

# Glossary (Equity)

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# Equity Index Glossary

Key items	Definition
<b>5% rule</b>	This rule is meant to keep down the number of stocks with extremely small market cap in the value and growth indexes.
<b>Absorption-type mergers</b>	It is a type of merger in which one company acquires other company where the legal entity of the acquired company is extinguished. All the rights and obligations held by extinguished company are transferred to the acquiring company.
<b>Adjusted P/B</b>	The measuring standard to calculate the weight of market capitalization of stocks used to select constituents for investment style indexes. The purpose of the adjustment is to reduce the gap between the book value and market value of the balance sheet items.
<b>Adjustments outside regular reconstitutions</b>	In case the number of shares changes due to the change in capital structure, apart from periodic reconstitutions, stable shareholding ratio will be adjusted so that the number of shares included in the index remains the same. This type of reconstitutions is implemented as appropriate.
<b>All stocks listed on all markets</b>	All stocks listed on the domestic stock exchanges (Domestic stock exchanges: Tokyo Stock Exchange Prime Market, Tokyo Stock Exchange Standard Market, Tokyo Stock Exchange Growth Market, TOKYO PRO Market, Nagoya stock exchange, Fukuoka stock exchange and Sapporo securities exchange)
<b>Banding</b>	The rule is meant to limit the frequent replacement of stocks for the Prime Index owing to small changes in market cap.

<b>Periodic reconstitution base date</b>	The date on which market data is referred for reconstitution. (e.g., Base date of Russell/Nomura Japan Index is October 15, if the day is holiday, next working day.)
<b>Base date</b>	The date on which the index value is base value. (e.g., Index value of the Prime Index on December 29, 1996 (= base date) was 1,000 points (= base value).)
<b>Base value</b>	The index value on the base date. (e.g., Index value of the Prime Index on December 29, 1996 (= base date) was 1,000 points (= base value).)
<b>Cap on a component stock's weight</b>	The rule is meant to restrain the imbalance of index weighting to specific stock.
<b>Change in capital structure</b>	Change in a company's equity structure or change in the total number of issued shares. It includes, for example, split, merger, paid-in capital increase, stock transfer, etc.
<b>Component stocks</b>	Stocks which are included in the index.
<b>Consolidation-type mergers</b>	It is the type of merger used when two or more companies are merged. All the legal entities of the companies involved in the merger are extinguished. All the Rights and obligations held by the companies before the merger are transferred to the newly established company as a result of the merger.
<b>Delisting</b>	It is the removal of stocks, bonds, etc. that were included in the universe of trading in the market established by exchange from the universe of trading in the market.
<b>Dividend tax adjusted index values</b>	The index value subtracting tax from the total return.
<b>Estimated market value</b>	It is the estimated value that adjusts market value on marketable securities and unrecognized retirement benefit obligations as of the periodic reconstitutions date. It is adjusted from the reported figures on the reporting date of the earnings report.

<b>Exclusions between regular reconstitutions</b>	This rule allows stocks to be removed early if the likelihood of removal at the next regular reconstitution is increasing owing to a sharp decline in market cap.
<b>Free float-adjusted market cap (after adjustment to reflect the stable shareholding)</b>	Market capitalization that takes consideration of free float shares after adjusting stable shareholdings.
<b>Growth Index</b>	One of investment style indexes composed of high adjusted P/B stocks.
<b>Inclusion date</b>	The date when the stocks which have not been included in the indexes are newly included in the indexes.
<b>Index inclusion ratio for stock</b>	It is the ratio that shows the number of shares included in the index against the number of share outstanding.
<b>Index inclusion weight for stock</b>	The Percentage of a stock's market capitalization in an index.
<b>Index market cap</b>	Market capitalization value used for calculating index values. Index market cap is calculated based on the calculation rule set for each index.
<b>Russell Nomura Prime Index</b>	The index consists of the top 1000 stocks in the Total Market Index by market cap excluding stable shareholdings.
<b>Investment style indexes</b>	The index reflecting the investment style such as Value or Growth utilizing adjusted P/B as measuring standard.
<b>Major shareholder data</b>	Shareholder information of listed companies published by Toyo Keizai.
<b>Negative list</b>	The rule aiming to restrict the inclusion of stocks with exceptionally low liquidity.
<b>New listing</b>	It means that unlisted companies will list their shares to exchange market so that unspecified number of investors are able to trade their shares.
<b>Nomura composite price</b>	Nomura composite price is the price on the exchange that is considered to show the most accurate price for that stock, based on the stock's percentage of traded days and total trading volume of the last 60 business days.

<b>Number of shares of the stock within the index</b>	It is the number of shares that is, based on the index inclusion ratio, included in the index out of total outstanding shares.
<b>Number of shares outstanding for index calculation purposes</b>	It is the number of shares that reflects the change in capital structure in line with the timing of the change, based on the number of total issued shares.
<b>Periodic reconstitutions</b>	The periodic reconstitution is implemented in accordance with the index rules. If there is an exclusion of stock as a result of merger and acquisition after the periodic reconstitutions, there will be no replenishment to the index until the next periodic reconstitution.
<b>Publication start date</b>	The date on which the index is started to be published.
<b>Reconstitution date</b>	The date on which indexes are reconstituted. (e.g., reconstitution date of Russell/Nomura Japan Index is November 20, if the day is holiday, next working day.)
<b>Removal date</b>	The date at which certain stocks are removed from the indexes.
<b>Score</b>	One of indicators to allocate the stock into index. It depends on each index rule.
<b>Screening</b>	To sort and select the stocks for an index pursuant to the rule of the index.
<b>Size-based indexes</b>	It is the index classified based on the size of free float adjusted market capitalization.
<b>Stable shareholding ratio</b>	Ratio of shares not distributed in the market owing to the holdings by large shareholders.
<b>Number of stable shareholdings</b>	The number of shares that are not distributed in the market owing to the holdings by large shareholders such as cross shareholding, stable stockholders.
<b>Stock market cap for the index</b>	It is the market capitalization value used to calculate the number of shares and weighting for the index. Index market capitalization multiplied by the inclusion weight for stock.
<b>Stocks under supervision (confirmation)</b>	It refers to the stocks under supervision that are not categorized in the stocks under supervision (examination).

<b>Stocks under supervision (examination)</b>	It refers to the stocks under supervision due to adverse opinion with misstatement on financial statements, auditing issue, or serious offence of listing agreement, etc.
<b>Style probability</b>	It is the Ratio of market capitalization apportioned to value and growth for each stock. Adjusted P/B is used to calculate the probability.
<b>Target companies of a tender offer</b>	It refers to the targeted companies of a tender offer. A tender offer is a type of public takeover bid. The tender offer is a public, open offer or invitation by a prospective acquirer to all stockholders of a publicly traded corporation to tender their stock for sale at a specified price during a specified period.
<b>The base market cap</b>	It is the market capitalization used for index value calculation which is calculated to obviate the index value volatility caused by non-market reasons such as change in capital structure or change in stock constituents.
<b>Industrial classification</b>	The 33 sectors according to the industrial sectors defined by the Securities Identification Code Committee (SICC).
<b>Total Market Index</b>	One of Russell/Nomura Japan Equity Indexes. The index is composed by the stocks that are top 98% of all listed stocks in terms of free float-adjusted market cap. The number of stocks in this index is adjusted to 100 multiples.
<b>Universe</b>	Group of stocks from which equity index component stocks are selected.
<b>Unscheduled reconstitutions</b>	The unscheduled reconstitution is a provisional turnover by the rules. We rebalance only the stocks corresponding to the rules. The rules allow stocks to be removed early if the likelihood of removal at the next regular reconstitution is increasing, and to avoid temporary exclusions and thus maintain the consistency of the stocks included in the index.

<b>US dollar-denominated index values</b>	US dollar-based index value that yen-based index is converted by using exchange rate on the respective reference and calculation dates for each index.
<b>Value Index</b>	One of investment style indexes constituted of low adjusted P/B stocks.