

PRESS RELEASE

日本取引所グループ プレスリリース



株式会社日本取引所グループ

〒103-8224 東京都中央区日本橋兜町2番1号
Tel : 03-3666-1361 (代表)

JAPAN EXCHANGE GROUP, INC.

2-1, Nihombashi-Kabuto-cho, Chuo-ku,
Tokyo 103-8224, Japan
Tel : +81-3-3666-1361

URL: <https://www.jpx.co.jp/>

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Tokyo Stock Exchange, Inc

Publication of Results of Survey on ETF Usage by Individual Investors

The Tokyo Stock Exchange, Inc. (TSE), in cooperation with securities firms, recently conducted a questionnaire survey of individual investors regarding the use of ETFs.

As evidenced by the recent ETF Beneficiary Survey, the use of ETFs by individual investors continues to grow. We have compiled the most recent status of ETF use by individual investors and the results and suggestions obtained from the questionnaire survey.

For details, please see the annex "ETF Usage by Individual Investors".

1. Overview of the Questionnaire

- Period From July to October 2022
- Method TSE will create questions and ask customers of cooperating securities firms to complete the questionnaire.

The target group is those who have experience in holding and trading TSE-listed ETFs.

- Number of valid responses: 11,112

2. Summary of ETF Usage Trends and Survey Results for Individual Investors

(1) Trends in ETF Use by Individual Investors

- ✓ The net asset of ETF held by individual investors has been increased every year and reached 1.3 trillion yen, and the number of holders exceeded 1.17 million.
- ✓ The use of ETFs, particularly leveraged inverse, Japanese equity ETFs, and foreign equity ETFs, continues to grow and the base of users is steadily expanding.
- ✓ In particular, the net asset of foreign equity ETFs is growing rapidly, indicating that ETFs are also attracting attention from individual investors as a tool for international diversification.

(2) Types and frequency of TSE-listed ETF issues to be used

- ✓ Individual investors focus on major Japanese equity indices (TOPIX and Nikkei 225), foreign equity ETFs, domestic equity leveraged inverse, and REIT ETFs.

- ✓ Nearly 90% of the investors are relatively infrequent, trading less than a few times a month.
- ✓ The popularity of foreign equity and REIT ETFs is relatively high among such investors, suggesting that they are preferred long-term investment tools for diversification and yield.

(3) Use of Foreign-listed ETFs

- ✓ While slightly less than 40% of the investors use foreign-listed ETFs, their trading frequency is not significantly different from that of TSE-listed ETFs.
- ✓ It appears that investors who trade TSE-listed ETFs less frequently tend to utilize foreign-listed ETFs, and that many of them also utilize foreign-listed ETFs to diversify their investments over the long term.

(4) Awareness of the improved liquidity in the ETF market and Double Taxation Adjustment for TSE-listed Foreign ETFs

- ✓ Both were recognized by about 30% to 40% of all the investors, indicating a certain level of recognition among the individual investors with investment experience.

(5) Future measures and improvements to be taken by TSE

- ✓ The most common response as to which products they would like to be able to trade on the TSE was individual stocks listed in the US.
- ✓ As for trading hours for ETFs, many respondents would like to trade during nighttime, as well as during lunchtime, and evening hours.

Based on the results of this survey, we will strive to promote the ETF market by further improving the trading and product systems in order to provide an even more convenient market environment for investors.

Contact

ETF Market Development Department
and Financial Literacy Support Department
Tokyo Stock Exchange, Inc.
+81-3-3666-0141 (Switchboard)