(Reference Translation)

Implementation Arrangements for the Further Optimization of Tick Sizes

On March 1, 2027, Tokyo Stock Exchange, Inc. (TSE) will introduce new rules under which tick sizes are applied based on the liquidity of each issue. These rules will replace the current practice of assigning tick size tables based on index classifications. The implementation arrangements associated with this change are set out below.

Trading participants are requested to cooperate in disseminating this information within your organizations and to investors.

1. Method for Determining Tick Sizes

TSE will adopt the Spread to Tick Ratio (STR)[1] as an indicator for measuring the liquidity of each issue, and, in principle, will determine the tick sizes for stocks listed on TSE based on the results of STR measurements over a certain period.

For ETFs, ETNs, and leveraged products (excluding issues whose trading unit is one share), Tick Size Table A will apply.

For issues whose trading unit is one share,[2] a dedicated table (Tick Size Table O) will apply to prevent executions of less than JPY 1.

Tick Size Tables

Name	Description
Tick Size Table A	“Active”: ultra-high liquidity
Tick Size Table B	“Basic”: high liquidity
Tick Size Table C	“Calm”: medium liquidity
Tick Size Table O	“One Unit”: one share trading unit

2. Periodic Review of Tick Sizes

In order to apply appropriate tick sizes according to the liquidity of each issue, TSE will conduct periodic reviews of tick sizes as follows.

(1) Method of Measuring STR

STR is calculated by taking the time-weighted average of the value obtained by dividing the

[1] This indicates how many ticks make up the best bid offer (BBO) spread by dividing the nominal spread (best ask price minus best bid price) by the tick size.

[2] Certain ETFs, ETNs, leveraged products, REITs, infrastructure funds, preferred equity contribution securities, etc.

difference between the best ask price and the best bid price during trading hours[3] for each issue by the tick size applicable to said issue.

The STR evaluation period will be the nine months from August of the previous year to the end of April of the current year. Tick sizes will be reviewed in accordance with the categories below, based on the median of the daily STR figures during the evaluation period, with the first business day of August each year as the effective date.

Criteria for Determining Tick Size Tables in Periodic Reviews

Current Tick Size Table	Median Daily STR During Evaluation Period		
	Below 1.5	1.5 to 5.0 inclusive	Above 5.0
Tick Size Table A Applicable Issues	No change (A)	No change (A)	Changed to Tick Size Table B
Tick Size Table B Applicable Issues	Changed to Tick Size Table A	No change (B)	Changed to Tick Size Table C
Tick Size Table C Applicable Issues	Changed to Tick Size Table B	No change (C)	No change (C)
Tick Size Table O Applicable Issues	No review of the tick size table based on STR		

(2) Publication Method for Periodic Review Results

The results of the periodic review will be published around the beginning of June on the JPX website (Market News) and Target. With regard to issue information that can be obtained from the query function on the trading system and from the Market Information System (MAINS), information based on the revised tick sizes will be available as “next day information” on the business day before the effective date and as “same day information” on the effective date.

If the applicable tick size is changed other than through the periodic review due to a change in the trading unit or otherwise, the change will be published on the JPX website and Target no later than two business days before the effective date.

[3] Periods of trading suspension, periods during which special quotes or sequential trade quotes are displayed, the closing auction session, and any other periods during which the difference between the best ask price and the best bid price cannot be calculated are excluded.

Periodic Review Schedule

<table>
<tr><th>Year</th><th colspan="7">Previous Year</th><th colspan="9">Current Year</th></tr>
<tr><th>Month</th><th>6</th><th>7</th><th>8</th><th>9</th><th>10</th><th>11</th><th>12</th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th>6</th><th>7</th><th>8</th><th>9</th></tr>
<tr><td>Event</td><td></td><td></td><td colspan="9">Evaluation Period</td><td></td><td>Publication Month</td><td></td><td>Effective Month</td><td></td></tr>
</table>

3. Handling of Newly Listed Issues

(1) Method for Determining Tick Sizes

In principle, Tick Size Table C will apply to newly listed issues (excluding those listed through a technical listing). However, Tick Size Table B will apply to issues whose estimated market capitalization at the time of listing exceeds JPY 500 billion. Where Tick Size Table B is to apply, this will be published on the JPX website and Target around one week prior to the initial listing date.

For issues listed through a technical listing, of the tick size tables applied to issues that will be delisted as a result of said listing, the smallest table will continue to apply. The applicable tick size table for such issues will be published on the JPX website and Target around the date of approval of the initial listing.

For ETFs, ETNs, and leveraged products (excluding issues whose trading unit is one share), Tick Size Table A will apply. For issues whose trading unit is one share, Tick Size Table O will apply.

(2) Handling of Periodic Reviews

For newly listed issues, the evaluation period will be the period from the initial listing date to the end of the first April after listing, and the periodic review will be conducted based on the median of the daily STR figures during said period. However, issues listed on or after April 1 shall be excluded from the periodic review conducted in August of that year.

Examples of Handling of Newly Listed Issues and Periodic Reviews

Legend: Evaluation period for the current year; Evaluation period for the following year

"A," "B," and "C": Tick size tables before the periodic review

"Rev": Tick size table after the periodic review for the current year

Year		Previous Year					Current Year											
Month		8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Listing month	8	C	C	C	C	C	C	C	C	C	C	C	C	Rev	Rev	Rev	Rev	Rev
	9		C	C	C	C	C	C	C	C	C	C	C	Rev	Rev	Rev	Rev	Rev
	10			C	C	C	C	C	C	C	C	C	C	Rev	Rev	Rev	Rev	Rev
	11				C	C	C	C	C	C	C	C	C	Rev	Rev	Rev	Rev	Rev
	12					C	C	C	C	C	C	C	C	Rev	Rev	Rev	Rev	Rev
	1						C	C	C	C	C	C	C	Rev	Rev	Rev	Rev	Rev
	2							C	C	C	C	C	C	Rev	Rev	Rev	Rev	Rev
	3								C	C	C	C	C	Rev	Rev	Rev	Rev	Rev
	4									C	C	C	C	C	C	C	C	C
	5										C	C	C	C	C	C	C	C
	6											C	C	C	C	C	C	C
	7												C	C	C	C	C	C

Examples of Technical Listing

Year		Previous Year								Current Year								
Month		8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Single Share Transfer[1]	Old	B	B	B	B	B	B	B	B	-	-	-	-	-	-	-	-	-
	New	-	-	-	-	-	-	-	-	B	B	B	B	B	B	B	B	B
Joint Share Transfer[2]	Old (1)	A	A	A	A	A	A	A	-	-	-	-	-	-	-	-	-	-
	Old (2)	B	B	B	B	B	B	B	-	-	-	-	-	-	-	-	-	-
	New	-	-	-	-	-	-	-	A	A	A	A	A	Rev	Rev	Rev	Rev	Rev

[1] Technical listing on April 1 through a single share transfer

[2] Technical listing on March 1 through a joint share transfer

4. Handling Upon Transition to the New Rules

The tick sizes effective March 1, 2027 under the new rules will be published around January 2027 on the JPX website and Target. In determining these, TSE will take into account the current tick size tables, the median of daily STR figures from March to November 2026, and other relevant factors.

In principle, Tick Size Table C will apply to issues newly listed on or after November 2026. For issues whose estimated market capitalization at the time of listing exceeds JPY 500 billion, Tick Size Table B will apply. Where Tick Size Table B is to apply, this will be published separately on the JPX website and Target.

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