April 24th, 2026
Institutional Investors Collective Engagement Forum

Public Comment from Institutional Investors Collective Engagement Forum to Tokyo Stock Exchange's "Revisions to the Listing Rules Regarding Minority Shareholder Protection"

Institutional Investors Collective Engagement Forum (IICEF) applied as a public comment to Tokyo Stock Exchange's "Revisions to the Listing Rules Regarding Minority Shareholder Protection" on April 24th, 2026.

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Furthermore, IICEF supports the direction of this review, which aims to promote the protection of minority shareholders. IICEF believes it will assist institutional investors in fulfilling their fiduciary duties to asset owners, while also leading to further enhancement of information disclosure regarding resolutions at general meetings of shareholders.

Comments on the draft proposal for this review

1 "1 Disclosure of Minority Shareholder Approval Rates, etc. – (2) Contents of Disclosures"

1-1

Regarding the first bullet point under "1 Disclosure of Minority Shareholder Approval Rates, etc. – (2) Contents of Disclosures" proposals for the election of directors (limited to company-proposed resolutions)," IICEF believes it is preferable to include all proposals, regardless of whether they are proposed by the company or by shareholders.

The reason for this is that, for minority shareholders to appropriately evaluate whether a company is adequately safeguarding their interests, proper information disclosure must be provided for all proposals that affect shareholder interests. Furthermore, proposals affecting shareholder interests are not limited to those for electing directors; rather, they encompass all proposals, regardless of whether they are submitted by the company or by shareholders.

In other words, disclosing the approval/disapproval ratios and dissenting votes of minority shareholders for all proposals - including shareholder proposals, not just company-proposed resolutions for electing directors - would create an environment where minority shareholders can make an informed and proper assessment.

Therefore, expanding the scope of disclosure to cover "all proposals, regardless of whether they are company or shareholder proposals," rather than limiting it to "proposals for the election of directors (limited to company proposals)," would be more aligned with the underlying purpose of protecting minority shareholders.

1-2

Furthermore, the third bullet point addresses cases "where it is recognized that opposing votes exceeding 50% from minority shareholders were cast against a proposal," and describes the subsequent board response as "what actions the board of directors will take to grasp and understand the reasons and causes behind the minority shareholders' opposition."

However, if the scope is expanded to "all proposals, regardless of whether they are company or shareholder proposals" as we suggested in 1-1 above, we believe it is preferable to revise these respective sections as follows:

Proposals: "cases where opposing votes exceeding 50% from minority shareholders were cast against a company proposal, and cases where affirmative votes exceeding 50% from minority shareholders were cast in favor of a shareholder proposal"

Board Response: "what actions the board of directors will take to grasp and understand the causes and reasons behind minority shareholders' opposition to company proposals, or their support for shareholder proposals"

The reason for this is based on the same rationale as in 1-1 above. For minority shareholders to evaluate the appropriateness of the board's response, information must be disclosed regarding how the board is addressing the situation - specifically, how it is grasping and understanding the reasons behind the minority shareholders' opposition to a company proposal, or their approval of a shareholder proposal.

2 “2 Revision of Independence Criteria and Disclosure for Independent Directors/Auditors – (2) Expansion of Disclosure of Attribute Information”

Regarding “2 Revision of Independence Criteria and Disclosure for Independent Directors/Auditors – (2) Expansion of Disclosure of Attribute Information”, the overview mentions "entities that hold shares of the listed company as cross-shareholdings." However, IICEF believes it is preferable to explicitly state "cross-shareholdings (including deemed shareholdings)."

The reason for this is that, concerning the scope of cross-shareholdings, page 12 of the supplementary material explains: "It is sufficient for the listed company to disclose information ascertained as the result of checks carried out to a reasonable extent (for example, checking names of securities in the Shareholding section of Annual Securities Reports)." However, companies generally understand "cross-shareholdings" to refer only to "specified investment shares" (tokutei toshi kabushiki) in the Annual Securities Report. Therefore, there is a risk that companies might calculate independence criteria without including deemed shareholdings.

Although deemed shareholdings do not carry nominal ownership, they must be recognized as having an influence on the investee company through the exercise of voting rights. For instance, scenarios are anticipated where a company retains the right to instruct the exercise of voting rights, or where voting rights for shares held by a corporate pension fund are exercised in accordance with the intent of the parent company.

Therefore, when considering independence criteria, it is necessary to include deemed shareholdings within cross-shareholdings and to explicitly state "cross-shareholdings (including deemed shareholdings)."

End

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