

Working Group on Further Promotion of Small-Size Investments (First Meeting)

Tokyo Stock Exchange, Inc.

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INDEX

1. Background to the Establishment of the Working Group	3
2. Significance of Lowering Investment Units	4
3. Progress in Lowering Investment Units	5
4. Opinions from Listed Companies Regarding Share Splits	10
5. Efforts to Reduce the Burden on Listed Companies	11
6. Considerations for Further Lowering Investment Units	12
7. Next Steps (Items for Discussion Today)	13
8. Overview of the Working Group and Topics Under Consideration	14

1. Background to the Establishment of the Working Group

- Discussion to date** Through the “Study Group on Small-Size Investments” (October 2024–April 2025), Tokyo Stock Exchange, Inc. (TSE) examined various issues related to promoting share splits and lowering investment units for listed companies with high investment units.
- The study group confirmed that the TSE will, by distributing various types of information, first and foremost support listed companies’ voluntary efforts to achieve reduction of investment units.
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- Understanding the current situation** Although listed companies are making further progress in implementing share splits, **investment units for Japanese stocks remain high compared to other countries, and the government and regulatory authorities have suggested that further measures should be taken***.
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- Establishment of this working group** To facilitate even more small-size investments, **it is necessary to consider concrete measures to further reduce investment units, in addition to measures to alleviate the burden on listed companies.** **In order to create an environment that facilitates investment in Japanese stocks,** this working group has been established to examine these issues based on discussions held at the “Study Group on Small-Size Investments” and other relevant input.

*July 21, 2026, “Financial Services Strategy to Promote Growth Investment – Upgrading “Promoting Japan as a Leading Asset Management Center” –” (Cabinet Secretariat, Subcommittee on Promoting Japan as a Leading Asset Management Center for Formulating New Strategies)

“(Omitted) Regarding the reduction of investment units, while many listed companies have carried out share splits in response to TSE’s initiative, there are still listed companies with high investment units due to factors such as a rally in stock prices. Therefore, **we will continue to conduct concrete studies aimed at further reducing investment units—including the handling of fractional shares—while also taking into consideration the burden on listed companies.**”

2. Significance of Lowering Investment Units

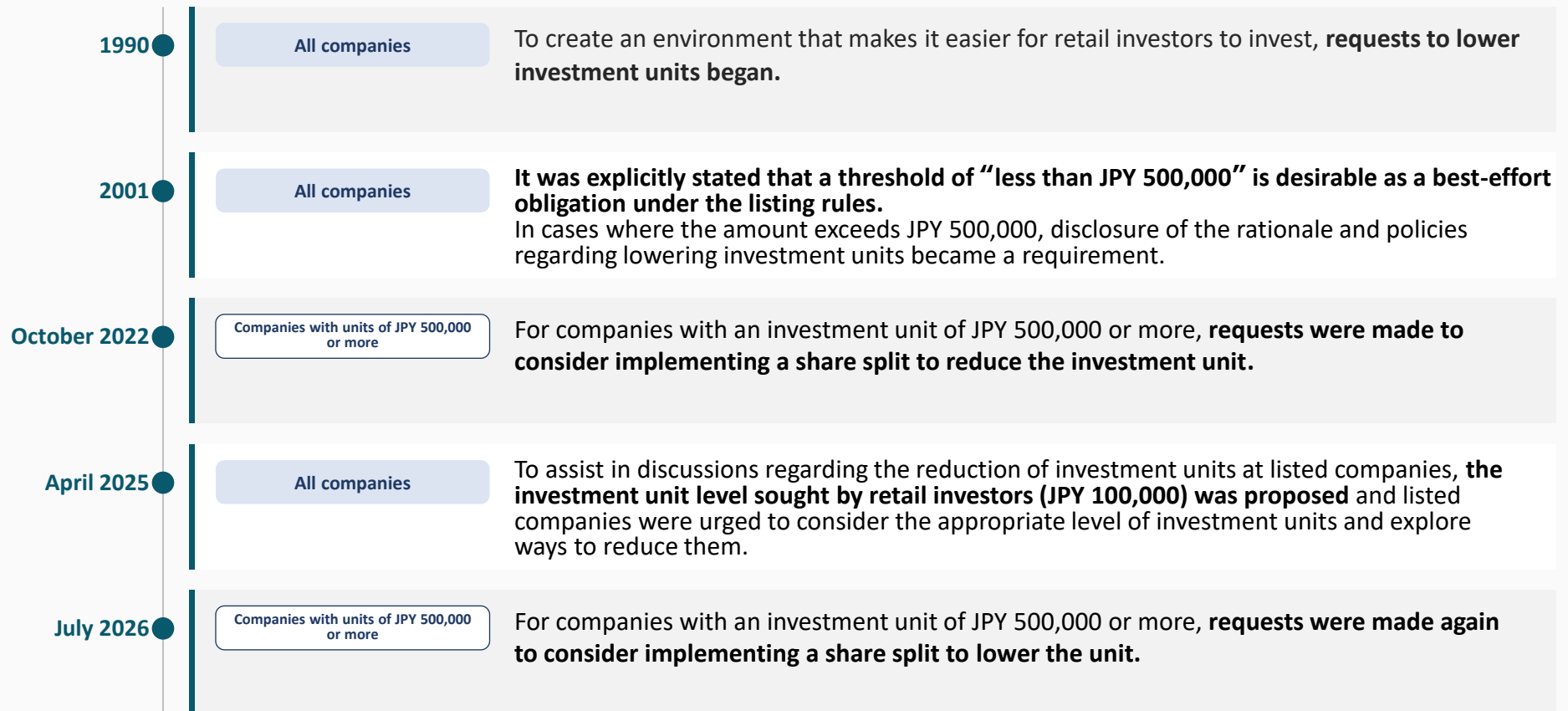
- The “Study Group on Small-Size Investments” confirmed that **the reduction of investment units is significant not only for retail investors who wish to purchase stocks in small amounts, but also for domestic and international institutional investors and listed companies.**
- Specifically, opinions were expressed that this would **help promote asset building and broaden the investor base among a wide range of investors, including the working generation.** Furthermore, it was noted that by making it easier for a diverse range of investors to participate, this would also contribute to **curbing excessive stock price volatility and improving market liquidity**, as well as **diversifying the shareholder base of listed companies.**

Subject	Significance of Lowering Investment Units
Listed companies	✓ It is important to attract retail shareholders who share a company’s vision and support its growth. ✓ The participation of a diverse range of investors, including individuals, in the market is expected to help curb excessive stock price volatility. ✓ Amid the trend toward divesting cross-shareholdings, maintaining an appropriate balance in the shareholder composition is desirable from the perspective of corporate governance for listed companies. ✓ Liquidity is a key factor for institutional investors when deciding on investment targets, so lowering investment units is welcome. ✓ Lowering the investment unit also makes it easier to use shares as compensation for executives and employees.
Investors	✓ As initiatives such as the new NISA and efforts by listed companies to enhance corporate value progress, we should work to create an environment that makes it easier for domestic retail investors to purchase Japanese stocks. ✓ Investment units should be lowered so that a wide range of investors, including members of the working generation, can invest more easily. ✓ Lowering investment units makes it easier for a diverse range of investors to invest in individual stocks, and by supporting companies they believe in, they will contribute to the growth of listed companies and, ultimately, to the development of the Japanese economy. ✓ Amid the promotion of Japan as a leading asset management center, asset management companies will be able to create and offer a diverse range of funds to investors starting with small amounts if the minimum investment unit is lowered.
Securities companies	✓ From the perspective that the market will gain depth through asset formation by the working generation and the entry of new investor groups, this is an important issue for the securities industry as a whole, and it should be pursued as a measure by the exchange to ensure accessibility for all investors. ✓ Although the new NISA program has begun, the current reality is that young investors are gravitating toward overseas stocks—for example, semiconductor-related stocks—where they can start investing with small-size investments. Lowering investment units is crucial to ensuring that Japanese stocks remain a popular choice. ✓ While fractional stock services are available and meet the needs of some retail investors, they are subject to restrictions on trading hours and order placement methods, and providers are forced to add a spread. Consequently, it would be desirable for the investment units traded on the exchange to be lowered.

3. Progress in Lowering Investment Units

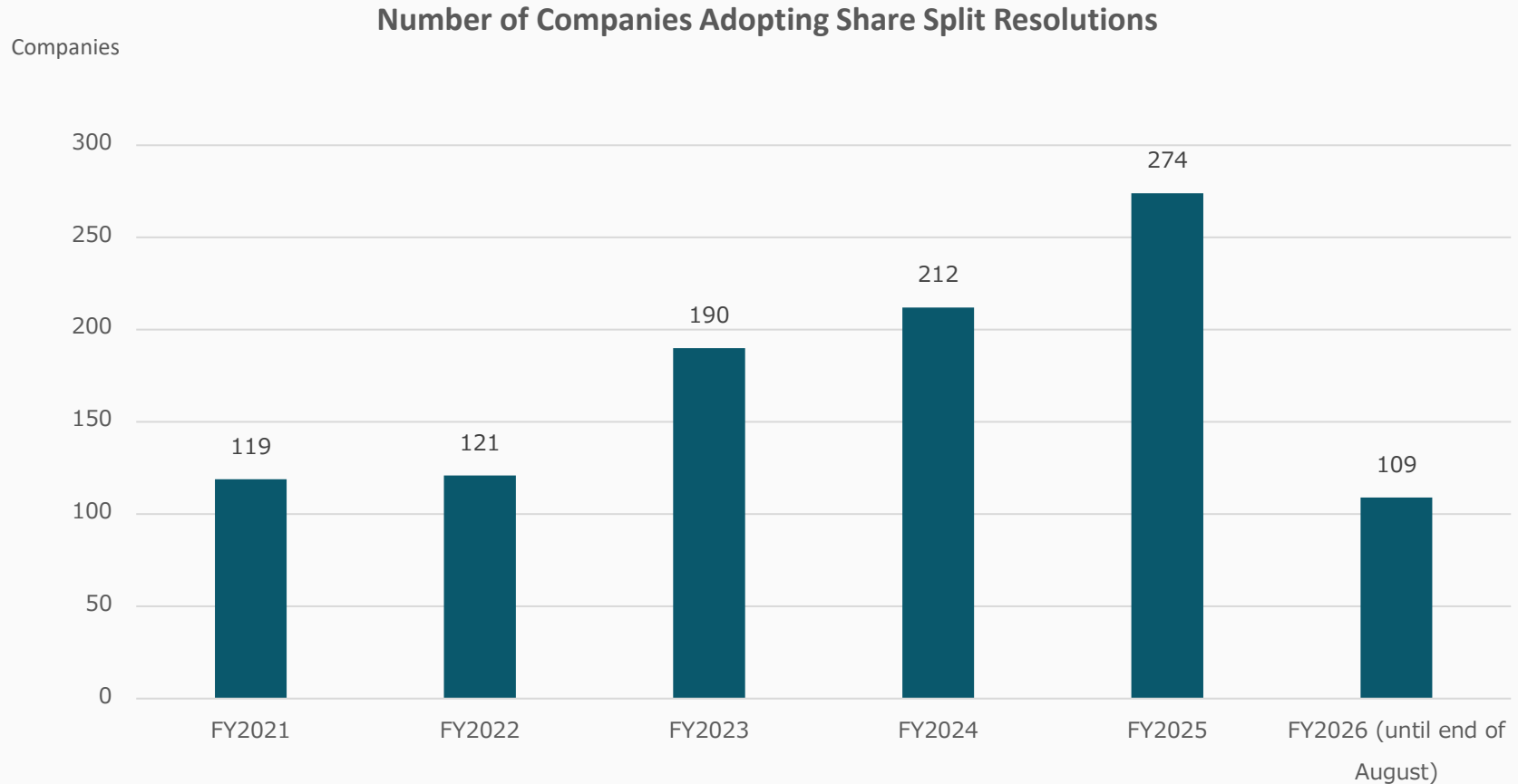
- Since 1990, when it began requesting the lowering of investment units, TSE has continuously requested and encouraged discussions aimed at their reduction.

Background of Initiatives Related to the Lowering of Investment Units



3. Progress in Lowering Investment Units

- Thanks to the cooperation of many listed companies, the number of companies implementing share splits is on the rise.



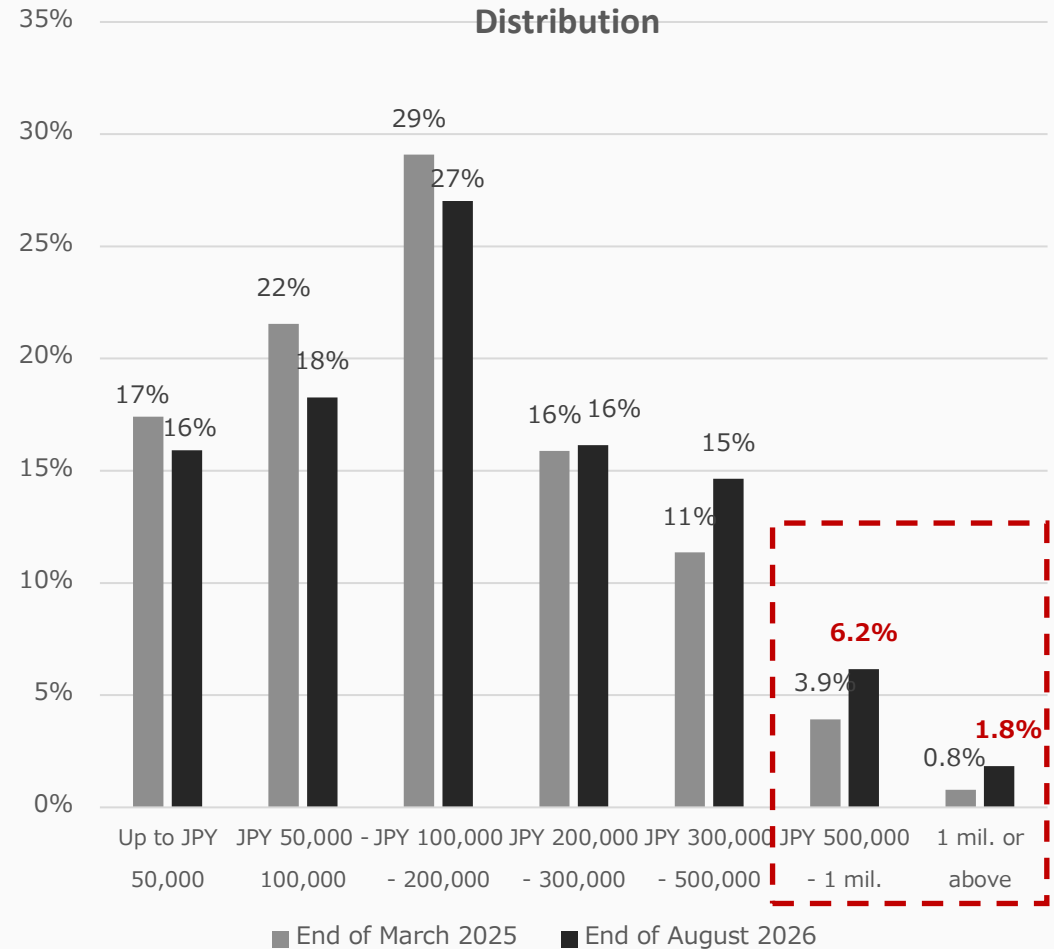
3. Progress in Lowering Investment Units

- Although the increase in investment units in the overall market has been more moderate compared to the rate of stock price increases, **the proportion of companies with prices exceeding JPY 500,000 has increased in particular.**

Stock Price Fluctuations

	End of March 2025	End of August 2026	Rate of increase
TSE investment unit (median price)	JPY 131,075	JPY 150,675	+15.0%
Prime Market (median price)	JPY 198,100	JPY 242,800	+22.6%
TOPIX	2,658.73 pts	4,156.29 pts	+56.3%
Nikkei Average	JPY 35,617.56	JPY 66,311.93	+86.2%

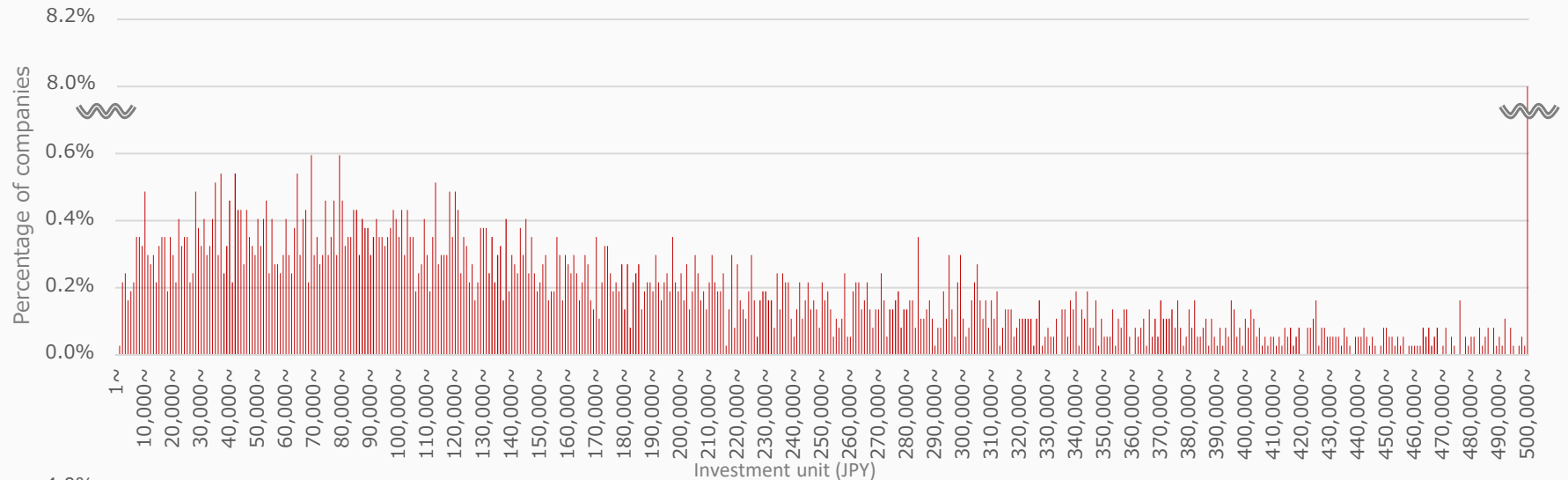
Investment Unit Distribution



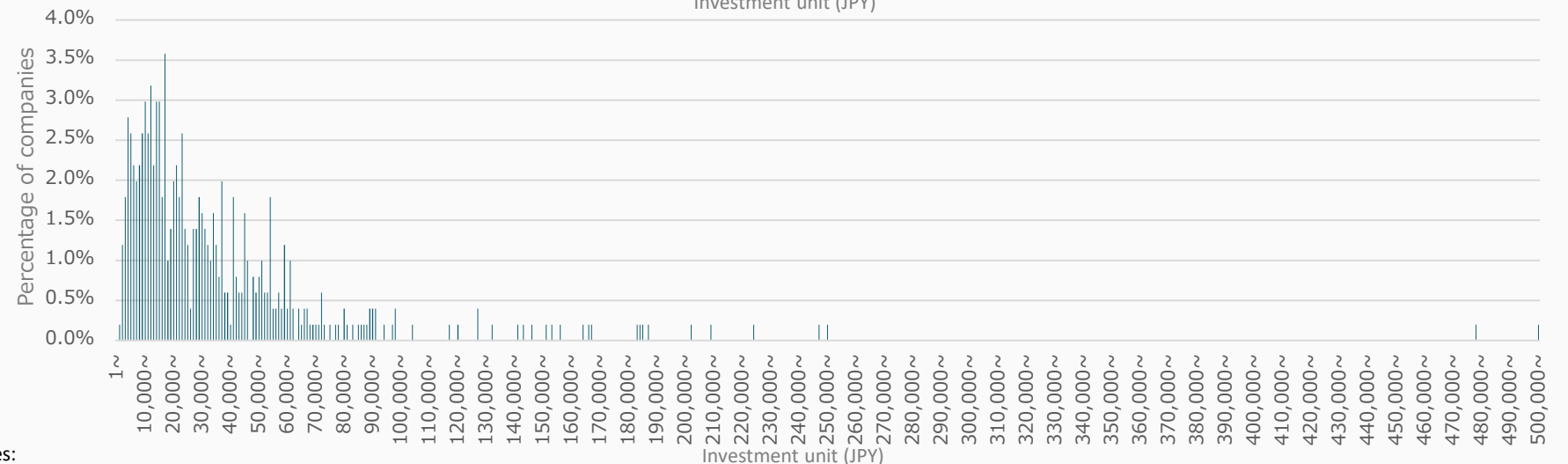
(Ref.) Investment Unit Distribution

- Compared with the U.S., Japan stands out for having a notably large proportion of investment units exceeding JPY 500,000.

TSE



United States



- Notes:
- Compiled by TSE from TSE and Bloomberg data
 - TSE: All domestic stocks; United States: Investment units of constituents of S&P 500 as of the end of August 2026 (exchange rates used for JPY conversion are spot rates as of the end of August 2026).

(Ref.) Investment Units at Major Overseas Exchanges

Exchange/market	Investment Unit (mean)*	Investment Unit (median)*	Investment Unit (highest)*
TSE	JPY 232,330	JPY 150,675	JPY 8,366,000
(Prime)	JPY 340,974	JPY 242,800	JPY 8,366,000
(Standard)	JPY 167,856	JPY 109,000	JPY 2,219,000
(Growth)	JPY 118,180	JPY 83,000	JPY 2,051,000
United States	JPY 38,126	JPY 23,681	JPY 1,010,563
United Kingdom	JPY 171,758	JPY 88,319	JPY 4,001,390
Germany	JPY 27,919	JPY 12,813	JPY 206,833
France	JPY 28,211	JPY 14,248	JPY 293,276
Australia	JPY 2,586	JPY 917	JPY 28,730
Singapore	JPY 148,054	JPY 53,125	JPY 972,067
Hong Kong	JPY 444,568	JPY 317,171	JPY 1,601,165

Compiled by TSE from TSE and Bloomberg data

* TSE: All domestic stocks; United States: S&P 500; United Kingdom: FTSE 250; Germany: DAX; France: CAC All Shares; Hong Kong: Hang Seng Index; Australia: ASX 200; Singapore: ST

For constituents in the above indices, investment units are as of the end of August 2026 (exchange rates used for JPY conversion are spot rates as of the end of August 2026). Investment units are calculated by multiplying the stock price by the trading unit. Trading units are as follows: TSE and Singapore: 100 shares; Hong Kong: varies depending on security; others: one share.

4. Opinions from Listed Companies Regarding Share Splits

- While some **view it as having made it easier for retail investors to invest, leading to an expanding shareholder base and improved liquidity**, others argue that **there are significant hurdles to conducting frequent share splits from the perspective of administrative burdens and costs.**

Issue	Outline
Effects of share splits	✓ It became easier for retail investors to invest, leading to an expanding investor base and improved liquidity. ✓ Since the share split, we've felt that the number of retail shareholders has increased and that they've become our allies, so our overall conclusion is that the split was a good decision.
Administration of general shareholders meetings	✓ The number of shareholders has increased significantly, making it necessary to expand the venue for the general shareholders meeting and expand reception arrangements, among other measures, resulting in rising costs for administering the meeting. ✓ There are limits to the human resources available for managing the meeting and handling shareholder inquiries. ✓ The administrative burden associated with shareholder proposals—such as verifying their legality and content—is substantial, making it necessary to take into account the 300-unit threshold for exercising shareholder proposal rights.
Shareholder management costs (mailing and printing)	✓ As the number of shareholders has increased, operating costs—such as postage and shareholder administration expenses—have risen. ✓ Although we are implementing cost-cutting measures, such as eliminating resolution notices, there are still documents that must be mailed, so the effects have been limited. ✓ There are limits to handling (notices to shareholders) by mail, and we feel the need to move toward digitalization. ✓ The printing and mailing schedule for mailings is quite tight. It has become like threading a needle.
Communication with shareholders	✓ With the increase in retail shareholders, maintaining contact with them has become a new challenge. ✓ It is important not only to increase the number of shareholders, but also to encourage them to exercise their voting rights and help them understand the company. ✓ The burden of responding to inquiries regarding shareholder benefits and various procedures is significant.
Conducting additional share splits	✓ While we would like to increase the number of retail shareholders, if the number grows any further, we have concerns about whether we can handle the practical aspects—such as securing a venue for the general shareholders meeting and meeting deadlines for sending out notices of convening. ✓ Designing shareholder benefits will require considerable deliberation, so it will take years of preparation before implementation. ✓ Given that there are other listed companies with high investment units, we feel it would be appropriate to prioritize addressing those companies first. ✓ We understand the intent behind lowering investment units, but acquiring new retail shareholders is not a high priority. ✓ When weighed against the increased costs, the benefits for the company in undertaking this initiative are not significant.

5. Efforts to Reduce the Burden on Listed Companies

- Based primarily around reference materials for general shareholders meetings, efforts toward digitalization at listed companies have progressed to a certain extent.
- Given the current trend of increasing shareholder numbers, further reducing the volume of documents sent to shareholders would be useful in alleviating the burden on listed companies. To achieve this, **it is necessary to streamline the process based on the practical needs of listed companies and laws and regulations.**

Major Documents for Shareholders

Classification	Main documents provided	Timing of provision	Practical considerations and key points for review
Documents related to general shareholders meetings	Notices of convocation for general shareholders meetings Voting rights exercise forms Reference materials for general shareholders meetings, etc.	Before general shareholders meeting	✓ While most listed companies send out notices of convocation and voting rights exercise forms, there are also listed companies that combine these with electronic formats after obtaining individual consent from shareholders. ✓ Although efforts toward digitalization—such as transitioning to summary-style or access notification-style formats—have progressed to a certain extent, some listed companies remain concerned about the initiatives of other companies and the potential impact on voting rights, among other factors.
	Notices of resolution	After general shareholders meeting	✓ Listed companies prepare and send these on a voluntary basis, and efforts to phase them out or transition to electronic formats are underway. ✓ In some cases, shareholder newsletters and shareholder benefits are also included.
Documents related to dividends	Dividend statements Dividend receipts	After interim and year-end financial results	✓ The dividend statement also serves as a payment notice under tax law (although it is not required to be sent when the method of allocation in proportion to the number of shares held is used, in practice it is sent to all shareholders). ✓ The dividend receipt also serves as fulfillment of the company's performance obligation under the Companies Act. ✓ For year-end dividends, it is generally sent along with the documents related to the general shareholders meeting. ✓ It must be sent even to shareholders holding less than one unit, and the relative burden has increased in recent years due to the spread of fractional share services and other factors.

6. Considerations for Further Lowering Investment Units

- At the “Study Group on Small-Size Investments,” the following three proposals were discussed as potential measures to further facilitate small-size investments.
- In considering how to further achieve lower investment units, it is necessary to develop detailed plans while taking into account the points discussed above and the fact that many companies have already implemented share splits.

Measures for Enabling Smaller Sized Investments (From the “Report of the Study Group on Small-Size Investments” (April 2025))

Item		Concept						
Making share splits mandatory		Requiring a listed company with an investment unit that exceeds a certain amount to conduct a share split						
Lowering TSE’s trading unit		Lowering the trading unit specified in TSE’s rules (keeping the share unit at 100 shares, but allowing the trading of shares less than one share unit)						
Lowering the share unit		Lowering the number of shares constituting one share unit as specified by listed companies in their articles of incorporation (100 shares)						
Issue	Effect of Lowering Investment Units	Capital Policy of Listed Companies	Requirements for Exercising Shareholder Proposal Rights	System Capacity	Burden on Listed Companies (Shareholder Management and IR)	Burden on Listed Companies (Implementation)	TSE’s Rules and Trading Systems	Legal
Making share splits mandatory	Limited effect depending on the split ratio	Restrictions on capital policy	Easing of the number of shares required for voting rights	Relatively small effect	Increase in the number of shareholders holding share units of shares	Cost of conducting a share split (which needs to be conducted again when the share price goes up)	Possible by revising TSE’s rules	None
Lowering TSE’s trading unit	Significant reduction of investment units	No changes to the units of investment/voting rights	No effect on the number of shares required for voting rights	Increase in orders/executions	Increase in the number of holders of shares less than one share unit*	Companies are not required to take any special action	Possibility of settlement prices with fractional parts under JPY 1	Status of shares less than one share unit in the Companies Act Requirements for exemption from short selling regulations, etc.
Lowering the share unit	Significant reduction of investment units	Forced reduction in the unit of voting rights	Significant easing of the number of shares required for voting rights	Increase in orders/executions	Increase in the number of shareholders holding share units of shares	Requires shareholders to pass a resolution to change the company’s articles of incorporation	Possibility of settlement prices with fractional parts under JPY 1	Requirements for exemption from short selling regulations, etc.

(Items having a particularly large impact are marked in red.)

* Leads to dividend-related costs and requires an IR response, as is the case with shareholders holding share units of shares.

7. Next Steps (Items for Discussion Today)

- As noted in the recent report from the “Study Group on Small-Size Investments,” it is important to first promote share splits through voluntary initiatives by listed companies. In fact, thanks to the cooperation of many listed companies, the number of share splits has been increasing recently.
- In order to further promote the lowering of investment units going forward, it is necessary to **examine (1) measures to alleviate the burden on listed companies resulting from the reduction in investment units, as well as (2) specific measures for further reductions.**
- Regarding point (1), as described on page 11, **we intend to conduct a more in-depth analysis of specific ways to reduce the burden on listed companies with regard to documents deemed to contribute to that reduction. What are your thoughts on this approach? Are there any other practical measures we can take to alleviate the burden?**
- Regarding point (2), while the proposed measures outlined on page 12 could be further developed going forward, given past initiatives and the current status of investment units, **what kinds of measures might be implemented, and to what extent (e.g., would they apply to all listed companies, or only to listed companies with high investment units)?**
- **Are there any other points we should keep in mind as we move forward with this working group?**

8. Overview of the Working Group and Topics Under Consideration

- The working group's schedule and topics for discussion are as follows.
- These are tentative plans as of now and are subject to change depending on the course of discussion at each meeting.

Item	Outline	Remarks
Schedule	From October 2026	• Anticipated to be held once every one to two months
Members	Listed companies, institutional investors, trading participants, and transfer agencies	• Intended for working-level personnel from each company • Observers: Relevant authorities and industry associations
Theme/c ontent	■ First meeting (October 2026) • How the working group will proceed (schedule and topics) • Initiatives to lower investment units and the current status of investment units ■ Second meeting and beyond • Discussion of initiatives to reduce the burden on listed companies • Discussion of specific measures to enable small-size investments	• Sharing information on the working group's objectives, topics under discussion, schedule, etc. • The current status of investment units and feedback from related parties, etc. • Sharing information on initiatives and the current status regarding the reduction of documents sent to shareholders of listed companies, etc.
Other	• Working group materials will be published on the JPX website after each session concludes.	• The names of the companies of working group members and the details of each meeting's proceedings will not be disclosed.

(Ref.) Status of the Subcommittee on the Companies Act (Regarding Stocks, General Shareholders Meetings, etc.) of the Legislative Council

- The Subcommittee on the Companies Act (Regarding Stocks, General Shareholders Meetings, etc.) of the Legislative Council compiled an interim draft regarding the review of the Companies Act (Relating to Stocks, General Shareholders Meetings, etc.) (March 18, 2026)
- The subcommittee is currently conducting discussions toward the compilation of a draft outline, including the following issues relevant to this working group.

Key Issues Related to This Working Group

Digitalization

- Revision of the system for requesting written delivery of materials for general shareholders meetings
- Revision of the rules governing the exercise of voting rights in writing (relationship between the obligation to vote in writing and electronic voting)
- Revision of the rules regarding notices of convocation by electronic means of general shareholders meetings (inclusion of email addresses, etc., in shareholder registers and their use in notices of convocation)

Shareholder proposals

- Revision of the requirements for exercising shareholder proposal rights (treatment of the 300-unit threshold)
- Revision of deadlines for exercising shareholder proposal rights (moving up and clarifying deadlines)

Virtual general shareholders meetings

- Requirements for holding fully virtual general shareholders meetings
- Special provisions for actions to set aside resolutions of general shareholders meetings (safe harbor in the event of communication disruptions)

Source: Prepared by TSE based on the “Interim Draft Proposal on the Revision of the Companies Act (Regarding Stocks, General Shareholders Meetings, etc.)” (Ministry of Justice, Legislative Council, Subcommittee on the Companies Act (Regarding Stocks, General Shareholders Meetings, etc.))