

Revisions to Listing Rules in Connection with the Amendments to the Companies Act in 2019

December 17, 2020

Tokyo Stock Exchange, Inc.

I. Purpose

"The Act Partially Amending the Companies Act" (Act No. 70 of 2019; hereinafter "Amended Companies Act") will require specified companies to have at least one (1) outside director and establish a system of providing general shareholders meeting materials in digital format. In consideration of the Amended Companies Act, TSE will implement necessary revisions to the listing rules, such as imposing the obligation to secure at least one (1) outside director and revising a provision that requires listed companies to make efforts toward the early provision of general shareholders meeting materials by electromagnetic methods.

II. Outline

Item	Description	Remarks
1. Securing an outside director	- A listed company must secure at least one (1) outside director.	* In consideration that the Amended Companies Act will impose an obligation on listed companies that are categorized as "Large Companies" to appoint at least one (1) outside director, Tokyo Stock Exchange, Inc. (TSE) will require all listed companies to secure at least one (1) outside director in light of the significance of general shareholder protection at listed companies.
2. Obligation to make efforts toward the	- A listed company shall make efforts to provide notices of general shareholders meetings,	* With the aim of securing a sufficient period of time for shareholders to consider proposals at a general

(Reference Translation)

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early provision of general shareholders meeting materials by electromagnetic methods	reference documents for general shareholders meetings, financial statements and consolidated financial statements, and business reports, etc. by electromagnetic means before the day three (3) weeks prior to the date of a general shareholders meeting.	shareholders meeting, TSE will revise the current provision that requests a listed company to make efforts to also provide by electromagnetic methods notices of general shareholders meetings, etc. swiftly after it is sent to shareholders. This revision will move up the period when the listed company is expected to provide such documents to its shareholders. - This revision is made in response to the supplementary resolution of the "Outline of Amendments to the Corporate Law (Related to Corporate Governance, etc.)".
3. Rule revisions in connection with the establishment of a system of share delivery (1) Addition of items for timely disclosure	- A listed company must conduct timely disclosure on the following cases related to share delivery: i. Where a body that decides a listed company's business execution makes a decision to conduct a share delivery; and ii. Where a body that decides the business	* In consideration that the Amended Companies Act will establish share delivery as a new category of corporate action for organizational restructuring, TSE will require listed companies to conduct timely disclosure where a decision is made to implement share delivery, as required in the case of a merger, stock swap, share transfer, etc.

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(2) Fees for share delivery	execution of a subsidiary, etc. of a listed company makes a decision to conduct a share delivery. - Fees pertaining to share delivery shall be the amount equivalent to two ten-thousandths (2/10,000) of the amount calculated by multiplying (A) the sum of (i) the number of shares, etc. to be issued in the share delivery and (ii) the number of treasury shares, etc. to be delivered in the share delivery by (B) the price of said shares, etc.	* This fee is subject to the same treatment as fees for absorption-type mergers, absorption-type demergers, and stock swaps.
4. Others	- Other necessary revisions will be made.	- TSE will make revisions such as integrating the disclosure standards for granting stock options into the disclosure standards for the offering of stock or subscription warrants in consideration of the revision of regulations on director remuneration under the Amended Companies Act and the diversity in schemes of equity compensation.

III. Implementation Date (Tentative)

- These revisions will be implemented on March 1, 2021.