

(Reference Translation)

Revisions to Guidebooks Due to Listing Rule Changes for Spin-Offs

May 12, 2025

JPX Market Innovation & Research, Inc.

1. Reason for Proposed Revisions

Recently, Tokyo Stock Exchange, Inc. (TSE) announced that it will make necessary revisions to the listing and trading rules on September 16, 2025 to enable the shares of a company that has become independent via a spin-off (an allocation of shares of a spun-off subsidiary or business division through surplus dividends) (hereinafter referred to as a "spun-off company") to be listed from the ex-rights date of the shares of the company that carries out the spin-off (hereinafter referred to as the "spin-off company").

In light of this, JPX Market Innovation & Research, Inc. (JPXI) will include the handling of spin-offs in the Index Calculation Guidebooks.

For TOPIX and other equity indices, stocks allocated through spin-offs will be promptly added to the indices in consideration of the market impact of trading for rebalancing in response to corporate actions, especially by passive funds. This does not apply to indices whose constituent stocks are determined using market and industry classifications.

2. Proposal

Revisions to the Index Calculation Guidebook will be as follows.

Current	After revisions
II. Adjustments to Base Market Value, etc. 1. Events that Require Adjustment 2) Changes in Number of Shares Used for Index Calculation Market capitalization weighting	II. Adjustments to Base Market Value, etc. 1. Events that Require Adjustment 2) Changes in Number of Shares Used for Index Calculation, <u>etc.</u> Market capitalization weighting

(Reference Translation)

Event Requiring Adjustment		Adjustment Date	Stock Price Used in Adjustment	Event Requiring Adjustment		Adjustment Date	Stock Price Used in Adjustment
(omitted)				(omitted)			
Merger/Stock swap	Situations in which a constituent of JPXI-calculated indices (*2) is the non-surviving company (mergers/stock swaps between two issues that are both constituents of an index calculated by JPXI)	Delisting date of the non-surviving company	Stock price at end of trading on business day before adjustment date	Merger/Stock swap	Situations in which a constituent of JPXI-calculated indices (*2) is the non-surviving company (mergers/stock swaps between two issues that are both constituents of an index calculated by JPXI)	Delisting date of the non-surviving company	Stock price at end of trading on business day before adjustment date
	Situations other than those described above (including the share delivery where the share delivery subsidiary is an unlisted company)	Listing change date (effective date)	Stock price at end of trading on business day before adjustment date		Situations other than those described above (including the share delivery where the share delivery subsidiary is an unlisted company)	Listing change date (effective date)	Stock price at end of trading on business day before adjustment date

(Reference Translation)

Current				After revisions			
	(added)			<u>Spin-off (adjustment of company that carries out spin-off) (*3,4,5)</u>	<u>Situations in which a company that has become independent via a spin-off ("spun-off company") is newly listed between the ex-rights date and the effective date</u>	<u>Initial listing date of the spun-off company</u>	<u>Stock price at end of trading on business day before adjustment date</u>
(omitted)				(omitted)			
*1: Next business day when the change (addition) date falls on a holiday (the same applies below)				*1: Next business day when the change (addition) date <u>or initial listing date</u> falls on a holiday (the same applies below)			
(omitted)				(omitted)			
*3: <u>(added)</u>				*3: <u>An allocation of shares of a spun-off subsidiary or business division through surplus dividends</u>			
*4: <u>(added)</u>				*4: <u>If the initial listing date of the spun-off company is not the same as the ex-rights date of the spin-off, the number of shares used for index calculation will be temporarily adjusted using free-float weighting from the ex-rights date to the initial listing date of the spun-off company.</u>			
*5: <u>(added)</u>				*5: <u>Exclude Market Capitalization Weighted TOPIX (Ex-TOPIX) from adjustment.</u>			
(omitted)				(omitted)			

(Reference Translation)

Revisions to the TSE Index Guidebook (TOPIX) will be as follows.

Current		After revisions																	
<p>3. Constituent Inclusion and Removal</p> <p>(3) Non-periodic Inclusion to Constituents</p> <ul style="list-style-type: none"> When a constituent has been delisted due to a share transfer, merger, share exchange, or company split (hereinafter “share transfer, etc.”), and the newly created, surviving, parent, or succeeding company is listed without delay, said company (hereinafter “newly created company, etc.”) will be included in the index. <u>(added)</u> <p>(omitted)</p>		<p>3. Constituent Inclusion and Removal</p> <p>(3) Non-periodic Inclusion to Constituents</p> <ul style="list-style-type: none"> When a constituent has been delisted due to a share transfer, merger, share exchange, or company split (hereinafter “share transfer, etc.”), and the newly created, surviving, parent, or succeeding company is listed without delay, said company (hereinafter “newly created company, etc.”) will be included in the index. <u>When a spin-off (an allocation of shares of a spun-off subsidiary or business division through surplus dividends) of a constituent results in a new listing of the company that has become independent via the spin-off (hereinafter referred to as a "spun-off company") between the ex-rights date and the effective date, the spun-off company will be included in the index.</u> <p>(omitted)</p>																	
<p>(6) Dates of Constituent Inclusion and Removal</p> <table border="1"> <thead> <tr> <th colspan="2">Event Requiring Adjustment</th> <th>Adjustment Date</th> </tr> </thead> <tbody> <tr> <td rowspan="2" style="text-align: center;">Initial listing</td> <td>(omitted)</td> <td></td> </tr> <tr> <td>When a constituent has been delisted due to a share transfer,</td> <td>Initial listing date (*)</td> </tr> </tbody> </table>		Event Requiring Adjustment		Adjustment Date	Initial listing	(omitted)		When a constituent has been delisted due to a share transfer,	Initial listing date (*)	<p>(6) Dates of Constituent Inclusion and Removal</p> <table border="1"> <thead> <tr> <th colspan="2">Event Requiring Adjustment</th> <th>Adjustment Date</th> </tr> </thead> <tbody> <tr> <td rowspan="2" style="text-align: center;">Initial listing</td> <td>(omitted)</td> <td></td> </tr> <tr> <td>When a constituent has been delisted due to a share transfer,</td> <td>Initial listing date (*)</td> </tr> </tbody> </table>		Event Requiring Adjustment		Adjustment Date	Initial listing	(omitted)		When a constituent has been delisted due to a share transfer,	Initial listing date (*)
Event Requiring Adjustment		Adjustment Date																	
Initial listing	(omitted)																		
	When a constituent has been delisted due to a share transfer,	Initial listing date (*)																	
Event Requiring Adjustment		Adjustment Date																	
Initial listing	(omitted)																		
	When a constituent has been delisted due to a share transfer,	Initial listing date (*)																	

(Reference Translation)

	etc. and the resulting newly created company, etc. is included as a constituent		(omitted)		
	<u>(added)</u>				
	etc. and the resulting newly created company, etc. is included as a constituent		(omitted)		
	<u>When a spin-off of a constituent results in a new listing of the spun-off company between the ex-rights date and the effective date</u>	<u>Initial listing date (*)</u>			
* Next business day when the date in question falls on a non-business day.			* Next business day when the date in question falls on a non-business day.		

For TOPIX and other equity indices, the Guidebooks will be revised as shown in the table below: If the spun-off company is newly listed between the ex-rights date and the effective date of the spin-off, the spun-off company will, in principle, be promptly added to the index in which the spin-off company is included. During the next periodic review after the addition, it will be determined whether to remove the spun-off company based on the selection criteria of each index. In addition, other necessary revisions will be made.

Indices	Addition	Condition	Remarks
TOPIX	○		
Size-based TOPIX Sub-Indices / TOPIX New Index Series	○		
TOPIX Sector Indices / TOPIX-17 Series	○(*1)		Added based on the sector of the spun-off company, regardless of the sector of the spin-off company
TOPIX Style Index Series	○		
TOPIX Ex-Financials	○	If the spun-off company is not a financial holding company, etc. (*2)	

(Reference Translation)

Indices	Addition	Condition	Remarks
	-	If the spun-off company is a financial holding company, etc. (*2)	Not added due to being in a different sector
TOPIX High Dividend Yield 40 Index	○		
TOPIX Banks High Dividend Index	○	If the spun-off company is in the banking sector (*3)	
	-	If the spun-off company is not in the banking sector (*3)	Not added due to being in a different sector
Market Capitalization Weighted TOPIX (Ex-TOPIX)	○		
JPX-Nikkei Index 400	○		
JPX-Nikkei Mid and Small Cap Index	○		
Tokyo Stock Exchange Prime Market Index / Tokyo Stock Exchange Standard Market Index / Tokyo Stock Exchange Growth Market Index / Tokyo Stock Exchange Prime Market Composite Index	○		Added based on the market where the spun-off company is listed
JPX Prime 150 Index	○	If the spun-off company is listed on the Tokyo Stock Exchange Prime Market	
	-	If the spun-off company is not listed on the Tokyo Stock Exchange Prime Market	Not added due to being on a different market
Tokyo Stock Exchange Growth	○		

(Reference Translation)

Indices	Addition	Condition	Remarks
Market 250 Index			
Tokyo Stock Exchange Dividend Focus 100 Index	○		
Tokyo Stock Exchange Standard Market TOP20 Index	○		
Tokyo Stock Exchange Growth Market Core Index	○		

*1: The spin-off company and the spun-off company may be included in different sector indices.

*2: A “financial holding company, etc.” is a company belonging to the "Banks," "Securities and Commodities Futures," "Insurance," or "Other Financing Business" sectors of the 33 TOPIX industry sectors, or a company that does not belong to those four sectors, but is a "Bank Holding Company" as prescribed in Article 2, Paragraph (13) of the Banking Act or an "Insurance Holding Company" as prescribed in Article 2, Paragraph (16) of the Insurance Act.

*3: Constituents of TOPIX Banks.

Note: JPXI will also make the necessary revisions to the Guidebooks for TOPIX Next-tier and JPX-Nikkei Index Human Capital 100, for which JPXI plans to begin calculation.

3. Timeline and Related Procedures

Date	Procedures
May 12, 2025 to June 11, 2025	Opinions gathered through Index Consultation *Opinions can be submitted via the official JPX website. Submissions must specify the following: (i) Name of submitter, (ii) Occupation of submitter,

(Reference Translation)

Date	Procedures
	(iii) Name and business type of the corporation, organization, etc. to which the submitter belongs, (iv) Contact information (phone number and email address), and (v) Opinions on the proposed matter(s)
Around July 2025 (tentative)	Final decision by JPXI *JPXI will make the final decision on the proposed matter(s) with consideration given to the opinions received. The finalized measures will be published on the JPX website.

4. Implementation Date (tentative)

These revisions will be implemented in September 2025.