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Article

Tokyo Stock Exchange's Market Restructuring and Impact on Fama and French's Three Factors

Hitoshi Takehara
Contact point: takehara@waseda.jp

Following the Tokyo Stock Exchange's new market segmentation which came into effect on 4 April 2022, we revisit the calculation method used in Fama and French's (1993) three-factor model. We construct the Fama–French three factors assuming that this segmentation was available at the end of May 2010. Further, return characteristics of the three factors are investigated for the period starting from June 2010 to December 2021. The empirical results revealed that the impact of the market restructuring by the Tokyo Stock Exchange cannot be disregarded.