

## **Equity Financing by Companies Listed in Japan**

### **(Purpose)**

These statistics publish figures on equity financing by companies listed in Japan with the aim of providing a measure for the general public to better understand conditions and trends in equity financing by companies listed on exchanges in Japan (including companies newly approved to list or newly listed) (hereinafter referred to as “listed companies”).

### **(Definitions)**

#### **【Public Stock Offerings, etc.】**

- “Equity Financing” means financing that increases shareholders’ equity through the issue of new shares and bonds with share options, etc. (including convertible-type bonds with share options).
- “Public Stock Offerings” refers to the act of soliciting 50 investors or more who are not qualified institutional investors to apply to purchase securities newly issued by a listed company in order to raise capital; provided that such act does not consist in the solicitation of professional investors only.  
The figures in this statistics are categorized into public stock offerings by already listed companies and those by newly listed companies, under the title of “Stocks (Non IPO)” and that of “Stocks (IPO)” respectively.

#### **【Public Stock Offerings, etc./ Breakdown by Issue Type】**

- The “Domestic” section of the table shows equity financing in Japan by listed companies.
- The column under the title of “Stocks” shows the numbers and amounts of equity financing by listed companies through issuing stocks (securities representing position or right as shareholder in a company).
- The column under the title of “Convertible-Type Bonds with Share Options” shows the numbers and amounts of equity financing by listed companies through issuing bonds with share options (rights to acquire a specified amount of shares in the company at a predetermined exercise price in exchange for the convertible-type bond with share options if the holder of the convertible-type bond with share options makes a request within a specified period).
- The column under the title of “Bonds with Share Options (Excluding Convertible-Type Bonds with Share Options)” shows the numbers and amounts of equity financing by listed companies through issuing bonds with share options (rights to acquire a specified amount of shares in the company at a predetermined exercise price if the holder of the share option makes a request within a specified period). For aggregation purposes, numbers and amounts of equity financing through issuing convertible-type bonds with share options are shown separately.

- The column under the title of “Share Option Certificates (Commitment-Type Rights Offering)” shows the numbers and amounts of equity financing by listed companies through issuing share option certificates (to be mentioned later) as part of a rights offering (method of equity financing whereby the listed company allots share options to all shareholders without contribution according to the number of shares they hold) whereby the subscribing member is required to exercise share options that were not exercised by shareholders. For aggregation purposes, numbers and amounts of share option certificates that are not commitment-type rights offerings are shown separately.
- “IPO” stands for an initial public offering by an unlisted stock company, etc. to list its stock, etc. on a stock exchange to enable an unspecified and large number of investors to trade in its stock. Ordinarily, such a company makes a public offering or secondary distribution in conjunction with listing their stock on the exchange. When a company already listed on an exchange makes a public offering of new shares in conjunction with listing on another stock exchange, the offering is included in the “Non IPO” column for the purpose of these statistics. (The same also applies to “Secondary Distributions.”)
- The “Overseas” section of the table shows overseas equity financing by companies listed in Japan.
- “DR” stands for Depository Receipt. DRs are certificates issued by overseas depository institutions such as local banks or trust banks that represent ownership of the underlying domestic securities being held in Japan. By making these DRs transferable in overseas markets, the companies listed in Japan can raise funds or have their securities traded overseas. In comparison with directly making the underlying shares transferable in overseas markets, DRs can lower the transaction costs, such as money transfer and delivery costs.

**【Public Stock Offerings, etc./ Breakdown by Overseas Markets】**

- The column under the title of “Swiss Franc Market” indicates the numbers and amounts of Swiss Franc-denominated equity financing in Switzerland made by companies listed in Japan.
- The column under the title of “Eurodollar Market” indicates the numbers and amounts of U.S. dollar-denominated equity financing outside the U.S. made by companies listed in Japan.
- The column under the title of “Other Markets” indicates the numbers and amounts of overseas equity financing made by companies listed in Japan, which are not included in “Swiss Franc Market” or “Eurodollar Market.”

**【(Reference) Shareholder and Third Party Allotments, and Share Option Certificates (Excluding Commitment-Type Rights Offerings)】**

- The column under the title of “Shareholder Allotment” indicates the numbers and amounts of capital increases made by listed companies in Japan through allotting stock acquisition rights evenly in a specific proportion to existing shareholders when issuing new shares.

- The column under the title of “Third Party Allotment” indicates the numbers and amounts of capital increases made by listed companies in Japan through granting stock acquisition rights to specific third parties when issuing new shares.
- The column under the title of “Share Option Certificates” indicates the numbers and amounts of issues of securities that represent the right to acquire shares of the listed company at a predetermined price if the share option is exercised within a specified period. For aggregation purposes, share options (commitment-type rights offerings) are shown separately.

### **【Secondary Distributions】**

- “Secondary Distributions” mean solicitation of purchases or sales of already issued securities to an unspecified number of investors.

### **【Equity Financing by REITs Listed in Japan】**

- “REITs” (Real Estate Investment Trusts) are investment securities or investment trusts issued by investment corporations that invest in and manage buildings, condominiums, office buildings, warehouses and other real estate, and distribute the rental incomes earned on those assets and any capital gains, etc. made from sales of those assets to the investors. The figures in these statistics cover only REITs listed on exchanges in Japan.

### **【Equity Financing by Infrastructure Funds】**

- “Infrastructure Funds” are investment securities or investment trusts issued by investment corporations that invest in and manage infrastructure, i.e., the right to operate public facilities such as solar power plants and other renewable energy generation facilities and port and harbor facilities, and distribute the revenues earned on those assets to the investors. The aggregated figures in these statistics include only those infrastructure funds that are listed on exchanges in Japan.
- The column under the title of “Investment Equity Subscription Right Certificates (Commitment-Type Rights Offering)” shows the numbers and amounts of equity financing by listed companies through issuing investment equity subscription right certificates as part of a rights offering (method of equity financing whereby the listed company allots share options to all shareholders without contribution according to the number of shares they hold) whereby the subscribing member is required to exercise investment equity subscription rights that were not exercised by investors.

### **(Data Source)**

The data in these statistics are gathered from “Public Offering Reports” and “Secondary Distribution Reports” submitted to the JSDA by its Regular Members (securities companies) and “Timely Disclosure Information” of companies listed on stock exchanges in Japan.

### **(Notes for Users)**

- The numbers of equity financing by companies listed in Japan count each decision and each different set of conditions for financing. Since newly listed companies do not always make a public offering or secondary distribution, the numbers of newly

listed companies and equity financings will not necessarily match during the period concerned.

- Debt to equity swaps (debt securitization) by listed companies are not included in the statistics.

**(Publication Timing)**

These statistics are published, in principle, on the 20<sup>th</sup> of each month on the JSDA's website.

These explanatory materials are intended to provide assistance to non-professionals using the statistical data provided by the JSDA in understanding the specialized vocabulary used in the statistics. The definitions and other explanations used are not necessarily based on laws or other regulations.