

# Mizuho Custody Newsletter

March 2026 | Japan

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## I. Market News

### 1. Beneficial Ownership Disclosure

Japan is moving forward with the introduction of a new system to identify the “beneficial owners” of shares. On March 18, 2024, the Legislative Council, an advisory body to the Minister of Justice, summarized an interim draft for amendments to the Companies Act. One of the main topics in these discussions is the creation of a framework that will make it easier for companies to identify beneficial owners — those who actually hold voting rights behind the names listed on shareholder registers. The Ministry of Justice plans to gather public comments and finalize a draft outline, aiming to submit a bill for the Companies Act amendment to the regular session of the National Diet (Japan’s parliament) in January 2027.

This move is in response to the growing influence of activist shareholders in Japan. Such shareholders are increasingly pushing for actions like higher dividends, share buybacks, proposals to appoint or remove directors, and opposition to unsolicited takeovers. Another challenge is the so-called “wolf-pack” strategy, where multiple investors secretly coordinate to buy shares and apply pressure on management. Under the current system, companies often cannot see who the true beneficial owners are behind the registered shareholders, making it difficult to respond appropriately. This is especially true because many

shares are held in the name of trust banks or asset management banks, which act as intermediaries, so companies cannot directly identify the actual investors.

To address these issues, amendments to the Companies Act are being considered to introduce a beneficial ownership disclosure system. Under this new system, listed companies will have the right to request information about beneficial owners from intermediary institutions. If these requests are not met, sanctions such as suspending voting rights or imposing fines on shareholders are being considered. There are also ongoing discussions about allowing beneficial owners to attend shareholder meetings or exercise voting rights by proxy. The aim is to promote constructive dialogue between companies and shareholders, and to allow appropriate parties to participate in meetings or vote on behalf of others, at least within a certain scope.

In addition, a new rule will require beneficial owners to notify listed companies of their holdings by submitting reports when they acquire or change large shareholdings. Knowing who holds a significant number of voting rights is essential for fair decision-making at shareholder meetings, so disclosure will be mandatory. If beneficial owners fail to comply with this notification requirement, their voting rights may be suspended.

Efforts are also underway to ensure smooth and practical implementation of the new system. The Japanese Bankers Association has been working alongside the legal discussions to consider how the system will function in practice. From June 2025 to March 2026, four practical study meetings will be held to gather opinions from practitioners and share them with the Legislative Council. The Association is also collecting information on how similar services are operated in Europe, especially those aligned with the EU’s Shareholder Rights Directive II (SRD II). These efforts aim to develop a workable and effective system for the Japanese market.

The establishment of a beneficial ownership identification system in Japan is expected to improve

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transparency between companies and shareholders, encourage constructive engagement, and ensure fair decision-making at shareholder meetings. Both the legal framework and practical operations will continue to be developed, and these changes are being closely watched by market participants.

*Details can be found at the Japan Banker's Association's website (Japanese Only):*

<https://www.zenginkyo.or.jp/fileadmin/res/news/news380349.pdf>

## 2. New TOB and Reporting Rules

On May 1, an amendment to the Financial Instruments and Exchange Act will come into effect, bringing significant changes to the rules regarding Tender Offer Bids (TOB) and the Large Shareholding Reporting system in Japan. The purpose of this revision is to invigorate the Japanese stock market and enhance its transparency and fairness. These changes may have a substantial impact on the future of mergers and acquisitions (M&A), shareholder activism, and the way companies and investors engage in dialogue.

Regarding the TOB system, under the previous rules, a TOB was required when an investor intended to acquire more than one-third (approximately 33%) of the voting rights in a listed company. With the amendment, this threshold will be lowered to over 30%. The original threshold was set at one-third because, under Japanese corporate law, this is the proportion needed to block special resolutions at shareholders' meetings, such as those related to corporate splits or mergers. However, in practice, the actual exercise rate of voting rights is often low, meaning that even with around 30% ownership, an investor can effectively wield veto power. The revised threshold also brings Japanese regulations more in line with international standards.

Additionally, transactions executed on the stock exchange floor (so-called "on-market trading"), which were previously outside the scope of TOB regulations, will now be included. In the past, on-market trading was assumed to be sufficiently transparent and fair; however, in recent years, there have been cases where more than one-third of shares were rapidly acquired through such transactions, using various M&A strategies. As a result, the scope of regulation has been expanded to cover these situations, and market monitoring will be strengthened accordingly.

At the same time, the amendment introduces a new exemption for minor acquisitions. If a person who already holds more than 30% of shares makes a purchase that results in an increase of less than 0.5% and, after the increase, their total holding does not reach two-thirds or more—among other specified requirements—a TOB is not required. This exemption was introduced in recognition of the fact that, when the number of shares subject to acquisition is minor, the impact on corporate control is generally minimal. Therefore, if the number or the total price of the shares to be acquired is extremely small, such acquisitions are excluded from the TOB requirements. As a result, smaller transactions or purchases that do not affect control can now be handled with greater flexibility than before.

There are also major changes to the Large Shareholding Reporting system. Under the current system, shareholders who hold more than 5% of the outstanding shares of a listed company are required to disclose certain information. The revised rules clarify the definition of joint holders and the scope of significant proposal activities and also specify in greater detail what must be included in the reports. For example, spousal relationships will no longer be considered as deemed joint holders, while new categories such as officers who serve concurrently at multiple companies will be added. If there is an agreement to jointly acquire, transfer, or exercise voting rights in shares, those parties will be regarded as joint holders, and their holdings will be combined to determine whether the 5% threshold is exceeded.

Furthermore, when a significant proposal is made, the contents, timing, conditions, and purpose of the proposal must be described as specifically as possible in the report. The section on "purpose of holding" must also be detailed. If a decision is made to increase the shareholding by more than 5%, or if such an increase is planned within three months, the timing, acquisition price, quantity, purpose, and method of acquisition must be stated in the "purpose of holding" section.

A key background to these legal changes is the growing concern over so-called "wolf pack" tactics in Japan. This term refers to situations where multiple investors act in concert to increase their shareholdings and collectively push their demands on a company, often without adequate disclosure. The current

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regulations have not been sufficient to address these tactics. While the latest amendments do not directly resolve all issues related to wolf pack strategies, the clarification of joint holders and significant proposal activities is expected to strengthen disclosure requirements and improve market transparency.

These regulatory changes represent an opportunity to review practices regarding share acquisitions, large shareholding reporting, M&A approaches, and shareholder proposals, as well as their risk management frameworks. Going forward, it will be important to fully understand the intent and details of these amendments and to contribute to the operation of a transparent and fair market. These changes are expected to enhance the reliability and international competitiveness of the Japanese market, but it will remain essential to closely monitor future developments in regulation and ensure ongoing compliance.

*Compiled from Nikkei Shimbun and Mizuho research.*

### 3. Japanese Savings to Bonds

Purchases of government bonds for individual investors in Japan are expanding. Recently, rising interest rates have made the yields on these bonds more attractive compared to traditional fixed-term deposits, drawing increased attention from investors. As demand for safe assets grows, there is a noticeable shift among individuals toward government bonds as part of their asset management strategies. This trend is especially prominent among younger generations, who are purchasing bonds through online securities platforms to meet their long-term asset-building needs. As a result, individual investors are steadily increasing their purchases of Japanese government bonds.

At the same time, as Japan's monetary policy returns to a more normalized stance, the Bank of Japan's holdings of government bonds are gradually declining. By the end of December 2025, the Bank of Japan's share of total government bonds outstanding had fallen to 49%, dropping below the 50% mark for the first time in about three and a half years. Looking ahead, the Bank of Japan is expected to continue reducing its bond purchases. This shift highlights the growing importance of households and foreign investors in ensuring the stable absorption of government bonds in

the market. In the past, private banks were major buyers, but their purchasing capacity is now limited by regulations related to interest rate risk and capital requirements. Therefore, expanding the base of new investors has become increasingly necessary.

Currently, the proportion of government bonds held by households remains in the low 1% range, but there is considerable room for individual investors to increase their holdings. The Japanese government is also encouraging the flow of personal funds into the bond market, believing that greater household participation will contribute to stable bond absorption and help prevent sudden changes in yields. Against this backdrop, enhancing the appeal of products targeted at individual investors has become a key issue in the Japanese government bond market.

The Ministry of Finance is working on new product designs to diversify the holders of government bonds. In January 2027, it plans to rename retail government bonds as "Retail Government Bonds Plus," allowing unlisted companies and nonprofit organizations to purchase them. Furthermore, a new floating-rate government bond is scheduled to be issued around the same time. This bond will have an interest rate that changes every six months in accordance with fluctuations in market interest rates, enabling banks and other institutions to purchase government bonds while mitigating interest rate fluctuation risks. If the holders of government bonds become concentrated in certain groups, even small changes in supply and demand could lead to a sharp rise in interest rates. Therefore, expanding the range of holders is important for enhancing the sustainability of the market. Efforts to increase the attractiveness of the government bond market—such as introducing tax incentives, improving product features, and expanding the lineup—are also drawing attention with regard to retail government bonds.

*Compiled from Ministry of Finance, Nikkei Shimbun and Mizuho research.*

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## II. New Equities Listing Approvals

Listing Date	Name of Company	ISIN Code	MKT
Apr-24	UMENOYADO BREWERY CO.,LTD.	JP3159820004	S
Apr-23	INUNEKO-SEIKATSU Co.,Ltd.	JP3147000008	G
Apr-22	SQUEEZE Inc.	JP3397090006	G
Apr-21	Batonz.Co.,Ltd.	JP3778290001	G
Apr-09	SOFTTEX Co.,Ltd.	JP3436070001	S
Apr-07	HITO-TO-HITO Holdings Co.,Ltd.	JP3792020004	S
Apr-06	SystemEXE,Inc.	JP3350970004	S
Apr-02	Vitabrid Japan Inc.	JP3800210001	G
Apr-01	ARCHION Corporation	JP3100020001	PR
Apr-01	GMS Group Co.,Ltd.	JP3387040003	PR
Apr-01	Toranvia Co.,Ltd.	JP3635630001	PR
Apr-01	MIRAINI HOLDINGS CO.,LTD.	JP3910590003	PR
Apr-01	Muninova Holdings Inc.	JP3914100007	PR
Mar-31	IZUMI group Inc.	JP3138500008	P
Mar-27	COEL Inc.	JP3293100008	P
Mar-26	FREE STYLE,Inc.	JP3826650008	P
Mar-25	Tamura Builds Group Co.,Ltd.	JP3471600001	P
Mar-24	manebi Inc.	JP3869990006	P
Mar-17	NOSE SHOP Inc.	JP3759280005	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

Click for up-to-date FOL information:

[https://www.jasdec.com/en/description/less/for\\_pubinfo/for\\_pubinfo.html](https://www.jasdec.com/en/description/less/for_pubinfo/for_pubinfo.html)

Please visit our Custody homepage on the Web at:

<https://www.mizuhogroup.com/bank/what-we-do/custody-home>

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