

Provisional  
Translation



# Overview of the Market Structure Review

## Outline of the New Market Segments

February 21, 2020  
Tokyo Stock Exchange, Inc.

Note: TSE hereby certifies that to the best of its knowledge, the foregoing is a fair and accurate English translation of a document originally written in Japanese. In the event of any inconsistency between the original Japanese document and this reference English translation, the original Japanese document will prevail.

- Tokyo Stock Exchange, Inc. (hereinafter referred to as “TSE”), is planning to restructure the Cash Equity market from April 1, 2022, reorganizing the current five market segments: First Section, Second Section, Mothers, JASDAQ (Standard & Growth), into three new market segments; Prime, Standard and Growth.\*
- In order to assist listed companies, companies preparing for IPOs and market participants in their preparation for the transition, this document describes and explains the outline of the new market segments, the process of transition to the new market structure, and the planned schedule, including the items that will be phased-in before the transition.
- For revision of TOPIX and other matters related to index, please refer to “Planned Measures for Review of Tokyo Stock Price Index (TOPIX), etc.” (published by TSE on Feb 21, 2020).

\*All names of the new market segments are tentative

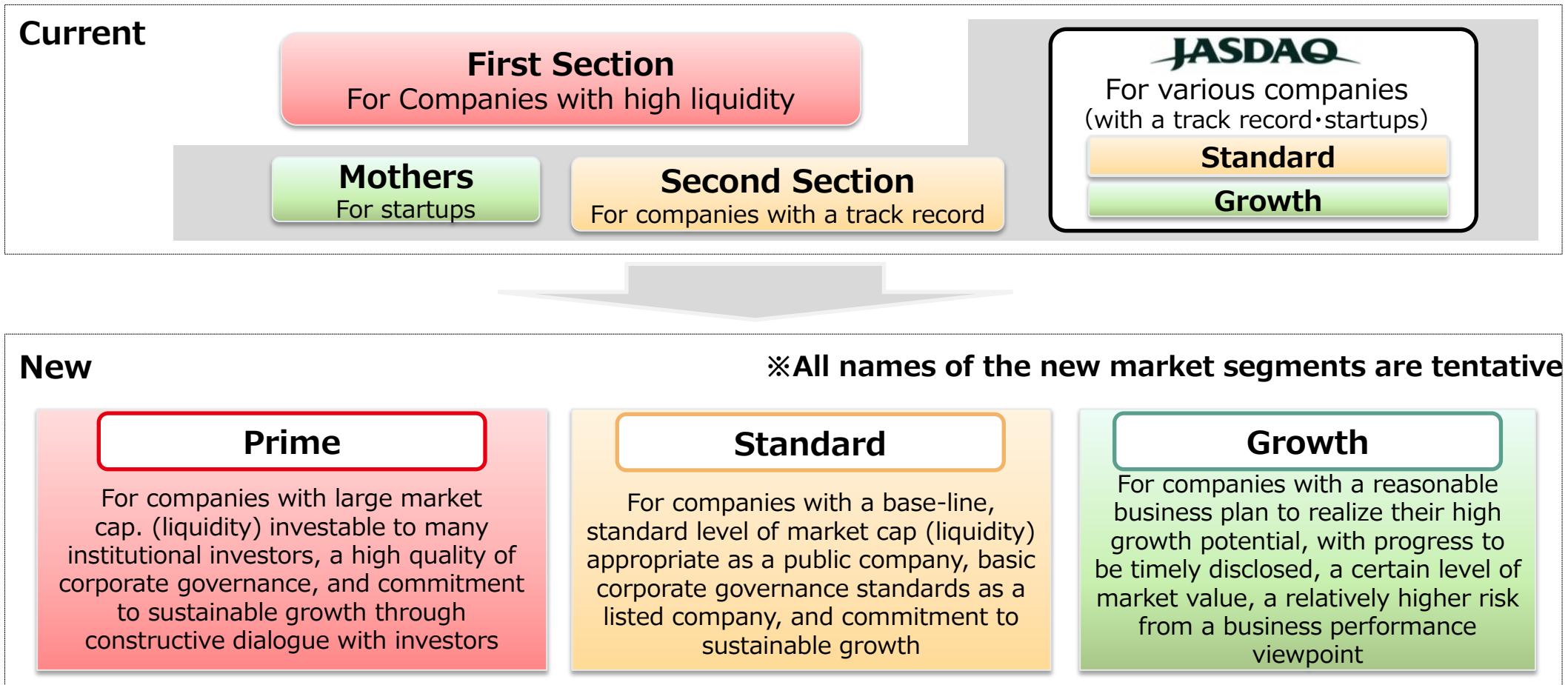
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# **1 . Outline of the New Market Segments**

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# Purpose of Restructuring the Market Segments

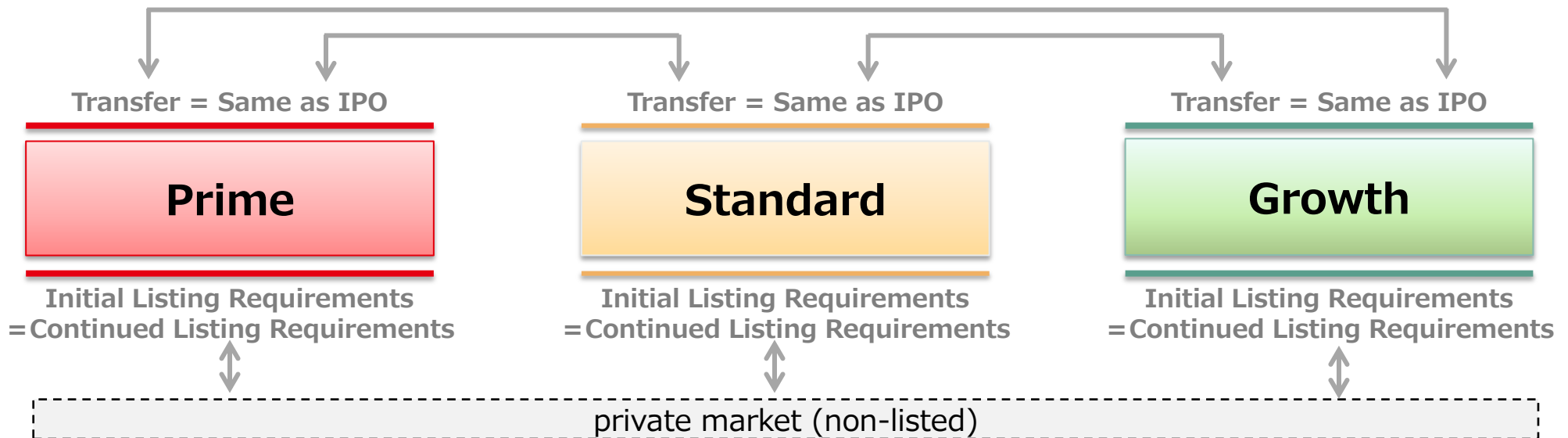
- Japan Exchange Group, Inc.'s mission is to contribute to the realization of an affluent society, and through restructuring of the Cash Equity Market with a clear market concept, incentivizing sustainable growth and mid-to long-term corporate value creation of listed companies that further attracts various types of investors, both domestic and foreign, it aims to promote the sustainable development of the Cash Equity Market.



# Basic Concept of the New Listing Criteria

- Listing requirements for each market segment set standards for market capital (liquidity), corporate governance and other quantitative and qualitative criteria in accordance with the market concept.
- In principle, the initial listing requirements and continued listing requirements for each market segment will be set at the same level (the same level of standards apply).
  - Listed companies are to maintain the level of market cap. (liquidity), etc. required at the time of IPO, after listing (in the case of a breach of continued listing requirements, a grace period will be applied to companies to regain compliance).
- Each market segment is independent, and thus will there will be no special lowered requirements for transfer between segments (no “Assignment to the 1st Section,” “Reassignment from Mothers” or “Assignment from 1st Section to 2nd Section”-like requirements)
  - Listed companies, if they wish to, can apply for transfer and be subject to the same level of process and requirements as for an initial listing on said market segment.

## IPOs, etc., on the New Market Segments (concept)



# Listing Requirements for the Prime Market

## Concept

- A market for companies whose **market capitalization (liquidity) is large enough to attract investments from many institutional investors**, that also have a **high quality of corporate governance**, as well as a **commitment to sustainable growth and medium-to-long term improvement of corporate value with a focus on constructive dialogue with investors**, and a market for those institutional and general investors investing in such companies.

## Listing Requirements

Item	Purpose	Outline of Listing Requirements (*1)									
		Criteria	Initial Listing	Continued Listing							
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>Basic criteria to ensure effective basis of ample liquidity for various types of institutional investors to find the stocks investable</li> </ul>	No. of Shareholders	At least 800 shareholders	At least 800 shareholders							
		No. of Tradable Shares	At least 20,000 units	At least 20,000 units							
		Tradable Share Market Cap	At least JPY 10 bn.	At least JPY 10 bn.							
		Trading Value	At least JPY 25 bn. mkt. cap	At least daily JPY avg. 20 mn.							
<b>Governance</b>	<ul style="list-style-type: none"> <li>Basic criteria to ensure effective foundation for constructive dialogue between listed companies and institutional investors</li> <li>※ Revised CG Code fully applied(*2)</li> </ul>	<ul style="list-style-type: none"> <li>To ensure constructive dialogue with institutional investors, must maintain “public market control” by keeping tradable share ratio, with so-called “stable shareholders” holding less than 2/3 of shares (threshold to pass a special resolution under the Companies Act)</li> </ul>									
		<table border="1"> <thead> <tr> <th>Criteria</th> <th>Initial Listing</th> <th>Continued Listing</th> </tr> </thead> <tbody> <tr> <td>Tradable Share Ratio</td> <td>At least 35%</td> <td>At least 35%</td> </tr> </tbody> </table>	Criteria	Initial Listing	Continued Listing	Tradable Share Ratio	At least 35%	At least 35%			
Criteria	Initial Listing	Continued Listing									
Tradable Share Ratio	At least 35%	At least 35%									
<b>Business Performance</b> <b>Financial Status</b>	<ul style="list-style-type: none"> <li>Stable and Excellent Revenue/Financial Base</li> </ul>	<ul style="list-style-type: none"> <li>Eligibility requirements for business performance and financial status will be examined when either A or B is met (Condition for accepting application for an IPO)</li> </ul>									
		<table border="1"> <thead> <tr> <th>Criteria</th> <th>A (Profit)</th> <th>B (Sales)</th> </tr> </thead> <tbody> <tr> <td>Business Performance</td> <td>Total profit for recent 2 yrs., at least JPY 2.5 bn.</td> <td>Sales at least JPY 10 bn. &amp; market cap at least JPY 100 bn.</td> </tr> <tr> <td>Financial Status</td> <td colspan="2">Shareholder Equity at least JPY 5 bn.</td> </tr> </tbody> </table>	Criteria	A (Profit)	B (Sales)	Business Performance	Total profit for recent 2 yrs., at least JPY 2.5 bn.	Sales at least JPY 10 bn. & market cap at least JPY 100 bn.	Financial Status	Shareholder Equity at least JPY 5 bn.	
Criteria	A (Profit)	B (Sales)									
Business Performance	Total profit for recent 2 yrs., at least JPY 2.5 bn.	Sales at least JPY 10 bn. & market cap at least JPY 100 bn.									
Financial Status	Shareholder Equity at least JPY 5 bn.										

(\*1) Other than requirements in accordance with each market concept, all three markets will have the same requirements on restrictions on share transfers, selection of transfer agent, etc.

(\*2) The planned CG Code revision is expected to suggest a higher standard for Prime listed companies.

# Listing Requirements for the Standard Market

## Concept

- A market companies that have a **base-line, standard level of market capitalization (liquidity) representing an appropriate investment opportunity as a public company**, have a **basic corporate governance structure as a listed company**, and that are **committed to sustainable growth and medium-to-long term enhancement of corporate value**, and a market for institutional and general investors investing in such companies.

## Listing Requirements

Item	Purpose	Outline of Listing Requirements (*1)		
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>➤ Basic criteria to ensure appropriate liquidity for smooth trading by public investors</li> </ul>	Criteria	Initial Listing	Continued Listing
		No. of Shareholders	At least 400 shareholders	At least 400 shareholders
		No. of Tradable Shares	At least 2,000 units	At least 2,000 units
		Tradable Share Market Cap.	At least JPY 1 bn.	At least JPY 1 bn.
<b>Governance</b>	<ul style="list-style-type: none"> <li>➤ Basic level of governance structure to achieve sustainable growth</li> <li>※ CG Code fully applied</li> </ul>	<ul style="list-style-type: none"> <li>➤ Basic level of tradable share ratios required as public company (same level as global stock exchanges)</li> </ul>		
		Criteria	Initial Listing	Continued Listing
		Tradable Share Ratio	At least 25%	At least 25%
<b>Business Performance</b> <b>Financial Status</b>	<ul style="list-style-type: none"> <li>➤ Stable revenue foundation and financial status</li> </ul>	<ul style="list-style-type: none"> <li>➤ Eligibility requirements for business performance and financial status will be examined when the below requirements are met (Condition for accepting application for an IPO)</li> </ul>		
		Criteria	Initial Listing	
		Business Performance	Profit at least JPY 0.1 bn. in the most recent yr.	
Financial Status	Net Asset is negative			

(\*1) Other than requirements in accordance with the market concept, all three markets will have the same requirements for restrictions on share transfers, selection of transfer agent, etc.



# Listing Standards for the Growth Market

## Concept

- A market companies that have **a business plan to realize their high growth potential**, the progress of which is timely and appropriately disclosed, and have **obtained a certain level of market value**, but at the same time, have **a relatively higher risk from the viewpoint of business performance and a market for institutional and general investors investing in**

## Listing Requirements

Item	Purpose	Outline of Listing Requirements (*1)												
Business Plans	<ul style="list-style-type: none"> <li>➤ A business plan to realize high growth potential and that enables investors to make reasonable investment decisions based on information disclosed</li> </ul>	<ul style="list-style-type: none"> <li>➤ All requirements below must be met                             <ul style="list-style-type: none"> <li>• Reasonable business plans in place</li> <li>• Principle underwriter submits basis for its opinion on company's high growth potential</li> <li>• Appropriate disclosure (after listing as well) on business plans and matters related to high growth potential (business model, market size, source of its competitive advantages, business risk)</li> </ul> </li> <li>➤ Below required to ensure high growth potential is achieved/realized appropriately</li> </ul> <table border="1"> <thead> <tr> <th>Criteria</th> <th>Initial Listing</th> <th>Continued Listing</th> </tr> </thead> <tbody> <tr> <td>Market Capital</td> <td>–</td> <td>from 10<sup>th</sup> yr. of IPO JPY 4bn.</td> </tr> </tbody> </table>	Criteria	Initial Listing	Continued Listing	Market Capital	–	from 10 <sup>th</sup> yr. of IPO JPY 4bn.						
		Criteria	Initial Listing	Continued Listing										
Market Capital	–	from 10 <sup>th</sup> yr. of IPO JPY 4bn.												
Liquidity	<ul style="list-style-type: none"> <li>➤ Minimum criteria to ensure appropriate liquidity for smooth trade by public investors</li> </ul>	<table border="1"> <thead> <tr> <th>Criteria</th> <th>Initial Listing</th> <th>Continued Listing</th> </tr> </thead> <tbody> <tr> <td>No. of Shareholders</td> <td>At least 150 shareholders</td> <td>At least 150 shareholders</td> </tr> <tr> <td>No. of Tradable Shares</td> <td>At least 1,000 units</td> <td>At least 1,000 units</td> </tr> <tr> <td>Tradable Share Market Cap</td> <td>At least JPY 0.5 bn.</td> <td>At least JPY 0.5 bn.</td> </tr> </tbody> </table>	Criteria	Initial Listing	Continued Listing	No. of Shareholders	At least 150 shareholders	At least 150 shareholders	No. of Tradable Shares	At least 1,000 units	At least 1,000 units	Tradable Share Market Cap	At least JPY 0.5 bn.	At least JPY 0.5 bn.
		Criteria	Initial Listing	Continued Listing										
		No. of Shareholders	At least 150 shareholders	At least 150 shareholders										
		No. of Tradable Shares	At least 1,000 units	At least 1,000 units										
Tradable Share Market Cap	At least JPY 0.5 bn.	At least JPY 0.5 bn.												
Governance	<ul style="list-style-type: none"> <li>➤ Governance standard appropriate to the level of size of business and growth stage</li> <li>※ Only Basic Principles of CG Code applied</li> </ul>	<ul style="list-style-type: none"> <li>➤ Basic level of tradable share ratios required as public company (same level as global stock exchanges)</li> </ul> <table border="1"> <thead> <tr> <th>Criteria</th> <th>Initial Listing</th> <th>Continued Listing</th> </tr> </thead> <tbody> <tr> <td>Tradable Share Ratio</td> <td>At least 25%</td> <td>At least 25%</td> </tr> </tbody> </table>	Criteria	Initial Listing	Continued Listing	Tradable Share Ratio	At least 25%	At least 25%						
		Criteria	Initial Listing	Continued Listing										
		Tradable Share Ratio	At least 25%	At least 25%										

(\*1) Other than requirements in accordance with the market concept, all three markets will have the same requirements for restrictions on share transfers, selection of transfer agent, etc.

(\*2) Startups using voting right class shares in IPOs will be subject to the same rules as applied now.

# Examination of the Definition of “Tradable Share”

- In order to ensure smooth trading and fair price formation by increasing liquidity, “Tradable Share” will be redefined as below.

## Current Definition

- Listed shares excluding “shares held by shareholders who hold 10% or more of the listed shares,” “shares held by management,” “treasury stocks,” and, for IPOs and Assignment to 1<sup>st</sup> Section, “shares held by related parties with special interest, other than management”

$$\text{Tradable Share} = \text{Listed Shares} - \left( \begin{array}{l} \text{Shares held by} \\ \text{shareholders who hold} \\ \text{10\% or more of the} \\ \text{listed shares} \end{array} \right) + \begin{array}{l} \text{Shares held by} \\ \text{management} \end{array} + \begin{array}{l} \text{Treasury} \\ \text{stocks} \end{array} + \begin{array}{l} \text{Shares held by related} \\ \text{parties w/ special} \\ \text{interest, other than} \\ \text{management} \end{array}$$

※Only for IPO and Assignment to 1<sup>st</sup> Section

- Currently, if the shares are held in a ratio lower than 10% of all listed shares, then even if shares are held by such shareholders whose shares might be in fact illiquid with low tradability, they are considered “Tradable Shares,” which suggests the requirement for “Tradable Shares” might not be functioning properly

## Plans for Revision

- To exclude shares held by shareholders, whose shares are essentially considered illiquid and have low tradability, regardless of the size of the holding ratio
  - ✘ For example, shares held as “cross-shareholdings” could be considered as illiquid

## **2. Transition Process for Listed Companies**

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# Selecting the New Market Segment

- For transition, listed companies will proactively choose a new market segment for listing, on the basis of market concept and listing requirements (schedule described later).
- Different procedures will be required depending on the current market segment and the new market segment chosen.

Current Segment	New Segment	Applicable Procedures
First Section	Prime	<ul style="list-style-type: none"> <li>■ <b>Market Selection Process</b></li> <li>※ If continued listing requirements are not met on the “Base Date for Transition” (later described), then additional requirements are applied</li> </ul>
	Standard	<ul style="list-style-type: none"> <li>■ <b>Market Selection Process</b></li> <li>※ If continued listing requirements are not met on the “Base Date for Transition”, then additional requirements are applied</li> </ul>
	Growth	<ul style="list-style-type: none"> <li>■ <b>Same process as IPO</b></li> <li>※ If initial listing requirements are not met by the “Transition Date” (later described) then grace period starts on the Transition Date</li> </ul>
Second Section JASDAQ Standard	Standard	<ul style="list-style-type: none"> <li>■ <b>Market Selection Process</b></li> <li>※ If continued listing requirements are not met on the “Base Date for Transition”, then additional requirements are applied</li> </ul>
	Prime・Growth	<ul style="list-style-type: none"> <li>■ <b>Same process as IPO</b></li> <li>※ If initial listing requirements are not met by the “Transition Date,” then a grace period starts on the Transition Date</li> </ul>
Mothers JASDAQ Growth	Growth	<ul style="list-style-type: none"> <li>■ <b>Market Selection Process</b></li> <li>※ If continued listing requirements are not met on the “Base Date for Transition”, then additional requirements are applied</li> </ul>
	Prime・Standard	<ul style="list-style-type: none"> <li>■ <b>Same process as IPO</b></li> <li>※ If initial listing requirements are not met by the “Transition Date,” then a grace period starts on the Transition Date</li> </ul>

# Procedures for Selecting a New Market Segment

- End of June 2021 will be the “Base Date for Transition,” when listed companies’ status will be evaluated in relation to new market segment standards. Listed companies will be notified around the end of July, as to whether they have met the new market segment’s continued listing requirements.
- Procedures for market selection must be completed within Sep. to Dec. 2021 (Market Selection period) and listed companies must choose a new market segment by the end of Dec 2021.

Segment	Documents	Submit
Common	<ul style="list-style-type: none"> <li>■ Application Form for Selecting the New Market Segment</li> <li>■ Documents that attest to the Board’s decision on the Market Segment Selection</li> </ul>	Application Date
Prime	<ul style="list-style-type: none"> <li>■ CG Report based on Revised CG Code <b>(If Continued Listing Requirements are not met on the “Base Date for Transition”)</b></li> <li>■ Plans to meet the level of continued listing requirements for “Tradable Share Ratio” and other requirements(*)                             <ul style="list-style-type: none"> <li>✓ These plans will be publicly disclosed, and therefore must be reasonable and approved by board’s resolution or other appropriate internal process of each company (same for below)</li> </ul> </li> </ul>	By the last day of the Market Selection Period
Standard	<ul style="list-style-type: none"> <li>■ CG Report based on Revised CG Code <b>(If Continued Listing Requirements are not met on the “Base Date for Transition”)</b></li> <li>■ Plans to meet the level of continued listing requirements for “Tradable Share Ratio” and other requirements(*)</li> </ul>	Same as above
Growth	<ul style="list-style-type: none"> <li>■ Commitment to continue disclosure on progress of business plans and matters related to high growth potential</li> <li>■ Recent progress on business plans and matters related to high growth potential <b>(If Continued Listing Requirements are not met on the “Base Date for Transition”)</b></li> <li>■ Plans to meet the level of continued listing requirements for “Tradable Share Ratio” and other requirements(*)</li> </ul>	Same as above

\*This plan should include not only plans to increase Tradable Share Ratio, but also Tradable Share Market Cap. through stronger governance etc.

- If listed companies do not complete the necessary procedures within the Market Selection Period, then TSE will publish that situation to investors.

# Grandfathered Rules (Listing Requirements)

- In transitioning to the new market segments, if continued listing requirements are not met, then by submitting and disclosing “Plans to meet the level of continued listing requirements for “Tradable Share Ratio” and other requirements,” the grandfathered rules below will be applied to listed companies.

Current Segment	New Segment	Rules to be applied
First Section	Prime	<ul style="list-style-type: none"> <li>■ For the time being, instead of the new continued listing requirements, the same level of requirements as the current Assignment from 1<sup>st</sup> Section to 2<sup>nd</sup> Section, such as Tradable Share Market Cap. JPY 1 bn. and the Tradable Share Ratio 5% will be applied as the continued listing requirements.</li> </ul>
Second Section JASDAQ Standard	Standard	<ul style="list-style-type: none"> <li>■ For the time being, instead of the new continued listing requirements, the same level of requirements as the current delisting requirements, such as the Tradable Share Market Cap. JPY 0.25 bn. and Tradable Share Ratio 5% will be applied as the continued listing requirements.</li> </ul>
Mothers JASDAQ Growth	Growth	

- Listed companies that submitted “Plans to meet the level of continued listing requirements for “Tradable Share Ratio” and other requirements”, must disclose their progress within three months from the end of the business year that ends after the Transition Date.
- If listed companies that were under grandfathered rules are found to be in serious violation of the listing rules after the Transition Date, then grandfathered rules will no longer be applicable.
- Although there is no specific plans to do so at this point, this approach for grandfathering rules could be subject to reconsideration, if necessary, after the Transition Date, in accordance with a change of circumstances in the future.

# 3. Schedule

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- To achieve smooth transition, firstly, current rules for initial listing requirements and market transfer requirements will be revised in accordance with the listing requirements for the new market segments.
- Thereafter, taking into consideration the details of the requirements for the new market segments and Corporate Governance Code to be revised, listed companies will choose the new market segment for listing.
- As of this time, the target date for transitioning to new market segment is April 1, 2022

## <Schedule>

Time	Item	Note
March 2020	Outline of Revision Published (Revision of the current listing rules and requirements) ※Public Comment	<ul style="list-style-type: none"> <li>■ Initial listing requirements and market transfer requirements revised</li> <li>※ Details in the next page</li> </ul>
July	Revision of the Current Requirements (Effective)	<ul style="list-style-type: none"> <li>■ After the revision, newly listing companies will apply for IPOs in compliance with standard close to the listing requirements under the new market segments</li> </ul>
By the end of 2020	Outline of Revision Published (New Requirements for the New Market Segment) ※Public Comment	<ul style="list-style-type: none"> <li>■ Details of the listing requirements for the new market segments</li> <li>■ Details of the transition process for listed companies</li> </ul>
After Spring 2021	Revision of the Corporate Governance Code	<ul style="list-style-type: none"> <li>■ Higher standard for the Prime Market to be included</li> </ul>
End of June 2021	Base Date for Transition: Date for evaluation of listed companies' status in relation to new market segment standards	<ul style="list-style-type: none"> <li>■ Whether listed companies have met the continued listing criteria of the new market segments or not will be confirmed at the end of June, with notification provided around the end of July</li> </ul>
Sep. – Dec. 2021	Listed Companies to choose their market segment	<ul style="list-style-type: none"> <li>■ Market segments to be chosen based on the listing requirements and revised CG Code</li> <li>■ Plans to meet the continued listing requirements submitted by listed companies (publicly disclosed)</li> </ul>
April 2022	New Market Segment (transition)	<ul style="list-style-type: none"> <li>■ Transition completed</li> </ul>



# Revision of the Current Listing Rules

- In light of the new listing requirements under the new market segments, current rules for initial listing requirements, market transfer requirements, etc., will be revised.

Items to Be Revised	Outline
Harmonization of initial listing rules and market transfer rules for listing on the First Section	<ul style="list-style-type: none"> <li>■ Different requirements currently set for initial listing on the First Section, Assignment to First Section, Market Transfer to First Section will be unified for Tradable Share Market Cap. (at least JPY 10 bn.), market cap (at least JPY 25 bn.)</li> <li>■ Clarification on listing standard for loss-making companies (stable business base), etc.</li> </ul>
Harmonization of listing rules for the Second Section and JASDAQ Standard	<ul style="list-style-type: none"> <li>■ Initial listing requirements and market transfer requirements for the Second Section and JASDAQ Standard will be unified for the Tradable Share Market Cap (at least JPY 1 bn.), the Tradable Share Ratio (at least 25%), and the Amount of Profit (at least JPY 0.1 bn. for the most recent year), etc.               <ul style="list-style-type: none"> <li>※ Documents required for initial listing on each market will not change</li> <li>※ CG Code will be fully applied</li> </ul> </li> </ul>
Revision of listing rules for Mothers	<ul style="list-style-type: none"> <li>■ Business plans and matters related to high growth potential to be disclosed at the time of IPO and continual disclosure of the progress will be mandated</li> </ul>
Halt of IPOs on JASDAQ Growth	<ul style="list-style-type: none"> <li>■ Termination of the acceptance of applications for IPOs on JASDAQ Growth</li> </ul>
Revision of market assignment and delisting rules for excessive liabilities	<ul style="list-style-type: none"> <li>■ Exception for listed companies with excessive liabilities, that also have a certain valuation from investors (a certain size of market cap.)</li> </ul>

(\*) The above plans for revision are subject to change. Additionally, the below items of revisions are under consideration.

- Reexamination of listing eligibility when a violation of the written oath that was submitted at initial listing is found
  - In consideration of a reduction of burden, a review of documents that listed companies are required to provide, etc.
- Details will be published in March as the Outline of Revision and will be subject to a public comment period

- Outline of Revision of the current listing rules and requirements and Outline of New Requirements for the New Market Segments when published, will be subject to a Public Comment Process to gather comments and feedback from a broad range of market participants.
- If you have any questions, please contact us.

## Contact

Tokyo Stock Exchange, Listing Department

[jojo-kikaku@jpx.co.jp](mailto:jojo-kikaku@jpx.co.jp)

# Reference

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# Initial Listing Standard (Global Exchanges)

Items	H K E X (Main)	H K E X (G E M)	S G X	S G X (Catalyst)
No. of Shareholders	300	100	500	200
Liquidity	Market Cap. : HK\$ 0.125bn. Ratio : 25% (Market Cap. 25%.HK\$ or more then 15% – 25%) AND more than 15% – 25%) are not held by the 3 largest shareholders	Market Cap. : HK\$ 30mn. Ratio : 25% (Market Cap. HK\$ 10bn or more then 15% – 25%) AND more than 50% are not held by the 3 largest shareholders	Ratio : 12%~25% ※In accordance with size of Market Cap.	Ratio : 15%
Shareholder Equity	–	–	–	–
Market Cap.	1. Profit : Recent 3 yrs. total of HK\$ 50mn. recent 1 yr. 20mn. HK\$, previous 2 yrs. total of HK\$ 30mn. and market cap. HK\$0.5bn. OR 2. Market Cap. & Sales : Market Cap. HK\$ 4 bn. recent year's sales HK\$ 0.5bn. OR 3. Market Cap. & Sales & CF: Market Cap. HK\$ 2 bn., recent 1 yr. sales HK\$ 0.5bn. and recent 3yrs. In CF total HK\$ 0.1bn.	1. Market Cap. HK\$ 0.1 bn. OR 2. Recent 2 yrs., CF total of HK\$ 20mn.	1. Pre-tax Profit : Recent yr. S\$ 30mn. OR 2. Market Cap. S\$ 0.15bn. & recent 1 yr. positive profit OR 3. Market Cap. & Sales : Recent 1 yr. positive profit and market cap S\$ 0.3bn. ※ In all cases, CF must be positive	–
Profit				–
Other		No change in management in recent 2 yrs. and no change of control in recent yr.		Sponsor required

Prepared by TSE from publicly available information

# Initial Listing Standards (Global Exchanges)

Item		NYSE (For US Companies)	LSE (Premium)	NASDAQ (Global Select)	NASDAQ (Capital)
No. of Shareholders		400 Unit holders	–	450 Unit holders OR Total Shareholders 2,200	300
Liquidity	No. of Tradable Shares	\$ 1.1mn.	–	\$ 1.25 mn.	Common: No. of Tradable Shares 1 mn.  1. Tradable Share Market Cap. \$ 15mn. & Shareholder Equity \$ 5mn. & Operation 2 yrs.  OR 2. Tradable Shares Market Cap. \$15mn. & Shareholder Equity \$4mn. & Market Cap. \$ 50mn.  OR 3. Tradable Shares Market Cap. \$ 5mn. & Shareholder \$ 4mn. & Recent yr. or the 2 yrs. of the recent 3 yrs. net profit \$ 0.75 mn.
	Mkt. Cap.	\$ 40mn.	–	\$ 45mn.	
	Ratio	–	25%	–	
Shareholder Equity		–	(Independence of Assets in the preceding 3 yrs.)	1. Pre – tax Profit total for the recent 3 yrs. \$ 11mn. & each of recent 2 yrs. \$ 2.2mn. & recent 3 yr. positive	
Market Cap.		<div style="border: 1px solid black; padding: 5px;">                     1. Total pre – tax profit for the recent 3 yrs. \$ 10mn. &amp; most recent 2 yrs. each \$ 2mn. &amp; all recent 3 yrs. positive (if 3<sup>rd</sup> yr. is negative, then total pre-tax profit for the 3 yrs. is \$12 mn. &amp; immediately preceding yr. \$5 mn. and the prior to that \$2 mn.)                 </div> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">                     2. Market Cap. \$ 0.2bn.\$                 </div>	£ 0.7mn.		<div style="border: 1px solid black; padding: 5px;">                     2. total CF for the recent 3 yr. \$ 27.5mn. &amp; recent 3 yr. positive &amp; recent yr. \$ 0.55 bn. &amp; recent sales \$ 0.11bn.                 </div> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">                     3. Market Cap &amp; Sales : recent yr. market cap. \$ 0.85bn. &amp; recent yr. sales \$ 90mn.                 </div> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">                     4. Market Cap. \$0.16 bn. &amp; Shareholder Equity \$55 mn. &amp; most recent fiscal year end Net Assets \$80 mn.                 </div>
Profit				(Basically, 75% or more of the company's business are run with profits for the last 3 yrs. Other than investment-intensive companies)	
Other		Share Price \$ 4	(Approval of listing is from FCA and approval of trading is from LSE)	Share Price \$4 4 Market Makers	Share Price \$ 4 3 Market Makers

Prepared by TSE from publicly available information

# Continued Listing Standards (Global Exchanges)

Item	NYSE (For US Companies)	NASDAQ (Global Select, Global)	NASDAQ (Capital)	LSE	*Delisting HKEX (main & GEM)	*Delisting SGX (main & Catalyst)
No. of Shareholders	1. 400 shareholders	400	300	-	Delisting may occur, if there is no improvement after a long period of trading halt and remedial grace period (examples of reasons for trading halts are a violation of the listing agreement, inappropriate business as deemed by the exchange, etc.)	Delisting when the exchange deems necessary
Liquidity	OR 2. 400 shareholders & Monthly Average Trade Volume 0.1mn. Shares	1. No. of Tradable Shares 0.75 shares & Market Cap. \$5mn. & Shareholder Equity \$ 10mn. OR 2. No. of Tradable Shares 1.1 Shares & Tradable Share Market Cap. \$15mn. & Market Cap. \$50mn.	Common Tradable Share Market Cap. \$ 1 mn. & No. of Tradable Shares 0.5mn.  1. Shareholder Equity \$ 2.5mn. OR 2. Market Cap.35mn. OR 3. Net Profit0.5mn.	Ratio 25%		
	OR 3. No. of Tradable Shares 0.6mn. Shares			-		
Market Cap.	1. Market Cap. \$ 50mn. & Shareholder Equity \$ 50mn. OR 2. Market Cap. \$ 15mn.	OR 3. No. of Tradable Share 1.1mn. Shares & Market Cap.\$ 15 mn.\$ & Total Asset \$50mn. & Sales \$50mn.		£ 0.7mn.		
Financial Status				-		
Share Price	\$ 1	\$ 1 (2 Market Makers)		-		

Prepared by TSE from publicly available information

Item	Prime			First Section				
	Initial Listing	Continued Listing	Grandfathered	Direct Listing	Assignment to First Section	Market Transfer	Reassignment to Second Section	Delisting
No. of Shareholders	800	800	800	2,200	2,200	2,200	2,000	400
No. of Tradable Shares	20,000 units	20,000 units	10,000 units	20,000 units	20,000 units	20,000 units	10,000 units	20,000 units
Tradable Share Market Cap.	JPY 10bn.	JPY 10bn.	JPY 1bn.	JPY 1bn.	JPY 2 bn.	JPY 1bn.	JPY 1bn.	JPY 0.5bn.
Trading Value	Market Cap. JPY 25bn.	Daily Average JPY 20mn.	Monthly Average 40 units	Market Cap. JPY 25bn.	Monthly Average 200 units	-	Monthly Average 40 units	Monthly Avg. 10 units or no trade for 3 months
Market Cap		-	-		JPY 4 bn.	JPY 2.5bn.	JPY 2 bn.	JPY 1bn.
Tradable Share Ratio	35%	35%	5%	35%	-	35%	-	5%
Business Performance	Recent 2yrs. Total Profit JPY 2.5bn	-	-	Recent 2yrs. Total Profit JPY 0.5bn.	Recent 2yrs. Total Profit JPY 0.5bn.	Recent 2yrs. Total Profit JPY 0.5bn.	-	-
	Sales JPY 10bn. & Market Cap JPY 100 bn.			Sales JPY 10bn. & Market Cap JPY 50 bn.	Sales JPY 10bn. & Market Cap JPY 50 bn.	Sales JPY 10bn. & Market Cap JPY 50 bn.		
Financial Status	JPY 5bn.	-(*)	-(*)	JPY 1bn.	JPY 1bn.	JPY 1bn.	Excessive liabilities	Recent 2 yrs. excessive liabilities

(\*)Delisting criteria for excessive liabilities (exception for companies with a certain amount of market cap.) will be set

	Prime		NASDAQ Global Select	
Item	Initial Listing	Continued Listing	Initial Listing	Continual Listing
No. of Shareholders	800	800	450 Unit holders OR Total Shareholders 2,200	400
No. of Tradable Shares	20,000 units	20,000 units	Share Price \$ 4 4 Market Makers	\$1 2 Market Makers
Tradable Share Market Cap.	JPY 10bn.	JPY 10bn.	–	<div style="border: 1px solid black; padding: 5px;">                     1. No. of Tradable Shares 0.75 shares &amp; Market Cap. \$5mn. &amp; Shareholder Equity \$ 10mn.                 </div>
Trading Value	Market Cap. JPY 25bn.	Daily Average JPY 20mn.	\$ 1.25 mn.	
Market Cap.		-	\$ 45mn.	
Tradable Share Ratio	35%	35%	–	
Business Performance	Recent 2yrs. Total Profit JPY 2.5bn.	-	<div style="border: 1px solid black; padding: 5px;">                     1. Pre-tax Profit total for the recent 3 yrs. \$ 11mn. &amp; each of recent 2 yrs. \$ 2.2mn. &amp; recent 3 yr. positive                 </div>	<div style="border: 1px solid black; padding: 5px;">                     2. No. of Tradable Shares 1.1 Shares &amp; Tradable Share Market Cap. \$15mn. &amp; Market Cap. \$50mn.                 </div>
	Sales JPY 10bn. & Market Cap JPY 100 bn.		<div style="border: 1px solid black; padding: 5px;">                     2. total CF for the recent 3 yr. \$ 27.5mn. &amp; recent 3 yr. positive &amp; recent yr. \$ 0.55 bn. &amp; recent sales \$ 0.11bn.                 </div>	
Financial Status	JPY 5bn.	-(*)	<div style="border: 1px solid black; padding: 5px;">                     3. Market Cap &amp; Sales : recent yr. market cap. \$ 0.85bn. &amp; recent yr. sales \$ 90mn.                 </div>	<div style="border: 1px solid black; padding: 5px;">                     3. No. of Tradable Share 1.1mn. Shares &amp; Market Cap. \$ 15 mn. &amp; Total Asset \$50mn. &amp; Sales \$50mn.                 </div>
			<div style="border: 1px solid black; padding: 5px;">                     4. Market Cap. \$0.16 bn. &amp; Shareholder Equity \$55 mn. &amp; most recent fiscal year end Net Assets \$80 mn.                 </div>	

(\*)Delisting criteria for excessive liabilities (exception for companies with a certain amount of market cap.) will be set



Items	Standard			Second Section		JASDAQ Standard	
	Initial Listing	Continued Listing	Grandfathered	Initial Listing	Delisting	Initial Listing	Delisting
No. of Shareholders	400	400	150	800	400	200	150
No. of Tradable Share	2,000units	2,000units	500units	4,000units	2,000units	-	500units
Tradable Share Market Cap.	JPY 1 bn.	JPY 1 bn.	JPY 0.25bn.	JPY 1bn.	JPY 0.5bn.	JPY 0.5bn.	JPY 0.25bn.
Tradable Share Ratio	25%	25%	5%	30%	5%	-	-
Market Cap.	-	-	-	JPY 2 bn.	JPY 1 bn.	Most recent yr. profit JPY 0.1bn. OR Market Cap. JPY 5bn.	-
Business Performance	Most recent yr. profit JPY 0.1bn.	-	-	Total of recent 2 yrs. profit JPY 0.5 bn. Sales JPY 10 bn. & Market Cap. JPY 50 bn.	-		5 consecutive yrs. Profit and CF negative
Financial Status	Positive	-(*)	-(*)	JPY 1bn.	Recent 2 yrs. excessive liabilities	JPY 0.2bn.	Recent 2 yrs. excessive liabilities
Trade Volume	-	Monthly Avg.10units or no trade for 3months	Monthly Avg.10units or no trade for 3months	-	Monthly Avg.10units or no trade for 3months	-	-
Share price	-	-	-	-	-	-	JPY 10
Offering	-	-	-	-	-	10% of listed shares or 1,000 units	-

(\*)Delisting criteria for excessive liabilities (exception for companies with a certain amount of market cap.) will be set

Items	Growth Market			Mothers		JASDAQ Growth	
	Initial Listing	Continued Listing	Grandfathering	Initial Listing	Delisting	Initial	Delisting
Market Cap.	-	JPY 4bn.(0 for 10yrs from IPO)	JPY 0.5bn. (0 for 10yrs from IPO)	JPY 1 bn.	JPY 1 bn. (JPY 0.5bn. for 10 yrs. from IPO)	-	-
No. of Tradable Shares	1,000 units	1,000 units	500 units	2,000 units	2,000units (1,000unit for 10 yrs. from IPO)	-	500 units
Tradable Share Market Cap.	JPY 0.5bn.	JPY 0.5bn.	JPY 0.25bn.	JPY 0.5bn.	JPY 0.5bn. (JPY 0.25bn. for 10yrs. from IPO)	JPY 0.5bn.	JPY 0.25bn.
Tradable Share Ratio	25%	25%	5%	25%	5%	-	-
Business Performance	-	-	-	-	Sales JPY 0.1bn. (after 6 <sup>th</sup> yr. from IPO)	-	10 consecutive yrs. negative profit & CF (profit negative for 10 yrs. including IPO)
No. of Shareholders	150	150	150	200	400 (150 for 10 yrs. from IPO)	200	150
Financial Status	-	-(*)	-(*)	-	Recent 2 yrs. excessive liabilities	Positive	Recent 2 yrs. excessive liabilities
Trading Volume	-	Monthly Avg.10units or no trade for 3months	Monthly Avg.10units or no trade for 3months	-	Monthly Avg. 1 0 units or no trade for 3 months	-	-
Share price	-	-	-	-	10% of the offering price	-	JPY 10
Offering	500units	-	-	500units	-	10% of listed shares or 1,000 units	-

(\*) Delisting criteria for excessive liabilities (exception for companies with a certain amount of market cap.) will be after the 3<sup>rd</sup> yr from IPO for Growth Market

Items	Growth		NASDAQ Capital	
	Initial Listing	Continued Listing	Initial Listing	Continued Listing
Market Cap.	-	JPY 4bn.(0 for 10yrs from IPO)	No. of Tradable Shares 1 mn. AND 1. Tradable Share Market Cap. \$ 15mn. & Shareholder Equity \$ 5mn. & Operation 2 yrs. OR 2. Tradable Shares Market Cap. \$15mn. & Shareholder Equity \$4mn.& Market Cap. \$ 50mn. OR 3. Tradable Shares Market Cap. \$ 5mn. & Shareholder \$ 4mn.& Recent yr. or the 2 yrs. of the recent 3 yrs. net profit \$ 0.75 mn.	Tradable Share Market Cap. \$ 1 mn. & No. of Tradable Shares 0.5mn. AND 1. Shareholder Equity \$ 2.5mn. OR 2. Market Cap.35mn. OR 3. Net Profit0.5mn.
No. of Tradable Shares	1,000 units	1,000 units		
Tradable Share Market Cap.	JPY 0.5bn.	JPY 0.5bn.		
Tradable Share Ratio	25%	25%		
Business Performance	-	-		
Financial Status	-	-(*)		
No. of Shareholders	150	150	300	300
Trading Volume	-	Monthly Avg.10units or no trade for 3months	-	-
Share price	-	-	\$4 3Market Makers	\$1 2Market Makers
Offering	500units	-	-	-

(\*) Delisting criteria for excessive liabilities (exception for companies with a certain amount of market cap.) will be after the 3<sup>rd</sup> yr from IPO for Growth Market