

## Corporate compliance amid Japan disaster: when to hold annual shareholder meetings

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### Speedread

In the aftermath of the national disaster in Japan in March 2011, many companies are becoming concerned that they may not be able to hold the annual shareholders' meeting this year. In late March, the Ministry of Justice provided guidance on this issue, and the Financial Services Agency of Japan also announced that it will enact measures with respect to securities reporting to allow companies more time.

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Most Japanese companies hold their annual shareholders' meetings in June, three months after the end of their fiscal year. However as Japan continues to struggle with the aftermath of the 3/11 Disaster and the situation surrounding the nuclear power plant in Fukushima, many companies are becoming concerned that they may not be able to hold the annual shareholders' meeting this year.

In late March, the Ministry of Justice stated on its website that, although the Company Act (Article 296) requires that annual shareholders' meeting be held within a defined period of time after the end of each business year, it does not necessarily require that the meeting be held within three months from the end of fiscal year. Thus, where the disaster related circumstances prevent a company from holding its shareholders' meeting, such company may hold the meeting at such time as the circumstances permit, and it would still remain compliant with the Companies Act. If a company holds the meeting more than three months after the record date provided in the articles of incorporation, it must give public notice of such record date and the matters as to which shareholders of record may exercise their rights (Article 124.2) no later than two weeks prior to such record date (Article 124.3).

The national disaster has also created concerns over deadlines for filing annual securities reports and quarter securities reports that are due within three month after the end of each fiscal year and within 45 days after the end of each quarter, respectively. On 31 March 2011, the Financial Services Agency of Japan announced that it will enact special measures to allow companies failing to submit such securities reports within the prescribed period to do so by the end of June 2011. The FSA has further proposed extending this deadline to the end of September 2011.

The National Tax Agency has also extended the deadline for filing of tax returns and payment of taxes for taxpayers in Aomori, Iwate, Miyagi, Fukushima and Ibaragi prefectures.

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