



September 22, 2025  
Tokyo Stock Exchange, Inc.

## **New Infrastructure Supporting the Evolution of the ETF Market**

### **- Launch of ETF Creation and Redemption Platform “CredNex”**

Tokyo Stock Exchange, Inc. (hereinafter “TSE”) will launch “CredNex,” a new platform supporting ETF (exchange-traded fund) creation and redemption operations, on September 29, 2025.<sup>1</sup>

CredNex will overhaul the current ETF creation and redemption platform provided by Japan Securities Clearing Corporation (JSCC), enabling automation and acceleration of ETF creation and redemption operations. This is expected to further enhance the stability and liquidity of the ETF market.

#### **[Background and Purpose]**

The creation and redemption operations in the ETF market play a crucial role directly linked to providing market liquidity. When investors buy (or sell) ETFs, liquidity providers (such as market makers) execute creations (or redemptions), thereby increasing (or decreasing) the amount of ETFs circulating in the market. This ensures ETFs are always traded at prices reflecting the underlying asset value.

Concerns arose that the existing platform's time-consuming creation and redemption processes hindered liquidity provision, potentially preventing investors from executing trades at their desired timing. Anticipating further growth in the ETF market, TSE has decided to overhaul the platform to establish an environment capable of swift creation and redemption operations.

CredNex addresses these challenges by providing direct connectivity between user systems and CredNex, along with automated functions to verify creation and redemption applications. This significantly reduces manual operations, enabling the drastic shortening

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<sup>1</sup> Depending on system operation status and user conditions, changes may occur.

of traditional creation and redemption tasks—which previously took minutes—to just seconds. This enables swift creation and redemption even during periods when liquidity provision is currently difficult, such as just before the end of trading hours. This allows liquidity providers to offer price quotes and facilitates stable trading throughout the entire trading session.

#### [Impact on Investors]

CredNex not only improves creation and redemption processes, but through these improvements, enables stable liquidity provision as described above. This creates an environment where investors can buy and sell ETFs closer to their fair price than ever before. Specifically, we aim to deliver the following changes:

- Increased trading opportunities: Stable liquidity provision allows investors with any order type to access the market and smoothly trade the desired volume at their preferred timing.
- Promotion of fair price formation: Increased quote submission by liquidity providers enables investors to trade at more appropriate prices.

ETF market is expected to see the emergence of more diverse and specialized products. To respond to this market evolution, it is essential to streamline and enhance the efficiency of the entire operational process, including creation and redemption.

As the first step toward optimizing the entire ETF market, TSE focused on reforming the particularly labor-intensive creation and redemption processes. The introduction of CredNex enables liquidity providers to offer quotes for longer periods and with greater stability, while also reducing the operational burden on asset managers. This makes the listing of a greater number of ETF issues more feasible, establishing a solid foundation for market expansion.

TSE positions CredNex as core infrastructure supporting the ETF market. We will continue to enhance its functionality and ensure flexible operation, thereby contributing to the sustainable growth of the ETF market and the development of its ecosystem.

#### [Contacts]

Tokyo Stock Exchange, Inc. Equities Department

Tel: 03-3666-0141

Email: [ask-crednex@jpx.co.jp](mailto:ask-crednex@jpx.co.jp)