

Mizuho Custody Newsletter

November 2025 | Japan

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I. Market News

1. TOPIX reform usher change

For many years, the Tokyo Stock Price Index (TOPIX) has been the main way to measure how Japanese companies are doing in the stock market. It is often used by both Japanese and international investors. Recently, the Japanese stock market authorities have made big changes to how TOPIX works. These changes are having a large impact on how Japanese companies act and how overseas investors view Japan.

A major reason for these reforms is the growth of passive investment. Passive investment means people buy funds that match big indexes like TOPIX, instead of picking individual companies. More than JPY 110 trillion (about USD 760 billion) is linked to TOPIX. Because so much money depends on TOPIX, it is important for the index to be fair, useful, and easy to understand. The Tokyo Stock Exchange (TSE) and Japan Exchange Group made changes to TOPIX so it would follow global standards and become more trustworthy for investors. After Japan changed the structure of its stock market in 2022, TSE also decided to change how it picks the companies included in TOPIX. Now, companies must meet clear rules—mainly about the number of shares people can freely buy and sell and how active their trading is.

The changes are happening step by step over several years. By 2028, the number of companies in TOPIX will go down from about 2,200 to around 1,200. Now,

the index is not tied to certain market segment but uses clear and fair standards checked every year. Strict rules about liquidity and market size have replaced the old, looser ways. This change answers the requests of international investors who want higher transparency and for the index to show only companies that are easy to invest in. These reforms are much more than just a simple adjustment—they are making Japanese companies think differently about how they connect with investors.

For Japanese companies, being removed from TOPIX would be a big loss. It would mean less prestige and possibly less money from global investment funds. Because of this, many companies are working hard to stay in the index. They are selling shares held by other companies (cross-shareholdings) to increase the shares available for trading. Some are buying back their own shares or selling treasury stock. Others are changing their financial planning, trying to increase their profits or make better use of investor money, for example by improving their return on equity. Investor relations—the way companies talk and listen to investors—has become a major focus. More companies are talking directly with both overseas and Japanese investors, offering new benefits to shareholders, and using the internet to communicate. They are also setting clear goals about how much profit or return they aim to achieve.

All these efforts show a change in attitude in Japan's corporate world. In the past, some companies focused on keeping things as they were, but now, they know they must prove their value and be open with shareholders. The new TOPIX rules are pushing companies to be more active in governance, to be open and honest, and to work harder to create value for those who invest in them. More companies are increasing dividends, having greater dialog with investors, and explaining their growth plans—clear signs that they want to be seen as open and competitive businesses.

The updates to the index are making TOPIX more attractive for investors. By only including companies with enough shares on the market and good trading

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volumes, the new system is expected to make stock trades easier and decrease the effect of rarely traded shares. These rules make TOPIX a better tool for both passive and active investors and bring Japan closer in line with the main markets in the world. Global investors can now more easily invest in Japan, knowing they are buying into companies that are truly open for trading. The step-by-step nature of the changes means that companies have time to adapt, and investors can avoid sudden surprises.

All of these reforms are part of Japan's bigger goal to become more important in global finance. The Tokyo Stock Exchange wants companies to be more open, use money wisely, and give back to shareholders. These reforms are not just about changing index rules—they are about changing how companies and markets work in Japan. Management teams now need to measure themselves against global standards and work to earn the trust of international investors.

Looking to the future, these changes promise to make Japanese equity markets more dynamic and attractive. Because the reforms are being rolled out step by step, companies have a chance to adjust and possibly make it back into TOPIX if they fall out. There are also new ways for investors to track other “up-and-coming” companies, keeping the market broad and providing choices for all types of investors.

The transformation of TOPIX sends a clear message to the world: Japan is working to offer an open, fair, and high-quality market to all shareholders. By improving its standards, Japan is strengthening its place in global investment and creating new chances for long-term investors. For overseas investors, the new TOPIX is more than just index reform—it shows the growth of Japan's entire market system. As the market becomes more open and accountable, it offers better opportunities for those looking to invest in the “new Japan” and become a part of its future growth.

Compiled from Nikkei Shimbun and Mizuho research.

More details about the revision of TOPIX is available from the below Japan Exchange Group website:

https://www.jpx.co.jp/english/markets/indices/revisions-indices/b5b4pj0000049s3x-att/RevisionsofTOPIX_e.pdf

2. Stablecoin growth in Japan

Japan has recently accelerated its efforts surrounding stablecoins, a new form of digital money that has gained popularity around the world. Stablecoins are designed to keep their value linked to traditional currencies, such as the US dollar or the Japanese yen, and people everywhere are becoming more interested in these new tools for payments and money transfers. While some other countries have taken the lead in regulating stablecoins, Japan is now making important progress by creating clear rules and encouraging innovation in the sector.

Stablecoins are different from regular cryptocurrencies such as Bitcoin, which can experience big price changes in a short time. With stablecoins, one coin is almost always equal to one unit of normal currency, which means that people do not have to worry about sudden drops or increases in value. This safety and reliability have made stablecoins popular with both companies and individuals, especially for quick payments and sending money across borders.

Recent changes in global finance have placed new importance on stablecoins. For example, the United States introduced new regulations for stablecoins, asking companies to back their coins with safe assets like cash or government bonds and report their reserves regularly. This measure is designed to keep users safe and make sure stablecoins really hold their value. Meanwhile, in Europe and Asia, financial authorities have made similar moves. Efforts such as the plan for a digital euro are expected to result in new digital payments systems over the next few years.

In Japan, lawmakers have also adapted the rules to meet the needs of a digital society. New laws require any yen-linked stablecoin to be backed by real money or government bonds stored in trusts, and only licensed institutions can issue these coins to the public. These steps are designed to protect users, avoid any misuse, and ensure the overall safety of the financial system. The country now has its first publicly available yen-based stablecoin, along with new business experiments in which multiple major financial groups cooperate to build a unified stablecoin-backed network for companies. They hope that this system will help Japanese businesses and consumers enjoy easier, faster, and lower-cost digital payments.

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The advantages of using stablecoins are many. They help money move instantly between people and companies at any time, day or night, which is very important in the global economy. Sending money abroad becomes cheaper and quicker, which helps people who work in one country and send money home to their families. In business, payments are processed much faster, reducing paperwork and handling times. Stablecoins also allow for the use of special digital rules, known as smart contracts, meaning money can be sent, held, or released only under specific conditions that everybody agrees on. This offers more flexibility and safety in business deals or online transactions. In addition, all money flows are recorded using blockchain technology, making it easy to check payments and increase overall trust in the system.

While these benefits have accelerated the use of stablecoins, some challenges remain. One important issue is making sure stablecoins cannot be used for illegal activity, such as money laundering. In Japan, rules about user identity and transaction monitoring are strict, but the system is still developing, especially as new types of stablecoins and cross-border uses appear. Additionally, not all stablecoins are allowed to be used for large business payments yet, as the authorities continue to study their impact on the entire financial system.

Another concern is international compatibility. At the moment, Japanese yen-linked stablecoins cannot be simply exchanged for foreign stablecoins, which limits their use for global trade and remittances. However, both regulators and private companies understand this problem and are discussing ways to connect Japan's stablecoins with systems overseas. This conversation is part of a bigger international effort, as more countries are working together to set worldwide rules and standards for all stablecoins.

Technology is also at the heart of these changes. Stablecoins in Japan use blockchain networks designed for high reliability, so that payments remain safe and transparent even if there are technical problems at some banks or companies. Backed by assets held safely in trust accounts, these digital coins are considered secure by Japanese standards. These technology choices point to Japan's unique approach: combining strict oversight with openness to new financial idea.

Meanwhile, many central banks around the world have been considering their own digital currencies. In Japan, however, the focus is on letting private sector solutions – safe, regulated stablecoins – develop first, while working in close partnership with public authorities. Some believe that the rise of well-regulated private stablecoins makes a central bank digital currency less urgent, while others say both approaches may co-exist or complement each other in the future. That balance between public and private solutions could become an important lesson for many countries.

For global investors, Japan's stablecoin market is now at a key development stage. Clear rules have encouraged financial firms and technology companies to launch new services and products that use stablecoins as a core part of the digital financial system. The arrival of major player partnerships signals that practical use is getting closer, and it is likely that both businesses and consumers will soon benefit from the digital yen-based coins. Still, some details of the legal system and actual business models are being worked out. This means investors must pay close attention as the story develops.

With the world's payments and financial services becoming increasingly digital, stablecoins will likely play a growing role. Japan's unique combination of careful regulation, strong banking sector, and openness to innovation will make the country an important field in the race to develop the future shape of digital money. The focus on security, trust, and practical use means that Japan's model may be watched and copied by others. As stablecoins become more common, both in Japan and worldwide, it is important for investors and users alike to keep up with this fast-moving sector. The future of money may be changing quickly, and Japan is helping to drive that change in a safe and reliable way.

Compiled from Nikkei Shimbun and Mizuho research.

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II. New Equities Listing Approvals

Listing Date	Name of Company	ISIN Code	MKT
Dec-25	LiB Consulting Co.,Ltd.	JP3974670006	G
Dec-24	Hutzper Inc.	JP3825050002	G
Dec-24	PRONI Inc.	JP3833950003	G
Dec-23	Tera Technology,Inc.	JP3546430004	S
Dec-22	Startline CO.,LTD.	JP3399370000	G
Dec-19	GIMIC Co.,Ltd.	JP3264920004	S
Dec-19	Tsuji Hongo IT Consulting Co.,Ltd.	JP3532970005	S
Dec-19	PowerX,Inc.	JP3782910008	G
Dec-18	Mirrativ,Inc.	JP3910610009	G
Dec-17	SBI Shinsei Bank,Limited	JP3167740004	PR
Dec-16	NS Group,Inc.	JP3164810008	PR
Dec-15	AlbaLink Co.,Ltd.	JP3126270002	G
Dec-12	Fitcrew Inc.	JP3803160005	G
Dec-05	FUNDINNO,INC.	JP3802630008	G
Dec-01	INTELLEX HOLDINGS Co.,Ltd.	JP3153140003	S
Dec-01	QPS Holdings Inc.	JP3244860007	G
Dec-15	LOCAL,Inc.	JP3982050001	P
Nov-27	PLAN DO Co.,Ltd.	JP3833170008	P
Nov-21	Value Soft Holdings Corporation	JP3778540009	P
Nov-21	Le Lien Co.,Ltd.	JP3978900003	P
Nov-18	Aitel Co.,Ltd.	JP3104750009	P
Nov-14	TOYO Corporation	JP3610000006	P

**Information compiled based on postings from the Prime (PR), Standard (ST), Growth (G), Tokyo Pro Market (P), NSE (N), FSE (F) & SSE (S).*

***Board lot size is unified to 100*

III. Foreign Ownership Limit Ratio

Click for up-to-date FOL information:

https://www.jasdec.com/en/description/less/for_pubinfo/for_pubinfo.html

Please visit our Custody homepage on the Web at:

<https://www.mizuhogroup.com/bank/what-we-do/custody>

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