



# NEWS RELEASE

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## R&I View: JPX Moves Toward Discussion of Comprehensive Exchange Initiative with TOCOM

### No impact on the rating

Japan Exchange Group, Inc. (Sec. Code: 8697, Issuer Rating: AA+, JPX) announced on October 23 that it concluded a non-disclosure agreement with Tokyo Commodity Exchange, Inc. (No Issuer Rating assigned, TOCOM) to advance discussion of a comprehensive exchange initiative. It says this matter is currently at a deliberation stage.

Establishing a comprehensive exchange has been a long-standing agenda item for Japan's exchange sector. If it is realized, the sector will enter a new stage and JPX will benefit from further diversification of earnings sources. Even if JPX and TOCOM integrate their management, however, the rating for JPX will not be affected, because the business of TOCOM is very small.

TOCOM's profits continue to be low. With part of JPX's trading system shared with TOCOM, they are already in a cooperative relationship. That said, JPX will face many issues, including putting TOCOM's business and, in turn, Japan's commodity market on a growth path such as that seen in overseas markets.

JPX submitted a report on the disruption of its stock trading system, which occurred on October 9. While JPX argues that it is not liable for damages caused by the disruption, R&I will pay attention to future coordination with parties concerned and the effectiveness of recurrence prevention measures.

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