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Guidance on Calling "Continued Meetings" at General Meetings of Shareholders

FSA, Ministry of Justice, and Ministry of Economy, Trade and Industry issue guidance in response to COVID-19 pandemic.

Financial and Capital Market Research Dept.
Jun Yokoyama.

Summary

- On April 28, 2020, the FSA, the Ministry of Justice, and the Ministry of Economy, Trade and Industry jointly issued a guidance document entitled "On the Continued Meetings (Article 317 of the Companies Act)." A "Continued Meeting" is a forum for continuing deliberations of a general meeting of shareholders in the event that deliberations are continued (continuation) at a later date without completion of deliberations. The use of the "Continued Meeting" is under consideration in cases where the financial settlement and auditing operations cannot be completed by the time of the initial scheduled general meeting of shareholders due to the effects of the COVID-19 pandemic.
- In light of the current situation, the guidance provides that (1) if the date, time, and place of the continued meeting cannot be determined at the time of the initial general meeting of shareholders, the chairperson may be allowed to make a discretionary resolution; (2) even if there is no final financial statement, a careful explanation should be given on the business conditions for the past business year and the roles required of newly appointed managers; and (3) if a resolution on dividends is to be made, as long as the effective date is before finalization of financial statements for the fiscal year ending March 31, 2020, it can be done within the calculated distributable amount based on the financial statements confirmed for the fiscal year ending March 31, 2019; and (4) as for the period of time falling between the general meeting of shareholders and the Continued Meeting, considering the current situation, critical interpretations and operational guidelines indicate that this shall not exceed three months.
- This guidance will be useful to general shareholders' meetings practices. Nevertheless, in light of the fact that it would be necessary to conduct a large event when holding the general meeting of shareholders, and this would happen twice during a time when it remains unknown when the COVID-19 pandemic may end, the continued meeting is not necessarily an easy-to-use mechanism.

Attention

This report is a summary translation. The official document is only in Japanese.