

TSE Explanatory Material

***Study Group to review Minority Shareholder Protection
and other Framework of Quasi-Controlled Listed Companies
(Second Phase, Fifth Meeting)***

Tokyo Stock Exchange, Inc.

November 20, 2023



Initiatives for Minority Shareholder Protection Based on Past Discussions of This Study Group

Enhancement of Information Disclosure

- ◆ Disclosure of information on minority shareholder protection and group management:
 - Clearly set out points to note for disclosure from listed companies that are in a parent/subsidiary relationship (listed parent companies/listed subsidiaries).
 - For listed companies in an equity method affiliate relationship, newly recommend disclosure, setting out the items that should be disclosed and the related points to note.
- ◆ In addition, compile and publish examples of disclosure (to be updated on an ongoing basis).
⇒ **Document 3**

Explanation of “Roles Expected of Independent Directors”

- ◆ Present an explanation of the roles expected of independent directors from the perspective of protecting minority shareholders in listed companies with controlling or quasi-controlling shareholders, including examples of specific situations.
⇒ **Document 4**

Consideration of Improvements to Listing Rules

- ◆ Continue to consider the development of listing rules necessary for the protection of minority shareholders (to be discussed again by the study group after research by TSE).
 - Ensuring the independence of independent directors
 - Procedural restrictions on transactions/activities that pose a risk of conflicts of interest
 - Rules for listed parent companies etc.
- ⇒ **Document 5**