

# MONEX GROUP

## Announcement on Disposition of Treasury Stock as Restricted Stock Remuneration

TOKYO, July 10, 2017 - Monex Group, Inc. (the “Company”) announces that it resolved at its board of directors meeting to dispose of its treasury shares as stock remuneration (the “Disposition of Treasury Stock”), as follows:

### 1. Outline of disposition

(1) Date of disposition	July 28, 2017
(2) Class and number of shares to be disposed of	314,000 shares of the common stock of the Company
(3) Disposal value	JPY 306 per share
(4) Total disposal value	JPY 96,084,000
(5) Method of offering or disposition	Allocation of specified restricted stock
(6) Method of contribution	Contribution in kind of monetary compensation claims
(7) Eligible allottees and the number of such allottees, and the number of shares to be allocated	Managing directors of the Company (excluding outside directors) 4 persons, 77,200 shares Executive officers of the Company (*) 6 persons, 88,400 shares Executive directors of the Company, managing directors and executive directors of the Company’s subsidiaries 15 persons, 148,400 shares  (*) Executive officers concurrently serving as managing directors are included in managing directors.
(8) Others	The Disposition of Treasury Stock is subject to the entry into force of the Securities Notification under the Financial Instruments and Exchange Act.

### 2. Purposes and reasons for disposition

As stated in “Announcement of Change of Remuneration System for our Group’s Management” dated April 28, 2017, the Company resolved at the Remuneration Committee’s meeting held on April 28, 2017 to introduce the Restricted Stock Remuneration System (the “System”) as a new remuneration system for the Company’s managing directors, executive officers and executive directors and the managing directors and executive directors of the Company’s subsidiaries (excluding outside directors; collectively referred to as “Eligible Officers”). The aim of the System is to incentivize the Eligible Officers to contribute to the continuous enhancement of the Company’s corporate value by linking a part of their remuneration to the value of the Company’s stock and thus having them share with our shareholders not only the rise of stock prices but also the risks of declining stock prices.

Due to the introduction of this System, the remuneration to the Company’s Eligible Officers, which previously consisted of a fixed remuneration and a stock-price-linked remuneration, will convert to a remuneration consisting of three components; i.e. a fixed remuneration as a “Base Remuneration”, a performance-linked remuneration, which will be determined in accordance with each year’s performance as a “Short-Term Incentive Remuneration”, and a restricted stock remuneration as a “Medium-and-Long Term Incentive Remuneration.” The size of the base remuneration to Eligible Officers in total will be about 70% of the total amount of the remuneration to the Eligible Officers and the size of both incentives in total will be about 30% of the same.

The outline of the System is as follows:

### 3. Outline of the System

Under the System, the Eligible Officers shall pay in all of their monetary compensation claims received from the Company or any of the subsidiaries of the Company as contributions in kind, and

receive the issuance or disposition of the common stock of the Company.

As regards to the individual amount of each Eligible Officer's monetary compensation claims, it was decided at the Remuneration Committee meeting held today (for the Eligible Officers who are neither directors nor executive officers of the Company, through the remuneration determining procedures established by the Company and/or its group companies) that a total of JPY 96,084,000 per year in monetary compensation claims is to be paid to 25 Eligible Officers.

Upon the Disposition of Treasury Stock, a restricted stock allocation agreement (the "Allocation Agreement") is to be executed between the Company and each of the Eligible Officers to whom shares of the restricted stock are allocated.

#### 4. Outline of the Allocation Agreement

The Company and each of the Eligible Officers will individually enter into the Allocation Agreement, whose outline is as follows:

(1) Transfer restriction period: From July 28, 2017 to August 1, 2020

(2) Conditions for lifting of the transfer restrictions

The transfer restrictions shall be lifted when the transfer restriction period expires on the condition that the relevant Eligible Officer has continued to hold the position of a director, executive officer, corporate auditor, executive director or employee of the Company or any of the Company's subsidiaries. Provided, however, that upon the retirement of any Eligible Officer from any and all positions discussed above due to justifiable reasons or death, the transfer restrictions shall be lifted immediately after the relevant event. In such case, the transfer restrictions shall be lifted for the number of shares obtained by multiplying (a) the number of months from the month of the paying-in date to and including the month of the date of his/her resignation or retirement divided by 36 (however, if the calculation result exceeds one, the value of this item (a) shall be one) by (b) the number of shares of the common stock of the Company allocated to the Eligible Officer pursuant to the Allocation Agreement (the "Allocated Shares") (however, any fraction less than one share arising as a result of calculation shall be rounded down). On or after the lifting of the transfer restrictions, the Company will, as a matter of course, acquire, free of charge, the Allocated Shares for which such restrictions have not been lifted in accordance with the above-mentioned conditions for lifting.

(3) Management of the shares

Throughout the transfer restriction period, the Allocated Shares will be managed in a dedicated account to be opened by each of the Eligible Officers with Mizuho Securities Co., Ltd. to ensure that no transfer, pledge or other disposition of such shares will occur during the transfer restriction period. With the view to ensuring the effectiveness of the transfer restrictions on the Allocated Shares, each of the Eligible Officers will enter into certain prescribed contracts with Mizuho Securities Co., Ltd. in relation to management of the accounts for the Allocated Shares held by him/her.

(4) Treatment in the event of corporate restructuring

If, during the transfer restriction period, a shareholders meeting of the Company (or the board of directors of the Company, if the approval of the Company's shareholders meeting is not required for the relevant corporate restructuring) approves a merger agreement under which the Company becomes a non-surviving company, an absorption-type company split agreement or an incorporation-type company split plan under which the Company becomes the split company (limited to the case where, as of the effective date of the company split, the Company delivers to its shareholders all or part of the consideration for the company split delivered upon the company split), a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary, or any other corporate restructuring-related matter as set forth in the

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Allocation Agreement, the transfer restrictions on the Allocated Shares held by the Eligible Officers shall be lifted immediately before the business day preceding the effective date of the relevant corporate restructuring.

## 5. Grounds for calculation of the paying-in amount and specific details thereof

The Disposition of Treasury Stock is implemented as the restricted stock remuneration under the System in exchange for contribution of the monetary compensation claims granted by the Company and subsidiaries of the Company. In order to eliminate arbitrariness in the disposal value, such value has been set at JPY 306, which is equivalent to the closing price of the common stock of the Company on the Tokyo Stock Exchange as of July 7, 2017 (the business day preceding the date of the board of directors' resolution). The Company believes that this value, which is the market stock price immediately prior to the date of the board of directors' resolution, is reasonable.

The Company believes that this disposal value is not particularly favorable in view of the following rates of such value's deviation from the simple average values of the closing prices of the common stock of the Company on the Tokyo Stock Exchange: (a) 6.25% (rounded off to two decimal places; hereinafter the same in the calculation of the rates of deviation) from JPY 288 (any fraction less than JPY 1 has been rounded down; hereinafter the same in the indication of the simple average values of closing prices) over the one-month period (from June 8, 2017 to July 7, 2017); (b) 9.29% from JPY 280 over the three-month period (from April 10, 2017 to July 7, 2017); and (c) 5.52% from JPY 290 over the six-month period (from January 10, 2017 to July 7, 2017).

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