

## Feature Articles

### This month's focus: METI's Guidelines for Corporate Takeovers and Their Impact on Unsolicited Takeover Attempts

#### General Overview - Outline of the Guidelines for Corporate Takeovers

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This article outlines the Guidelines for Corporate Takeovers (Takeover Guidelines) formulated and published by the Ministry of Economy, Trade and Industry in August 2023. Compared to previous guidelines, a key feature of these new guidelines is their strong stance on promoting desirable acquisitions. Furthermore, when the board of directors decides to accept a takeover bid, the guidelines call for negotiations aimed at achieving the most favorable terms and conditions possible for shareholders, although it is understood that this should not be pursued at the expense of corporate value. Additionally, the guidelines emphasize that policies for responding to takeover bids (takeover defense measures) must be based on the will of the shareholders.

#### The Boundary of Acquisition without Consent: Case of Benefit-One

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In response to M3's takeover bid for Benefit One, Dai-ichi Life Holdings announced a preliminary takeover bid without consent and ultimately obtained the consent of the target company's board of directors to make the purchase. Traditionally, taking action without consent was difficult for large financial institutions to adopt, due to heightened awareness of reputational risks and the potential impact on various business relationships. Therefore, the fact that the "Guidelines for Corporate Takeovers" established by METI showed what the target company's board of directors should do was a major boost to the counterproposal.

#### Insights from Recent Unsolicited Takeover Cases Following the "Guidelines for Corporate Takeovers"

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Since the publication of the "Guidelines for Corporate Takeovers-Enhancing Corporate Value and Securing Shareholders' Interests-" ("Guidelines") by Japan's Ministry of Economy, Trade and Industry ("METI") on August 31, 2023, several precedents have been accumulating in relation to unsolicited takeover attempts that take the Guidelines into consideration. This paper examines seven such recent cases—TAKISAWA Machine Tool Co., Ltd., Benefit One Inc., Toyo Construction Co., Ltd., Roland DG Corporation, C&F Logistics Holdings Co., Ltd., FUJISOFT INCORPORATED, and Makino Milling Machine Co., Ltd.—from three perspectives: an overview of each case, its key characteristics, and the implications that can be drawn from them, with a focus on the appropriate interpretation and application of the Guidelines.

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### Institutional Investors' Expectations: How Investee Companies Should Respond to Corporate Acquisition Proposals

*Yuki Ikehata, CMA / Masakazu Saito / Takayuki Makino*

The Ministry of Economy, Trade and Industry (METI) has published "Guidelines for Corporate Takeovers," which positions "Fair M&A" as one of the effective means of significantly enhancing corporate value and shareholder value. It is also expected that the "Fair M&A" will bring benefits to both the acquiring company and the target company. This article provides the perspective of institutional investors regarding anti-takeover measures and indicates the expected responses for investee companies to acquisition proposals.

## Articles

### Analysis of Distributor Behavior Using the New Fund Offer of Actively Managed Mutual Funds in the Japanese Market

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This study focuses on the "Initial Fund Setting" in actively managed mutual funds in the Japanese market and analyzes distributor behaviors that have been criticized in the past: (1) preferential sales of affiliated company products, (2) preferential sales of monthly distribution and thematic funds, and (3) churning. The analysis confirms that, with the exception of thematic funds (2), all of the behaviors from (1) to (3) show a decreasing trend. These results suggest that recent initiatives by the Financial Services Agency (FSA) and efforts toward fiduciary duty have led to changes in distributor behavior.