

## ○ “Independence” of directors

Of the Association’s eleven directors, nine directors besides the senior managing director and executive director have obtained the legal opinion that they are all independent directors satisfying the following requirements.

### (Independence requirements)

- (1) A non-executive director who does not receive undue influence from the executive director or any third party.
- (2) A person who does not have a significant business relationship with the Association.
- (3) A person who does not concurrently serve as a board member of competitive clearing organizations other than the Association.
- (4) A person who does not hold controlling voting rights in the Association.

### [Reference]

FMI Principles\* (explanation 3.2.10) state that “independent board members” must satisfy the following requirements.

- (i) The key characteristic of independence is the ability to exercise objective, independent judgment after fair consideration of all relevant information and views and without undue influence from executives or from inappropriate external parties or interests.
- (ii) Independence from the views of management typically requires the inclusion of non-executive board members, including independent board members, as appropriate.
- (iii) The precise definition of independence used by a financial market infrastructure (FMI) should exclude parties with significant business relationships with the FMI, cross-directorships, or controlling shareholdings, as well as employees of the organization.

\*“FMI Principles” are “principles for financial market infrastructures” drawn up by the Bank for International Settlements (BIS) and International Organization of Securities Commissions (IOSCO). They are international rules applied to financial market infrastructures in which many financial institutions including the Association are engaged.