

Recent Discussions at the Council of Experts Concerning the Follow-up of Market Restructuring and Future Initiatives

Listing Department
Tokyo Stock Exchange, Inc.

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Promoting Management That is Conscious of Cost of Capital and Stock Price (Prime Market, etc.)

- **Acceleration of investment in growth areas** (linking with **CG Code** revision)
 - Provide reference materials including investor expectation regarding how to effectively utilize management resources, such as investment in growth areas (Summer 2026)
- **Support for initiatives conducted by companies** (ongoing)
 - Investor survey and publication of companies making good progress (Apr. to Jun. 2026)
 - Updates to case studies (from fall 2026), engagement with executives (ongoing)
- **Enable sharing of perspectives between companies and investors**
 - Collect and publish companies' requests to investors, etc., through company survey (Apr. to Jun. 2026)
- **Promote disclosure of reasons/policies from non-disclosing Prime companies** (From summer 2026)

Issues amid the promotion of Management That is Conscious of Cost of Capital and Stock Price

Parent-Subsidiary Listings

- Encourage **consideration of and disclosure on group management and protection of minority shareholders**
 - Consider more effective measures (reorganization of the Matters to Be Disclosed, etc.) (From summer 2026)
- **Develop listing rules necessary from the perspective of protecting minority shareholders** (disclosure of approval ratio from minority shareholders, review of independence criteria) (Spring 2026)

Issues amid the increasing number of MBOs and subsidiary conversions

Going Private

- From the **perspective of ensuring fair treatment of the interests of minority shareholders**, encourage **more effective deliberations at special committees** and **enhancement of necessary information disclosure**
 - Educational activities based on the situation since the Code of Corporate Conduct revision in July 2025 (seminars for outside directors, etc.) (Ongoing)

Reforming the Growth Market

- **Follow-up on encouragement to take action for high growth**
 - Individual reminders of investors' expectations and the content of the "encouragement" (Ongoing)
 - Review of company initiatives/investor evaluations (Around summer 2026)
- **Develop benefits to Growth Market listing**
 - Gather opinions through survey of executives (Apr. to May 2026)
- **Support companies making active efforts**
 - Seminars for Growth companies, dialogue events with institutional investors (Ongoing)
 - Promotion of JPX Start-Up Acceleration 100 Index (When ready)
 - Updates to case studies (add processes) (Around fall 2026)

(Ref.) TOPIX revisions (second stage)

- Standard/Growth companies eligible (from October 2026)

- **Utilize the functions of the PRO Market** (answering demand for middle ground between unlisted and public markets) (From spring 2026)

Making the Standard Market More Attractive

- Consider/advance initiatives from the following perspectives, positioning it as a **market segment that lists a diverse range of companies** (From spring 2026)
 - Measures against corporate actions that cause investor protection issues
 - Developing the environment to foster awareness of the importance of enhancing corporate value
 - Visibility and support for actively engaging companies

Actions in Response to End of Transitional Measures

- **Thoroughly inform/caution shareholders and investors** about improvement periods ending (Ongoing)

(1) Acceleration of investment in growth areas

- To support companies in examining how to effectively utilize management resources, such as investment in growth areas, we will provide reference materials including information on investors' expectations in line with the timing of Corporate Governance Code revisions. [Summer 2026 -]

(2) Support for initiatives conducted by companies (ongoing)

- As a way to motivate companies to engage proactively, we will highlight companies that are demonstrating meaningful changes by conducting an investor survey on such companies and the nature of their changes. The results will be aggregated by market segment, company size, sector, etc., and top-performing companies will be published. [April–June 2026]
- Based on the above survey results and investor interviews, we will update the case study compilations. [Fall–Winter 2026]
- We will engage with executives through seminars for executives that have utilized the case study compilations and other events. [Ongoing]

(3) Share perspectives between companies and investors

- We will conduct a survey of companies regarding examples where dialogue with investors has contributed to progress in their initiatives, as well as their requests to investors. Using the results, we will encourage both companies and investors to engage in more constructive dialogue. [April–June 2026]
- To enhance companies' understanding of investors, we will distribute a series of interviews with domestic and overseas institutional investors, introducing matters such as their investment criteria and expectations for investee companies. [Spring 2026 -]

(4) Request explanations from Prime Market-listed companies that have not disclosed

- For Prime Market-listed companies that have not disclosed, we will request that they disclose their reasons for not making disclosures and their policy going forward. [Summer 2026 -]

*It is not intended to force or mandate the disclosure of “management that is conscious of cost of capital and stock price.”

(1) Follow-up on previous encouragement to take action for high growth

- When companies make their periodic updates to “Matters Relating to Business Plans and Growth Potential,” **we remind them of “Investors’ Expectations for Growth Market-Listed Companies” and Requests Related to Action to Achieve “Management That Strives for High Growth,”** (published September 2025) **on an individual basis.** [Started]
- **We will monitor the number of companies featured on the Growth Market special page as a KPI to track progress of companies’ actions.** After a certain period has passed, **we will follow up on corporate initiatives, disclosure status, and investors’ assessments.** [Summer 2026]
 - As of the end of January 2026, **94 companies** have applied to be featured on the Growth Market special page.

(2) Collect executives’ opinions to develop benefits for listing on the Growth Market


- **We will conduct a survey (and interviews)** to gain a clearer understanding of the issues and needs of companies that are actively engaged in advancing the development of concrete measures. [April–May 2026]

(3) Support companies making active efforts (ongoing)

- **For Growth Market-listed companies, we will continue hosting seminars that utilize compilations of good examples and holding events for engaging in dialogue with institutional investors.** [Ongoing]
- **For the “JPX Start-Up Acceleration 100 Index,” we will conduct promotional activities targeting both investors and companies.** [In succession]
- **We will update the case study compilations (including additional examples related to initiatives’ processes).** [Fall 2026]

Discussions at the 25th Council (January 14, 2026)

- The concept of the Standard Market being a market to accommodate a diverse range of companies is rational, but **aiming for enhanced corporate value and protecting minority shareholders are the very minimum commitments that listed companies should make, so there needs to be a firm emphasis on these**
- Considering its current market capitalization and trading value, focusing solely on the Standard Market will not have such a big effect on markets as a whole. First and foremost, it is **important to focus on the protection of minority shareholders and rigorously apply necessary quality controls**
- From the perspective of minority shareholder protection, it is **important to ensure liquidity. We should monitor the market and focus on measures to improve liquidity** in order to create an environment in which buyers and sellers can trade efficiently
- The market has **many excellent companies**, but it is sometimes difficult for investors to find and pick their stocks. **We need to categorize and present them** clearly

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- The Standard Market forms the base of TSE's equity markets and is designed to accommodate a diverse range of companies
 - While maintaining this concept, and as a listed market in which large numbers of unspecified investors participate, we will:
 - **deal strictly with corporate action that causes issues from the perspective of investor protection and,**
 - **develop the environment to foster awareness of the importance of working on corporate value from shareholder and investor perspectives**
 - In addition, we will **highlight and provide support to companies actively working to enhance corporate value so they can be appropriately evaluated by investors**

- An increasing number of Standard Market-listed companies are also proactively working to enhance their corporate value while keeping in mind shareholder and investor perspectives.
 - The 2025 edition of “Case Studies on Management That is Conscious of Cost of Capital and Stock Price,” published late last year, also features 12 companies from the Standard Market.

- To foster an environment where such companies are not overlooked and receive appropriate valuation from investors, we are considering **highlighting and making visible companies demonstrating positive initiatives**.

- Furthermore, to increase the number of companies that actively pursue enhancing corporate value while taking into account shareholder and investor perspectives, we will continue to implement:
 - **Support for companies facing challenges in planning and execution**
 - **Measures to raise awareness of the necessity of these initiatives among newly listed companies in the Standard Market and other markets**

- For companies planning IPOs on the Standard Market and other markets, **JPX has implemented measures such as adjustments to the initial listing examination and awareness campaigns** for pre-listing companies, so that they **recognize the importance of initiatives such as Management That is Conscious of Cost of Capital and Stock Price even before listing, and can smoothly engage in such efforts immediately after their IPO.**

Specific Measures

Initial Listing Examination

Management That is Conscious of Cost of Capital and Stock Price

- Confirm post-listing initiatives and other policies during the meeting with the CEO
- Assess management's awareness and preparedness concerning these matters in interviews with independent executives
 - Explicitly stated and publicized as part of the initial listing examination (Since Dec. 2025)

IR System Development

- In light of IR system development becoming mandatory, the initial listing examination has been expanded to include the existence of an IR system. (Since Jul. 2025)
 - Confirm post-listing IR activities and shareholder dialogue policies

Awareness Campaigns For Pre-Listing Companies

New Listing Guidebook, etc.

- Information on responsibilities for listed companies will be published in guidebooks for companies preparing for listing and on the JPX website. (Ongoing)

Seminars

- For companies preparing for listing, we also conduct seminars on management that is conscious of cost of capital and stock price, as well as IR systems and activities. (Ongoing)