

# TSE Index Guidebook (TOPIX Banks High Dividend Index)

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JPX Market Innovation & Research, Inc.

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**Record of Changes**

DATE	Changes
2024/10/16	• First edition
2025/1/31	• Uniformity of terminology in each calculation methodology
2025/7/31	• Added the handling of spin-offs

## **Introduction**

- JPX Market Innovation & Research, Inc. (JPXI) calculates and distributes the TOPIX Banks High Dividend Index in accordance with the methods described in this document. If an event not specified in this document occurs, or if JPXI determines that it is difficult to use the methods described in this document, JPXI may use an alternative method of index calculation as it deems appropriate.
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## **I. Outline of Index**

- TOPIX Banks High Dividend Index is a market capitalization-weighted index that is composed of 15 issues that have been selected from the constituents of TOPIX Banks because of their high actual dividend performance.
- The base date is December 13, 2024. The base value is 1,000 points.

## **II. Index Calculation**

### **1. Calculation Method**

- The calculation formula shall be the market capitalization weighting formula specified in the Index Calculation Guidebook.
- The free float weight used to calculate the index value shall be the free float weight used to calculate TOPIX's index value.
- On the last business day of July, a factor for adjusting a constituent's weight (hereinafter "cap-adjustment factor") will be applied to any constituent whose weight exceeds the upper limit (set at 35%) as of the base date of the initial selection or the periodic review (the last business day of June). The cap-adjustment factor will not be changed until the last business day of the following July, even if the constituent's weight exceeds the upper limit due to stock price fluctuations or other reasons after the factor has been applied.

### **2. Index Type**

- A price return index and a total return index are calculated.
- The method of reflecting dividends in index values is in accordance with the Index Calculation Guidebook.

### **3. Constituent Inclusion and Removal**

#### **(1) Periodic Review and Other Details**

##### **a. Date of Periodic Review and Other Details**

- The base dates of the initial selection (conducted in 2024) and the periodic review (hereinafter "initial selection/periodic review base date") shall be the last business day of June. The periodic review shall be conducted once a year on the last business day of July (hereinafter "periodic rebalance date").
- The results of the constituent selection shall be posted on the JPX website on the fifth business day prior to the periodic rebalance date.

##### **b. Constituent Selection Process**

- The constituents (15 issues) will be selected in the following manner.
- In the event that an issue eligible for selection is delisted due to a share transfer, merger, share exchange, or company split (hereinafter "share transfer, etc."), and the resulting newly created, surviving, parent, or succeeding company (hereinafter "newly created company, etc.") immediately lists its stock or changes its accounting period, JPXI may take such situations into account when necessary.

**(a) Selection of the Index Universe**

- The index universe shall be the constituents of TOPIX Banks as of the initial selection/periodic review base date. However, issues that fall under any of the following criteria shall be excluded from the index universe.
  - Securities to Be Delisted as of the initial selection/periodic review base date
  - Securities on Special Alert as of the initial selection/periodic review base date
- Please note that the status of securities that are or are likely to be designated as Securities to Be Delisted or Securities on Special Alert between the initial selection/periodic review base date and the index calculation start date or the periodic rebalance date may be taken into account when necessary.

**(b) Selection of Issues Based on the Criterion of Total Amount of Actual Dividends**

- A company's total amount of actual dividends is calculated from its earnings releases as of the initial selection/periodic review base date. It is calculated using the total amount of the company's dividends (only common stocks) that have record dates starting in April of the year prior to the initial selection/periodic review base date and ending 12 months later in March.
- In the initial selection, the top three issues in terms of total amount of actual dividends will be selected.
- In the periodic review, if an issue is one of the three issues that were selected in the previous year based on the criterion of total amount of actual dividends, and it is in the top four in terms of total amount of actual dividends in the current year, it will be selected. If fewer than three issues are selected as a result, the remaining issues will be selected in descending order of total amount of actual dividends until three issues have been selected.

**(c) Selection of Issues Based on the Criterion of Actual Dividend Yield**

- A company's actual dividend yield is obtained by dividing its total amount of actual dividends by its listed market capitalization on the initial selection/periodic review base date.
- A company's listed market capitalization is obtained by multiplying the number of listed shares used in index calculation on the initial selection/periodic review base date by the final stock price used for calculation on that day. The stock prices used for calculation are specified in the Index Calculation Guidebook. Issues that are eligible for selection based on the criterion of actual dividend yield shall be those that have a listed market capitalization of JPY 50 billion or more (excluding

the three issues selected based on the criterion of total amount of actual dividends).

- In the initial selection, the top 12 issues in terms of actual dividend yield will be selected.
- In the periodic review, 12 constituents will be selected in descending order of actual dividend yield out of those constituents that are in the top 16 in terms of actual dividend yield as of the periodic review base date. If fewer than 12 issues are selected as a result, the remaining issues will be selected in descending order of actual dividend yield until 12 issues have been selected.

## **(2) Non-periodic Removal from Constituents**

- Constituents that have been delisted, designated as Securities to Be Delisted, or designated as Securities on Special Alert shall be removed.

## **(3) Non-periodic Inclusion to Constituents**

- When a constituent has been delisted due to a share transfer, etc. and the resulting newly created company, etc. immediately lists its stock, said newly created company, etc. will be included in the index.
- 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 a spin-off (hereinafter "spun-off company") between the ex-rights date and the effective date and the spun-off company is included in TOPIX Banks, the spun-off company will be included in the index.
- When a constituent has been delisted due to a share exchange or absorption-type merger, and the surviving or parent company is not a constituent, said surviving or parent company will be included in the index.
- Non-periodic inclusion will not be conducted when the number of constituents falls below 15 as a result of non-periodic removal.

## **(4) Dates of Constituent Inclusion and Removal**

	Event Requiring Adjustment		Adjustment Date
Inclusion	Initial listing	When a constituent has been delisted due to a share transfer, etc. and the resulting newly created company, etc. is included as a constituent	Initial listing date (*)

	Event Requiring Adjustment		Adjustment Date
		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 and the spun-off company is included in TOPIX Banks	Initial listing date (*)
		When a constituent has been delisted due to a share exchange or absorption-type merger, and the surviving or parent company, which was not a constituent, is included as a constituent	Delisting date (*)
		Periodic review	Last business day of July
Removal	Delisting	When a constituent has been delisted due to a share transfer, etc. and the resulting newly created company, etc. is included as a constituent	Initial listing date of the newly created company, etc. (normally two business days following the delisting date) (*)
		Other than the above (e.g., non-surviving company as a result of a merger, share exchange, etc.)	Delisting date (*)
		Designation as Securities to be Delisted or Securities on Special Alert	Four business days after the date of designation (*)
		Periodic review	Last business day of July

\* Next business day when the date in question falls on a non-business day.

### III. Other

#### 1. Distribution of Index Values and Index Data

##### (1) Index Values

- The daily closing values of TOPIX Banks High Dividend Index are distributed.

##### (2) Index Data

- Daily index data (e.g. base market value) is distributed through the Index Data Service.

#### 2. Licensing

- JPXI and/or its affiliates reserve all calculation, distribution, publication, usage, and other rights pertaining to TOPIX Banks High Dividend Index. Because of this, the use of TOPIX Banks High Dividend Index in the composition and/or sale of financial



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