

## CONTENTS

### Feature Articles

This month's focus: **“Deregulation of Class Shares : Modification of the One-share One-vote Principle”**

**Overview** ..... *Fujio Nakatsuka* 3

#### Articles

**Deregulation of Class Shares : Modification of the One-share One-vote Principle**  
.....*Sadakazu Ohsaki, CMA* 7

Japanese corporation law used to be very hesitant about modifying the one-share one-vote principle. Class shares without voting rights or a dual class share structure with multiple voting rights were only permitted in limited situations. However, as a result of amendments to the Corporation Act and reform of stock exchange listing standards, multiple voting shares and subordinate voting shares are now issued in Japan's stock markets.

**Why Should Allocation of Voting Rights among Shareholders be Regulated?**  
**—An implication from comparative legal analysis** ..... *Takahito Kato* 15

Many countries/stock exchanges have diverse regulations regarding the allocation of voting rights, and such regulations have changed over time. This paper analyzes and clarifies how the reform of such regulations occurred, focusing on the experience of the US and Germany, as well as offering a social and political evaluation of conditions inducing such reforms.

The occurrence of such reforms implies that, in the future, a change in the environment surrounding voting rights may induce reform of regulations, and analysis of such would help us understand present regulation in Japan.

**Outline of TSE's Listing Standards for Classified Stocks**  
..... *Kentaro Hayashi, CMA* 25

On 26 March 2014, CYBERDYNE, Inc. newly listed on the Mothers market of the Tokyo Stock Exchange (TSE). Listing of the company was the first case under a Classified Stock Listing System that the TSE introduced in 2008.

The basic approach of the TSE is to allow listing of stock only in the case of an initial public offering and through a scheme whereby a listed company respects shareholders' rights. This approach differs from systems in the US and Hong Kong.

This article gives an outline of the TSE's Listing Standards for Classified Stocks.

<b>Empty Voting</b> .....	<i>Kazuhiro Takei, Taeko Morita</i>	35
---------------------------	-------------------------------------	----

‘Empty voting’ is the exercise of voting rights without holding the corresponding economic interests. Empty voting appears in various forms. An empty voter may not have an incentive to exercise its voting rights in ways that enhance corporate value, which jeopardizes the underlying rationale justifying shareholders’ voting rights. However, it is not easy to find balanced regulations regarding empty voting because of various surrounding factors.

## Prospects

<b>Institutions do Matter!</b> .....	<i>Kazuhiko Ohashi</i>	53
--------------------------------------	------------------------	----

## Economic and Industrial Analysis

<b>Recent Developments and Outlook for Japan’s Economy and Prices</b> .....	<i>Eiji Maeda</i>	58
---	-------------------	----

<b>Point of View</b> .....	<i>Masatoshi Kikuchi, CMA</i>	68
----------------------------	-------------------------------	----

## Articles

<b>“Inattentional Blindness” and Post-earnings-announcement Drift</b> .....	<i>Katsuhiko Okada, Masao Saeki</i>	72
--	-------------------------------------	----

Recent evidence from psychology studies indicates that we are surprisingly unaware of the details of our environment from one view to the next. We often do not even perceive obvious changes in objects (‘inattentional blindness’) without attention. This paper tests the *investor inattentional blindness hypothesis*, which holds that the arrival of extraneous news causes trading and market prices to react sluggishly to relevant news about a firm. Our test focuses on the competition for investor attention between a firm’s earnings announcements and the earnings announcements of other firms. We find that a firm’s post-earnings announcement drift is stronger when a smaller amount of streaming news is disseminated.

<b>Impact of Investor Relations on Firm Value of Diversified Firms</b> ...	<i>Hideaki Sumitomo</i>	83
--	-------------------------	----

This paper examines how investor relations influence the firm value of diversified firms. As a result of the analysis, under the condition where the influence of all sample investor relations on firm value is controlled, it is found that active investor relations have a positive impact on the firm value of diversified firms. Moreover, under the same condition, the result shows that passive investor relations are negatively related to the firm value of diversified firms.

<b>Book Reviews</b> .....	<i>Tadashi Nunami / Satoshi Sakamaki, CMA / Katsuhiko Muramiya</i>	93
---------------------------	--	----

## SAAJ News