



## Press Release

### **S&P and TSE to offer Risk Control Overlay to Japan's Flagship TOPIX Index; Launches TOPIX Risk Control Index Series, 5%, 10%, 15%**

*Provides new level of innovation for investors in Japan to see and manage volatility*

**Hong Kong, XX May 2011** – Joining with S&P Indices to offer Risk Control Overlay to Japan's Flagship TOPIX Index, Tokyo Stock Exchange today launched the TOPIX Risk Control Index Series, 5%, 10%, 15%, which applies the S&P risk control framework to the Tokyo Stock Price Index (TOPIX), the flagship index of the TSE. S&P Indices is the only major index provider to offer risk controlled versions of the closely followed TOPIX index.

The TOPIX Risk Control Index seeks to increase exposure to the TOPIX Total Return Index during times of low market volatility, while reducing exposure during times of higher market volatility. It consists of a position in the TOPIX Total Return Index and a cash position based on the Domestic Interbank Unsecured Overnight Call Rate. The index series includes three indices with a target volatility rate of 5%, 10% and 15% respectively, and is generated and published under agreements between S&P Indices and the TSE.

Yoshiyuki Makino, Senior Director and Head of S&P Indices in Tokyo, said: "With ETF products ever more popular in Japan as elsewhere, a local risk control index series from a major index house is an important market development. The new TOPIX Risk Control Index Series enhances market transparency and measurability of risk, allowing a range of robust new investment products to be developed."

"Like all of our indices, the TOPIX Risk Control Series is built on reliable data, robust data processing and sound methodology. These are the foundations of our global capabilities that equip us to bring to the local market innovative indices that enable product providers to fine tune their offerings for Japanese investors."

The methodology for this Index is the same as the Risk Control parameters for other indices in the S&P Risk Control family: the index is rebalanced daily; realized volatility is calculated by using a 100-day simple-weighted moving average; and the interest rate is based on the Domestic Interbank Overnight Call rate.

For more information about S&P Indices, please visit: [www.standardandpoors.com/indices](http://www.standardandpoors.com/indices). S&P Indices research and thought leadership pieces are available at [www.spindices.com](http://www.spindices.com)

#### **About S&P Indices**

S&P Indices, a world leading index provider, maintains a wide variety of investable and benchmark indices to meet an array of investor needs. Over \$1.25 trillion is directly indexed to Standard & Poor's family of indices, which includes the S&P 500, the world's most followed stock market index, the S&P/Case-Shiller Home Price Indices, the leading measure of U.S. home prices, the S&P Global BMI, an index with approximately 11,000 constituents, the S&P GSCI, the industry's most closely watched commodities index, and the S&P National AMT-Free Municipal Bond Index, the premier investable index for U.S. municipal bonds. For more information, please visit [www.standardandpoors.com/indices](http://www.standardandpoors.com/indices).

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**For more information contact:**

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XXXXXXXX@standardandpoors.com

David R. Guarino

S&P Indices - New York

Communications

212 438 1471

[dave\\_guarino@standardandpoors.com](mailto:dave_guarino@standardandpoors.com)

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