



JPX-Nikkei Index 400 Guidebook

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Japan Exchange Group, Inc.
Tokyo Stock Exchange, Inc.
Nikkei Inc.

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Introduction

- Japan Exchange Group, Inc. (JPX), Tokyo Stock Exchange, Inc. (TSE) (hereinafter collectively called “the JPX group”) and Nikkei Inc. (Nikkei) (hereinafter the JPX group and Nikkei are collectively referred to as “the Index Provider”) calculates and publishes JPX-Nikkei Index 400 (hereafter “JPX-Nikkei 400”) in accordance with the methods described in this document. If an event not specified in this document occurs, or if the Index Provider determines that it is difficult to use the methods described in this document, the Index Provider may use an alternative method of index calculation as it deems appropriate.
- Copyright of this document is owned by the Index Provider and any copies, reprints and reproductions of this document in whole or in part are prohibited without the prior approval of the Index Provider. This document is prepared solely for the understanding of indices calculated and published by the Index Provider, and is not to be construed as a solicitation for trading any securities or related financial instruments.. The Index Provider shall accept no liability or responsibility for any loss or damage arising from errors, delays, or termination of the calculation or publication of JPX-Nikkei 400, changes to its calculation or publication method, the use of JPX-Nikkei 400 or all or any part of this document or other similar events.
- The Index Provider calculates both price and total return versions of JPX-Nikkei 400.

I. Outline of the Index

- JPX-Nikkei 400 is composed of common stocks whose main market is the TSE 1st Section, 2nd Section, Mothers, or JASDAQ market (In addition, the Index Provider may include equivalent issues whose inclusion it deemed is particularly necessary.). Constituents shall be selected by the Index Provider based on market capitalization, trading value, ROE, and other factors. Please refer to III. JPX-Nikkei Index 400 Constituent Selection for more details.
- The number of JPX-Nikkei 400 constituents shall be 400, as a general rule. This base number of constituents shall be used in the periodic review occurring in August. The number of constituents may temporarily fall below the base number due to delistings and other factors between reviews.
- Periodic review of constituents will be conducted once a year (August).
- Base Date for index calculation is August 30, 2013. Base value is 10,000.

II. Index Calculation

1. Outline

- JPX-Nikkei 400 is calculated using free-float adjusted market value weighting. The index is denominated in points and is calculated to the second decimal place (values beyond the second decimal are rounded).

2. Formula

$$\text{Index} = \frac{\text{CMV}}{\text{BMV}} \times \text{Base Point}$$

CMV = Current market value

BMV = Base market value

$$\text{Market Value} = \sum (\text{Number of Shares for Each Constituent} \\ \times \text{Stock Price for Each Constituent})$$

3. Stock Price Used for Calculation

- The stock prices used for calculating JPX-Nikkei 400 is determined by the following order of priority:

(1) Special Quote or Sequential Trade Quote, (2) Contact Price, (3) Base Price for Index Calculation when neither (1) or (2) are available (determined in the following order: (1) Theoretical Ex-rights Price, (2) Most Recent Special Quote or Sequential Trade Quote on or before the previous trading day, (3) Most Recent Contract Price before the previous trading day.)

4. Number of Shares Used for Index Calculation

- The number of shares used for index calculation is determined by multiplying the total number of listed shares by the free-float weight ratio following cap-adjustment (FFW).

$$\begin{aligned} &\text{Number of Shares Used for Index Calculation for Each Stock} \\ &= \text{Total Number of Listed Shares} \times \text{FFW Ratio following cap-adjustment} \end{aligned}$$

- The number of listed shares used for index calculation is the number of shares obtained

through processes specially arranged for index calculation, based on the number of listed shares. Regularly, the number of each issue's listed shares used for index calculation is equivalent to that of each issue's outstanding shares, however, in the case of a stock split, for example, a temporary difference could occur between the two figures. This is because the number of listed shares changes on the listing change date, while the number of listed shares for index calculation changes on the ex-rights date.

- FFW ratio used in JPX-Nikkei 400 shall be the FFW ratio after cap-adjustment (free float weight ratio x cap-adjustment ratio) with a maximum 1.5% constituent ratio based on market capitalization weight on the periodic selection base date. In cases where the cap maximum is exceeded following periodic selection, the cap-adjustment ratio shall not be altered until the periodic selection application date of the following year.
- However, in cases where there is a remarkable change in the constituent weight due to, for example, periodic review of the free float weight described below or corporate consolidation, merger, acquisition, etc. of a JPX-Nikkei 400 constituent, an extraordinary revision of the cap-adjustment ratio of constituents may be conducted.

5. Free Float Weight

(1) Outline

- Free-Float Weight (FFW) is the percentage of listed shares deemed to be available for trading in the market. The Index Provider calculates FFW for each listed company and uses this value in index calculation. The FFW of Company A may be different from that of Company B.
- FFW is calculated by first estimating the number of non-free-float shares (listed shares deemed not to be available for trading in the market) using securities reports and other statutory documents required by the Financial Instruments and Exchange Act, as well as publicly available documents released by each listed company. Next, the non-FFW ratio (Non-free-float shares / total listed shares) is calculated, then FFW is obtained by subtracting the non-free-float factor from 1 ($1 - \text{Non-FFW}$). FFW is expressed as a figure in the range of 0.00000 to 1.00000 in increments of 0.00001.
- FFW is reviewed once a year in order to reflect the latest share ownership distribution. The timing of the FFW review varies depending on when earnings are announced. In addition to the periodic review, extraordinary reviews are conducted if FFW changes

significantly due to events such as allocation of new shares to a third party.

(2) Periodic Review

- The announcement date and effective date of the periodic FFW review varies according to when listed companies announce earnings as below:

Settlement Term	Announcement Date	Effective Date*
January - March	Fifth business day of October	Last business day of October
April - June	Fifth business day of January	Last business day of January
July - September	Fifth business day of April	Last business day of April
October - December	Fifth business day of July	Last business day of July

- * Adjustments will be made before markets open.
- At the periodic review, FFW is rounded up to the nearest 0.05 as below after subtracting the non-FFW ratio from 1 (1 – Non-FFW).
- FFW for periodic review

1 – Non FFW	≤ 0.05	≤ 0.10	≤ 0.15	≤ 0.20	≤ 0.25	≤ 0.30	≤ 0.35	≤ 0.40	≤ 0.45
FFW	0.05	0.10	0.15	0.20	0.25	0.30	0.35	0.40	0.45

≤ 0.50	≤ 0.55	≤ 0.60	≤ 0.65	≤ 0.70	≤ 0.75	≤ 0.80	≤ 0.85	≤ 0.90	≤ 0.95	≤ 1.00
0.50	0.55	0.60	0.65	0.70	0.75	0.80	0.85	0.90	0.95	1.00

(3) Extraordinary Review

- The Index Provider may review FFW in the following cases where it deems that the existing FFW is expected to be significantly affected.

Allocation of new shares to a third party, conversion of preferred shares or exercise of subscription warrants, company spin-off, merger, acquisition, take-over bid (TOB) and other events deemed applicable by the Index Provider.

(4) Estimation of non-free-float shares

a. Documents

Securities reports and other statutory documents required by the Financial Instruments and Exchange Act as well as the publicly available documents released by listed companies are used to estimate the number of non-free-float shares.

b. Estimation of non-free-float shares

The Index Provider considers the following to be non-free-float shares:

Shares held by the top 10 major shareholders, treasury and other similar shares (including “Cross-Share Holdings” (shares with limited voting rights as specified in Article 308 (1) of the Companies Act)), shares held by board members and other representatives, and other shares deemed by the Index Provider to be unavailable for trading in the market.

- The Index Provider may treat shares held by the top 10 major shareholders as free-float shares in the following cases: (The list below is not exclusive.)

Condition	Major shareholder
As a general rule, shares considered as free-float.	Securities finance companies, securities depositories, nominees for depository receipts
Shares likely to be deemed as free-float. Cases where any of the following conditions are met and the Index Provider deems it appropriate to consider such shares as free-float. <ul style="list-style-type: none">- There are descriptions in the Securities Report on the type of trust, the purpose of purchase of shares, etc.- It is clear that shares are held by several beneficiaries and managed centrally- It is clear that shares are held for margin transactions	Trust banks, master trusts, global custodians, insurance companies, securities companies, etc.

III. JPX-Nikkei Index 400 Constituent Selection

1. Initial Selection and Periodic Review

(1) Outline

- Initial selection shall be conducted according to (2) Selection Criteria, with a base date of June 28, 2013.
- Periodic review of JPX-Nikkei 400 constituents (addition/removal) shall be conducted according to (2) Selection Criteria, based on market capitalization, etc. of issues on the base date.
- The base date for periodic review shall be the final business day of June of each year. The list of issues to be added/removed shall be released on the 5th business day of each August, and calculation of the index using the new constituents shall commence from the final business day of the August following the periodic review.

(2) JPX-Nikkei 400 Selection Criteria

- The selection process shall be conducted as follows. The “market capitalization” indicated below is based on the number of listed shares used for index calculation.

- ① Issues which fall under any of the following items shall be removed from the pool of eligible constituents.
 - (a) Listed for under 3 years on the base date (excluding cases of a company which underwent technical listing and was listed for 3 or more years prior to delisting)
 - (b) Liabilities in excess of assets during any of the periods in 4.(1)① below.
 - (c) Operating deficit in any of the periods in 4.(1)① below (for companies which have not disclosed operating profits, a deficit for the profits used in 4.(1)③ below.).
 - (d) Overall deficit in all of the earnings periods in 4.(1)① below.
 - (e) Notes regarding the going concern assumption in financial statements, etc. in the most recent earnings period of those in 4.(1)① below (including the quarterly financial statements, etc. submitted following such).
 - (f) Statement that there is a significant insufficiency that should be disclosed or that it is not possible to release appraisal of internal controls in the internal control report pertaining to the most recent earnings period of those in 4.(1)① below.
 - (g) Falling under any of the following on the base date:
 - (i) Security to be Delisted

(ii) Security on Alert

(h) Falling under any of the following within 1 year from the base date and having significance for such

(i) Subject to public announcement measures

(ii) Requested to submit an improvement report for public inspection (including cases of resubmission)

(iii) Subject to payment of listing agreement violation penalty

※ Conditions from the base date until selection shall be considered as needed for the matters in (e) through (h) above.

② 1,000 issues shall be selected from those in ① above according to the following criteria

i. The top 1,000 market capitalization issues shall be selected in descending order from the 1,200 issues with the highest trading value in the 3 years since the base date, which are among the 1,200 issues with the highest market capitalization.

ii. In cases where the number of the selected issues in the preceding i. does not reach 1000, the remaining issues shall be selected in descending order from the 1,200 issues with the highest trading value in the 3 years since the base date, which have the highest market capitalization on the base date.

③ Each ranking score shall be given to the issues in ② above according to the following items and overall score is calculated. (Please refer to 4. Handling of Data used for Selection)

(a) 3-year average ROE ranking (1st: 1,000 pts. – 1000th: 1 pt.)

(b) 3-year cumulative operating profit ranking (1st: 1,000 pts. – 1000th: 1 pt.)

(c) Market capitalization on the base date ranking (1st: 1,000 pts. – 1000th: 1 pt.)

Total Score	=	0.4 ×	(a) 3-year average ROE ranking score
		+ 0.4 ×	(b) 3-year cumulative operating profit ranking score
		+ 0.2 ×	(c) market capitalization on the base date ranking score

④ Qualitative scores shall be given to the issues in ② above in consideration of the following matters. (The score is determined so that at most around 10 constituents are different from those chosen with only quantitative score in ③ above) Matters

used for determining qualitative scores may change considering the fulfilling situation etc.

Item	Criteria	Reference Material
Appointment of independent outside directors	At least 2 independent outside directors appointed on the base date	Corporate Governance Report
Adoption of IFRS	Creation of the most recent earnings report according to international financial reporting standards (IFRS), or disclosure of applying IFRS at the time of the base date	TDnet
Disclosure of English earnings information	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	TDnet

- ⑤ The total scores of above ③ and ④ shall be calculated and final scores shall be determined.

$\text{Final Score} = \text{Overall score in ③ above} + \text{Qualitative score in ④ above}$
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Ranking of final scores shall be made from highest to lowest. However, issues whose 3-year average ROE and most recent ROE is negative or whose 3-year cumulative operating profit is negative shall be ranked lowest. In cases of issues with the same final score, ranking preference shall be given to the issue with the higher ③(c) market capitalization on the base date ranking score.

- ⑥ Selection shall be conducted as below, based on the final scores in ⑤ above.

(a) Initial Selection

The top 400 issues shall be selected according to the rankings in ⑤ above.

(b) Periodic Review

- i. The top 440 issues shall be selected according to the rankings in ⑤ above from the issues eligible as constituents of JPX-Nikkei 400 on the base date.
- ii. If 400 issues are not selected in the preceding paragraph i., the top ranking issues according to the rankings in ⑤ above shall be selected until the number of constituents reaches 400.

2. Removal of Constituents in addition to the Periodic Review

- In cases where constituents are delisted or designated as Securities to be Delisted, they shall be removed from JPX-Nikkei 400. (see Chapter IV).
- Additionally, in cases where the Index Provider deems the inclusion of a constituent to be significantly inappropriate, such issue shall be removed from JPX-Nikkei 400.

3. Inclusion of Constituents in addition to the Periodic review

In cases where constituents are delisted due to conducting a corporate consolidation, merger, acquisition, merger involving the establishment of a new company, or split pursuant to the former Commercial Code (shareholder-directed spinoff), in cases where the newly established company, surviving company, or inheriting company resulting from such corporate consolidation, etc. is listed without delay, such newly established company, etc. shall be added only if the main body of the newly established company (the Index Provider determines that considering acquisition ratio etc.) was a JPX-Nikkei 400 constituent. (see Chapter IV)

- Even though the number of constituents in JPX-Nikkei 400 may decrease between periodic reviews due to the removal of constituents by means other than the periodic review as described in the previous item 2., no supplementary inclusions are made to meet the intended number of constituents (inclusions to meet the intended number of constituents are only made during the periodic review in August).

4. Handling of Data used for Selection

As a general rule, the following data is used for selection of the JPX-Nikkei 400 constituents.

(1) Financial Data

① General Rules pertaining to Financial Data

- The earnings reports of a listed company from the fiscal year ended in April 3

years prior to the year in which the base date falls to the fiscal year ended in March immediately preceding the base date shall be used.

(Ex.) For selection in August 2013, earnings reports from the fiscal year ended April 2010 to the fiscal year ended March 2013 will be used.

- Consolidated earnings figures will be given preference. In cases of a fiscal year in which only non-consolidated earnings figures were disclosed, non-consolidated figures shall be used.
- In cases of an absorption-type merger/stock swap during the relevant period, the information of the surviving company following the merger or the new parent company following the stock swap shall be used for the fiscal years prior to such merger/stock swap.
- In cases of technical listing via succession due to a corporate consolidation (stock transfer), merger involving the establishment of a new company, or corporate split, the information of the company which the Index Provider deems the subject of the corporate action pertaining to such technical listing shall be used for the fiscal years prior to the technical listing (to be determined in consideration of factors such as stock transfer ratio).

② 3-year average ROE

The 3-year average ROE shall be calculated as below.

$$3 - \text{year average ROE} = \frac{\text{Total Net Income in past 3 years}}{\text{Total capital in past 3 years (beginning - end of year average)}} \times 100$$

• For companies using IFRS, “net profit of parent company holder” shall be used in place of net income, and “total equity (of parent company holder)” shall be used in place of total capital.

• For companies using US accounting standards, “net income of shareholders” shall be used in place of net income and “shareholders’ equity” shall be used in place of total capital.

③ 3-year cumulative operating profit

3-year cumulative operating profit shall be calculated as below.

$$3 - \text{year cumulative operating profit} = \text{Total operating profit in past 3 years}$$

- Companies which do not disclose operating profit shall use ordinary profit or income before taxes (in such order).

(2) Data pertaining to matters for calculating qualitative score

① Corporate Governance Reports

The most recent Corporate Governance Report submitted by the 10th business day of July following the base date, after the general shareholders meeting pertaining to the most recent fiscal year of those in (1)① above shall be used (in cases where no report was submitted during such period, the qualitative scoring in III.1.(2)④ will not occur).

② TDnet

Information registered at the time of the base date shall be used.

IV. Adjustments to Base Market Value

Whenever the market value of the index changes due to an increase or decrease in constituent issues, capital raising, or similar events other than market fluctuations, the base market values for JPX-Nikkei 400 is adjusted as follows to maintain continuity.

1. Events that Require Adjustment

(1) Inclusion or Removal of Constituents

	Event Requiring Adjustment		Adjustment Date	Stock Price Used for Adjustment
Inclusion	New listing of a newly established company resulting from a corporate consolidation, etc. (*1) that results in a JPX-Nikkei 400 constituent being delisted and the new company being immediately listed on the TSE.		New listing Date (*2)	Base Price
	Periodic review in August		Last business day of August	Stock price on the business day before adjustment date
Removal	Delisting	New listing of a newly formed company resulting from a corporate consolidation, etc. (*1) that results in a JPX-Nikkei 400 constituent being delisted and the new company being immediately listed on the TSE	New listing date of the newly formed company (normally three business days following delisting date)	Stock price on the business day before delisting date (*3)
		Delisting other than those stated above (e.g. non-surviving company as a result of merger/acquisition, etc.)	Delisting Date	Stock price on the business day before adjustment date
	Designation as Securities to be Delisted		Four business days after such a designation *4	Stock price on the business day before adjustment date
	Annual review of constituents in August		Last business day of August	Stock price on the business day before adjustment date

*1: Corporate consolidation, merger, acquisition, merger involving the establishment of a new company, or split (shareholder-directed spin-off)

*2: Next business day when the new listing date falls on a holiday.

*3: During the period from the delisting date to the business day before the date of removal from the index, the price on the business day before the delisting date is used for index calculation.

*4: If the date of designation as Securities to be Delisted falls on a holiday, it will be the following business day.

(2) Changes in Number of Shares Used for Index Calculation

(Reference Translation)

Event Requiring Adjustment		Adjustment Date	Stock Price Used for Adjustment
Change of FFW ratio following cap-adjustment		Change date	Stock price on the business day before adjustment date
Public offering		Additional listing date (the next day following the payment date) (*1)	Stock price on the business day before adjustment date
Third-party allotment		Five business days after additional listing date which is two business days after payment date	Stock price on the business day before adjustment date
Capital increase via paid-in allotment of shares to shareholders		Ex-rights date	Payment price per share
Exercise of subscription warrants		Last business day of the month following exercise	Stock price on the business day before adjustment date
Conversion of preferred stock, etc.		Last business day of the month following conversion	Stock price on the business day before adjustment date
Cancellation of treasury stock		Last business day of the month following cancellation	Stock price on the business day before adjustment date
Merger /Acquisition	Situations in which a constituent of TSE-calculated indices(*2) is the non-surviving entity (mergers/acquisitions between two issues that are both constituents of an index calculated by the TSE)	Delisting date of the non-surviving entity	Stock price on the business day before adjustment date
	Situations other than those described above	Additional listing date (effective date)	Stock price on the business day before adjustment date
Sale of shares held by the Japanese government (Nippon Telegraph and Telephone and Japan Tobacco only)		Date determined by the Index Provider (*3)	Stock price on the business day before adjustment date
Rights Offering (*4)		Ex-rights date	Payment price per share
Company split (merged split)		Additional listing date (effective date)	Stock price on the business day before adjustment date
Other adjustments (*5)		Last business day of the month in which the information announced in "Sho-ho" (TSE Notice) or the last business day of the following month	Stock price on the business day before adjustment date

*1: Next business day when the additional listing date falls on a holiday (the same apply hereafter)

*2: As a general rule, limited to constituents of TSE-calculated indices which are common stocks.

*3: Generally the delivery date

*4: The number of shares for Rights offering used for calculating indices will correspond to the number of

shares to be allocated to shareholders.

*5: For example, situations in which an issuer of convertible bonds or other securities conducts a stock split; the number of shares calculated based on ratios for stock splits, reverse splits, paid-in allotment to shareholders, etc. is different than the final number of shares determined after the effective date; or revisions made by listed companies after data has been reflected in index calculation.

*6: Base market value (BMV) is not adjusted in the case of a stock split or reverse stock split as the decrease or increase in share price corresponds to the change in the number of listed shares, and the market capitalization remains unchanged.

(3) Data Source

- Information on the reason for base market value adjustments, details on the adjustment, the adjustment date and other data is available through the “Sho-ho” (TSE Notice) published daily by TSE based on reports, etc. submitted by issuers. (Please refer to the Section II 5. for information on calculating FFW.)
- If an issuer revises the contents of a previously published report that resulted in an index adjustment, retroactive index adjustments will NOT be made based on the revised contents

2. Adjustment Method

(1) Indices that do not reflect dividends (i.e. price indices)

i. Adjustment Method

- The base market value will be adjusted according to the formula below in order to maintain the continuity of the index:

$$\frac{\text{Previous Business Day Market Value}}{\text{Old Base Market Value (Before Adjustment) - Adjustment Base Market Value}} = \frac{(\text{Previous Business Day Market Value} \pm \text{Adjustment Amount})}{\text{New Base Market Value (After Adjustment)}}$$

*Adjustment Amount = Increase (Decrease) in Number of Shares Used for Index Calculation x Stock Price Used for Adjustment

Therefore,

$$\text{New Base Market Value} = (\text{Old Base Market Value} \times (\text{Previous Business Day Market Value} \pm \text{Adjustment Amount})) / (\text{Previous Business Day Market Value})$$

ii. Adjustment Example

- If, for example, the old base market value is 20 trillion yen and the previous day's market value is 400 trillion yen, the index value on the previous day will be:

$$\text{Previous Day's Index} = ¥400 \text{ tn} \div ¥200 \text{ tn} \times 10,000 = 20,000.00$$

- Now, suppose that the number of listed shares of Stock A used for index calculation increases by 100 million shares due to a public offering. If its closing price on the previous day was ¥2,000, the adjustment amount is 100 million shares \times ¥2,000 = ¥200 billion. The new base market value, therefore, is:

$$\text{New Base Market Value} = ¥200 \text{ tn} \times (¥400 \text{ tn} + ¥200 \text{ bn}) \div ¥400 \text{ tn} = ¥200.1 \text{ tn}$$

- As illustrated below, if there is no price change in any constituent, the value for the index today is the same as the previous day: 20,000 points. Thus, continuity in the index is maintained though adjustments to base market value even if the market value of constituents changes due to public offering.

$$(¥400 \text{ tn} + ¥200 \text{ bn}) \div ¥200.1 \text{ tn} \times 10,000 = 20,000 \text{ points}$$

(2) Total Return Index

- Dividends used in calculating the Total Return Index are gross (i.e. before tax)
- Since the dividend amount for the current period is not fixed as of the ex-dividend date, adjustments made to reflect dividends in the base market value are made in two stages: 1) adjustment using estimated dividends and 2) minor adjustments made to reflect differences between estimated dividends and the dividend amount announced in the earnings report.

a. Adjustments Using Estimated Dividends

- The total dividend amount for all constituents is calculated on ex-dividend dates using estimated dividends, and the base market value is adjusted as above. In principle, the estimated dividend amount used is as follows:
 - i. Dividend amount for the current period as announced in timely disclosure documents, if available.
 - ii. Dividend amount for the previous period if the dividend for the current period is not

(Reference Translation)

fixed (e.g. the dividend is not announced in disclosure documents as i. above, or the amount is not determined, etc.)

- The base market value adjustment method is basically as described in the previous section, except an adjustment is made to reflect dividends as follows:

$$\text{New Base Market Value} = \frac{\text{Old Base Market Value} \times (\text{Previous Business Day Market Value} - \text{Total Dividends} \pm \text{Adjustment Amount})}{\text{Previous Business Day Market Value}}$$

*Dividends per Constituent = Number of Shares Used for Index Calculation on Business Day Before Ex-Dividend Date × Estimated Dividend Per Share

*Total Dividends = Sum of Dividends for All Constituents

*Adjustment Amount = Increase (Decrease) in Number of Shares Used for Index Calculation × Share Price Used for Adjustment

b. Minor Adjustment to Reflect Difference Between Estimated and Actual Dividends

- Minor adjustments are made with respect to those constituents for which the estimated dividend used on the ex-dividend date and the dividend announced in the earnings report are different. Specifically, the total dividend adjustment amount is calculated on the 7th day of the 3rd month after the ex-dividend date (or the previous business day if the 7th day falls on a holiday), and the base market value is adjusted using that amount. (For example, for companies that announce earnings in March, the adjustment is made on June 7th.)
- Data used to calculate the adjustment amount is the information available as of three business days before the adjustment date. However, if a dividend adjustment is announced outside of this timeframe and the Index Provider deems that the adjustment will have a significant impact on the index value, an additional minor adjustment will be made.

$$\text{New Base Market Value} = \frac{\text{Old Base Market Value} \times (\text{Previous Business Day Market Value} - \text{Total Adjusted Dividends} \pm \text{Adjustment Amount})}{\text{Previous Business Day Market Value}}$$

* Adjusted Dividend per Constituent = Number of Shares Used for Index Calculation

(Reference Translation)

on Business Day Before Ex-Dividend Date \times (Dividend Announced in Earnings Report - Estimated Dividend per Share)

* Total Adjusted Dividends = Sum of Adjusted Dividends for All Constituents

* Adjustment Amount = Increase (Decrease) in Number of Shares Used for Index Calculation \times Stock Price Used for Adjustment

V. Other

1. Publication/Dissemination of Index Data

(1) Index Values

- Index values that do not reflect dividends of JPX-Nikkei 400 is disseminated in real-time (every 1 seconds) through the Market Information System to securities companies, news media, and other institutions all over the country.
- Total return index value of JPX-Nikkei 400 is calculated daily at market close.

(2) Basic Information

- Basic information relating to JPX-Nikkei 400 (base market value, number of shares for each constituent, etc.) is provided for a fee through the Tokyo Market Information service

2. Licensing

- JPX-Nikkei 400 is a copyrighted material calculated in a methodology independently developed and created by the Index Provider and the Index Provider is the sole exclusive owner of the copyright and other intellectual property rights in JPX-Nikkei 400 itself and the methodology to calculate JPX-Nikkei 400. Commercial use of JPX-Nikkei 400 must be licensed by the Index Provider. Such uses include, but not limited to, provision of derivative products such as futures and options, creation and marketing of linked funds or linked securities, or distribution of the index for the data and analytic services.