

Guidelines Concerning Designation of Issues Subject to Daily Publication, etc.

Tokyo Stock Exchange, Inc. (hereinafter referred to as "the Exchange") shall establish guidelines concerning the designation of issues subject to daily publication, etc. as follows to prevent excessive margin transaction on an issue, designate issues that fall under the criteria as "Issues subject to daily publication", and announce their outstanding margin transactions on a daily basis.

I. Criteria for Designation

Issues which fall under the criteria specified in the following 1. to 4. shall be designated as "Issues subject to daily publication".

1. Criteria for outstanding margin transactions

In the case of falling under any of the following:

- i) The ratio of outstanding sales to listed shares is 10% or more and ratio of outstanding sales to outstanding purchases is 60% or more. or
- ii) The ratio of outstanding purchases to listed shares is 20% or more

2. Criteria for margin transaction ratio

In the case where the difference between the price of the stock and its 25-day moving average is 30% or more for 3 consecutive business days and the stock falls under any of the following (limited to cases where the trading volume on each business day is 1,000 trading units or more):

- i) The ratio of new margin sales is 20% or more for 3 consecutive business days (limited to cases where the price of the stock on each business day is below its 25-day moving average). or
- ii) The ratio of new margin purchases is 40% or more for 3 consecutive business days (limited to cases where the price of the stock on each business day is above its 25-day moving average)

3. Criteria for turnover ratio

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In the case where the difference between the price of the stock and its 25-day moving average is 20% or more on any given business day and the stock falls under any of the following:

- i. The trading volume on the business day is equal to or more than the number of listed shares, and the ratio of new margin sales on the business day is 30% or more (limited to cases where the price of the stock on the business day is below its 25-day moving average). or
- ii. The trading volume on the business day is equal to or more than the number of listed shares, and the ratio of new margin purchases on the business day is 60% or more (limited to cases where the price of the stock on the business day is above its 25-day moving average)

4. Exception

For cases that do not fall under any of the criteria in 1. to 3., where the Exchange deems that measures are necessary in consideration of the margin transaction conditions and the nature of the stock.

(Note 1) With respect to 1., even if a stock has fallen under the criteria, where the Exchange determines that there is a need to monitor the outstanding amount, the Exchange shall be able to designate the issue after confirming that the stock falls under the criteria on the next business day.

(Note 2) With respect to 1., even if a stock does not fall under the criteria, if the Exchange determines that the stock is expected to substantially exceed the criteria on the next business day based on the margin transaction conditions, the Exchange shall be able to apply the measure.

(Note 3) With respect to 2. i., even if the trading volume or ratio of new margin sales does not fall under the criteria, if on the auction market (i) trading is only executed at the lower limit price of the bid/offer price limits at the end of the afternoon session, or (ii) no trading is executed and the lower limit price of the bid/offer price limits is indicated as the final special quote, the Exchange shall apply the measure by replacing the term "trading volume" with "sell order volume" and the term "ratio of new margin sales" with "ratio of new margin sell orders".

(Note 4) With respect to 2. ii., even if the trading volume or ratio of new margin purchases does not fall under the criteria, if on the auction market (i) trading is only executed at the upper

limit price of the bid/offer price limits at the end of the afternoon session, or (ii) no trading is executed and the upper limit price of the bid/offer price limits is indicated as the final special quote, the Exchange shall apply the measure by replacing the term "trading volume" with "buy order volume" and the term "ratio of new margin purchases" with "ratio of new margin buy orders".

(Note 5) With respect to 3., during the period from the next business day from the day on which the initial price is determined to the 24th business day counting from the listing day, the Exchange shall apply the measure by replacing the term "25-day moving average on the business day" with "price of the stock on the day on which the initial price is determined" (with respect to 3. i., limited to cases where the price of the stock on the business day is at the lower limit price of the bid/offer price limits; with respect to 3. ii, limited to cases where the price of the stock on the business day is at the upper limit price of the bid/offer price limits).

II. Criteria for Removal

The designation of an issue subject to daily publication shall be removed when it satisfies the criteria in both 1. and 2.

1. Criteria for outstanding margin transactions

In the case of satisfying both i) and ii):

- i) The ratio of outstanding sales to listed shares is less than 8% for 5 consecutive business days, and
- ii) The ratio of outstanding purchases to listed shares is less than 16% for 5 consecutive business days

2. Criteria for stock price

In the case where the difference between the price of the stock and its 25-day moving average is less than 15% for 5 consecutive business days.

3. Exception

Even for a case that falls under all the criteria in 1. and 2., if the Exchange determines that it needs to consider the margin transaction conditions or the nature of the stock for a certain

period, the Exchange shall be able to maintain the designation for the period.

(Note 1) With respect to 2., regardless of the actual ratio, the ratio shall be deemed to be less than 15% in the following cases:

(1) In the case where the price of the stock is above its 25-day moving average on the day of falling under the designation criteria, if the price of the stock on each business day is below its 25-day moving average

(2) In the case where the price of the stock is below its 25-day moving average on the day of falling under the designation criteria, if the price of the stock on each business day is above its 25-day moving average

(Note 2) With respect to 2., during the period from the tenth business day counting from the listing day to the 24th business day, the term "25-day moving average" shall be replaced with "moving average since listing", and regardless of the actual ratio, the ratio shall be deemed to be less than 15% in the following cases:

(1) In the case where the price of the stock on the day of falling under the designation criteria is above that of the day on which the initial price is determined, if the price of the stock on each business day is below its moving average since listing

(2) In the case where the price of the stock on the day of falling under the designation criteria is below that of the day on which the initial price is determined, if the price of the stock on each business day is above its moving average since listing

(Note 3) Designations on issues for which delisting has been determined may be removed.

III. Others

- Listed securities other than stocks shall be handled in the same way as stocks. However, ETFs and ETNs shall be handled in consideration of their merchantability.
- "Price of the stock" refers to the last price (the price of the final quote, if it is indicated.)
- "Trading volume" refers to volume traded on the auction market.
- "25-day moving average" refers to the average price of the stock over 25 consecutive business days (rounded off to 1 decimal place) with the last business day for the period as the base day. However, appropriate adjustments shall be made in the case of a stock split, etc.
- "Moving average since listing" refers to the average price of the stock (rounded off to 1 decimal place) over the period from the listing day to the business day that is the base day. However, appropriate adjustments shall be made in the case of a stock split, etc.
- "Ratio of new margin sales" and "ratio of new margin purchases" refer to the respective ratios to the trading volume (limited to those executed) of new margin sales and new margin purchases on the auction market to the trading volume.

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Reference Translation

- "Sell order volume" and "buy order volume" refer to the respective volumes of sell orders at the lower limit price of the bid/offer price limits (including market sell orders) and buy orders at the upper limit price of the bid/offer price limits (including market buy orders), at the end of the afternoon session (both limited to those on the auction market).
- "Ratio of new margin sell orders" and "ratio of new margin buy orders" refer to the respective ratios of the volume of sell orders for margin transaction at the lower limit price of the daily price limits (including market sell orders) to the sell order volume and of the volume of the buy orders for margin transaction at the upper price limit of the daily price limits (including market buy orders) to the buy order volume, at the end of the afternoon session (both limited to those on the auction market).
- Outstanding sales and purchases, the ratio of new margin sales and ratio of new margin purchases, sell order volume and buy order volume, and ratio of new margin sell orders and ratio of new margin buy orders are calculated based on reports and notifications from securities companies that are trading participants. Post-fact corrections notified by securities companies that are trading participants are not considered.

(Effective March 1, 2021)