

(Reference Translation)

TSE Index Guidebook

(TSE Standard Market TOP20 Index/ TSE Growth Market Core Index)

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JPX Market Innovation & Research, Inc.

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Record of Changes

DATE	Changes
2022/4/4	• Launch
2024/1/31	• “Securities on Alert” was renamed to “Securities on Special Alert.”

Introduction

- JPX Market Innovation & Research, Inc.(hereinafter the “JPXI”) calculates and publishes the Tokyo Stock Exchange Standard Market TOP20 Index (hereinafter the “TSE Standard Market TOP20 Index”) and the Tokyo Stock Exchange Growth Market Core Index (hereinafter the “TSE Growth Market Core 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 Indices

- The TSE Standard Market TOP20 Index and TSE Growth Market Core Index are selected from among constituents of the TSE Standard Market Index and the TSE Growth Market Index respectively, based on their levels of market capitalization and liquidity.
- A periodic review of constituents will be conducted once a year (on the last business day of October).
- The base date for the periodic review (hereinafter the "rebalance base date") is the last business day of every September and the base date for weighting calculations used in cap adjustments (hereinafter the "weighting base date") is the last business day of every August. The list of inclusions/removals will be published on the JPX website on the fifth business day of October.
- However, the first rebalance base date and weighting base date will be December 30, 2021. This first periodic review will be based on the listed market segment of each issue as of April 4, 2022.
- The base date for the TSE Standard Market TOP20 Index/TSE Growth Market Core Index is April 1, 2022. The index value on the base date is JPY 1000.

II. Index Calculation

1. Outline

- The TSE Standard Market TOP20 Index/TSE Growth Market Core Index are calculated using stock price average.
- The calculation formula and method for divisor adjustment, etc. are in accordance with the Index Calculation Guidebook.
- The upper weighting limit for any one constituent is 20%.
- The weighting for any newly included issues is 5%.
- Issues whose weight as of the weighting base date is over the upper limit and newly included issues have an adjustment factor applied on the last business day of October. Even if the weight then exceeds the upper limit later on due to movements of stock prices, etc., the adjustment factor will not be changed until the last business day of the following October.

2. Index Type

- For the TSE Standard Market TOP20 Index/TSE Growth Market Core Index, 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. Inclusion or Removal of Constituents

(1) October periodic review

a. Constituent selection

A) Eligible Issues

- The constituent universe of the TSE Standard Market TOP20 Index and TSE Growth Market Core Index are issues which are constituents of the TSE Standard Market Index and the TSE Growth Market Index respectively as of the rebalance base date. However, issues which fall under any of the following criteria will be excluded:
 - Securities designated as a Security to be Delisted as of the rebalance base date;
 - Securities designated as a Security on Special Alert as of the rebalance base date; or
 - Securities that have announced a listing market transfer as of the rebalance base date.

B) Constituent selection using market capitalization, etc.

- I. Among the 18 issues with the highest market capitalization of all constituents on the base date, issues excluding those listed on markets other than the relevant universe market will continue to be included.
- II. To make 20, issues will be added based on the following criteria in descending order of market capitalization.
 - An FFW ratio of at least 0.2
 - Trading value which is in the top 90% of issues in the universe market (based on no. of issues) in the most recent year to date

b. Others

- The number of constituents as of the rebalance date can be fewer than 20 as defined in a. Constituent selection due to constituents being designated as Securities to be Delisted after the announcement of the periodic review.

(2) Non-periodic removal

- Constituents which are delisted, those designated as Securities to be Delisted or designated as Securities on Special Alert shall be removed.

(3) Non-periodic inclusion

- In the event a constituent of the TSE Standard Market TOP20 Index/TSE Growth Market Core Index is delisted due to a stock transfer, stock swap, merger for creating a new company or demerger, and the newly created, surviving, or succeeding company undergoing such a stock transfer, etc. is listed without delay, JPXI will add the newly created company, etc. to the index.
- In the event a constituent of the TSE Standard Market TOP20 Index/TSE Growth Market Core Index is delisted due to a stock swap or absorption-type merger, in which stocks of the surviving company or the parent company holding all shares of the constituent company (namely, the wholly-owning company) is not a constituent of the TSE Standard Market TOP20 Index/TSE Growth Market Core Index, then JPXI will add the stocks of the surviving company or the wholly-owning parent company to the index.
- Even if the number of constituents in the TSE Standard Market TOP20 Index/TSE Growth Market Core Index becomes fewer than 20 due to the removal of constituents by means other than the periodic review as described in the previous item (2), no supplementary inclusions are made to meet the intended number of constituents.

(4) Treatment of data for selection

- The market capitalization used in constituent selection is the number of shares of each issue used for calculation of the TSE Standard Market Index/TSE Growth Market Index as of the rebalance base date, multiplied by the stock price used for calculation.

(5) Dates of constituent inclusion and removal

	Event Requiring Adjustment		Adjustment Date
Inclusion	New listing of a newly formed company resulting from a stock transfer, etc. (*1) that results in a TSE Standard Market TOP20 Index/TSE Growth Market Core Index constituent being delisted and the newly formed company being included in the TSE Standard Market TOP20 Index/TSE Growth Market Core Index.		New listing date (*2)
	Delisting of a TSE Standard Market TOP20 Index/TSE Growth Market Core Index constituent due to a stock swap or an absorption-type merger with a surviving stock that is not a TSE Standard Market TOP20 Index/TSE Growth Market Core Index constituent, and the surviving stock is included in the TSE Standard Market TOP20 Index/TSE Growth Market Core Index.		Delisting date
	Periodic Review		Last business day of October
Removal	Delisting	New listing of a newly formed company resulting from a stock transfer, etc. (*1) that results in a TSE Standard Market TOP20 Index/TSE Growth Market Core Index constituent being delisted and the newly formed company being included in the TSE Standard Market TOP20 Index/TSE Growth Market Core Index.	Listing date of the newly formed company (normally two business days following delisting date)
		Delisting other than those stated above (e.g. mergers/stock swaps between two TSE Standard Market TOP20 Index/TSE Growth Market Core Index constituents with	Delisting date

	Event Requiring Adjustment		Adjustment Date
		surviving company remaining as a TSE Standard Market TOP20 Index/TSE Growth Market Core Index constituent, etc.)	
	Designation as Securities to be Delisted or designation as a Security on Special Alert		Four business days after designation (*3)
	Periodic Review		Last business day of October

*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: Next business day when the designation date falls on a holiday.

III. Other

1. Publication/Dissemination of Index Data

1) Index Values

- TSE Standard Market TOP20 Index/TSE Growth Market Core Index price index values are disseminated in real-time through the Market Information System to securities companies, news media, and other institutions all over the country. The price index is disseminated every 15 seconds.
- The Total Return Index is calculated daily at market close.

2) Index Data

- Index data relating to the TSE Standard Market TOP20 Index/TSE Growth Market Core Index (divisor, 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 the TSE Standard Market TOP20 Index/ TSE Growth Market Core Index. 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.

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