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Corporate Governance Reform without End

Policy Research Dept.
Yutaka Suzuki

Summary

- Revisions to the Corporate Governance Code are currently under consideration. In the revision of the code, which has progressed simultaneously with the reorganization of the Tokyo Stock Exchange (TSE) , the direction is to seek a higher level of responses toward prime market-listed companies born from the TSE reorganization.
- It is also expected that companies listed on the Standard Market will be required to disclose more information than in the past. In addition, the TSE reorganization changes standards for secondary stocks in order to increase the liquidity of listed stocks.
- In the prime market, which is the transition target for many companies listed on the current TSE First Section, it is necessary to have the same tradable share ratio of 35% as the current TSE First Section. However, it is expected that a change in the definition of outstanding shares will give momentum to the reduction of strategic stockholdings.
- On the other hand, there are some concerns from the corporate side that the implementation of repeated governance reforms should be carried out while thoroughly verifying their effectiveness.
- It is hoped that substantive verification will be conducted to confirm that corporate governance reforms have produced the desired results.

Attention

This report is a summary translation. The official document is only in Japanese, included in the DIR Research Quarterly Review (Vol.42).