

Invitation for Consultation

May 24, 2019

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Invitation for Consultation: Proposed Change to the Inclusion Criteria for NOMURA-BPI

Index Operations Department at Nomura Securities Co., Ltd. is considering revising the inclusion criteria of NOMURA-BPI and NOMURA-BPI/Extended. Index users and other stakeholders are invited to comment on the proposed changes as described below:

1. Subject indices

NOMURA-BPI

NOMURA-BPI/Extended

2. Background

For both subject indices, the portfolio constitution criteria currently excludes any bond listed in TOKYO PRO-BOND Market (PRO-BOND), because the listing rule of PRO-BOND in principle requires the bond to accompany transfer restriction clause at the issuance. Due to this transfer restriction, we have not regarded the bond listed in TOKYO PRO-BOND Market as “publically offered bond”, which is the inclusion criteria of subject indices, as commented in 2012.

However, as an exception, the securities that are not subject to disclosure rules of the Financial Instruments and Exchange Act, such as the bonds issued by domestic local government and government affiliated corporations, are not required to accompany transfer restriction clause in listing TOKYO PRO-BOND Market.

In 2018, there was the first bond listed to TOKYO PRO-BOND Market without transfer restriction clause applying the above exception rule. Taking into account the changing situation, we review the current inclusion criteria that currently sets all the bonds listed PRO-BOND Market are excluded from the criteria of subject indices.

3. Proposed Change

Excluded securities in the Inclusion criteria of subject indices are proposed to be revised as follows:

Current rule	Proposal
Bonds listed in TOKYO PRO-BOND Market	Bonds listed in TOKYO PRO-BOND Market <u>and subject to disclosure rules of the Financial Instruments and Exchange Act, namely the securities that are not subject to the disclosure exemption stated in Article 3 of the Financial Instruments and Exchange Act.</u>

4. Due date

June 24, 2019

5. Submission of comments

Send e-mail to idx_mgr@jp.nomura.com

Please use “Comments on proposed changes to the indices” in the subject.

Please kindly note that comments are only accepted by means of e-mail. (telephone is not accepted)

6. Notes

- We may contact to the comment provider in order to confirm the detail of the comments.
- We will publish the summary of received comments and our responses. Organization name of the comment provider may be publicized unless the comment provider explicitly requests not to publicize the organization name.
- Personal information of the comment provider is appropriately treated, subject to Japanese laws and regulations.
- Please kindly note that we will not respond to individual comments.

(Appendix 1)

With regard to the term “bond listed to TOKYO PRO-BOND Market without transfer restriction clause” in **2. Background**, Index Operations Department acknowledges that, as of May 29 2019, the following yen-denominated bonds are listed to TOKYO PRO-BOND Market without transfer restriction clause.

Issue date	Bond name	Issue amount [Bil. JPY]
Jun. 28 2018	Japan International Cooperation Agency FILP Agency Bonds #44	15.0
Jun. 28 2018	Japan International Cooperation Agency FILP Agency Bonds #45	10.0
Sep. 20 2018	Japan International Cooperation Agency FILP Agency Bonds #46	20.0
Dec. 20 2018	Japan International Cooperation Agency FILP Agency Bonds #47	15.0