

Revisions of TOPIX and Other Indices

December 25, 2020

Tokyo Stock Exchange, Inc.

I. Purpose

Tokyo Stock Exchange, Inc. (hereinafter "TSE") will revise the current market structure in April 2022, abolishing the current market segments such as the 1st Section and restructuring the market into new segments: the Prime Market, the Standard Market, and the Growth Market. In connection with this, TSE will carry out revisions of stock price indices which are based on the current market segments, including the Tokyo Stock Price Index (hereinafter "TOPIX").

TOPIX in particular has been widely used for over 50 years as an indicator for Japanese economic trends, a benchmark for asset management, and an underlying index for index investment. With this in mind, TSE will implement the TOPIX revisions in stages, having fully considered the issue of continuity as well as the impact on the market.

The following is an overview of the revisions of TOPIX and other indices.

II. Overview

Item	Details	Additional comments
1. Revision of TOPIX (1) Overall plan for revising TOPIX	<ul style="list-style-type: none">• In connection with the market restructuring scheduled for April 2022, TSE will revise stock price indices which are based on the current market segments, including TOPIX.• Based on the Final Report by the "Expert Study Group on the Structure of	

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Item	Details	Additional comments
(2) Handling of constituents on the date of implementation of listing rules for new market segments	<p>Capital Markets in Japan" of the Financial System Council's Capital Market Working Group, which was published in December 2019, the revisions aim to further improve TOPIX's functionality as an investable index as well as how accurately it represents the market, without being bound to market segments.</p> <ul style="list-style-type: none">• From the viewpoint of further improving the functionality of TOPIX as an investable index, based on the new criteria for tradable share market capitalization, etc., TSE will lower the weighting of TOPIX constituents that do not satisfy this criteria by reducing their free float weight (FFW) ratio in stages, eventually removing them from the index on the last business day of January 2025.• A separate index consultation will be conducted later with regard to rules for after the phased weight reduction is completed, such as rules for periodic reviews of TOPIX constituents, or the possibility of including stocks listed on the Standard Market or the Growth Market as TOPIX constituents.• TOPIX constituents as of the business day prior to the date of implementation of the listing rules for the new market segments (April 1, 2022) will continue to be included, regardless of the market they are listed on as of the date of implementation of the listing rules for the new market segments (April 4, 2022. Hereinafter referred to as the "implementation date").	<ul style="list-style-type: none">• From the viewpoint of further improving the functionality of TOPIX as an investable index, based on the new criteria for tradable share market capitalization, etc., TSE will lower the weighting of TOPIX constituents that do not satisfy these criteria by

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(3) Changes to the index calculation rules on and after the implementation date		reducing their FFW ratio in stages, eventually removing them from the index on the last business day of January 2025.
3a. Designation of "phased weighting reduction constituents" based on tradable share market capitalization	<ul style="list-style-type: none">• Of the TOPIX constituents as of April 1, 2022, those that fall under both the following (1) and (2) will be designated as "phased weighting reduction constituents":<ul style="list-style-type: none">(1) The constituent's tradable share market capitalization is less than JPY 10 billion as of the "Notice on Whether the Listed Company is Meeting the Continued Listing Criteria for New Market Segments", which has a base date of June 30, 2021, and(2) The constituent's tradable share market capitalization is less than JPY 10 billion at the end of the reporting period following the reporting period used in decision (1).	<ul style="list-style-type: none">• For (2), information submitted by listed companies by the last business day of August 2022 shall be used.• The tradable share market capitalization figure used in (2) shall be calculated using the method specified in the "second set of revisions pertaining to cash equity market restructuring".

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3b. Adjustment to the weighting of phased weighting reduction	<ul style="list-style-type: none">• The weighting of phased weighting reduction constituents will be reduced in ten (10) stages on the last business day of every quarter starting on the last business day of October 2022 (October 31, 2022), and these constituents will be removed from the index on the last business day of January 2025.• Said adjustments to the weighting of phased weighting reduction constituents	<ul style="list-style-type: none">• Any constituent applying for listing on the 1st Section through an initial listing or section transfer after the "first set of revisions pertaining to cash equity market restructuring" were implemented on November 1, 2020 will not be subject to designation as a phased weighting reduction constituent based on tradable share market capitalization, and shall continue as a TOPIX constituent.• A list of phased weighting reduction constituents will be published on the JPX website on the 5th business day of October 2022.• FFW ratios after application of the transition factor will be provided through the Tokyo Market Information (TMI) service on the 5th business day of each month that contains an index

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constituents	<p>will be calculated by multiplying the FFW ratio by the transition factor (which will decrease from 1.0 toward zero (0) in increments of 0.1).</p> <ul style="list-style-type: none">In order to check whether there have been changes to the tradable share market capitalization of each phased weighting reduction constituent, a re-evaluation will be conducted, using tradable share market capitalization as of the end of the reporting period following the reporting period used for decision (2) of "3a. Designation of "phased weighting reduction constituents" based on tradable share market capitalization". If the tradable share market capitalization of a constituent has reached JPY 10 billion or more at this point, the transition factor will no longer decrease as of the fifth stage (it will stay at 0.6, the same as the fourth stage). If the tradable share market capitalization and the annual traded value ratio of a constituent have reached JPY 10 billion or more and 0.2 or more respectively at this point, the transition factor shall be returned to one (1) as of the fifth stage and said constituent will be removed from the list of phased weighting reduction constituents. <p>Transition schedule</p> <table border="1" data-bbox="456 1118 1518 1332"><thead><tr><th>Transition stages</th><th>Index revision dates</th><th>Transition coefficients</th></tr></thead><tbody><tr><td>1st</td><td>Last business day of Oct. 2022</td><td>×0.9</td></tr><tr><td>2nd</td><td>Last business day of Jan. 2022</td><td>×0.8</td></tr></tbody></table>	Transition stages	Index revision dates	Transition coefficients	1st	Last business day of Oct. 2022	×0.9	2nd	Last business day of Jan. 2022	×0.8	<p>revision date.</p> <ul style="list-style-type: none">For re-evaluation, information submitted by listed companies by the last business day of August 2023 will be used.The tradable share market capitalization figure used for re-evaluation shall be calculated using the calculation method specified in the "second set of revisions pertaining to cash equity market restructuring".The traded value ratio for the re-evaluation shall be calculated using the sum of monthly traded value ratios from September 2022 to August 2023. The monthly traded value ratio shall be calculated as follows: (Median of daily traded value in trading sessions at TSE × number
Transition stages	Index revision dates	Transition coefficients									
1st	Last business day of Oct. 2022	×0.9									
2nd	Last business day of Jan. 2022	×0.8									

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		3rd	Last business day of Apr. 2023	×0.7	of business days in the month) ÷ free-float adjusted market capitalization as of the last business day of the month before the transition factor was applied. • Post-transition handling of constituents for which the gradual decrease of the transition factor was halted at the re-evaluation will be considered as part of the rules for periodic constituent reviews after the weighting reduction is finished, for which a separate consultation is planned. • Results of the re-evaluation will be published on the JPX website on the 5th business day of October 2023. • For any issues which are not stated in this document, phased weighting reduction constituents will be treated in the same way as other
		4th	Last business day of Jul. 2023	×0.6	
		Re-evaluation			
		5th	Last business day of Oct. 2023	×0.5	
		6th	Last business day of Jan. 2024	×0.4	
		7th	Last business day of Apr. 2024	×0.3	
		8th	Last business day of Jul. 2024	×0.2	
		9th	Last business day of Oct. 2024	×0.1	
		10th (removed from index)	Last business day of Jan. 2025	×0	

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Item	Details	Additional comments
3c. Handling of stocks carrying out initial listings or transfer	<ul style="list-style-type: none">• Stocks which carry out initial listings on or transfer to the Prime Market in or after April 2022 will be included in TOPIX on the last business day of the month following the month containing the listing date.	constituents. <ul style="list-style-type: none">• Stocks which carry out initial listings on the 1st Section in March 2022 (excluding technical listings) will be included in TOPIX on the last business day of April 2022.• Stocks which carry out initial listings on the 1st Section on April 1, 2022 (excluding technical listings) will be included in TOPIX on the last business day of May 2022.• If a TOPIX constituent is delisted due to a stock transfer, stock-swap, merger by creation of a new company or company split, and the newly created, surviving, or succeeding company is listed without delay, said newly created company, etc. will be, in principle, included in TOPIX.
3d. Handling of cases where a	<ul style="list-style-type: none">• If a TOPIX constituent changes its market segment on or after April 4, 2022, said constituent will continue to be included in TOPIX.	

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constituent transfers markets 3e. Securities on Alert	<ul style="list-style-type: none">• If a TOPIX constituent is designated as a Security on Alert on or after April 4, 2022, said constituent will be removed from TOPIX on the 4th business day after said designation.	<ul style="list-style-type: none">• If a constituent is designated as a Security on Alert as of the implementation date, said constituent will be removed from TOPIX on the last business day of April 2022.• For issues that are removed from the index due to designation as Securities on Alert, but have had said designation canceled as of the last business day of August 2023, if the company meets the same criteria as for the re-evaluation in 1. 3b, i.e. tradable share market capitalization of 10 billion yen or more and annual traded value ratio of 0.2 or more, said company shall be added to TOPIX on the last

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3f. Introduction of upper weighting limit	<ul style="list-style-type: none">• As part of further improving TOPIX's functionality as an investable index, TSE will implement a 10% upper weighting limit (cap) for any one constituent.• TOPIX will be calculated using the "post-cap-adjusted FFW ratio", which is calculated by multiplying the FFW ratio by the cap adjustment coefficient (a coefficient used to adjust constituent weightings).	<p>business day of October 2023.</p> <ul style="list-style-type: none">• The treatment of issues whose designation is cancelled in or after September 2023 will be considered as part of the rules for periodic reviews of TOPIX after the phased weighting reduction is finished, for which a separate consultation is planned.• TOPIX Sector Indices, TOPIX-17 Series, Size-based TOPIX Sub-Indices, TOPIX New Index Series, TOPIX Style Index Series, and TOPIX Ex-Financials, which are based on the TOPIX universe, will be calculated using the TOPIX post-cap-adjusted FFW ratios.
2. Revisions of other indices		<ul style="list-style-type: none">• In conjunction with the implementation of the listing rules for new market segments scheduled for April 4, 2022, TSE

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Item	Details	Additional comments
(1) Indices to be discontinued		<p>plans actions including discontinuation of some stock price indices calculated by TSE (hereinafter "TSE Indices").</p> <ul style="list-style-type: none">• Calculation of TSE Indices based on the current market segments will be discontinued, except for TOPIX (which will continue as "TOPIX") , other indices which select constituents from TOPIX, and Market Capitalization Weighted TOPIX (known as "Ex-TOPIX"). The first non-calculation day (date of transition to the new index) shall be, in principle, the implementation date. However, with respect to TSE Indices which are licensed for financial instruments such as ETFs, there will be a transition period of approximately one year from the implementation date and the

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Item	Details	Additional comments												
1a. Indices to be discontinued on implementation date	<ul style="list-style-type: none"><li data-bbox="436 379 1545 467">• The following indices will be discontinued on the implementation date (April 4, 2022). <table border="1" data-bbox="481 475 1550 1335"><thead><tr><th data-bbox="481 475 972 528">Name of index</th><th data-bbox="972 475 1550 528">Description</th></tr></thead><tbody><tr><td data-bbox="481 528 972 691">Tokyo Stock Exchange Second Section Index</td><td data-bbox="972 528 1550 691">Index comprised of all domestic common stocks listed on the 2nd Section</td></tr><tr><td data-bbox="481 691 972 799">JASDAQ INDEX</td><td data-bbox="972 691 1550 799">Index comprised of all domestic common stocks listed on JASDAQ</td></tr><tr><td data-bbox="481 799 972 962">JASDAQ INDEX (Standard)</td><td data-bbox="972 799 1550 962">Index comprised of all domestic common stocks listed on JASDAQ Standard</td></tr><tr><td data-bbox="481 962 972 1125">JASDAQ INDEX (Growth)</td><td data-bbox="972 962 1550 1125">Index comprised of all domestic common stocks listed on JASDAQ Growth</td></tr><tr><td data-bbox="481 1125 972 1335">J-Stock Index</td><td data-bbox="972 1125 1550 1335">Index comprised of stocks selected from among domestic common stocks listed on JASDAQ, based on market capitalization and trading value</td></tr></tbody></table>	Name of index	Description	Tokyo Stock Exchange Second Section Index	Index comprised of all domestic common stocks listed on the 2nd Section	JASDAQ INDEX	Index comprised of all domestic common stocks listed on JASDAQ	JASDAQ INDEX (Standard)	Index comprised of all domestic common stocks listed on JASDAQ Standard	JASDAQ INDEX (Growth)	Index comprised of all domestic common stocks listed on JASDAQ Growth	J-Stock Index	Index comprised of stocks selected from among domestic common stocks listed on JASDAQ, based on market capitalization and trading value	calculation of said indices will be discontinued at the end of said transition period.
Name of index	Description													
Tokyo Stock Exchange Second Section Index	Index comprised of all domestic common stocks listed on the 2nd Section													
JASDAQ INDEX	Index comprised of all domestic common stocks listed on JASDAQ													
JASDAQ INDEX (Standard)	Index comprised of all domestic common stocks listed on JASDAQ Standard													
JASDAQ INDEX (Growth)	Index comprised of all domestic common stocks listed on JASDAQ Growth													
J-Stock Index	Index comprised of stocks selected from among domestic common stocks listed on JASDAQ, based on market capitalization and trading value													

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	TOPIX Composite	Index comprised of 1st Section-listed domestic common stocks, domestic preferred equity contribution securities, participation-type domestic classified stocks, and foreign stocks listed only on TSE	
	TSE Second Section Composite Index	Index comprised of 2nd Section-listed domestic common stocks, domestic preferred equity contribution securities, participation-type domestic classified stocks, and foreign stocks listed only on TSE	
	TSE Mothers Composite Index	Index comprised of Mothers-listed domestic common stocks, domestic preferred equity contribution securities, participation-type domestic classified stocks, and foreign stocks listed only on TSE	

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1b. Indices to be discontinued one year after implementation date	<ul style="list-style-type: none">The following indices will be discontinued one year after the implementation date (April 3, 2023). <table border="1" data-bbox="481 316 1550 802"><thead><tr><th data-bbox="481 316 969 367">Name of index</th><th data-bbox="969 316 1550 367">Description</th></tr></thead><tbody><tr><td data-bbox="481 367 969 480">Tokyo Stock Exchange Mothers Index</td><td data-bbox="969 367 1550 480">Index comprised of all domestic common stocks listed on Mothers</td></tr><tr><td data-bbox="481 480 969 639">Tokyo Stock Exchange Mothers Core Index</td><td data-bbox="969 480 1550 639">Index comprised of the fifteen (15) most successful stocks listed on Mothers</td></tr><tr><td data-bbox="481 639 969 802">JASDAQ-TOP20</td><td data-bbox="969 639 1550 802">Index comprised of the twenty (20) most successful stocks listed on JASDAQ</td></tr></tbody></table>	Name of index	Description	Tokyo Stock Exchange Mothers Index	Index comprised of all domestic common stocks listed on Mothers	Tokyo Stock Exchange Mothers Core Index	Index comprised of the fifteen (15) most successful stocks listed on Mothers	JASDAQ-TOP20	Index comprised of the twenty (20) most successful stocks listed on JASDAQ	<ul style="list-style-type: none">From April 4, 2022, index calculation will continue for one year with the constituents as of April 1, 2022.However, if a constituent is delisted or designated as a Security to be Delisted, they will be removed from the relevant index. Also, if a constituent is delisted due to a stock transfer, stock-swap, merger by creation of a new company or company split, and the newly created, surviving, or succeeding company is listed without delay, said newly created company, etc. will, in principle, be added to the relevant index.Reflection of corporate actions such as capital increases will be calculated in accordance with the current rules.
Name of index	Description									
Tokyo Stock Exchange Mothers Index	Index comprised of all domestic common stocks listed on Mothers									
Tokyo Stock Exchange Mothers Core Index	Index comprised of the fifteen (15) most successful stocks listed on Mothers									
JASDAQ-TOP20	Index comprised of the twenty (20) most successful stocks listed on JASDAQ									

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<p>(2) Continued indices</p>	<ul style="list-style-type: none"> • The following indices will continue to be calculated regardless of the implementation of the listing rules for the new market segments. <table border="1" data-bbox="481 368 1543 1334"> <thead> <tr> <th data-bbox="481 368 972 424">Name of index</th> <th data-bbox="972 368 1543 424">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="481 424 972 480">TOPIX</td> <td data-bbox="972 424 1543 480">See "1. Review of TOPIX" for details.</td> </tr> <tr> <td data-bbox="481 480 972 1334"> TOPIX Sub-Indices <ul style="list-style-type: none"> • Size-based TOPIX Sub-Indices • TOPIX New Index Series (TOPIX Core30, TOPIX100, TOPIX500, etc.) • TOPIX Sector Indices • TOPIX-17 Series • TOPIX Style Index Series (TOPIX Value, TOPIX Growth, etc.) • Tokyo Stock Exchange Leveraged and Inverse Indices • Tokyo Stock Exchange Dividend Focus 100 Index </td> <td data-bbox="972 480 1543 1334"></td> </tr> </tbody> </table>	Name of index	Description	TOPIX	See "1. Review of TOPIX" for details.	TOPIX Sub-Indices <ul style="list-style-type: none"> • Size-based TOPIX Sub-Indices • TOPIX New Index Series (TOPIX Core30, TOPIX100, TOPIX500, etc.) • TOPIX Sector Indices • TOPIX-17 Series • TOPIX Style Index Series (TOPIX Value, TOPIX Growth, etc.) • Tokyo Stock Exchange Leveraged and Inverse Indices • Tokyo Stock Exchange Dividend Focus 100 Index 		<ul style="list-style-type: none"> • There will be no change in the calculation and dissemination frequency of these indices from the implementation date.
Name of index	Description							
TOPIX	See "1. Review of TOPIX" for details.							
TOPIX Sub-Indices <ul style="list-style-type: none"> • Size-based TOPIX Sub-Indices • TOPIX New Index Series (TOPIX Core30, TOPIX100, TOPIX500, etc.) • TOPIX Sector Indices • TOPIX-17 Series • TOPIX Style Index Series (TOPIX Value, TOPIX Growth, etc.) • Tokyo Stock Exchange Leveraged and Inverse Indices • Tokyo Stock Exchange Dividend Focus 100 Index 								

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	<ul style="list-style-type: none">• TOPIX High Dividend Yield 40 Index• TOPIX Ex-Financials• Currency Hedged Index Series		
	Tokyo Stock Exchange REIT Index	Index comprised of all real estate investment trusts (REITs) listed on TSE	
	Tokyo Stock Exchange REIT Property Sector Index Series (Office, Residential, Retail & Logistics, etc.)	Indices whose constituents are selected depending on the intended usage of the property held by each REIT.	
	Tokyo Stock Exchange REIT Core Index	Index whose constituents are selected from among TSE REIT Index constituents, based on the free-float share market capitalization and trading value.	
	Tokyo Stock Exchange REIT Logistics Focus Index	Index comprised of REITs specialized in investing mainly in logistics facilities and REITs which invest in logistics facilities.	

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	Tokyo Stock Exchange Infrastructure Funds Index	Index comprised of all infrastructure funds listed on TSE	<ul style="list-style-type: none">• Market Capitalization Weighted TOPIX (Ex-TOPIX) was launched on the day that the concept of FFW was introduced to TOPIX (October 31, 2005) as an alternative TOPIX for which FFW had not been introduced, using the closing price from of October 28, 2005 as TOPIX's closing price. Since this index is widely used as a long-term statistical indicator because of its consistency with the TOPIX calculation methodology before October 28, 2005, it will continue to be calculated. In view of the intended usage, however, a change of dissemination frequency from real-time to daily with a closing price will be considered.
Market Capitalization Weighted TOPIX (Ex-TOPIX)	TOPIX calculated using market capitalization weighting.		

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<p>(3) New indices</p> <p>3a. Transition indices</p>	<ul style="list-style-type: none"> The following indices will be established from the implementation date (April 4, 2022), with the intention that they will be used as replacements for discontinued indices. <table border="1" data-bbox="481 422 1543 1230"> <thead> <tr> <th data-bbox="481 422 972 474">Name of Index</th> <th data-bbox="972 422 1543 474">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="481 474 972 691">TSE Growth 250 Index (Provisional)</td> <td data-bbox="972 474 1543 691">Index whose constituents are selected from among issues listed on the Growth Market based on market capitalization, etc.</td> </tr> <tr> <td data-bbox="481 691 972 962">TSE Standard-TOP20 Index (Provisional)</td> <td data-bbox="972 691 1543 962">Index whose constituents are selected from among issues listed on the Standard Market based on market capitalization, trading value, financial situation, etc.</td> </tr> <tr> <td data-bbox="481 962 972 1230">TSE Growth Core Index (Provisional)</td> <td data-bbox="972 962 1543 1230">Index whose constituents are selected from among issues listed on the Growth Market based on market capitalization, trading value, financial situation, etc.</td> </tr> </tbody> </table>	Name of Index	Description	TSE Growth 250 Index (Provisional)	Index whose constituents are selected from among issues listed on the Growth Market based on market capitalization, etc.	TSE Standard-TOP20 Index (Provisional)	Index whose constituents are selected from among issues listed on the Standard Market based on market capitalization, trading value, financial situation, etc.	TSE Growth Core Index (Provisional)	Index whose constituents are selected from among issues listed on the Growth Market based on market capitalization, trading value, financial situation, etc.	<ul style="list-style-type: none"> TSE's aim is to develop new indices that will be suitable replacements for the discontinued indices which are licensed for financial instruments such as ETFs. Price indices will be calculated and disseminated in real-time (15-second intervals), and total return indices will be calculated and disseminated daily with a closing price. TSE Growth 250 Index (Provisional) is intended as a replacement for Tokyo Stock Exchange Mothers Index. TSE Standard-TOP20 Index (Provisional) is intended as a replacement for JASDAQ-TOP20. TSE Growth Core Index (Provisional) is intended as a
Name of Index	Description									
TSE Growth 250 Index (Provisional)	Index whose constituents are selected from among issues listed on the Growth Market based on market capitalization, etc.									
TSE Standard-TOP20 Index (Provisional)	Index whose constituents are selected from among issues listed on the Standard Market based on market capitalization, trading value, financial situation, etc.									
TSE Growth Core Index (Provisional)	Index whose constituents are selected from among issues listed on the Growth Market based on market capitalization, trading value, financial situation, etc.									

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<p>3b. Statistical indicators</p>	<ul style="list-style-type: none"> The following indices will be established from the implementation date (April 4, 2022), with the intention that they will be used as statistical indicators. <table border="1" data-bbox="481 475 1543 1335"> <thead> <tr> <th data-bbox="481 475 972 528">Name of Index</th> <th data-bbox="972 475 1543 528">Outline</th> </tr> </thead> <tbody> <tr> <td data-bbox="481 528 972 691">TSE Prime Market Index (Provisional)</td> <td data-bbox="972 528 1543 691">Index comprised of all domestic common stocks listed on the Prime Market</td> </tr> <tr> <td data-bbox="481 691 972 853">TSE Standard Market Index (Provisional)</td> <td data-bbox="972 691 1543 853">Index comprised of all domestic common stocks listed on the Standard Market</td> </tr> <tr> <td data-bbox="481 853 972 1016">TSE Growth Market Index (Provisional)</td> <td data-bbox="972 853 1543 1016">Index comprised of all domestic common stocks listed on the Growth Market</td> </tr> <tr> <td data-bbox="481 1016 972 1335">TSE Prime Market Composite Index (Provisional)</td> <td data-bbox="972 1016 1543 1335">Index comprised of Prime Market-listed domestic common stocks, domestic preferred equity contribution securities, participation-type domestic classified stocks, and foreign stocks listed only on TSE</td> </tr> </tbody> </table>	Name of Index	Outline	TSE Prime Market Index (Provisional)	Index comprised of all domestic common stocks listed on the Prime Market	TSE Standard Market Index (Provisional)	Index comprised of all domestic common stocks listed on the Standard Market	TSE Growth Market Index (Provisional)	Index comprised of all domestic common stocks listed on the Growth Market	TSE Prime Market Composite Index (Provisional)	Index comprised of Prime Market-listed domestic common stocks, domestic preferred equity contribution securities, participation-type domestic classified stocks, and foreign stocks listed only on TSE	<p>replacement for TSE Mothers Core Index.</p> <ul style="list-style-type: none"> Concerning new indices whose universes are the new market segments, TSE will start the calculation of market sector indices that have statistical meaning (indices comprised of all domestic common stocks listed on each market). For the time being, price return indices and total return indices will both be calculated and disseminated only daily with a closing price. Ex-TSE First Section Index (Provisional) will continue to be calculated during the transition period of TOPIX.
Name of Index	Outline											
TSE Prime Market Index (Provisional)	Index comprised of all domestic common stocks listed on the Prime Market											
TSE Standard Market Index (Provisional)	Index comprised of all domestic common stocks listed on the Standard Market											
TSE Growth Market Index (Provisional)	Index comprised of all domestic common stocks listed on the Growth Market											
TSE Prime Market Composite Index (Provisional)	Index comprised of Prime Market-listed domestic common stocks, domestic preferred equity contribution securities, participation-type domestic classified stocks, and foreign stocks listed only on TSE											

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(Reference Translation)

Item	Details		Additional comments
<p>3. Revision of Calculation Method for Free-Float-Weight (FFW) Ratio</p> <p>(1) Details of Revision of Calculation</p>	<p>Ex-TSE First Section Index (Provisional)</p>	<p>Index comprised of all domestic common stocks listed on the 1st Section as of April 1, 2022</p> <p>• Based on the report from the Expert Study Group on Capital Markets in Japan of the Financial System Council's Capital Market Working Group published in December 2019, TSE will revise the definition of "free-float shares", a factor</p>	<p>• Constituents of Ex-TSE First Section Index (Provisional) which are delisted or designated as securities to be delisted will be removed. Also, if a constituent is delisted due to a stock transfer, stock-swap, merger by creation of a new company or company split, and the newly created, surviving, or succeeding company is listed without delay, said newly created company, etc. will be, in principle, included in the index.</p>

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Item	Details	Additional comments
<p>Method for Free-Float- Weight (FFW) Ratio</p> <p>(2) Post-Transition Calculation Method for FFW Ratio</p>	<p>that determines the index weighting of each constituent, to enable the FFW ratio to reflect the actual situation more accurately.</p> <ul style="list-style-type: none"> • Currently, shares held by the top 10 major shareholders, treasury and other similar stock, and shares held by board members and other representatives as reported in a company's securities report are designated as non-free-float shares. In addition to these, equity securities held for investment purposes other than pure investment as indicated in the section on the state of corporate governance, etc. in the securities report (hereinafter "specified equity securities") will be newly designated as non-free-float shares when calculating the FFW ratio. • The post-transition calculation method for the FFW ratio is as follows: <ul style="list-style-type: none"> (i) No. of non-free-float shares = no. of shares held by the top 10 major shareholders* + no. of treasury and other similar stock + no. of shares held by board members and other representatives + no. of specified equity securities <p>* Shares designated as free-float shares are excluded.</p> <ul style="list-style-type: none"> (ii) Non-FFW ratio = no. of non-free-float shares ÷ total no. of listed shares (iii) FFW ratio (rounded up to the nearest 0.05) = 1 – non-FFW ratio 	<ul style="list-style-type: none"> • After this revision, the shareholder data that serves as the basis for the FFW ratio calculation will be collected from external sources. TSE will designate shares as free-float shares based on the names of shareholders as indicated in said sources.

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Item	Details	Additional comments				
(3) Transition Method 4. Other 5. Schedule	<ul style="list-style-type: none">• To avoid excessive impact of this revision on the market, changes in the FFW ratio due to the revision of the calculation method will be carried out in three (3) stages on the last business days of April, May, and June 2022. <ul style="list-style-type: none">• Other necessary revisions will be made.• The index consultation will be carried out with the following schedule: <table border="1" data-bbox="481 903 1543 1331"><thead><tr><th data-bbox="481 903 786 959">Date</th><th data-bbox="786 903 1543 959">Procedures</th></tr></thead><tbody><tr><td data-bbox="481 959 786 1331">December 25, 2020 (Fri.) to February 26, 2021 (Fri.)</td><td data-bbox="786 959 1543 1331">Opinions gathered through index consultation<ul style="list-style-type: none">• Opinions can be submitted via the JPX website. Submissions must specify the following:<ul style="list-style-type: none">(i) Name of submitter,(ii) Occupation of submitter,(iii) Name and business type of the corporation, organization, etc. to which the submitter belongs,</td></tr></tbody></table>	Date	Procedures	December 25, 2020 (Fri.) to February 26, 2021 (Fri.)	Opinions gathered through index consultation <ul style="list-style-type: none">• Opinions can be submitted via the JPX website. Submissions must specify the following:<ul style="list-style-type: none">(i) Name of submitter,(ii) Occupation of submitter,(iii) Name and business type of the corporation, organization, etc. to which the submitter belongs,	<ul style="list-style-type: none">• For index calculation on and after April 4, 2022 for JASDAQ-listed issues where the FFW ratio is not currently calculated, a FFW ratio based on the current calculation method will be applied, before a transition to the new method will be carried out in three (3) stages.
Date	Procedures					
December 25, 2020 (Fri.) to February 26, 2021 (Fri.)	Opinions gathered through index consultation <ul style="list-style-type: none">• Opinions can be submitted via the JPX website. Submissions must specify the following:<ul style="list-style-type: none">(i) Name of submitter,(ii) Occupation of submitter,(iii) Name and business type of the corporation, organization, etc. to which the submitter belongs,					

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Item	Details		Additional comments
		(iv) Contact information (i.e., phone number and email address), and (v) Opinions on the proposed matter(s). TSE will compile the comments, prepare responses, and release them on the JPX website, etc. It will not provide responses to individual comments.	
	Expected for the end of March 2021	• TSE will make the final decision taking into consideration the opinions submitted. The finalized measures will be published on the JPX website.	

III. Implementation Date (planned)

- These revisions will be implemented on April 4, 2022.

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