

Results of Index Consultation on Postponement of Periodic Review of  
Free-Float Weight and TSE's Responses

Tokyo Stock Exchange, Inc. (hereinafter "TSE") conducted an Index Consultation from May 8, 2020 to June 7, 2020 on a proposed "Postponement of Periodic Review of Free-Float Weight" An outline of the opinions gathered from the Index Consultation and TSE's responses are as follows:

**1. Outline of opinions gathered and TSE's responses**

The "Cabinet Office Ordinance to Partially Amend the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc." (hereinafter the "Ordinance") was promulgated and enforced on April 17, 2020. This ordinance is aimed at extending filing deadlines due to the impact from the spread of COVID-19 and the proposed postponement of the Periodic Review of Free-Float Weight is in response to this ordinance. Specifically, for annual securities reports, etc. due between April 20, 2020 and September 29, 2020, the deadline for submission has been extended to September 30, 2020.

We received multiple opinions through the Index Consultation, and most of them agreed on the purpose of this postponement.

We also received multiple opinions that the date of the periodic review after the postponement (January 29, 2021) was appropriate considering the market impact of the scheduled periodic review scheduled for the same day as the April-June period.

On the other hand, we received one opinion that reviews should be carried out as scheduled, because there is a concern that TOPIX as one of the leading indices in Japan might lose confidence by temporarily changing the rules, and that the number of companies that will delay submission of securities reports is likely to be limited.

TSE performs the index calculation according to the rules. However, all deadlines for submitting securities reports have been extended due to the impact from the spread of COVID-19. For stocks that will reach the end of their fiscal year from January to March 2020, it is appropriate for increasing predictability of index users to postpone all regular reviews, rather than handling submission deadlines depending on individual situations of securities report submissions. This will prevent market turmoil.

TSE will continue to receive feedback through the index consultations and increase operational transparency.

Based on these opinions, TSE will change the date of publication and implementation as originally proposed, in relation to the periodic review of the free-float weight ratios of stocks related to January-March closing companies, which is scheduled to be implemented on the last business day of October this year.

## 2. Implementation guidelines for postponing periodic review of the free-float weight ratios

### (1) Target stocks

Stocks of companies for which the fiscal year ended between January and March 2020.

### (2) New schedule

	<b>After Change</b>	<b>Before Change</b>
Announcement Date	January 8, 2021 (Fri.)	October 7, 2020 (Wed.)
Effective Date*	January 29, 2021 (Fri.)	October 30, 2020 (Fri.)

\* Adjustments are made before the market opens.

As a result of the above changes, on January 29, 2021, TSE will conduct a periodic review of free-float weight ratios of stocks of companies with January-March 2020 settlement terms in addition to those with April-June 2020 settlement terms.

The schedules for REITs and stocks of companies with other settlement terms will remain unchanged.

TSE will also postpone the review of the free-float weight ratios used to calculate "JPX-Nikkei Index 400" and "JPX-Nikkei Mid and Small Cap Index" which are jointly calculated with Nikkei Inc.

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