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A 3% JGB is doing the governance reform's work: cross-shareholdings now have a coupon cost

Sources: Bloomberg survey via The Japan Times, 2026-09-03; 日本経済新聞 (ROE tally), 2026-09-08; Hitachi TDnet notice, 2026-08-19; EDINET S100YXY1 (Hitachi / HCM), 2026-08-25

For three years the reason a Japanese company sold a cross-shareholding (政策保有株式 — shares held in a customer, supplier or bank to cement the relationship, not for return) was that the TSE asked it to explain the holding. From September 2026 the reason is that the holding has a measurable cost. The 10-year JGB closed at 3.006% on 2 September, the first 3-handle in three decades. A Bloomberg survey of 30 non-financial yen-bond issuers, with 14 replies gathered in August, found companies weighing sales of strategic shareholdings and other assets, more overseas borrowing and earlier funding; the 30 have ¥6.74tn of bonds maturing between 1 September 2026 and 31 August 2028; Toyota and Tohoku Electric Power said refinancing their notes over the next two years would lift annual interest expense by more than 30%; KDDI named asset sales to cut debt as one option, and Chugoku Electric said higher rates could accelerate sales of assets and strategic shareholdings. The average cost of selling yen bonds is up ten-fold from a decade ago, and Japanese issuers have sold more than $110bn of dollar and euro notes this year. The survey is small and self-selected, and "weighing" is not "selling" [S]; the filing record shows the behaviour already.

The template is a block, not a company. Hitachi's change report on Hitachi Construction Machinery went from 9.98% to 0.00% (obligation 19 August, filed 25 August), with the purpose field changed to "該当事項なし" (not applicable). The May filing had read "政策投資 (held to maintain the cooperative relationship)". Hitachi's stated reason: "to reduce policy shareholdings under our policy on strategic holdings". It books a ¥179.9bn parent-only gain across this and the May sale. The ladder: 50.83% (January 2022) → 25.13% (August 2022, half sold to an Itochu–JIP vehicle) → 18.16% (November 2025) → 9.98% (May 2026) → 0%. The 21.46m shares, worth ¥117.8bn at the prior close, were bought in one line by SMBC Nikko and resold to institutional investors the same day. On the company's voting-rights count Hitachi went from 10.1% to zero, and SMBC Nikko was a 10.1% holder for one day. No end-buyer is named. HCM's own buyback — up to 6.42m shares, ¥34bn, about 30% of the block — had absorbed 4,408,900 shares for ¥24.98bn by 31 August, about a fifth of what Hitachi sold. The stock fell as much as 4% intraday and closed down 1%. August had 1,008 large-shareholding filings, 500 of them decreases. In the same month Mitsubishi Corp took TOYO TIRE from 20.00% to zero and KDDI took Gunosy from 16.23% to zero. Toyota sold its entire MS&AD stake, about ¥300bn, in June; Capital Group had bought about 9% of MS&AD by end-June, as the insurer courts long-term foreign holders to replace the corporate clients leaving its register. The scale: cross-shareholdings are 11.7% of listed market capitalisation; the three major non-life insurers have committed to reduce theirs to zero by end-FY2029 or FY2030 (around ¥9tn); and FY2023 sales by listed non-financials were a record ¥3.6tn. Buyback authorisations in January–May 2026 totalled a record ¥16.2tn, up 34%.

Read the ROE headline net of currency. Nikkei's tally of about 930 TSE Prime March-fiscal-year companies puts FY3/2026 ROE at 9.5%, slightly below the prior year despite a run of record profits, because the weak yen swelled the foreign-currency translation adjustment (為替換算調整勘定) and with it shareholders' equity. The mechanism: overseas subsidiaries' assets and liabilities are translated at the period-end rate but equity at historical rates, so a weak yen adds to the denominator — ¥2tn of extra equity at the major trading houses alone in FY3/2026; Itochu and Mitsui saw translation adjustments balloon. The breadth statistic went the other way: the number of Prime companies clearing 8% rose. The reverse runs in FY3/2027: a stronger yen (Section 7) shrinks reported equity and lifts ROE with no operating change [S].

Parent-child listings (親子上場 — a listed parent that also lists a subsidiary) are being resolved by the parents, at the parents' price. Dentsu Soken (4812) is the domestic example: an Itochu vehicle will tender at ¥2,880; Dentsu Group, the listed parent at 61.78%, has signed a 不応募契約 and keeps its stake; after the squeeze-out the shareholders are Dentsu Group 61.78% and Itochu's vehicle 38.22%. The price path: ¥2,300 first (a 14.12% discount to the pre-proposal close), ¥2,780, then ¥2,880 — 34.96% above the ¥2,134 close before take-private speculation surfaced on 2 July, but only 6.86% above the last close before the final bid. Oasis Management filed a new 5.00% on 17 August (9,786,228 shares, ¥18.7bn) with delisting and board-change proposals reserved; the ¥2,880 tender price is 50.8% above its average cost of about ¥1,910 [S]. Note for the register: the "Citi" that lifted Yamada HD to 7.33% in August is City Index Eleventh, the ex-Murakami-fund vehicle, filing with proposals on buybacks, asset disposals and going private including an MBO — a domestic activist, not a US bank.

Where the opportunity comes from. The supply of Japanese assets to outside buyers has a new engine: the coupon. What a foreign buyer gets is a same-day placement at a small discount, with the seller's investment bank and the issuer's buyback setting the clearing price. The purpose line flipping to 該当事項なし is the paper trail, but it is filed six days after the block; the tradable signal is the underwriter's announcement and the issuer's 主要株主の異動 notice, both on the day. The earlier tell is the seller's own reduction plan — Hitachi's policy, the insurers' to-zero by FY2029/30, Toyota's June sale. Build the list of listed companies whose top-ten holders are those sellers; that is the placement calendar for the next eight quarters. Treat the 18 September BOJ decision as a supply trigger: every 25bp added to the cost of refinancing the ¥6.74tn wall is an argument in a boardroom for selling a stake this fiscal year rather than next. And re-run ROE screens ex-translation: credit a governance turnaround only where operating return improved on a constant-currency equity base. tse-listing-reform-pressure japan-inbound-acquisition-economics

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