

Revision, etc. of Japan's Corporate Governance Code Based on the Proposal of the Council  
(Third set of revisions pertaining to cash equity market restructuring)

April 7, 2021

Tokyo Stock Exchange, Inc.

I. Purpose

In light of the proposal (\*) from the "Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code," jointly established by the Financial Services Agency and Tokyo Stock Exchange, Inc. (TSE) , regarding the revision of Japan's Corporate Governance Code (hereinafter referred to as the "Code"), TSE will develop its listing rules pertaining to the revision of the Code. Additionally, TSE will develop its listing rules for the listing- related fees for the new market segments.

\* Please see the attached (Ref. 1) "Revisions of Japan's Corporate Governance Code and Guidelines for Investor and Company Engagement."

II. Outline

Item	Description	Remarks
1. Revision of the Code (1) Revision of the Code	- TSE shall revise Japan's Corporate Governance Code, which is attached to the Listing Rules, as specified in Appendix.	- Listed companies shall make effort in strenghtneing their corporate governance, keeping in mind the purpose and the spirit of the revised Code. - Due to the revision of the Code, if corporate governance reports (hereinafter referred to as "CG Report(s)") need to be revised, Listed companies (not including foreign companies whose main market is other than TSE) shall submit their CG Report immediately after the preparation

(2) The extent of the “Comply or Explain” of the Code in new market segments

- From April 4<sup>th</sup>, 2022, domestic listed companies shall comply or provide explanation according to a. and b. listed below.
  - a. Standard Market and Prime Market  
"general principles, "principles", and "supplementary principles"
  - b. Growth Market  
"general principles"

2. Fees related to listing for new market segments

(1) Listing examination fees

- The amounts specified in the table below shall be charged according to the market segments.

Market segments	Fees
Standard Market	JPY 3 million
Prime Market	JPY 4 million
Growth Market	JPY 2 million

(2) Initial listing fees

- The amounts specified in the table below shall be charged according to the

of the revised version thereof, but not later than the end of December 2021.

- As a clarification, the main market listed companies as well as JASDAQ Listed domestic companies who applied for the listing after November 1<sup>st</sup>, 2020 are required to submit the revised CG Report.
- Both the Mothers listed companies that choose Standard Market or Prime Market and JASDAQ listed companies (not including those who applied for JASDAQ listing after November 1<sup>st</sup>, 2020) shall submit the CG report prescribed in the remarks in (1) above, with “comply or explain” approach to the "general principles, "principles", and "supplementary principles" of the Code.

- The same amount shall be charged for examination for transfer of market segments.

- The fees for transfer of market segments shall be the

market segments.

Market segments	Fees
Standard Market	JPY 8 million
Prime Market	JPY 15 million
Growth Market	JPY 1 million

(3) Fees for public offering or secondary distribution pertaining to initial listing

- In the case where a public offering or secondary distribution pertaining to initial listing is carried out, the amount equivalent to nine ten-thousandths (9/10,000) of the overall size of the public offering or the amount equivalent to one ten-thousandth (1/10,000) of the overall size of the secondary distribution shall be charged respectively.

(4) Other fees

- Other than the fees listed from (1) to (3) above, the annual listing fees, TDnet usage fees, fees pertaining to issuance or listing of new shares, etc., fees pertaining to mergers, etc., and listing agreement violation penalty, shall be charged respectively according to the market segments.

a. Standard Market

The same amount as currently charged to the 2<sup>nd</sup> Section market segment.

b. Prime Market

The same amount as currently charged to the 1<sup>st</sup> Section market segment.

c. Growth Market

The same amount as currently charged to the Mothers market segment.

amount obtained by deducting the amount of initial listing fees for the market segment before the transfer that has already been paid, from the amount of fees for the market segment after the transfer.

- For the Growth Market, the total amount of (i) fees for the public offering or secondary distribution pertaining to initial listing and (ii) initial listing fees shall be capped at JPY 20 million.

- For up to three years after listing, the annual listing fees payable by Growth Market companies (including Mothers listed companies as of April 3<sup>rd</sup> 2022 who selected Growth Market) shall be the amount half of the corresponding amount specified in the table.

- For JASDAQ Standard listed companies as of April 3<sup>rd</sup> 2022 who selected Standard Market and JASDAQ Growth Market listed companies as of April 3<sup>rd</sup> 2022 who selected Growth Market, there will be transitional measures, and therefore, for the annual listing fees, fees pertaining to issuance or listing of new shares, etc. and fees pertaining to mergers, etc., current amount charged to JASDAQ

3. Others.	- Other necessary revisions will be made.	market shall be charged for the time being.
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III. Implementation Date (Planned)

- Item 1. (1) is scheduled to be implemented in June 2021. However, the revisions related to the Prime Market will be implemented on April 4, 2022.
- Item 1. (2) and 2. will be implemented on April 4, 2022.

\*Referential materials (Ref.1) “Japan’s Corporate Governance Code Seeking Sustainable Corporate Growth and Increased Corporate Value over the Mid- to Long-Term” and (Ref.2) “Guidelines for Investor and Company Engagement” are attached

Disclaimer: This English translation is for reference purposes only and not a legally definitive translation of the original Japanese text. In the event a difference arises regarding the meaning herein, the original Japanese version will prevail as the official authoritative version.