

August 10, 2016

Change the rules for Russell/Nomura Japan Equity Indexes

Nomura Securities Co., Ltd. and Frank Russell Company have revised partially the rules for Russell/Nomura Japan Equity Indexes.

The new rules listed below will be effective from the periodic reconstitution in November 2016.

Summary of Changes

Corresponding no. in the rule book	Current rule	New rule
3.1. Periodic reconstitution date	The periodic reconstitution date is the first business day in December each year , and the reconstitution is carried out after the close of trading on the business day preceding the periodic reconstitution date. Component stocks are determined based on data as of 15 October (or the preceding business day if this is a non-business day), defined as the periodic reconstitution base date.	The periodic reconstitution date is 20 November each year (or the following business day if this is a non-business day) , and the reconstitution is carried out after the close of trading on the business day preceding the periodic reconstitution date. Component stocks are determined based on data as of 15 October (or the preceding business day if this is a non-business day), defined as the periodic reconstitution base date.
4.2.2. Unrealized gains/losses on marketable securities 4.2.3. Unrecognized pension liabilities	N/A	<u>The effective tax rate is revised at the time of the periodic reconstitution.</u>
6.3.3. Marked loss of eligibility for inclusion in stock selection universe	If a stock is viewed to have become markedly at odds with the definitions of 3.4 Stock selection universe, owing to the occurrence of an event, the stock can be removed provided there is an official announcement by the company, stock exchange, government, or regulatory agency.	If a stock is viewed to have become markedly at odds with the definitions of 3.4 Stock selection universe, owing to the occurrence of an event, the stock can be removed provided there is an official announcement by the company, stock exchange, government or regulatory agency. <u>However, after the stock has been removed from the index if the reason for its exclusion has been withdrawn, as of the periodic reconstitution base date, it will no longer be regarded as ineligible for inclusion in the stock selection universe.</u>

Please refer to Russell/Nomura Japan Equity Indexes rulebook, http://qr.nomuraholdings.com/en/frcnri/docs/RN_rule201608E.pdf, for the details.

We ask for your continued support of Russell/Nomura Japan Equity Indexes.

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