

Medium-Term Management Plan Brief Overview

Tokyo Financial Exchange Inc.

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Market conditions

For Interest Rate Futures Business
YCC has dried up trading needs

For Daily Futures Business
Tougher competition with OTC brokers
No direct access from TFX to end-clients

Environments for financial instruments exchange and financial services industry

ITC innovation drives intensified competition with various types of players home and abroad



•Key Management Principle

- contribute to the sound development of Japanese financial market and secure its own profit through this.
- work on each of the individual strategies with “Think big. Start small” in mind.

Promote communication with stakeholders

- Be responsive to the needs of market participants/investors
- Deliver management plan clearly and timely to wide stakeholders
- Make full assessment of its profitability by the Board of Directors before implementing the following individual measures

Management Plan

Planning period : 5 years*, from April 1, 2020 to March 31, 2025

Interim review : the summer of 2022, in 3 years

*5-year period synchronizing with the term of current system operation

(1) Retail Business

(i) Expand CFD products offering

- Launch early Equity Index Daily Futures, "Click Kabu 365 with Reset Day"
- Explore new products offering, such as ETF linked to Gold, REIT, etc. that fulfill the following availability:

✓ fair and referable price benchmark,

✓ eligible market makers

✓ good potential trading needs

(ii) Attract overseas investors

- Start active marketing to attract new customer flow from Taiwan and Hong Kong when local brokers become eligible

(iii) Supply our tools to financial institutions, encouraging their new business creation

- Develop FX or CFD market-linked new products: foreign currency deposit, investment trust, etc.
- Stimulate trading needs from non-interbank players: life insurer, investment trust and advisors, trading firms, etc.

(2) Wholesale Business

(i) Diversify Clearing Business

- Investigate the feasibility of new clearing business: NDFs, currency swaps, options, ABS, etc.



Execute all the above strategies promptly

(1) Wholesale business

(i) Offer new tools for credit risk management

- Consider new tools offering, feasibility, how it should be implemented, with market participants

(2) Expand scope of business partners

(i) Develop partnership with overseas firms

- Facilitate cooperation with overseas firms to support market participation from overseas and tie-up services

(ii) Collaborate with non-financial industry

- Investigate, with non-financial firms, feasibility to provide new financial services



After interim review, get ready for implementation

Individual Measures : Revamp Cost Structure

TFX implements cost saving measures targeting JPY 400 million per year.

(1) Saving Office Rent

Downsize office space

(2) Replacing System

Cutdown on running cost by system replacement

(3) Overall cost saving

Review and trim down on personnel and overall costs

Client Oriented Reorganization

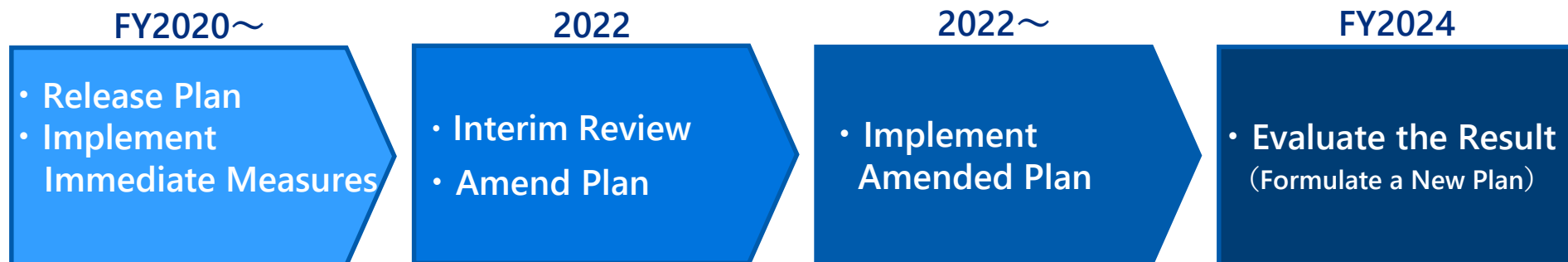
Revise organizational structure, responding to client attributes of retail and wholesale

Prompt Action

Take immediate viable measures to implement short term individual measures (c.f. P.4)

Set target of constant annual net profit at over JPY 200 million

Interim review and amendment of management plan



- **Amend the management plan at the interim review period in three years depending on the following factors:**
 - (1) Development on new tools for controlling credit risks
 - (2) Outlook on revision of interest rate benchmarks
 - (3) Expansion of customer base
 - (4) New approach to next system development