

Outline of Specifications for the Change in Settlement Schedule for GX Credits on the Carbon Credit Market

July 29, 2025

Tokyo Stock Exchange, Inc.

I. Purpose

Following the previous fiscal year, Tokyo Stock Exchange, Inc. (TSE) has been entrusted by Nomura Research Institute, Ltd., which was commissioned by the Ministry of Economy, Trade and Industry (METI) to carry out its green transformation project for FY2025 (operation of the GX League secretariat and development of frameworks to support voluntary emissions trading by companies participating in the GX League). Accordingly, TSE will conduct trading of GX credits on the carbon credit market (hereinafter referred to as the “Market”).

In the previous fiscal year, the settlement date for GX credits was set as the tenth trading day counting from the trading day on which the trade is executed. However, in line with revisions to the registration system functionality, this will be changed to the sixth trading day counting from the trading day on which the trade is executed (same as J-Credits). Other necessary revisions will also be made.

Note: Underlined text indicates changes in connection with the change in the settlement date for GX credits.

II. Outline

Item	Description	Remarks
1. Change in Settlement Date for GX Credits	<ul style="list-style-type: none">The settlement date for GX credits will be changed to <u>the sixth trading day</u> (excluding non-business days, non-regular non-business days, and non-regular market closures; the same shall apply to the calculation of numbers of days hereinafter) counting from the trading day on which the trade is executed.	<ul style="list-style-type: none">Trading days for GX credits in FY2025 are scheduled to be Fridays from November 2025 through December 2025.The settlement date for J-Credits remains unchanged and will align with that of J-Credits.
2. Change in GX Credit Settlement Schedule		
(1) Pre-confirmation of	<ul style="list-style-type: none">A selling Participant shall check the details of the execution and cannot transfer	

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Credits for Delivery by sellers	the volume of credits that were executed, it must report this to TSE by 1:00 p.m. on <u>the fourth trading day</u> counting from the trading day on which the trade is executed.	
(2) Pre-transfer of carbon credits from selling Participant to TSE	<ul style="list-style-type: none"> A selling Participant shall transfer Credits for Delivery to TSE by means of a transfer to a credit account in the name of TSE in a credit registry system by 11:00 a.m. on <u>the fifth trading day</u> counting from the trading day on which the trade is executed. <u>TSE will submit the transfer request on behalf of the selling Participant. If the transfer fails, the selling Participant must submit the transfer request themselves.</u> 	<ul style="list-style-type: none"> Of the carbon credits executed in a single day, "Credits for Delivery" refers to the total amount sold by each selling Participant (or the units of the credit accounts under the name of the selling Participant if TSE permits, based on a request from a Participant, multiple credit accounts under the name of the participant can be designated). (Refer to 4. (1))
(3) Payment of Funds for Delivery by buying Participant	<ul style="list-style-type: none"> A buying Participant shall pay Funds for Delivery to TSE by 11:00 a.m. on <u>the sixth trading day</u> counting from the trading day on which the trade is executed. 	<ul style="list-style-type: none"> "Funds for Delivery" refers to the total amount equivalent to the trading volume of each type of carbon credit eligible for trading bought on a single day by each buying Participant (or settlement accounts if a Participant has multiple bank accounts). (Refer to 4. (1))
(4) Transfer of carbon credits from TSE to buying Participant	<ul style="list-style-type: none"> After confirming payment of Funds for Delivery as indicated in (3), TSE shall transfer the Credits for Receipt transferred in (2) to the buying Participant after 11:00 a.m. <u>on the sixth trading day</u> counting from the trading day on which the trade is executed by transferring them to a credit account designated by the 	<ul style="list-style-type: none"> Of the carbon credits executed in a single day, "Credits for Receipt" refers to the total amount bought by each buying Participant.

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(5) Payment of Funds for Receipt from TSE to selling Participant	<p>buying Participant in advance.</p> <ul style="list-style-type: none"> After confirming payment of Funds for Delivery as indicated in (3), TSE shall transfer the Funds for Receipt transferred in (3) to the buying Participant after 11:00 a.m. <u>on the sixth trading day</u> counting from the trading day on which the trade is executed by transferring them to a bank account designated by the selling Participant in advance. 	<ul style="list-style-type: none"> "Funds for Receipt" refers to the total amount equivalent to the trading volume of each type of carbon credit eligible for trading sold on a single day by each Participant.
3. Treatment of settlement defaults and probable defaults		
(1) Difficulty in transferring carbon credits prior to the settlement date	<ul style="list-style-type: none"> When TSE receives a report as stipulated in 2. (1) that transfer of carbon credits will not be possible because of a difficulty with transferring the volume of credits that were executed, it will cancel the trade execution. If TSE determines not to perform subsequent procedures, it shall notify the buying Participant who is the counterparty to the settlement by 4:00 p.m. on <u>the fourth trading day</u> counting from that of the execution. 	
(2) Default on transfer of carbon credits	<ul style="list-style-type: none"> If, by 11:00 a.m. on <u>the fifth trading day</u> counting from the trading day on which the trade is executed, the Credits for Delivery have not been transferred in full to TSE by the selling Participant, execution of said trade will be canceled and no further procedures will be performed. In this case, TSE will promptly notify the buying Participant. 	
(3) Default on payment	<ul style="list-style-type: none"> If all or part of Funds for Delivery has not been paid by a buying Participant by the payment cutoff time on <u>the sixth trading day</u> counting from the trading day on which the trade is executed, TSE will cancel execution of all trades pertaining to said Funds for Delivery and will not perform subsequent procedures. Carbon credits pertaining to said cancellation that have been 	<ul style="list-style-type: none"> If a buying Participant has partially paid Funds for Delivery, TSE will return money equivalent to the amount paid to the buying Participant after cancelling

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(4) Sanctions against Participants	<p>transferred to TSE by <u>the fifth trading day</u> counting from the trading day on which the trade is executed as indicated in 2. (2) shall be returned to the selling Participant.</p> <ul style="list-style-type: none"> In cases of sanctions against a Participant where TSE deems it difficult to settle trades that were executed before the sanctions took effect, TSE shall cancel execution of trades to which said Participant is a party, and carbon credits pertaining to said cancellation which were already transferred to TSE by <u>the fifth trading day</u> counting from the trading day on which the trade is executed as in 2. (2) will be returned to the selling Participant. 	execution of the trade.
4. Other (Carbon Credit Market-wide)		
(1) Registration of Multiple Credit Accounts and Bank Accounts	<ul style="list-style-type: none"> From the perspective of enhancing Participant convenience, if deemed appropriate by TSE based on an application from the Participant, it will be possible to designate multiple credit accounts or deposit accounts under the Participant's name for settlement purposes, as necessary for each designated credit of the Participant. 	<ul style="list-style-type: none"> Submission of documents or other materials that certify the opening of a credit account is required. Under the current registry rules, the opening of multiple credit accounts for the same corporation is only possible for J-Credits.
(2) Partial Changes to the Procedures in Non-fulfillment of Carbon Credit Transfer	<ul style="list-style-type: none"> If, on the day before the settlement date, only a partial transfer of the Credits for Delivery by the selling Participant has been made, the previous procedure involved allocating the buying Participant for the transferrable portion of credits and proceeding with settlement, while canceling the execution for the remaining portion. However, to ensure consistency with the practice of canceling the entire execution when a partial holding of delivery credits is reported by the day before the day before the settlement date, the execution related to a partial transfer of the Credits for Delivery will be canceled. 	<ul style="list-style-type: none"> The current allocation process involves arranging the settlement units associated with the credit certification numbers, for which only a partial transfer of the delivery credits has been made, in ascending order based on quantity. In cases where

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(3) Cancellation of Trade Execution Related to Defective Carbon Credits	<ul style="list-style-type: none"> If an execution is concluded for carbon credits with errors in the trading category specified by TSE, or if the carbon credits related to the execution has significant defects, TSE may cancel the execution. 	quantities are identical, a lottery is conducted.

III. Implementation Date (Scheduled)

These revisions will be implemented in November 2025.