

March 22, 2022

To Shareholders

Company: Japan Securities Finance Co., Ltd.
Representative Executive Officer & President: Shigeki Kushida
(Code No. 8511, TSE1)
Contact: Kentaro Hibi, Manager, Corporate Governance Office
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Notice Regarding the Election of Candidates of Director

The Company is pleased to announce that its Nomination Committee, at its meeting held on March 22, 2022, decided on the following Director candidates to be proposed at the 112th Ordinary General Meeting of Shareholders to be held in the latter part of June 2022.

I. Candidates for Directors

1. Candidates

Naotaka Obata	Outside director (Chairperson of the Board of Directors, Chairperson of the Nomination Committee, Chairperson of the Remuneration Committee) Executive Advisor To the Board, Mitsubishi HC Capital Inc.
Shoko Sugino	Outside director (Nomination Committee Member, Remuneration Committee Member, Audit Committee Member) Lawyer
Shuya Imura	Outside director (Chairperson of the Audit Committee)
Kensuke Futagoishi	Outside director [New appointment] Chairman and Representative Director, Seven Bank, Ltd.
Takayoshi Yamakawa	Outside director [New appointment] Representative Partner, Business Producer LLC
Shigeki Kushida	Director (Nomination Committee Member, Remuneration Committee Member) Representative Executive Officer & President of Japan Securities Finance Co., Ltd.
Hiroshi Asakura	Director (Audit Committee Member)

2. Career Summaries, etc. of Candidates for Directors

Name	Naotaka Obata	
Date of birth	October 15, 1944	
Career Summary	Apr. 1968	Joined The Mitsubishi Bank, Ltd.
	May 1999	Managing Executive Officer of The Bank of Tokyo-Mitsubishi, Ltd.
	Jan. 2004	Senior Managing Executive Officer of The Bank of Tokyo-Mitsubishi, Ltd.
	Jun. 2004	Deputy President, The Bank of Tokyo-Mitsubishi, Ltd
	Jun. 2005	President and CEO, Diamond Lease Company Limited
	Apr. 2007	President and CEO, Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.)
	Jun. 2010	Chairman, Mitsubishi UFJ Lease & Finance Company Limited
	Jun. 2012	Executive Advisor To the Board, Mitsubishi UFJ Lease & Finance Company Limited (current position)
	Apr. 2013	Board member of Japan Pension Service
	Jun. 2019	Director, Japan Securities Finance Co., Ltd. (current position)
Reasons for Nomination as the Candidate	The Company expects that Naotaka Obata will fulfill a sufficient role in highly effective supervision of our management and make decisions on medium- to long-term management policies from an independent and objective standpoint. The Company trusts he will utilize his extensive experience and broad knowledge in the financial industry and his extensive knowledge and insight on international business development through his experience in overseas operations.	

Name	Shoko Sugino	
Date of birth	August 7, 1945	
Career summary	Apr. 1973	Registered Lawyer Joined Fujibayashi Law Office
	Apr. 1994	Partner Attorney at Fujibayashi Law Office (current position)
	Apr. 1997	Professor for The Legal Training and Research Institute of Japan
	Apr. 2000	Tokyo Family Court Conciliation Committee Member
	Jul. 2005	Environment Dispute Coordination Commission Member
	Mar. 2007	Audit & Supervisory Board Member of Kitoku Shinryo Co., Ltd. (current position)
	Jun. 2018	Audit & Supervisory Board Member of Takeei Corp (current position)
	Jun. 2019	Director of Japan Securities Finance Co., Ltd. (current position)
Reasons for Nomination as the Candidate	As an attorney at law, Shoko Sugino is a candidate for Outside Director because she has extensive experience and broad knowledge in legal and compliance matters, as well as knowledge of internal controls, sustainability, and corporate governance. The Company has nominated her as a candidate for director because the Company expects her to play a sufficient role in effectively supervising the Company's management and determining medium- to long-term management policies from an independent and objective standpoint as an Outside Director.	

N a m e	Shuya limura	
D a t e o f b i r t h	February 13, 1964	
C a r e e r Summary	Apr. 1987 Jul. 2001 Jun. 2010 Mar. 2014 Apr. 2016 Jun. 2016 Aug. 2018 Jun. 2019	Joined Tokyo Stock Exchange (TSE) Chief of Public Relations office of General Affairs Dept., TSE Director of Derivatives Dept., TSE Director of Market Planning Dept., Osaka Exchange Human Resources Dept., Japan Exchange Group Audit & Supervisory Board member of Japan Securities Finance Co., Ltd. Audit & Supervisory Board member of Intellex Co., Ltd. (current position) Director of Japan Securities Finance Co., Ltd. (current position)
R e a s o n s f o r N o m i n a t i o n a s t h e C a n d i d a t e	Shuya limura has extensive experience and broad knowledge in the fields of finance and securities, having served as a general manager of the Tokyo Stock Exchange. He has also been engaged in monitoring and auditing the Company's business as a full-time statutory auditor and full-time audit committee member, and is knowledgeable about internal control and compliance. The Company has selected him as a candidate based on the judgment that he can be expected to play a sufficient role in effectively supervising the Company's management and determining medium- to long-term management policies from an independent and objective standpoint as an Outside Director.	

Name	Kensuke Futagoishi	
Date of birth	October 6, 1952	
Career Summary	Apr. 1977	Joined The Sanwa Bank, Limited (currently MUFJ Bank, Limited)
	Apr. 1998	Secretary of the Secretarial Office (Tokyo)
	Apr. 2001	General Manager, Retail Banking Planning Division, UFJ Holdings, Inc. (currently Mitsubishi UFJ Financial Group, Inc.)
	Jan. 2002	General Manager, Gotanda Corporate Sales Department and Branch Manager, Gotanda Branch, UFJ Bank Limited (currently MUFJ Bank, Ltd.)
	Oct. 2003	Joined IY Bank (currently Seven Bank, Ltd.)
	Jun. 2004	Director and General Manager of Business Promotion Division
	Oct. 2006	Director, Executive Officer and General Manager of Planning Division
	Nov. 2007	Director, Managing Executive Officer, General Manager of Planning Division
	Jun. 2009	Director, Senior Managing Executive Officer and Planning Division General Manager
	Jun. 2010	President and Representative Director
	Jun. 2018	Chairman and Representative Director (current position)
Reasons for Nomination as the Candidate	Kensuke Futagoishi has a wealth of experience in the management of financial institutions with unique and cutting-edge business models, as well as extensive knowledge and broad insight on internal control and risk management. The Company has selected him as a candidate for Director believing that he will play a sufficient role in effectively supervising the Company's management and determining medium-to long-term management policies from an independent and objective standpoint as an Outside Director.	

Name	Takayoshi Yamakawa	
Date of birth	October 2, 1965	
Career Summary	Apr. 1991 Oct. 1995 Jan. 1997 May 1999 Jun. 2000 Jun. 2005 Jun. 2006 Jul. 2020 Jan. 2021 Apr. 2021 Jun. 2021	Joined Yokogawa Hewlett Packard Co. Joined The Boston Consulting Group Project Manager Principal Founded (co-established) Dream Incubator Inc. Director, CTO Vice Representative Director Representative Director & CEO Representative Partner, Business Producer LLC (current position) Outside Director, BitStar, Inc. (current position) Outside Director, Baseconnect Inc. (current position) Outside Director, Akatsuki Securities, Inc. (current position)
Reasons for Nomination as the Candidate	Takayoshi Yamakawa has a wealth of knowledge and broad insight of technological innovation trends related to digital transformation, as well as a wealth of experience in corporate management in the industrial sector. The Company has selected him as a candidate for Director believing that he will play a sufficient role in effectively supervising the Company's management and determining medium- to long-term management policies from an independent and objective standpoint as an Outside Director.	

N a m e	Shigeki Kushida	
D a t e o f b i r t h	June 8, 1958	
C a r e e r S u m m a r y	May 2008	Deputy Director-General of Personnel and Corporate Affairs Dept. (Personnel Management)., BOJ
	Mar. 2009	Director-General of Personnel and Corporate Affairs Dept., BOJ
	Jun. 2010	Director-General of Monetary Affairs Dept., BOJ
	May 2011	General Manager of Nagoya Branch, BOJ
	Mar. 2013	Executive Director of BOJ
	Apr. 2017	Senior Advisor of American Family Life Assurance Company (currently Aflac Japan Ltd.)
	May 2019	Advisor of Japan Securities Finance Co., Ltd.
	Jun. 2019	Director (current position) Representative Executive Officer & President (current position)
Reasons for Nomination as the Candidate	Shigeki Kushida filled key posts such as Executive Director of BOJ, through which he gained abundant insights and experiences in financial and securities sector. In addition, he has been involved in the management of the Company as Representative Executive Officer & President since 2019. The Company has selected him as a candidate for the position of Director believing that he will play a sufficient role in improving the supervisory function of the Board of Directors and in determining the Company's medium- to long-term management policies through his concurrent position as the person who leads and directs the Executive Officers as the Chief Executive Officer.	

N a m e	Hiroshi Asakura	
D a t e o f b i r t h	November 1, 1955	
C a r e e r S u m m a r y	Apr. 1978 Jun. 2002 Jun. 2005 Jun. 2006 Feb. 2008 Jun. 2009 Jun. 2013 Jun. 2016 Jun. 2021	Joined Japan Securities Finance Co., Ltd. General Manager of Planning Dept. General Manager of Margin Loan Dept. Corporate Officer & General Manager of Margin Loan Dept. Corporate Officer & General Manager of Loan Dept. Managing Director of Japan Securities Finance Co., Ltd. Senior Managing Director President of Nihon Building Co., Ltd. (retired on Jun. 2021) Director of Japan Securities Finance Co., Ltd. (current position)
Reasons for Nomination as the Candidate	Hiroshi Asakura has served as general manager and director of the Company and has a thorough knowledge of the Company's overall business operations. In addition, he has abundant experience and broad knowledge in the fields of finance and securities, as well as knowledge of financial matters. The Company has, therefore, selected him as a candidate for Director because of his highly effective supervision of the Company's management and his ability to play an adequate role in determining medium- to long-term management policies.	

II. Policy on the Composition of the Board of Directors, etc.

1. Background

(1) Efforts to date

In 2019, the Company transitioned to a company with a nomination committee, and with a five-member Board of Directors, including three outside directors, has been working to improve the effectiveness of the Board of Directors by dividing the supervisory and executive functions.

Specifically, based on a system whereby the chairperson of the Board of Directors and the chairpersons of the three committees are all outside directors, the Company has conducted repeated studies and discussions from various perspectives to formulate its medium-term management plan, etc. In addition, in order to appropriately supervise business execution, the Company has made efforts to enhance the provision of information to directors by revising the content of reports and implementing business briefings. These initiatives have been evaluated as appropriate in the evaluation of the effectiveness of the Board of Directors.

(2) Changes in the Environment Surrounding the Company

On the other hand, during this period, the securities and financial markets surrounding the Company have experienced significant changes due to the progress of internationalization, digitalization, etc., and the spread of COVID-19. The revision of Japan's Corporate Governance Code implemented last year and the transition to the TSE's new market classification in April of this year also require the establishment of increasingly sophisticated governance frameworks. As a listed company, we are required to further strengthen its profitability and address new issues such as sustainability.

(3) Formulation of the "Medium-Term Management Policy"

In light of these environmental changes, the Company formulated its "Medium-Term Management Policy" last November. This policy aims to maintain a high level of soundness in its role as an infrastructure function of the securities market and to achieve both sustainable growth and medium-term corporate value enhancement required of a listed company during the next Medium-Term Management Plan period (FY2023 to FY2025). The Company has set a medium-term management goal of achieving ROE of 5%. FY2022 is the final year of the current (6th) Medium-Term Management Plan, and based on the results achieved to date, it will be the year to proceed with the study of the next (7th) Medium-Term Management Plan in order to realize the management targets set in the "Medium-Term Management Policy."

2. Consideration of the Composition of the Board of Directors, etc.

In light of this situation both inside and outside the Company, and from the viewpoint of further enhancing the role of the Board of Directors as a company with a Nomination Committee in determining basic management policies and in assuming a supervisory function, the Company's Board of Directors has considered the composition of the Board of Directors, following renewed deliberations by the Nomination Committee. As a result, the Board of Directors has decided that it is appropriate to adopt the following policy.

- The current Board of Directors of the Company is composed of directors with the necessary skills and is effectively fulfilling its supervisory function over the execution of the company's business.
- However, in recent years, the Company has found it appropriate to multi-layer skill sets. This is based on the fact that the Company's business has been steadily growing and becoming more diversified and sophisticated, especially in the security finance business, and that it is necessary to respond to changes in the environment, such as further progress in internationalization and DX, and that it is preferable to have a system that enables multidimensional consideration of various aspects by members with diverse backgrounds.
- The Company also considers it important to maintain a balance in the number of supervisors and executors, as well as to diversify the age structure and gender composition of personnel.
- In light of these circumstances, we believe that the number of members of the Board of Directors should be increased by about 2, in addition to the current 5 persons.
- On the other hand, it is also worth considering to review the maximum number of directors in line with a skill matrix with a certain margin relative to the actual number of directors, from the viewpoint of enabling speedy decision-making and the size of the Company.

Today's decision to select the candidates for the Board of Directors was taken in accordance with the above-listed approach.

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