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Japanese Law Third Edition by Hiroshi Oda

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Category: Systems

(75 von 100)

Why: I need to know the rules to play the game.

Goal: Learn what shareholders can do and must do according to Japanese corporate law.



Action: Set Up the Right Class of Shares.

3 Key Concepts

1. Japanese corporate law was first based on GmbH and after 2001 more US firm like.
2. Shareholders' rights depend on the class of shares and how many they are holding.
3. There are a few choices to decide how the company is govern.

Summary

What can you do as a shareholder?



Common shareholders are **granted the following rights**, depending on the class of shares and how many they are holding:

1. Voting power (no multiple voting shares in Japan)
2. Ownership
3. The right to transfer ownership
4. Dividends
5. The right to inspect corporate documents
6. The right to sue for wrongful acts

Derivative action: Supervise the directors against the neglect of duties and wrongdoing. Study more about this in [Corporate Governance](#).

Of course, it depends on what **class of shares** you are holding. The system was totally revised by the 2001/2002 amendments for the 'increased flexibility in financing companies.' In addition, shares with limited voting rights were introduced.

1. Preferred and Deferred Shares
2. Shares with Restriction on Assignment
3. Shares with Limited Votes
4. Shares with the Right of the Shareholder to Require the Company to Acquire them
5. Shares with the Right of the Company to Acquire them
6. Shares with the Right of the Company to Acquire the Entire Class of Shares
7. Shares with a Veto Right
8. Shares with the Right to Appoint Directors/Corporate Auditors



This book is so useful for a non-native to study law in Japan. However, even in English, I found it difficult to follow [all these big words](#).



History of Japanese Company Law

A draft Commercial Code was prepared by **Hermann Roesler**, a German adviser to the Japanese government in 1890 (Meiji Period). Therefore, it was based on the European French Code and referred to German and English law too.

After the Second World War in 1950, there was a major influence of US corporate law that focused on 3 following areas.

1. Facilitation and simplification of financing of companies.
2. Reorganization of corporate bodies.
3. Strengthening of the status of shareholders.



Before the end of the war, shareholders controlled the company directly. After this reform, there was a separation of capital and management.

It is good to note that the Japanese were against the change to give more rights (power) to small shareholders.

Some vocabs to learn

- **Quorum** = the smallest no. of people who must be at the meeting, before it can begin or decisions can be made.
- **Convocation** = the action of calling people together for a large formal assembly.
- **Veto** = an approval from a specific class shareholders for a certain matter, in addition to the resolution of the general shareholders' meeting or the board.
- **Incorporation** = the process of constituting a company, city, or other organization as a legal corporation.
- **Promoters** = a firm or person who does the preliminary work related to the formation of a **company**, including its promotion, incorporation, and flotation, and solicits people to invest



money in the **company**, usually when it is being formed.

- **In-kind contribution** = a **contribution** of a good or a service other than money. Some examples include: voluntary labor (for example, painting work) donated goods (for example, kitchen equipment) donated services (for example, professional advice from an architect)
- **Demarcation** = a border line.
- **Pre-emption** = an opportunity given to buy shares.
- **Gratuitous** manner = disapproving manner
- **Revocation** = an act of cancelling the law.
- **vis-à-vis** = in relation to, with regard to.

To sum up

It is useful to study history along with policymakers. Japanese law has been localized but still based on European and US law.

To determine what you can do with your shares of the company. First, you need to know the class of shares and the amount percentage that you own. The details of how to execute at the court will be covered in further reading.

In short, I will need to sleep with this textbook for many more nights. If you are learning about tax law, check this out: [Fundamental Tax Law](#) by Eikosha.

Goal check: I learned the history of Japanese corporate law and what I can do as a shareholder.

Wasu's Review

(5.0 / 5.0)

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