interviewing employees, and reports back to the Audit Committee about these duties. The Audit Committee also receives direct reports from the representative executive officer, as well as from other executive officers, the head of the Internal Auditing Office, external accounting auditors and others when needed. The Audit Committee carries out deliberations based on these reports harnessing expertise and backgrounds of each member.

In addition, it holds regular liaison meetings with full-time auditors of subsidiaries, and also works closely with them to collect information within the Group and collaborate with them as necessary.

The work of the Audit Committee is reported to the board of directors as appropriate.

(5) The Internal Audit

JPX has an internal auditing office with 11 staff members, reporting directly to the CEO and COO, whose basic policy is to carry out checks and evaluations on the status of development and management of the internal control system and audit the status of business execution from the perspective of legality, propriety, and effectiveness. The internal auditing office performs audits on the Company and all of its subsidiaries, and evaluates the effectiveness of internal control over financial reporting in accordance with the Financial Instruments and Exchange Act. The internal audit plan is formulated annually with the approval of the CEO and COO after selecting audit targets, taking into consideration risk assessment, audit cycle, and previous audit results. The internal audit results are compiled into an audit report after the completion of the audit and are reported to the CEO and COO on a quarterly basis. If there are matters which require improvement as a result of a department audit, the internal auditing office will ask for improvement, and confirm implementation and operation of the improvement measures by, among other things, carrying out follow-up audits as necessary. The internal auditing office reports directly to the Audit Committee on the internal audit plan at the beginning of each fiscal year and on the internal audit results each quarter. The internal audit committee office also collaborates with the full-time Audit Committee member, the internal control department, and the accounting auditors as appropriate by exchanging information on audit plans, audit results, and the status of internal control operations. It also attends meetings of the Risk Management Committee and other bodies established by the Company to monitor risks on a daily basis.

(6) The External Accounting Audit

Our current external accounting auditor, for 12 years since the fiscal year ended March 2013, is Deloitte Touche Tohmatsu LLC. The certified public accountants who carry out our audit are as below.

- Designated Limited Liability Partner, Engagement Partner, Iizuka Satoshi
- Designated Limited Liability Partner, Engagement Partner, Yamamoto Michiyuki
- Designated Limited Liability Partner, Engagement Partner, Otokozawa Eriko

Additional assistance for the external accounting audit is provided by 12 other certified public accountants and 34 other people.

Regular meetings are held between the external accounting auditors and the Audit Committee regarding the audit plan and the status of audit execution, etc.

To enhance the evaluation process for reappointing an accounting auditor and to increase the transparency of the process, the Audit Committee will periodically hold meetings, among others, with multiple audit firms, and compare and evaluate them .

Finally, JPX has concluded limited liability agreements with each of the 10 non-executive directors, with the liability limit set at the minimum amount set forth by laws and regulations.

3. Reasons for Adoption of Current Corporate Governance System

JPX acknowledges the importance of 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 Three Committees (Nomination, Compensation, and Audit).

The board of directors is composed of a majority of outside directors, and the position of Chair of the Board is taken by an outside director, 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 the JPX website.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	Our disclosure policy describes our fundamental 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, including in an online format.	No
Regular Investor Briefings for Analysts and Institutional Investors	We hold briefing sessions for analysts and institutional investors, including in an online format.	Yes

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Overseas Investors	We carry out IR aimed at overseas investors, including in an online format, for example by participating in conferences 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 briefing sessions, securities reports, medium-term management plans, convocation notices and notices of resolutions of general shareholders meetings, press releases and other material on the website. Investor Relations https://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 the JPX Report (Integrated Report) 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 business administration, etc. of subsidiary financial instruments exchanges and others, 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.	As well as laying out behavioral policies on sustainability issues in the Charter of Corporate Behavior, JPX is taking action on the natural environment in particular, by formulating its environmental vision and policy and setting a goal of achieving carbon neutrality by FY2024. For more details, please refer to the JPX webpage below. Environmental Information (TCFD Disclosure) https://www.jpx.co.jp/english/corporate/sustainability/jpx-esg/environment/index.html
Other	JPX is undertaking various initiatives to contribute to work efficiency and productivity, including offering employees greater flexibility in their working styles. JPX has also implemented and promoted a number of measures that help employees in balancing diverse lifestyles, and help female employees and employees with various time constraints play more active roles. For more details, please refer to the JPX webpage below. Towards the Success of All Employees https://www.jpx.co.jp/english/corporate/sustainability/jpx-esg/employee/index.html

IV. Matters Related to the Internal Control System

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

Our fundamental 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 from 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 shall 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 whistleblowing 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 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, and said framework shall be based on the idea that board members, executive officers, and employees shall responsibly conduct business and operations with an awareness of risk management in accordance with their own scope of duties and authority.

With a view to prevent risks from actually happening, JPX shall be aware of risks for the JPX corporate group, which is comprised of JPX and its subsidiaries (hereinafter referred to as "JPX group companies"), and prepare and manage appropriate measures against such risks. In addition, in order to develop a framework for regularly reporting such risks and measures, JPX shall establish a Risk Policy Committee, with an outside director acting as the chair and a Risk Management Committee with the CEO acting as the chair, and shall establish a "Risk Management Policy", including the following details, and implement such policy appropriately.

(1) The Risk Policy Committee shall discuss matters concerning important risk management in JPX group companies. Discussions shall be based on a comprehensive risk management framework specified in the "Risk Management Policy". The committee shall then make suggestions and submit reports on the discussion results to the board of directors.

(2) The Risk Management Committee shall first obtain a comprehensive understanding of the status of day-to-day risk management at JPX group companies and circumstances where risks are identified or are likely to be so, then discuss measures for a prompt solution and so forth, and lastly report the progress to the board of directors.

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, as well as 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 its 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, the 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 achieve efficient execution of duties at its subsidiaries based on business management agreements or "Affiliated Company Management Rules" by appropriately managing and supporting them in accordance with their respective 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, the 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

Fundamental policy of Japan Exchange Group on exclusion of anti-social forces

Based on the JPX Charter of Corporate Behavior, 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 market to create sound and fair markets. Our fundamental 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 fundamental policy on elimination of anti-social forces formulated by JPX is also partially incorporated into our Charter of Corporate Behavior and our fundamental 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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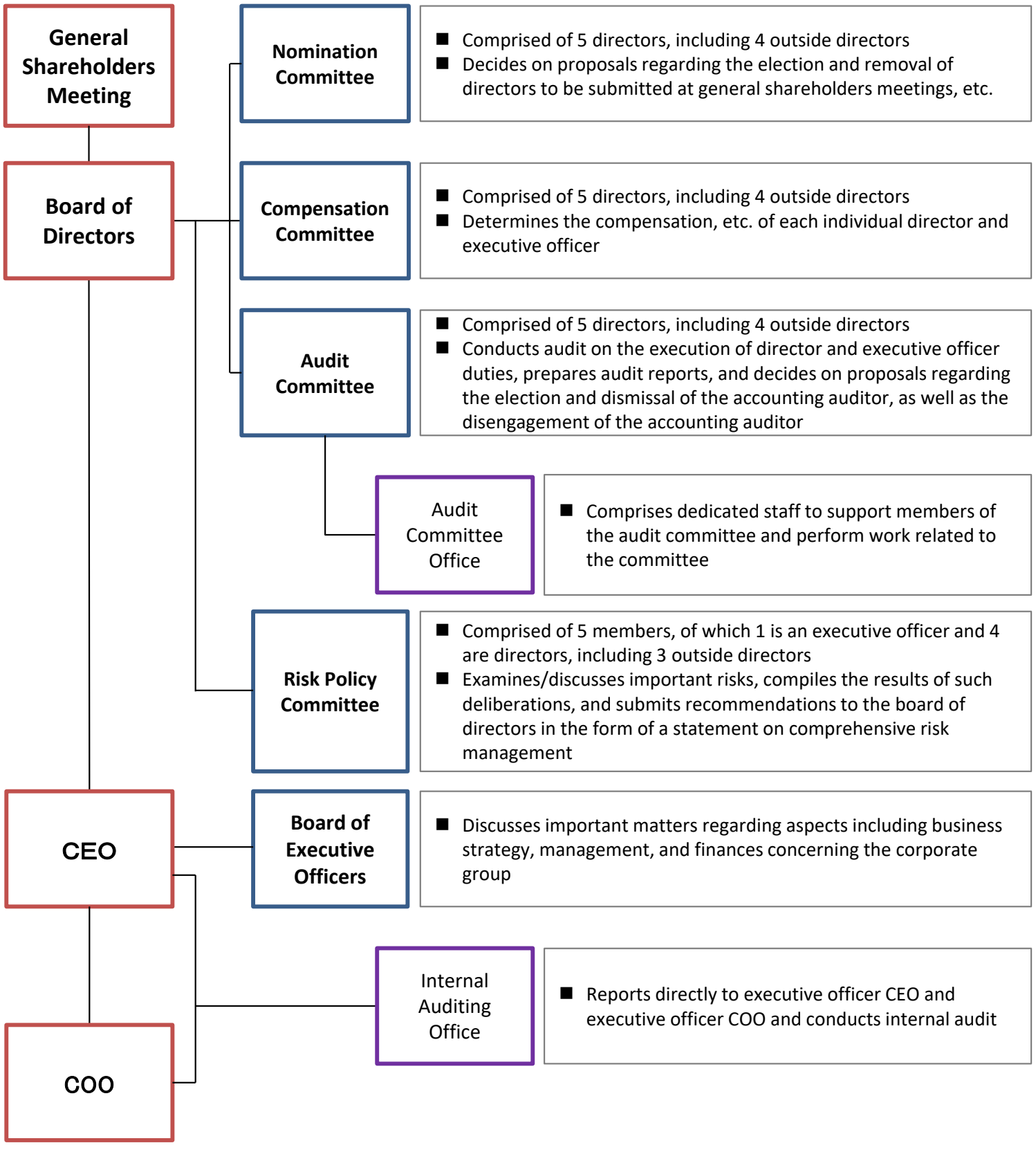
2. Other Matters Concerning Corporate Governance System

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. (now JPX) swiftly established a self-regulatory organization under the Act. The Act stipulates that highly independent 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 to Japan Exchange Regulation.

In addition, to ensure the independence of self-regulatory operations regarding the commodities market, a Self-regulatory Committee has been set up as an advisory body to the Board of Directors of Tokyo Commodity Exchange to deliberate on matters of self-regulation. A department responsible for self-regulatory affairs has also been set up to support the work of this Committee.

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

Corporate Governance System at Japan Exchange Group



Overview of Japan Exchange Group Timely Disclosure System

