

<English Translation of Informational Ad placed in the Nikkei on January 24, 2023>

In the event of any differences between the original Japanese version and the English translation, the original Japanese version shall prevail.

To Shareholders of Japan Securities Finance (TSE: 8511)

~Regarding the EGM to be held on February 7, 2023~

We are an Activist that looks to increase corporate value through the resolution of ESG issues

Strategic Capital, Inc., and the Fund it manages ("SC") hold ca.5.0% of the total outstanding shares of Japan Securities Finance ("JSF")

- Re: the *amakudari*¹ from the BOJ, MOF and TSE alumni -

[LINK \(Special website\)](#)

< *amakudari* into JSF >

- ***amakudari* by an executive director from the Bank of Japan (BOJ)**
Since listing on the market in 1950, all 10 presidents of JSF, including the current president Kushida, have served as directors of the BOJ
- ***amakudari* by a director from the Bank of Japan (BOJ)**
Since 1980, 7 directors who did not have experience as executive directors descended to JSF and were appointed to an executive officer role within a month of joining.
- ***amakudari* from the Ministry of Finance (MOF)**
Since 1960, 10 descended from the MOF, all of whom were appointed to at least an executive officer role within a month of joining
- ***amakudari* from the Tokyo Stock Exchange (TSE)**
Since 1974, 7 descended from the TSE and since 1994 have served as "outside" directors.

¹ Amakudari – (天下り, literally "descent from heaven") is a metaphor for the institutionalized practice where Japanese senior bureaucrats retire to high-profile positions in the private and public sectors.

< Problems with amakudari from the perspective of ESG >

【S】 Contrary to social justice and social norms

- ✗ This is a subversion of amakudari regulations aimed at preventing such collusion between the public and private sectors.
- ✗ The BOJ/MOF executives are receiving more than 3 times the remuneration from their previous positions through amakudari.

【G】 Hindering the promotion of excellent human resources

- ✗ It is suspected these senior management appointment roles are based solely on work history and do not take into account the abilities and qualities of a candidate.
- ✗ The current president who descended from the BOJ does not even understand the meaning of ROE.
- ✗ The Nomination and Remuneration Committee tacitly approves of the amakudari, and governance by the outside directors and the Nomination and Remuneration Committee is not functioning.

< Our proposal >

From the perspective of S (“Social”) and G (“Governance”) of ESG, we have determined that the *amakudari* is damaging the value of JSF and have submitted a shareholder proposal requesting an investigation into the persons who descended.

Details of the proposal

To appoint three attorneys as investigators to conduct an investigation into the circumstances of how the following officers descended into their positions.

- ***President Shigeki Kushida and Sr. Managing Executive Officer Yutaka Okada (BOJ)***
- ***Vice President Shunichiro Higuchi (MOF)***
- ***Outside Director Shuya Imura (TSE)***

We would like to ask the shareholders of JSF to please support our request for **an investigation into the *amakudari* appointments** from the perspective of S and G.

- Re: the JSF's Boards opposition to the Shareholder Proposal -

< Regarding the process of appointing directors and executive officers >

JSF: Since JSF has improved its officer selection process this past year, there is no need to investigate the history of past officer appointments.

SC: Even if the selection process has been appropriately improved since last year, the process by which the current executive officers, including the President, is still unclear, and is not a reason to oppose the investigation.

JSF: Executives are expected to play a public role and have knowledge of the securities and financial business, but due to the growing importance of the latter, candidates to succeed the President will not include those from the public sector. However, since the importance of the public role has not changed, candidates for executive officers will continue to include those from the public sector and will be selected on the basis of character.

SC: This is a completely flawed assertion. A character-based selection process means selecting officers including the President based on their ability to improve shareholder value regardless of their origins. Such an assertion suggests the above-mentioned “improved officer selection process” is only a superficial attempt to avoid criticism for *amakudari*.

< Achievement and results >

JSF: The ROE has been steadily rising and the total shareholder return has been steady in recent years. Officers should be evaluated based on their achievements after taking office and there is no need to question how they are appointed.

SC: The minimum expectation for listed companies is an ROE of 8% and PBR of 1x. JSF's ROE of 4% and PBR of 0.6x cannot be considered a success.

< Regarding protection of privacy >

JSF: If highly confidential and private information of past candidates is disclosed after the investigation, it will be difficult to secure human resources and will be an obstacle to improving corporate value.

SC: This rebuttal is based on an unrealistic assumption. Highly confidential and private information will not be included in the investigative report.

< Comparison with other companies >

JSF: *While other companies have suspicions of legal violations as a reason for appointing investigators, JSF has confirmed that there are no legal violations in the process of appointing executive officers, so there is no need to conduct an investigation.*

SC: There are cases, such as Toshiba, where the results of the investigation by a 3rd party differ from that of a company, so the results of an investigation by JSF do not negate the need to conduct an investigation. Also, investigations under Article 316 of the Companies Act are not limited to cases where there is suspicion of legal violations.

- Request to Amend Inappropriate Accounting and File an Action for the Pursuit of Liability -

On January 18, 2023, we sent a “Request to file an action for the Pursuit of Liability” to the Audit Committee of JSF. We believe that JSF has conducted inappropriate accounting practices in violation of the Financial Instruments and Exchange Act as well as Cabinet Office Ordinances, and as a result, Executive Officers of JSF may have received excessive performance-linked remuneration (“bonuses”).

Therefore, we have requested JSF amend inappropriate accounting and file a lawsuit against the Executive Officers to seek the return of any unjust enrichment as a result of the excessive bonuses. Please see our [special website](#) for more details.

日本証券金融株式会社の株主の皆様へ

～2月7日開催の臨時株主総会に向けて～



Strategic Capital

ストラテジックキャピタルは、ESG課題の解決を通じた
企業価値向上を目指すアクティビストファンドです。

株式会社ストラテジックキャピタル及び同社が運用するファンド(以下「弊社」)は、日本証券金融株式会社(以下「日証金」)の株式を約5.0%保有しています。

日本銀行、財務省及び東証OBによる 日証金への天下りについて

〈天下りの状況〉

◆日本銀行の理事による天下り

1950年の上場開始以降、日証金の歴代社長は、現社長の榎田氏を含めて10人全員が日本銀行の理事経験者による天下り

◆日本銀行の局長による天下り

1980年以降、日本銀行の局長経験者かつ理事未経験者7人が天下りし、全員が入社1カ月で常務に就任

◆財務省による天下り

1960年以降、財務省出身者が10人天下りし、全員が入社1カ月で常務以上の役職に就任

◆東証による天下り

1974年以降、東証出身者が7人天下りし、1994年以降は、社外役員として日証金に在籍

〈ESG投資から考える天下りの問題点〉

〔S〕社会正義、社会的規範に反する。

× 官民癒着の防止を目的とした天下り規制の潜脱行為である。

× 日本銀行／財務省の役職員が天下りによって前職の3倍以上の報酬を得ている。

〔G〕優れた人材の登用を妨げる。

× 経営幹部の人事が、その職歴のみに基づいて行われている疑いがあり、対象者の能力や資質が反映されていない。

× 現に日本銀行からの天下りである現社長は、ROEの正確な意味すら理解していない。

× 指名委員会は天下りを黙認しており、社外取締役や指名委員会によるガバナンスが機能していない。

〈弊社の対応〉

弊社はESGの「S(社会)」及び「G(ガバナンス)」の観点から、天下りは日証金の株主価値を毀損していると判断し、天下り人事の調査を求める株主提案を行いました。

◆弊社の提案内容

天下りを行った役員が日証金の役員となった経緯の調査を行うため、弁護士3名を調査者として選任すること。調査の対象となる役員は次のとおりです。

- ・ 榎田誠希社長及び岡田豊専務(日本銀行OB)
- ・ 樋口俊一郎副社長(財務省OB)
- ・ 飯村修也取締役(東証OB)

株主の皆様におかれては、是非とも「S」と「G」の観点から、**天下り人事の調査にご賛同いただきま**
すようお願い申し上げます。

弊社特設ウェブサイトはこちら



<https://stracap.jp/proposal-for-JSF-from-sc2022/>

日証金取締役会の 株主提案に対する反対意見について

〈取締役・執行役選任プロセスについて〉

日証金：昨年度から役員選任プロセスを改善しているため、過去の役員選任の経緯について調査する必要が無い。

弊社：仮に役員選任プロセスが昨年度から適切に改善されたとしても、社長を含む現役員が選任された経緯は依然として不透明であり、調査に反対する理由にはならない。

日証金：役員には公共的役割と証券・金融業務に関する知見が求められるが、証券・金融業務の重要性が高まっているため、社長の後継者候補には公共部門出身者を含めない。しかし、公共的役割の重要性には変化が無いため、執行役の候補には公共部門出身者を引き続き含め、人物本位で選任する。

弊社：日証金の株主価値向上に資する人物であれば、社長を含め出自を問わず選任するのが人物本位の役員選任であり、完全に破綻した主張である。このような主張は、日証金による上記「役員選任プロセスの改善」が、天下りへの批判を免れるための上辺だけのものに過ぎないことを示唆している。

〈実績・成果について〉

日証金：ROEは着実に上昇している上、株主総利回りも近年堅調に推移している。役員は就任後の成果をもって評価されるべきで、就任の経緯を問題とする必要がない。

弊社：上場企業の最低ラインはROE8%／PBR1倍が望まれるのに対して、日証金のROE4%／PBR0.6倍は成果として誇示できる水準ではない。

〈プライバシー保護について〉

日証金：過去の候補者についてのプライバシー情報等、守秘性の高い情報が調査を経て公表されれば、人材確保が困難となり企業価値の向上にとって障害となる。

弊社：非現実的な想定に基づく反論であり、守秘性の高いプライバシー情報が調査報告書に記載されることはない。

〈他社事例との比較について〉

日証金：他社では法令違反の疑いが調査者の選任理由だったが、日証金は役員選任プロセスにおいて法令違反等が無いことを確認しているため、調査の必要はない。

弊社：東芝など、会社による調査結果と第三者機関による調査結果が異なる事例は散見され、日証金による調査結果は調査の必要性を否定しない。なお、会社法316条の調査は法令違反の疑いがある場合に限られるものではない。

執行役に対する不当利得の 返還を求める訴え提起の請求について

1月18日、弊社は、日証金の監査委員会に対し、「責任追及等の訴え提起請求書」を送付しました。日証金は金融商品取引法及び内閣府令に違反する不適切な会計処理を行っており、その結果、日証金の役員は業績連動報酬を過剰に受け取っていた可能性があります。

このため、執行役に対して過剰に支払われた業績連動報酬について、不当利得の返還を求める訴えを提起するよう、日証金に請求しています。詳細は弊社特設ウェブサイトをご確認ください。