



December 17, 2018

Tokyo Stock Exchange, Inc.
Nikkei Inc.

Revision of Guidebook for JPX-Nikkei Index 400 and JPX-Nikkei Mid and Small Cap Index

The guidebooks for JPX-Nikkei Index 400 and JPX-Nikkei Mid and Small Cap Index, which are jointly calculated by Tokyo Stock Exchange, Inc. (TSE) and Nikkei Inc. (Nikkei) have been revised as indicated below.

1. Key revisions to JPX-Nikkei Index 400

(1) Criteria used for determining qualitative scores

Among the criteria used for determining qualitative scores, those under "Disclosure of English earnings information" will be revised as follows.

Title	New	Old
III.JPX-Nikkei Index 400 Constituent Selection 1.(2)⑤	<p>(Item)</p> <p>Disclosure of English earnings information <u>and/or Corporate Governance Report</u></p> <p>(Criteria)</p> <p>English documents regarding the most recent earnings information <u>and/or Corporate Governance Report</u> are disclosed via TDnet (Company Announcements Distribution Service in English) at the time of the base date</p>	<p>(Item)</p> <p>Disclosure of English earnings information</p> <p>(Criteria)</p> <p>English documents regarding the most recent earnings information are disclosed via TDnet (Company Announcements Distribution Service in English) at the time of the base date</p>

*Item(s) regarding "Appointment of independent outside directors" and "Adoption of IFRS", which are also used for determining qualitative scores, will not be revised at this time.

(2) Index constituent selection process for periodic review

The process for selecting index constituents at the time of periodic review will be revised as follows.

Title	New	Old
III. JPX-Nikkei Index 400 Constituent Selection 1.(2) ⑦ (b) Periodic Review	ii. If the number of selected issues falls below 400 in the preceding paragraph i., then the top ranking issues according to the rankings in ⑥ above <u>that meet the two conditions indicated below</u> shall be selected until the number of constituents reaches 400. - <u>Either 3-year average ROE or latest ROE surpasses the median ranking in ③ above</u> - <u>Ranking is at or within the top ranking 400 issues in ⑥ above</u> iii. <u>If the number of selected issues falls below 400 in the preceding paragraph ii., then the non-selected top ranking 400 issues according to the rankings in ⑥ above shall be selected until the number of constituents reaches 400.</u>	ii. If 400 issues are not selected in the preceding paragraph i., the top ranking issues according to the rankings in ⑥ above shall be selected until the number of constituents reaches 400. (New Item)

2. Key changes to JPX-Nikkei Mid and Small Cap Index

(1) Criteria used for determining qualitative scores

Among the criteria used for determining qualitative scores, those under "Appointment of independent outside directors" and "Disclosure of English earnings information" will be revised as follows.

Title	New	Old
III. JPX-Nikkei Mid and Small Cap Index Constituent Selection 1.(2)⑥	(Item) Appointment of independent outside directors (Criteria) <u>Out of the total number of directors,</u> <u>at least one-third or a minimum of</u> <u>three directors are appointed as</u> <u>independent outside directors on the</u> <u>base date. If one-third of the total</u> <u>number of directors is less than two,</u> <u>at least two independent outside</u> <u>directors are appointed.</u>	(Item) Appointment of independent outside directors (Criteria) At least 2 independent outside directors appointed on the base date
	(Item) Disclosure of English earnings	(Item) Disclosure of English earnings

3. Effective Date

Revisions will go into effect on the next periodic review in August 2019.

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