Mizuho Custody Newsletter

August 2026 | Japan

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I. Market News

1. Reviewing the unit share system

On July 28, 2026, the Tokyo Stock Exchange (TSE) once again asked listed companies whose investment unit—the minimum amount required to purchase shares in a standard trading lot—is ¥500,000 or more to consider carrying out a stock split to reduce the amount required for investment. TSE has long stated that listed companies should, in principle, keep their investment unit below ¥500,000 to make it easier for individual investors to invest.

Back in October 2022, TSE called on listed companies to carry out stock splits to reduce their investment unit. In April 2025, based on discussions held by a study group on small-lot investment, it explained that many individual investors hoped to see the investment unit reduced to the ¥100,000 range. Considering these developments, the latest notice calls for further action by listed companies whose investment units remain relatively high.

From October 2022 through the end of June 2026, a total of 762 listed companies resolved to carry out stock splits. Many implemented relatively large stock splits or conducted stock splits on more than once. According to an analysis of the 276 companies that resolved to carry out stock splits during the most recent one-year period, approximately 70% aimed to reduce their investment units to the ¥100,000 range after the split. However, partly because of increase in their share prices, approximately 270 listed companies still had an investment unit of ¥500,000 or more as of June 30, 2026.

In addition to using stock splits to reduce the investment unit, discussions are also under way on whether to revise Japan's system for trading shares in standard lots, known as the "trading unit system." Under this system, which applies in principle to the Japanese stock market, 100 shares constitute one trading unit, and one trading unit entitles shareholders to one voting right. As a result, individual investors need to commit a significant amount of capital to invest in companies if their share prices are high. If the unit share system were abolished and shares could be traded by one share, investors would be able to purchase shares with a smaller amount of capital.

The Japanese government is also considering amending the Companies Act, potentially in 2027, to abolish a system under which shareholders may request that materials for a general shareholders' meeting be provided in paper form. Under the proposed approach, these materials would generally be made available online. The aim is to reduce the costs and administrative burden associated with printing, enclosing and mailing the materials. Companies are concerned that costs related to general shareholders' meetings could increase if the number of shareholders rises resulting from stock splits or if the trading unit system is revised. By reviewing the system for requesting paper materials, the government aims to lower this burden and encourage further discussion of abolishing the trading unit system.

The amendment is expected to be submitted to the ordinary session of Japan's parliament, the Diet, in 2027, following discussions by the Legislative Council. Even after the system is revised, companies are expected to continue sending shareholders a notice containing the URL of the website where the meeting materials can be viewed, together with a voting form, no later than two weeks before the general shareholders' meeting. Transitional measures lasting approximately two to three years after the amendment are also being considered to ensure that the change is widely communicated and to take account of elderly shareholders and others who may need additional time to adapt. Against this background, discussions are moving forward on broadening participation by individual investors and creating an environment in which shares can be purchased with a smaller amount of capital. Further consideration is expected on reviewing the trading unit itself, including the possibility of abolishing it.

Details can be found on Japan Exchange Group's website:
https://www.jpx.co.jp/english/corporate/news/news-releases/1020/20260728-01.html
Compiled from Japan Exchange Group, Nikkei Shimbun and Mizuho research.

2. Japan backs on-chain finance

On July 21, 2026, the Japanese government approved its annual economic and fiscal policy guidelines, widely known in Japan as the "Basic Policy" or "Honebuto Policy", and released its "Financial Strategy to Promote Growth Investment" on the same day. Together, the two documents set out Japan's policy direction of further developing the country as a major asset management market and supporting growth investment through closer public-private cooperation. The financial strategy focuses not only on expanding domestic investment and supporting corporate restructuring, but also on strengthening the infrastructure that supports the financial system. One of its central themes is the promotion of on-chain finance for the AI era. In the 2026 Basic Policy, advancing the government's broader growth strategy is positioned as a key pillar for strengthening Japan's growth potential, and the financial strategy is presented as one of the measures to support that objective.

The strategy states that, as the use of AI expands, payment systems will need to operate on a 24/7 basis, link more closely with commercial and logistics data, and maintain a high standard of stability and security. To realize this, the government emphasizes the importance of combining blockchain-based on-chain finance with existing financial infrastructure appropriately. Japan's Financial Services Agency, or FSA, plans to launch an On-Chain Finance Forum for the AI Era in the summer of 2026 together with other relevant government bodies, with an interim summary expected in early 2027. The strategy also calls for a public-private roadmap for on-chain finance linking logistics, commercial flows, and payments. In addition, the FSA will continue to support proof-of-concept projects under PIP, the Payment Innovation Project, and intends to extend the scope of these efforts to areas including trade-related payments. The strategy also includes measures related to cross-border remittances, international interoperability for yen-denominated stablecoins, tokenization of Japanese government bonds and other assets, and possible applications of on-chain settlement.

Within this policy framework, Mizuho Group is participating in one of the PIP proof-of-concept projects. The project is examining whether asset transfers and settlement processes can be executed properly using blockchain technology for instruments such as Japanese government bonds, listed shares, investment trusts, and corporate bonds. It is also reviewing practical issues including linkage with stablecoin-based payments, synchronization of transaction records, and the use of smart contracts in transaction processing.

A notable feature of the strategy is its emphasis not only on channels for supplying capital to support growth investment, but also on upgrading the financial infrastructure itself, including the systems that support payments and asset servicing. As Japan moves forward with regulatory preparation and proof-of-concept work for on-chain finance, Mizuho Group's participation highlights the role that major financial institutions may play in the development of the country's future financial infrastructure.

Details for FSA's PIPs (Payment Innovation Projects) are available from below:
https://www.fsa.go.jp/news/r7/sonota/20260213.html
Compiled from Nikkei Shimbun and Mizuho research.

3. Corporate governance code revised

On July 21, 2026, Japan's Financial Services Agency and the Tokyo Stock Exchange (TSE) finalized and published the 2026 revision of Japan's Corporate Governance Code (CG code). Public comments on the draft revision were invited from April 10 to May 15, 2026, and comments were received from 147 individuals and entities. Following the revision, TSE amended its securities listing regulations and related rules, which took effect on the same day.

The revision clarifies the principles-based nature of the CG code. Its purpose is to allow companies to focus on measures that support sustainable growth and enhance corporate value over the medium to long term. The principles covered by the “comply or explain” approach have been organized in a more conceptual and general manner. At the same time, new interpretive guidance has been added to explain the purpose and background of each principle, as well as the specific matters companies may consider when determining how to respond. Companies are expected to explain not only how they comply with the principles, but also why they do not comply with any principle and what alternative measures they have taken.

A new preamble has also been added to the Code. It states that corporate governance has both a defensive and a proactive role. Its defensive role includes preventing misconduct and managing risks. Its proactive role includes encouraging sound entrepreneurship and improving a company’s ability to generate profits and increase its corporate value over the medium to long term. Promoting long-term investment through sustainable corporate growth is also identified as an important function of corporate governance.

The revised Code places greater emphasis on how companies allocate their management resources. The board of directors is expected to set out a path for the company’s growth and explain how resources are allocated to areas such as growth investment and the review of the business portfolio. Growth investment includes capital expenditure, research and development, human capital, and intangible assets such as intellectual property. The board is expected to continually assess whether the allocation of resources is appropriate considering the company’s business strategy and management plans.

The Code also refers to the use of cash and deposits, other financial assets, and physical assets. Companies are expected to consider whether these assets are being used effectively, including for growth investment. However, the revised Code does not prohibit companies from holding a certain level of cash and deposits, if they can explain the need for and rationale behind such holdings. Companies are expected to explain the purpose and level of their asset holdings, as well as their policy for using those assets in the future, considering their business characteristics and stage of growth.

Regarding board effectiveness, the revised Code reconfirms that independent outside directors have an important role in providing effective oversight of management and the board. The Code emphasizes the importance of ensuring the quality, an appropriate number, and the independence of outside directors. It also includes guidance on strengthening the function of a corporate secretary or board secretariat, which supports the chair and the directors, including independent outside directors. In addition, the board may consider measures to address risks such as cybersecurity threats, supply chain disruptions caused by geopolitical factors, and the leakage of technology and other sensitive information.

The revised Code also adds the timely submission of companies’ annual securities reports, which are statutory disclosure reports, before the annual general meeting of shareholders as an important measure to support shareholders in making informed voting decisions. Submission at least three weeks before the meeting is described as the most desirable approach. Moving the date of the annual general meeting to a later date is also presented as one possible option where necessary. Companies are required to submit a Corporate Governance Report reflecting the revised Code no later than the end of July 2027. The revised Code therefore places greater emphasis on the disclosure of resource allocation policies, the effectiveness of board oversight, and the relationship between these matters and medium- to long-term corporate value.

The full version of the revised CG code is available from below:
https://www.jpx.co.jp/english/corporate/news/news-releases/1020/20260721-01.html
Compiled from Nikkei Shimbun and Mizuho research.

II. New Equities Listing Approvals

Listing Date	Name of Company	ISIN Code	MKT
Sep 25	LAYERED Inc.	JP3979310004	ST
Sep 18	Techno Craft Corporation	JP3545330007	ST
Sep 18	Vertex co.,Ltd	JP3835740006	ST
Sep 18	akippa Inc.	JP3107640009	ST
Sep 18	OHKEN Corporation	JP3174270003	P
Sep 17	Skyfall Inc.	JP3395950003	G
Sep 16	OLIVER CORPORATION	JP3200610008	ST
Sep 16	Audiostock Inc.	JP3172510004	G
Sep 11	KOMPEITO Inc.	JP3306480009	G
Aug 28	Interpark Co.,Ltd.	JP3152930008	P
Aug 26	Reicious Co.,Ltd.	JP3979190000	P
Aug 24	SURIGIKEN CO.,LTD.	JP3395850005	P
Aug 19	Yamahachi Corporation	JP3942700000	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

Please visit our Custody homepage on the Web at:

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