Summary of Public Comments on "Revisions to Listing Rules for Indicator-Tracking Securities Incorporated ETFs" and Responses from TSE

Tokyo Stock Exchange, Inc. (TSE) published an outline of revisions to listing rules for ETFs, etc. on June 22, 2026, and sought public comments on it until July 22, 2026. A total of four comments were received in response.

The following is a summary of the comments received and TSE's responses.

No.	Summary of Comment	TSE's Response
	2. Criteria for Listing Examination	
1.	・ Securities issued for the purpose of tracking a specific indicator are referred to as "incorporated securities." It would be less misleading to refer to them as "indicator-tracking securities" or by another similar term. The term "incorporated securities" may be confusing in general.	・ "Incorporated securities" was already defined as a term for securities incorporated into the investment trust assets, etc. of an indicator-tracking securities incorporated ETF and is outside the scope of these revisions. ・ Nonetheless, TSE considers clarity of terminology important and appreciates this valuable comment.
2.	・ With respect to the investment restriction requiring that "the aggregate beneficial investment ratio in incorporated securities be no more than 20% of the total NAV of the trust assets," it is unclear whether the 20% limit applies to each issuer or whether a look-through approach is applied. In order to ensure predictability in product development, please clarify the method for calculating the 20% limit and the thinking behind the look-through approach.	・ The requirement is that the beneficial investment ratio in incorporated securities (securities issued to track a specific indicator) must be no more than 20% of the total NAV of the trust assets. ・ For example, where incorporated securities account for 20% of the investment trust assets, etc. of an indicator-tracking securities incorporated ETF, no additional investment in incorporated securities may be made through beneficiary certificates of investment trusts and investment corporations. ・ In addition, investment restrictions on an issuer basis must be equivalent to investment restrictions satisfying the requirements prescribed in the Rules on the Management of Investment Trusts, etc. of the Investment Management Association of Japan.
	3. Disclosure of Information	
3.	・ The "indicator-tracking securities incorporated ETFs" on which TSE is soliciting comments are ETFs that incorporate OTC derivative contracts or linked notes tracking a specific indicator. We understand	・ TSE considers it important that investors understand the following matters before trading indicator-tracking securities incorporated ETFs: ➢ When investing in linked note-type ETFs, the value of a linked

	that these ETFs are exposed to the risk of default of counterparties, including counterparties to derivative contracts and issuers of linked notes. We are seriously concerned that, because such counterparty risk arises independently of the constituent issues of the tracked indicator, it may be difficult for investors to understand the nature of the product and its inherent risks. For unlisted publicly offered investment trusts, in cases where such risks are present, the Financial Instruments and Exchange Act requires that those risks be disclosed in the prospectus, that investors be provided with an explanation of those risks when purchasing the investment trust, and that the prospectus be delivered to them. By contrast, we understand that, unlike unlisted publicly offered investment trusts, listed ETFs can generally be purchased and redeemed by retail investors only through the secondary market. We believe that these listing-rule revisions should proceed only after appropriate investor-protection measures have been put in place, including measures to ensure that retail investors are adequately informed of the inherent risks of these products.	note may decline or become worthless as a result of the bankruptcy, deterioration in the financial condition of its issuer, or similar events, which may in turn cause the value of ETF to decline. ➢ When investing in OTC swap-type ETFs, if the counterparty to a swap contract defaults, the exchange of returns on the tracked indicator may cease. As a result, the rate of change in the ETF's net asset value per unit may no longer correspond to that of the relevant indicator, which may in turn cause the value of ETF to decline. Depending on the type of collateral provided by the counterparty to a swap contract, the ETF may not be able to realize an amount equal to the value of the collateral it has provided to that counterparty. Consequently, the value of the ETF may decline or become worthless. ➢ When investing in indicator-tracking securities incorporated ETFs, it is important to verify the soundness of the issuers of linked notes or the counterparties to OTC swap contracts and to obtain a sufficient understanding of their credit standing. • In light of the comments received, TSE will implement the following information-provision and other measures to promote investors' understanding of product characteristics and risks, including the matters described above. ➢ TSE will require ETFs classified as indicator-tracking securities incorporated ETFs to be identified in their fund names as either "OTC Swap-Type" or "Linked Note--Type." ➢ On its website, TSE will identify indicator-tracking securities incorporated ETFs as either "OTC Swap-Type" or "Linked Note-Type" and will take measures to raise awareness, including by facilitating access to webpages explaining credit risk. TSE will also include information identifying an ETF as an indicator-tracking

		securities incorporated ETF in pamphlets for individual issues and in the Outline of Initial Listing Issue. ➢ In the report regarding the management system, etc. of an indicator-tracking securities incorporated ETF, TSE will require the management company to disclose its management system, etc. for monitoring the credit standing of counterparties, including the method for providing information on the financial condition and credit ratings of counterparties, etc., and will make the report available for public inspection. ➢ TSE will encourage each distributor to describe the investment risks of indicator-tracking securities incorporated ETFs in its "Key Information Sheet" (a document summarizing key information about a financial product) and to provide customers with adequate explanations of those risks, including through the use of the Key Information Sheet.
4.	・ We request that TSE include, in the "Outline of Initial Listing Issue" published on its website, in TSE Notices, or through other means when an issue is initially listed, an item or clear wording enabling investors to determine whether the relevant ETF is an indicator-tracking securities incorporated ETF—that is, whether it uses OTC swaps or linked notes. The reasons are as follows: ・ This is extremely important risk information for investors. The indicator-tracking securities incorporated (OTC swap-type) ETFs covered by these revisions involve counterparty risk associated with the issuers of incorporated securities and the counterparties to contracts pertaining to incorporated claims. Their risk structure is fundamentally different from that of conventional physical ETFs. We consider this to be important information for investors in deciding whether to purchase a product. ・ Early disclosure through official source materials is desirable.	・ In light of the comments received, TSE will include in the Outline of Initial Listing Issue an indication enabling investors to identify whether an initial listing issue is an indicator-tracking securities incorporated ETF.

	Disclosure documents relating to ETFs include prospectuses and basic terms and conditions of trusts. However, we understand that the Outline of Initial Listing Issue published by TSE is a reliable official document that investors and sales companies are likely to consult at an early stage. Accordingly, it would be desirable for the relevant information to be disclosed in that document at an early stage.	

Submitted by: 1 = Amova Asset Management Co., Ltd.; 2, 3 = Investment Management Association of Japan; 4 = QUICK Corp.