

# Revision of ETFMM scheme from April 2024: Overview

- ◆ Partial revision of TSE-set incentive and obligation from April 2024.
- ◆ In addition, based on investor needs and liquidity, Ver. 2.0 sponsored conditions are revised.

## Partial review of TSE-set incentive obligation

<b>Rate change for incentives proportional to trading value</b>	0.1 - 0.9bps on trading value	➔	<b>0.1 - 0.5bps</b> on trading value *Eliminated the setting for Incentive for Diversified Investment and revised overall rates.
<b>Obligation Type Change for JPX Prime 150 Index</b>	(Currently Type B) Spread: 50bps or 3 ticks Quantity: JPY10 million or more	➔	(Change to Type A) <b>Spread: 20bps or 2 ticks</b> <b>Quantity: JPY30 million or more</b>

## Reviewed and newly set Ver.2.0 sponsored conditions

<b>US Treasury 5-10 years</b>	Obligation: - Minimum Quantity: JPY500 million - Quoting time: 60% Incentive: JPY 500,000 for top 2MMs	➔	Obligation: - Minimum Quantity: <b>JPY100 million</b> - Quoting time: <b>80%</b> Incentive: <b>JPY 150,000 for top 2MMs</b>
<b>FTSE100</b>	(No conditions)	➔	(Newly set)
<b>S&amp;P500 Sector</b>			
<b>UK Government Bond 5-10 years</b>			
<b>US municipal bond –Investment grade</b>			
<b>Active ETF –REITs/Foreign equities</b>			

# Revision of incentives proportional to trading value

- ◆ After the revision, the unit price of the execution value-proportional incentive is as follows

		Incentives until March 2024			Incentives after April 2024		
Tier	ADV in JPY (Continuous auction)	ETFs linked to Diversified Investment index	Other ETFs	(Batch auction or MM's execution against an MM)	Tier	All ETFs	(Batch auction or MM's execution against an MM)
I	Less than 100 mil. (Newly Listed)	0.9 bps	0.7 bps	0.2 bps	I	0.5 bps	0.2 bps
II	100 mil. or more, but less than 500 mil.	0.5 bps	0.3 bps	0.2 bps	II	0.25 bps	0.2 bps
III	500 mil. or more, but less than 1 bil.	0.2 bps	0.2 bps	0.2 bps	III	0.15 bps	0.1 bps
IV	1bil. or more, but less than 5 bil.	0.1 bps	0.1 bps	0.1 bps	IV	0.1 bps	0.1 bps
V	5 bil. or more (Leveraged/Inverse ETFs)	(なし)	(なし)	(なし)	V	(なし)	(なし)

# Target of the MM Ver.2.0 (1) Japanese Equity (From April 2024)

## Japanese Equity

		Obligation (Qty./Spread)	Monthly Incentive (Total of TSE and AM)		Max no. of ETFs
Market	JPX Prime 150	JPY100 million/ 2ticks or 20bps	Top2 MMs	JPY 300,000 /month	1 ETF
Sector	TOPIX-17 FOODS	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 ENERGY RESOURCES	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 CONSTRUCTION & MATERIALS	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 RAW MATERIALS & CHEMICALS	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 PHARMACEUTICAL	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 AUTOMOBILES & TRANSPORTATION EQUIPMENT	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 STEEL & NONFERROUS	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 MACHINERY	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 ELECTRIC APPLIANCES & PRECISION INSTRUMENTS	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 IT & SERVICES,OTHERS	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 ELECTRIC POWER & GAS	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 TRANSPORTATION & LOGISTICS	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 COMMERCIAL & WHOLESALE TRADE	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 RETAIL TRADE	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 BANKS	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 FINANCIALS (EX BANKS)	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF
	TOPIX-17 REAL ESTATE	JPY30 million/ 3ticks or 25bps	Top1 MM	JPY 150,000 /month	1 ETF

\*1 Obligation (spread) is a predetermined number of ticks or spread, whichever is wider. \*2 AMs and TSE will contribute same amount.

\*3 Obligations for Quoting time shall be 80% for all categories. \*4 If 3 or more MMs satisfy the Obligations, the ranking of MM is selected based on trading volume. If the trading volume is also the same, the MM with the longer quotation time is selected. Same hereafter.

# Target of the MM Ver.2.0 (2) Foreign Equity (From April 2024)

Foreign Equity		Obligation (Qty./Spread)	Monthly Incentive (Total of TSE and AM)		Max no. of ETFs
Single Country	S&P500	JPY100 million/ 2ticks or 20bps	Top2 MMs	JPY 200,000 /month	2 ETFs*
	NASDAQ100	JPY100 million/ 2ticks or 30bps	Top2 MMs	JPY 400,000 /month	2 ETFs*
	Dow Jones Industrial	JPY100 million/ 2ticks or 30bps	Top2 MMs	JPY 400,000 /month	2 ETFs*
	DAX	JPY100 million/ 2ticks or 30bps	Top2 MMs	JPY 200,000 /month	2 ETFs*
	FTSE100	JPY100 million/ 2ticks or 30bps	Top2 MMs	JPY 200,000 /month	2 ETFs*
Multiple countries	EURO STOXX 50	JPY100 million/ 2ticks or 30bps	Top2 MMs	JPY 200,000 /month	2 ETFs*
	MSCI Kokusai	JPY100 million/ 2ticks or 20bps	Top2 MMs	JPY 200,000 /month	2 ETFs*
	MSCI Emerging	JPY100 million/ 2ticks or 40bps	Top2 MMs	JPY 300,000 /month	2 ETFs*
	MSCI ACWI	JPY15 million/ 2ticks or 40bps	Top2 MMs	JPY 300,000 /month	2 ETFs*
Sector	S&P500 Communication Services	JPY30 million/ 3ticks or 30bps	Top1 MM	JPY 200,000 /month	1 ETF
	S&P500 Consumer Discretionary	JPY30 million/ 3ticks or 30bps	Top1 MM	JPY 200,000 /month	1 ETF
	S&P500 Consumer Staples	JPY30 million/ 3ticks or 30bps	Top1 MM	JPY 200,000 /month	1 ETF
	S&P500 Energy	JPY30 million/ 3ticks or 30bps	Top1 MM	JPY 200,000 /month	1 ETF
	S&P500 Financials	JPY30 million/ 3ticks or 30bps	Top1 MM	JPY 200,000 /month	1 ETF
	S&P500 Health Care	JPY30 million/ 3ticks or 30bps	Top1 MM	JPY 200,000 /month	1 ETF
	S&P500 Industrials	JPY30 million/ 3ticks or 30bps	Top1 MM	JPY 200,000 /month	1 ETF
	S&P500 Information Technology	JPY30 million/ 3ticks or 30bps	Top1 MM	JPY 200,000 /month	1 ETF
	S&P500 Materials	JPY30 million/ 3ticks or 30bps	Top1 MM	JPY 200,000 /month	1 ETF
	S&P500 Real Estate	JPY30 million/ 3ticks or 30bps	Top1 MM	JPY 200,000 /month	1 ETF
	S&P500 Utilities	JPY30 million/ 3ticks or 30bps	Top1 MM	JPY 200,000 /month	1 ETF

# Target of the MM Ver.2.0 (3) Foreign Bond & REIT (From April 2024)

## Foreign Bond

		Obligation (Qty./Spread)	Monthly Incentive (Total of TSE and AM)		Max no. of ETFs
Single Country	US Treasury 5-10 years	JPY100 million/ 2ticks or 20bps	Top2 MMs	JPY 150,000 /month	2 ETFs*
	US Treasury 1-5 years	JPY100 million/ 2ticks or 15bps	Top2 MMs	JPY 200,000 /month	2 ETFs*
	US Treasury over 10 years	JPY100 million/ 2ticks or 25bps	Top2 MMs	JPY 200,000 /month	2 ETFs*
	German Government Bond 5-10 years	JPY100 million/ 2ticks or 25bps	Top2 MMs	JPY 200,000 /month	2 ETFs*
	France Government Bond 5-10 years	JPY100 million/ 2ticks or 40bps	Top2 MMs	JPY 200,000 /month	2 ETFs*
	UK Government Bond 5-10 years	JPY100 million/ 2ticks or 40bps	Top2 MMs	JPY 200,000 /month	2 ETFs*
	US municipal bond –Investment grade	JPY100 million/ 2ticks or 40bps	Top2 MMs	JPY 200,000 /month	2 ETFs*
Multiple countries	FTSE WGBI	JPY100 million/ 2ticks or 40bps	Top2 MMs	JPY 300,000 /month	2 ETFs*

## REIT

		Obligation (Qty./Spread)	Monthly Incentive (Total of TSE and AM)		Max no. of ETFs
Sector	TSE REIT Logistics Focus Index	JPY30 million/ 1tick or 25bps	Top2 MMs	JPY 150,000 /month	1 ETF
	TSE REIT Office Focus Index	JPY30 million/ 1tick or 25bps	Top2 MMs	JPY 150,000 /month	1 ETF
	TSE REIT Residential Focus Index	JPY30 million/ 1tick or 25bps	Top2 MMs	JPY 150,000 /month	1 ETF
	TSE REIT Hotel & Retail Focus Index	JPY30 million/ 1tick or 25bps	Top2 MMs	JPY 150,000 /month	1 ETF

# Target of the MM Ver.2.0 (4) Active (From April 2024)

Active		Obligation (Qty./Spread)	Monthly Incentive (Total of TSE and AM)		Max no. of ETFs
No category designation	Actively managed ETFs* (in order of listing)	JPY10 million/ (Spread is set by each ETF)	Top2 MMs	JPY 200,000 /month	10 ETFs
Category designation	Actively managed ETFs targeting domestic public and corporate bonds (excluding only gov. bonds)	JPY100 million / (Spread is set by each ETF)	Top2 MMs	JPY 200,000 /month	2 ETFs
	Actively managed ETFs for foreign equities	JPY100 million / (Spread is set by each ETF)	Top2 MMs	JPY 200,000 /month	2 ETFs
	Actively managed ETFs for REIT	JPY50 million / (Spread is set by each ETF)	Top2 MMs	JPY 200,000 /month	2 ETFs

\* Active managed ETFs (in the order of listing) will end by the end of August 2024. Other conditions shall, in principle, be set for a period of 6 months and shall be reviewed periodically.

# How to apply for ETFMM Ver.2.0 scheme

- ◆ Asset managers apply by filing out "Sponsored MM Application" (AT-4) (\*1)
- ◆ For actively managed ETFs, the spread to be set for each ETF will be determined and announced by TSE after an application is submitted by AM (\*2)

## Application process for application

- When setting conditions **from** the listing date -

(1) Each AM shall apply by "Sponsored MM Application" (AT-4).

\*For actively managed ETFs, the application deadline is the later of "listing approval date" or "2 weeks prior to listing date," and for other ETFs, the application deadline is "1 week prior to listing date".

\*In the application for actively managed ETFs, submit the period and spread as blanks.

\*Accepted on a first-come, first-served basis after the listing approval date

(2) Start on the listing date after a one-week announcement period.

- When setting conditions **after** the listing date -

(1) Each AM shall apply by "Sponsored MM Application" (AT-4).

\*For actively managed ETFs, the application deadline is 3 weeks prior to the first business day of the month in which you wish to set, and 2 weeks prior to the first business day of the month for other ETFs.

\*In the application for actively managed ETFs, submit the period and spread as blanks.

\*Accepted on a first-come, first-served basis after the listing approval date

(2) Start at the beginning of the earliest month after a two-week announcement period.

\*1 Asset Manager has to conclude contract to usage sponsored scheme (AT-3).

\*2 Please inform us of the spread you would like to set after you have coordinated it with MMs in advance, or inform us of the level you would like to set when you submit your application.