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This month's focus: **Recent Progress in Corporate Information Disclosure and Problems— Dealing with short-termism**

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To promote the sustainable creation of corporate value, Japan is seeing the emergence of a new relationship between companies and investors.

In this context, corporate information disclosure to investors needs to be enhanced aiming at reducing the cost of capital by attracting long-term investors. In particular, disclosure of non-financial information must be prepared from strategic viewpoints and appropriately articulated so as to create value as a consistent background story. And, the pertinent regulatory authorities should revisit redundant disclosure requirements and consolidate them from the perspective of users in order to create room for more voluntary disclosure.

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Many Japanese companies compile and announce medium-term business plans for specific periods and indeed many investors also request the same. But, according to our case study of influential overseas companies, it is apparent that many set benchmark-type management targets with no specific timeframe.

Whether medium-term business plan or benchmark-type management, the key issue affecting a firm's future in a fast-changing environment is to what extent the management targets that reflect managerial efforts can inspire and motivate employees and win support from other interested parties.

TSE Initiatives to Promote Timely Disclosure	<i>Ryota Yasui</i>	30
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The Tokyo Stock Exchange (TSE) has striven to develop and improve systems for the timely disclosure of important corporate information to secure smooth transactions and fair price formation in the financial instruments markets. Starting with a request for timely disclosure in 1974, TSE initiatives cover a wide range, including requests for disclosure of qualitative information in earnings reports, as well as introduction of quarterly earnings reports and adoption of a corporate governance report system. Particularly in recent years, TSE has been focusing on reviewing rules and frameworks to enhance disclosure through better communication between listed companies and investors to achieve an appropriate disclosure burden.

Round Table Discussion:

Construction of Long-term Corporate Value through Sincere Talks between IR Officers and Investors and Analysts	Coordinator: <i>Tetsuo Kitagawa</i> <i>Satoshi Ando/ Hiromichi Ohno/ Shinya Tsujimoto, CMA</i>	41
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This paper examines market reaction to management forecasts and actual earnings. The empirical results show that (1) the stock market evaluates management sales forecasts, (2) for ordinary income and net income, the market evaluation of actual earnings is higher than that of forecast earnings in the short term, but there is no difference in the long term, and (3) the market evaluation of forecast EPS and that of actual EPS are the same. These results suggest the stock market reacts differently to each forecast information set.

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