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TSE Announces Future Initiatives Regarding “Actions to Implement Management That is Conscious of Cost of Capital and Stock Price”

- ✓ TSE’s proposed measures are expected to contribute to further enhancement of corporate value among Japanese companies

On September 2nd, 2025, the Tokyo Stock Exchange (TSE) held the Twenty-third Council of Experts Concerning the Follow-up of Market Restructuring and released the current situation and future initiatives regarding “Action to Implement Management That is Conscious of Cost of Capital and Stock Price” in its meeting materials.

As future initiatives, TSE outlines the following three areas of key focus: ① provision of practical information tailored for the status of implementation of each company, ② awareness-raising to encourage companies to aim higher in their initiatives, and ③ further promotion of communication with institutional investors.

These proposed measures are being considered in light of the following factors:

① Provision of practical information tailored for the status of implementation of each company

TSE noted that as of the end of July 2025, 91% of companies listed on the Prime Market had disclosed their initiatives toward “management that is conscious of capital cost and stock price”, and that 63% had already updated their disclosures at this time. In light of this, TSE plans to provide practical content aligned with the progress of individual companies through updates in its collection of key points and case studies, etc. between November and early December 2025. Through these efforts, TSE aims to support companies transitioning from the disclosure phase to the execution phase.

At the same time, TSE also pointed out the growing disparity in responses among listed companies. For example, it highlighted that more than two years after its initial request, over half of the companies listed on the Standard Market have yet to make any disclosure, identifying this as a challenge.

② Awareness-raising to encourage companies to aim higher in their initiatives

As noted in point ①, listed companies have made steady progress in their initiatives. Feedback from both domestic and overseas institutional investors has also reflected positive evaluations of these developments, such as that “companies are steadily advancing their efforts and disclosures with investors in mind” and that “the quality of IR and dialogue is clearly improving”.

At the same time, concerns were raised regarding companies that appear to consider themselves sufficiently compliant simply because they have achieved an ROE of 8% or a PBR above 1x. Other comments emphasized the importance of ensuring that companies with further room for improvement do not prematurely conclude their efforts after only slight increases in PBR or ROE.

Reflecting on these views from institutional investors, TSE noted the need to further awareness-raising efforts to encourage companies to aim higher in their initiatives.

③ Further promotion of communication with institutional investors

Since January 2025, TSE has conducted a survey targeting companies that requested to be listed as seeking more active engagement from institutional investors. The survey covered the reasons for application, changes in investor contact before and after listing, and the perceived effectiveness of being included in the disclosure list. A total of 218 companies responded.

The results showed that 72% of companies experienced no change in contact from institutional investors, and a total of 94% stated that they either did not perceive or were unsure of any benefit from being listed in the disclosure company list.

Based on these results, the following two measures have been proposed:

- Improvement of the List of Disclosing Companies: By adding the content of disclosure to the list, this initiative aims to enhance visibility and make each company's efforts more easily understood. Details are scheduled to be announced in September 2025 and the initiative implemented in 2026.
- Provision of Continued Opportunities for Dialogue and Understanding: TSE is considering the ongoing organization of dialogue sessions between companies and institutional investors, as well as consultation meetings to help companies better understand institutional investors' asset management policies and expectations toward listed companies regarding their IR activities.

For further details, please refer to the URL below:

- Status Update and Future Initiatives Regarding “Action to Implement Management That is Conscious of Cost of Capital and Stock Price” (Tokyo Stock Exchange Listing Department, September 2, 2025)

<https://www.jpx.co.jp/english/equities/follow-up/b5b4pj000004yqcc-att/sjcobq0000024jxu.pdf>



TSE Releases Results of the Survey of Overseas Investors on English Disclosure by Japanese Companies

- ✓ There is a growing shift in focus toward improving satisfaction levels, such as in the speed of disclosure and the comprehensiveness of English materials.

On September 2nd, 2025, TSE released the results of its third overseas investor survey on English disclosure, following previous surveys conducted in 2021 and 2023. The survey was conducted between July and August 2025, targeting overseas investors and related parties, and received a total of 40 responses, including 34 from institutional investors.

Below are some of the key findings and notable observation from the survey.

- 55% of respondents answered that they do not have any staff members on the investment team who can read Japanese disclosure documents.
- 59% of respondents answered that they use the English disclosures of listed companies in making investment decisions (65% in the case of making new investments).
- While 88% of respondents answered that English disclosures by listed companies in Japan have “improved” or “slightly improved, less than 50% answered that they were “satisfied” or “somewhat satisfied” by the content of disclosure (44% for financial results, 40% for timely disclosure information, and 14% for other documents).

In addition, the survey highlighted several areas where improvement regarding English disclosure is desired, as indicated by the following comments from respondents:

- We would like to see full documents in English, longer reports. Many companies still have very poor English disclosure, and it is a problem. More work needs to be done towards smaller caps.
- Having full access to all required disclosure in English such as Tanshin (Quarterly Financial Results), Yuho (Annual Securities Report) and qualitative commentary would help us to conduct full fundamental analysis on a Japanese company’s investment case. Relying only on translated Tanshin documents makes this process more difficult for Japanese companies relative to other markets.
- Translations are good, but disclosure should be together with Japanese release.
- Notice of Annual General Shareholder Meetings (AGMs) provides essential information for investors to understand AGM proposals and make informed voting choices. Annual Securities Report is used to verify director affiliations and cross-shareholdings for voting decisions. There has been some industry talks of incorporating some of this information in the Notice of Meeting; if this is added to the Notice of Meeting, this report can be deprioritized. Corporate Governance Report serves as a cross-reference to verify information in the previous two documents and provides additional insight into corporate governance practices to support company engagement/discussions.

In addition to the above, survey results also referenced companies that were well-regarded for the quality of their English disclosures. For further details, please refer to the URL below.

- Results of the Survey of Overseas Investors on English Disclosure by Japanese Companies (Tokyo Stock Exchange Listing Department, September 2, 2025)

https://www.jpx.co.jp/english/corporate/news/news-releases/0060/sjcobq0000024n0y-att/e_survey_results_2025.pdf