

Disclaimer: This is an English abridged translation of the original Notice of Convocation of the 101st Ordinary General Meeting of Shareholders of Matsui Securities Co., Ltd. written in Japanese (the “Original Japanese Notice”). It is prepared for reference purposes only and without any warranty as to its accuracy or otherwise. If any questions arise related to the completeness and accuracy of the information contained in the translation, please refer to the Original Japanese Notice.

May 31, 2017

To: Shareholders

President and Chief Executive Officer
Michio Matsui
Matsui Securities Co., Ltd.
1-4, Kojimachi, Chiyoda-ku,
Tokyo, Japan

Notice of Convocation of the 101st Ordinary General Meeting of Shareholders

You are hereby notified that the 101st Ordinary General Meeting of Shareholders of the Company will be held as set forth below and you are cordially invited to attend the meeting.

If you are unable to attend the meeting in person on the day of the meeting, we would appreciate your reviewing the reference materials enclosed herewith and sending us by return mail the enclosed proxy card or by the internet indicating your approval or disapproval of the Proposals by no later than June 23, 2017 5:30 p.m.

Description

1. Date and Time:
1:00 p.m. on Sunday, June 25, 2017
2. Place:
Sumitomo Fudosan Hanzomon Ekimae Building 2F, Bellesalle Hanzomon
1-6-4, Kojimachi, Chiyoda-ku, Tokyo, Japan
3. Agenda for the Meeting:

Matters to be reported:

Report on the business and the audited financial statements for the 101st fiscal period (from April 1, 2016 through March 31, 2017)

Matters to be resolved:

- | | |
|----------------|--|
| Proposal No.1: | Appropriation of Surplus |
| Proposal No.2: | Election of ten Directors |
| Proposal No.3: | Amendment of Stock Options as Compensation
(Stock Acquisition Rights) |

Reference Materials for the Ordinary General Meeting of Shareholders

Proposals and Reference Matters

Proposal No.1: Appropriation of Surplus

Matters concerning the year-end dividends:

The Company sets out the basic policy for dividend payment that it firmly maintains the dividend payout ratio between 60% and 100% inclusive and dividend on equity (DOE) of over 7%, comprehensively considering the business results and financial conditions, optimum level of capital to support the margin trading services, and strategic investment opportunities.

The year-end dividends are as stated below:

- 1) Matters concerning allocation of dividend property and the total amount

¥20 in cash per common share

Total amount is ¥5,134,626,720

Annual dividend per share will be ¥33 including interim dividend of ¥13 that the Company has already paid.

- 2) Effective date of the distribution of surplus

June 26, 2017

Proposal No.2: Election of ten Directors

The terms of all nine Directors will expire at the conclusion of the Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes the election of ten Directors including one additional Director in order to enhance the management structure.

The candidates for Directors are as follows:

Candidate number	Name (Date of birth) Number of shareholdings of the Company	Brief personal history, title and significant concurrent positions
1	Michio Matsui (Mar. 22, 1953) 6,875,700 shares	Apr. 1976 Joined Nippon Yusen Co., Ltd. Apr. 1987 Joined the Company Dec. 1988 Director of the Company Oct. 1990 Managing Director of the Company Jun. 1995 President & CEO of the Company (current)
	(Reasons for designation as a Director candidate) Mr. Michio Matsui has served as President & CEO of the Company since 1995 and he has led the Company as pioneer of online securities brokers by implementing innovative services which went against then industry practice and tradition such as abolishing of sales representative and introducing new commission structure. Mr. Matsui has exhibited outstanding ability to run the corporation and excellent foresight in the management. The Company believes that he is well qualified for the Director to sustainably enhance the corporate value of the Company.	

2	Hirohito Imada (Feb. 4, 1965) 9,400 shares	Apr. 1987 Joined ITOCHU Corporation Aug. 2000 Joined Waseda Academy Jul. 2001 Joined the Company Sep. 2001 General Manager of Finance Dept. of the Company Jun. 2003 Director of the Company Feb. 2004 Managing Director of the Company Jun. 2004 Senior Managing Director of the Company Nov. 2005 Joined MAGASeek Corporation Jan. 2006 Deputy President of MAGASeek Corporation Jun. 2010 Director of Corporate Administration & Human Resources Dept. of the Company May. 2011 Managing Director of Corporate Administration & Human Resources Dept. of the Company (current)
		(Reasons for designation as a Director candidate) Mr. Hirohito Imada has engaged for a long period of time in financial business before he joined the Company and in the Company, he has held significant positions and he has a broad experience and professional insight in the field of general affairs such as finance, accounting, and human resources. Mr. Imada also has broad experience in corporate management as deputy president at other listed company. The Company believes that he is well qualified for the Director to appropriately manage the Company.
3	Takashi Moribe (Sep. 2, 1967) 40,995 shares	Apr. 1991 Joined NTT DATA Corporation Oct. 1996 Joined Tochigi Judicial Scrivener Office Apr. 2000 Joined Aplix Corporation Apr. 2001 Joined the Company Feb. 2005 General Manager of Marketing Dept. of the Company Jun. 2006 Director of Corporate Administration Dept. of the Company Apr. 2008 Director of Business Development Dept. of the Company May. 2011 Managing Director of Compliance Dept. of the Company (current)
		(Reasons for designation as a Director candidate) Mr. Takashi Moribe has held a number of significant positions in the Company such as Director of Marketing, Corporate Administration, Human Resources, Business Development and Compliance, and he has extensive experience and broad insight. Mr. Moribe is well informed about laws and regulations of securities brokers business and he has engaged in developing management strategy of the Company with due consideration of compliance issues. The Company believes that he is well qualified for the Director to appropriately manage the Company.
4	Akira Warita (Jun. 16, 1971) 10,000 shares	Apr. 1994 Joined Procter&Gamble Far East Inc. Jan. 1998 Joined Lehman Brothers Securities LLC Sep. 1999 Joined UBS Securities Japan LLC Apr. 2006 Joined the Company May. 2006 General Manager of IR Office of the Company Jun. 2006 Director of IR Office of the Company May. 2011 Managing Director of Marketing Dept., Business Development Dept., and Customer Support Dept. of the Company (current)
		(Reasons for designation as a Director candidate) Mr. Akira Warita has engaged for a long period of time in securities industry before he joined the Company and he has an extensive insight of securities business including retail business and investment banking business. In the Company, Mr. Warita has held a number of significant positions such as Director of Marketing, Business Development, Investor Relations and Public Relations. The Company believes that he is well qualified for the Director to appropriately manage the Company.

5	Kunihiko Sato (Feb. 5, 1971) 25,940 shares	Apr. 1989 Joined Yamaichi Securities Co., Ltd. Sep. 1998 Joined the Company Sep. 2004 General Manager of System Dept. of the Company Jun. 2006 Director of System Dept. of the Company (current)
	(Reasons for designation as a Director candidate) Mr. Kunihiko Sato has engaged for a long period of time in securities industry and he has an extensive insight of securities business. In the Company, Mr. Sato has led system development from the beginning of online securities business and he has professional insight in general securities trading system and online trading system. Since the stability of trading system is indispensable for online securities broker, the Company believes that he is well qualified for the Director to appropriately manage securities systems of the Company.	
6	Shinichi Uzawa (Jul. 19, 1973) 28,916 shares	Apr. 1996 Joined New Oji Paper Co., Ltd Aug. 2001 Joined the Company May. 2004 General Manager of Finance Dept. of the Company Jun. 2006 Director of Finance Dept. of the Company (current)
	(Reasons for designation as a Director candidate) Mr. Shinichi Uzawa has led Finance Department for a long period of time and he has an extensive experience and insight in the field of finance and accounting. Mr. Uzawa has structured and strengthened appropriate risk management system to control financial risks which is derived from providing financial services such as margin trading and futures trading. The Company believes that he is well qualified for the Director to enhance the corporate value of the Company.	
7	Motoo Saiga (Aug. 11, 1970) 800 shares	Apr. 1993 Joined Osaka Securities Exchange Feb. 2002 Joined the Company Mar. 2007 General Manager of Compliance Dept. of the Company Jun. 2016 Director of Compliance Dept. of the Company (current)
	(Reasons for designation as a Director candidate) Mr. Motoo Saiga had worked for the Osaka Securities Exchange and he has an extensive insight in laws and regulations of securities business. In the Company, Mr. Saiga has led Compliance Division for a long period of time, and he has enhanced compliance system and has engaged in improving credibility of the Company which is one of significant agenda of the Company. The Company believes that he is well qualified for the Director to strengthen compliance system of the Company.	
8	Masashi Shibata (Jun. 8, 1978) 2,900 shares [New candidate]	Apr. 2001 Joined the Company Dec. 2012 General Manager of Business Development Dept. of the Company (current)
	(Reasons for designation as a Director candidate) Mr. Masashi Shibata has engaged for a long period of time in system development and business development of the Company, and he has continuously engaged in implementing new business and services with due consideration of providing innovative services ahead of competitors. The Company believes that he is well qualified for the Director to lead innovation of the Company.	

9	Motoo Igawa (Jan. 3, 1950) 9,900 shares	Apr. 1973 Joined Nippon Yusen Co., Ltd. Jun. 2005 Managing Director of Nippon Yusen Co., Ltd. Jun. 2007 President & CEO of NYK Trading Corporation Jun. 2013 Director of NYK Trading Corporation Jun. 2014 Adviser of NYK Trading Corporation Jun. 2014 Outside Director of the Company(current)
		(Reasons for designation as an Outside Director candidate) Mr. Motoo Igawa has extensive experience and broad insight obtained through the Director at a listed company. The Company believes that he is well qualified for the Outside Director to objectively supervise management affairs and provide advice on the business management of the Company.
10	Jyunji Annen (Aug. 12, 1955) 0 shares	Feb. 1992 Registered as Lawyer Joined Akira Watanabe Law Office Apr. 1993 Professor of the faculty of law at Seikei University Apr. 2004 Professor of Law School at Seikei University Dec. 2007 Professor of Law School at Chuo University(current) Jun. 2014 Outside Director of the Company(current)
		(Reasons for designation as an Outside Director candidate) Mr. Jyunji Annen has extensive experience and sufficient insight as professor and lawyer. The Company believes that he is well qualified to objectively monitor the business management of the Company from an independent standpoint. Although he was not directly involved in corporate management other than as Outside Director and Outside Auditor, he was considered to be well qualified to appropriately perform the duties of Outside Director given the reasons stated above.

- (Note) 1. There are no particular conflicts of interest between any of the candidates and the Company.
2. Mr. Motoo Igawa and Jyunji Annen are the candidates for Outside Directors. The Company continues to designate these two persons as the Independent Directors under the regulation of the Tokyo Stock Exchange.
3. The terms of office for Mr. Motoo Igawa and Jyunji Annen, as Outside Director of the Company, will have been three years at the conclusion of the Ordinary General Meeting of Shareholders.
4. Pursuant to the provisions of Article 427, Paragraph 1 of the Corporation Act, the Company has executed an agreement with Mr. Motoo Igawa and Jyunji Annen to limit their liability within the amount stipulated by laws and regulations. In the event that the election of these two Directors is approved, the Company plans to continue this agreement with them.

Proposal No.3: Amendment of Stock Options as Compensation (Stock Acquisition Rights)

The remuneration for the Directors (an amount not exceeding yearly ¥500,000,000) was approved at the 88th Ordinary General Meeting of Shareholders held on June 27, 2004. In addition to the remuneration, the grant of stock options as compensation (stock acquisition rights) for the Directors (excluding Outside Directors) in an amount not exceeding yearly ¥100,000,000 was approved at the 98th Ordinary General Meeting of Shareholders held on June 22, 2014.

Currently the number of Directors eligible to receive stock acquisition rights is 7 (seven). If the Proposal No.2 above is approved, the number of the relevant Directors will become 8 (eight). In consideration of an increase in the number of the relevant Directors, the Company proposes to amend the amount of stock options not exceeding yearly ¥300,000,000 from the date of the Ordinary General Meeting of Shareholders in order to motivate and give the Directors an incentive for improving the Company's performance and corporate value.

The terms of stock acquisition rights which are granted to the Directors within the date when one year has not elapsed since the date of the Ordinary General Meeting of Shareholders for each fiscal year are as follows. The total number of stock acquisition rights will be changed to 6,000 units from 2,000 units.

1. Individuals eligible to receive stock acquisition rights:

Directors of the Company (excluding Outside Directors)

2. Terms of the stock acquisition rights:

(1) Class of shares that are the subject of the stock acquisition rights

The class of shares that are the subject of the stock acquisition rights shall be common stock of the Company.

(2) Number of shares that are the subject of the stock acquisition rights

Number of shares that are the subject of each stock acquisition right shall be 100. If it becomes appropriate to make an adjustment to the number of shares to be granted as a result of a share split, allotment of shares without contribution, reverse share split, or similar action taken by the Company, the number of shares shall be adjusted to the reasonable extent.

(3) Total number of stock acquisition rights

6,000 units shall be the maximum number of units that can be issued within a year from the date of the Ordinary General Meeting of Shareholders for each fiscal year.

(4) Amount to be paid for the stock acquisition rights

Amount to be paid for the stock acquisition rights is determined at the Board of Directors of the Company based on a fair value as calculated using a Black-Scholes model or other appropriate method as at the date of the allotment of the stock acquisition rights. This amount shall be offset by the Company against the compensation receivable of the relevant Director of the same amount.

(5) Value of the asset to be contributed upon the exercise of the stock acquisition rights

Payment required for the exercise of stock acquisition rights shall be made in cash. The exercise price per share shall be ¥1 and the total payment required shall be an

amount obtained by multiplying ¥1 by the Subject Number of Shares.

(6) Period during which the stock acquisition rights can be exercised

This shall be a period as determined by the Board of Directors of the Company within the range from the day when three (3) years have elapsed since the following the date of the allotment of the stock acquisition rights to the day when six (6) years have elapsed since the following the date of the allotment of the stock acquisition rights.

If the final day of the exercise period falls on a holiday of the Company, the final day shall be the working day immediately preceding the final day.

(7) Restriction on assignment of the stock acquisition rights through transfers

The acquisition of the stock acquisition rights through assignment shall require the approval of the Board of Directors of the Company.

(8) Terms of exercise of the stock acquisition rights

(i) Those who received the stock acquisition rights shall be eligible to exercise the rights only when those remain as Director of the Company at the time of exercising the rights, provided however that exceptional treatment may be allowed in this regard by the Board of Directors to the reasonable extent.

(ii) Those who received the stock acquisition rights shall exercise all or one of them by the terms of exercise listed below.

- a) All of the stock acquisition rights shall not be able to be exercised within the period from the day when the following date of the allotment of the stock acquisition rights to previous day when three (3) years have elapsed since the date of the allotment of the stock acquisition rights.
- b) One third of the stock acquisition rights shall be able to be exercised within the period from the day when three (3) years have elapsed since the following date of the allotment of the stock acquisition rights to the day when four (4) years have elapsed since the following date of the allotment of the stock acquisition rights. In cases where the stocks to be delivered to the holders of the stock acquisition rights have a fraction of less than 1 share, such a fraction shall be rounded down.
- c) Two third of the stock acquisition rights shall be able to be exercised within the period from the day when four (4) years have elapsed since the following date of the allotment of the stock acquisition rights to the day when five (5) years have elapsed since the following date of the allotment of the stock acquisition rights. In cases where the stocks to be delivered to the holders of the stock acquisition rights have a fraction of less than 1 share, such a fraction shall be rounded down.
- d) All of the stock acquisition rights shall be able to be exercised within the period from the day when five (5) years have elapsed since the following date of the allotment of the stock acquisition rights to the day when six (6) years have elapsed since the following date of the allotment of the stock acquisition rights.

(9) Other terms of the stock acquisition rights

The particulars in (1) to (8) above and the other terms of the stock acquisition rights shall be specified at a meeting of the Board of Directors to be held to determine the terms of the subscription to the stock acquisition rights.