

Nikkei Stock Average Constituents Selection Rules (to be effective from October 1, 2026)

Stocks are added to or deleted from the Nikkei Stock Average (Nikkei 225) in accordance with the following rules. These rules shall become effective from October 1, 2026 and are subject to change to make the index a better measure of the market and to deal with necessary changes in the market environment, economic substance, or regulations.

1: Constituents

The Nikkei 225 is calculated with 225 market representative stocks from the Tokyo Stock Exchange Prime Market.

By calculating with highly liquid stocks, the index is aimed at fulfilling two objectives, one is to maintain its long-term continuity and the other is to reflect the changes in the industry structure.

2: Rules of the Periodic Review

Constituents are reviewed twice a year as evaluated at the end of January and July (base dates) in accordance with the following rules. Results of the review become effective on the first trading day of April and October. The maximum number of constituents reshuffled at a periodic review is 3. However, constituent change due to corporate reorganization near the time of periodic review is not included in the limit of 3 above.

(1) Assessment of the liquidity (“High Liquidity Group”)

Choose highly liquid stocks from the Tokyo Stock Exchange Prime Market and group them as the “High Liquidity Group”. The measures to assess the liquidity are :

- ① Trading value of the preceding 5 years
- ② Magnitude of price fluctuation by trading value (defined as (high price/low price)/ trading value) in the preceding 5 years

Top 450 (double the constituent count for the index) most liquid stocks in terms of two measures constitute the “High Liquidity Group”.

(2) Deletion of low liquidity constituents (absolute criteria for deletion)

Those constituents not in the High Liquidity Group (ranked 451 or lower) are deleted from the index.

(3) Addition of high liquidity stocks (absolute criteria for addition)

Of the “High Liquidity Group” stocks, those ranked 75 or higher and not currently in the list of the constituents are added to the index.

(4) Deletion/Addition based on the sector balance (relative criteria)

① The 450 most liquid issues will be categorized into seven industrial sectors – Technology, Information and Communications, Financials, Consumer Goods, Industrial Materials, Capital Goods/Others and Transportation/Utilities. The “Appropriate number of the constituents” is defined as half of the number of stocks in each sector.

② After the changes by (2) and (3) are considered, a rebalancing is conducted if any of the sectors are over-represented or under-represented. Degree of representation is evaluated by comparing the actual number of constituents in the sector against the “Appropriate number”.

i) For over-represented sectors, current constituents in the sector are deleted in the order of the liquidity (low liquidity first) to correct the overage.

ii) For under-represented sectors, non-constituent stocks are added from the “High Liquidity Group” in the order of the liquidity (high liquidity first) to correct the shortage.

③ The seven-sector breakdown is based on the Nikkei industrial classification of 36 industries. Each sector may be regrouped if a change in industrial structure makes adjustment necessary.

i) Technology

Electric Machinery, Automobiles & Auto parts, Precision Instruments

ii) Information and Communications

Information and Communications

iii) Financials

Banking, Other Financial Services, Securities, Insurance

iv) Consumer Goods

Fishery, Foods, Pharmaceuticals, Retail, Services

v) Materials

Mining, Textiles&Apparel, Pulp & Paper, Chemicals, Petroleum, Rubber, Glass&Ceramics, Steel, Nonferrous Metals, Trading Companies

vi) Capital Goods / Others

Construction, Machinery, Shipbuilding, Transportation Equipment, Other Manufacturing, Real Estate

vii) Transportation / Utilities

Railway&Bus, Land Transport, Marine Transport, Air Transport, Warehousing, Electric Power, Gas

(5) Deletion/Addition within the Same Sector

① For each of the seven sectors, the market liquidity ranking difference will be calculated between the lowest-ranked constituent currently included in the index and the highest-ranked eligible stock not currently included in the index.

② In the sector where the ranking difference is the largest, the constituent currently included in the index with the lowest market liquidity ranking will be deleted, and the eligible stock not currently included in the index with the highest market liquidity ranking within the same sector will be added.

3: Extraordinary Replacement Rules

(1) Deletion for special reasons

Constituents which meet the following criteria are deleted from the index.

- i) Designated as a “Securities to be Delisted” or “Securities on Alert”
- ii) Delisted due to corporate restructuring such as merger, share exchange or share transfer
- iii) Transfer to the market other than the Prime

A constituent designated as “a Security under Supervision” remains to be a constituent at the time of designation. However, Nikkei may replace such a constituent with a pre-announcement when it is highly inappropriate to keep the stock as a constituent, e.g. probability of delisting is extremely high.

(2) Procedure to add new constituents

When a constituent is deleted because of the reasons of (1) above, a stock to be added will be selected, in principle, from the same sector in the “High Liquidity Group” in the order of liquidity.

Notwithstanding the preceding paragraph, following rules may apply depending on the

timing and circumstances of the deletion.

- ① When such deletion is scheduled close to the Periodic Review, additional stocks may be selected in a part of the periodic review process.
- ② When multiple deletions are scheduled in a season other than the Periodic Review, additions may be selected using (3) and (4) of Periodic Review Rules by assessing the liquidity and the balance of the sectors.

(3) Timing of the constituent change

In principle, for each reason under 3(1), constituents are deleted and added as follows. The effective date is announced for each event.

- i) Designated as a “Security to be Delisted” or “Securities on Alert”: five business days after the designation.
 - ii) Delisted due to corporate restructuring such as merger, share exchange or share transfer and iii) Transfer to the market other than the Prime: effective date of the event.
- However, in case that a constituent stock is delisted due to a corporate restructuring and a stock of a company which succeeds the substance of the delisting company is added, the newly listed stock will replace on the date of its listing in principle.

In case that a constituent designated as a stock under supervision is deemed as highly inappropriate and will be deleted, the announcement will be made approximately two weeks before its effective date. Even if such a constituent is designated as a stock to be delisted before the pre-announced effective date, the pre-announced effective date survives.

(4) Special rules for additions

As the types of corporate reorganization diversify, procedures as exemplified below, which follows the reality better, may be applied to choose the stocks to be added. Application of these special rules is determined for each case.

- ① Under the following cases, a stock of a company which will succeed the substance of the delisting company will be added in principle, provided such company must be listed or will be listed within a short period in the Tokyo Stock Exchange Prime Market.
 - i) Stock of a surviving company in mergers where a constituent is merged and delisted.
 - ii) Stock of a newly established parent company by share transfer or a new parent company receiving shares from a constituent by exchange.
- ② When a company is split and multiple companies maintain listing in the Tokyo

Stock Exchange Prime Market, a stock of a company which succeeds the major operation will become a constituent.

4: Special procedures to implement constituent change

For both “2. Periodic Review” and “3. Extraordinary Replacement”, deletion and addition are made effective on the same day to keep the number of constituents at 225. However, when necessary, additions are made after the deletions and during such period, the index may be calculated with less than 225 constituents. Divisor is adjusted at times when constituents are deleted or added to warrant the continuity.

5: Decision of the deleting and adding stocks

After consultation with academics and market professionals, Nikkei Inc. decides and announces the list of deleting and adding stocks.

Appendix : Change history of Constituents Selection Rules

February 1, 2002 version	Revise the description in “3: Extraordinary Replacement Rules (3)Timing of the constituents change”
June 15, 2020 version	• Revise the description in “3: Extraordinary Replacement Rules (1)Deletion for special reasons and (3)Timing of the constituents change” • Delete an example in “4: Special procedures to implement constituents changes”
October 1, 2021 version	• Revise “2: Rules of the Periodic Review” sets maximum number of constituents reshuffled as 3 • Definition of “Magnitude of price fluctuation by volume” added to 2(1)②
April 4, 2022 version	• Replace “Tokyo Stock Exchange First Section” by “Tokyo Stock Exchange Prime Market” in line with the subject market change • Revise “(1) Deletion for special reasons” and “(3) Timing of constituent change” in “3: Extraordinary Replacement Rules” due to adding a designation on “Securities on Alert” to the deletion criteria
May 20, 2022 version	• Correction of error in “2: Rules of the Periodic Review”
September 29, 2022 version	• Revise the preamble and “(1)Assessment of the liquidity (“High Liquidity Group”)” in “2: Rules of the Periodic Review” Periodic review is increased to twice a year and the denominator of the “Magnitude of price fluctuation” is changed to the trading value.
October 2, 2023 version	• Revise the description in “3: Extraordinary Replacement Rules (3)Timing of the constituents change” • Delete an example in “4: Special procedures to implement constituent change”
October 1, 2026 version	• Revise “2: Rules of the Periodic Review (4) Deletion/Addition based on the sector balance” to introduce the Information and Communications

	sector • Add “2: Rules of the Periodic Review (5) Deletion/Addition within the Same Sector”
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