

S&P Japanese Indices Consultation on the Constituent Selection Buffer Rules – Results

TOKYO, DECEMBER 1, 2021: S&P Dow Jones Indices (“S&P DJI”) has conducted a [consultation](#) with market participants on potential changes to the S&P Japanese Indices.

In order to ensure that higher ranked stocks from the eligible universe are represented in the indices, S&P DJI will modify the indices’ constituent selection buffer rules. The table below summarizes the changes.

Methodology	Constituent Selection Process																						
Previous	<p>At each review, stocks in the eligible universe are ranked by their three-month average float-adjusted market capitalizations (“FMC”). If a current constituent ranks below the threshold rank detailed below, it is removed. The largest non-constituent that is ranked within the representative size segment is added as a replacement, provided all other eligibility factors are met. The removal and replacement rank thresholds are as follows:</p> <table border="1"> <thead> <tr> <th>Index</th> <th>Removal</th> <th>Replacement</th> </tr> </thead> <tbody> <tr> <td>S&P/TOPIX 150</td> <td>Rank lower than 220</td> <td>Rank among the top 150</td> </tr> <tr> <td>S&P Japan Mid Cap 100</td> <td>Rank lower than 330</td> <td>Rank between 151 and 250 (inclusive)</td> </tr> <tr> <td>S&P Japan Small Cap 250</td> <td>Rank lower than 650</td> <td>Rank between 251 and 500 (inclusive)</td> </tr> </tbody> </table>	Index	Removal	Replacement	S&P/TOPIX 150	Rank lower than 220	Rank among the top 150	S&P Japan Mid Cap 100	Rank lower than 330	Rank between 151 and 250 (inclusive)	S&P Japan Small Cap 250	Rank lower than 650	Rank between 251 and 500 (inclusive)										
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Updated	<p>At each review, stocks in the eligible universe are ranked in descending order by their three-month average FMCs. The selection process is conducted first on the S&P Japan 500, followed by the S&P/TOPIX 150, and then the S&P Japan Mid Cap 100 using the two-way buffer selection steps described below. Stocks that are included in the S&P Japan 500, but excluded from the S&P/TOPIX 150 and S&P Japan Mid Cap 100, form the S&P Japan Small Cap 250.</p> <p><u>Two-Way Buffer Selection Steps:</u></p> <ol style="list-style-type: none"> 1. Stocks ranking higher or equal to direct entry buffer threshold are included. 2. Stocks ranking lower than the direct removal buffer threshold are excluded. 3. Current constituents not included in the above steps but ranking higher or equal to the direct removal buffer threshold are included in order of the highest rank until the fixed count is achieved. 4. In cases where the fixed count is not achieved after the above steps, non-index constituents are selected in order of the highest rank to achieve the fixed count. <table border="1"> <thead> <tr> <th rowspan="2">Index</th> <th colspan="2">FMC Buffer Thresholds</th> <th rowspan="2">Fixed Count</th> </tr> <tr> <th>Direct Entry</th> <th>Direct Removal</th> </tr> </thead> <tbody> <tr> <td>S&P Japan 500</td> <td>Rank higher or equal to 350</td> <td>Rank lower than 650</td> <td>500</td> </tr> <tr> <td>S&P/TOPIX 150</td> <td>Rank higher or equal to 80</td> <td>Rank lower than 220</td> <td>150</td> </tr> <tr> <td>S&P Japan Mid Cap 100*</td> <td>Rank higher or equal to 170</td> <td>Rank lower than 330</td> <td>100</td> </tr> <tr> <td>S&P Japan Small Cap 250</td> <td colspan="2">Stocks included in the S&P Japan 500, but excluded from the S&P/TOPIX 150 and S&P Japan Mid Cap 100</td> <td>250</td> </tr> </tbody> </table> <p>* Stocks dropped from the S&P/TOPIX 150 flow through to the S&P Japan Mid Cap 100 provided they are ranked higher than 330.</p>	Index	FMC Buffer Thresholds		Fixed Count	Direct Entry	Direct Removal	S&P Japan 500	Rank higher or equal to 350	Rank lower than 650	500	S&P/TOPIX 150	Rank higher or equal to 80	Rank lower than 220	150	S&P Japan Mid Cap 100*	Rank higher or equal to 170	Rank lower than 330	100	S&P Japan Small Cap 250	Stocks included in the S&P Japan 500, but excluded from the S&P/TOPIX 150 and S&P Japan Mid Cap 100		250
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These changes will be implemented in conjunction with the upcoming index rebalancing, which takes effect prior to the market open on **Monday, December 20, 2021**. The changes will first be visible to clients in proforma files beginning on Friday, December 3, 2021.

Please note the S&P Japanese Indices Methodology and S&P/TOPIX 150 Methodology on S&P DJI's website are being updated to reflect these changes.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

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S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500[®] and the Dow Jones Industrial Average[®]. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

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