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Efforts to Protect Minority Shareholders of Listed Subsidiaries

TSE study group releases interim report

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Summary

- On September 1, 2020, the Tokyo Stock Exchange (TSE) released an interim report on the ideal way to protect minority shareholders of listed companies with controlling shareholders and shareholders with substantial control. This report summarizes issues to be examined, such as the framework that the Tokyo Stock Exchange should develop to protect minority shareholders, taking into consideration those situations where a controlling shareholder has appeared after listing.
- Specifically, this includes (1) enhanced information disclosure, (2) framework (procedures) for protecting minority shareholders when controlling shareholders make tender offers aimed at making listed subsidiaries private, (3) governance (the election of independent outside directors), and (4) coverage (expansion of the scope of regulations to include listed companies with major shareholders considered to be “quasi-controlling shareholders,” but who do not fall under the category of controlling shareholders, though they have substantive control).
- In the future, the plan is to gradually improve the system and operation of items (1) and (4) starting with those items which can most realistically be implemented, and to continue deliberations on items (2) and (3).

Attention

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