

May 15, 2019

To whom it may concern

Japan Securities Finance Co., Ltd.

Announcement concerning Amendment of Certain Provisions of
the Articles of Incorporation

Japan Securities Finance Co., Ltd. (herein after “JSF”) today announces that it decided, at the meeting of its Board of Directors held on May 15, 2019, to make the following proposal at its 109th Ordinary General Meeting of Shareholders to be held on June 25, 2019, concerning the Amendment of Certain Provisions of the Article of Incorporation.

1. Purpose of amendment of the Articles of Incorporation

- (1) As announced in the “Transition to a “Company with Nominating Committee, etc.” structure” dated February 4, 2019, the Company would like to make the transition to a “Company with Nominating Committee, etc.” structure to clarify the separation of supervision and execution of business operations, to further strengthen the supervision of ensuring the soundness of management, and to realize prompt business execution that respond quick to change in the business environment. Accordingly, the Company proposes to amend the Articles of Incorporation, including addition of new provisions for committees and Corporate Officers and removal of the existing provisions for Audit & Supervisory Board and Audit & Supervisory Board members.
- (2) The Company has decided to clarify its Group’s business purposes, and therefore proposes to partially amend Article 2 (Purpose) to add the main business of our subsidiaries.
- (3) The Company proposes to establish provisions that allow the matters concerning appropriations of retained earnings stipulated by Article 459, Paragraph 1 of the Companies Act to be determined by resolution of the Board of Directors so that the Company can swiftly perform profit return to the shareholders and execute its capital policy.
- (4) In addition, the Company proposes to deletes the provisions related to the Advisor, etc. and revise the numbering of articles in accordance with each amendment mentioned above.

2. Details of amendment of the Articles of Incorporation

The amendment details are described in the attachment.

3. Schedule

Date of General Meeting of Shareholders for amendment of the Articles of Incorporation : June 25, 2019

Effective date of amendment of the Articles of Incorporation : June 25, 2019

[End]

This is the English translation of the document originally written in Japanese for non-Japanese convenience. Although Japan Securities Finance intends to faithfully translate the Japanese-written documents into English version, the accuracy and correctness of translation are not guaranteed, so you are kindly encouraged to refer to the original Japanese version of the document.

(The proposed amended language is underlined)

Current	Proposed Amendment
Article 1. (Text of Articles omitted)	Article 1. (Same as the present)
<p>Article 2. (Purposes)</p> <p>The Company shall be organized for the purposes of operating the following businesses.</p> <p>(1) to (8) (Text of Articles omitted)</p> <p>(Newly established)</p> <p>(Newly established)</p> <p><u>(9)</u> To operate all businesses incidental to any of the above.</p>	<p>Article 2. (Purposes)</p> <p>The Company shall be organized for the purposes of operating the following businesses.</p> <p>(1) to (8) (Same as the present)</p> <p><u>(9) Banking business and Trust business</u></p> <p><u>(10) Ownership and leasing of real estate</u></p> <p><u>(11)</u> To operate all businesses incidental to any of the above.</p>
Article 3. (Text of Articles omitted)	Article 3. (Same as the present)
<p>Article 4. (Institutions)</p> <p>The Company <u>shall, in addition to the general meetings of shareholders and the directors, have the following institutions:</u></p> <p>(1) Board of Directors</p> <p>(2) <u>Auditors</u></p> <p>(3) <u>Board of Auditors</u></p> <p>(4) Accounting Auditors</p>	<p>Article 4. (Institutions)</p> <p>The Company, <u>being a company with Nominating Committee, etc., shall have the following institutions , in addition to the general meetings of shareholders and the directors :</u></p> <p>(1) Board of Directors</p> <p>(2) <u>Nomination Committee, Audit Committee and Remuneration Committee</u></p> <p>(3) <u>Executive Officers: and</u></p> <p>(4) Accounting Auditors</p>
Articles 5 to 10 (Text of Articles omitted)	Articles 5 to 10 (Same as the present)
<p>Article 11. (Shareholder Register Manager)</p> <p>1. (Text of Articles omitted)</p> <p>2. The shareholder register manager and its office shall be designated by <u>the Board of Directors of the Company</u>, and a public notice shall be given with regard to this designation.</p> <p>3. (Text of Articles omitted)</p>	<p>Article 11. (Shareholder Register Manager)</p> <p>1. (Same as the present)</p> <p>2. The shareholder register manager and its office shall be designated by <u>the Representative Executive Officer</u>, and a public notice shall be given with regard to this designation.</p> <p>3. (Same as the present)</p>
<p>Article 12. (Rules on Handling Shares)</p> <p>The handling of the shares of the Company and any</p>	<p>Article 12. (Rules on Handling Shares)</p> <p>The handling of the shares of the Company and any</p>

Current	Proposed Amendment
<p>fees associated therewith shall be in accordance with applicable laws and ordinances, these Articles of Incorporation and the Rules on Handling Shares formulated by <u>the Board of Directors</u>.</p>	<p>fees associated therewith shall be in accordance with applicable laws and ordinances, these Articles of Incorporation and the Rules on Handling Shares formulated by <u>the Representative Executive Officer</u>.</p>
<p>Articles 13 to 14 (Text of Articles omitted)</p>	<p>Articles 13 to 14 (Same as the present)</p>
<p>Article 15.(<u>Authorization to Convene and Chairmanship</u>)</p>	<p>Article 15.(<u>Convener and Chairperson of General Meetings of Shareholders</u>)</p>
<p>1. The President shall convene and chair general meetings of shareholders.</p> <p>2. In the event of absence or inability to perform his or her duty, <u>a director shall act for the President in convening and chairing general meetings of shareholders</u> in the order prescribed in advance by the Board of Directors.</p>	<p>1. General meetings of shareholders <u>shall be convened by the Director predetermined by the Board of Directors. Should the Director be unable to act, one of the other Directors shall convene the general meeting in accordance with an order of priority predetermined by a resolution of the Board of Directors.</u></p> <p>2. <u>A Director or Executive Officer appointed by the Board of Directors in advance shall act as chairperson of the general meetings of shareholders. If the said Director or Executive Officer is unable to act, one of the other Directors or Executive Officers shall act as chairman in accordance with an order of priority predetermined by a resolution of the Board of Directors.</u></p>
<p>Articles 16 to 21 (Text of Articles omitted)</p>	<p>Articles 16 to 21 (Same as the present)</p>
<p>(Newly established)</p>	<p><u>Article 22. (Convener and Chairperson of Meetings of Board of Directors)</u></p> <p>1. <u>The Director determined in advance by the Board of Directors shall convene meetings of the Board of Directors and act as chairperson.</u></p> <p>2. <u>If the said Director in the preceding paragraph is unable to act, one of the other Directors shall act as chairperson in accordance with an order of priority predetermined by a resolution of the Board of Directors.</u></p>
<p>Article <u>22</u>. (Notice for Meetings of Board of Directors)</p>	<p>Article <u>23</u>. (Notice for Meetings of Board of Directors)</p>

Current	Proposed Amendment
<p>1. Notices for the meetings of the board of directors shall be given to all the directors <u>and auditors</u> three days in advance of each meeting, except that in an emergency this interval may be shortened.</p> <p>2. These procedures may be omitted in the convocation of meetings of the Board of Directors when consented to by all directors <u>and auditors</u>.</p>	<p>1. Notices for the meetings of the board of directors shall be given to all the directors three days in advance of each meeting, except that in an emergency this interval may be shortened.</p> <p>2. These procedures may be omitted in the convocation of meetings of the Board of Directors when consented to by all directors.</p>
<p>Article <u>23</u>. (Omission of Board of Directors Resolutions) The Company may deem the Board of Directors to have passed a resolution if all directors (limited to directors who are entitled to vote) <u>provide written expression of their intent to affirm</u> the proposed resolution. <u>However, this shall not apply in the event that any auditor expresses objections to the proposed resolution.</u></p>	<p>Article <u>24</u>. (Omission of Board of Directors Resolutions) The Company may deem the Board of Directors to have passed a resolution if all directors (limited to directors who are entitled to vote) <u>have given consent in writing or electromagnetic record for the proposed resolution.</u></p>
<p><u>Article 24. (Representative Directors)</u> <u>The Board of Directors shall appoint, in accordance with its resolutions, representative directors. However, officers and employees of financial instruments firms shall not be appointed as representative directors.</u></p>	<p>(Deleted)</p>
<p><u>Article 25. (Directors with Specific Duties)</u> <u>The Board of Directors may appoint, in accordance with its resolutions, a Chairman, a Vice Chairman, a President, several Vice Presidents, several Senior Managing Directors and several Managing Directors from among the directors.</u></p>	<p>(Deleted)</p>
<p>Article <u>26</u>. (Text of Articles omitted)</p>	<p>Article <u>25</u>. (Same as the present)</p>
<p>Article 27. (<u>Executive Officers</u>) (Text of Articles omitted)</p>	<p>Article 27. (<u>Corporate Officers</u>) (Move to Article 33)</p>
<p><u>Article 28. (Executive Advisers, Advisers and Counselors)</u> The Company may, in accordance with a resolution of</p>	<p>(Deleted)</p>

Current	Proposed Amendment
<p><u>the Board of Directors, appoint Executive Advisers, Advisers and Counselors.</u></p>	
<p><u>Article 29. (Remuneration, etc. for Directors)</u> <u>The remuneration, bonuses and other financial interests received by directors as countervalue for the execution of their duties (hereinafter called "remuneration, etc.") shall be decided by a resolution of the general meetings of shareholders.</u></p>	(Deleted)
<p>Article <u>30</u>. (Text of Articles omitted)</p>	Article <u>26</u> . (Same as the present)
<p style="text-align: center;"><u>CHAPTER V</u> <u>AUDITORS AND BOARD OF AUDITORS</u></p>	(Deleted)
<p><u>Article 31. (Number of Auditors)</u> <u>The number of auditors of the Company shall not exceed four.</u></p>	(Deleted)
<p><u>Article 32. (Election of Auditors)</u> <u>1. Auditors shall be elected by a resolution of the general meetings of shareholders.</u> <u>2. Auditors shall be elected by a majority of votes with the participation of shareholders authorized to exercise not less than one-third of the voting rights of all shareholders.</u></p>	(Deleted)
<p><u>Article 33. (Term of Office of Auditors)</u> <u>1. The term of office of auditors shall be from the date of their election until the conclusion of the regular general meeting of shareholders for the final business year concluding within four years of their election.</u> <u>2. The term of office of auditors who are elected to fill vacancies on the Board of Auditors due to resignations prior to the expiration of terms shall be until the expiration of the term of the resigning auditor.</u></p>	(Deleted)

Current	Proposed Amendment
<p><u>Article 34. (Standing Auditors)</u> <u>The Board of Auditors shall appoint, in accordance with its resolutions, standing auditors.</u></p>	(Deleted)
<p><u>Article 35. (Notice for Meetings of Board of Auditors)</u> <u>1. Notices for the meetings of the board of auditors shall be given to all auditors three days in advance of each meeting, except that in an emergency this interval may be shortened.</u> <u>2. These procedures may be omitted in the convocation of meetings of the Board of Auditors when consented to by all auditors.</u></p>	(Deleted)
<p><u>Article 36. (Regulations of Board of Auditors)</u> <u>Matters related to the Board of Auditors shall follow the provisions of applicable laws and ordinances, these Articles of Incorporation and the Regulations of the Board of Auditors formulated by the Board of Auditors.</u></p>	(Deleted)
<p><u>Article 37. (Remuneration, etc. for Auditors)</u> <u>The remuneration, etc. for auditors shall be decided by a resolution of the general meeting of shareholders.</u></p>	(Deleted)
<p><u>Article 38. (Limitation of Liability of Audit & Supervisory Board Members)</u> <u>The company may, in accordance with the provisions of Paragraph 1 of Article 427 of the Corporations Law, conclude agreements with Audit & Supervisory Board Members limiting their liability of damages, as described in Paragraph 1 of Article 423 of the Corporation Law; provided that the limitation of liability for damages in the agreements shall be based on the amount prescribed by relevant laws and regulations.</u></p>	(Deleted)
(Newly established)	<u>CHAPTER V</u>

Current	Proposed Amendment
	<u>COMMITTEES</u>
(Newly established)	<u>Article 27. (Appointment of Committee Members)</u> <u>Members of each Committee shall be appointed from Directors by a resolution of the Board of Directors.</u>
(Newly established)	<u>Article 28. (Matters Regarding Committee)</u> <u>Matters regarding each committee shall be governed by the Regulations thereof established by each Committee, as well as by applicable laws and regulations, these Articles of Incorporation, or resolutions of the Board of Directors.</u>
(Newly established)	<u>CHAPTER VI</u> <u>EXECUTIVE OFFICERS</u>
(Newly established)	<u>Article 29. (Elections of Executive Officers)</u> <u>Executive Officers shall be elected by a resolution of the Board of Directors.</u>
(Newly established)	<u>Article 30. (Term of Office)</u> <u>The term of office of Executive Officers shall expire at the last day of the business year that ends within one (1) year from assumption of office.</u>
(Newly established)	<u>Article 31. (Representative Executive Officers)</u> <u>The Representative Executive Officers shall be appointed by a resolution of the Board of Directors. Provided, however, that the representative executive officer shall be a person other than an officer or employee of a Financial Instruments Business Operator.</u>
(Newly established)	<u>Article 32. (Executive Officers with Specific Title)</u> <u>1. The President and Executive Officer shall be appointed by a resolution of the Board of Directors.</u> <u>2. In addition to the preceding paragraph, the Company may appoint other Executive Officers with specific titles by a resolution of the Board of</u>

Current	Proposed Amendment
<p style="text-align: center;">(Newly established)</p> <p>Article <u>27</u>. (<u>Executive Officers</u>) The Company may, in accordance with a resolution of the Board of Directors, appoint <u>Executive Officers</u>.</p> <p style="text-align: center;">CHAPTER <u>VI</u> ACCOUNTING</p> <p>Article <u>39</u>. (Text of Articles omitted)</p> <p style="text-align: center;">(Newly established)</p> <p>Article <u>40</u>. (<u>Surplus Dividends</u>)</p> <p>1. <u>The Company may, in accordance with a resolution of the general meeting of shareholders, pay year-end dividends to shareholders recorded on the final shareholder register and to registered pledge-holders as at March 31 of each year.</u></p> <p>2. <u>The Company may, in accordance with a resolution of the Board of Directors, pay interim dividends to shareholders recorded on the final shareholder register and to registered pledge-holders as at September 30 of each year.</u></p> <p>Articles <u>41</u>. (Text of Articles omitted)</p>	<p><u>Directors.</u></p> <p style="text-align: center;">CHAPTER <u>VII</u> CORPORATE OFFICERS</p> <p>Article <u>33</u>. (<u>Corporate Officers</u>) The Company may, in accordance with a resolution of the Board of Directors, appoint <u>Corporate Officers</u></p> <p style="text-align: center;">CHAPTER <u>VIII</u> ACCOUNTING</p> <p>Article <u>34</u>. (Same as the present)</p> <p><u>Article 35. (Organ Which Determines Dividend Payment from Surplus, etc.)</u> <u>The Company may, by resolution of the Board of Directors, determine dividend payment from surplus and matters provided for in the items in Article 459, Paragraph 1 of the Companies Act.</u></p> <p>Article <u>36</u>. (<u>Record Date for Dividend Payment from Surplus, etc.</u>) <u>The company may pay cash dividends from surplus to shareholders or registered stock pledge whose name have been entered or recorded in the final shareholder registry as of March 31 or September 30 of each year.</u></p> <p style="text-align: center;">(Deleted)</p> <p>Articles <u>37</u>. (Same as the present)</p>

end