

## Outline of Listing Rules and Frameworks for JDR-wrapped ETNs

Tokyo Stock Exchange, Inc.

Item	Contents	Remarks
1. Securities Eligible for Listing	<ul style="list-style-type: none"> <li>The securities eligible for listing are "Japanese Depositary Receipts (JDRs)" whose entrusted securities are ETNs for which investors are able to claim redemption at a price tracking the movement of a specific indicator, such as a stock price index, commodity price, etc.</li> </ul>	<ul style="list-style-type: none"> <li>These securities, known as ETNs or "Listed Certificates", are being actively traded on exchanges overseas.</li> <li>Out of the securities or certificates issued by foreign entities enumerated in Article 2, Paragraph 1, Item 17 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the "Act"), ETNs shall have the nature of the securities specified in Item 5 of the same paragraph and their redemption value is aimed at tracking the movement of a specific indicator.</li> </ul>
2. Listing		<ul style="list-style-type: none"> <li>Since such securities are issued by foreign entities, TSE will consider the legal frameworks of their home countries, etc. when applying the Securities Listing Regulations, etc.</li> </ul>
(1) Listing Application	<ul style="list-style-type: none"> <li>Listing application shall be made by the issuer of the ETN.</li> </ul>	
(2) Listing Examination	<ul style="list-style-type: none"> <li>The initial listing examination criteria are as follows.</li> </ul>	<ul style="list-style-type: none"> <li>For ETNs issued by special purpose vehicles (SPVs), etc., the guarantors shall be subject to listing examination.</li> </ul>
(Issuer Criteria)	<ul style="list-style-type: none"> <li>The issuer is an entity equivalent to a financial instruments business operator or registered financial institution in continuous business operations for at least three</li> </ul>	<ul style="list-style-type: none"> <li>A "financial instruments business operator" means an entity prescribed in Article 2, Paragraph 9 of the Act and</li> </ul>

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(Financial Soundness Criteria)	<p>years.</p> <ul style="list-style-type: none"> <li>• There are no false statements in the issuer's financial statements for the two most recent years.</li> <li>• An unqualified opinion or qualified fair opinion with exception items is expressed in the audit reports for the two most recent years.</li> </ul> <p>The net assets (net worth) of the issuer shall be at least JPY 500 billion.</p> <p>The capital adequacy ratio shall be greater than 8%.</p> <p>A credit rating equivalent to "A–" or above shall be given by a credit rating agency, etc.</p> <p>The sum of 1) the total outstanding amount of ETNs (including the guaranteed redemption amount of ETNs issued by other companies) and 2) the scheduled issuance amount at the time of initial listing shall not exceed 25% of the net assets.</p>	<p>a "registered financial institution" means an entity prescribed in Article 2, Paragraph 11 of the Act.</p> <ul style="list-style-type: none"> <li>• TSE will examine the issuer's financial position as of the end of the business year immediately preceding the business year containing the initial listing application date.</li> <li>• Where the issuer is a bank, the capital adequacy ratio shall be greater than 8%. Where the issuer is a financial instruments business operator, the net capital regulation ratio shall be greater than 200%.</li> <li>• A "credit rating agency, etc." means a credit rating agency prescribed in Article 2, Paragraph 36 of the Act or a specified related corporation prescribed in Article 116-3, Paragraph 2 of the Cabinet Ordinance Concerning Financial Instruments Business, etc.</li> </ul>
(Merchantability Criteria)	<p>The redemption/purchase value shall be calculated based on a specific indicator.</p> <p>The ETNs shall be redeemed or purchased within five business days upon request from a party holding at least a certain amount/value of the securities.</p> <p>The period until the final redemption date shall exceed five years.</p>	<p>The underlying specific indicator shall meet requirements similar to those of indicators pertaining to existing ETFs.</p> <p>TSE will examine whether the matters specified in the left column are set forth in the issuance indenture,</p>

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(Other Criteria)	<ul style="list-style-type: none"> <li>• The listing examination criteria shall be equivalent to those for foreign ETFs or foreign ETF trust beneficiary certificates (JDRs whose entrusted securities are foreign ETFs).</li> </ul>	<p>issuance program, etc. or trust agreement of trust beneficiary certificates, etc.</p> <ul style="list-style-type: none"> <li>• Specifically, other criteria shall include ensuring smooth circulation, handling by the designated book-entry transfer organization, multiple listing on a foreign financial instruments exchange(s), etc., concluding trust agreements and other agreements, as well as other necessary matters from the viewpoint of the public interest and investor protection.</li> <li>• In addition, relevant laws shall be enacted for the issuance of ETNs and regulatory administrative agencies for the issuer of such securities shall exist in its home country.</li> </ul>
(3) Timely Disclosure (Matters subject to Daily Disclosure)	<ul style="list-style-type: none"> <li>• The issuer shall disclose the following matters.</li> <li>• The total outstanding amount of the ETNs.</li> <li>• The outstanding issued amount of the ETNs trust beneficiary certificates.</li> <li>• The deviation rate between the daily fluctuation rate of redemption value per security and a specific indicator.</li> </ul>	<ul style="list-style-type: none"> <li>• For ETNs issued by SPVs, etc., corporate information of its guarantors shall be subject to timely disclosure.</li> </ul>
(Matters subject to Timely Disclosure)	<ul style="list-style-type: none"> <li>• Information related to certainty of redemption (dissolution, bankruptcy (commencement of bankruptcy, civil rehabilitation or corporate reorganization proceedings, dishonor of bills, etc.)).</li> <li>• Information related to rights of ETNs (advanced redemption, other important</li> </ul>	<ul style="list-style-type: none"> <li>• For such securities are foreign corporate bonds, dissolution, bankruptcy, dishonor of bills, and etc are the material facts subject to insider trading regulations under laws and regulation.</li> </ul>

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(Matters to be Disclosed related to Account Settlements)	<p>matters related to rights such as convening a meeting of corporate bond holders, and acceleration).</p> <ul style="list-style-type: none"> <li>Information related to financial soundness (where the credit rating is changed, the amount of net assets falls or is likely to fall below JPY 250 billion, or the capital adequacy ratio, etc. falls or is likely to fall below the predetermined level)</li> <li>Facts that constitute a cause for delisting.</li> <li>Other material facts which have a significant impact on investment decisions of investors.</li> <li>The contents of annual and interim account settlements</li> </ul>	
(4) Ensuring Effectiveness	<ul style="list-style-type: none"> <li>TSE will establish the same criteria as those for foreign ETFs in order to ensure effectiveness.</li> </ul>	
(5) Delisting Criteria (Issuer Criteria )	<ul style="list-style-type: none"> <li>ETNs shall be delisted when they fall under any of the following criteria.</li> <li>Where the issuer has ceased to be an equivalent of a registered financial institution or financial instruments business operator.</li> <li>Suspension of business operations (bank transactions), dissolution, bankruptcy, etc.</li> <li>False statements in the Securities Reports, etc., delay in the submission of such reports, an adverse opinion expressed in the audit report or a withholding of opinions.</li> </ul>	<ul style="list-style-type: none"> <li>ETNs issued by SPVs, etc. shall be delisted where the guarantors fall under the delisting criteria.</li> </ul>
(Financial Soundness	<ul style="list-style-type: none"> <li>Where the amount of net assets falls below JPY 250 billion and does not recover</li> </ul>	

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Criteria)	<p>to JPY 250 billion or more within three years.</p> <ul style="list-style-type: none"> <li>• Where the capital adequacy ratio falls to 8% or less and does not recover to greater than 8% within three years.</li> <li>• Where a credit rating agency, etc. gives a credit rating equivalent to one below "BBB-" to the issuer of the ETN, and a rating equivalent to "BBB-" or above is not given within three years.</li> <li>• Where the total outstanding amount of the ETNs (including the guaranteed redemption amount of ETNs issued by other companies) exceeds 25% of the net assets and does not fall to 25% or less within three years.</li> </ul>	<ul style="list-style-type: none"> <li>• Where the issuer is a bank, the delisting criteria shall apply if the capital adequacy ratio falls to 8% or less and does not recover to greater than 8% within three years. Where the issuer is a financial instruments business operator, the delisting criteria shall apply if the net capital regulation ratio fell to 200% or less and does not recover to greater than 200% within three years.</li> <li>• Where ETNs fall under any of the financial soundness criteria, TSE will place the securities in a grace period for delisting, publicize the fact, and warn investors to such effect..</li> </ul>
(Merchantability Criteria)	<ul style="list-style-type: none"> <li>• Where the issuer removes the following descriptions from the issuance indenture, issuance program, etc. or trust agreement, etc.:           <ol style="list-style-type: none"> <li>(1) the redemption/purchase value is calculated based on a specific indicator; or</li> <li>(2) the ETNs shall be redeemed or purchased within five business days upon request from a party holding at least a certain amount/value of securities</li> </ol> </li> <li>• Where the correlation coefficient between the redemption value per security and a specific indicator falls below 0.9 and does not recover to 0.9 or above within one year.</li> </ul>	

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(Other Criteria)	<ul style="list-style-type: none"> <li>Redemption at maturity, advanced redemption, and acceleration</li> <li>Where such securities fall under delisting criteria equivalent to those for foreign ETFs and foreign ETF trust beneficiary certificates.</li> </ul>	<ul style="list-style-type: none"> <li>Specifically, other criteria shall include difficulty in ensuring smooth circulation, termination of handling by the designated book-entry transfer organization, delisting from the foreign financial instruments exchange(s), etc., termination of trust agreements and other agreements, and cases where TSE deems it appropriate to delist the securities from the viewpoint of the public interest and investor protection.</li> </ul>
3. Trading	<ul style="list-style-type: none"> <li>The ETNs shall be traded in the same manner as foreign ETF trust beneficiary certificates.</li> </ul>	<ul style="list-style-type: none"> <li>Margin trading shall be permitted for ETNs.</li> <li>A 4-digit security code and the identification code for securities type B3 (foreign investment trust beneficiary certificates) will be allocated.</li> <li>The ETNs are exempted from short-selling regulations under laws and regulations.</li> </ul>
4. Settlement/Clearing	<ul style="list-style-type: none"> <li>The ETNs shall be cleared and settled in the same manner as foreign ETF trust beneficiary certificates.</li> </ul>	<ul style="list-style-type: none"> <li>Settlement shall be conducted through book-entry transfer at JASDEC</li> </ul>

\* If you need more information, we will send you “ETN New Listing Guidebook”. Please contact us.

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