Results of
“Study Group on Small-Size Investments”

April 24, 2025

Tokyo Stock Exchange, Inc.

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Study Group on Small-Size Investment Units Report (Summary)

- Tokyo Stock Exchange (TSE) has been working to reduce investment units (minimum investment amounts) for some time now. In recent years, many listed companies have carried out share splits.
- Meanwhile, the new NISA has been launched, and it is becoming more important to promote asset building among, and expansion of the base of, investors, which includes the working generation. Compared to overseas, investment units remain high, and there are expectations for further efforts to create an environment that is easier to invest in.
- Based on this, the study group has compiled information under the categories “1. Significance of reducing investment units”, “2. Issues associated with promoting reductions”, and “3. TSE’s action plan”.

1. Significance of reducing investment units

Investors

- It will become easier for a diverse range of investors to invest in individual stocks, and by supporting companies they identify with, they will be able to contribute to the growth of listed companies and, in turn, the development of the Japanese economy.
- In the promotion of Japan as a leading asset management center, reducing the investment unit will make it possible to offer a diverse range of funds to investors, even for small amounts.
- By having a diverse range of investors participate in the market, it will be possible to curb excessive price fluctuations and improve liquidity.

Listed companies

- Acquiring individual shareholders who sympathize with the company and support its growth
- Diversifying the shareholder structure by increasing the number of individual shareholders
- Curbing excessive price fluctuations and improving liquidity (an important factor for institutional investors when selecting investment targets)

- The investment unit level is related to the **capital policy (shareholder structure)** of a listed company, and is also important from the perspective of how to deal with the market and increase corporate value.
- **It is important that each company voluntarily considers the investment unit level and measures for reducing them by taking into account the level sought by retail investors* after considering its ideal medium- to long-term capital policy**. (*According to the results of the questionnaire presented at this study group, the investment unit level currently sought by retail investors is around JPY 100,000)

2. Issues associated with promoting reductions

- Categories of issues that have been pointed out in relation to promoting reduced investment units, such as the increased burden on listed companies due to the increase in the number of shareholders

1. Digitalization of documents provided to shareholders	• The increased burden of printing and mailing documents for shareholders due to an increase in the number of shareholders is a hurdle to share splits. • Even under the current system, there is still a lot of scope for reducing the burden through digitalization (listed companies that have actually promoted digitalization have seen cost-cutting effects, and there have been no particular problems with communication with shareholders). • To promote further digitalization, it is necessary to publicize the efforts of each company and to collaborate with related organizations.
2. Retail shareholders exercising their voting rights	• The ratio of shareholders exercising their voting rights is only around 40%, so promoting the exercise of voting rights is an issue. • A lack of understanding of the significance of exercising voting rights and the difficulty of understanding the materials are hurdles to retail shareholders exercising their voting rights. • To promote the exercise of voting rights, it is necessary to make retail investors aware of the significance of voting rights, as well as how to exercise them, and to further promote their exercise electronically.
3. Administration of shareholders meetings	• Concerns about the relaxation of the exercise requirements for shareholder proposals related to reducing investment units and the hurdles to using fully-virtual general shareholders meetings (such as the risk of resolutions being revoked in the event of communication failures) • It is important to collaborate with related organizations regarding the awareness of issues and the current state of affairs for listed companies.

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Study Group on Small-Size Investment Units Report (Summary)

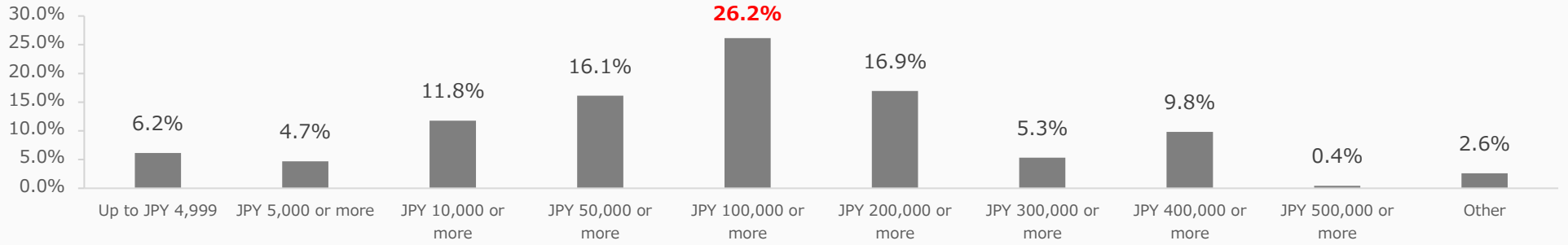
3. Action plan of TSE

- **In order to promote the reduction of investment units towards the realization of Japan as a leading asset management center, it is important to take a multifaceted approach, such as encouraging listed companies to voluntarily consider the issue, encouraging retail investors to build relationships with companies that contribute to increasing corporate value, and reducing the burden on listed companies.**
- Specifically, the following measures will be taken
  - **Based on the level of investment units sought by retail investors (currently around JPY 100,000), we will encourage listed companies to consider the ideal level of investment units and the reduction of investment units.**
  - **In addition, we will disseminate various types of information based on the results of discussions at study sessions.**
- **We will continue to take comprehensive measures, including regular information dissemination and further enhancements, based on the results of questionnaires for retail investors (scheduled to be conducted on an ongoing basis), the progress of initiatives by listed companies, and feedback from market stakeholders.**

Information dissemination plan

For listed companies	For investors (retail or institutional)	Collaboration with related organizations
Disseminating information through various methods such as seminars to encourage voluntary efforts towards the reduction of investment units ✓ The significance and benefits of share splits ✓ The level of investment units sought by retail investors ✓ Examples of initiatives by listed companies and evaluations from investors ✓ Initiatives such as reducing the burden of paperwork through digitalization	Disseminating information, such as through seminars, to promote the exercise of voting rights by retail investors and to make known the initiatives of listed companies ✓ The significance and methods of exercising voting rights (individuals) ✓ Initiatives by listed companies regarding the reduction of investment units and digitalization of various documents	Promoting initiatives to reduce the burden on listed companies ✓ Collaboration and study with related organizations to reduce items such as dividend-related documents ✓ Collaboration with the Ministry of Justice regarding the status of shareholder proposals and the practicalities of managing general shareholders meetings

Investment unit level sought by retail investors (results of survey of retail investors)



*We plan to continue to conduct and publish surveys for retail investors on a regular basis.

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1. Introduction

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Introduction

- Tokyo Stock Exchange (TSE) has been working on reducing investment units from the perspective of creating an environment in which it is easy for retail investors to invest.

- With the launch of the new NISA in January 2024, the importance of expanding the base of retail investors is increasing, and recently, many listed companies have been reducing investment units through share splits.

- Meanwhile, investment units for Japanese stocks continue to be high compared to other countries, and so further measures are expected, such as the suggestion in the “Grand Design and Action Plan for a New Form of Capitalism 2024 Revised Version” approved by the Cabinet in June 2024 for listed companies with high investment units to carry out share splits and to consider measures that would allow people to invest in smaller amounts.

- Therefore, in order to assist listed companies in their deliberations, we have examined the significance of reducing investment units, the level sought by retail investors, and the issues involved in the procedures and burdens on listed companies associated with reducing investment units.

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2. Status of Efforts to Reduce Investment Units

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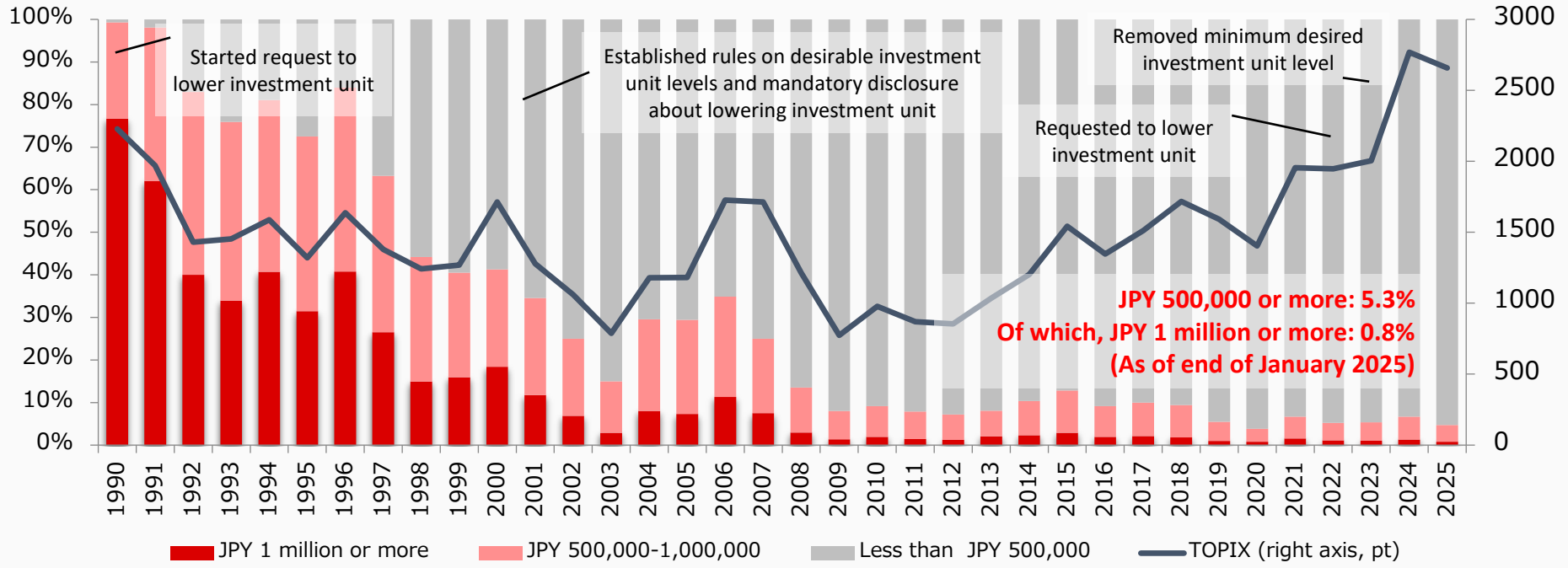
Status of Efforts to Lower Investment Units

- **Even in the current trend of rising stock prices, the investment units of over 90% listed companies are less than JPY 500,000.**
- In addition, in October 2022, **TSE once again requested listed companies to lower investment units** based on the discussion at the Working Group on Capital Market Regulations of the Financial System Council.

➢ **Companies are continuing to respond, including over 420 (over 190 with investment units of JPY 500,000 or more) which have passed resolutions for share splits.**

Investment Units of Listed Companies



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Investment Units at Major Overseas Exchanges

- Although listed companies are making progress, investment units remain high compared to overseas.

Exchange/Market	Investment Unit (mean)[1]	Investment Unit (median)[1]	Investment Unit (highest)[1]
TSE	JPY 186,599	JPY 131,075	JPY 5,848,000
（Prime）	JPY 258,087	JPY 198,100	JPY 5,848,000
（Standard）	JPY 140,550	JPY 95,000	JPY 2,248,000
（Growth）	JPY 114,354	JPY 83,200	JPY 927,000
United States	JPY 31,942	JPY 17,993	JPY 1,083,181
United Kingdom	JPY 131,516	JPY 62,362	JPY 1,240,448
Germany	JPY 23,398	JPY 9,264	JPY 214,432
France	JPY 17,031	JPY 3,154	JPY 1,863,920
Australia	JPY 2,074	JPY 692	JPY 24,648
Singapore	JPY 100,953	JPY 37,792	JPY 518,048
Hong Kong	JPY 367,003	JPY 245,295	JPY 3,774,808

Compiled by TSE from TSE and Bloomberg data

[1] TSE: All domestic stocks; United States: S&P 500; United Kingdom: FTSE 250; Germany: DAX; France: CAC All Shares; Hong Kong: Hang Seng Index; Australia: ASX 200; Singapore: ST
For constituents in the above indices, investment units are as of the end of March 2025 (exchange rates used for JPY conversion are spot rates as of the end of March 2025).
Investment units are calculated by multiplying the stock price by the trading unit. Trading units are: TSE and Singapore: 100 shares; Hong Kong: varies depending on security; others: one share

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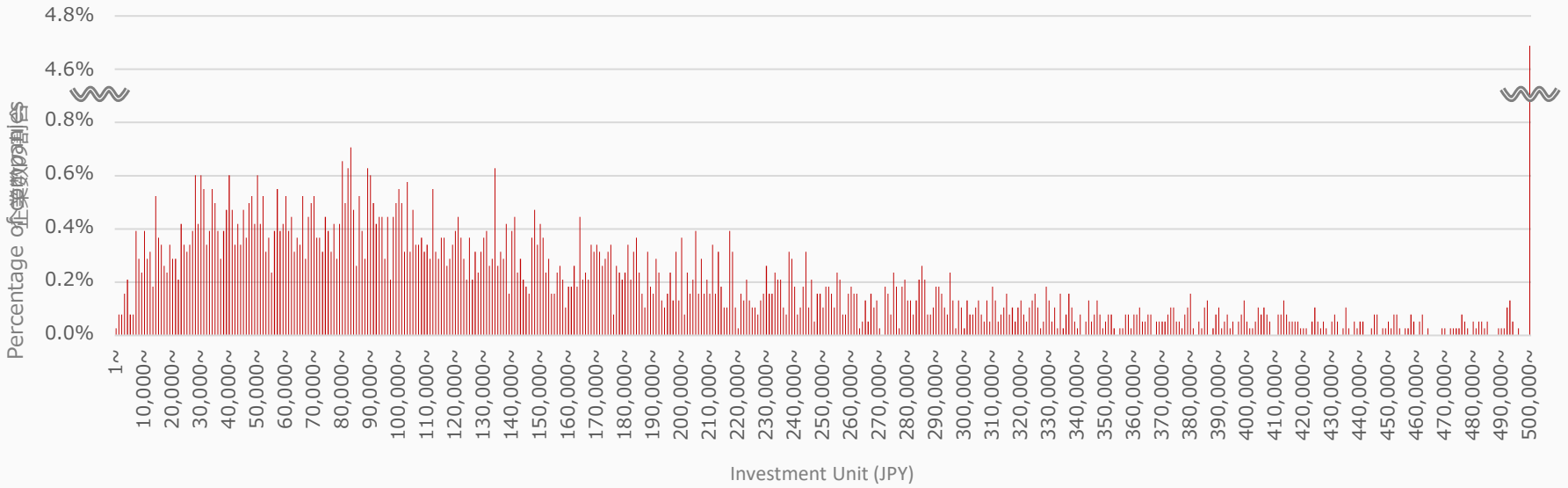
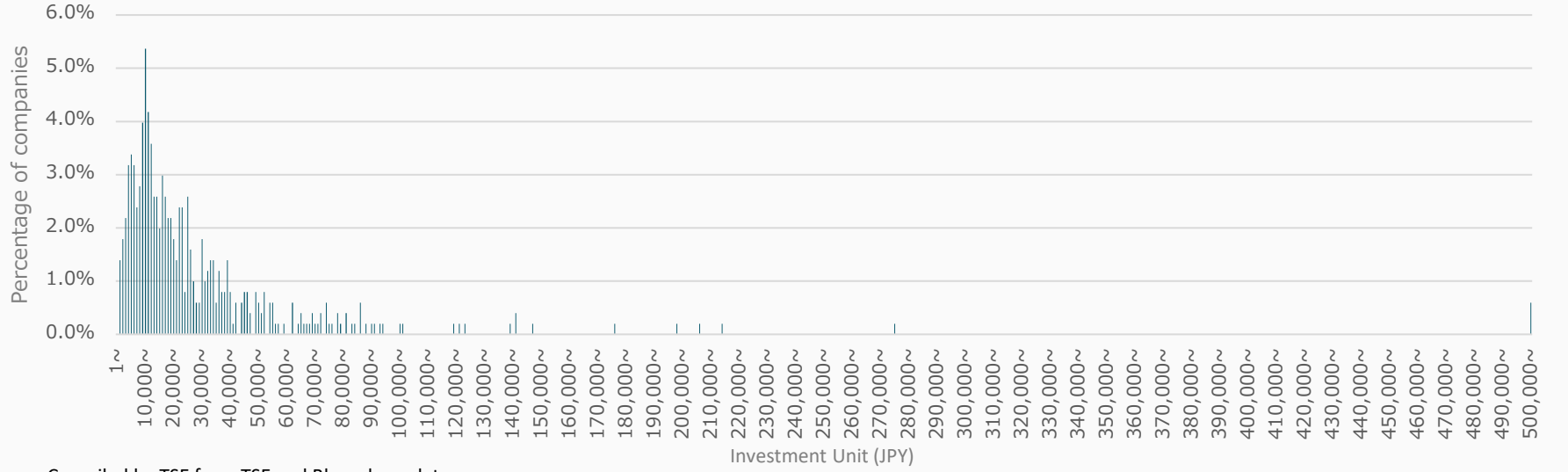
Distribution of Investment Units

TSE



United States



Compiled by TSE from TSE and Bloomberg data

[1] TSE: All domestic stocks; United States: Investment units of constituents of S&P 500 as of end of March 2025 (exchange rates used for JPY conversion are spot rates as of end of March 2025).

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3. Significance of Reducing Investment Units

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Significance and Importance of Reducing Investment Units

- The reduction of investment units is significant not only for retail investors who want to buy shares in small amounts, but also for domestic and foreign institutional investors and listed companies.
- Lower investment units will make it easier for various investors with different timing or methods for trading to participate and will contribute to the suppression of excessive stock price fluctuations, the improvement of market liquidity, and the diversification of the shareholder structure of listed companies.
- As the investment unit is an important issue related to the capital policy (shareholder structure) of listed companies, it is important that each listed company voluntarily considers the level of investment unit and measures for reducing it, after considering the company's medium- to long-term capital policy and the level of investment units sought by retail investors.

*The results of the questionnaire given at this study session: Currently, the standard investment unit sought by retail investors is around JPY 100,000.

Main feedback from study group

- With the launch of the new NISA, investment units should be reduced to make it easier for a wide range of investors, including those in the working generation, to invest.
- To promote Japan as a leading asset management center, the reduction of investment units will also contribute to the development of asset managers and the streamlining and acceleration of research and development of investment products.
- With overseas interest in Japanese stocks increasing, the situation where Japanese people want to purchase stocks in Japanese companies but are unable to do so should be improved.
- The participation of a diverse range of investors, including retail investors, in the market will help to prevent excessive share price volatility, and the trend towards the unwinding of cross-shareholdings will help to maintain an appropriate balance in terms of shareholder structure, which is also desirable from the perspective of governance for listed companies.
- Liquidity is an important factor for institutional investors when deciding on investment targets, so a reduction of investment units, which leads to improved liquidity, is welcome.
- For ordinary investors to manage risk, it is effective to diversify the timing of purchases and the issues they invest in, so looking at the actual investment amounts, it would be good if investment units could be lowered to around the JPY 100,000 level.
- While maintaining the maximum “desired investment unit” of JPY 500,000, which is mandatory under the listing rules, it would be good to provide additional information such as the desired investment unit level sought by retail investors as a reference for listed companies considering a share split.
- As the appropriate investment unit level differs for each listed company, it is important for each company to consider and update the investment unit level on its own, taking into account investor needs.

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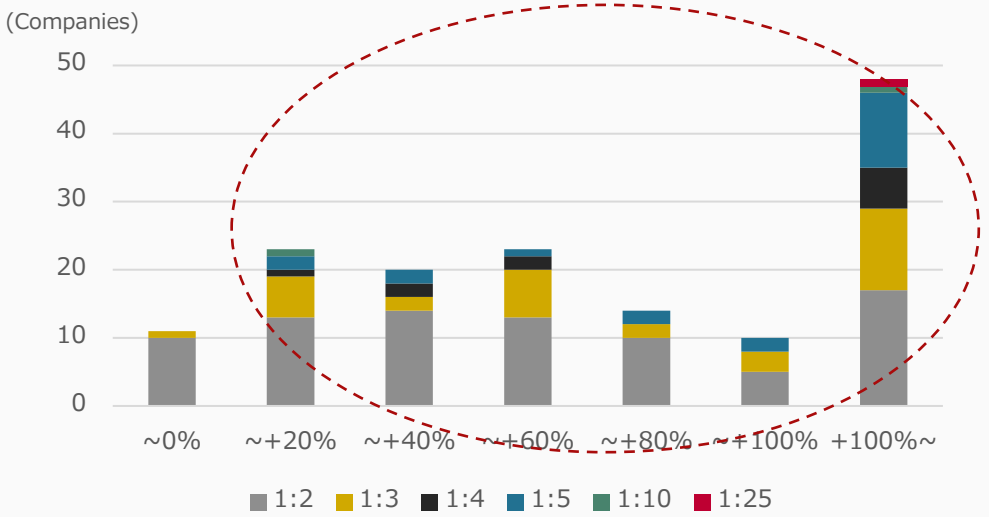
Changes in the number and ratio of retail shareholders due to share splits

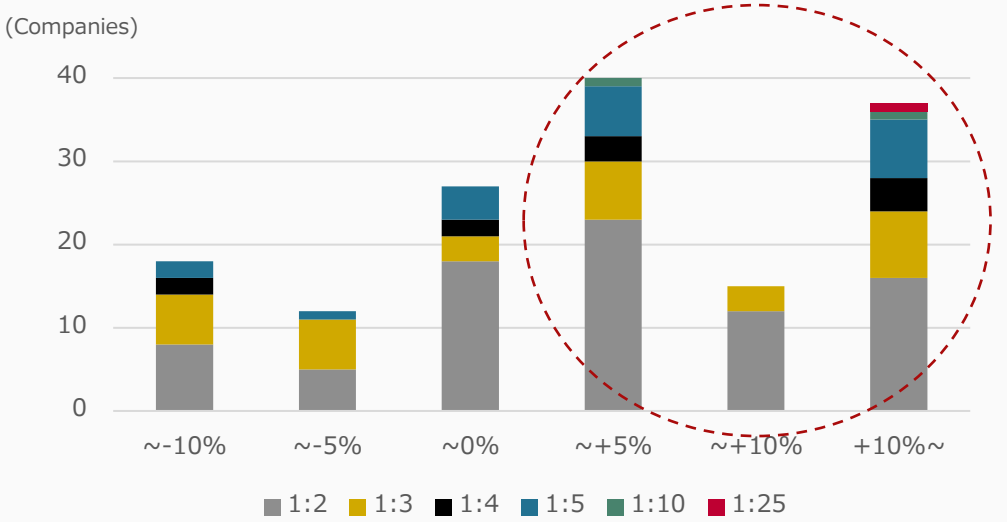
- The changes in the number and ratio of retail shareholders of listed companies that carried out a share split were checked.
- The number of retail shareholders **increased significantly** as a result of share splits (median +58.8%). A **slight increase** in the ratio of retail shareholding was also observed (median +1.3%). The increase was particularly high for companies with a large split ratio.

Rate of increase in number of retail shareholders



	1:2 (N=82)	1:3 (N=33)	1:4 (N=11)	1:5 (N=20)	1:10 (N=2)	1:25 (N=1)
Median	+45.6%	+63.5%	+129.5%	+123.8%	+121.0%	+150.3%
Average	+637.4%	+99.7%	+110.8%	+174.2%	+121.0%	+150.3%

Rate of increase in ratio of retail shareholding



	1:2 (N=82)	1:3 (N=33)	1:4 (N=11)	1:5 (N=20)	1:10 (N=2)	1:25 (N=1)
Median	+1.3%	+0.5%	+1.3%	+2.9%	+5.3%	+12.3%
Average	+16.7%	+6.0%	+9.8%	+9.8%	+5.3%	+12.3%

Source: Created by TSE from the “Shareownership Survey” (FY2023). The data is from a total of 149 companies that were subject to the same survey in FY2022 and that carried out a 1:2 or greater split between the end of FY2022 and the end of FY2023.

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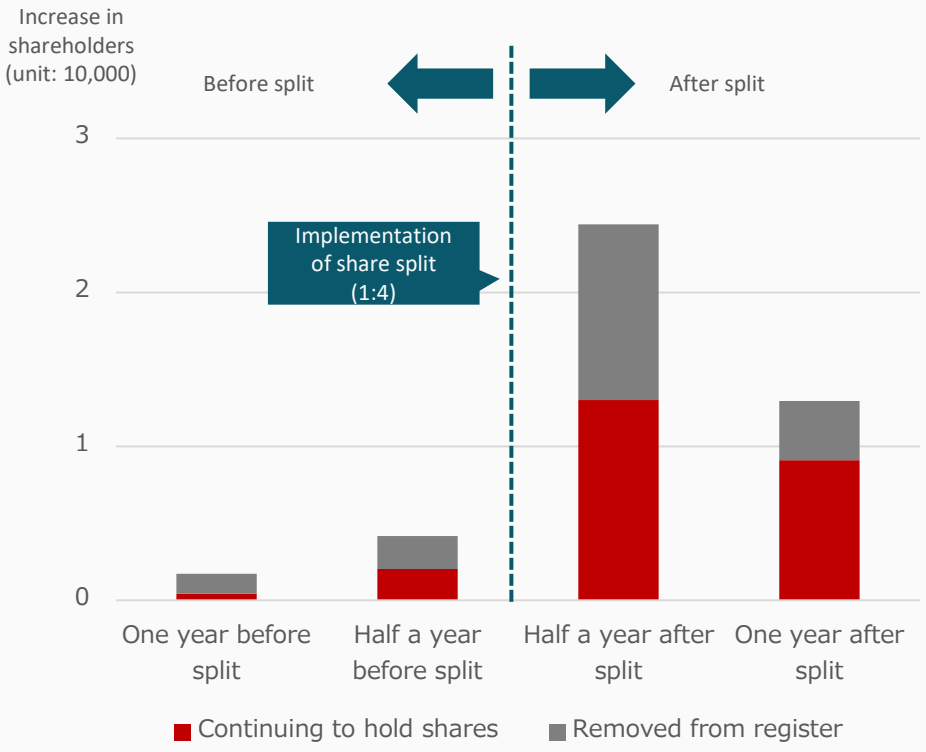
Number of Shareholders for Companies That Have Carried Out a Share Split

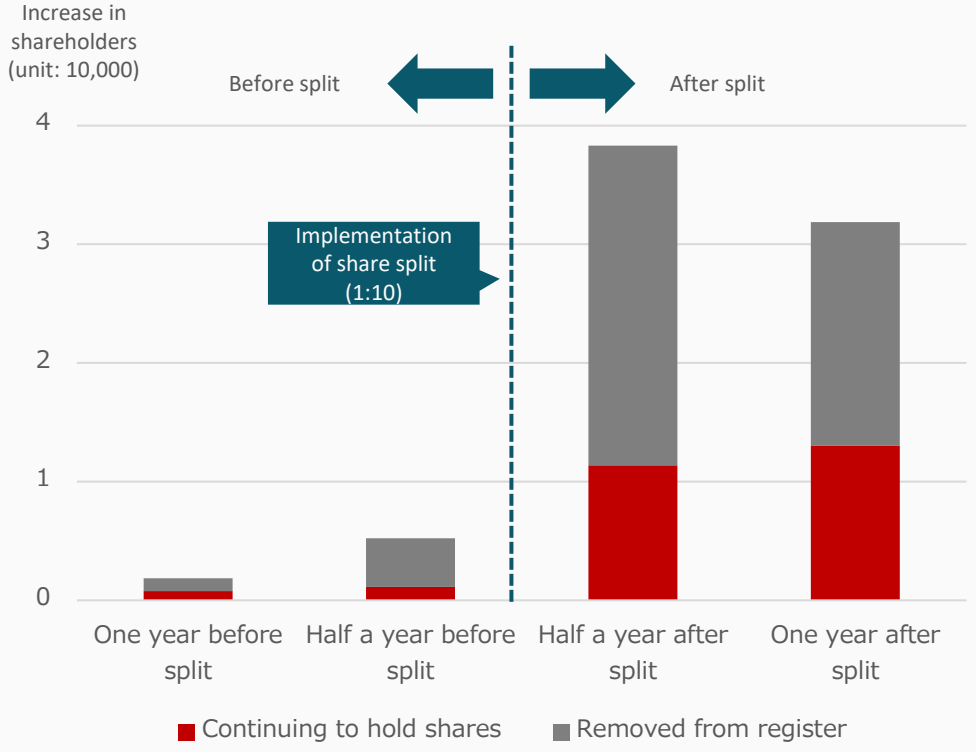
- The number of shareholders in these cases increased after a share split, with a certain number continuing to hold their shares.

Change in Number of Shareholders

Company A



Company B



Source: Prepared by TSE from data provided by Sumitomo Mitsui Trust Bank.
* The number of shareholders who have continuously held shares and the number of shareholders who have been removed from the register up until 2.5 years after the share split was implemented.

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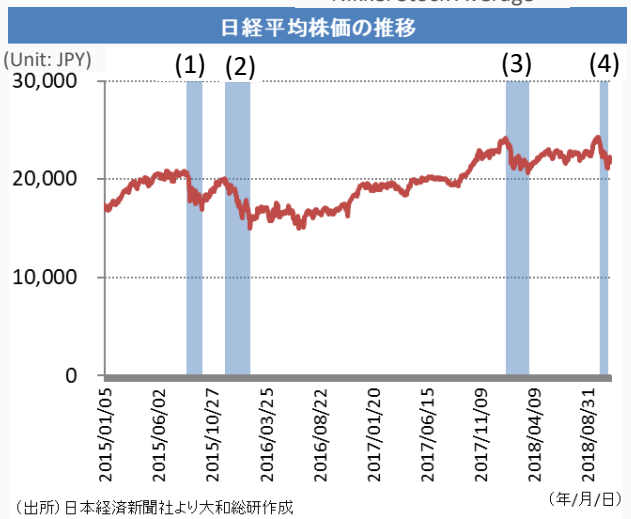
Retail Investors and Volatility

- It was confirmed that companies with a high ratio of retail investors had a relatively small rate of change in share prices.

Measurement Period

Nikkei Stock Average

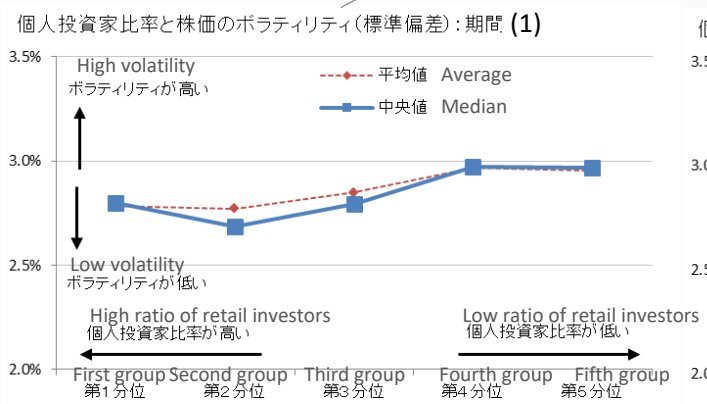


(出所) 日本経済新聞社より大和総研作成
(Source) Prepared by Daiwa Institute of Research from information by Nihon Keizai Shimbun, Inc.

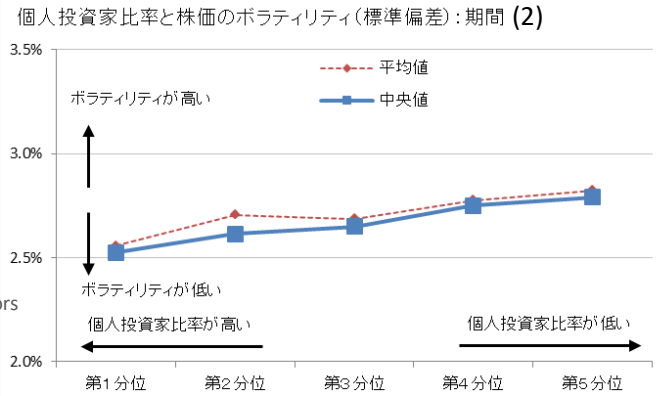
- Measurements were made of stock price fluctuations (standard deviation of daily returns) of companies whose stock prices fell between 2015, when the TOPIX 500 was adopted, and 2018, ((1) August 17 to September 29, 2015, (2) December 3, 2015 to February 12, 2016, (3) January 24 to March 26, 2018, and (4) October 5 to 29, 2018).
- Companies with a high ratio of retail investors have been confirmed to have relatively small fluctuations in share price.

Measurement Results

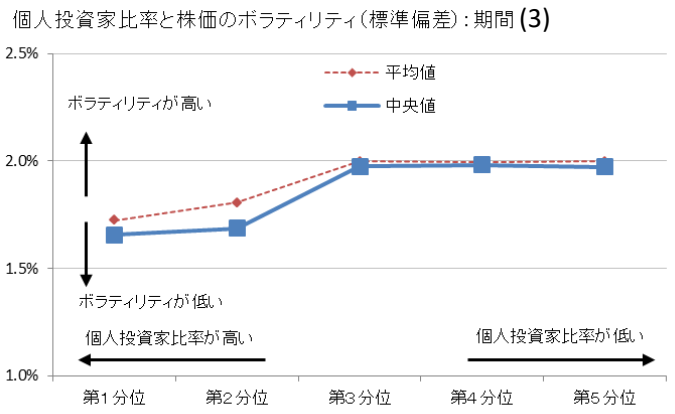
Ratio of Retail Investors and Stock Price Volatility (Standard Deviation): Period



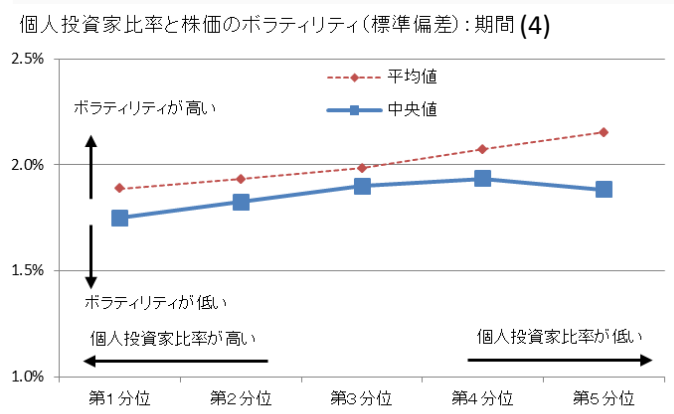
(注) 個人投資家比率が高い方から第1分位となっている。
(出所) Bloombergより大和総研作成 (Note) The first group is that with the highest ratio of retail investors



(注) 個人投資家比率が高い方から第1分位となっている。
(出所) Bloombergより大和総研作成



(注) 個人投資家比率が高い方から第1分位となっている。
(出所) Bloombergより大和総研作成
(Source) Prepared by Daiwa Institute of Research from Bloomberg data



(注) 個人投資家比率が高い方から第1分位となっている。
(出所) Bloombergより大和総研作成

Source: Data provided by Daiwa Institute of Research. “Shareholder Management Required of Companies” (2018) by Ota Tamami, Financial Research Department, Daiwa Institute of Research, updated in part.

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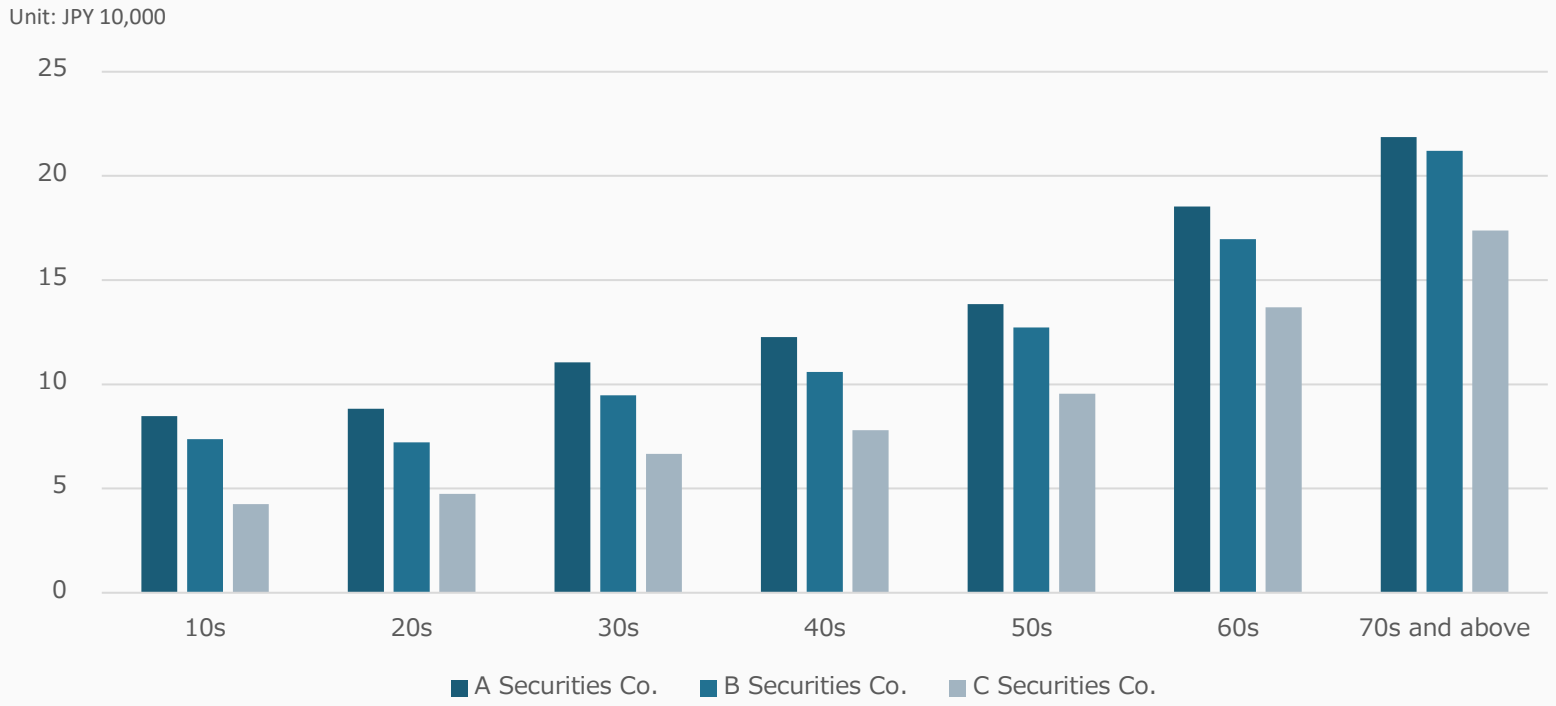
Monthly Purchase Amount by Retail Investors

- The amount of shares purchased in NISA accounts (growth investment framework) tends to be lower for younger people, with amounts ranging from around JPY 50,000 to JPY 200,000.

Average monthly purchase amount* (median) for NISA accounts (growth investment framework)



Source: Prepared by TSE based on data provided by three online securities companies

* The amount of money spent on the purchase of shares (not including ETFs) in NISA accounts (growth investment framework) where there was a transaction in the period from January to September 2024

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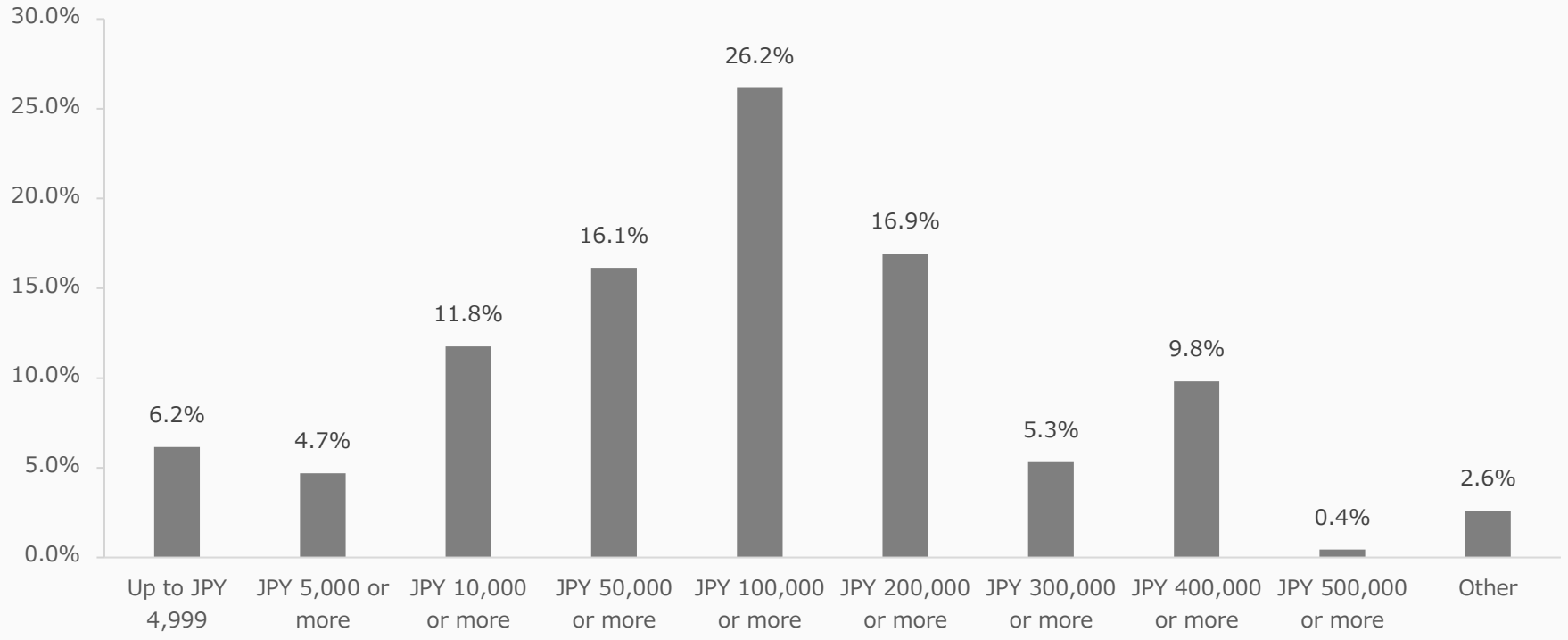
Investment Unit Level Sought by Retail Investors

- **The most common response** for the investment unit level sought by retail investors (26.2%) was **around JPY 100,000.**
- The following opinions were also expressed by investors who said they would purchase even if the investment unit was high (as long as there was growth potential).
  - A high investment unit is not very convenient, as it is difficult to make detailed investments.
  - It is difficult to make additional purchases when the share price falls, so it is not a good choice as an investment target.
  - There are some disadvantages, such as fees and trading hours, but you have no choice but to engage in trading of shares less than the trading unit.



*Results of a survey of individual investors who have opened accounts with securities firms (survey period: October-November 2024; 9,901 respondents)

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4. Issues Related to Reducing Investment Units

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Issues Related to Reducing Investment Units (1)

- Reduction of investment units **involves a burden on listed companies due to an increase in the number of shareholders,** so it is necessary to **promote it while also considering this burden and taking steps to reduce it.**
- For example, listed companies that have already switched to providing various documents to their shareholders electronically have seen certain results, such as reduced printing and mailing costs, but the practice is still only being adopted by a portion of companies.
- Digitalizing and reducing paper documents is **not only useful for reducing the costs of listed companies, but also from the perspective of digital transformation and the SDGs, and it also contributes to the overall efficiency of shareholder-related operations**. In order to promote such initiatives, we will introduce the status of initiatives at each company and promote collaboration with related organizations.
- In addition, when the number of retail shareholders increases, it is important to improve the ratio of voting rights exercised, which is currently around 40%. It is also important to take a multifaceted approach, such as **not only making the general shareholders meeting materials easier to understand but also disseminating information about the significance and methods of exercising voting rights.**

Main feedback from study group

- Along with the reduction of investment units, reducing costs and improving the efficiency of administrative operations at listed companies should also be discussed.
- The digitalization of various documents should be promoted in line with the recent trend toward digitalization in general.
- Regarding the burden on listed companies, it would be good if each company could discuss issues not just from the perspective of cost, but also that of how shareholder relations should be in the medium to long term, such as shareholder management, the operation of general shareholders meetings, responding to shareholder proposals, and switching to electronic communication with shareholders.
- In order to promote the exercise of voting rights by retail shareholders, it is desirable that information is provided in easy-to-understand materials that clearly explain the issues at hand.
- Compared to the time-consuming process of opening, filling out and posting documents, electronic voting systems are more convenient and should be promoted.
- It is important to make people aware of the specific process of exercising their voting rights and points to pay attention to, for example through seminars.

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Issues Related to Reducing Investment Units (2)

- For listed companies, in addition to the financial burden described on the previous page, there are issues such as the increased resources required to deal with shareholder proposals due to the substantial relaxation of the requirements for exercising the right to make shareholder proposals.
- In addition, with regard to fully-virtual general shareholders meetings, which have been developed from the perspective of improving the efficiency of the meetings, the current system is faced with issues such as the risk of resolutions being revoked in the event of communication failures.
- We will also work with relevant authorities in the future to raise awareness of the issues facing listed companies and the current state of affairs.

Main feedback from study group

- The requirement for exercising the voting rights (300 units) associated with shareholder proposals was last reviewed in 2019, when the Companies Act was revised, and in order to be discussed again, a significant change in the premise is required, such as a large reduction in the investment unit.
- With regard to shareholder proposals, including the behind-the-scenes negotiations that do not ultimately result in a proposal, as these are the exercise of shareholder rights, listed companies are required to handle them through appropriate processes, which places a certain burden on them.
- I think there are a certain number of listed companies that are unable to carry out a share split because they see the lowering of the requirements for exercising the right to make a shareholder proposal as a risk.
- Proposals for constructive discussion are of course welcome as a listed company, but it is also true that proposals that are not constructive exist, and this is leading to a burden and concern on the part of the company.
- While there are few companies that use fully-virtual systems, in addition to the risks of communication failures and the burden of system maintenance, there is also the psychological aspect of failure being highly visible, so it is important to take steps to lower the hurdles to implementation, such as relaxing requirements.
- In the case of fully-virtual meetings, I have to admit that I worry that, because the shareholders cannot be seen, it may be easier for them to make extreme comments or proposals than in face-to-face meetings.
- With hybrid systems, you have to take care of both the face-to-face and virtual sides, and the costs involved mean that the burden is actually increased. So from the perspective of reducing the burden on listed companies, it is difficult to implement at the moment.
- Where fully-virtual general shareholders meetings are a solution to the problem of securing a venue for shareholder meetings as the number of shareholders increases, if the fully-virtual general shareholders meetings remains unusable, it may serve as a brake on the implementation of a stock split.

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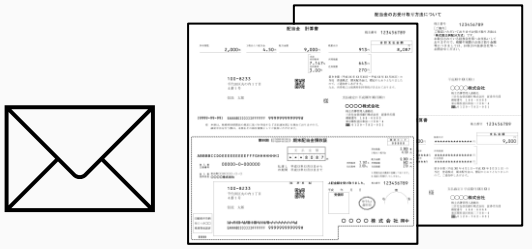
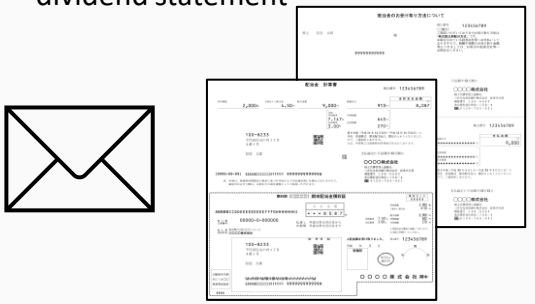
Practicalities of Documents Provided to Shareholders by Listed Companies

- Listed companies prepare and mail shareholder and dividend-related documents approximately three times a year.
- For many of these documents, the Companies Act allows for electronic provision, and in many cases, provision itself is voluntary.

(Typical mailing patterns)

Before general shareholders meetings	Notice of convocation of general shareholders meeting + voting rights exercise form	Voting rights exercise form + Notice of convocation of general shareholders meeting	☐ Due to a change in the law, it is now possible to send out notices of convocation of general shareholders meetings by email (access notification). ☐ While not mandatory, voting rights exercise forms are sent out in writing to improve the rate of exercise.
After general shareholders meetings	Notice of resolution of general shareholders meeting + dividend-related documents	 Dividend receipt or transfer notice + dividend statement + Notice of resolution + Shareholder report	☐ Although a notice of resolution or shareholder report are not mandatory, they are sent when a dividend is declared.
After settlement of interim accounts	Interim business report + dividend-related documents	 Dividend receipt or transfer notice + dividend statement + Interim business report	☐ Sent when an interim dividend is paid

Source: Materials provided by Sumitomo Mitsui Trust Bank

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Costs That Will Decrease due to Digitalization of Documents Provided to Shareholders

- **There is scope for reducing postage by approximately 120 million items (10,000 tons), or JPY 20.8 billion**, in current practice annually.
- If dividend receipts could also be abolished in the future, the scale of reduction is expected to increase further.

	Notice of convocation of general shareholders meeting + voting rights exercise form	Notice of resolution of general shareholders meeting + dividend-related documents	Interim business report + dividend-related documents	Total
Number of items	About 87 million items	About 67 million items	About 75 million items	**About 220 million items**
Innovations in current practices	Sending notices of convocation online Only sending the QR code for exercising voting rights by post	Sending dividend statements and shareholder reports online	Sending dividend statements and shareholder reports online	
Number of items (Amount reduced)	Conversion to postcards: 77 million items Currently: 3.7 million items (Reduction of 6.3 million items)	Currently: 12 million items No mailing necessary thereafter (Reduction of 55 million items)	Currently: 12 million items No mailing necessary thereafter (Reduction of 63 million items)	**About 100 million items** Reduction of 120 million items (54%)
Weight	1,000 tons (Reduction of 4,700 tons)	615 tons (Reduction of 2,500 tons)	637 tons (Reduction of 2,300 tons)	**About 2,200 tons** Reduction of 10,000 tons (71%)
Postage fees	About JPY 7.2 billion (Reduction of JPY 7.8 billion)	About JPY 1.2 billion (Reduction of JPY 6.3 billion)	About JPY 1.5 billion (Reduction of JPY 6.7 billion)	**About JPY 10 billion** Reduction of JPY 20.8 billion (67%)
+ Abolishment of dividend receipts				
Number of items (Amount reduced)	Conversion to post cards: 80.7 million items (Reduction of 6.3 million items)	No mailings (Reduction of 6.7 million items)	No mailings (Reduction of 7.5 million items)	**About 80 million items** Reduction of 140 million items (63%)
Weight	807 tons (Reduction of 4,800 tons)	0 tons (Reduction of 3,200 tons)	0 tons (Reduction of 3,500 tons)	**About 807 tons** Reduction of 11,000 tons (78%)
Postage fees	About JPY 6.7 billion (Reduction of JPY 8.3 billion)	JPY 0 (Reduction of JPY 7.5 billion)	JPY 0 (Reduction of JPY 8.2 billion)	**About JPY 6.7 billion** Reduction of JPY 24 billion (78%)

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Source: Estimates by TSE based on materials provided by Sumitomo Mitsui Trust Bank

Comments from Listed Companies Regarding Digitalization of Documents Provided to Shareholders

- Many listed companies have not yet made the switch to electronic documents for their general shareholders meetings, and this is still a considerable cost.
- For those listed companies that have actually made the switch to electronic documents, there has been a cost reduction effect in terms of printing and mailing costs, with no major problems in terms of communication with shareholders.

Method of provision	General mail	Feedback from study group
Access notification type	• Notice of convocation (URL of the website where the materials for the general shareholders meeting will be posted) • Voting rights exercise form	• After adopting an access notification-type convocation notice, **printing costs and other costs were reduced to a certain extent**, and there was a reasonable response from shareholders in the first fiscal year. In the **second year there were almost no inquiries, indicating that it has become normalized.** • We were worried that the ratio of voting rights exercised by individuals would decrease with the shift to an access notification-type, but there was not much of an impact. • **As the access notification-type is still only being used by a minority, if these kinds of efforts and approaches by companies become more widespread, they will probably be more readily accepted by retail shareholders.**
Summary type	• Notice of convocation (URL of the website where the materials for the general shareholders meeting will be posted) • Voting rights exercise form • Optional additional information (proposals, summary of reference documents for general shareholders meetings, etc.)	**•We have adopted a summary-style notice of convocation to make it easier to exercise voting rights while looking at the agenda**, but **we are moving to digitalization by directing shareholders to QR codes for other documents.** •We have adopted a summary-style notice, but as it only differs from the full set by 4 or 5 pages, we would like to **consider making drastic reductions in the future.**

- In addition, the following feedback was also received regarding further reduction of paper documents.

- As sending written notices of resolution after a general shareholders meeting is not legally required, there is room for further digitalization.
- If it becomes possible to provide dividend statements on the web, it would be possible to reduce the number of documents other than dividend receipts, so we would like this to be considered.
- Dividend receipts are a significant burden on listed companies in terms of mailing costs and management of unpaid dividends, so it would be desirable to encourage a shift to a transfer system and to abolish them in the future.
- Even though it is used by less than 1% of all shareholders, the use of requests for written documentation is a significant burden for most companies, so it should be abolished.

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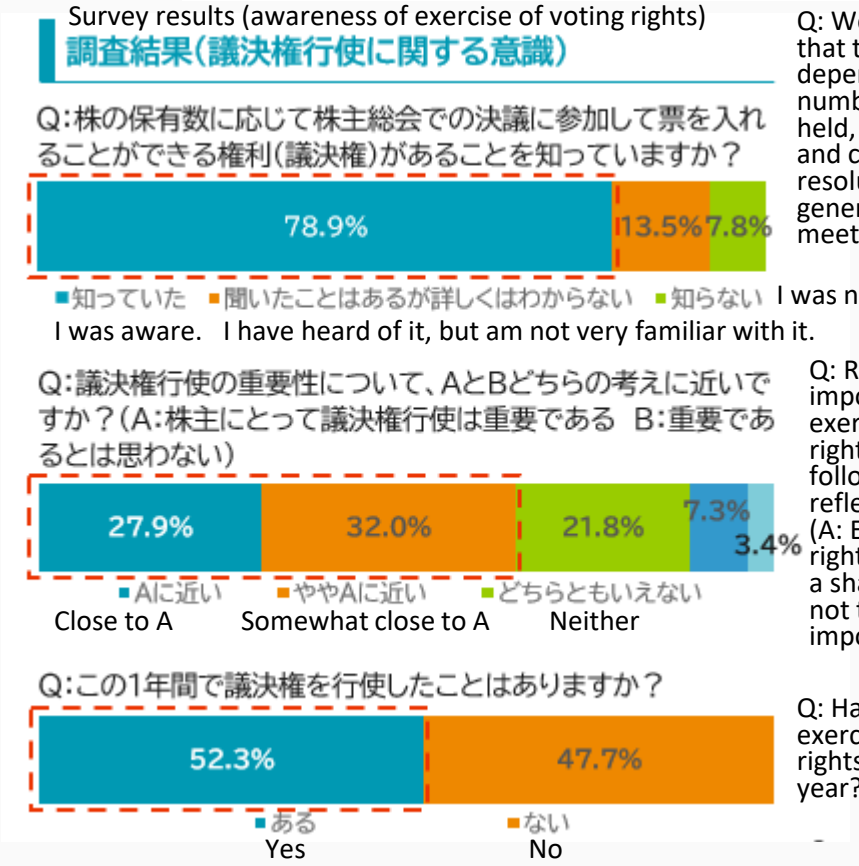
Survey on Retail Shareholders' Awareness of the Exercise of Voting Rights

- Only around 40% of retail shareholders exercise their voting rights.
- In addition to promoting the electronic exercise of voting rights, it is also important to work on increasing the ratio of voting rights exercised.

- A survey was conducted by Sumitomo Mitsui Trust Bank on retail shareholders' awareness of the exercise of voting rights.
- 78.9% of retail shareholders were aware of the "existence" of voting rights, while 59.9% were aware of the importance of exercising those rights. However, only 52.3% of retail investors have actually ever exercised their voting rights.

- 三井住友信託銀行にて、個人株主の議決権行使に関する意識調査を実施
- 個人株主の78．9%が議決権の“存在”を既知、かつ、59．9%は議決権行使の重要性を認識しているが、実際に議決権行使を行ったことがある個人株主は52.3%に留まる

Survey results (awareness of exercise of voting rights)

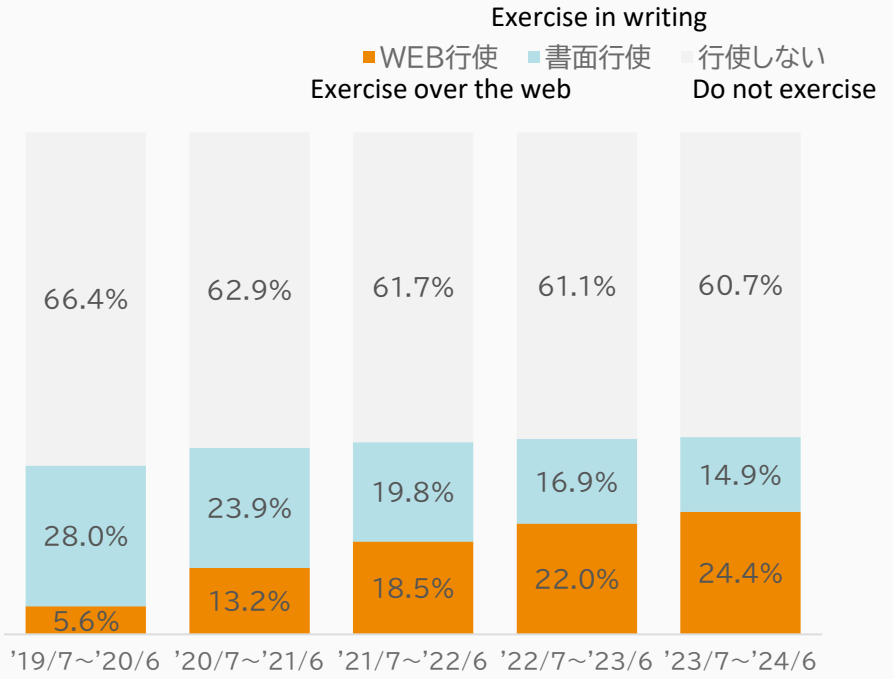


Q: Were you aware that there is a right, depending on the number of shares held, to participate and cast votes in resolutions made at general shareholders meetings?

Q: Regarding the importance of exercising voting rights, which of the following closer reflects your views? (A: Exercising voting rights is important for a shareholder. B: I do not think it is important.)

Q: Have you exercised your voting rights in the last year?

(Exercise of voting rights over time)



Source: Sumitomo Mitsui Trust Bank, Trust Companies Association of Japan

*Survey period: February 22 to March 3, 2024 (3,124 respondents)

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Timing when Retail Shareholders Decide not to Exercise Their Voting Rights

- 67% of retail shareholders give up on exercising their voting rights at the initial stage.
  - Most shareholders give up on exercising their voting rights at the initial stage of the process (opening the envelope, checking the contents, understanding the convocation notice)
  - In order to increase the rate of exercising voting rights, the dissemination of more concise and easy-to-understand information is likely necessary.

▪ 議決権行使を断念するタイミングは、フローの初期段階(封書を開封・内容物を確認・招集通知を理解)に集中

▪ 個人株主の議決権行使率を向上させるためには、簡潔かつ分かりやすい情報発信が重要か

Survey results (timing when shareholders give up on exercising voting rights)

調査結果(議決権行使断念のタイミング)

1. Noticing and opening envelope
2. Checking envelope's contents
3. Reading convocation notice and deciding to exercise voting rights
4. Checking the process for exercising voting rights and making a decision
5. Making necessary arrangments

Normal flow of exercise of voting rights
■一般的な議決権行使のフロー

	①届いた封書に気づき、開ける	②封書の内容物を確認する	③招集通知等を読み議決権行使すると決める	④議決権行使の手段を確認・決定する	⑤手続きする
Rate of giving up on exercising voting rights (multiple answers allowed) 議決権行使を断念した比率(複数回答)	20%	21%	26%	14%	11%
Main reasons 主な理由	Perception of having no influence Deferment Not understanding what the message was about and neglecting the matter	Not understanding the significance of exercising voting rights Too many contents Not knowing where to start reading	Too many words Difficulty in understanding the wording Not understanding that a request to vote is being made	Difficulty in understanding how each method should be carried out Not knowing a simple method	Forgetting the deadline Too much trouble to return the postcard Procastination

➢ 「議決権行使の重要性不知」「内容が難解」「情報量が多すぎる」等の理由により、議決権行使フローの初期段階で断念している個人株主が多数

➢ 簡潔かつ分かりやすく情報発信することで、個人株主の議決権行使率上昇を期待

- The majority of retail investors give up at an early stage in the flow of exercising voting rights, for reasons such as "not knowing the importance of exercising voting rights", "difficulty in understanding the contents", and "too much information".
- We hope for an increase in the rate of exercising voting rights through the dissemination of concise and easy-to-understand information.

Source: Sumitomo Mitsui Trust Bank

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Initiatives to Increase the Ratio of Retail Shareholders Exercising Voting Rights

- Efforts to provide a platform for promoting the electronic exercise of voting rights are also progressing.

From next fiscal year, we plan to begin providing a service to promote engagement between listed companies replacing paper and retail shareholders.

来年度より紙に代わる上場会社と個人株主とのエンゲージメントを促進するサービスの提供を開始予定

Features of communication tools
コミュニケーションツールの特徴

I. Consolidate and manage information
Manage all company notifications, such as information on dividends and shareholder benefits, in one place with an app

II. Digital communication
Seamless communication with shareholders possible through smartphones

III. Use of data on shareholder details and activity
Creation and implementation of IR/SR policies possible, based on accumulated data on retail shareholders

Ⅰ. 情報をまとめて管理
配当金情報・株主優待など、上場会社からの各種通知物をアプリで一括管理

Ⅱ. デジタルコミュニケーション
スマートフォンを介して株主との円滑なコミュニケーションが可能になる

Ⅲ. 株主の属性・行動データ活用
蓄積した個人株主のデータを基に、IR・SR施策の立案・実施が可能になる

What can be done through this service
サービス利用により実施できること

The Kabunushi Passport feature allows provision of solutions catered to issues and requests.

✓ 株主パスポート機能の活用で、課題・要望に適したソリューション提供が可能です

I want to communicate information to shareholders as needed
- 随時、株主に情報を伝えたい

I want to increase fan shareholders
- ファン株主を増やしたい

I want to deepen understanding of my company
- 会社への理解を深めて貰いたい

I want to increase the rate of exercise of voting rights
- 議決権行使率を向上させたい

等

株主パスポートを利用した施策例

ポイント付与優待	選択優待申込受付	デジタルギフト優待(※1)
個人株主説明会	個人株主イベント(※2)	議決権行使促進通知

(※1,2)弊社との業務提携先をご紹介予定
(※)有料サービスの一部は2025年10月以降に提供開始予定です

Screen introducing services
サービス画面

Screen for shareholders

(*1, 2) We plan to introduce our business partners.
(*) A portion of paid services are planned to begin from October 2025.

本書に記載のサービスは開発中のためサービス提供開始時期、機能及び画面が予告なく変更となる可能性があります

As the services shown in this document are still being developed, it is possible for changes to occur in the features or screens.

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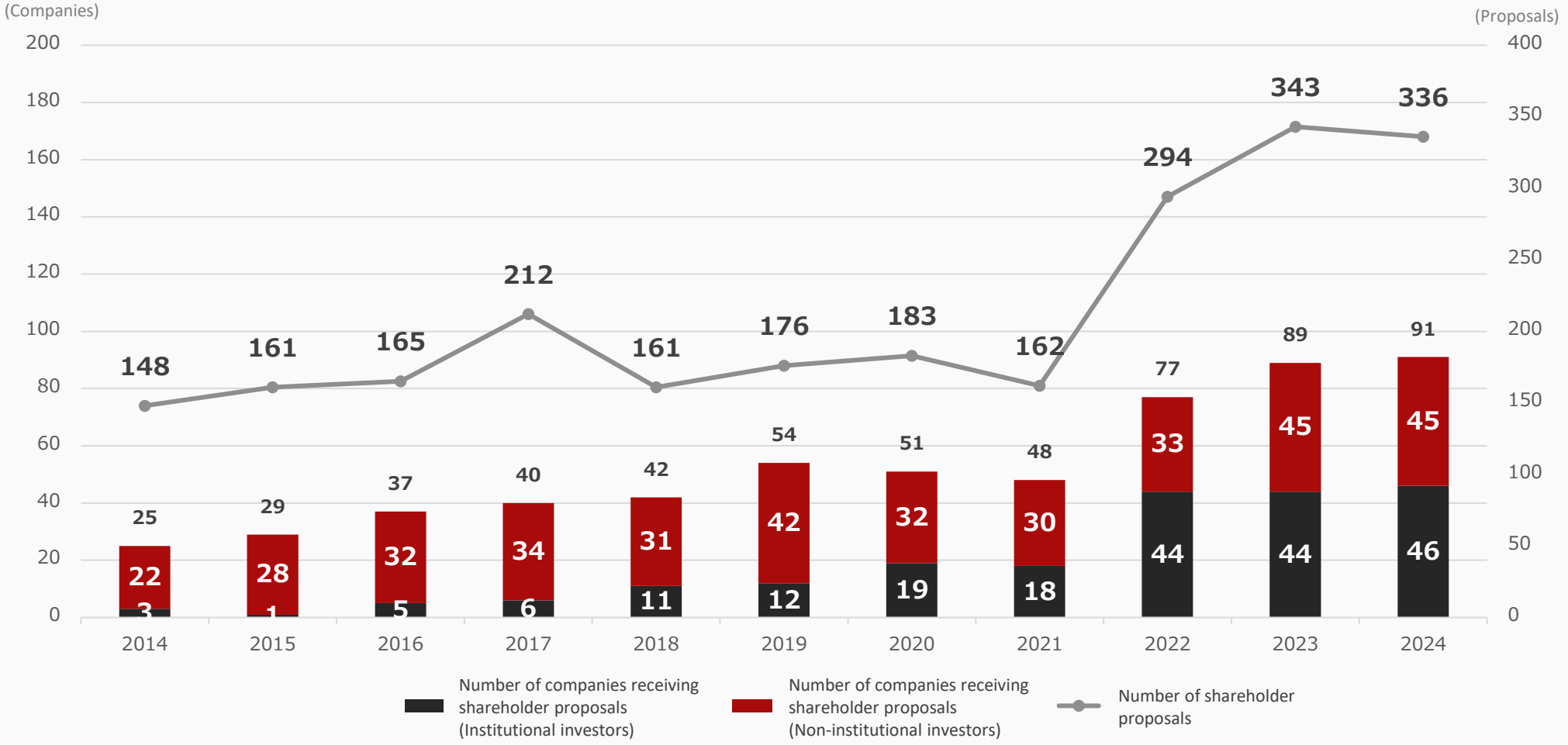
Source: Sumitomo Mitsui Trust Bank(December 19, 2024 Third Meeting Materials)

Status of Exercise of Shareholder Proposal Rights

- The number of listed companies that receive shareholder proposals and the number of shareholder proposals have both been rising year by year. The number of companies that received shareholder proposals at the most recent general shareholders meetings held in June 2024 was the highest ever.
- The number of shareholder proposals made by shareholders is increasing, not only from institutional investors such as activists, but also from retail shareholders.



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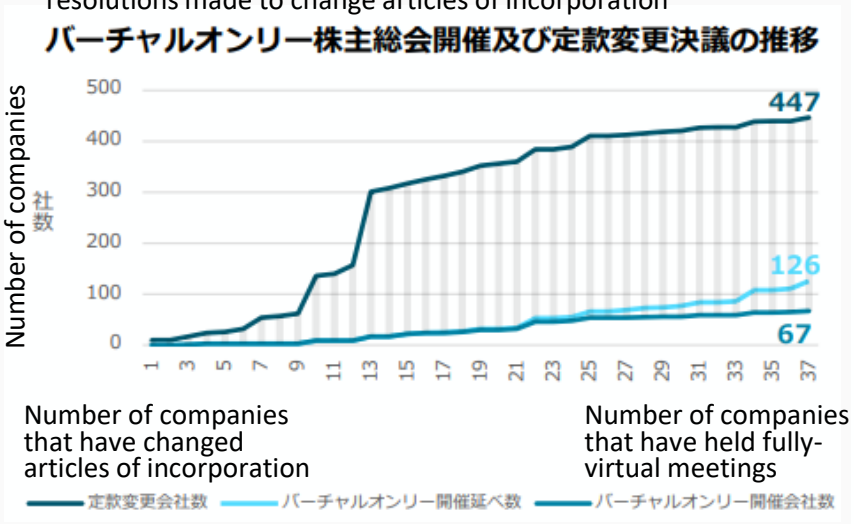
Source: Prepared by TSE from data provided by Sumitomo Mitsui Trust Bank

Implementation of Fully-Virtual General Shareholders Meetings

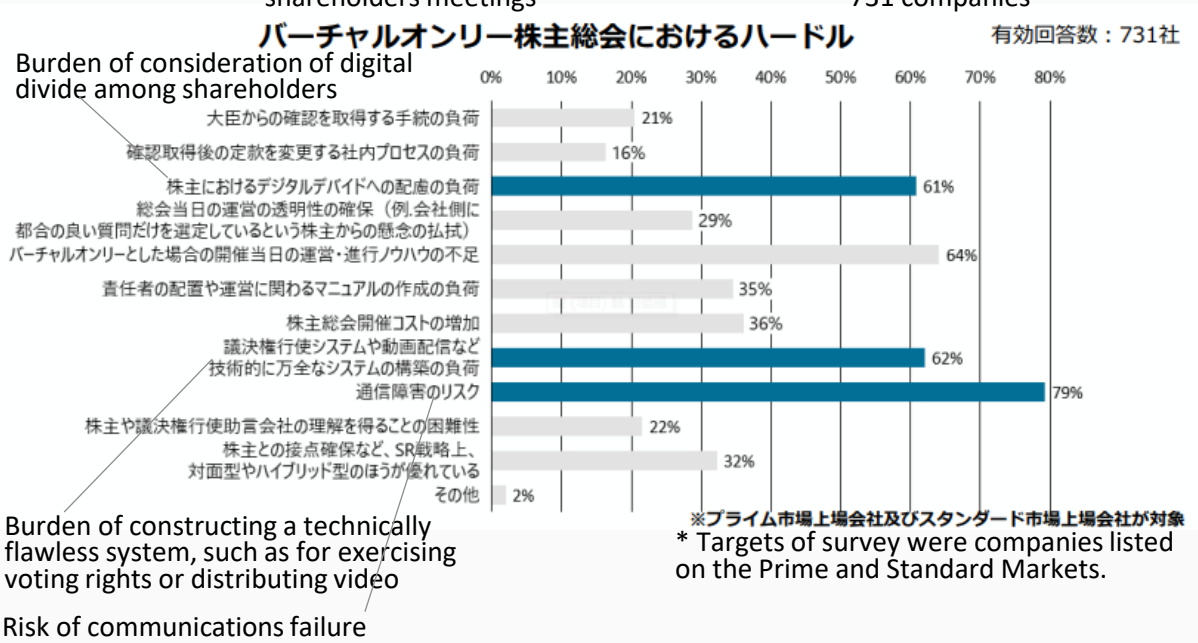
- As of the end of June 2024, 67 companies had held a fully-virtual general shareholders meeting, and 447 companies had passed a resolution at their general shareholders meeting to change their articles of incorporation to allow for the holding of such meetings.
- Many listed companies are concerned about the risk of having to cancel resolutions due to communication failures and the burden of building systems to address this.

Fully-virtual general shareholders meetings and resolutions made to change articles of incorporation



Hurdles to holding fully-virtual general shareholders meetings

Number of valid responses: 731 companies



* Targets of survey were companies listed on the Prime and Standard Markets.

*As of June 30, 2024 (Ministry of Economy, Trade and Industry (METI) survey)
*The total number of fully-virtual general shareholders meetings held is the total of separate calculations for each time the same company held multiple meetings.

Nomura Research Institute “Fiscal Year 2023 Commissioned Research Project on Industrial and Economic Research (Survey on the Current State of Corporate Governance in Japanese Companies)” Commissioned by METI

“Third Meeting of the Corporate Governance Study Group for Strengthening ‘Earnings Power’ - Secretariat Briefing Materials”, METI

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5. Issues Related to Other Measures

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Discussion of Other Policy Proposals

- Taking into account the demand of retail investors who want to invest in individual stocks from smaller amounts, we have identified issues in laws and regulations as well as in practice regarding proposals for even smaller size investment from a medium- to long-term perspective.
- In particular, the mandatory requirement for share splits and the reduction of the number of shares constituting one unit, **which directly lead to restrictions on the capital policy of listed companies and a significant increase in the number of shareholders with voting rights (concerns about the abuse of shareholder proposal rights),** have a **significant impact on listed companies and therefore require careful consideration.**

Main feedback from study group

[Mandatory share splits]
- The freedom of each company's capital policy should be respected, and mandatory rules are not suitable.
- Share splits are forced when share prices surge, so this inhibits incentives to improve corporate value.
- Consideration is needed for the burden on listed companies, as there are considerable costs involved in implementing share splits.

[Reduction of trading unit]
- Since the Companies Act sets forth provisions for consolidating shares of less than one unit, there is a view that needlessly increasing the number of shares of less than one unit is undesirable. However, considering the circumstances of the revision, it cannot be said that lowering the trading unit on the exchange would necessarily conflict with the intent of the laws and regulations.
- The fact that shares of less than one unit are traded on the secondary market may make it easier to buy additional shares to make up a full unit.
- When making a change to the trading unit, the same measures should be taken for other exchanges and proprietary trading systems. [1]
- Since it will be possible to trade in smaller amounts, careful consideration is needed regarding the promotion of speculative trading and the impact on low-liquidity stocks. [1]
- Since it is expected that the number of orders and executions will increase in line with the smaller size of orders, ensuring system capacity is an issue. [1, 2]

[Reduction in the number of shares constituting one unit]
- The requirements for the number of voting rights for shareholder proposals need to be revised to prevent the abusive exercise of rights.
- With the number of shareholders increasing, so is the cost of running general shareholders meetings.

[1] The same opinion was expressed regarding the reduction in the number of shares constituting one unit.
[2] Regarding system capacity, there was also an opinion that the impact could be reduced by limiting the target issues.

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List of Other Proposed Measures and Issues

- Mandatory stock splits have a great impact on listed companies, while reductions of investment units have a great impact on securities companies and investors (reductions in the number of shares constituting one unit have a great impact on both).

Item	Concept
Making share splits mandatory	Requiring a listed company with an investment unit that exceeds a certain amount to conduct a share split
Lowering TSE's trading unit	Lowering the trading unit specified in TSE's rules (keeping the share unit at 100 shares, but allowing the trading of shares less than one share unit)
Lowering the Share Unit	Lowering the number of shares constituting one share unit as specified by listed companies in their articles of incorporation

Issue	Effect of Lowering Investment Units	Capital Policy of Listed Companies	Requirements for Exercising Shareholder Proposal Rights	System Capacity	Burden on Listed Companies (Shareholder Management and IR)	Burden on Listed Companies (Implementation)	TSE's Rules and Trading Systems	Legal
Making share splits mandatory	Limited effect depending on the split ratio	**Restrictions on capital policy**	**Easing of the number of shares required for voting rights**	Relatively small effect	Increase in the number of shareholders holding share units of shares	**Cost of conducting a share split (which needs to be conducted again when the share price goes up)**	Possible by revising TSE's rules	None
Lowering TSE's trading unit	Significant reduction of investment units	No changes to the units of investment/voting rights	No effect on the number of shares required for voting rights	**Increase in orders/executions**	**Increase in the number of holders of shares less than one share unit***	Companies are not required to take any special action	**Possibility of settlement prices with fractional parts under JPY 1**	**Status of shares less than one share unit in the Companies Act** Requirements for exemption from short selling regulations, etc.
Lowering the share unit	Significant reduction of investment units	**Forced reduction in the unit of voting rights**	**Significant easing of the number of shares required for voting rights**	**Increase in orders/executions**	**Increase in the number of shareholders holding share units of shares**	**Requires shareholders to pass a resolution to change the company's Articles of Incorporation**	**Possibility of settlement prices with fractional parts under JPY 1**	Requirements for exemption from short selling regulations, etc.

(Items having a particularly large impact are marked in red.)

* Leads to dividend-related costs and requires an IR response, as is the case with shareholders holding share units of shares.

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6. Action Plan

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Action Plan Going Forward

- In order to achieve a reduction of investment units, **it is essential that listed companies voluntarily discuss and consider the issue, which is fundamental to their capital policy. It is essential to take a multifaceted approach, such as encouraging retail investors to build relationships with companies that contribute to improving corporate value.**
- TSE is encouraging listed companies to consider the level of their investment units and the possibility of reducing them, while strengthening the dissemination of various types of information and cooperation with related companies.

#	Item	TSE's Response Going Forward
1	Notification of the results of the survey given to retail investors	• Inform listed companies of the results of the survey given to retail investors (e.g., the level of investment units sought by retail investors) ➢ Regularly conduct the survey and inform listed companies of the results ➢ Surveys will be conducted and publicized on a regular basis in the future.
2	Information dissemination aimed at listed companies	• Intensify TSE's information dissemination through seminars and other means in order to encourage listed companies to voluntarily lower their investment units ➢ Inform listed companies of the significance and merits of share splits ➢ Introduce listed companies' experiences with conducting share splits ➢ Introduce investors' assessments ➢ Introduce the efforts and initiatives of companies to further promote the digitalization of documents provided to shareholders and other parties, etc.
3	Information dissemination aimed at retail investors	• Intensity TSE's information dissemination through seminars and other means to increase retail investors' engagement with listed companies through stock investing ➢ Introduce the process of and key points to exercising voting rights ➢ Introduce examples of listed companies' efforts aimed at retail investors (including efforts to promote digitization), etc.
4	Information dissemination aimed at institutional investors	• Disseminate information to institutional investors on listed companies' efforts to lower their investment units
5	Digitization of documents and fully virtual general shareholders meetings	• Collaborate with related organizations on considering ways to make dividend-related documents paperless • Brief the Ministry of Justice and other organizations on what was discussed by the study group, including the points and issues that it raised
6	Rules and practices related to shareholder proposals	• Brief the Ministry of Justice and other organizations on what was discussed by the study group, including the points and issues that it raised

7. Conclusion

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Conclusion

- From the perspective of realizing Japan as a leading asset management center, TSE will create an environment that is conducive to investment for a diverse range of individuals, including young people. It will do this by implementing various measures in its Action Plan to encourage listed companies to make efforts on their own initiative.

- It is expected that listed companies will consider their ideal capital structure (shareholder structure) from a medium- to long-term perspective. In doing so, we hope they will refer to information such as the level of investment units sought by retail investors and discuss and consider measures for the optimal investment unit for their company, lower investment units, and ways to reduce the burden associated with an increase in the number of shareholders.

- In the future, we will continue to expand the information that contributes to the consideration of listed companies and update various measures based on the progress of initiatives by listed companies and feedback from market stakeholders.

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(Ref.) Outline of Study Group

- The members participating in the study group are drawn from listed companies, institutional investors, securities companies, transfer agencies and experts in the field (relevant authorities and industry groups have also participated as observers).
- The study group met once a month from October 2024 and finalized its report in March 2025.

Item	Outline	Topics	Outline
First	October 2024	• How the study group should proceed (schedule, topics) • Past efforts to lower investment units	• Sharing the purpose of the study group, discussion topics, schedule, etc. • Status of share splits, comments from market players, etc.
Second	November 2024	• Reasons for and issues with lowering investment units (1)	• Effects of share splits (changes in the number of shareholders and shareholding ratios, status of continued shareholding, etc.) • Investment behavior of retail investors (trading trends, monthly purchase amounts, etc.) • Shareholder proposal rights (exercise status, overview of shareholder proposal rules, etc.)
Third	December 2024	• Reasons for and issues with lowering investment units (2)	• Status of digitizing various documents • General shareholders meetings (virtual meetings, status of voting rights exercised, etc.) • Materials and systems to further promote voluntary initiatives by listed companies
Fourth	January 2025	• Reasons for and issues with lowering investment units (3) • Summarization of discussions until now	• Results of the survey of retail investors on the level of investment units • Practicalities of share splits • Summarization of opinions and issues raised at previous study sessions
Fifth	February 2025	• Measures for enabling smaller-sized investments and the issues related to them	• Identifying measures for enabling smaller-sized investments from a medium- to long-term perspective and the issues related to them • TSE's response going forward
Sixth	March 2025	• Present a draft compilation	• Organize and present the content covered in the first through fifth meetings ➢ Status of Efforts to Lower Investment Units ➢ Reasons for Lowering Investment Units and the Level to Aim For ➢ Issues Related to Lowering Investment Units ➢ Summarization of Points Related to Measures for Enabling Smaller-Sized Investments ➢ Action Plan

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(Ref.) Overview of Shareholder Proposal Rights in Japan, the U.S. and Europe

- In the U.S., it is relatively easy to exercise the right to make a shareholder proposal. However, a company can reject a proposal by following certain procedures, and there is also a word limit for the content of proposals.
- In Japan, the Companies Act was revised in 2019 to set an upper limit on the number of proposals that could be made, but there are no provisions regarding the refusal to list a proposal.

	Japan		U.S.*
	Right to Propose Agenda Item	Right to Submit Proposal	Right to Request Inclusion in Proxy Solicitation Materials
Outline	The right to request that certain matters be made the purpose of the general shareholders meeting	The right to request that the content of the agenda submitted by shareholders be included in the convocation notice	The right of shareholders to propose agenda items or submit proposals to be resolved at a general shareholders meeting and to request that these be included in the company's proxy solicitation materials
Requirements for Exercising	Holding 1% of the total number of voting rights, or 300 voting rights, for six months continuously		1. Holding shares with voting rights worth at least $2,000 at market price for at least three years 2. Holding shares with voting rights worth at least $15,000 at market price for at least two years 3. Holding shares with voting rights worth at least $25,000 at market price for at least one year
Number of Proposals	No limit	Ten	One
Word Limit	No limit	No limit	Within 500 words (website URLs count as one word)
Deadline	Eight weeks before the day of the general shareholders meeting		Up to 120 days before the date of dispatch of the previous year's proxy solicitation materials
Limitations on Content of Proposals	No limit	The company may refuse to include the content of a proposal in a convocation notice under the following circumstances: (1) If the proposal violates laws and regulations or the articles of incorporation, or (2) If three years have not yet passed since the date on which the proposal was not approved by more than 10% of the voting rights of all shareholders at a general shareholders meeting.	In the following cases, it is possible to exclude the information from the documents by applying for a no-action letter from the SEC. (1) Proposals that are inappropriate under state law (2) Proposals that violate laws and regulations (including foreign laws), or proxy solicitation rules (3) Proposals related to personal complaints or special interests (4) Proposals that are not significantly related to the company's business (5) Proposals that exceed the company's ability or authority (6) Proposals related to the company's normal business operations (7) Proposals regarding the election of board members (8) Proposals opposing the company's proposed agenda (9) Proposals regarding matters that the company has already implemented (10) Proposals that are substantially identical to other proposals (11) Proposals that are substantially identical to proposals that did not receive sufficient support at general meetings of shareholders in the past five years (12) Proposals regarding specific dividends

* Although there are no procedural restrictions on shareholder proposals under state law, it is generally accepted that the basic articles of incorporation or supplementary articles of incorporation prescribe that shareholders must notify the company of their proposals by a certain date, and such provisions are generally included in the supplementary articles of incorporation (such as provisions requiring notification 60 or 90 days before the scheduled date of the annual general shareholders meeting).

Source: Prepared by TSE based on various published materials

(Ref.) Overview of Shareholder Proposal Rights in Japan, the U.S. and Europe

- Regarding requirements for exercising the right to make a shareholder proposal in Europe, the number of shares that must be held represents a high hurdle.
- In addition, if the exercise of the right is deemed to be abusive, the company can refuse to add the content of the proposal from the shareholder to the agenda for deliberation.

	U.K.	Germany	France
	Right to Request Notice of Proceedings	Right to Propose Agenda Item	Right to Request Inclusion of Agenda Item or Proposal
Outline	Shareholders of listed companies may request that any matter that should be dealt with at the AGM be added to the agenda for deliberation.	The right to request that an agenda item (an item to be discussed at a general shareholders meeting) be added to the agenda and public notice be given	The right to request that an issue or agenda item be included in the agenda
Requirement for Exercising	Shareholders who hold 5% or more of the shares Or 100 or more shareholders who have voting rights that can be exercised at the AGM and who hold shares with an average paid-in amount of 100 pounds or more per person * The paid-in amount per share is stipulated in the articles of incorporation and is usually lower than the market price.	The combined shareholding must reach 5% of the basic capital Or The shareholder must have a share value of 500,000 euros * It is also necessary to have previously held (for 90 days) and continue to hold (until the time of the board members' decision on the request) shares that meet the shareholding requirements	Holding 5% or more of shares
Number of Proposals	No limit	No limit	No limit
Word Limit	No limit	No limit	No limit
Deadline	Six weeks before the meeting date, or until the AGM notice is sent, whichever is later.	Either before or after the convocation of the general shareholders meeting, but if after the convocation, the request must reach the company at least 30 days before the meeting date	Notice 25 days prior to the date of the general shareholders meeting
Limitations on Content of Proposals	(a) When it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the company's constitution or otherwise), (b) When it is defamatory of any person, or (c) When it is frivolous or vexatious.	There are no explicit provisions, but rejection is possible in the case of an objective that is outside the authority of the general shareholders meeting, or an abuse of rights.	No limitations. However, it is also possible for requests for inclusion of certain matters (such as those not related to the company's purpose) to be rejected.

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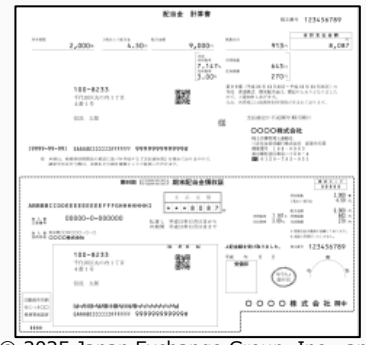
Source: Prepared by TSE based on various published materials

(Ref.) Methods of Receiving Dividends for Listed Shares

- There are four types of methods for receiving dividends from listed shares, etc.
- The dividend receipt method involves a high social cost compared to the transfer method, as it requires face-to-face procedures each time a dividend payment is made, and it also requires management of unpaid dividends for listed companies.

#	Method of receiving	Outline
1	Method of allocation in proportion to the number of shares held	• A method of receiving dividends for all stocks held through a securities company with which one has a business relationship, depending on the balance of the account at said securities company. • This method must be selected to receive tax exemption for dividends on instruments such as listed shares held in a NISA account.
2	Registered dividend-receiving account method	• A system in which one receives dividends for all the stocks held in a single bank account that has been specified in advance.
3	Individual stock designation method	• A method of receiving dividends in a financial institution deposit account that has been specified in advance for each stock. • For stocks for which a financial institution deposit account has not been specified, the dividend receipt method is applied.
4	Dividend receipt method	• A method of receiving dividends in cash by taking the dividend receipt sent by the company to a post office or designated financial institution and presenting it at the counter.

Positioning and issues of dividend receipts



- Under the Companies Act, the payment of dividends is a debt owed by the company (an obligation that the debtor must fulfill by bringing them to the creditor's address) (Companies Act, Article 457)
- Since the mailing of dividend receipts is interpreted as fulfilling performance obligations, if a shareholder does not specify an account to receive dividends, it is customary to mail them.
- There are a certain number of shareholders who do not accept their dividends, and in such cases, the company needs to record them as unpaid dividends. As there are also costs such as for printing and mailing, this is the most expensive method of paying dividends.
- It would be preferable to reduce the number of shares by utilizing the method of allocation in proportion to the number of shares held, but as long as even one share remains, the printing costs will remain.

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(Ref.) Status of Digitalization of Various Notifications

- The number of listed companies that use full sets is on the decline.
- For companies with a large number of shareholders in particular, cost benefits from reducing paper use can be expected, and there has been a surge in the proportion of access notifications and summaries.

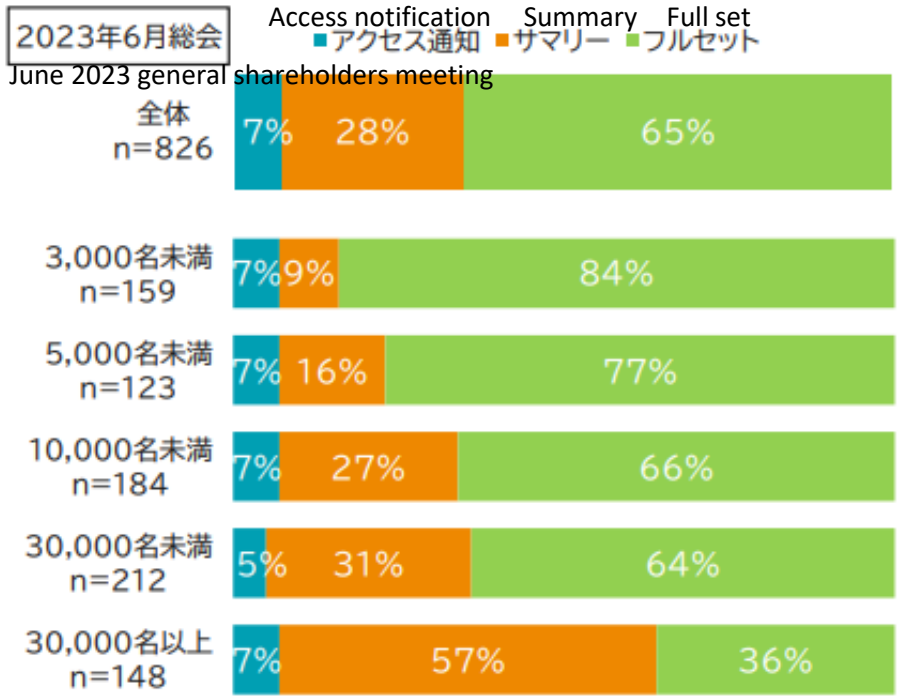
Status of delivery classifications (June general shareholders meeting)

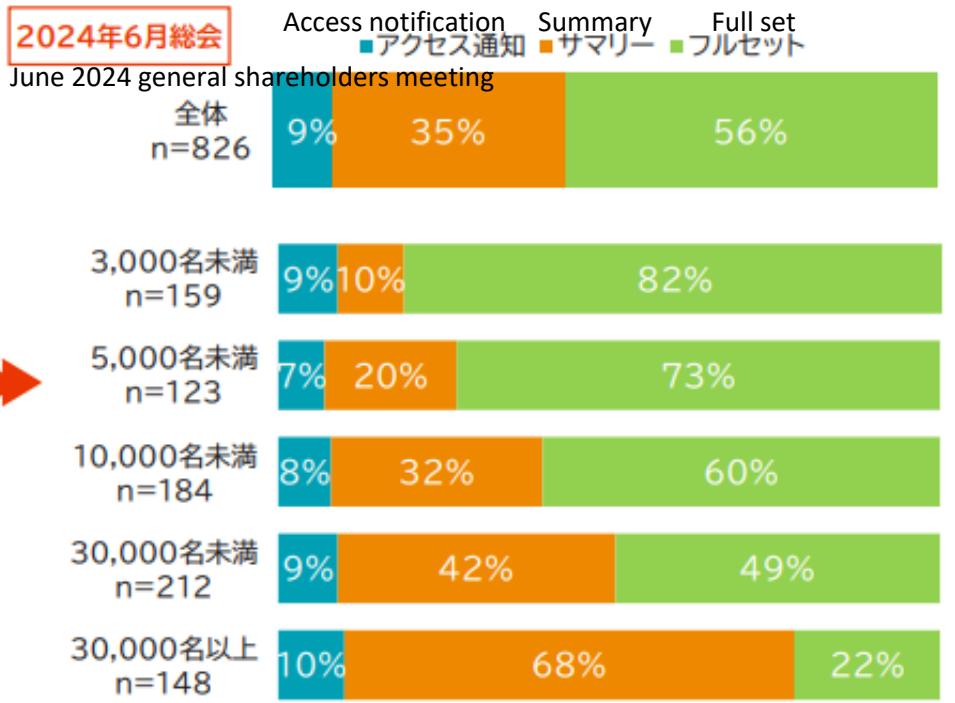
送付区分の状況（6月総会）

Delivery classifications of paper convocation notices*

紙面招集通知の送付区分*

＊書面交付請求を行わなかった株主に対して紙面で送付する招集通知の区分





- Access notification: Delivering the minimum amount of paper materials required to all shareholders
- Summary: Delivering additional information on a voluntary basis in addition to measures under "access notification" above
- Full set: Documents delivered to shareholders requesting their delivery are also sent to all shareholders.

Source: Mitsui Sumitomo Trust Bank

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(Ref.) Usage of Request for Issuance of Documents

- The percentage of shareholders who use written requests for delivery is less than 1% of the total shareholders in most companies.

Ratio of shareholders who have requested delivery of documents by the voting rights record date to the total number of shareholders with voting rights

	No request	0.1% or less	0.5% or less	1.0% or less	2.0% or less	3.0% or less	4.0% or less	5.0% or less	Over 5.0%	No response	Number of responses
Prime	134 (11.9)	219 (19.5)	292 (26.0)	379 (33.7)	72 (6.4)	2 (0.2)	4 (0.4)	5 (0.4)	1 (0.1)	16 (1.4)	1,124 (100)
Standard	193 (31.0)	152 (24.4)	142 (22.8)	92 (14.8)	19 (3.0)	2 (0.3)	2 (0.3)	3 (0.5)	7 (1.1)	11 (1.8)	623 (100)
Growth	57 (51.4)	38 (34.2)	11 (9.9)	1 (0.9)	-	-	-	-	-	4 (3.6)	111 (100)
Total	400 (21.0)	423 (22.2)	451 (23.7)	477 (25.1)	94 (4.9)	4 (0.2)	6 (0.3)	8 (0.4)	8 (0.4)	31 (1.6)	1,902 (100)

*The total number of companies includes listed companies other than those on Tokyo Stock Exchange.

Source: Commercial Law Review Shojihomu No. 2376 “General Shareholders Meeting White Paper, 2024 Edition”

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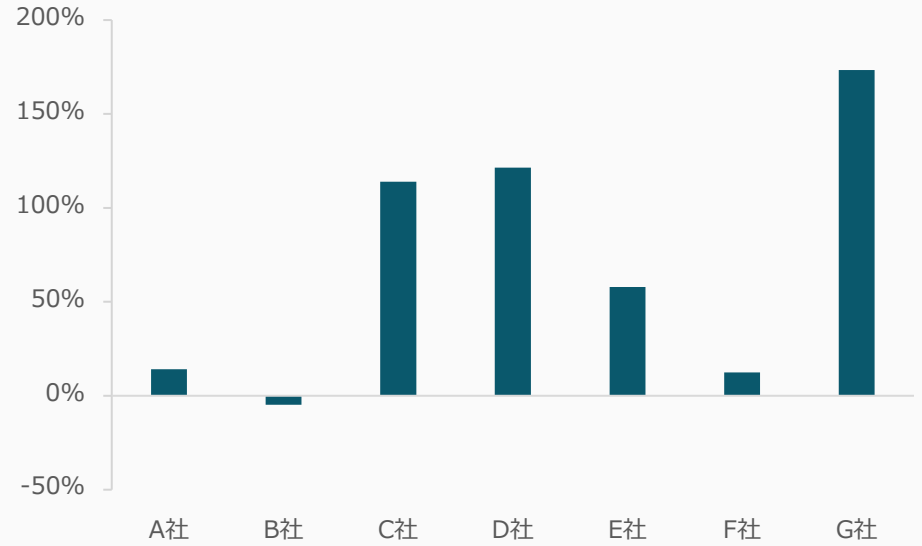
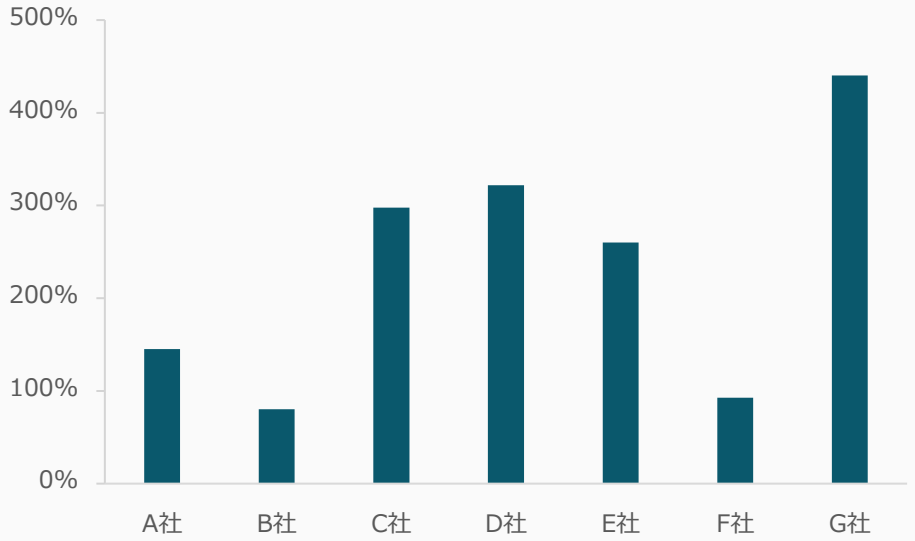
(Ref.) Impact on System Capacity

- The following charts show the percentage of increase in orders and executions after share splits conducted between January 2023 and November 2024 with a split ratio of 1:10 or more.[1] While the number of executions tended to increase, the number of orders either increased or decreased depending on the company.
- TSE conducted an analysis of what would happen if it lowered its trading unit to one share. The analysis revealed that orders for the stocks of all companies would increase by approximately 80% and executions for the stocks of all companies would increase by approximately 420%.[2]

Percentage of Increase in Orders After a Share Split



Percentage of Increase in Executions After a Share Split



[1] Computed using data for 20 business days before and after the ex-rights date of each company's stock.
[2] Data for the number of orders and executions if TSE lowered its trading unit to one share were estimated from data on the stocks of 326 companies that conducted share splits between January 2023 and November 2024 and the stocks of 523 companies that changed their share units in September 2017 and 2018. Specifically, the analysis was performed using the data for 20 business days before and after the ex-rights dates of said stocks. Variables for each stock were calculated for the period before the stock's ex-rights date and the period after the stock's ex-rights date, then multiple regression analysis was conducted. Two percentages of increase in orders and two percentages of increase in executions were estimated, one using the model created from the data on the stocks of companies that conducted share splits and the other using the model created from the data on the stocks of companies that changed their share units, and in each case, the higher of the two percentages was used as the estimated percentage. The data used to estimate the percentages of increase in orders and executions consisted of the data for the stocks of all TSE-listed companies for the 40 business days from November 5, 2025 to December 30, 2025.

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(Ref.) Share Unit System and Trading Units

- Before the 2001 revisions, there were regulations that aimed to make the unit of capital contribution commensurate with a company's management costs, such as by making the unit of capital contribution at the time of the company's incorporation to be at least JPY 50,000.
- After the 2001 revisions, the regulations on the unit of capital contribution were repealed, leaving its determination up to each company. In addition, after reviewing the unit share (*tan'i kabu*) system, which had been introduced in order to prepare for the smooth performance of anticipated share consolidations, the share unit (*tangen kabu*) system was introduced.

	Entity Subject to the Regulations	Item	Outline
Companies Act	Corporations	Share Unit System	• Unit of voting rights • May be set at a company's discretion in order to reduce shareholder management costs for small shareholders[1] • No restrictions on the circulation of listed companies' shares less than one share unit[2] • A holder of shares less than one share unit can request the issuing company to buy the shares back or sell the holder additional shares to make up one share unit
TSE's Rules	Listed Companies	Number of Shares Constituting One Share Unit	• Requires one share unit to equal 100 shares
		Trading Unit	• TSE's trading unit • Specifies that one trading unit equals one share unit

[1] The number of shares per share unit may not exceed 1,000 shares or 1/200 of the total number of issued shares.
[2] However, holders of shares less than one unit have the right to demand that the issuing company buy back said shares. In "Kabushiki Kaisha Hou (Laws of Stock Corporations)," Kenjiro Egashira explains that "it is a system that offers a favorable means for shareholders to recover their investments in shares less than the trading unit of the financial instruments exchange because such shares are difficult to sell at the market price."

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(Ref.) Exchange Rules Regarding Investment Unit Level of Listed Companies

- TSE has stipulated that listed companies should make efforts to set their investment units at a level below JPY 500,000. In cases where this is exceeded, they are obliged to disclose their approach and policy regarding the reduction of investment units to this level.

➢ A listed domestic company shall make efforts to shift to and maintain an investment unit of less than JPY 500,000 for such a listed domestic stock. (Securities Listing Regulations, Rule 445)

➢ Where the price specified by the Enforcement Rules as the latest investment unit (meaning the price per unit; the same shall apply hereinafter.) of a listed domestic stock is JPY 500,000 or more, the listed domestic company shall disclose its view and policy, etc. concerning an investment unit of such an issuer in order to shift to a level prescribed in Rule 445 within three months after the end of the business year. (Securities Listing Regulations, Rule 409)

*These rules will not be revised as a result of the study group's recent discussions.

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