Mizuho Custody Newsletter

June 2026 | Japan

Contents:

I. Market News

1. BOJ Tightening Continues

The Bank of Japan decided at its June 16 Monetary Policy Meeting to raise its short-term policy rate target, lifting the target for the uncollateralized overnight call rate from around 0.75% to around 1.0%. The new guideline for money market operations took effect on June 17. The interest rate under the Complementary Deposit Facility was set at 1.0%, and the Basic Loan Rate was set at 1.25%. Both decisions were approved by a 7-1 vote, and Governor Kazuo Ueda was absent.

The move shows that, while the BOJ still sees financial conditions as accommodative, it is placing greater weight on upside risks to inflation. The Bank said higher crude oil prices linked to tensions in the Middle East are a downside risk to the economy, but strong corporate profits and improving employment and income conditions are continuing to support activity, and it judged that the economy is recovering moderately despite some weakness. On prices, the BOJ said consumer inflation is currently below 2% because of government measures to reduce energy costs. Even so, it warned that oil-driven cost increases could spread more broadly through corporate price pass-through and that medium- to long-term inflation expectations are also rising, creating a risk that underlying inflation could move above its 2% target. In the summary of opinions released on June 24, some board members also argued that downside risks to the economy had eased compared with earlier assessments, supported by strong AI-related demand, corporate earnings and government measures.

Looking ahead, the BOJ said it will continue to raise the policy rate and adjust the degree of monetary accommodation in line with economic activity, prices and financial conditions. At the same time, it said the timing and pace of any further rate increases will depend on how developments in the Middle East affect Japan’s economy and prices, as well as on the likelihood that its baseline outlook will materialize and the risks around that outlook, meaning it did not signal a mechanical path of rate hikes. The June 24 summary of opinions also suggested some internal debate on how far and how quickly rates should rise, with some members arguing that policy should continue to move higher if the outlook is realized and one view calling for rates to be brought closer to a neutral level as early as possible.

At the same meeting, the BOJ also maintained its plan to reduce purchases of Japanese government bonds, or JGBs. The scheduled monthly purchase amount will be cut by about JPY 200 billion each quarter through January-March 2027, and from April 2027 onward the Bank will buy about JPY 2 trillion per month. The schedule calls for purchases of about JPY 2.7 trillion in April-June 2026, JPY 2.5 trillion in July-September 2026, JPY 2.3 trillion in October-December 2026, and JPY 2.1 trillion in January-March 2027. The BOJ also said that if long-term interest rates rise sharply, it may respond flexibly by increasing purchases, conducting fixed-rate purchase operations, or using pooled-collateral funds-supplying operations. It added that it will not conduct further interim assessments of the purchase reduction plan, although it remains prepared to amend the pace at future meetings if necessary.

The June 24 summary of opinions showed that debate over JGB purchases beyond April 2027 was more active than the policy statement alone suggested. Several members argued that reductions should stop from April 2027, citing the need to avoid unintended effects on market stability while domestic investors gradually absorb more JGB supply. By contrast, Naoki Tamura, the sole dissenter on the bond-buying plan, argued that the BOJ should continue cutting purchases by about JPY 200 billion per quarter through January-March 2028. The discussion highlighted that debate remains over the eventual end-point of JGB purchase normalization.

The decision also underlines both the rise in short-term yen interest rates and the continuation of the BOJ's balance sheet normalization. Higher short-term yields may affect returns on yen cash investment and reinvestment conditions. Continued reductions in JGB purchases will also matter for JGB pricing, market liquidity, collateral management and securities financing activity. The BOJ said that even if it maintains purchases at about JPY 2 trillion per month, its JGB holdings are still expected to decline to around JPY 480 trillion by end-March 2027 and to around JPY 350 trillion to JPY 370 trillion by end-March 2030, reinforcing the view that policy normalization is continuing.

Compiled from Bank of Japan, Nikkei Shimbun and Mizuho research.

2. Shareholder Meeting Trends

In Japan's June shareholder meeting season, companies are making further progress in the digitalization of annual general meeting operations, while the high level of shareholder proposals and the growing influence of institutional investors have become even more visible. As of June 12, 101 companies had received shareholder proposals. This was below the record high seen the previous year, but still the second-highest level on record. Of these, 52 companies received proposals from institutional investors, exceeding the previous year and setting a new record. Across the broader shareholder meeting season as well, shareholder proposals are continuing to rise, increasing the burden on companies to respond to agenda items and investor demands.

A key reason is the decline in the proportion of so-called stable shareholders as companies reduce policy shareholdings. In Japan, policy shareholdings are shares held not mainly for investment return, but to maintain business relationships, including ties with customers, suppliers, lenders, or other corporate partners. These holdings have traditionally helped provide management with a relatively stable voting base. As they are unwound, however, the relative influence of institutional investors is increasing. At the same time, proxy voting standards are becoming stricter. From the perspective of encouraging management to focus more on capital efficiency and share price performance, investors are increasingly reflecting higher return-on-equity thresholds and valuation indicators such as price-to-book ratio in their voting decisions. Demands are also strengthening with regard to the proportion of female directors, the level of policy shareholdings, the ratio of independent outside directors, and standards on long director tenure.

In terms of the content of shareholder proposals, proposals on the appointment and removal of directors remain prominent, but proposals to amend the articles of incorporation, including changes to the record date for shareholder meetings, are also drawing attention. In the Japanese context, these proposals are intended to push annual meetings to a later date so that the annual securities report can be disclosed before the meeting. This report, known in Japan as the yuka shoken hokokusho, is a statutory filing that contains fuller financial and governance disclosure than the meeting notice materials. The aim is to make it easier for shareholders to exercise their voting rights after reviewing that report. On climate-related issues, proposals from environmental groups that had been seen in previous years have not been confirmed this year so far. Instead, some campaigns appear to be shifting away from submitting proposals and toward opposing the reappointment of directors.

At the same time, companies are accelerating efforts to attract individual shareholders. To offset the decline in stable shareholders, more companies are trying to broaden their retail investor base through stock splits and expanded shareholder benefit programs. These shareholder benefit programs, which are a distinctive feature of the Japanese market, typically offer gifts, vouchers, discounts, points, or company products and services to shareholders. The number of companies offering such programs reached a record 1,649 as of the end of March 2026. Companies are also introducing incentive measures and retail-focused services aimed at encouraging shareholders to vote.

On the operational side, digitalization continues to advance. Shareholder meeting schedules remain concentrated in late June, with 31.0% expected to be held on June 26, a higher concentration on the peak day than in the previous year. For shareholder meeting materials, 77.1% of companies are expected to begin electronic provision by three weeks before the meeting, and 22.9% by four weeks before. Mailed materials are also shifting away from full hard-copy delivery toward access notices and summary documents. In the Prime Market, the top tier of the Tokyo Stock Exchange for companies expected to meet higher standards of governance and liquidity, English-language convocation notices continue to be provided at a high rate. These notices refer to the formal meeting notice and related reference materials sent to shareholders ahead of the annual meeting. Electronic voting is also expanding for both institutional and retail investors. Virtual shareholder meetings have gained a certain degree of acceptance as well, with 17.4% of companies expected to hold them this year.

Overall, the 2026 shareholder meeting season is being shaped by further digitalization, greater use of English, and more online processes on the operational side, while on the agenda side pressure is building around capital efficiency, board composition, and the rebuilding of shareholder bases. For companies, the challenge is no longer limited to improving the format and logistics of shareholder meetings. It is becoming increasingly important to show how they will respond to the stricter standards now being applied by investors.

Compiled from Nikkei Shimbun and Mizuho research.

3. Discussing Shareholder Transparency

Japan's proposed beneficial shareholder identification regime is moving into a more concrete phase as part of the broader review of the Companies Act. The regime would allow listed companies to obtain information, through nominee shareholders and intermediaries, on the investors who actually direct voting rights. Its stated aim is to improve constructive dialogue between issuers and shareholders and to increase transparency over shareholder ownership. In March 2026, the Ministry of Justice's company law panel issued an interim proposal that included the regime. However, the law has not yet been enacted, and many operational details are still being worked out.

For global custodians, the first key issue is the gap between the legal duty holder and the party that would actually handle the process in practice. Under the proposal, a listed company would request information from a nominee shareholder that qualifies as an intermediary. In cross-border holding structures, however, the party that actually handles information flows and responses may not always be the same as the legal nominee holder. Another important question is how far the disclosure obligation should go. Many market participants believe intermediaries should only be expected to provide information based on the account holder data they already hold, rather than trace the investment chain all the way back to the ultimate end investor. That distinction will be critical in determining whether the regime can work in practice.

The second major issue is the fit between the regime's stated purpose and the sanctions being considered. The interim proposal presents the regime as a tool to promote constructive dialogue between issuers and shareholders, but it also contemplates penalties, including fines and possible suspension of voting rights in some cases. That creates clear tension. In particular, a voting suspension would be difficult to apply in practice if the non-compliant party is a beneficial holder rather than a nominee holder, because the issuer would need to identify which nominee-held position and which voting rights should be blocked. For market participants, the concern is not only the severity of sanctions, but also how the information received by issuers would be used. Many believe such information should be used for dialogue, not for takeover defense or to discourage investors. As a result, the legitimacy of the regime may depend not just on the scope of sanctions, but also on clear limits on how issuers use the information and how often they contact beneficial holders.

A third major issue is who will bear the cost of building the required systems. The supplementary explanation to the interim proposal assumes that issuers would bear the cost of responding to information requests, and it also contemplates caps on the amounts that intermediaries could charge and on the total amount an issuer would pay. But it remains unclear who would ultimately pay for the larger infrastructure needed to make the regime work, including standardized data exchange, matching and verification tools, recordkeeping, and shared systems that support automated processing. Since the main beneficiary of the regime is arguably the issuer, there is a reasonable case for issuers to bear the main cost. At the same time, if fee caps are set too tightly, they could discourage the investment needed to build reliable systems and could weaken the stability and effectiveness of the regime.

In the end, the success of the new regime will depend on more than the legal text. It will also depend on practical rules covering who is responsible, what information must be delivered, how quickly it must be provided, and at what cost. It will also require safeguards on request frequency, realistic response deadlines that take account of time zone differences, machine-readable standard formats, and clear rules on how issuer-received information may be used. As the Japanese regime moves closer to possible adoption, the main question for global custodians is becoming less about the concept itself and more about whether the final operating rules will reflect the realities of cross-border holding structures.

Compiled from Ministry of Justice, Nikkei Shimbun and Mizuho research.

II. New Equities Listing Approvals

Listing Date	Name of Company	ISIN Code	MKT
Jul 15	ChatPlus Co.,Ltd.	JP3512850003	G
Jul 09	PRO HOLDINGS Co.,Ltd	JP3833900008	P
Jul 01	giftee Group,Inc.	JP3264880000	PR
Jun 30	NEIS Co.,Ltd.	JP3758330009	PR
Jun 30	FUJIKOSAN Co.,Ltd.	JP3812900003	P
Jun 29	SAIJO Co.,LTD.	JP3310470004	P
Jun 24	Real Estate Distribution System Co.,Ltd.	JP3825690005	P

**Information compiled based on postings from the Prime (PR), Standard (ST), Growth (G), Tokyo Pro Market (P), NSE (N)、FSE (F) & SSE (S).   **Board lot size is unified to 100*

III. Foreign Ownership Limit Ratio

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