



**MONEX GROUP**  
Monex Group, Inc.



**Monex Group, Inc.**

**ANNUAL REPORT 2015**

For the year ended March 31, 2015



Cover artwork: *Atarashii Mukashi-Banashi (A New Legend)*, 2015, by Masahiro Hasunuma  
 Above photo: During the period the artwork was being painted, employees created scenes from a related story each day. On the final day, over 60 images they had created were put on display. (See page 41 for details.)

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This is an English translation of Annual Report 2015 of Monex Group, Inc. ("the Company"). The descriptions herein concerning the products, services, etc., that are handled by the Company's group companies ("the Group Companies"), are made only for disclosure purposes and are given to describe matters that are required for providing specific explanations concerning the Company. Therefore, this material is not intended to recommend, or conduct solicitation for, any of such products, services, etc.

This presentation material contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our industry and the Company.

These forward-looking statements are subject to various risks and uncertainties.

These statements discuss future expectations, identify strategies, contain projections of results of operations or of our financial condition and state other "forward-looking" information. Our operations are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those contained in any forward-looking statement.

# A MESSAGE TO ALL STAKEHOLDERS

## We are laying a foundation for sustainable growth and creating unique corporate value by accomplishing our medium- to long-term business strategy, Global Vision

Since the establishment of Monex, Inc., in Japan in 1999, the Monex Group has been creating corporate value through its online brokerage services for retail investors. We are now implementing medium- to long-term business strategies under Global Vision, a management plan we launched in the fiscal year ended March 2012, with the goals of reducing fixed-type costs and boosting earnings over the medium to long terms by globalizing operations and internally developing brokerage systems. All members of the Monex Group are working together to achieve the goals of the plan by its conclusion in the fiscal year ending March 2017.

As a global group of online financial companies with a customer base of retail investors mainly in Japan, the United States, and China, the Monex Group has an unprecedented business model. Aiming to grow sustainably based on this model, we have been proactively adopting global standards for corporate organization. This has involved appointing outside directors who are top executives of listed companies or have experience managing global firms, adopting a corporate committee structure, and voluntarily adopting International Financial Reporting Standards (IFRS).

The Monex Group's strengths are a corporate culture that values innovation and diversity, and directors and employees who possess advanced IT capabilities and knowledge of global financial standards. By making the most of these competitive advantages, we intend to continue offering completely unique corporate value to all of our stakeholders worldwide, including retail investors, shareholders, business partners, and directors/employees. We look forward to their ongoing support and understanding of the Company's management endeavors in the years to come.



**Oki Matsumoto**

*Representative Executive Officer  
President & Chief Executive Officer  
Monex Group, Inc.*

A handwritten signature in black ink, appearing to read 'Oki Matsumoto', written in a cursive style.

## Business Principles:

**"MONEX" stands for the future of finance, one step advanced from "MONEY."**

**The Monex Group is aspiring to empower traders and investors worldwide with the best of breed technology, education, service, and financial professionalism to provide access to top financial markets globally.**

## Code of Conduct:

**Celebrating the diversity of each and every one of our customers and employees**

**Driving the future of technology and first class financial professionalism that empowers traders and investors**

**Creating new value to contribute to all stakeholders**

# ABOUT THE MONEX GROUP

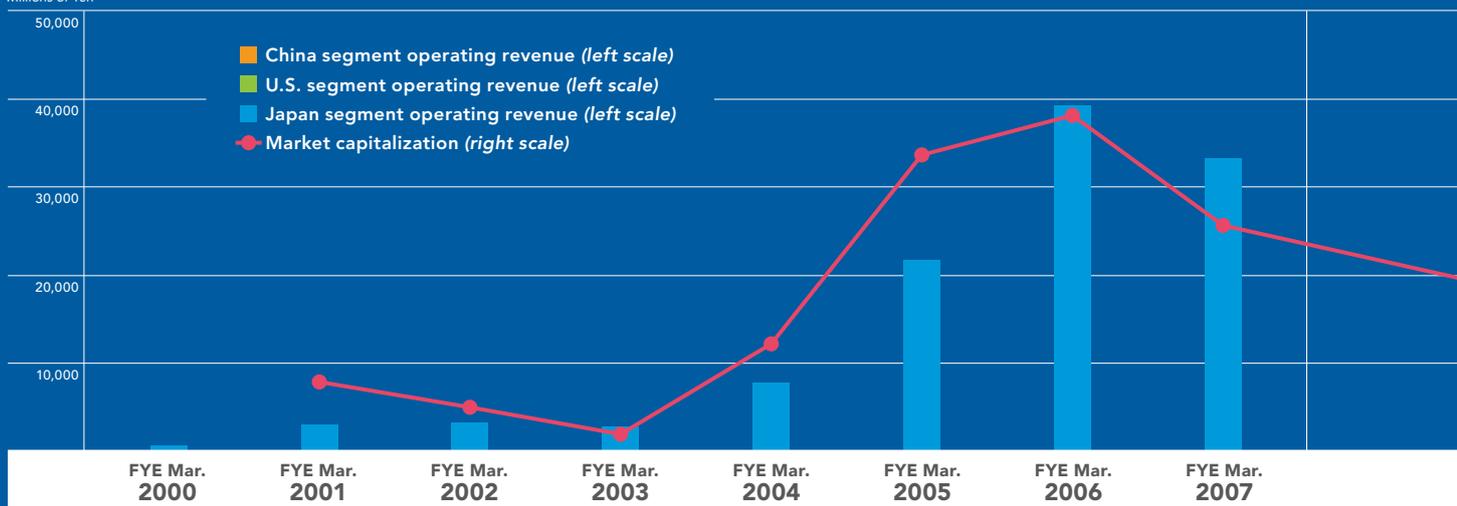
The Monex Group operates an online brokerage business with a customer base of retail investors primarily in Japan, the United States, and China. The Group develops competitive services provided globally through 12 offices worldwide.

## OFFICE LOCATIONS



## CONSOLIDATED OPERATING REVENUE AND MARKET CAPITALIZATION

Millions of Yen



Data prior to FYE Mar. 2005 are for the former Monex, Inc. (non-consolidated). Data from FYE Mar. 2013 are based on IFRSs (International Financial Reporting Standards).

Since its establishment, the Monex Group's operations have grown in scope through a series of mergers and acquisitions, and management is continuing to undertake business investments aimed at achieving sustainable growth.

Expansion of operations in Japan through M&A

Jun. 2001

Acquisition of Saison Securities Co., Ltd.

Aug. 2004

Merger with Nikko Beans, Inc.

## BUSINESS SEGMENTS AND MAIN GROUP COMPANIES Figures as of March 31, 2015

Japan

### Monex, Inc. (Tokyo)

**Representative Executive Officer, President & Chief Executive Officer:** Oki Matsumoto

**Established:** 1999

**Profile:** Monex, Inc., offers support for the asset building of retail investors based on the concept of providing retail investors with the same level of products and services as institutional investors.

**Total accounts:** 1,533,992

**Assets in custody:** ¥3,705.4 billion

U.S.

### TradeStation Group (Florida, United States)

**CEO:** Salomon Sredni

**Established:** 1982

**Profile:** Offering a full range of automated transaction programming and back-testing functions, the company has won support from its customer base of active traders for its advanced trading and analysis platforms developed in-house.

**Active accounts:** 65,764

**Assets in custody:** ¥474.4 billion

China  
(Hong Kong)

### Monex Boom Securities Group (Hong Kong)

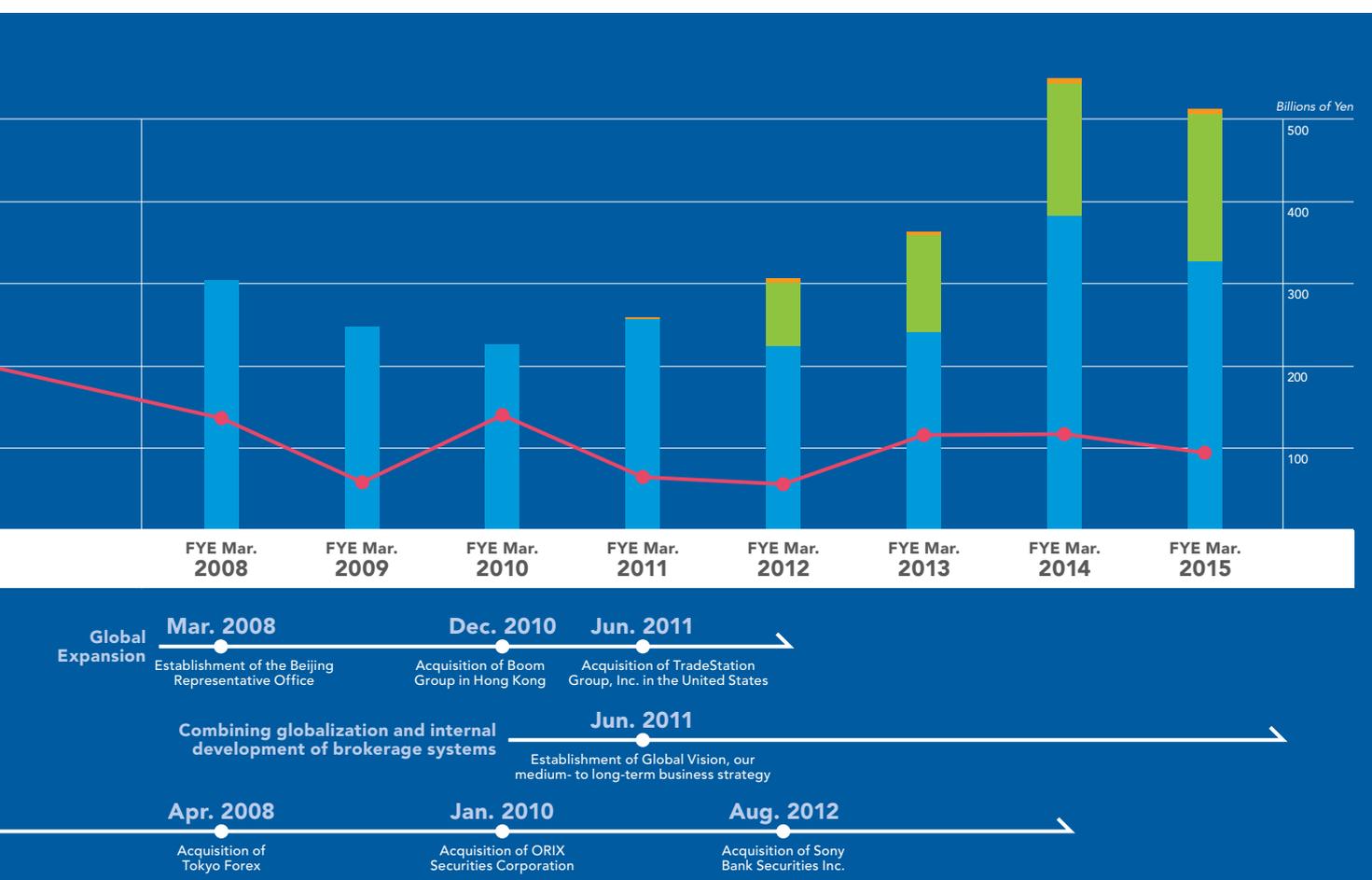
**COO:** Nick Tang

**Established:** 1997

**Profile:** With the longest history in the Asia-Pacific region as an online securities business for retail investors, the group provides access to 12 markets and can perform settlements in six major currencies.

**Accounts with balances:** 10,802

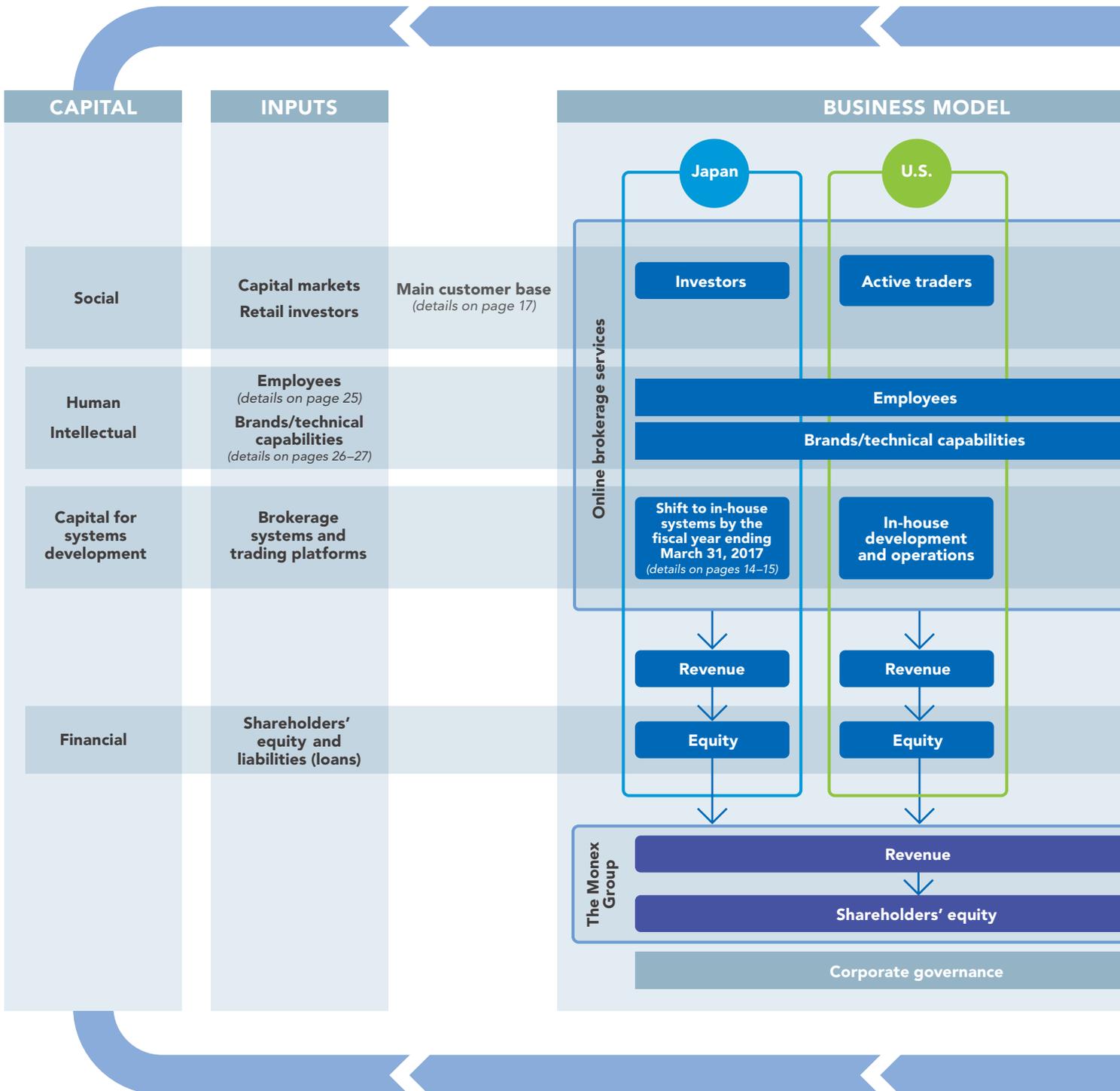
**Assets in custody:** ¥134.6 billion



# CORPORATE VALUE CREATION CYCLE

The Monex Group helps retail investors build their assets by providing online brokerage services through its securities brokerage subsidiaries in Japan, the United States, and Hong Kong. Monex is working to broaden its customer base of retail investors by offering investment-related information as a form of education through online seminars designed to suit its customers' investment activities. Moreover, by deploying a strategy of developing systems in-house, Monex is striving to develop and provide leading-edge financial services that can successfully compete in the marketplace.

Monex uses profits generated by its securities brokerage subsidiaries for business investments intended for future growth, including investment in systems development and financial technology, and also to bolster the equity of each of those subsidiaries, to maintain and improve their stability and credibility as brokerage firms. At the same time, Monex strives to continue offering value to all stakeholders by returning profits to shareholders.

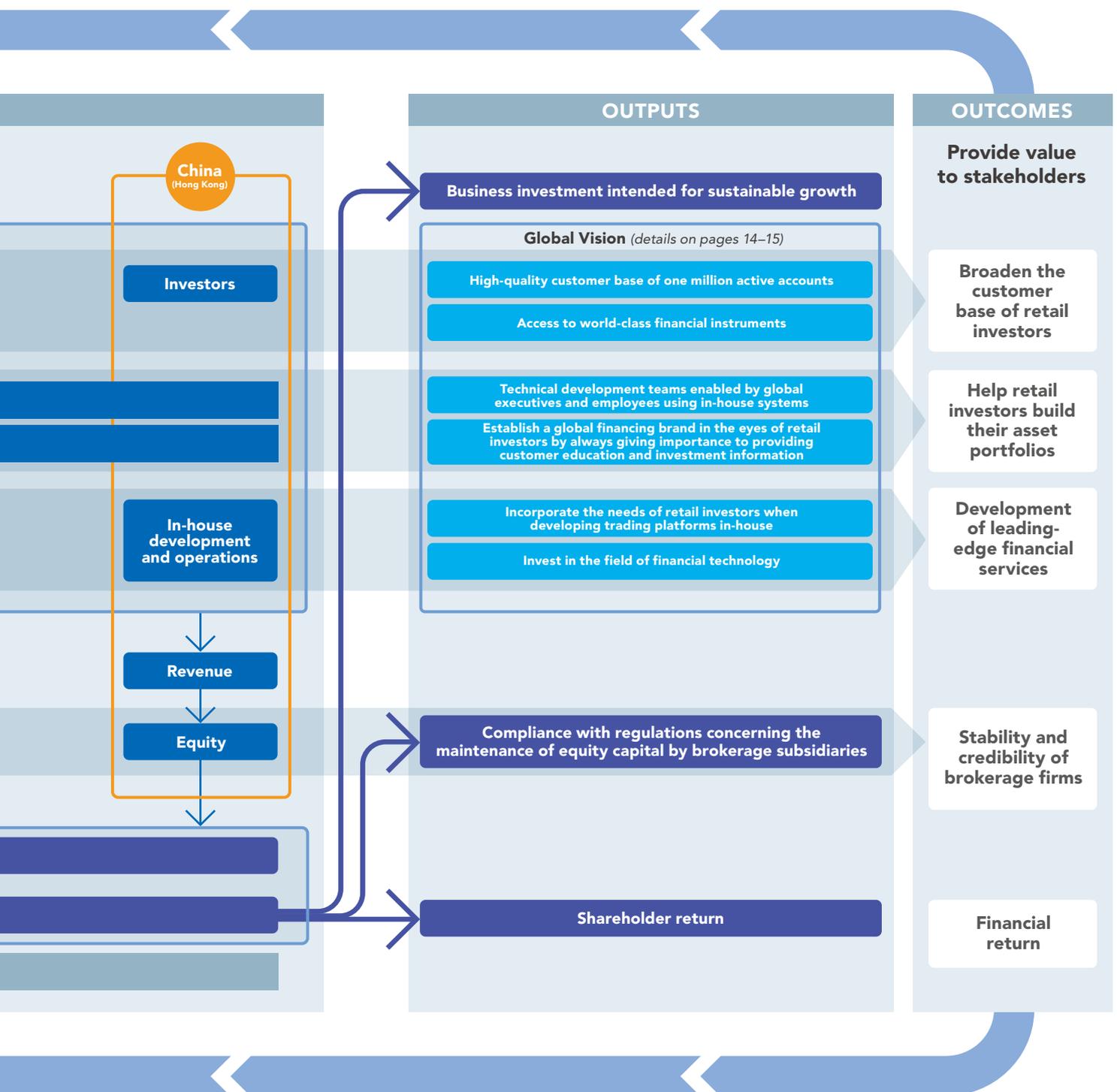


## The Monex Group's Corporate Mission

*Aiming to realize our corporate mission through a corporate value creation cycle*

"MONEX" stands for the future of finance, one step advanced from "MONEY."

The Monex Group is aspiring to empower traders and investors worldwide with the best of breed technology, education, service, and financial professionalism to provide access to top financial markets and products.



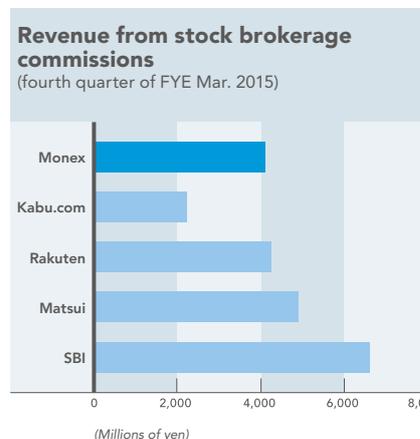
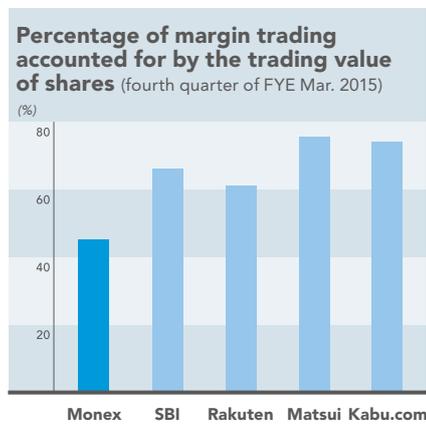
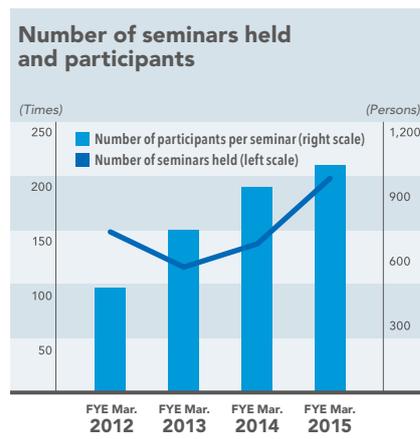
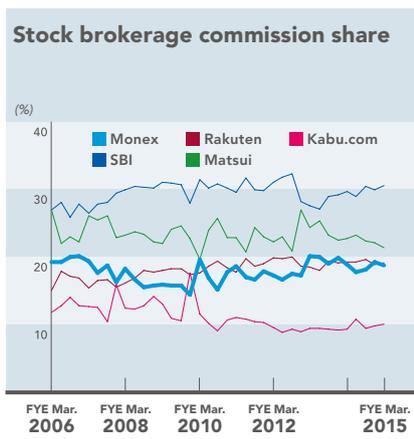
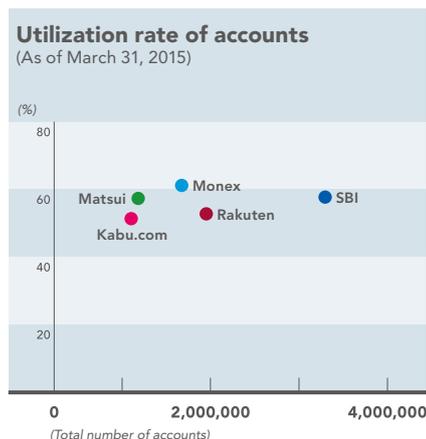
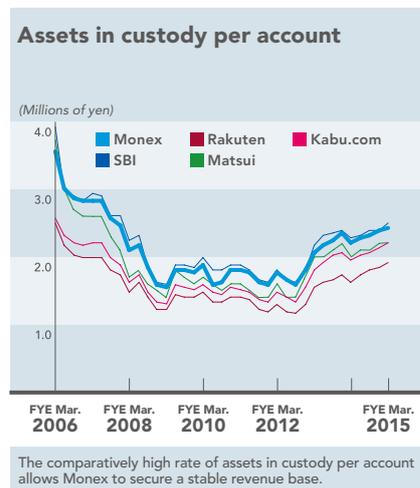
# THE MONEX GROUP'S COMPETITIVE ADVANTAGES



**Aiming to boost market share by taking measures from the fiscal year ending March 2016 to attract traders, together with the investors originally targeted as customers since the business' establishment**

The Japan segment's biggest strengths are its comparatively high rates of account utilization and assets in custody per account, and the stable asset portfolios of its customer base of investors. Although traders have not been targeted as customers since the business was established, the customer base of traders is expected to grow owing to the launch of a new Japanese equities trading platform for traders in 2015, which is expected to create opportunities for revenues.

<b>Strengths</b>	Monex, Inc., has established a good-quality customer base primarily made up of investors interested in building asset portfolios. It is ranked second among online securities firms in Japan in terms of assets in custody, and has secured a stable market share of online stock brokerage commissions. Products and services for traders will be improved in the future with the launch of a new Japanese equities trading platform developed by U.S.-based TradeStation Group.
<b>Weaknesses</b>	Monex, Inc.'s revenue structure is vulnerable to stock market fluctuations because the percentage of traders who continuously make transactions even when market activity is sluggish is low among its customers.
<b>Opportunities</b>	Stock markets in Japan have been revitalized owing to the government's monetary policies intended to end deflation. At the same time, the rise of a new generation of retail investors in Japan is accelerating the shift from traditional brokerage consulting to online brokerage services.
<b>Major Risks</b>	Customers may be lost if other companies in the same industry reduce commission fees.



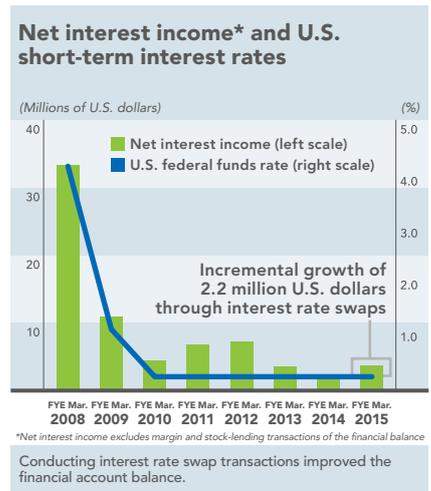
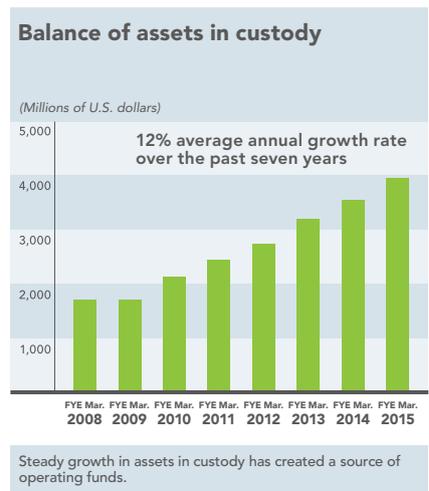
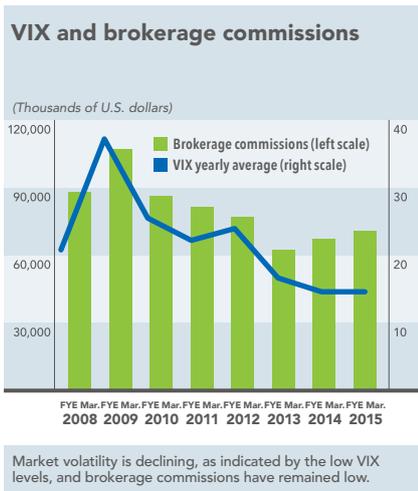
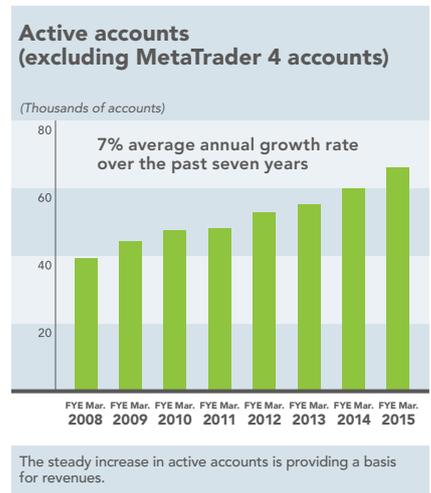
Data source: Kinzai Institute for Financial Affairs, Inc.



**Outstanding technical abilities in developing equities trading platforms. Growth in active accounts and assets in custody provides a basis for boosting performance when market conditions improve.**

TradeStation Group, Inc., has earned an excellent reputation for its technical expertise as a systems company, and its in-house-developed trading platforms have been endorsed by traders for many years. Although the operating environment has not been conducive to generating earnings over the past several years, with fluctuating market prices and low interest rates seriously affecting revenues, the company has posted steady growth in the number of active accounts and assets in custody, which provide a source of profits for strategically investing funds. TradeStation Group is managing its revenue structure so that it will not miss any opportunities when the operating environment improves.

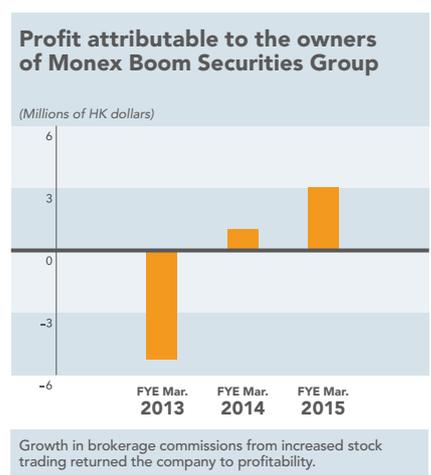
<b>Strengths</b>	TradeStation Group has established a good-quality customer base through its solid reputation among active traders, built up over many years. It is ranked second among online brokerage firms in the United States in terms of revenues generated per customer account. Established as a systems development company, TradeStation Group has highly advanced technical capabilities, and boasts an extensive track record of commendations for its internally developed trading platforms.
<b>Weaknesses</b>	TradeStation Group's revenue structure is vulnerable to stock market volatility and interest rate fluctuations.
<b>Opportunities</b>	Financial markets are expected to return to normal with the end of quantitative easing in the U.S., and interest rates are expected to rise.
<b>Major Risks</b>	Larger amounts of capital may be needed as a result of stricter regulations in the finance industry.



**Working to create new sources of earnings in mainland China to supplement steady results from Monex Boom Securities Group**

Foreign companies are not allowed to enter the securities market in mainland China. However, the Monex Group is aiming to rapidly expand its online brokerage business there when regulations are eased. For this purpose, it has set up a securities brokerage subsidiary in Hong Kong, and is actively preparing to jointly establish a company that can launch an online brokerage system in mainland China together with a local business partner. Although the China segment accounts for a small proportion of Monex's total revenue, measures are being carried out to create future sources of earnings.

<b>Strengths</b>	Hong Kong-based Monex Boom Securities has maintained profitability on a stable basis. It is carrying out several projects concurrently in mainland China while working to diversify its revenue sources and disperse investment risks.
<b>Weaknesses</b>	The scale of business operations is relatively small at present.
<b>Opportunities</b>	In mainland China, online brokerage transactions are growing and regulations concerning the entry of foreign companies in the brokerage industry there are expected to be eased.
<b>Major Risks</b>	Financing and capital markets in mainland China are unstable, and regulatory changes are difficult to predict.



# DIRECTORS & MANAGEMENT



From left to right: Shoji Kuwashima, Managing Director & Vice Chairman; Jun Makihara, Outside & Independent Director; Salomon Sredni, Managing Director; Masakazu Sasaki, Director; Oki Matsumoto, Managing Director & Chairman; Billy Wade Wilder, Outside & Independent Director; Fujiyo Ishiguro, Outside & Independent Director; Koji Kotaka, Outside & Independent Director; Kaoru Hayashi, Outside & Independent Director; Takashi Oyagi, Managing Director; and Nobuyuki Idei, Outside & Independent Director

## BOARD OF DIRECTORS

### Oki Matsumoto

*Managing Director & Chairman*

**APR 1987** Joined Salomon Brothers Asia Limited  
**APR 1990** Joined Goldman Sachs Japan Co., Ltd.  
**NOV 1994** Managing Director, Tokyo Branch, Goldman Sachs Japan Co., Ltd.  
**NOV 1994** General Partner, Goldman Sachs Group, L.P.  
**NOV 1998** Limited Partner, Goldman Sachs Group, L.P.  
**APR 1999** President & CEO, (the former) Monex, Inc.  
**AUG 2004** President & CEO, Monex Group, Inc.  
**AUG 2004** Director, Nikko Beans, Inc. (currently Monex, Inc.)  
**MAY 2005 to present** President & CEO, Monex Beans Holdings, Inc. (currently Monex, Inc.)  
**JUN 2010 to present** Director, Kakaku.com, Inc.  
**FEB 2011** Representative Director, Chairman & CEO of Monex Group, Inc.  
**JUN 2011 to present** Managing Director & Chairman, TradeStation Group, Inc.  
**JUN 2013 to present** Managing Director & Chairman, Representative Executive Officer, President & Chief Executive Officer of Monex Group, Inc.  
**NOV 2013 to present** Director, JIN Co., Ltd.

### Shoji Kuwashima

*Managing Director & Vice Chairman*

**APR 1977** Joined Nikko Securities Co., Ltd.  
**OCT 2001** Director, Nikko Cordial Corporation (currently Citigroup Japan Holdings Corp.)  
**JAN 2006** Managing Director & Chairman, Nikko Systems Solutions, Ltd.  
**JUN 2006** Director, Monex Group, Inc.  
**DEC 2006** Resigned as Director, Monex Group, Inc.  
**DEC 2006** Representative Director, President & CEO, Nikko Cordial Corporation  
**JAN 2008** Co-Chairman, Nikko Cordial Corporation  
**APR 2009 to present** Director, Monex, Inc.  
**JUN 2009** Director, Monex Group, Inc.  
**FEB 2011** Managing Director & Vice Chairman, Monex Group, Inc.  
**OCT 2012** Director, ASTMAX Co., Ltd.  
**JUN 2013 to present** Managing Director, Vice Chairman & Executive Officer, Monex Group, Inc.

### Takashi Oyagi

*Managing Director*

**APR 1991** Joined Bank of Japan  
**JAN 1998** Joined Goldman Sachs (Japan) Ltd.  
**APR 1999** Joined (the former) Monex, Inc.  
**MAY 2004** Joined Deutsche Bank Securities, Inc.  
**AUG 2007** CEO & President, MBH America, Inc.  
**JUL 2009** Executive Officer, Monex Group, Inc.  
**JUN 2011 to present** Director, TradeStation Group, Inc.  
**JUN 2011** Managing Director, Monex Group, Inc.  
**JUN 2013 to present** Managing Director & Executive Officer, Monex Group, Inc.

### Salomon Sredni

*Managing Director*

**JAN 1988** Joined Arthur Andersen LLP  
**AUG 1994** Vice President of Accounting and Corporate Controller, IVAX Corporation  
**DEC 1996** Chief Financial Officer, TradeStation Group, Inc.  
**SEP 1999** President & Chief Operating Officer, TradeStation Group, Inc.  
**FEB 2007 to present** Chief Executive Officer & President, TradeStation Group, Inc.  
**JUN 2012** Managing Director, Monex Group, Inc.  
**JUN 2013 to present** Managing Director & Executive Officer, Monex Group, Inc.

### Masakazu Sasaki

*Director*

**OCT 1989** Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)  
**AUG 1997** Established Sasaki C.P.A. Office  
**APR 1999** Member of the Board of Auditors of (the former) Monex, Inc.  
**JUN 2003** Director, (the former) Monex, Inc.  
**AUG 2004** Director, Monex Group, Inc.  
**JUN 2005** Member of the Board of Auditors of Monex Group, Inc.  
**JUN 2007** Director, Monex Group, Inc.  
**JUN 2009 to present** Member of the Board of Auditors of Monex, Inc.  
**JUN 2009** Member of the Board of Auditors of Monex Group, Inc.  
**JUN 2013 to present** Director, Monex Group, Inc.

## Jun Makihara

*Outside & Independent Director*

**SEP 1981** Joined Goldman Sachs Co.

**DEC 1992** General Partner, Goldman, Sachs & Co.

**JUL 2000** Chairman, Neoteny Co., Ltd.

**MAR 2005** Director, RHJ International

**JUN 2006 to present** Director, Monex Group, Inc.

**JUN 2011 to present** Director, TradeStation Group, Inc.

**JUN 2011 to present** Director, Shinsei Bank, Limited

**SEP 2014 to present** Director, Philip Morris International Inc.

## Kaoru Hayashi

*Outside & Independent Director*

**AUG 1995** Representative Director & President, Digital Garage, Inc.

**DEC 1996 to present** Representative Director and President, K. Garage, Y.K.

**JUL 2002** Representative Director & Chairman, Kakaku.com, Inc.

**JUN 2003 to present** Chairman of the Board, Kakaku.com, Inc.

**NOV 2004 to present** Representative Director, President & Group CEO, Digital Garage, Inc.

**AUG 2006 to present** Representative Director & President, CGM Marketing, Inc. (currently BI.Garage, Inc.)

**JUN 2009 to present** Representative Director & Chairman, DG Incubation, Inc.

**MAY 2011** Director, MEDIA DO Co., Ltd.

**JUN 2012 to present** Director, Monex Group, Inc.

**SEP 2012 to present** Managing Director & Chairman, econtext ASIA Limited

**APR 2013 to present** Representative Director & Chairman, Open Network Lab, Inc.

## Nobuyuki Idei

*Outside & Independent Director*

**APR 1960** Joined Sony Corporation

**APR 1995** President and Representative Director, Sony Corporation

**JUN 2000** Chairman & Representative Director, Sony Corporation

**JUN 2003** Chairman & Representative Executive Officer, Sony Corporation

**FEB 2006** Director, Accenture plc

**APR 2006 to present** Representative Director, Quantum Leaps Corporation

**JUN 2006** Chairman of the Advisory Board, Monex Group, Inc.

**JUN 2007 to present** Director, Baidu, Inc.

**JUL 2007 to present** Director, FreeBit Co., Ltd.

**SEP 2011 to present** Director, Lenovo Group Limited

**JUN 2013 to present** Director, Monex Group, Inc.

## Koji Kotaka

*Outside & Independent Director*

**APR 1987** Registered as a lawyer

**APR 1987** Joined Sato and Tsuda Law Office

**AUG 1990** Joined Goldman Sachs Japan Co., Ltd.

**NOV 1998** Managing Director, Goldman Sachs Japan Co., Ltd.

**NOV 2009** Joined Nishimura & Asahi Law Office

**JAN 2011** Established Koji Kotaka Law Office

**FEB 2011 to present** Representative Director, R&K Company

**JUN 2013 to present** Director, Monex Group, Inc.

## Fujiyo Ishiguro

*Outside & Independent Director*

**JAN 1981** Joined Brother Industries, Ltd.

**JAN 1988** Joined Swarovski Japan LTD.

**SEP 1994** President, Alphametrics, Inc.

**JAN 1999** Director, Netyear Group, Inc.

**JUL 1999** Director, Netyear Group Corporation

**MAY 2000 to present** Representative Director & President, Netyear Group Corporation

**JUN 2013** Corporate Auditor, Sompo Japan Insurance Inc. (currently Sompo Japan Nipponkoa Insurance Inc.)

**MAR 2014 to present** Director, Hottolink, Inc.

**JUN 2014 to present** Director, Monex Group, Inc.

**JUN 2015 to present** Director, Sompo Japan Nipponkoa Insurance Inc.

## Billy Wade Wilder

*Outside & Independent Director*

**APR 1986** Head of Japan Equity Research Department, Schroder Securities Japan Limited

**DEC 1992** Joined Fidelity Investments Japan

**SEP 1995** President & Representative Director, Fidelity Investments Japan

**JUL 2004** President & Representative Director, Nikko Asset Management Co., Ltd.

**JUN 2014 to present** Director, Monex Group, Inc.

## THREE COMMITTEES

### NOMINATING COMMITTEE

*Chairman:*

**Nobuyuki Idei**

*Outside & Independent Director*

*Members:*

**Jun Makihara**

*Outside & Independent Director*

**Kaoru Hayashi**

*Outside & Independent Director*

**Fujiyo Ishiguro**

*Outside & Independent Director*

**Oki Matsumoto**

*Managing Director & Chairman*

### AUDIT COMMITTEE

*Chairman:*

**Koji Kotaka**

*Outside & Independent Director*

*Members:*

**Billy Wade Wilder**

*Outside & Independent Director*

**Masakazu Sasaki**

*Director*

### COMPENSATION COMMITTEE

*Chairman:*

**Jun Makihara**

*Outside & Independent Director*

*Members:*

**Nobuyuki Idei**

*Outside & Independent Director*

**Oki Matsumoto**

*Managing Director & Chairman*

## EXECUTIVE OFFICERS

### Oki Matsumoto

*Representative Executive Officer,  
President & Chief Executive Officer*

### Salomon Sredni

*Executive Officer & Chief Operating Officer*

### Masaki Ueda

*Executive Officer & Chief Financial Officer*

### Hisashi Tanaami

*Executive Officer & Chief Administrative Officer*

### Shoji Kuwashima

*Executive Officer & Chief Quality Officer*

### Takashi Oyagi

*Executive Officer & Chief Strategic Officer*

# MESSAGE FROM THE CEO



## **Oki Matsumoto**

*Representative Executive Officer, President & Chief Executive Officer, Monex Group, Inc.*

## **Entering the final phase of our medium- and long-term strategy for expanding the Monex Group**

The Monex Group has been growing continually as an online financial institution, with its online brokerage business for retail investors serving as the source of its value creation. The Company has built up a customer base of retail investors through its main operations based in Japan, as well as its subsidiaries in the United States and China (Hong Kong), established via cross-border mergers and acquisitions. We are now aiming to grow even more by executing strategies that leverage these operational resources. Under our Global Vision first launched in the fiscal year ended March 31, 2012, our medium- and long-term business strategy is designed to globalize the Monex Group's business and internally develop its brokerage systems. We are now entering the final phase of the plan, which is set for completion in the fiscal year ending March 31, 2017. We have been plotting a very unique course in the industry, as very few financial institutions pursue business investments based on medium- and long-term business strategies designed for future growth in the same way we do.

## **Operating environment and consolidated financial results in the fiscal year ended March 31, 2015:**

### **A year of steady progress toward laying a foundation for sustainable growth in the future**

The Japan segment is the Group's main source of revenues and profits. During the fiscal year ended March 31, 2015, the segment's operating environment was favorable overall as the Nikkei Stock Average rose on the back of solid results posted by major exporting companies, which benefitted from the Bank of Japan's monetary easing policy and resultant depreciation of the yen. On the other hand, the average daily trading volume for retail investors fell 23% on both the Tokyo Stock Exchange and Nagoya Stock Exchange in the fiscal year under review, indicating that retail investor activity reached a lull following brisk conditions in the previous fiscal year in response to the reforms of "Abenomics." Japan's adoption of its Japanese Stewardship Code and Corporate Governance Code in 2014 and 2015, respectively, represented key developments in the marketplace, as they should lead to serious efforts to substantially improve dialogue between investors and corporations while promoting greater emphasis on return on equity among market players.

Against this backdrop, the Group worked to boost future revenues and profits by launching new products and services, which involved developing a Japanese equities trading platform designed to attract more traders. At the same time, we implemented our Global Vision plan, channeling operational resources toward reducing fixed costs by developing our own core brokerage system in Japan.

Despite these efforts, consolidated financial results for the fiscal year under review were unsatisfactory, with operating revenue decreasing 6.8% year on year to ¥50.9 billion, and profit attributable to owners of the Company falling 66.3% to ¥3.4 billion. Nevertheless, we made steady progress in laying a foundation for future growth through a number of initiatives.

By geographical segment, Japan accounted for 64% of operating revenue during the fiscal year under review, followed by the U.S. segment at 35% and the China segment at 1%. Given that the Company's profits come from revenues generated in Japan and the United States, we are undertaking business investments aimed at ensuring the sustainability of these profits. Although the China segment's contribution is currently very small, we believe that measures to deregulate the market there will eventually lead to revenue growth. Accordingly, we are continuing to expand operations in China while taking careful steps to limit investment-related risks.

**Progress under Global Vision:  
Upcoming launch of a Japanese equities trading platform developed by TradeStation**

We have two remaining projects to finish by the completion of our Global Vision plan in March 2017. The first is to launch a Japanese equities trading platform, developed by TradeStation Group, Inc. The second is to switch our core brokerage system in Japan from one developed externally by a venture firm to an internally developed system. By completing these projects, we believe that the Company can reduce fixed costs while attaining revenue and profit growth over the medium and long terms.

We announced Global Vision in June 2011, immediately after TradeStation Group, Inc., a company listed on the NASDAQ Stock Exchange, was made into a consolidated subsidiary. With its technological capabilities acquired as an asset of the Group, we are leveraging the expertise to develop our financial business and lower fixed costs, while aiming to transform our business model to one that

offers retail investors around the world competitive online brokerage services and access to global financial products and information.

As an example of the progress made thus far, we improved the trading system for U.S. equities and the service content that has been offered in Japan by Monex, Inc. By employing a trading platform developed by TradeStation Group, Inc., we have been able to offer commission charges that are lower than any competitor in Japan for stock transactions of approximately 3,000 companies. Compared to the time before overhauling the system, the commission volume of U.S. equities handled by Monex, Inc., has grown by about seven times, indicating how we stimulated investment demand among retail investors in Japan for overseas equities.

Another example of our success is MONEX INSIGHT, a trading information service also developed by TradeStation Group, Inc. Since we began offering this service in 2014, we have succeeded in reducing information access fees for users in Japan.

Our project to switch our backbone brokerage system in Japan is currently in process, and development is proceeding on schedule and in line with planned expenses. After the new system is up and running in the fiscal year ending March 31, 2018, we will aim to reduce costs by ¥2.3 billion annually compared to the time of determining the plan for the system.

**Volume of U.S. stock brokerage commissions in the Japan segment**



Note: In the third quarter of the fiscal year ended March 31, 2013, (the end of November 2012), the Company revised its commission fees with the introduction of a trading platform for U.S. equities jointly developed by TradeStation Group, Inc., and Monex, Inc., and increased the number of stocks subject to transactions. Consequently, the volume of brokerage commission charges for U.S. equities increased seven times compared to the time before the changes were made.

# MESSAGE FROM THE CEO (cont.)

## **The source of sustainable growth and our social value:**

### **New financial services and the Company's mission to continue creating ways to support these services**

The sources of the Monex Group's growth are its corporate culture, which values innovation and diversity, and its human resources, comprised of a vast number of directors and employees who possess leading-edge IT capabilities and knowledge of global financial standards. By drawing on their expertise in finance and capital markets, and applying their advanced skills in IT in our operations, I am confident we can keep pursuing new lines of business.

Our company name, Monex, is derived from the word "money," with the letter y replaced by the preceding letter x to symbolize how we are positioned one step ahead in creating the future of finance. From our initial establishment through to today, this approach has never wavered, and we continue to regard our corporate mission as being a company that brings value to society by providing people with superior financial services tailored for the times in which we live.

## **Enhancing corporate governance:**

### **Continuing to pursue a management organizational structure that realizes sound corporate governance**

Recognizing that the Company's Board of Directors oversees the operations of the Monex Group as before, we have improved the board's transparency and ability to predict future trends by putting a framework in place to facilitate the active participation of outside directors. At present, more than half of the Company's directors are independent outside directors, who make a major contribution to quick and rational decision-making by engaging in unconstrained deliberations in the board's meetings.

Concurrently, the Monex Group has been reporting on its financial results using International Financial Reporting Standards since the fiscal year ended March 31, 2013. In June 2013, the Company adopted a corporate committee structure comprised of three committees responsible for

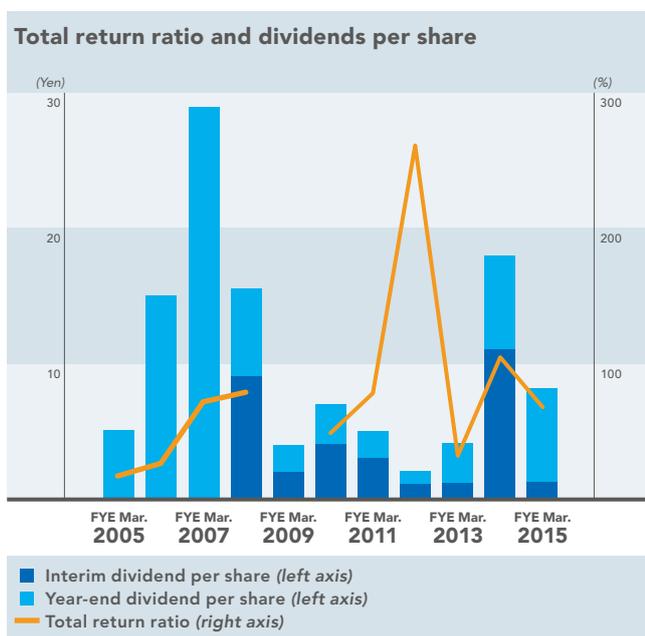
nominations, compensation, and auditing of the Board of Directors, respectively. Each of these three committees is chaired by an independent outside director to further enhance management supervision and control.

Because we have adopted accounting standards and a management structure commonly used internationally, shareholders and investors can more effectively analyze Monex on a global basis and compare it with other companies around the world, putting us in a better position to encourage investment in the Company. In this light, we understand that to ensure sound corporate governance, persistent measures are needed. Therefore, we intend to focus on enhancing corporate governance even more going forward.

## **Basic policy on shareholder return:**

### **Aiming for a total return ratio of 75% while limiting the dividend amount to a dividend on equity ratio of 2%**

Over the medium and long terms, we have set the goal of maintaining a return on equity (ROE) ratio of at least 15%. While aiming for this goal, we are striving to ensure a good balance between shareholder return and growth-oriented business investments. We revised our basic policy on returning profits to shareholders, effective from the fiscal year ending March 31, 2016. We have been targeting a total return ratio of 75% over several fiscal years. The minimum dividend amount up to now had been set according to a dividend on equity (DOE) ratio of 1%, but we have revised this to 2%, and accordingly, will pay a higher minimum dividend amount on that basis. Meanwhile, of the total return ratio of 75%, 50% comprises the dividend payout while the remaining 25% is returned to shareholders through either the acquisition of treasury stock or additional dividends paid based on considerations of stock price levels. The dividend amount will be set based on the DOE ratio of 2% or a dividend payout ratio of 50% of profit attributable to owners of the Company, whichever is higher. Finally, management will quickly decide whether to acquire treasury stock based on stock price levels and its growth-oriented investment plans.



**Notes:**

1. Figures for the total return ratio are not included for the fiscal year ended March 31, 2009, because the Company posted a net loss.
2. Dividends per share amounts have been adjusted to reflect stock splits.
3. The Company acquired treasury stock of ¥2.0 billion in February 2008, ¥3.1 billion in June 2011, and ¥5.5 billion in May 2013.

**Management objectives for the fiscal year ending March 31, 2016:**

**Focus on making the U.S. segment profitable and attracting more online traders in Japan**

In the current fiscal year, ending March 31, 2016, we have two key challenges to overcome: making the U.S. segment profitable and attracting active online traders from our competitors in Japan.

Based in the United States, TradeStation Group, Inc., had been a profitable firm before it was acquired by the Company. Since the acquisition, however, increasing financial income through the utilization of assets in custody has been difficult to achieve amid falling interest rates, and revenues from commissions have remained sluggish due to decreasing online trading activity, reflecting a serious decline in the volatility of the market. The company made steady progress toward returning to profitability in the fiscal year ended March 31, 2015, improving its net financial revenue by selling off part of its unprofitable foreign exchange business, and reviewing its interest-rate swaps and investment targets for assets in custody. Accordingly, we expect it to return to the black on a quarterly basis in the current fiscal year.

Our second challenge is to attract new online traders in Japan, with a view to expand future revenues and profits in the country. We have begun this by offering the Japanese equities trading platform developed by TradeStation Group, Inc., for active traders. Monex, Inc.'s customer base is mainly comprised of investors holding assets over the medium and long terms. While maintaining this customer base, we also want to attract our competitors' customers by offering a new trading platform designed for traders. By combining these customer bases of investors and traders, we will aim to increase our market share. The new trading platform is scheduled for launch by the end of 2015.

In our operating environment during the current fiscal year, we have been observing clear changes in conditions surrounding capital markets and retail investors in Japan. As the country's economy breaks out of a long period of deflation, there are genuine signs that people are actually moving away from saving money on their own to investing it. For instance, the scale of assets held by customers of securities companies is now approaching the total amount of deposits at major banks, thanks to "Abenomics" and quantitative easing. Therefore, we want to be sure to take advantage of this shift so that we can boost Monex's future revenues and profits.

In the United States, expectations for an increase in interest rates in the near future have been growing. Because a higher interest rate is a major factor underlying the Monex Group's revenue and profit growth, we are paying close attention to interest rate trends.

Now that Japan's securities market remains bullish, we have an excellent opportunity to encourage investors to reassess the corporate value of the Group. Increasing Monex, Inc.'s revenues and profits in Japan and bringing the U.S. segment into the black should serve as catalysts toward this end. At the same time, we hope that all of the Group's stakeholders understand and support our management objectives and business activities going forward.

# PROGRESS MADE UNDER GLOBAL VISION

## Entering the final phase of our medium- and long-term strategy, "Global Vision"

Since the fiscal year ended March 31, 2012, the Monex Group has been carrying out medium- and long-term strategies under its Global Vision, which is based on the key concepts of globalizing operations and switching to in-house systems. Monex is pursuing strategies aimed at creating unique value by leveraging management resources unmatched by its competitors, namely its customer base of retail investors and operations in Japan, the United States, and China.

To generate revenues, Monex is striving to develop products and services tailored to the needs of retail investors who want access to global financial instruments. While working to boost revenues in Japan, the United States, and China (Hong Kong), Monex is also creating new revenue streams, setting up business-to-business services that offer systems developed internally to other financial institutions. In this way, it is aiming to diversify its business with earnings sources from various regions worldwide.

At the same time, the Company is implementing measures to reduce fixed-type costs across the entire Monex Group. By drawing on the development resources of U.S.-based subsidiary TradeStation Group, Inc., and its

other subsidiaries to develop systems internally, Monex is enabling group operations in Japan to develop and operate in-house systems instead of systems outsourced to vendors. Specifically, the equities trading platform and investment information services offered to customers, together with the backbone system used to handle customers' trade orders and transactions, are being developed and operated within the Group. By switching to these systems, Monex can reduce system-related expenses<sup>1</sup> and fees to use external information services.

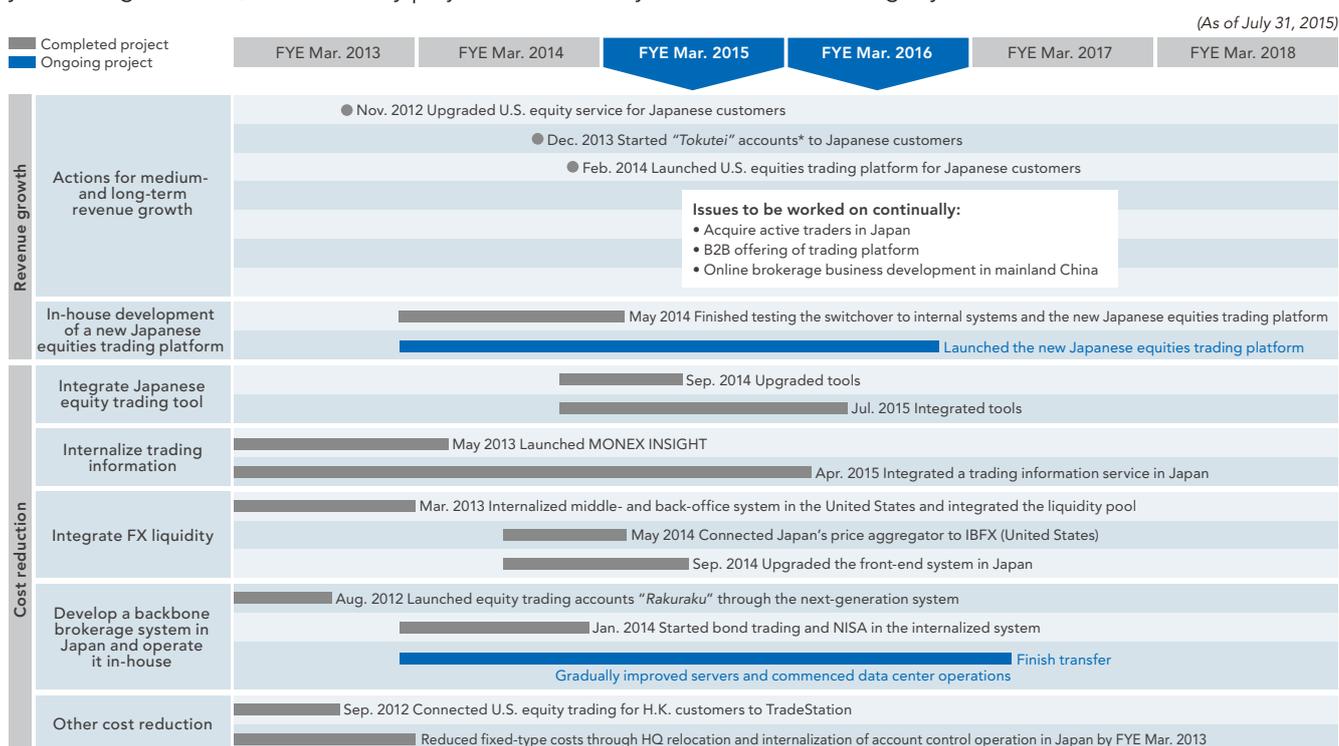
In Japan, very few securities firms develop their own systems, and the vast majority of them outsource such development to specialized vendors. Moreover, only a small number of these vendors dominate the market. Consequently, services that depend on systems developed by the same few companies cannot be differentiated, and the leading role in systems development is played by these vendors. In this light, Monex is pursuing its Global Vision initiative to develop its own systems as a means to promptly create competitive services.

1. System-related expenses comprise real estate-related expenses, office expenses, and depreciation expenses.

## Timeline of Global Vision

The Monex Group has already completed numerous projects intended to accomplish its goals set for the fiscal year ending March 31, 2017. Two key projects are underway:

a new Japanese equities trading platform for Monex, Inc.'s customers in Japan, and a switchover of Monex, Inc.'s backbone brokerage system.



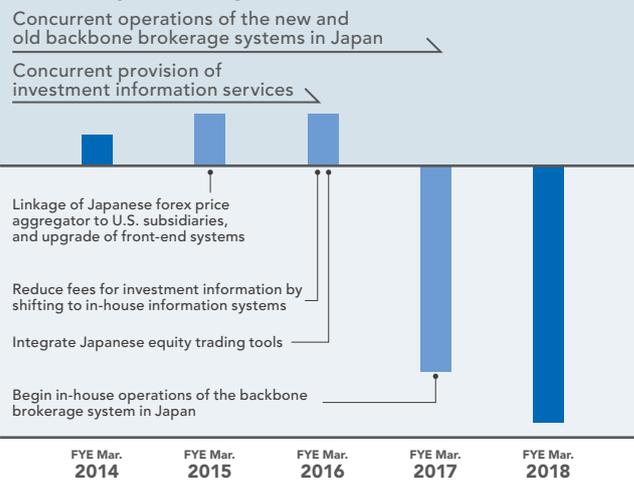
\*"Tokutei" accounts: Accounts that automatically calculate taxes.

## Benefits of fixed-type cost reductions are projected to materialize from the fiscal year ending March 31, 2017

The graph at right shows the projected increase and decrease in fixed-type costs<sup>2</sup> by the end of Global Vision, compared to the base level<sup>3</sup> set in the fiscal year ended March 31, 2013. Through the yearly progress made under Global Vision, the Monex Group aims to reduce fixed-type costs by about ¥2.3 billion compared to this base level by the fiscal year ending March 31, 2018. Specifically, management is targeting total fixed-type costs of no more than ¥22.2 billion in the fiscal year ending March 31, 2018, which is ¥2.3 billion (9.4%) below the base level of ¥24.5 billion.

Until the switchover of the backbone brokerage system in Japan is completed, costs will increase temporarily as both the former system and the new system operate concurrently. Costs are then expected to drop dramatically owing to two factors. In the fiscal year ending March 31, 2016, Monex, Inc., will switch to an in-house investment information service, reducing fees for using external information services. Then in the fiscal year ending March 31, 2017, costs for outsourcing operations will decrease after the switchover of the backbone brokerage system is completed.

### Changes in fixed-type costs through to the fiscal year ending March 31, 2018



- Fixed-type costs comprise communication-, freight- and information-related expenses, personnel compensation and benefits expenses, rental and maintenance expenses, data processing and office supplies expenses, and amortization and depreciation expenses.
- The base level is calculated by multiplying the fixed-type costs recorded in the fourth quarter of the fiscal year ended March 31, 2013 by four. Costs associated with projects undertaken on and after April 2013 are not included in costs recorded in fiscal years from the fiscal year ended March 31, 2014, for the sake of comparison with the base level. Examples of such costs are system upgrade expenses needed for system switchovers. In addition, the launch of the new Japanese equities trading platform is an initiative intended for revenue growth, and is not subject to the yearly cost reduction target of ¥2.3 billion.

## Services for Achieving Global Vision

### Our U.S. equities trading service and trading information services for Monex, Inc.

We, developers at TradeStation, are excited about the growth of the U.S. equity program for Monex, Inc. customers and being the first truly collaborative platform built and offered by TradeStation and Monex. The U.S. equity Web Trading application supports both Monex and TradeStation clients and is one of the many steps we are taking towards the overall implementation of the Monex Group Global Vision. It uses the latest technologies available to modern browsers enabling us to deliver a highly accessible rich user experience.

Monex U.S. equity clients can take advantage of streaming market data advantage from the U.S. exchanges from a co-located facility\*, which enables the quick streaming, in-depth charting analysis, chart trading, and many more features. The balance between the investor focused trading tools of Monex and the active trader tools of TradeStation provides a unique opportunity for Monex clients to expand their trading portfolio of Japanese securities with U.S. equity capabilities, further breaking down the barriers for a global online broker.

\*Co-located facility (colocation) means that brokers set up facilities such as a server where orders are executed, in the same data center with that used by an exchange. It enables quicker accessibility through direct connection with the exchange's system.



**Gerrit Schuller**

TradeStation  
Technologies, Inc.  
Senior Product Manager,  
Web and Mobile Trading

I joined TradeStation in 2012 as a developer to create "MONEX INSIGHT," a market data research service for Monex, Inc.'s customers. Since then I have experienced first-hand the challenges of building a new product from the ground up.

"MONEX INSIGHT" tells a story of using the Web to benefit customers. Instead of the proprietary streaming technology that our competitors use, we chose Web standards to bring real-time data to any browser. This same Web technology lets "MONEX INSIGHT" adapt to changes in days rather than months. Along the way we have earned priceless insights into both our customers' needs and our own processes.

Both "MONEX INSIGHT" and the infrastructure that supports it offer Monex, Inc. the potential not only to reduce internal costs but also to sell "MONEX INSIGHT" technology through business partnerships. If we continue to pursue agility and innovation, we can outpace any competitor and make Monex, Inc. the leading source of market research tools.

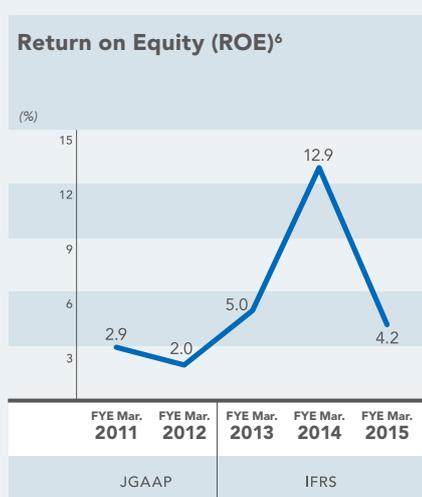
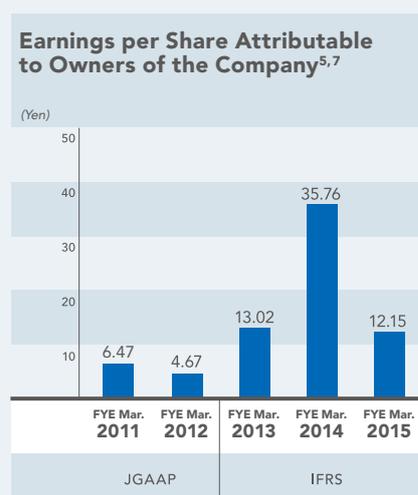
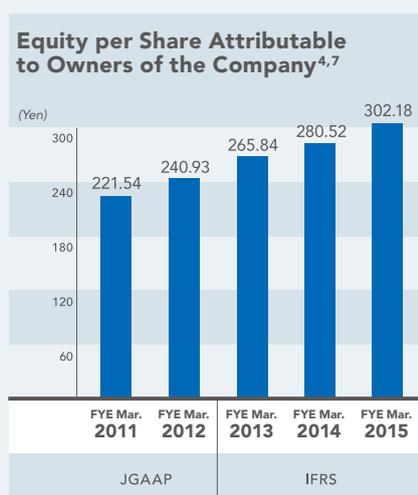
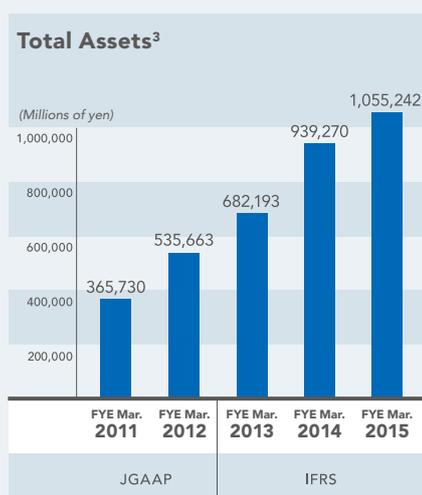
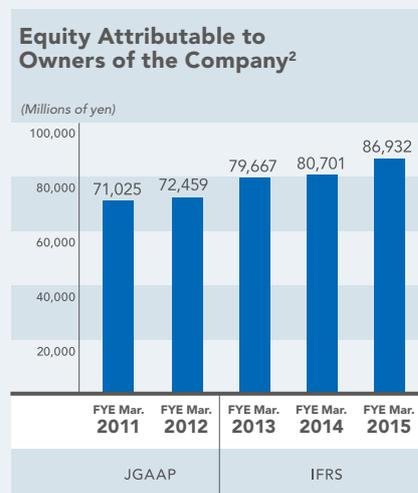
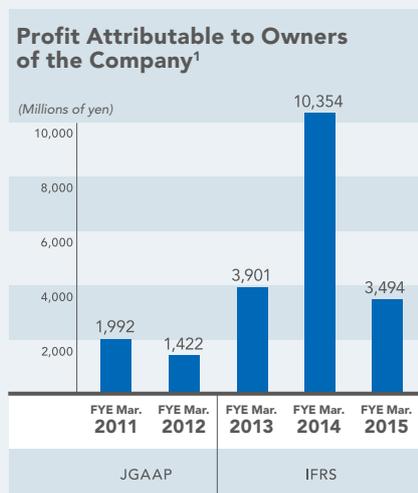
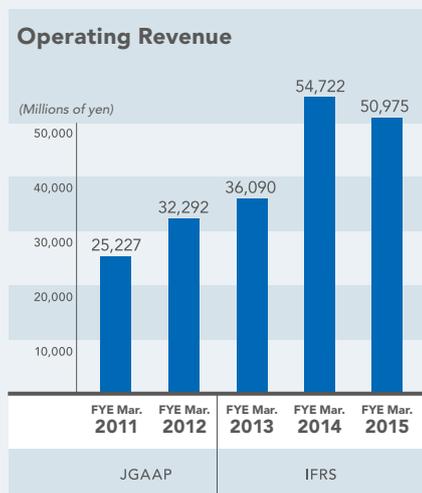


**Derek Schaab**

Software Engineer,  
Web and Mobile Trading  
TradeStation  
Technologies, Inc.

# KEY BUSINESS PERFORMANCE

## Consolidated Financial Highlights



The Company prepared consolidated financial statements in accordance with IFRSs (International Financial Reporting Standards) for the year ended March 31, 2013.

1. "Net income" under JGAAP
2. "Net assets" under JGAAP
3. "Total assets" under JGAAP
4. "Net assets per share" under JGAAP
5. "Net income per share" under JGAAP
6. "Net income on owners' equity" under JGAAP
7. The Company conducted a 100-for-1 stock split of common stock effective as of October 1, 2013. For the sake of comparison, however, equity per share attributable to the owners of the Company, figures for earnings per share attributable to the owners of the Company, and cash dividends per share have been recalculated as if the stock split had been carried out at the beginning of the fiscal year ended March 31, 2011.

## Non-Financial Highlights

### Number of Accounts by Segment<sup>1</sup>

In each segment, there has been steady growth in the number of accounts, which indicate the number of the Monex Group's customers. Its main customers are investors and active traders in Japan and the United States, respectively (see page 20 for details). In Japan, the ratio of active accounts is higher than those of industry peers, and the customer base is of good quality (see page 6 for details).



■ Japan: Monex, Inc.  
■ United States: TradeStation Group  
■ China (Hong Kong): Monex Boom Securities Group

1. Figures are for the number of all accounts in the Japan segment, number of active accounts (excluding active MetaTrader 4 accounts) in the U.S. segment, and number of accounts with balances in the China segment.

### Assets in Custody by Segment

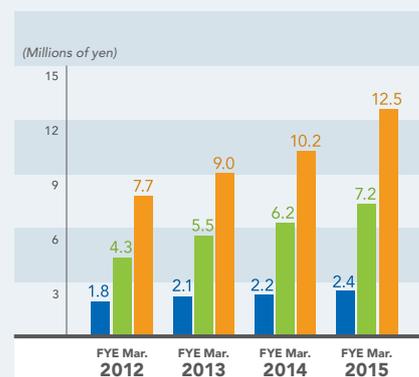
Assets in custody have continued to grow in all three segments, providing a source of revenues and profits over the medium and long terms. In the U.S. segment, in particular, they have increased by about 30% over the past three fiscal years, raising expectations for a stable revenue base going forward.



■ Japan: Monex, Inc.  
■ United States: TradeStation Group  
■ China (Hong Kong): Monex Boom Securities Group

### Assets in Custody per Account<sup>1</sup>

Growth in assets in custody per account is an important factor underlying revenue growth of the brokerage business over the medium and long terms. They have increased by about 20% over the past three fiscal years in the U.S. segment, and are also growing steadily in the China segment, reflecting steady progress toward building a foundation for future revenues.

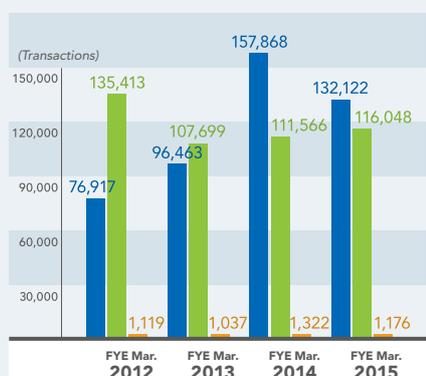


■ Japan: Monex, Inc.  
■ United States: TradeStation Group  
■ China (Hong Kong): Monex Boom Securities Group

1. Figures are for the number of all accounts in the Japan segment, number of active accounts (excluding active MetaTrader 4 accounts) in the U.S. segment, and number of accounts with balances in the China segment.

### DARTs<sup>2</sup> (for Stocks, Futures, and Options) by Segment

Daily average revenue trades (DARTs) are highly correlated with brokerage commissions. Figures are higher for the U.S. segment because the main customers there are active traders.

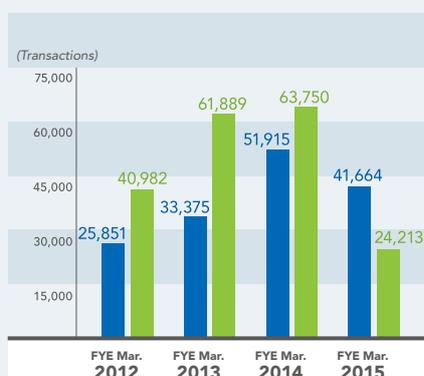


■ Japan: Monex, Inc.  
■ United States: TradeStation Group  
■ China (Hong Kong): Monex Boom Securities Group

2. DARTs are calculated as the average number of revenue generating trades or transactions per business day.

### DARTs<sup>2</sup> (for Forex Transactions) by Segment

DARTs are highly correlated with net trading income (figures for net trading income in the Japan segment include revenue associated with the sale of bonds in addition to forex transactions). The decrease in the U.S. segment during the fiscal year ended March 31, 2015, was due to the transfer of certain services that were unprofitable.

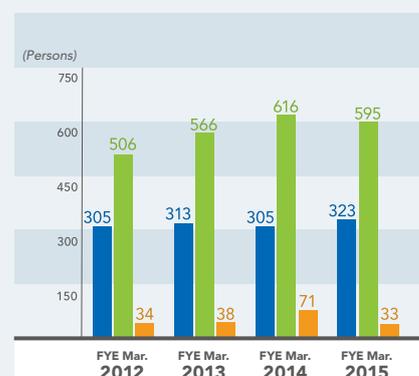


■ Japan: Monex, Inc.  
■ United States: TradeStation Group

2. DARTs are calculated as the average number of revenue generating trades or transactions per business day.

### Number of Employees by Segment

The U.S. segment accounts for about 60% of Monex Group employees. Many of these U.S. employees hold technology-related positions needed for the in-house development of systems (see page 20 for details). As of March 31, 2015, the number of employees in the China segment decreased year on year because unprofitable projects were dissolved.



■ Japan: Monex Group, Inc., Monex, Inc. (including Monex FX, Inc.), Monex Hambrecht, Inc., and Trade Science Corporation  
■ United States: TradeStation Group  
■ China (Hong Kong): Monex Boom Securities Group

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Interview with the CFO

### Masaki Ueda

Executive Officer & CFO  
Monex Group, Inc.



## Focusing on maintaining a soundly balanced financial structure for enabling continuous shareholder returns and business investments designed to ensure future growth and competitiveness

In the fiscal year ended March 31, 2015, Monex Group, Inc. posted decreases in revenue and profit as a result of a loss on business restructuring and a drop in revenue resulting from declining equities trading activity in Japan. This section is intended to provide stakeholders with a clear explanation of why the Company incurred temporary losses and how it plans to continue carrying out investments aimed at ensuring sustainable growth and stable shareholder returns. In a Q&A format, Executive Officer and Chief Financial Officer Masaki Ueda answered the following questions about consolidated financial results in the fiscal year under review and the Company's challenges ahead.

### Q From your perspective as CFO, how would you describe the operating environment and consolidated financial results in the fiscal year ended March 31, 2015?

A In the fiscal year under review, operating revenue decreased 7% year on year to ¥50,975 million, while profit before income taxes fell 64% to ¥6,115 million.

The Japan segment, which accounts for about two-thirds of the Monex Group's operating revenue, was severely impacted by worsening market conditions. For example, the average daily trading value accounted for by retail investors decreased 23% on both the Tokyo Stock Exchange and Nagoya Stock Exchange. Against this backdrop, operating revenue in the Japan segment amounted to ¥32,678 million, a year-on-year decrease of ¥5,633 million, or 15%. Meanwhile, segment profit before income taxes decreased 46% year on year to ¥10,498 million, despite only a slight increase in selling, general and administrative expenses.

In the U.S. segment, operating revenue increased 12% year on year to ¥17,944 million. This increase mainly reflected the depreciation of yen, which fell about 10% to the U.S. dollar compared to the previous fiscal year. Accordingly, on a U.S. dollar basis, operating revenue was up by only 1% year on year. Financial income increased as customer deposits utilizing interest rate swaps provided funds for investment income and brisk trading activity by customers pushed up brokerage commissions. Nonetheless, the increase in operating revenue was limited

due to a decrease in net trading income, which resulted from a partial sell-off of an unprofitable foreign exchange business. While this partial sell-off resulted in a loss on business restructuring of ¥1,702 million, it was designed to make the business profitable in the future by concentrating management resources. It should, therefore, be recognized as a one-time loss. As a result of all of the factors described above, the U.S. segment posted a loss before income taxes of ¥4,340 million, compared with a segment loss of ¥2,388 million in the previous fiscal year.

Meanwhile, the China segment also recorded a loss before income taxes of ¥156 million, after a segment loss of ¥138 million in the previous fiscal year. Nevertheless, because an unprofitable subsidiary was sold off in March 2015, we expect the segment to become profitable in the next fiscal year.

### Q What were the main factors underlying the decrease in profits in the fiscal year under review?

A The first reason is that operating revenue decreased ¥3,748 million year on year to ¥50,975 million. This was primarily due to the impact of the ¥5,633 million decrease in the Japan segment's operating revenue, which dropped in the fiscal year under review after particularly brisk trading activity among retail investors in the previous fiscal year, when stock market conditions were more favorable.

The second reason is that expenses increased. Selling, general and administrative (SG&A) expenses came to ¥37,143 million, up ¥2,162 million compared to the previous fiscal year. With the relative appreciation of the U.S. dollar against the yen, SG&A expenses in the U.S. segment increased ¥1,412 million. In the Japan segment, SG&A expenses rose ¥831 million compared to the previous fiscal year. This increase included about ¥900 million in additional system-related expenses associated with the replacement of our backbone brokerage system, which has required both the old and new systems to be operated concurrently. These additional system-related expenses will continue until the completion of the system switchover, which is scheduled for the autumn of 2016. Nevertheless, we expect costs to decrease dramatically after the system is replaced.

The third factor is the ¥1,702 million loss incurred from restructuring the foreign exchange business in the United States. As a result of all three of these factors, profit attributable to the owners of the Company came to ¥3,494 million, down 66% compared to the previous fiscal year.

**Q Replacing the backbone brokerage system in Japan is a major project among the Group's medium- and long-term strategies. How do you expect the benefits of this project to offset the management resources being invested?**

A Replacing the backbone brokerage system is a huge project that will cost over ¥10 billion. It is primarily intended to reduce costs in the future, but we also foresee other gains. We recognized that switching to an in-house backbone system would allow the Company to continually offer competitive products and services in the years to come. By developing the system within the Monex Group, we can offer unique services that our competitors cannot imitate, and more quickly incorporate customers' requests into the system. Moreover, we will be able to license our internally developed systems to other companies, creating a potential new source of revenue in the future. Accordingly, we have been implementing and overseeing this project with these future benefits in mind.

**Q Please tell us about the Company's approach to business investments and shareholder returns. With regard to the latter, in particular, what changes will be made under the new basic policy on shareholder return, effective from the fiscal year ending March 31, 2016?**

A A portion of the difference between total equity and fixed-type assets recorded in the statement of financial position provides the funds for shareholder returns. As of March 31, 2015, total equity amounted to ¥86.9 billion and fixed-type assets totaled ¥54.2 billion. Accordingly, the difference of ¥32.7 billion was used to fund shareholder return along with business operations and investments. When determining how to distribute profits, firstly, we try to maintain a sound level of equity capital overall by ensuring that the Monex Group's securities brokerage subsidiaries around the world comply with regulations concerning the maintenance of equity capital. Secondly, we earmark funds for internal reserves so that we can flexibly undertake business investments aimed at securing sustainable growth and increasing corporate value. Thirdly, we pay dividends at a level intended to satisfy shareholders. We determine the amount to return to shareholders based on all three of these factors.

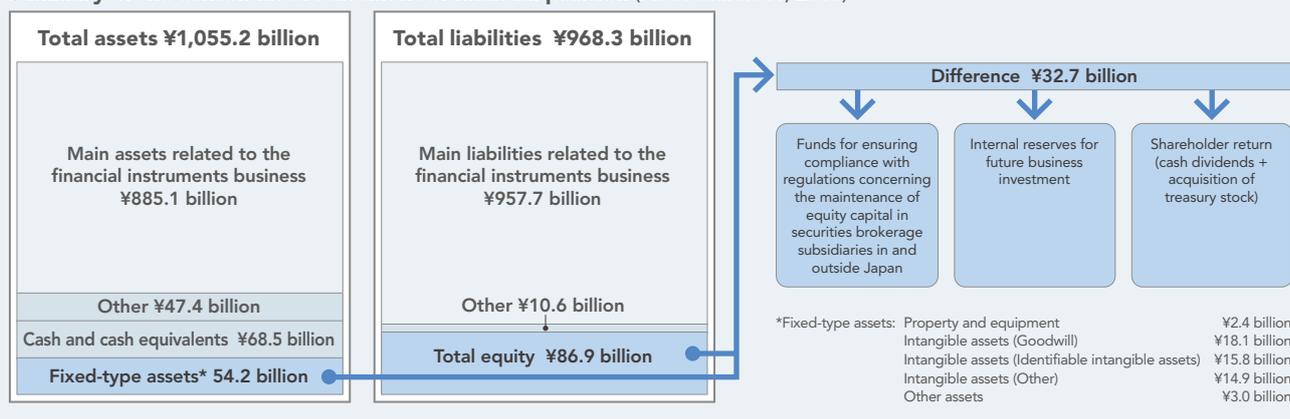
For several fiscal years from the fiscal year ending March 31, 2016, we will aim for a total shareholder return ratio of 75%, with 50% comprised of a dividend payout and 25% comprised of either additional dividends or the acquisition of treasury stock. Furthermore, the DOE ratio will be limited to 2% of total equity, up from the previous level of 1%.

**Q What are the Monex Group's challenges in the fiscal year ending March 31, 2016?**

A Our biggest challenge is to make the U.S. segment profitable. TradeStation Group, Inc. was acquired in 2011, but turning a profit has been our most important management task. Although the operating environment remains severe, we are pursuing all kinds of initiatives designed to return the segment to the black on a quarterly basis in the fiscal year ending March 31, 2016. These initiatives include improving financial income by more effectively utilizing customer deposits and expanding business-to-business services to secure stable revenues.

**The difference between total equity and fixed-type assets provides the funds for business investments and shareholder returns**

Summary of the consolidated statement of financial position (As of March 31, 2015)



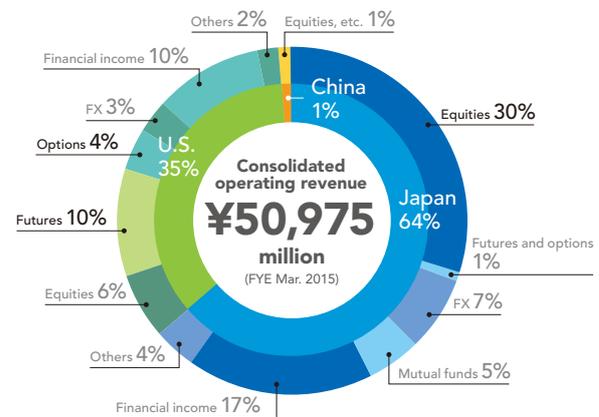
# FINANCIAL RESULTS BY SEGMENT

## Overview of the Monex Group

The Monex Group mainly handles equities-related transactions for investors in Japan and futures and options transactions for active traders in the United States. The majority of group employees in the U.S. are developing and operating competitive services in systems-related roles.

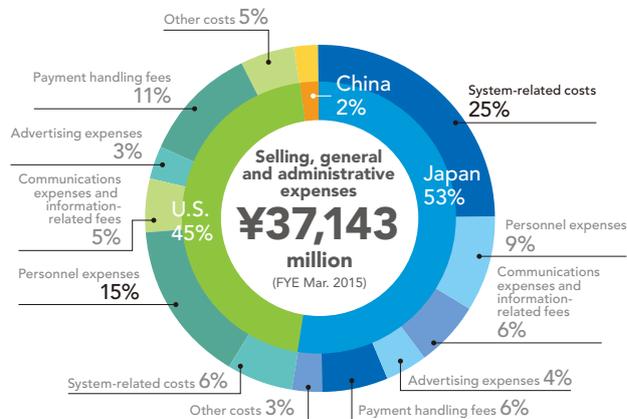
### Percentage of operating revenue by geographical area and breakdown of transaction types

Most transactions handled in Japan are equities-related, while the highest proportions in the United States are futures and options transactions. The main customers in Japan are investors who aim to build their asset portfolios over the medium and long terms, while customers in the U.S. are primarily active traders interested in short-term deals. The Monex Group plans to adopt a new Japanese equities trading platform in 2015 as a means to attract active traders in Japan and establish an earnings platform that can contribute to sustainable growth.



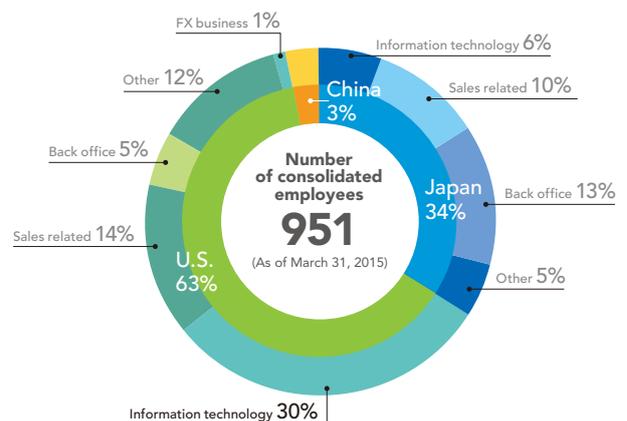
### Percentage of SG&A expenses by geographical area and breakdown of expenses

In the Japan segment, system-related costs account for about half of total costs due to the outsourcing of backbone brokerage system development and operations to vendors. The U.S. segment handles the in-house development of trading systems, and personnel expenses account for a high proportion of total costs, since costs associated with developers are relatively high. The in-house development of systems for Japan is currently in process. When the development of the backbone brokerage system and main equities trading platform is completed, depreciation expenses are expected to increase over the period when development costs are capitalized and depreciated.



### Percentage of employees by geographical area and breakdown by type of occupation

On a consolidated basis, the U.S. and China segments account for about two-thirds of all employees. Many employees in the United States are engaged in information technology related to the in-house development of systems, which account for about half of all jobs in the country. Approximately one-fifth of employees in Japan hold IT-related positions. In preparation for the planned switchover to the new backbone brokerage system in the fiscal year ending March 31, 2017, management is assigning a suitable number of personnel to manage the system according to plans.



# Japan Segment

## Summary of Business Performance for FYE March 31, 2015

Japanese stock markets were bolstered by the Bank of Japan's purchases of exchange-traded funds and the anticipated reforms of the Government Pension Investment Fund intended to increase the weight of domestic stocks in its investment portfolio. Against this backdrop, the Nikkei stock average surpassed ¥19,000 in March 2015, its highest level in 15 years. On the other hand, the combined average daily trading value for retail investors on both the Tokyo Stock Exchange and Nagoya Stock Exchange decreased 23% year on year to ¥1,156.7 billion.

Under these circumstances, the average daily equity trading value handled in the Japan segment decreased 28.6% to ¥69.5 billion, while the average daily number of equity trades dropped 14.8% to 122,635 transactions. Commissions received also fell 20.5% to ¥19,033 million. Net trading income decreased 15.9% to ¥4,831 million as a result of a decline in the value of foreign exchange transactions, while financial income edged up 2.2% to ¥8,670 million. As a result of these factors, operating revenue came in at ¥32,678 million, down 14.7% year on year.

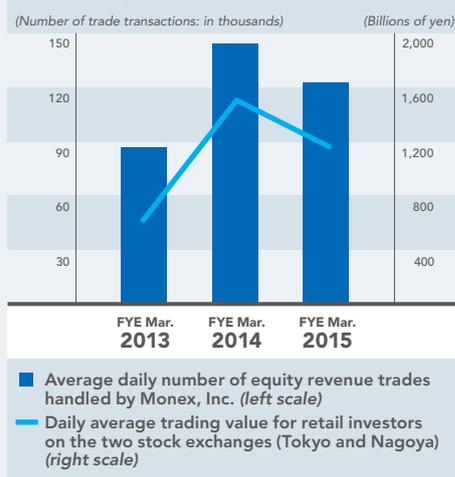
Meanwhile, selling, general and administrative expenses rose 4.3% to ¥20,004 million. This was mainly due to increased system-related costs associated with the switchover of the backbone brokerage system and expenses for advertising intended to secure new customer accounts. The net amount of other income and expenses amounted to ¥14 million, a considerable year-on-year decrease of 99.4%. The amount in the previous fiscal year was much higher owing to a ¥2,288 million gain on the sale of shares of Lifenet Insurance Company.

As a result of the factors above, the Japan segment posted profit before income taxes of ¥10,498 million, down 46.2% compared with the previous fiscal year.

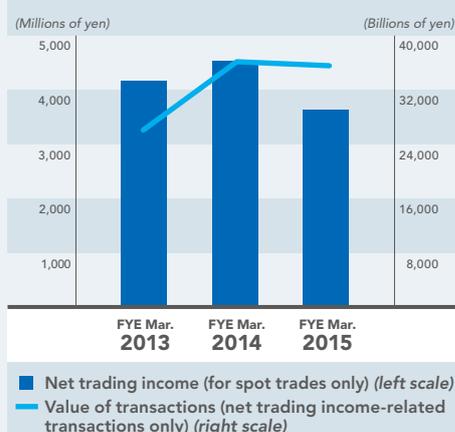
## Initiatives Targeting Medium- and Long-Term Growth

During the fiscal year under review, the Monex Group worked to achieve its planned 2015 launch of a Japanese equities trading platform jointly developed by subsidiaries in the United States and Monex, Inc., and continued with the development of a new backbone brokerage system scheduled to replace the existing system in the fiscal year ending March 31, 2017. While depreciation expenses and other system-related costs increased compared to the previous fiscal year, the amount of costs and timing of the projects proceeded according to plans, putting the Monex Group on track to achieve significant cost reductions in the fiscal year ending March 31, 2017. Monex, Inc. is preparing to launch the new Japanese equities trading platform with the goals of attracting traders in addition to investors, its main customer base at present, and increasing its market share of commissions in the future.

### Trading value for retail investors on two stock exchanges and DARTs handled by Monex, Inc.



### Value of FX transactions and net trading income from FX transactions



(Millions of yen)	FYE Mar. 2013	FYE Mar. 2014	FYE Mar. 2015 (current term)	YoY change
Total operating revenue	24,151	38,311	32,678	-14.7%
Financial expenses	878	1,851	2,268	22.5%
Selling, general and administrative expenses	16,510	19,173	20,004	4.3%
Other income and expenses (net amount)	6,125	2,210	91	-95.9%
Segment profit (profit before income taxes)	12,888	19,497	10,498	-46.2%

# FINANCIAL RESULTS BY SEGMENT (cont.)

## U.S. Segment

### Summary of Business Performance for FYE March 31, 2015

The U.S. segment's main customer base is comprised of active traders interested in taking advantage of opportunities to make profits from market fluctuations. In the United States, volatility levels remained low in the first half of the fiscal year under review according to the Volatility Index (VIX), but then increased in the second half. The performance of the U.S. segment was also affected by the depreciation of the yen, which fell 10.2% year on year to the U.S. dollar during the fiscal year under review.

In this operating environment, daily average revenue trades (DARTs)\* excluding foreign exchange transactions increased 4.0% year on year to 116,048, while commissions received rose 16.0% to ¥10,790 million. Net trading income, however, fell 37.7% year on year to ¥1,411 million, reflecting a decrease in the amount of foreign exchange transactions resulting from business restructuring related to MT4, one of the services in the segment's foreign exchange business. Meanwhile, financial income jumped 28.1% to ¥5,342 million, mainly due to an increase in revenue from stock-lending transactions and the contribution, from December 2014, of interest rate swap transactions with cash segregated as deposits designated as hedged items. As a result of these factors, operating revenue came to ¥17,944 million, up 11.7% compared to the previous fiscal year.

Selling, general and administrative expenses amounted to ¥16,702 million, an increase of 9.2% year on year. On a U.S. dollar basis, however, these expenses decreased 0.9%, reflecting the impact of the depreciation of the yen to the dollar in the fiscal year under review. Meanwhile, net amount of other income and expenses came in at a loss of ¥2,086 million, compared to a loss of ¥342 million in the previous fiscal year. This was mainly the result of a ¥1,702 million loss on business restructuring of the MT4 business in the fiscal year under review.

As a result of these factors, the U.S. segment posted a loss before income taxes of ¥4,340 million, compared with a segment loss before income taxes of ¥2,388 million in the previous fiscal year.

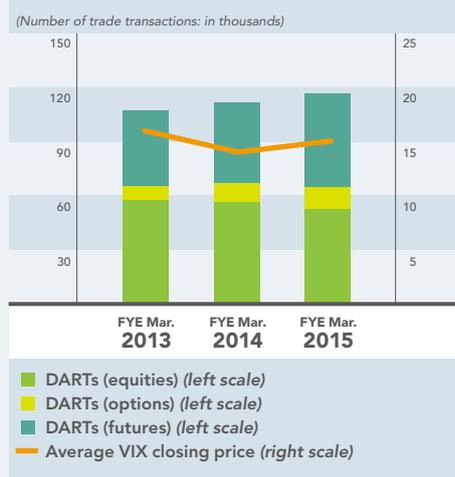
\* DARTs is calculated as the average number of revenue generating trades or transactions per business day.

### Initiatives Targeting Medium- and Long-Term Growth

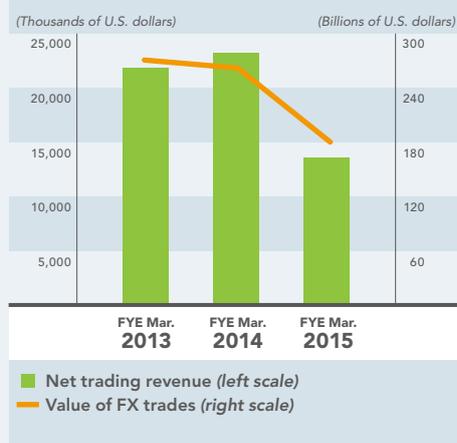
With a view to improve the U.S. segment's income and expenditures balance and to return the segment to profitability, the Monex Group concentrated the management resources of the foreign exchange business and transferred retail accounts of the business' MT4 service during the fiscal year under review. It also commenced a cost reduction plan targeting a reduction of \$17 million annually by the fiscal year ending March 31, 2021, and worked to secure \$8 million annually in revenues through interest rate swap transactions, by which a portion of forecast interest income is obtained by utilizing assets in custody over the short term.

The Monex Group's B2B business began licensing its equities trading platform to a variety of customers, including Shinhan Investment Corp., a member of the Shinhan Financial Group, which is one of the largest financial groups in South Korea, and Guosen Securities Company Limited, China's eighth largest securities firm in terms of assets in custody.

### VIX closing price and DARTs of equities, options and futures



### Value of FX trades and net trading revenue



(Millions of yen)	FYE Mar. 2013	FYE Mar. 2014	FYE Mar. 2015 (current term)	YoY change
Total operating revenue	11,727	16,062	17,944	11.7%
Financial expenses	1,593	2,818	3,495	24.0%
Selling, general and administrative expenses	13,423	15,290	16,702	9.2%
Other income and expenses (net amount)	(2,485)	(342)	(2,086)	—
Segment loss (loss before income taxes)	(5,775)	(2,388)	(4,340)	—

## China Segment

### Summary of Business Performance for FYE March 31, 2015

During the fiscal year under review, Hong Kong's economy performed strongly overall as it benefited from bullish conditions in the U.S. economy, despite concerns over the negative economic impact of prolonged protests by groups demanding democratization in Hong Kong. Amidst growing expectations for progressive fiscal policies and monetary easing measures implemented by the Chinese government, the Hang Seng Index increased from about 23,000 points in April 2014 to almost 25,000 points by the end of March 2015. Meanwhile, the performance of the China segment was affected by the depreciation of the yen, which fell 10.3% year on year to the Hong Kong dollar during the fiscal year under review.

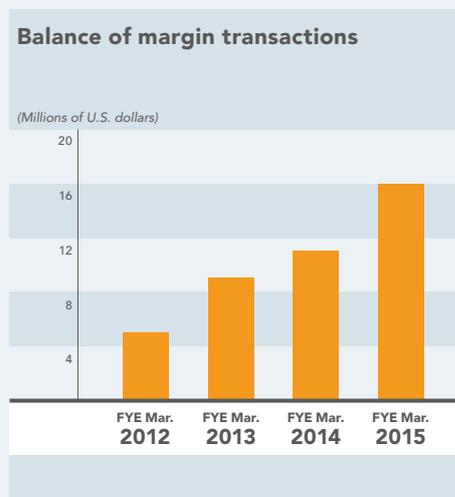
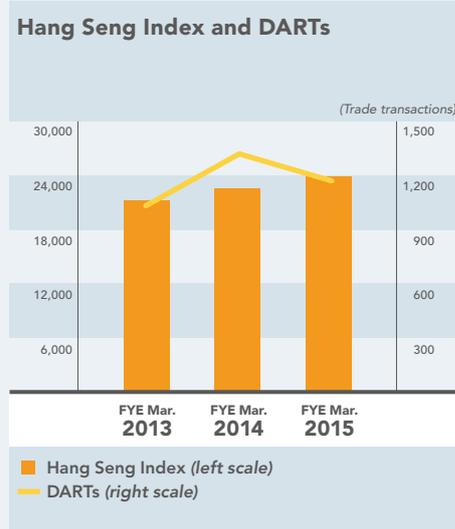
Under these circumstances, in the China segment during the fiscal year under review, 1,176 DARTs were recorded by Hong Kong-based Monex Boom Securities (H.K.) Limited, down 11.0% year on year, while commissions received decreased 4.1% to ¥353 million. On the other hand, financial income rose 35.3% to ¥117 million, mainly owing to the company's concerted efforts to promote margin transactions amid a favorable business environment. Operating revenue was also up, increasing 4.3% to ¥609 million.

Selling, general and administrative expenses amounted to ¥785 million, an increase of 10.6% year on year. The net amount of other income and expenses was positive at ¥101 million, following a loss of ¥10 million in the previous fiscal year. This was the result of a ¥100 million gain on the sale of a subsidiary's capital after all of its equity was sold off in the fiscal year under review. This action was taken in order to help keep existing customers in mainland China. The Monex Group also established a jointly controlled company in mainland China during the fiscal year under review, and posted ¥79 million in equity in losses of equity method affiliates.

As a result of the factors described above, the China segment recorded a loss before income taxes of ¥156 million, compared to a segment loss before income taxes of ¥138 million in the previous fiscal year.

### Initiatives Targeting Medium- and Long-Term Growth

Monex Boom Securities has been maintaining stable profits as an online brokerage business in Hong Kong. It is also investing in several projects intended to eventually expand its online brokerage business into mainland China in the future. Among these projects, a system for facilitating the opening of online accounts was developed by the online brokerage business of a securities firm in mainland China, which has been providing technical support through Cherry Technology Co., Ltd, a technical support company jointly set up by the Monex Group. The system has helped increase the number of new accounts opened. Regulations on foreign companies' entry into the securities industry in mainland China are likely to be relaxed in the future. With this in mind, Monex Boom Securities is carefully managing its investments while preparing to take advantage of opportunities to secure revenues when the regulations are eased.



(Millions of yen)	FYE Mar. 2013	FYE Mar. 2014	FYE Mar. 2015 (current term)	YoY change
Total operating revenue	387	585	609	4.3%
Financial expenses	1	3	3	-12.4%
Selling, general and administrative expenses	475	710	785	10.6%
Other income and expenses (net amount)	(18)	(10)	23	—
Segment loss (loss before income taxes)	(107)	(138)	(156)	—



## Employees

### SPECIAL FEATURE:

## THREE KEY ASSETS PROVIDE THE BASIS FOR IMPROVING CORPORATE VALUE

## Brands

The Monex Group's employees around the world are behind the expansion of its online brokerage services in Japan, the United States and Hong Kong.

Monex is promoting three retail brands—each with their own unique history.

The Group is drawing on its technical capabilities to create new value and experiences for customers.

## Technical Capabilities

These three key assets generate the value offered by the Monex Group to all of its stakeholders.

## Employees are working together to continuously offer leading-edge financial services to retail investors

### A corporate culture that values diversity and mutual understanding between management and employees

Along with the growth of its online brokerage business in Japan since Monex, Inc.'s founding, the Monex Group has expanded the scale and breadth of its operations through mergers and acquisitions in Japan and around the world. Now with subsidiaries based in the United States and Hong Kong, acquired through these M&A activities, Monex has adopted a policy of respecting the character and originality of management at every subsidiary, and allowing them to be run independently by local managers and employees. The experience of merging and acquiring companies has formed a foundation for a corporate culture that values diversity and mutual understanding between all members of Monex worldwide.

### All employees are pursuing the founder's vision and desire to put retail investors at the forefront

Monex, Inc. was founded in 1999 with a vision to create the very best in basic services that are indispensable for people's lives. By combining the Internet and financial technology, the company commenced its business with the conviction that it could offer secure, beneficial and useful financial services for retail investors. Since that time, the company has been channeling its management resources toward building on this business model of putting retail investors at the forefront.

TradeStation Group, Inc. was established in 1982 by brothers William and Rafael Cruz, who had studied violin at music school. They started making investments after studying investment theory during their time in high school, but their initial attempts were complete failures. From that experience, they considered how testing investment strategies with historical data using computers could contribute to investment decisions. The brothers then developed System Writer, the precursor to the current TradeStation equities trading platform, as a trading analysis software application that retail investors could use even if they had no knowledge of computer programming.

The Monex Group has designed its business with the approach of having its online brokerage firms in Japan and the United States help retail investors with their investment portfolios. This strong commitment to helping investors is shared by all members of the Group.

### Maintaining a workplace environment in which all employees can work comfortably

In Japan, the Monex Group is carrying out measures for promoting the success of women under the Positive Action program initiated by the country's Ministry of Health, Labour and Welfare. As of March 31, 2015, the percentage of female employees in management positions was 19% in the Japan segment, while the percentage of women serving as directors or executives in the Monex Group as a whole was 16%. Group companies in Japan have been maintaining systems and facilitating conditions for supporting the return to work by women who have taken maternity leave. To date, 100% of female employees and managers have returned to their jobs after taking such leave.

In the United States, where more than half of employees are system engineers, Group companies have put flextime systems in place to allow employees to flexibly manage their work schedules and holidays. The Monex Group is creating a workplace environment that makes it easy for engineers to develop, maintain and operate systems in an effort to ensure its competitive edge.



Employees worldwide are nominated and recognized through the BOOST employee award program, which is based on the Monex Group's five core values



The joint-establishment of Monex, Inc. as an online brokerage firm by Oki Matsumoto, a financial expert, and Sony Corporation in 1999 was headline news in Japan



Algorithms created by brothers William and Rafael Cruz, both musicians, were developed into products that transformed the trading industry in the United States

## Brands

The Monex Group's mission is to offer retail investors worldwide "the future of finance one step ahead of its peers"

### Promoting retail brands in Japan, the United States and Hong Kong

With three retail brands—Monex in Japan, TradeStation in the United States and BOOM in Hong Kong—under the MONEX corporate brand name, the Monex Group is striving to support retail investors in every area that it operates. The MONEX brand name represents the Group's pursuit of realizing the future of finance while remaining one step ahead of its peers. Always looking toward the future, the Monex Group aspires to continue creating online financial services that enhance the lifestyles of people around the world.

### Providing a broad range of information for making better trades and creating investment portfolios is at the heart of the Monex Group's brands

The Monex Group focuses on customer education designed to tailor information about investment theory and financial instruments to the needs of customers, from beginners to experienced investors. By providing retail investors with the same level of investment opportunities and financial instruments and services as institutional investors, Monex believes it can benefit the investment portfolios of retail investors and help ensure the fairness of capital markets. While offering

high-quality, leading-edge products and services, Monex also recognizes that providing retail investors with a broad range of highly useful information is essential for them to make better trades and create investment portfolios. With this strong conviction, Monex is continuously working to improve its customer education and investment information services.



Monex, Inc. creates many opportunities for sharing information in events like the seminar shown here



Monex, Inc.'s popular online seminars are interactive, allowing users' questions to be answered directly



Strategy Concepts is an information magazine for TradeStation customers

### CSR activities linked to the brand mission

The importance that the Monex Group places on providing retail investors with customer education and information reflects its commitment to corporate social responsibility (CSR).

As an example of a CSR initiative, TradeStation Group, Inc. offers its TradeStation Academic Program to 27 universities, including Carnegie Mellon University, the University of Pennsylvania and New York University, as well as other educational institutions. Under the program, students are given free access to the TradeStation trading platform, providing a secure environment for learning about trading strategies and risk management by making trades using virtual accounts.

In another initiative, Monex, Inc. sponsors the course, Overview of Financial Markets, at Aoyama Business School, a university graduate school in Tokyo. As part of the course, fund managers and other experts active at the forefront of financial markets are invited as guest speakers to teach graduate students about practical market analysis and market prediction techniques.

Through these initiatives, the Monex Group is pursuing activities intended for broadening the base of retail investors in both Japan and the United States.



A guest lecturer leads an Overview of Financial Markets class sponsored by Monex, Inc. (above) A TradeStation Academic Program class (below)



**MONEX GROUP**  
Monex Group, Inc.

"Giant Step," the brand symbol of Monex, was designed by the graphic designer Shin Matsunaga as an "image that unwaveringly illustrates the obvious principle that money originally exists for the happiness of man."

## Technical Capabilities

### Drawing on TradeStation Group's technical capabilities to implement strategies and pursuing new development techniques and the development of services in the field of financial technology

#### TradeStation trading platform reflects highly credible technical capabilities

Developed by applying the technical capabilities of TradeStation Group, Inc., the TradeStation trading platform has been strongly endorsed by active traders in the United States for many years, and has been recognized with various awards in the past. TradeStation Group has developed

systems with its own engineers, and its technical capabilities are indispensable for the Monex Group to implement its strategy of developing and operating trading platform systems in-house.

#### Outstanding evaluations of TradeStation Group's technical capabilities in the U.S.

Media	Evaluation category	Ranking	Status
BARRON'S	Active traders	Highest ranking of 4.5 stars	2 consecutive years
	International traders	Highest ranking of 4.5 stars	4 consecutive years
INVESTOR'S BUSINESS DAILY	Level of total customer satisfaction	Top 5	3 consecutive years
	Equities trading tools	Highest ranking	—
Stockbrokers.com	Platform technology	Highest ranking	3 consecutive years
Technical Analysis of STOCK & COMMODITIES	Equities trading system	Highest ranking	11 consecutive years
	Futures trading system	Highest ranking	11 consecutive years

#### Taking on the challenge of applying new development methods

Two key challenges are involved in developing systems in-house in accordance with the Monex Group's Global Vision: applying the agile development method and utilizing cloud services.

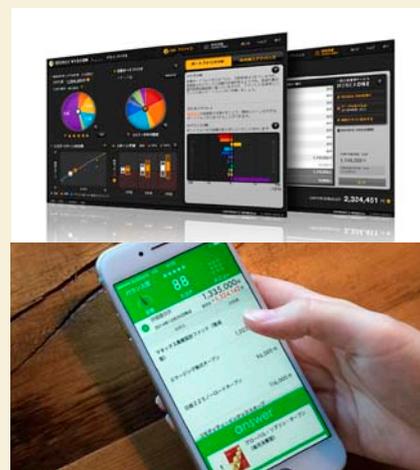
Agile development is a method by which a cycle of specifying software development requirements, designing functions, assembling systems and testing is rapidly repeated in small increments, with development carried out in response to changing circumstances. This contrasts with waterfall development, the mainstream method used in the past,

by which each process of the development cycle is implemented in sequence and only once.

The Monex Group has been utilizing cloud services as the platform for the new investment information services it launched in May 2013. This use of cloud computing for IT platforms by a financial company was well ahead of its time in the industry. By deciding to utilize agile development and cloud services, the Monex Group can shorten development spans and expand its systems, enabling it to more quickly develop competitive services.

#### Successfully developing products and services ahead of their time in the field of financial technology

While financial technology—the combination of finance and information technology—has been attracting attention internationally in recent years, the Monex Group was a forerunner of this trend, achieving success in developing products and services for retail investors by applying both financial engineering and IT early on. Moreover, in its corporate venture capital business, Monex has been making investments in companies that are mainly involved in the area of financial technology, and compiling information on cutting-edge technological trends through the companies it invests in.



The MONEX VISION asset planning advisory tool (above)

Answer, an investment trust trading name selection and support app (below)

This year, Jun Makihara was elected the lead independent director among six outside directors for the Monex Group board. The lead director position is a relatively new concept, even abroad, but it is increasingly common in the United States. Europe has a long tradition of a non-executive Chairman, who serves the same function as a lead director. We asked Mr. Makihara how he views his new role.



**Jun Makihara**  
Outside & Independent Director

## **As the lead independent director, I view my role as ensuring that there is robust communication between the outside directors and management.**

I was honored to be elected the lead independent director for the Monex Group board. In a well functioning board such as the one at Monex, the lead director is more of a coordinator of the outside directors, making sure that issues on various directors' minds are brought to the attention of management. Even at Monex, since management sets the agenda for board meetings and manages the flow of information for each session, it can be difficult for an individual outside director to redirect the conversation toward an issue he or she feels is important. However, we now set aside part of board meetings for "Executive Sessions," discussions among just the outside directors, without management. We then also have sessions with just Chairman and CEO Matsumoto. Although the regular Monex board discussions are lively, I was surprised at how many intense discussions we have had in these Executive Sessions.

Our outside directors bring a broad and diverse expertise to the table. This experience (in-depth expertise in technology, marketing, asset management, law, and finance, as well as lengthy experience in managing organizations, large and small, Japanese and foreign) is manifested forcefully in these meetings, strengthening our dialogue. There are certainly issues and opportunities that other directors see which I have missed. In particular, I am grateful for the input my fellow directors bring related to technology. The speed with which technology is changing our market, and the scale of investment necessary to keep up, makes each decision the Company makes in this area both risky and costly. I am speaking of both the present—how we invest in our technology infrastructure—and the future—how we see online brokerage evolving as the world moves to mobile and beyond.

An often-mentioned criticism of outside directors is that they cannot understand a company as well as management. In some cases this may be true. However in the example of technology above, I believe that the combined wisdom and experience of the outside directors provides valuable direction and advice that Monex would not be able get looking inside.

Good corporate governance does not prevent a company from making mistakes or missing opportunities. However our hope is that we, the outside directors, will help Monex to avoid more mistakes and grasp more opportunities.

**Corporate governance raises the foreseeability of profits. CEO Oki Matsumoto has long maintained that to protect the interests of various stakeholders it is important for stakeholders to be able to predict how the profits generated by a company will change well into the future.**

**Let us explain how corporate governance is conducted and the thoughts that underlie it at Monex Group, Inc.**



## **Oki Matsumoto**

Representative Executive Officer  
President & Chief Executive Officer  
Monex Group, Inc.

### **Whether corporate governance works effectively or not depends on how top managers operate the system and its structures**

For corporate governance to work effectively, first there must be an independent third party to limit the actions of top managers. I believe that managers are, in a sense, all-powerful within the corporate structure, and if they had malicious intent they could do almost anything. For example, managers with malicious intent could deliberately split an organization so that only they could see all of its workings, and they could manipulate the organization so that outside directors would get only partial information. In general, the Board of Directors appoints a company's top managers, but the board also designates the members of the Nominating Committee, which proposes appointments to and dismissals from the board. The chairman has considerable discretion in the board's operations, so in cases where a top manager serves as chairman, even the Nominating Committee might be rendered meaningless. If a third party who can put the brakes on such managers is placed on the Board of Directors, making governance more effective, it goes without saying that stakeholders will be better protected.

Next, the effectiveness of governance depends on how the corporate system and its structures are used. Governance does not function effectively just because outside directors are present, and problems will not stop arising just because an internal control structure is in place. Unless directors manage their company appropriately with an understanding of limits and responsibilities, the company's systems and structures aimed at protecting stakeholders will not work properly.

To cite one example, the Company's board meetings are conducted in such a way that the checks on each director and each director's responsibilities are clear. For instance, all comments from directors are recorded in the minutes of the meeting. Exemptions are not accepted. Also, if opinions about a certain proposal are mixed, each director's approval or disapproval is sought individually. I believe that this arrangement acts as a curb on what directors say, eliminates vague stands on issues, and clarifies each director's responsibility for decisions that are made.

At Monex Group, Inc., the traditional behind-the-scenes string pulling to decide items on the agenda before they come up for a vote is not allowed. For measures the executive presents to the board, the Company has a basic policy that provides for full discussion prior to a vote, but no answers to a measure may be prepared in advance. Discussions at board meetings sometimes lead to a measure's rejection or some other result not initially planned by the executive.

I believe that the aim of corporate governance is to make changes in profits more foreseeable to shareholders well into the future. As the business environment evolves, I will maintain and strengthen our effective governance system.

# CORPORATE GOVERNANCE (cont.)

## Basic Thoughts on Corporate Governance

We believe that continually improving the corporate value of the Monex Group requires highly effective corporate governance at Monex Group, Inc. and Group companies. Based on this idea, we have had multiple outside directors for some time and have vigorously promoted information disclosure with the goal of building mechanisms to allow for limits on management execution and to bring about

balanced management decisions. In these and other ways, we have repeatedly sought to take objective and varied opinions into account.

In June 2013, Monex adopted a committee structure in its management. By further separating executive and supervisory functions, we will make our corporate governance system more robust.

## Initiatives to Strengthen Corporate Governance

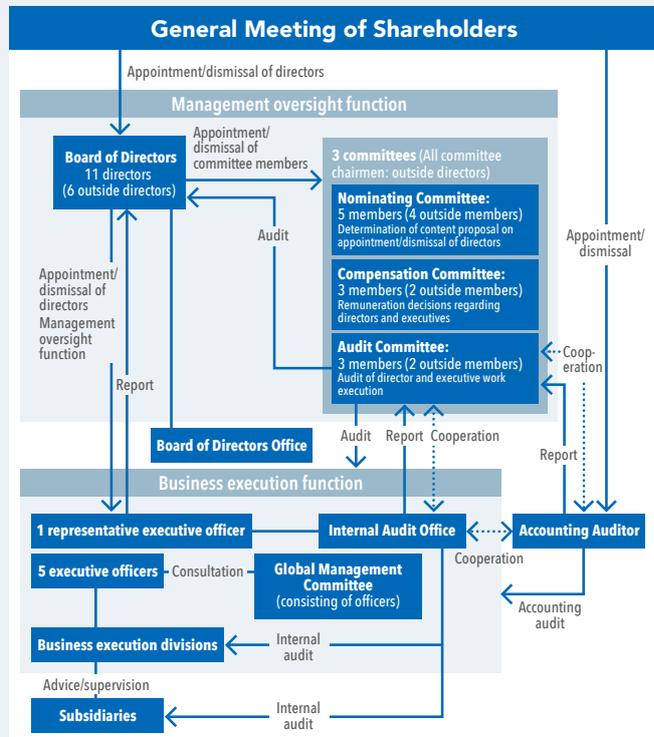
Since its foundation, the Company has employed multiple outside directors and built a management system that makes good use of outside eyes and voices. As our business expanded through M&A and we began to face new issues and risks, we appointed outside directors with the knowledge, experience, and specialization to rein in management decisions and supervise business execution.

Monex has also been a leader in institutional design, shortening the term of directorships to one year in 2009 and shifting to a company with committees in 2013.

Currently more than half of Monex's Board of Directors is composed of outside and independent directors, who also head the Nominating, Audit, and Compensation committees.

## Outline of Corporate Governance System

The Company adopted a committee structure on June 22, 2013. When the Company Act of Japan was subsequently revised, the Company set up three relevant committees on May 1, 2015. Adopting this format not only clarifies the separation of executive and supervisory functions, but in addition, the establishment of Nominating, Audit, and Compensation committees, each with majorities held by outside directors, secures management transparency and fairness and helps to raise the effectiveness of corporate governance. According to the rules of the Company Act, the Board of Directors of a company with this three committee structure can delegate considerable responsibility to executives. This enables speedy responses to changes in the business environment.



## Helping Ensure More Effective Meetings of the Board of Directors

The Nominating Committee of the Company drafts the list of director candidates that is presented to the General Meeting of Shareholders.

The Nominating Committee decides on its appointment/dismissal policy for directors in the following way.

Among the qualities that are sought in a director, the points that should be given most consideration are (1) high ethical standards, (2) adequate understanding of one's duties, (3) awareness of the need to contribute proactively to the Board of Directors and affiliated committees, and to make the necessary time commitment, and (4) one or more of the following six requirements: (a) business experience in a securities company or other financial institution, (b) business experience in an Internet company or other company serving individuals, (c) knowledge of IT and marketing, (d) management experience in a listed or global company, (e) specialization in law or accounting, and (f) other experience or specializations deemed necessary by the Nominating Committee in light of the business environment.

The Nominating Committee believes that a balanced discussion from a broad variety of viewpoints is necessary to improve corporate value. For this reason, we nominate diverse candidates who will give the board a good overall

balance of experience, knowledge, and ability. We consider the ideal size of the board to be about 10, a number that enables lively discussion.

The Nominating Committee decides on candidates for the Board of Directors based on the following principles. Firstly, candidates are evaluated by each currently appointed director individually, and then, secondly, evaluated by all members of the Board of Directors collectively. Thirdly, the composition of the Board of Directors is considered, and the need for any changes to its composition is decided on. Fourthly, each candidate is evaluated based on his or her character and other factors, and considered with respect to how he or she will fit in with the balance of the overall composition of the Board of Directors. If a candidate concurrently serves as a director at another listed company, the Nominating Committee will assess whether he or she would be able to sufficiently fulfill his or her duties as a director of Monex Group, Inc. Finally, if a candidate has already served as a director and is being considered for reappointment, his or her attendance at meetings of the Board of Directors and each committee he or she belonged to will be taken into account.

## Remuneration of Officers

The Company, with its Nominating Committee, also has a Compensation Committee that, as prescribed in the Company Act, decides on policy regarding the content of remuneration for directors and executives. This committee also decides on the specifics of remuneration in individual cases.

Remuneration for executives, including those who do double-duty as directors, is composed of basic remuneration and remuneration linked to the stock price.

Basic remuneration consists of a fixed amount plus an amount concomitant to the post.

Remuneration linked to the stock price is based on a point

system, in which a certain number of points is allocated for the responsibility borne by each post and additional points are awarded for contributions to earnings. Based on total points, phantom shares are apportioned once each year. Beginning with the fiscal year after apportionment, phantom shares are distributed proportionally across multiple fiscal years. Therefore, the remuneration awarded in any particular fiscal year is calculated from phantom shares apportioned over a fixed period in the past plus the Company's standard stock price for that particular year.

Directors who do not also fill executive posts receive basic remuneration only.

Remuneration for Officers					
Officer category	Total remuneration (millions of yen)	Total remuneration by type (millions of yen)			Number of applicable officers
		Basic remuneration	Share based payment	Other	
Directors (excluding outside directors)	¥124	¥109	¥15	¥—	¥4
Executive officers	52	45	7	—	2
Outside directors	69	69	—	—	7

## Reasons for Appointing Outside Directors

The Company's six outside directors were submitted for discussion and approved at the June 2015 General Meeting of Shareholders for the following reasons.

### Jun Makihara\*

Director, Nominating Committee member, Compensation Committee Chairman, Lead Independent Director

Jun Makihara has long been engaged in investment banking and the cultivation of Internet-related businesses in Japan and the United States. He has a deep understanding of Internet and financial businesses, including sophisticated knowledge of finance. Since his appointment as a director in June 2006, he has been a forceful speaker at board meetings and has made numerous proposals advocating either expansion or consolidation depending on the state of the Company's business.

### Kaoru Hayashi

Director, Nominating Committee member

From the dawn of Internet services for individuals in Japan, Kaoru Hayashi's attention was captured by this medium's potential. He started his own business in 1995 and has been involved in Internet businesses ever since. Appointed to the Company's Board of Directors in June 2012, he has made many useful suggestions at board meetings based on his deep understanding of IT trends and the Internet business environment.

### Nobuyuki Idei

Director, Nominating Committee Chairman, Compensation Committee member

Nobuyuki Idei has been a global company manager for many years, and tapping into his extensive network of domestic and overseas contacts and his knowledge of Internet businesses, he is actively engaged in forging the next generation of business leaders. Based on his wide knowledge and experience, Mr. Idei has been a prolific source of proposals since being appointed to the Company's Board of Directors in June 2013.

### Koji Kotaka

Director, Audit Committee Chairman

Koji Kotaka is a legal specialist with lawyer's qualifications in both Japan and the United States. As an investment banker, he was involved in many M&A projects and he has a wealth of knowledge in the financial field. Since being appointed to the Company's Board of Directors in June 2013, Mr. Kotaka has offered numerous comments from legal and financial business perspectives. On the Audit Committee, he contributes to improving the Monex Group's corporate governance system through verification of the internal control system.

### Fujiyo Ishiguro

Director, Nominating Committee member

Fujiyo Ishiguro is especially well versed in the digital marketing field, and she has lengthy experience as the manager of a listed company. Since being appointed to the Board of Directors in June 2014, Ms. Ishiguro has actively contributed to the Company's management with proposals based on her view of changes in what clients seek from Internet services.

### Billy Wade Wilder

Director, Audit Committee member

Billy Wade Wilder has worked in the investment industry for many years, and also has numerous years of experience in corporate management in Japan. Since being appointed as a director of the Company in June 2014, he has made many proposals in meetings of the Board of Directors, drawing on ideas he has refined as an institutional investor for assessing and supervising corporate management. Based on this expertise, he also monitors the status of the Monex Group's internal controls as a member of the Audit Committee.

\*The Company's independent directors voted to appoint Jun Makihara as the lead independent director effective from April 2015. He is responsible for facilitating smoother communication and better understanding between directors and executives, and for encouraging more dynamic discussions in meetings of the Board of Directors.

## Dialogue with Stakeholders

Monex believes that active disclosure and dialogue with stakeholders not only helps to build relationships with those stakeholders and the market, but also fulfills a brake function on practical management and business execution within external and internal corporate governance.

## Proactive Information Disclosure

Monex Group, Inc., places importance on the disclosure of detailed information about its performance, and discloses the results of operating revenue and financial expenses every month. Likewise, its subsidiary Monex, Inc., issues information concerning transactions for both total accounts and active accounts, while TradeStation Group, Inc., discloses data related to daily average revenue trades (number of revenue generating trades or transactions, abbreviated as DARTs), assets in custody, and other items each month. Disclosure is conducted in a timely manner in both English and Japanese.



*Our first Orientation Committee was formed in 1999. At this time, subjects of discussion included "system speed" (slowdowns occurred after the opening of the morning market; improvement was seen, but more was desired) and "order formats" (no-limit orders at the closing if not otherwise executed, good-till-canceled orders, day trading, and time to place orders with an exchange before closing). Due to this committee, the trading time before closing was in fact lengthened.*



*We prepare annual reports in English and Japanese each year. Beginning in 2014, we introduced a greater "integrated report" element and stepped up our disclosure of nonfinancial and qualitative information.*

## Dialogue with Shareholders

The Company always holds its General Meeting of Shareholders on a Saturday to make the meeting easier for individual shareholders to attend. To promote the exercise of voting rights, we dispatch notices of convocation three weeks before the meeting day and post the information on the Company's website. We also encourage electronic voting from the Internet or mobile phones, and use a platform operated by ICJ, Inc. (a joint venture instituted by the Tokyo Stock Exchange, etc.) for institutional investors to exercise electronic voting rights. The Company has disclosed the results of exercised voting rights since 2009.

The June 2015 General Meeting of Shareholders was attended by a record 735 shareholders. During the question and answer period, eight out of 11 directors answered questions, as did five out of six independent directors.

## Dialogue with Institutional Investors

On earnings announcement day each quarter, the Monex Group holds a results briefing or teleconference in Japanese and English. In each case the Representative Executive Officer & CEO explains our earnings directly and participates in a Q&A session. About twice annually, a group of Monex's managers take a European and U.S. tour to visit investors and give individual meetings, and managers and our head of investor relations section gives interviews to institutional investors at almost any time. Monex also actively participates in conferences organized by securities companies, where it explains its business results and strategy.

## Dialogue with Retail Investors

On earnings announcement day or the next business day each quarter, the Monex Group holds an online results briefing for retail investors. This is an opportunity for our Representative Executive Officer & CEO to engage in a direct dialogue with retail investors.

## Dialogue with Clients

Ever since Japan's Monex, Inc. was founded, it has held an Orientation Committee meeting once every three months to ask clients their opinion face to face. As of June 2015, the company had held 60 such meetings. The president and CEO of Monex, Inc. has contributed his thoughts and perceptions to every issue of *Monex Mail*, the Company's e-magazine, which has been distributed every business day since August 1999.

## Dialogue with Employees

The Monex Group holds group-wide meetings for all employees to ensure that management's current understanding and thinking are shared. In the Japanese segment these meetings are called *zentaikai* (overall meetings) and in the U.S. segment they are known as "town hall meetings."

# RISK CONTROL IN THE MONEX GROUP

Regarding risk perception by Monex Group, Inc. and its subsidiaries, the Company follows all legal stipulations and also manages risk according to its own “rules of integrated risk control.” To keep risk that affects Company management within a certain permissible range contributes to the achievement of our business goals. Based on this idea, we discern, analyze, and evaluate risk and devise appropriate control systems for each kind of risk.

In relation to risk control, the CEO appoints a risk control manager, and this person is responsible for providing and managing the risk control system and reporting periodically to the Board of Directors.

Items recognized as risks are classified systematically, and the location and related divisions of each risk are clearly identified. The risk control manager then measures the risk comprehensively, estimates the degree of impact and event probability of the risks, confirms the control situation, and reports to the Board of Directors how much risk the Monex Group as a whole is facing.

The Monex Group’s rules of integrated risk management stipulate that the following 10 risks should be managed.

① Market-related risk	⑥ Administrative risk
② Credit risk	⑦ Legal risk
③ Liquidity risk	⑧ Reputation risk
④ Information security risk	⑨ Disaster risk
⑤ System risk	⑩ Other risk

In subsidiaries as well, we control risk according to business size and content. For example, at Monex, Inc., the largest company in the Group, we have established rules, an organization, and a meeting and committee structure to control risks unique to this company. The meeting and committee structure related to risk control at Monex, Inc. is as follows.

## Meeting and committee structure related to risk control at Monex, Inc.

Name	Participants	Content
QMS* Confirmation Committee *Quality Management System	<ul style="list-style-type: none"> <li>• CEO</li> <li>• COO</li> <li>• Internal control manager</li> <li>• Director/Manager responsible for system development</li> <li>• Legal control manager</li> <li>• Quality control office manager</li> </ul>	Reporting and discussion of regulations pertaining to system quality control, the state of outsourcing quality control, incidence of system difficulties and measures taken to prevent a recurrence of those difficulties.
Credit Committee	<ul style="list-style-type: none"> <li>• Directors responsible for Financial Department and legal controls</li> <li>• Internal control manager, etc.</li> </ul>	Discussion of transactions accompanied by credit risk, such as margin trading and futures and options trading. For example, setting and alteration of credit limits on clients from the viewpoint of credit control and client control and the enforcement or cancellation of in-house regulations on certain issues.
Information Security Control Committee	<ul style="list-style-type: none"> <li>• Information Security Control Committee chairman (internal control manager)</li> <li>• Director and manager responsible for Human Resources Department</li> <li>• Director and manager responsible for system development, etc.</li> </ul>	Prepares and makes decisions related to company-wide information security control.
Compliance Meeting	<ul style="list-style-type: none"> <li>• Internal control manager</li> <li>• CEO</li> <li>• COO</li> <li>• Directors</li> <li>• Manager responsible for legal controls</li> <li>• Director and office head responsible for Quality Control Office</li> <li>• Audit Office manager, etc.</li> </ul>	A compliance-related advisory body to the internal control manager. Consults on all aspects of devising and managing systems related to compliance.
Commitment Committee	<ul style="list-style-type: none"> <li>• Finance Department manager</li> <li>• Legal control manager, etc.</li> </ul>	An advisory body to the legal control manager. Consults on whether the Company should underwrite or not the suitability of pricing and scope that the Company decides as an IPO lead manager (expected prices and expected provisional conditions, provisional conditions, public price, etc.).

# CONSOLIDATED FINANCIAL STATEMENTS

This annual report does not include notes on the consolidated financial statements.

For details, please refer to the Annual Financial Statements 2015.

[http://www.monexgroup.jp/en/ir\\_library/annual\\_report/pdf/E\\_annual\\_financial\\_statement2015\\_03.pdf](http://www.monexgroup.jp/en/ir_library/annual_report/pdf/E_annual_financial_statement2015_03.pdf)

## Consolidated Statement of Income

For the consolidated fiscal years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
<b>Revenue:</b>			
Commission received	¥33,542	¥30,079	\$250,407
Net trading income	8,011	6,242	51,963
Financial income	12,583	13,987	116,444
Other operating income	587	667	5,550
Total operating revenue	54,722	50,975	424,365
Other financial income	2,305	82	682
Other income	59	210	1,752
Equity in profits of equity method investments	0	—	—
Total revenue	57,086	51,267	426,799
<b>Expenses:</b>			
Financial expenses	4,672	5,766	47,998
Selling, general and administrative expenses	34,981	37,143	309,213
Other financial expenses	99	272	2,266
Other expenses	439	1,970	16,399
Equity in losses of equity method investments	—	2	14
Total expenses	40,191	45,152	375,890
Profit before income taxes	16,895	6,115	50,909
Income tax expense	6,539	2,621	21,822
Profit	10,356	3,494	29,087
<b>Profit attributable to:</b>			
Owners of the Company	10,354	3,494	29,087
Non-controlling interests	2	—	—
Profit	¥10,356	¥ 3,494	\$ 29,087
	Yen		U.S. dollars
<b>Earnings per share attributable to owners of the Company:</b>			
Basic earnings per share	¥ 35.76	¥ 12.15	\$ 0.10
Diluted earnings per share	—	—	—

## Consolidated Statement of Comprehensive Income

For the consolidated fiscal years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Profit	¥10,356	¥3,494	\$29,087
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments in foreign operations	2,349	4,117	34,273
Changes in fair value of available-for-sale financial assets	(1,960)	740	6,157
Changes in fair value of hedging instrument	(143)	245	2,041
Share of other comprehensive income of equity method investments	23	(5)	(41)
Other comprehensive income after income taxes	268	5,097	42,431
Total comprehensive income	10,624	8,591	71,517
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	10,622	8,591	71,517
Non-controlling interests	2	—	—
Total comprehensive income	¥10,624	¥8,591	\$71,517

# CONSOLIDATED FINANCIAL STATEMENTS (cont.)

## Consolidated Statement of Financial Position

As of March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
<b>Assets:</b>			
Cash and cash equivalents	¥ 85,442	¥ 68,540	\$ 570,599
Cash segregated as deposits	426,719	525,567	4,375,353
Trading securities and other	2,458	4,148	34,535
Derivative assets	11,326	13,432	111,818
Investments in securities	8,390	8,176	68,066
Margin transaction assets	178,230	175,637	1,462,180
Loans secured by securities	152,382	159,969	1,331,747
Other financial assets	28,990	46,003	382,975
Property and equipment	1,579	2,408	20,045
Intangible assets	41,558	48,807	406,320
Equity method investments	861	1,136	9,459
Deferred tax assets	247	20	163
Other assets	1,089	1,398	11,642
<b>Total assets</b>	<b>¥939,270</b>	<b>¥1,055,242</b>	<b>\$8,784,902</b>
<b>Liabilities and Equity:</b>			
<b>Liabilities:</b>			
Derivative liabilities	¥ 9,047	¥ 12,159	\$ 101,222
Margin transaction liabilities	36,308	46,125	383,988
Loans payables secured by securities	183,765	195,521	1,627,718
Deposits received	287,385	368,656	3,069,063
Guarantee deposits received	167,039	184,850	1,538,875
Bonds and loans payable	159,125	150,418	1,252,230
Other financial liabilities	4,280	4,958	41,273
Provisions	156	158	1,312
Income taxes payable	5,629	230	1,917
Deferred tax liabilities	3,810	3,732	31,068
Other liabilities	2,026	1,504	12,523
<b>Total liabilities</b>	<b>858,569</b>	<b>968,310</b>	<b>8,061,189</b>
<b>Equity:</b>			
Common stock	10,394	10,394	86,526
Additional paid-in capital	40,510	40,510	337,249
Retained earnings	22,856	23,991	199,723
Other components of equity	6,941	12,038	100,214
Equity attributable to owners of the Company	80,701	86,932	723,713
<b>Total equity</b>	<b>80,701</b>	<b>86,932</b>	<b>723,713</b>
<b>Total liabilities and equity</b>	<b>¥939,270</b>	<b>¥1,055,242</b>	<b>\$8,784,902</b>

## Consolidated Statement of Changes in Equity

For the consolidated fiscal years ended March 31, 2014 and 2015

	Millions of yen												
	Equity attributable to owners of the Company											Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Retained earnings	Other components of equity					Total			
Changes in fair value of available-for-sale financial assets					Changes in fair value of hedging instrument	Foreign currency translation adjustments in foreign operations	Share of other comprehensive income of equity method investments	Sub-total					
<b>Balance as of April 1, 2013</b>	¥10,394	¥40,521	¥ —	¥22,079	¥2,833	¥ —	¥ 3,789	¥51	¥ 6,673	¥79,667	¥ 35	¥79,702	
Profit	—	—	—	10,354	—	—	—	—	—	10,354	2	10,356	
Other comprehensive income	—	—	—	—	(1,960)	(143)	2,349	23	268	268	—	268	
Total comprehensive income	—	—	—	10,354	(1,960)	(143)	2,349	23	268	10,622	2	10,624	
<b>Transactions with owners:</b>													
Acquisition of treasury stock	—	—	(5,514)	—	—	—	—	—	—	(5,514)	—	(5,514)	
Cancellation of treasury stock	—	(5,514)	5,514	—	—	—	—	—	—	—	—	—	
Dividends paid	—	—	—	(4,064)	—	—	—	—	—	(4,064)	—	(4,064)	
Transfer to Additional paid-in capital from Retained earnings	—	5,514	—	(5,514)	—	—	—	—	—	—	—	—	
Acquisition of non-controlling interests	—	(11)	—	—	—	—	—	—	—	(11)	(37)	(47)	
Total of transactions with owners	—	(11)	—	(9,578)	—	—	—	—	—	(9,588)	(37)	(9,625)	
<b>Balance as of March 31, 2014</b>	¥10,394	¥40,510	¥ —	¥22,856	¥ 872	¥(143)	¥ 6,138	¥74	¥ 6,941	¥80,701	¥—	¥80,701	
Profit	—	—	—	3,494	—	—	—	—	—	3,494	—	3,494	
Other comprehensive income	—	—	—	—	740	245	4,117	(5)	5,097	5,097	—	5,097	
Total comprehensive income	—	—	—	3,494	740	245	4,117	(5)	5,097	8,591	—	8,591	
<b>Transactions with owners:</b>													
Dividends paid	—	—	—	(2,359)	—	—	—	—	—	(2,359)	—	(2,359)	
Total of transactions with owners	—	—	—	(2,359)	—	—	—	—	—	(2,359)	—	(2,359)	
<b>Balance as of March 31, 2015</b>	¥10,394	¥40,510	¥ —	¥23,991	¥1,612	¥ 102	¥10,255	¥69	¥12,038	¥86,932	¥—	¥86,932	

For the consolidated fiscal year ended March 31, 2015

	Thousands of U.S. dollars												
	Equity attributable to owners of the Company											Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Retained earnings	Other components of equity					Total			
Changes in fair value of available-for-sale financial assets					Changes in fair value of hedging instrument	Foreign currency translation adjustments in foreign operations	Share of other comprehensive income of equity method investments	Sub-total					
<b>Balance as of March 31, 2014</b>	\$86,526	\$337,249	\$ —	\$190,275	\$ 7,262	\$(1,194)	\$51,101	\$614	\$ 57,784	\$671,834	\$ —	\$671,834	
Profit	—	—	—	29,087	—	—	—	—	—	29,087	—	29,087	
Other comprehensive income	—	—	—	—	6,157	2,041	34,273	(41)	42,431	42,431	—	42,431	
Total comprehensive income	—	—	—	29,087	6,157	2,041	34,273	(41)	42,431	71,517	—	71,517	
<b>Transactions with owners:</b>													
Dividends paid	—	—	—	(19,639)	—	—	—	—	—	(19,639)	—	(19,639)	
Total of transactions with owners	—	—	—	(19,639)	—	—	—	—	—	(19,639)	—	(19,639)	
<b>Balance as of March 31, 2015</b>	\$86,526	\$337,249	\$ —	\$199,723	\$13,420	\$ 847	\$85,374	\$573	\$100,214	\$723,713	\$ —	\$723,713	

# CONSOLIDATED FINANCIAL STATEMENTS (cont.)

## Consolidated Statement of Cash Flows

For the consolidated fiscal years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 16,895	¥ 6,115	\$ 50,909
Depreciation and amortization	3,441	3,942	32,815
Loss on business restructuring	—	1,702	14,167
Gain on sales of investments in subsidiaries	—	(100)	(831)
Financial income and financial expenses	(10,117)	(8,031)	(66,862)
Decrease/increase in derivative assets/liabilities	(2,110)	1,311	10,913
Decrease/increase in assets/liabilities for margin transaction	(32,180)	12,410	103,310
Decrease/increase in loans/loans payable secured by securities	8,886	4,987	41,516
Decrease/increase in cash segregated as deposits	(62,900)	(68,275)	(568,391)
Decrease/increase in deposits received and guarantee deposits received	68,210	66,080	550,115
Decrease/increase in short-term loans receivable	(1,032)	(2,720)	(22,641)
Other, net	(1,119)	(16,945)	(141,066)
Sub-total	(12,026)	475	3,953
Interest and dividends income received	11,928	13,864	115,417
Interest expenses paid	(4,069)	(5,459)	(45,446)
Income taxes paid	(4,088)	(9,129)	(75,996)
Net cash provided by (used in) operating activities	(8,256)	(249)	(2,072)
<b>Cash flows from investing activities:</b>			
Proceeds from withdrawal of time deposits	100	—	—
Purchase of investments in securities	(12,771)	(6,235)	(51,905)
Proceeds from sales and redemption of securities	23,458	7,159	59,598
Purchase of property and equipment	(765)	(1,233)	(10,262)
Purchase of intangible assets	(4,026)	(8,301)	(69,110)
Proceeds from sales of subsidiaries	—	249	2,070
Other, net	(36)	(241)	(2,003)
Net cash provided by (used in) investing activities	5,960	(8,602)	(71,612)
<b>Cash flows from financing activities:</b>			
Net increase/decrease in short-term loans payable	(14,403)	(39,331)	(327,428)
Proceeds from long-term loans payable	87,516	32,221	268,242
Repayment and redemption of long-term loans payable	(27,500)	(2,500)	(20,813)
Acquisition of non-controlling interests	(47)	—	—
Purchase of treasury stock	(5,514)	—	—
Cash dividends paid	(4,053)	(2,358)	(19,632)
Net cash provided by (used in) financing activities	35,998	(11,968)	(99,631)
Net increase/decrease in cash and cash equivalents	33,703	(20,819)	(173,314)
Cash and cash equivalents at the beginning of year	50,140	84,855	706,420
Effect of exchange rate change on cash and cash equivalents	1,012	2,300	19,147
Cash and cash equivalents at the end of year	¥ 84,855	¥ 66,337	\$ 552,252

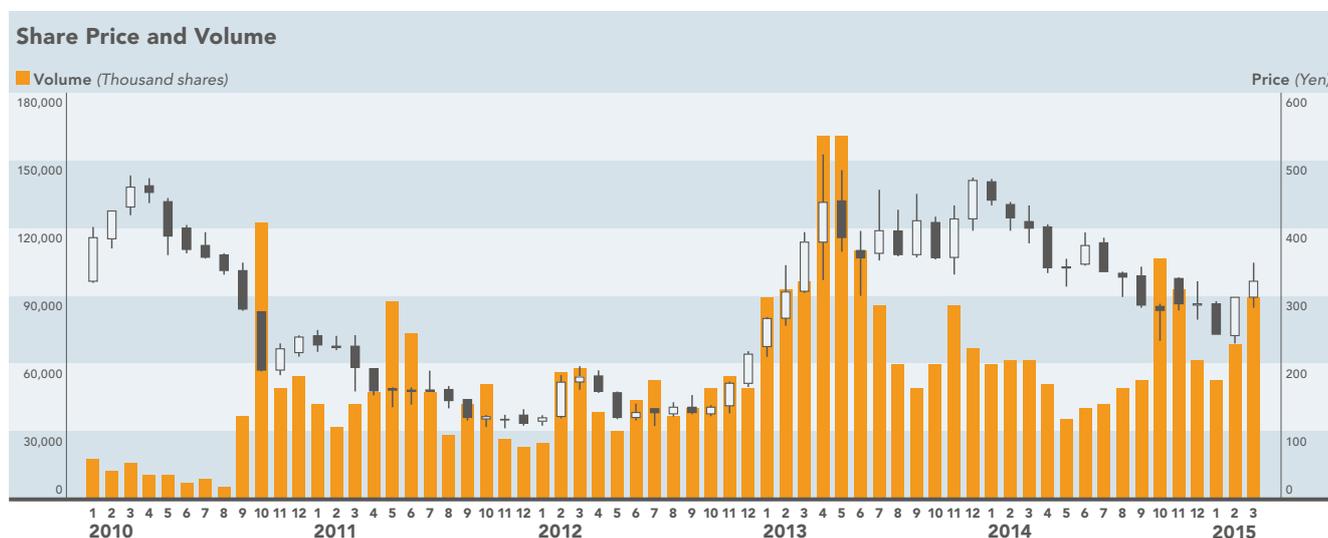
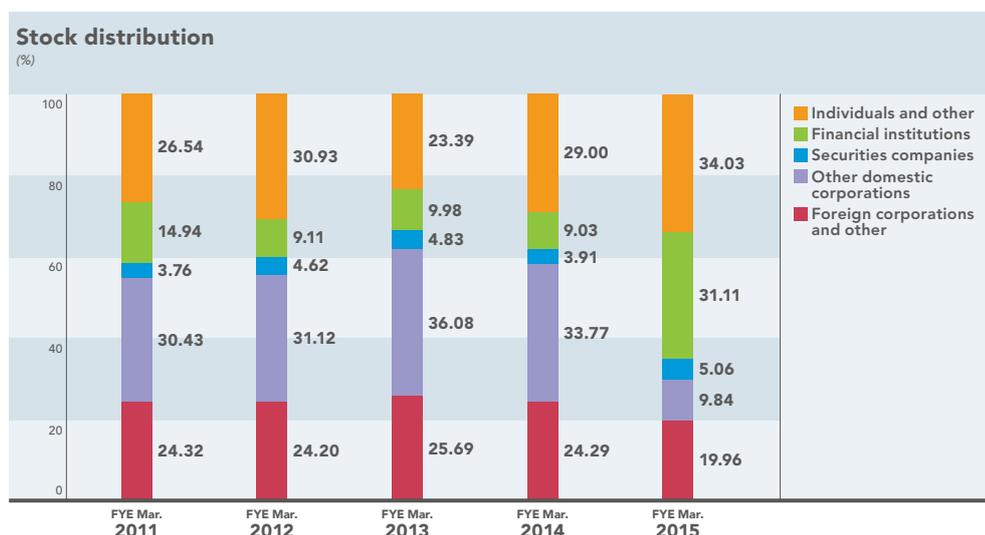
# STOCK INFORMATION

(AS OF MARCH 31, 2015)

Investor Information	
Stock listing	First section of the Tokyo Stock Exchange
Security code	8698
Name of company	Monex Group, Inc.
Outstanding stock	287,680,500 shares
Trading unit	100
No. of shareholders	51,774
Administrator for shareholders' register	Mizuho Trust & Banking, Co., Ltd.
Fiscal year	From April 1 of each year to March 31 of the following year
Record date for year-end dividends	March 31
Record date for interim dividends	September 30
General Meeting of Shareholders	June each year

Major Shareholders		
Name	No. of shares held (shares)	Percentage of shares held (%)
The Shizuoka Bank, Ltd.	57,536,100	20.00
Oki Matsumoto, Inc.	17,243,200	5.99
State Street Bank and Trust Company	8,907,009	3.10
Oki Matsumoto	7,492,000	2.60
The Master Trust Bank of Japan, Ltd. (trust account)	6,593,100	2.29
Mizuho Securities Co., Ltd.	5,981,600	2.08
Recruit Holdings Co. Ltd.	5,720,000	1.99
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	5,088,600	1.77
Japan Trustee Services Bank, Ltd. (trust account)	4,615,100	1.60
State Street Bank and Trust Company 505223	3,915,299	1.36

Note: It has been reported by the Report of Possession of Large Volume submitted as of March 20, 2015 that FMR LLC (Massachusetts, United States) held 16,624,513 shares of the Company's stock (shareholding ratio of 5.78%) as of March 13, 2015.



Effective on October 1, 2013, the Company conducted a 100-for-1 split of the Company's common shares. Share prices and turnovers have been adjusted retroactively since January 2010.

# CORPORATE INFORMATION

(AS OF JUNE 30, 2015)

## Corporate Profile

	<b>Monex Group, Inc.</b>
Founded	August 2004
Representative	Oki Matsumoto
Capital	¥10,393 million
Description of business	Holding company
Head office	Kojimachi-odori Building 13F, 2-4-1, Kojimachi, Chiyoda-ku, Tokyo 102-0083, Japan
URL	www.monexgroup.jp/en/

## GROUP COMPANY PROFILES

### Japan

	<b>Monex, Inc.</b>	<b>Monex Ventures, Inc.</b>	<b>Monex Hambrecht, Inc.</b>
Founded	April 1999	November 2005	September 2005
Representative	Oki Matsumoto	Satoshi Hasuo	Junya Matsuoka
Capital	¥12,200 million	¥100 million	¥113 million
Description of business	Financial instruments business	Venture capital investment business	M&A advisory services, research and investigation for OpenIPO® business
Head office	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo	Minato-ku, Tokyo

	<b>Trade Science Corporation</b>
Founded	April 2006
Representative	Kazuhiro Kunisada
Capital	¥91 million
Description of business	Investment advisory service and agency business
Head office	Chiyoda-ku, Tokyo

### U.S.

	<b>TradeStation Group, Inc.</b>	<b>TradeStation Securities, Inc.</b>	<b>IBFX, Inc.</b>
Founded	January 2000	September 1995	June 2010
Representative	Salomon Sredni	Gary Weiss	Gary Weiss
Description of business	Immediate holding company in the United States	Financial instruments business	Financial instruments business (FX business)
Head office	Florida, United States	Florida, United States	Florida, United States

	<b>TradeStation Technologies, Inc.</b>
Founded	September 1982
Representative	Salomon Sredni
Description of business	Technology development
Head office	Florida, United States

### China (Hong Kong)

	<b>Monex International Limited</b>	<b>Monex Boom Securities (H.K.) Limited</b> <small>(Monex Boom Securities)</small>
Founded	August 2010	March 1997
Representative	Katsuki Mandai	Nick Tang
Description of business	Immediate holding company in Hong Kong	Financial instruments business
Head office	Hong Kong	Hong Kong

# ART IN THE OFFICE 2015: THE WINNING ARTIST AND HIS WORK

The Monex Group has been conducting the ART IN THE OFFICE program since 2008 as part of its social and cultural activities. In addition, Monex, Inc. has been inviting public applications from contemporary artists for art in the Group's press conference room. This year, the work proposed by Masahiro Hasunuma was selected from among 88 public entries.



Atarashii Mukashi-Banashi (A New Legend), 2015, oil on canvas, 130 x 320 centimeters

## Concept of the Work

*Atarashii Mukashi-Banashi (A New Legend)* is based on the theme of continuing legends to newly create things. After engaging in discussions with employees of Monex, Inc., Mr. Hasunuma spent about two weeks creating this original work for the program. On a folding screen made up of four sheets of canvas, the painting depicts a story of an imaginary ant colony inhabiting an actual new island recently formed in the Ogasawara Islands. While the work was being created, employees were invited to create a scene from this story of the island and the ants in workshops and discussions, and on the final day more than 60 pictures they had created were put on display. Mr. Hasunuma incorporated the scenes drawn by the employees into the final work in all kinds of ways. This process of telling stories while creating the work resonates with Monex, Inc.'s corporate mission of always looking forward while positioned one step ahead in creating the future of finance.



Scenes of Hasunuma painting the work in the Company's press room



## Artist profile: Masahiro Hasunuma

Born in Tokyo in 1981 and raised in Chiba Prefecture, Masahiro Hasunuma is a contemporary artist who graduated from the Tokyo University of the Arts Graduate School in 2010 with a Ph.D. He has created works based on his interest in the autonomy of tales or images and the wonder of dreams through media including painting, animation, and photography. He has participated in the Every Place is the Heart of the World 1/100,000 Tsumari 2014 summer event at the Echigo-Tsumari Satoyama Museum of Contemporary Art in Niigata Prefecture, the Shinano Primitive Sense Art Festival 2014 in Nagano Prefecture, and the Echigo-Tsumari Art Triennale 2015 art festival in Niigata Prefecture.



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