

(Reference Translation)

# TSE Index Guidebook (TOPIX Ex-Financials)

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JPX Market Innovation & Research, Inc.

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## Record of Changes

DATE	Changes
2013/8/13	*TSE will Begin Calculating and Publishing "TOPIX Ex-Financials" on September 2, 2013
2014/6/2	*Change in the Inclusion or Removal of Constituents (Corporate Consolidation, etc.)
2015/11/11	*Change in I.Outline of Index. *Addition of rule for Inclusion or Removal of Constituents in III.1.(1).
2018/7/23	*Clarification of the treatment of “Rights Offering” and “Gratis Allotment of Shares”
2020/3/31	* Revised the date for adjusting base market value following the shortening of stock settlement cycle to T+2
2020/6/30	* Revision to bring forward the date for minor adjustments related to ex-dividend
2020/12/25	* Clarification of the treatment of section transfers, etc.
2022/4/4	* Revisions pertaining to cash equity market restructuring * Added revisions with regard to the business transfer to JPXI (applied on April 1, 2022 retroactively)
2023/2/13	* Revised the structure of the provisions regarding formulas, etc. so that they are in accordance with "Index Calculation Guidebook"

## **Introduction**

- JPX Market Innovation & Research, Inc. (hereinafter the “JPXI”) calculates and publishes the TOPIX Ex-Financials 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 Ex-Financials is comprised of TOPIX constituents from 29 sectors: excluding "Banks", "Securities and Commodities Futures", "Insurance", and "Other Financing Business". Additionally, stocks of "Bank Holding Companies" prescribed in Article 2, Paragraph (13) of the Banking Act and "Insurance Holding Companies" prescribed in Article 2, Paragraph (16) of the Insurance Act will be excluded from the index even if they come under the 29 eligible sectors.
- The base date is July 5, 1993, and the base value is 1,000.

## **II. Index Calculation**

### **1. Formula**

- TOPIX Ex-Financials is calculated using market capitalization weighting.
- The formula, adjustment of base market value, etc. are in accordance with "Index Calculation Guidebook".
- For index calculation, the following is applied: a liquidity factor as set in the Free Float Weight Calculation Methodology, the TOPIX cap-adjustment ratio, and a transition factor.

## 2. Index Type

- JPXI calculates both price and total return versions of TOPIX Ex-Financials.
- The method of reflecting dividends in index values is in accordance with "Index Calculation Guidebook".

## 3. Inclusion or Removal of Constituents

### 1) Dates of constituent inclusion and removal

	Event Requiring Adjustment		Adjustment Date
Inclusion	New Listing	New listing of a newly formed company resulting from a corporate consolidation, etc. (*1) that results in a TOPIX Ex-Financials constituent being delisted and the new company being included in TOPIX Ex-Financials.	New listing date (*2)
	Inclusion into TOPIX		Date of inclusion into TOPIX
	Change in industrial sector (exclusion from "Banks", "Securities and Commodities Futures", "Insurance", "Other Financing Business")		Date of change
	Others (for stock of a company, excluded based on I., that will cease to be a "Bank Holding Company" or "Insurance Holding Company")		Date determined by JPXI (*3)
Removal	Delisting	New listing of a newly formed company resulting from a corporate consolidation, etc. (*1) that results in a TOPIX Ex-Financials constituent being delisted and the new company being included in TOPIX Ex-Financials.	Listing date of the newly formed company (normally two business days following delisting date)
		Delisting other than those stated above (e.g. mergers/acquisitions between TOPIX Ex-Financials constituents with surviving company remaining as a TOPIX Ex-Financials constituent, etc.)	Delisting date
	Removal from TOPIX		Date of removal from TOPIX

	Event Requiring Adjustment	Adjustment Date
	Change in industrial sector (inclusion in "Banks", "Securities and Commodities Futures", "Insurance", "Other Financing Business")	Date of change
	Others (for the stock of a company that will become a "Bank Holding Company" or "Insurance Holding Company")	Date determined by JPXI (*4)

\*: Adjustments to the base market value are made after the end of trading on the business day before the adjustment date (i.e., before the market opens on the adjustment date). The same shall apply hereinafter.

\*1: Stock transfer, stock swap, merger for creating a new company, or demerger.

\*2: Next business day when the new listing date falls on a holiday.

\*3: Generally, the last business day of the next month of ceasing to be a "Bank Holding Company" or "Insurance Holding Company"

\*4: Generally, the last business day of the next month of becoming a "Bank Holding Company" or "Insurance Holding Company". However, for cases involving a stock transfer, the stock will be excluded on the listing date of the new company as described in the 1st item under "Removal" due to delisting in the table above.

### III. Other

#### 1. Publication/Dissemination of Index Data

##### 1) Index Values

- TOPIX Ex-Financials and other price index values are disseminated in real-time (every 15 seconds) through the Market Information System to securities companies, news media, and other institutions all over the country.
- The TOPIX Ex-Financials Total Return Index is calculated daily at market close.

##### 2) Index Data

- Index data relating to TOPIX Ex-Financials (base market value, number of shares for each constituent, etc.) is provided for a fee through the Tokyo Market Information service.

#### 2. Licensing

- JPXI and/or its affiliates reserve all calculation, publication and other rights pertaining

to TOPIX Ex-Financials. As such, commercial use of such indices in the composition and/or sale of financial products such as funds or linked bonds (including using the index as the basis for options, swaps, warrants, or other OTC derivatives) or provision of index data requires a license from JPXI.

### **3. Contact**

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