Mizuho Custody Newsletter

July 2026 | Japan

Contents:

I. Market News

1. Japan Shareholding Survey

The Tokyo Stock Exchange and the other three stock exchanges in Japan released the results of the 2025 share ownership survey. The total number of shareholders at 3,975 listed companies came to 93.81 million on a cumulative basis, up 8.49 million from the previous year. The total market value of shares held also reached a record high. The survey shows that participation in the equity market expanded further, supported by rising stock prices.

What stood out most was the increase in individual shareholders. The number of individual shareholders reached 91.98 million on a cumulative basis, up 8.39 million from the previous year, marking a new record since the survey began. This was the 12th straight year of growth. The main background was a stronger stock market, led by AI and semiconductor-related shares, which encouraged more people to invest. In Japan, many individual investors also use the NISA system, which is a tax-advantaged retail investment account. This helped bring in younger investors as well. In addition, stock splits and new listings also supported the increase in individual shareholders.

Foreign investors also became more influential. Shares held by foreign corporations and other overseas investors rose to JPY 420.6331 trillion, up 37.1% from the previous year. Their share of total holdings increased to 34.7%, the highest level since the survey began. In terms of trading, overseas investors recorded net purchases of JPY 10.3375 trillion in fiscal 2025. This reflects stronger confidence in Japanese equities, supported by improvements in corporate capital efficiency and profitability. Interest in Japan's AI and semiconductor-related companies also helped attract foreign money. Japan is seen as having strong technology in hardware-related fields, and the wide range of related listed companies has broadened the investment appeal.

By contrast, the share of holdings by business corporations fell, showing that Japan's shareholder structure continues to change. Overall, the survey suggests that in a rising market environment, both individual investors and overseas investors have become more important players in Japanese equities.

Details can be found on Japan Exchange Group's website:
https://www.jpx.co.jp/english/markets/statistics-equities/examination/01.html
Compiled from Japan Exchange Group, Nikkei Shimbun and Mizuho research.

2. TSE Prepares for Growth

Tokyo Stock Exchange plans to double its stock order processing capacity by November 2026. The daily processing capacity is expected to rise from the current 830 million orders to about 1.5 billion orders. To support this increase, the exchange will upgrade memory and other equipment at its data centers in Tokyo and Osaka. The investment will amount to several hundred million yen and will be the largest capacity expansion in the exchange's history. The aim is to handle a sharp rise in orders as foreign investors take a larger share of trading, while also improving the stability of market infrastructure.

This plan reflects both higher order flow and stronger trading activity. Since the COVID-19 pandemic, the exchange has gradually increased its processing capacity, but this will be the largest step-up so far. At present, daily order volume is around 300 million, but it has reached as high as 370 million during sharp market swings. Trading volume tends to rise because orders are becoming smaller in size and high-frequency trading is spreading.

Another reason for the move is the rising cost and tighter supply of semiconductors and memory chips needed for the system. Given the higher prices for equipment, the exchange judged that it would be better to expand capacity in advance rather than make smaller upgrades over time. This approach would, in the end, help contain total investment costs. In other words, the decision was not only about coping with growing trading volume, but also about securing the necessary equipment while it was still available.

At the same time, major markets around the world are extending trading hours. In the United States, 23-hour trading for listed stocks is scheduled to begin on December 6, and regulators have approved longer operating hours for the information systems that connect the exchanges. This should make it easier to trade U.S. stocks during the daytime in Japan, and may draw more global capital into the U.S. market.

In the United Kingdom, the London Stock Exchange has announced a new system that will allow overnight trading in the first half of 2027. At first, it will cover exchange-traded funds linked to UK and overseas stocks, in a separate market from the existing one. The exchange also plans to consider stock trading in the future. It aims to begin customer testing by the end of 2026 and, subject to regulatory approval, to launch the service by June 2027.

As trading hours expand in the U.S. and the U.K., the Tokyo market, which remains focused on daytime trading, may find its position relatively more difficult. With international competition among markets intensifying, balancing trading convenience and stable operations has become a shared challenge.

Compiled from Nikkei Shimbun and Mizuho research.

3. AI Rally Reshapes TOPIX

On June 25, 2026, Tokyo stocks surged after a major U.S. semiconductor memory company reported strong earnings, which eased worries about AI demand. Buying spread across semiconductor and AI-related shares, and the Nikkei 225 closed up 3,191 yen at 72,366 yen, marking a new record high. This AI- and semiconductor-led rally is also affecting the number of stocks included in the TOPIX, one of Japan's key equity benchmarks. A report dated July 14, 2026, said the number of companies remaining in the index is now likely to fall more than originally expected.

TOPIX once included every stock in the former First Section of the Tokyo Stock Exchange. But as part of Japan's market reform, the index has been gradually streamlined. In the first phase, companies with less than 10 billion yen in tradable market value were gradually removed between October 2022 and January 2025, cutting the number of constituents from about 2,200 to about 1,700. The second phase begins in October 2026. Under that phase, stocks that fail to meet a certain trading turnover requirement will be excluded, and the index will then retain only the top 97% of companies by free-float market capitalization. In simple terms, free-float market capitalization means the value of shares that are actually available for trading in the market, excluding shares held by stable shareholders such as parent companies or long-term strategic holders. The transition will continue in stages through July 2028, and stocks listed on the Standard Market and Growth Market will also become eligible for inclusion.

The challenge is that share-price gains in AI-related stocks and bank stocks have pushed the market value of the largest names much higher, making it harder for smaller companies to stay in the index. JPX Research Institute had estimated that TOPIX would have about 1,150 constituents at the end of August 2024 and about 1,050 at the end of March 2026, but the market now expects the number could fall below 1,000. As the top 97% of market value may now be captured by fewer stocks than previously expected, mid- and small-cap companies are more likely to be pushed out. By sector, the weight of Services and Information & Communication, where many smaller companies are listed, is expected to decline.

Some investors see the reform positively. A smaller and better-balanced index could make index management more efficient and help reduce trading costs compared with the current structure, which still includes many less liquid mid- and small-cap stocks. At the same time, assets linked to TOPIX currently stand at about 163 trillion yen, so companies removed from the index will lose a major source of index-driven demand. In that sense, the rise in large-cap stocks driven by the AI theme is tightening the inclusion criteria for TOPIX and accelerating the decline in the number of constituents.

Compiled from Nikkei Shimbun and Mizuho research.

II. New Equities Listing Approvals

Listing Date	Name of Company	ISIN Code	MKT
Aug 04	every,Inc.	JP3167100001	G
Jul 29	i GRID SOLUTIONS Inc.	JP3101070005	G
Jul 29	beABLE CO.,LTD.	JP3799590009	ST
Jul 22	TIER IV,Inc.	JP3539190003	G
Jul 22	LUCKS Construction Co.,Ltd	JP3967850003	P
Jul 22	Rex Advisors Co.,Ltd.	JP3980250009	P
Jul 15	andUS.inc	JP3127750002	P
Jul 13	Genkinakaigo Co.,Ltd	JP3282810005	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-home