

(Reference Translation)

TSE Index Guidebook (TOPIX)

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JPX Market Innovation & Research, Inc.

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Record of Changes

DATE	Changes
4/4/2022	• Launch
1/31/2024	• “Securities on Alert” renamed to “Securities on Special Alert”
9/27/2024	• Revision due to various rule changes
1/31/2025	• Correction of a misstatement related to the Data Used for Cap-Adjustment Factor Calculation • Uniformity of terminology in each calculation methodology
7/31/2025	• Added the handling of spin-offs, etc.
12/10/2025	• Clarification of the calculation method for the annual traded value ratio
7/24/2026	• Revised the handling of Securities on Special Alert • Added provisions to refrain from new inclusion where so determined through the index consultation process

Introduction

- JPX Market Innovation & Research, Inc. (JPXI) calculates and distributes the Tokyo Stock Price Index (TOPIX) and Market Capitalization Weighted TOPIX (Ex-TOPIX) (hereinafter “TOPIX/Ex-TOPIX”) 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

- TOPIX is a market benchmark with functionality as an investable index, covering an extensive proportion of the Japanese stock market.
- TOPIX/Ex-TOPIX are indices whose constituents are listed domestic common stocks that have been selected from the Prime Market, Standard Market, and Growth Market of Tokyo Stock Exchange, Inc. (TSE). (Securities such as subscription warrant securities, preferred stocks, and equity contribution securities are not eligible.)
- The base date for TOPIX/Ex-TOPIX is January 4, 1968. The base value is 100 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 in TOPIX calculation (hereinafter “calculation FFW”) is the free-float weight as specified in the Free Float Weight Calculation Methodology (hereinafter “FFW”) multiplied by a liquidity factor (0.75) and transition factor as specified in the Free Float Weight Calculation Methodology and in this document.
- The calculation FFW used in Ex-TOPIX calculation is “1”.
- For constituents whose weight based on free-float adjusted market capitalization

exceeds the upper limit (set at 10%), a factor for adjusting the weight (hereinafter "cap-adjustment factor") will be set, with the periodic rebalance date (the last business day of October each year) as the application date. The cap-adjustment factor will not be changed until the last business day of the following October, even if the constituent's weight exceeds the upper limit due to stock price fluctuations or other reasons after the factor has been applied.

- Ex-TOPIX does not have the weight cap.

2. Index Type

- For TOPIX, a price return index, a total return index, and a net total return index are calculated.
- For Ex-TOPIX, 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

- A periodic review shall be conducted once a year on the last business day of October. The periodic review base date shall be the last business day of August. However, the first periodic review shall be conducted on the last business day of October 2026 (the periodic review base date shall be the last business day of August 2026), and the second periodic review shall be on the last business day of October 2028 (the periodic review base date shall be the last business day of August 2028).
- The results of the periodic review shall be posted on the JPX website on the fifth business day of October.

b. Constituent Selection Process

(a) Selection of the Index Universe

- The index universe shall be the constituents of the Tokyo Stock Exchange Prime Market Index, Tokyo Stock Exchange Standard Market Index, and Tokyo Stock Exchange Growth Market Index as of the rebalance base date. However, issues that fall under any of the following criteria shall be excluded.
 - Securities to Be Delisted as of the periodic review base date
 - Securities on Special Alert as of the 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 periodic review base date and the periodic rebalance date may be taken into account when necessary.

(b) Selection of Constituents

- Of the index universe selected in (a) above, issues that meet criterion i shown in the table below and, among the issues that meet criterion i, issues that also meet criterion ii shown in the table below will be selected as constituents. (Details of the criteria are defined in "(4) Data Used for Constituent Selection".)

Criteria Pertaining to Liquidity

	Indicator	Inclusion Criteria	Continuation Criteria
i. Traded value ratio	Annual traded value ratio	0.2 or more	0.14 or more
ii. Free-float adjusted market capitalization	Percentage of cumulative free-float adjusted market capitalization	Issues in the top 96%	Issues in the top 97%

- The continuation criteria will be applied to issues that are constituents as of the periodic review base date, and the inclusion criteria will be applied to issues that are not constituents as of said date.
- The percentage of cumulative free-float adjusted market capitalization is defined as “the cumulative free-float adjusted market capitalization starting from the issue with the largest free-float adjusted market capitalization in the group of issues that meet criterion i ÷ the total free-float adjusted market capitalization of said group of issues.”
- If, as of the periodic review base date, an issue is a TOPIX constituent to which a liquidity factor has been applied, and said issue is selected for continuation, the liquidity factor will be removed from said issue on the periodic rebalance date.
- From the perspectives of investability and index stability, new inclusion shall be deferred where so determined through the index consultation process.

c. Transitional Measures in the First Periodic Review

- The weights of constituents that have not been selected for continuation in the first periodic review (hereinafter “issues subject to transitional measures”) will be reduced in eight stages on the last business day of each quarter starting on the last business day of October 2026 and ending on the last business day of July 2028 as shown in the table below. Their weights will be reduced by multiplying their FFW by a transition factor.
- Issues subject to transitional measures will undergo the constituent selection process

as described in b. above (hereinafter “re-evaluation”) with a base date of the last business day of August 2027. The transition factors of those issues that meet the continuation criteria will stop decreasing (they will remain at 0.500, the transition factor for the fourth stage.) (Liquidity factor will not be removed.)

Transition Schedule and Transition Factors

Transition Stage	Index Revision Date	Transition Factor
1st	Last business day of Oct. 2026	×0.875
2nd	Last business day of Jan. 2027	×0.750
3rd	Last business day of Apr. 2027	×0.625
4th	Last business day of Jul. 2027	×0.500
Re-evaluation		
5th	Last business day of Oct. 2027	×0.375
6th	Last business day of Jan. 2028	×0.250
7th	Last business day of Apr. 2028	×0.125
8th (removed from constituents)	Last business day of Jul. 2028	×0

- On the last business day of October 2026, the FFW of any constituent that has been selected for inclusion in TOPIX in the first periodic review will be multiplied by a liquidity factor.

(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 into Constituents

- 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 company, surviving company, parent company, or succeeding company is listed without delay, said company (hereinafter “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, 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, then said company will be included in the index.

- Newly listed issues (excluding those newly listed through technical listings or spin-offs; the same applies hereinafter), issues undergoing a market segment transfer, and issues whose designation as Securities on Special Alert has been removed shall be handled as follows:

a. Issues newly listed on or transferred to the Prime Market in October 2026 or before

- Any issue that is newly listed on or transferred to the Prime Market will be included as a constituent on the last business day of the month following the month of the issue's initial listing or transfer. (If the date of the issue's initial listing or transfer is a non-business day, it will be sequentially postponed.)
- Upon inclusion, the issue's FFW will be multiplied by a liquidity factor.

b. Issues newly listed in November 2026 or after and Issues Whose Designation as Securities on Special Alert has been removed

- Any issue that is newly listed on the Prime Market, Standard Market, or Growth Market whose free-float adjusted market capitalization used for an issue's non-periodic inclusion exceeds the minimum free-float adjusted market capitalization for issues included within the cumulative ratio of 95% of the free-float adjusted market capitalization in the periodic review immediately preceding the date of the initial listing will be included as a constituent on the last business day of the month following the month of the issue's initial listing.
- Any issue for which the designation as a Security on Special Alert has been removed whose free-float adjusted market capitalization as of the last business day of the month containing the removal date exceeds the minimum free-float adjusted market capitalization for issues included within the cumulative ratio of 95% of the free-float adjusted market capitalization in the periodic review immediately preceding the removal date shall be included as a constituent on the last business day of the month following the date of removal of the designation as Securities on Special Alert.
- Upon inclusion, the issue's FFW will be multiplied by a liquidity factor.
- From the perspectives of investability and index stability, new inclusion shall be deferred where so determined through the index consultation process.

(4) Data Used for Constituent Selection

- The annual traded value ratio shall be the sum of the monthly traded value ratios for the previous 12 months including the month containing the periodic review base date. The monthly traded value ratio is defined as “(the median daily traded value in TSE’s trading sessions for the month × the number of business days in the month) ÷ the free-float adjusted market capitalization on the last business day of the month (the value obtained by multiplying the number of listed shares used in index calculation by its FFW and its final stock price on the day from among the stock prices used for calculation specified in the Calculation Guidelines for Index Calculation (hereinafter “final stock price used for calculation”)).” However, the annual traded value ratio for issues listed for less than one year as of the periodic review base date shall be the ratio obtained by dividing the sum of the monthly traded value ratios from the month following the month of initial listing (in the case of stocks newly listed through technical listings, the month of initial listing) to the month containing the periodic review base date by the number of months in said period, and then multiplying the result by 12.
- The percentage of cumulative free-float adjusted market capitalization shall be calculated by using the average free-float adjusted market capitalization (the value calculated by multiplying the number of listed shares used in index calculation for each issue by its FFW and its final stock price used for calculation) for the month containing the periodic review base date.
- The free-float adjusted market capitalization used for non-periodic inclusion shall be as follows:
 - For newly listed issues, the value obtained by multiplying the number of the issue's listed shares at the time of its initial listing by its FFW on the last business day of the month following the month of its initial listing and its closing share price (where a special quote is displayed, such final special quote) on the last business day of the month containing its initial listing date; and
 - For issues whose designation as Securities on Special Alert has been removed, the value obtained by multiplying the number of listed shares used in index calculation as of the last business day of the month containing the removal date by the FFW applicable on such date and the closing share price on such date.

(5) Data Used for Cap-Adjustment Factor Calculation

- The free-float adjusted market capitalization used in the calculation of the cap-adjustment factor shall be the value obtained by multiplying the number of listed shares used in index calculation for each issue by its FFW and its final stock price used for

calculation as of the periodic review base date.

(6) Dates of Constituent Inclusion and Removal

	Event Requiring Adjustment		Adjustment Date
Inclusion	Initial listing	Initial listing on the Prime Market (in October 2026 or before)	Last business day of the month following the month of initial listing (*)
		Initial listing (issues meeting the criteria in 3.(3) b.) (in November 2026 or after)	Last business day of the month following the month of 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 (*)
		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 (*)	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 (*)
	Transfer to the Prime Market (in October 2026 or before)		Last business day of the month following the month of transfer (*)
	Removal of the designation as Securities on Special Alert (issues meeting the criteria in 3.(3) b.) (in November 2026 or after)		Last business day of the month following the removal date (*)
	Periodic review		Last business day of October
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 (*)

	Event Requiring Adjustment	Adjustment Date
	Designation as a Security to be Delisted or, until October 2026, a Security on Special Alert	Four business days after the date of designation (*)
	Designation as a Security on Special Alert (in November 2026 or after)	Seven business days after the date of designation (*)
	Periodic review Note: Issues subject to transitional measures shall be treated as in 3. (1) c.	Last business day of October

* 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 index values of TOPIX/Ex-TOPIX price return indices are distributed in real-time through the Market Information System to securities companies, news media, and other institutions all over the country. The value of the TOPIX price return index is distributed every second, and that of the Ex-TOPIX price return index every 15 seconds.
- Only the closing values of TOPIX/Ex-TOPIX total return indices and the TOPIX net total return index are distributed.

(2) Index Data

- Daily index data (e.g. base market value) related to TOPIX/Ex-TOPIX is distributed through the Index Data Service.

2. Licensing

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