



TSE Listing Department  
Tokyo Stock Exchange, Inc.  
2-1 Nihombashi Kabutocho, Chuo-ku  
Tokyo 103-8224, Japan

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## Re: Consultation on Revisions to the Listing Rules Regarding Minority Shareholder Protection

We welcome the Tokyo Stock Exchange's (TSE) consultation on proposed revisions to the Listing Rules Regarding Minority Shareholder Protection and commend TSE for taking these meaningful steps to strengthen minority shareholder protection in companies with quasi-controlling shareholders.


Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank and manages the Norwegian Government Pension Fund Global. As of 31 December 2025, our total assets under management were USD 2.11 trillion (JPY 329.27 trillion), of which USD 96.22 billion (JPY 15,012 billion) was invested in shares of 1,096 Japanese listed companies. Japan is our second-largest country allocation. We have a long-standing interest in the quality of corporate governance in Japan and have engaged with TSE and other Japanese regulatory bodies on these matters over many years.

Equal and fair treatment of all shareholders, majority and minority alike, is foundational to well-functioning capital markets and long-term value creation. Our Global Voting Guidelines state that all shareholders should have the right to vote on fundamental corporate decisions, and that voting rights should be proportionate to cash flow rights.<sup>1</sup> The G20/OECD Principles of Corporate Governance (2023) similarly establish equitable treatment of shareholders, including minority and foreign shareholders, as a fundamental principle of sound governance.<sup>2</sup>

With this in mind, we are broadly supportive of the proposed revisions. Please find in the annex our detailed comments, which are intended to strengthen specific elements where clarification or enhancement would better achieve the stated objectives.

We thank TSE for this opportunity and remain at your disposal should you wish to discuss any of these points further.

Yours sincerely

Signed by:  
  
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Carine Smith Ihenacho  
Chief Governance and Compliance Officer

Signed by:  
  
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Jeanne Stampe  
Policy Lead

<sup>1</sup> [NBIM Global Voting Guidelines](#), Section 4: Shareholder Approval

<sup>2</sup> [G20/OECD Principles of Corporate Governance \(2023\)](#), Chapter II: The Rights and Equitable Treatment of Shareholders and Key Ownership Functions



## Annex – NBIM comments on the draft revisions to Listing Rules

### Section I: Disclosure of Minority Shareholder Approval Rates on Director Appointment Resolutions

#### 1. Definition of company with a quasi-controlling shareholder

TSE proposes to apply the disclosure requirements to listed companies with a parent company, or where other associated companies<sup>3</sup>, or a major shareholder along with related parties, jointly hold 40% or more of the voting rights. The choice of threshold for the latter two categories is consequential.

We welcome TSE's recognition that companies may need to act voluntarily even where they do not formally meet the 40% threshold, for example where voting rights of group companies under effective control, or of relatives and related asset management companies, bring a shareholder's aggregate influence to 40% or more. This reflects the important principle that economic reality should govern the application of these protections, not formal ownership structures alone.

**Recommended enhancements:** TSE should consider adopting a 30% threshold which better captures effective control and is consistent with international practice - it is the point at which effective control is commonly presumed in the United Kingdom, Singapore, Germany and France, among others.

TSE should provide clear guidance on when voluntary action is expected for shareholders who effectively hold 40% or more of voting rights through aggregation with group companies, relatives or asset management companies. This prevents companies from defaulting to inaction in cases where minority shareholder protections are needed. Companies should act in the spirit of these rules, not merely in technical compliance - TSE should also encourage companies whose ownership structure approaches the threshold to disclose voluntarily, even where they do not formally fall within scope.

#### 2. Calculation of the voting rights threshold: derivatives and potential voting rights

The percentage voting rights threshold may not capture all instruments that confer effective voting power. Options, warrants, convertible instruments, and other derivatives can give a holder the practical ability to exercise significant voting rights without those rights appearing in a straightforward shareholding count. Excluding them could allow a quasi-controlling position to be structured below the threshold in name while exceeding it in effect.

IFRS 10 Consolidated Financial Statements addresses this directly. Paragraph B47 of Appendix B states that when assessing control, an investor should consider "potential voting rights as well as potential voting rights held by other parties" – defined as "rights to obtain voting rights of an investee, such as those arising from convertible instruments or options, including forward contracts".<sup>4</sup> Such rights are taken into account only where they are substantive, meaning the holder has the practical ability to exercise them.

**Recommended enhancement:** TSE could clarify how potential voting rights arising from such instruments are treated for the purposes of this threshold calculation, and confirm that any instrument capable of affecting whether a shareholder falls within scope will be appropriately captured.

<sup>3</sup> Based on definition in Article 8, Paragraph 8 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements which includes, other than the parent company, a subsidiary company, or affiliated company

<sup>4</sup> [IFRS 10 – 2021 Issued IFRS Standards \(Part A\)](#)



### 3. Definition of close relatives

The proposed rules include "close relatives within the second degree of kinship" in the definition of related parties, which we welcome. However, a formal kinship definition based on blood and legal ties may not capture all relationships that carry equivalent conflict-of-interest risk. De facto spouses, cohabitants and civil partners fall outside a second-degree kinship test, yet carry equivalent economic and personal alignment.

**Recommended enhancement:** TSE should consider updating the definition of "close relatives" to include de facto spouses, cohabitants and civil partners. Two regional precedents support this. Singapore's Securities Industry Council proposed in May 2025 to expand its Takeover Code's definition of "close relatives" to better reflect contemporary family structures and relationships.<sup>5</sup> Similarly, Hong Kong's Securities and Futures Commission enacted an equivalent expansion in 2023, explicitly including de facto spouses and their extended family networks.<sup>6</sup> TSE should adopt a consistent approach. This recommendation applies equally to the director independence criteria in Section II.

### 4. Definition of minority shareholder for calculation of director resolution approval rates

We welcome the disclosure of minority shareholder approval rates as a tool for the market to assess whether director appointments command genuine independent support. The protective value of this mechanism depends entirely on how "minority shareholder" is defined for purposes of the calculation.

**Recommended enhancement:**

TSE should clarify that minority shareholder category excludes not only the quasi-controlling shareholder, their close relatives, and associated companies, but also any shareholder with a capital alliance, cross-shareholding relationship, or other structural affiliation with the listed company – including group companies where the listed company does not have effective control.

TSE has recognised that influence over director appointments can arise through informal means, including contracts or verbal agreements to nominate or assign directors. Such shareholders should equally be excluded from the minority count. Counting affiliated or non-independent shareholders as "minority" inflates the denominator and dilutes the opposition signal. A 50% threshold calculated on this basis would not represent the views of genuinely independent shareholders, defeating the purpose of the mechanism. Clear regulatory guidance on the boundaries of this category is also essential to ensure consistent application across companies.

### 5. Disclosure of minority shareholder voting results for each director appointment resolution

We support the requirement to disclose, immediately after the annual general meeting, minority shareholder approval rates, the list of shareholders excluded from the minority category, and where the resolution was opposed by more than 50% of minority shareholders, the board's intended measures to understand the reasons for opposing votes.

We also welcome TSE's recognition that voluntary disclosure may be appropriate even where the 50% threshold is not met — for example where the majority of institutional investors have cast opposing votes. We encourage TSE to issue further guidance on the circumstances in which voluntary disclosure would be considered best practice, to support consistent application of this discretion across companies.

<sup>5</sup> Securities Industry Council, Consultation Paper on Revision of the Singapore Code on Take-overs and Mergers (May 2025)

<sup>6</sup> Hong Kong Securities and Futures Commission, Amended Codes on Takeovers and Mergers and Share Buy-backs (effective 29 September 2023).

## 6. Six-month follow-up disclosure

We support the requirement for companies to disclose follow-up information within six months of the AGM where over 50% of minority shareholders have opposed a resolution. We support the expectation for outside directors to engage directly with minority shareholders, this is critical to ensure that boards are appropriately understanding, analysing and discussing investor feedback.

The three required disclosure elements together form a meaningful accountability loop, placing the onus on the board to demonstrate that minority shareholder opposition has been genuinely understood, engaged with, and acted on. We encourage TSE to make clear in its guidance that generic or formulaic responses will not satisfy the requirement.

We also welcome the expectation that boards use shareholder feedback as an opportunity to reconsider and disclose how they are promoting capital-efficiency and whether their current structure and shareholder composition best serve long-term corporate value creation.

These measures provide investors with a clear basis to assess responsiveness and to hold directors accountable through subsequent votes where the response is inadequate.

## Section II: Revision of Criteria for Independent Directors

### 1. Independence in substance

We support TSE's recognition that independence must be assessed on substance rather than formal shareholding thresholds alone. The proposal acknowledges that a shareholder falling below the definition of "major shareholder" may nonetheless exert more influence than ordinary shareholders — for example through a nomination agreement or the ongoing assignment of directors to the company.

We support the requirement for companies to provide a full explanation of the relationship and the reasons for concluding that independence is not compromised where such persons are appointed as independent directors. This is consistent with our position that companies should disclose how they assess board directors against applicable criteria for independence.<sup>7</sup>

### 2. Expansion of independence disqualification and cooling-off period

We welcome the expansion of the independence disqualification to cover: a major shareholder or their close relatives; a person who is, or was recently, an executive at a major shareholder, or their close relatives; and a person who is, or was recently, an executive at a company of which the listed company is a major shareholder, or their close relatives.

**Recommended enhancements:** We are concerned that defining "recently" as one year is materially insufficient. A person who falls within either of the latter two categories above just thirteen months ago may retain meaningful informal relationships, access to non-public information, residual institutional loyalty, and may have authored or overseen decisions that are still unfolding. One year does not provide the temporal distance necessary to ensure genuinely independent judgment.

We recommend that TSE considers a significantly longer cooling-off period commensurate with the residual risks of prior affiliation. This extension should apply consistently across all categories already recognised under TSE's existing criteria as carrying independence risks — including close relatives,

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<sup>7</sup> [NBIM Position paper on Board Independence](#)



former executives of key business partners, and professional advisors who receive substantial payments or other assets from the listed company.

We recommend two expansions to the existing criteria. First, the professional adviser category should be extended beyond consultants, accountants and legal professionals to include bankers and other financial advisers, whose relationships with a listed company can carry equivalent or greater influence. Second, the current threshold based on the scale of fees or assets received should be supplemented by a qualitative test: involvement in significant decisions with material impact on the company should be sufficient to trigger disqualification regardless of fee size.

### 3. Former auditors as Independent Directors

We welcome the extension of independence disqualification to outside directors or company auditors who have served as auditors or accounting advisors at the parent company, or their close relatives, within the past ten years. This approach, consistent with that for other related parties at parent companies, is necessary to address potential conflicts of interest with minority shareholders.

### 4. Cooling-off periods: inconsistency across relationship categories

We welcome the ten-year attribute disclosure lookback for executives connected to cross-shareholding companies, including the requirement to disclose any ongoing relationships. However, we would like to highlight an inconsistency: a current or recent executive at a cross-shareholding company is classified as only requiring disclosure — not as non-independent — while a current or recent executive at a major shareholder, or at a company of which the listed company is a major shareholder, is deemed non-independent. A cross-shareholding relationship creates structural ties, mutual obligations and aligned interests between companies that can be comparable to those arising from a major shareholder relationship.

**Recommended enhancement:** TSE should extend the non-independent classification to current and recent executives at companies with cross-shareholding relationships with the listed company, consistent with the treatment of major shareholder executives. The attribute disclosure requirement should then apply once the cooling-off period has elapsed, as a proportionate ongoing transparency standard.

### 5. Disclosure for Independent Directors and Auditors who are non-key clients or executives at donor companies

We welcome the requirement for companies to disclose more details, especially quantifiable information, for independent directors and auditors who are executives of non-key clients or entities receiving donations. The additional details enable investors to make a more informed and consistent assessment of a director's independence.

**Recommended enhancement:** TSE should provide guidance that quantified disclosures should include the cumulative value of multi-year contracts, not just annual contract or transaction values. In these situations, a director's involvement in negotiating or approving a long-term arrangement creates a conflict of interest that may not be apparent from the annual figure alone, and investors need the full economic picture to make a properly informed assessment of independence. The same principle applies to donations.

**Norges Bank Investment Management**  
is a part of Norges Bank – the Central Bank of Norway

**Postal address**  
P.O. Box 0179 Sentrum,  
NO-0107 Oslo

**Visiting address**  
Bankplassen 2,  
Oslo

**Tel:** +47 24 07 30 00  
**Fax:** +47 24 07 30 01  
[www.nbim.no](http://www.nbim.no)

**Registration of  
Business Enterprises**  
NO 937 884 117 MVA