

Revisions to the Securities Listing Regulations and Other Rules  
Pertaining to Revisions to Listing Rules for ETFs, etc.

May 23, 2025  
Tokyo Stock Exchange, Inc.

I. Purpose

Tokyo Stock Exchange, Inc. (TSE) will revise the Securities Listing Regulations and other rules. These revisions will take effect on May 30, 2025 (for more details, please refer to "Revisions to Rules and Regulations: Tracked Changes").

These revisions are being made to offer better and more diverse products to support asset formation based on investors' needs. Through these, the restrictions on the use of derivatives and the investment limit for single securities related to domestic actively managed ETFs will be relaxed.

Additionally, from the perspective of improving the quality of the ETF secondary market, TSE will make revisions to its rules and regulations to introduce quantitative standards for disclosures related to significant deviations, revise the listing examination criteria related to liquidity, and mandate the provision of information on the total expense ratio.

II. Outline

(Notes)

1. Relaxation of restrictions on the use of derivatives of domestic actively managed ETFs

(1) Listing criteria regarding restrictions on the use of derivatives

- The criteria requiring a statement to be included in the basic terms and conditions of an investment trust applying for initial listing that it does not operate as an investment in derivatives transactions or rights pertaining to transactions related to commodities investment, etc., except for the purposes of realizing the same profits and losses as if the investment trust held the underlying assets; of reducing the risk of price fluctuations and interest rate fluctuations on the investment trust's assets or liabilities; or of reducing the risk of exchange rate fluctuations on the investment trust's assets or liabilities through foreign currency futures transactions (hereinafter referred to as "the defined purposes"), will be abolished. An investment trust applying for initial listing will be required to not fall under any of the items listed in (a) to (d) below:

(a) Beneficiary certificates of investment trusts that are managed such that the fluctuation rate of the net asset value (NAV) per unit tracks

- Rule 1104-2, Item (2), b-2. of the Securities Listing Regulations (hereinafter referred to as the "Regulations")

<p>the fluctuation rate of a specific indicator multiplied by a predetermined factor</p> <p>(b) Beneficiary certificates of complex investment trusts similar to OTC derivative transactions as defined in Article 2 of the Rules on Complex Investment Trusts Similar to Over-the-Counter Derivatives Transactions established by the Investment Trusts Association, Japan (JITA)</p> <p>(c) Beneficiary certificates of currency selection-type investment trusts and similar as defined in Article 3, Paragraph 2 of the Rules for Preparation of Delivery Prospectus established by JITA</p> <p>(d) Other beneficiary certificates of investment trusts that TSE deems inappropriate from the perspectives of risks and complexity related to fluctuations in the base value.</p> <p>(2) Listing criteria regarding scope of investment trust assets, etc.</p> <ul style="list-style-type: none"> <li>- The listing criteria that require the exclusion of beneficiary certificates of investment trusts and corporations that invest in derivatives transactions or rights pertaining to transactions related to commodities investment, etc. for purposes other than the defined purposes from the scope of investment trust assets, etc. will be revised to require the exclusion of beneficiary certificates of investment trusts listed in items 1. (1) (a) to (d) above and beneficiary certificates of investment trusts and corporations similar thereto.</li> </ul> <p>(3) Delisting criteria</p> <ul style="list-style-type: none"> <li>- The current delisting criteria include a criterion for where changes are made to the basic terms and conditions of the investment trust so that the provision that states the investment trust shall not be invested in derivatives transactions or rights pertaining to transactions related to commodities investment, etc. except for the defined purposes ceases to exist. This will be revised to where a listed domestic actively managed ETF falls under any of the categories listed in 1. (1) (a) to (d) above.</li> </ul> <p>2. Relaxation of investment limit for a single stock for domestic actively managed ETFs</p> <p>(1) Listing criteria</p>	<ul style="list-style-type: none"> <li>- Rule 1104-2, Item (2), e. (b). of the Regulations and Rule 1106-2 of the Enforcement Rules for Securities Listing Regulations (hereinafter referred to as the "Enforcement Rules")</li> <li>- Rule 1112-2, Item (3), b-2. of the Regulations</li> </ul>
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<ul style="list-style-type: none"> <li>- If the basic terms and conditions of the investment trust applying for initial listing do not include a statement that investment restrictions, as defined in the provisions of Article 17-2 of the Rules on Management of Investment Trusts, etc. set by JITA, have been established but include a statement regarding exceptions to investment restrictions, as defined in the provisions of Article 17-3, Paragraph 1, Item (3) of the Rules on Management of Investment Trusts, etc., and a statement that the beneficial investment ratio in any particular single issue shall not exceed 20% of the NAV of the trust assets, the listing of the investment trust will be permitted.</li> </ul>	<ul style="list-style-type: none"> <li>- Rule 1104-2, Item (2), b. (g) of the Regulations</li> </ul>
<p>(2) Delisting criteria</p> <ul style="list-style-type: none"> <li>- Delisting criteria will be established for cases where the basic terms and conditions of an investment trust no longer include a statement regarding exceptions to investment restrictions, as defined in the provisions of Article 17-3, Paragraph 1, Item (3) of the Rules on Management of Investment Trusts, etc., and a statement that the beneficial investment ratio in any particular single issue shall not exceed 20% of the NAV of the trust assets (except cases where investment restrictions, as defined in the provisions of Article 17-2 of the Rules on Management of Investment Trusts, etc., are established).</li> <li>- Delisting criteria concerning cases where the investment restrictions, as defined in the provisions of Article 17-2 of the Rules on Management of Investment Trusts, etc., cease to exist in the basic terms and conditions of the investment trust will exclude cases where the provisions requiring a statement regarding exceptions to investment restrictions, as defined in the provisions of Article 17-3, Paragraph 1, Item (3) of the Rules on Management of Investment Trusts, etc., and a statement that the beneficial investment ratio in any particular single issue shall not exceed 20% of the NAV of the trust assets are established.</li> </ul>	<ul style="list-style-type: none"> <li>- Rule 1112-2, Item (3), b. (j) of the Regulations</li> <li>- Rule 1112-2, Item (3), b. (i) of the Regulations</li> </ul>
<p>3. Introduction of numerical criteria for disclosures related to material deviation</p> <ul style="list-style-type: none"> <li>- If material deviation has occurred or is likely to occur between the NAV per unit of an ETF or the redemption value per security of an ETN (hereinafter referred to as "NAV/redemption value") and the market price or the specific indicator (for domestic actively managed ETFs, the deviation between the NAV per unit of the ETF and the market price) to which it is linked, the current rules require details to be disclosed in a timely manner. However, the</li> </ul>	<ul style="list-style-type: none"> <li>- Rule 947, Paragraph 2, Item (8); Rule 1107, Paragraph 2, Item (1), i. and Item (2), h.; and Rule 1107-2, Paragraph 2, Item (8)</li> </ul>

following numerical criteria will now be established for timely disclosure.	of the Regulations
<ul style="list-style-type: none"> <li>i. When the deviation between the NAV/redemption value and the closing price of the market price is 20% or more</li> <li>ii. When the deviation between the NAV/redemption value and the closing price of the market price is 5% or more for seven consecutive business days</li> </ul>	
4. Revisions to listing examination criteria related to liquidity and documents to attach to listing applications	
<p>(1) Abolition of the requirement for designated participants to submit a written statement for all initial listing applications</p> <ul style="list-style-type: none"> <li>- The following will be removed from the attachments to the application form for initial listing of domestic indicator-tracking ETFs, domestic spot commodity ETFs, and domestic actively managed ETFs. <ul style="list-style-type: none"> <li>i. The document stating assurance that the security for which the initial listing application is made will be traded smoothly after listing</li> <li>ii. The document in which trading participants who are designated participants give assurance that they will make efforts to secure smooth trading of the ETF on the TSE market</li> </ul> </li> <li>- The following will be removed from the listing examination criteria for domestic indicator-tracking ETFs, domestic spot commodity ETFs, and domestic actively managed ETFs. <ul style="list-style-type: none"> <li>- Trading participants who are designated participants give assurance that they will make efforts to secure smooth trading of the security for which an initial listing application has been made on the TSE market.</li> </ul> </li> <li>- In addition to the requirement in the listing examination criteria for domestic indicator-tracking ETFs, domestic spot commodity ETFs, and domestic actively managed ETFs that “all the designated participants are qualified institutional investors, and the number thereof is two or more,” it will also be required for at least one of them to be a trading participant.</li> </ul>	<p>- Rule 1103, Paragraph 1 of the Enforcement Rules</p> <p>- Rule 1104, Paragraph 1, Item (2), d-3. and Rule 1104-2, Item (2), f. of the Regulations</p> <p>- Rule 1104, Paragraph 1, Item (2), c. (b) and Rule 1104-2, Item (2), d. (b) of the Regulations</p>
<p>(2) Revision of the criteria for selecting issues eligible for loans for margin transactions</p> <ul style="list-style-type: none"> <li>- The following will be removed from the listing examination criteria for ETFs.</li> </ul>	<p>- Rule 1104, Paragraph 1, Item (2), d-3. and Paragraph 2, Item (6) and Rule 1104-2,</p>

- It is deemed that an adequate quantity of beneficiary certificates is available for loans for margin transactions.

Paragraph 1, Item (2),  
f. of the Regulations

- The criteria for selecting issues eligible for loans for margin transactions pertaining to ETFs will be revised as follows.

Criteria	Old	New
Number of beneficiary rights	-	20,000 units or more
Total net assets	-	JPY 1 billion or more
Trading volume and proportion of trading days on which issue was traded	-	For six months <ul style="list-style-type: none"> <li>• Average of at least 100 units per month</li> <li>• At least 80%</li> </ul>
Other	The issue does not fall under any of the following conditions: <ul style="list-style-type: none"> <li>- Issues for which delisting is deemed to be inevitable</li> <li>- Issues designated as Securities Under Supervision, Securities to Be Delisted, or Securities on Special Alert</li> <li>- Issues placed in a grace period for the delisting criteria</li> <li>- Issues subject to regulatory measures for trading or margin transactions</li> <li>- Issues deemed inappropriate to be issues for loans for margin transactions according to their number of ETFs available for loans for margin transactions</li> <li>- Other issues deemed inappropriate to be issues for loans for margin transactions</li> </ul>	

- Rule 3 of the Rules concerning Selection of Stocks Eligible for Standardized Margin Transactions and Loans for Margin Transactions

- Criteria for the deselection of ETFs from loans for margin transactions will be established. If any of the following criteria are met, the selection of such issues will be canceled. However, a grace period of one year will be

- Rules 6-3 and 7-3 of the Rules concerning Selection of Stocks

provided for said deselection.	Eligible for
i. Average number of beneficiary rights at the end of the month: less than 20,000 units	Standardized Margin Transactions and
ii. Average total net assets at the end of the month: less than JPY 1 billion	Loans for Margin Transactions
(3) Obligation to strive for management companies	
- Management companies of ETFs will be required to strive to create an environment that ensures smooth trading and fair price formation of ETFs.	- Rule 1110-2, Paragraph 3 of the Regulations
5. Obligation to provide information on the total expense ratio	
- The total expense ratios of ETFs and ETN trust beneficiary certificates will be subject to items for information provision required under the rules.	- Rule 947-2, Paragraph 1, Item (4); Rule 1107-3, Paragraph 1, Item (5); and Rule 1107-4, Paragraph 1, Item (4) of the Regulations
6. Other	
- Other necessary revisions shall be made.	

### III. Effective Date

- These revisions will take effect on May 30, 2025.
- 1. (1) and (2), 2. (1), and 4. will be applied to initial listing applications made after the implementation date.
- Regarding 4. (2), ETFs for which an initial listing application has been made before the implementation date and are found to not meet the revised selection criteria for loans for margin transactions in the examination with a record date of December 31, 2025 will enter a grace period for deselection from issues for loans for margin transactions from January 1, 2026 to December 31, 2026. Issues that have entered a grace period and are again found to not meet the criteria in the examination with a record date of December 31, 2026 will be deselected as issues for loans for margin transactions on May 6, 2027.
- The revised criteria for the deselection of issues from loans for margin transactions in 4. (2) will be applied following the deselection examination with a record date of December 31, 2026 to ETFs for which an initial listing application has been made before the implementation date but that will not enter a grace period. It will be applied following the deselection examination with a record date of December 31, 2027 to ETFs for which an initial listing application has been made before the implementation date

and that have entered a grace period.

- 5. will be applied from the time of information provision when the details of the total expense ratios for computation periods that end on and after the implementation date are determined.