

COMMERCIAL LAW PROVISIONS AND ACCOUNTING FOR CAPITAL STOCK

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I *Revised Provisions Concerning Capital Stock in Commercial Law*

The present Commercial Law of Japan as amended on May 10, 1950 and June 8, 1951 and enforced on July 1, 1951 provides a new system of corporate capital stock. The system reflects considerable revisions made to the old one. The revisions were necessitated by many changes in social and economic situations after World War II. The major revisions can be itemized as below:

- (a) The provision has been established which permits the issue of stock at the discretion of the board of directors, as authorized in the articles of incorporation.
- (b) A system of issuing no-par-value stock has been introduced.
- (c) A system of issuing redeemable stock has been introduced.
- (d) The issue of convertible stock at the time of incorporation has been authorized. Under the previous law the issue of convertible stock was approved only after incorporation.
- (e) A system of stock dividends has been introduced.
- (f) It has been provided that the board of directors by its resolution may transfer legal reserves to stated capital, with or without the issue of new shares.¹

The main reason for these revisions is to facilitate raising funds by stock corporations. This will be discussed in detail hereinafter:

1. A deferred payment system of stock subscriptions was prohibited by the revision of Commercial Law on July 12, 1948. Should the shares of stock corporation be issued on a deferred payment plan and should a subsequent call be made for payments of part or the whole of the balance unpaid, there may arise great difficulties in raising fund by calling due to the cash position of individual shareholders or due to the stagnant business condition of the corporation requesting payment. Furthermore, malicious fraud in stock subscriptions (misappropriation of money subscribed for capital stock)

¹ Other revisions include that the stock split-up by resolution of the board of directors has been made possible; that the minimum par value of par-value stock has been increased to ¥500. These subjects are not discussed in this treatise.

may not rarely be committed by taking advantage of the deferred payment program.²

The deferred payment plan having such defects, its abolition had been advocated and this practice had ceased long before the 1948 revision of the Commercial Law. As a matter of fact, the common practice was to complete payment at the time of subscription. Therefore, the provision of Law permitting the deferred payment was discontinued in the 1948 revision.

The discontinuance of this provision was carried out with the intention of introducing into our country the U.S.A. system of "authorized capital stock" or the British system of "authorized share capital". Formerly the board of directors used to raise funds whenever necessary by means of collecting the balance remaining unpaid on the stock. Where the foregoing method is impracticable, the board of directors must have the right to raise funds from time to time by the timely issue of a part of stocks authorized but not yet issued. When the board of directors has no such right, there is no other means but to hold a special meeting of shareholders to resolve on an additional issue of shares and to be authorized their immediate full issue, whenever it is necessary to raise capital. As this procedure takes much time, the suitable moment for raising capital may be lost and as it requires a shareholders meeting, a considerable amount of incidental expenses may be incurred. Accordingly, the system of authorizing the board of directors to issue capital stock unissued was considered absolutely necessary and adopted in the 1950 revision of Commercial Law.

In regard to the number of shares authorized, main features of the provisions of Commercial Law are that at least one-fourth of the number of shares authorized must be issued at the time of incorporation of a corporation (§ 166, Commercial Law of Japan); and that in case a special meeting of shareholders resolves upon the increase of the number of shares authorized, the total of authorized shares after this increase shall not exceed four times the number of shares which have already been issued at the time immediately before the increase (§ 347). These are intended to prevent excessive authorization.

2. While the preliminary investigation committee on Commercial Law revision was studying the introduction of the system "authorized capital stock" into Commercial Law, there was expressed a view that "no-par-value stock" should also be authorized in order to facilitate raising capital. The above view is based on an argument that in case the market price of corporations' par-value common stock is lower than its face value, it is impracticable

² For instance, a swindler induces ignorant people to buy stock, par-value ¥ 50.00, at one-fourth of the value, or ¥ 12.50. They purchase the shares without the knowledge of their obligation to pay the balance ¥ 37.50, as shareholders. The swindler, eventually, requests them to pay the balance. The shareholders may not agree to pay, but the swindler, taking legal procedure, compels them to discharge their obligation. Thus, he pockets not only the first subscription but also the subsequent payments.

cable for the corporation to issue new shares of the common stock; that if the stock does not bear a par-value, the issuance of common stock is made possible and the raising of capital thereby becomes feasible; that therefore no-par-value stock should be introduced into the Commercial Law. Those who objected to the introduction of no-par-value stock held the opinion that the issue of par-value stock at a discount was better than the issue of no-par-value stock.³

Prior to the enactment of the Companies Act, 1948, of England, the Report of the Committee on Company Law Amendment was released. The report specifically says that the Committee withheld its recommendations for adopting no-par-value shares, as the following abstract reads (the Cohen Report, 1945, p. 12):

"For many years in the United States of America there has been a practice of issuing shares which have no par value, a practice which..... companies registered in this country are not permitted to follow. It has been suggested to us that we should recommend that shares of no-par-value should be permitted, at least in the case of public companies.....The advocates of shares of no par value recognise that if their issue were permitted, numerous safeguards would be necessary to prevent abuse, for example, provisions as to the price at which the shares might be issued and as to the extent to which the money received by the company in payment for the shares might be treated as a distributable surplus, not as capital, and used accordingly.While there is, in our view, much logic in the arguments put forward in favour of shares of no par value, there is little public demand for, and considerable opposition to, the proposal. We have also had some evidence that in practice this class of share has given an opportunity to the unscrupulous to manipulate accounts which could be defeated only by a series of elaborate provisions the substantial effect of which would be to re-introduce a capital account and, with it, most of those same complications which the no par value share was designed to avoid. Nor would the proposal bring any of the other major subjects of our enquiry nearer to solution. We therefore refrain from recommending any change in this matter."

In accordance with the foregoing view, the 1948 Act of England did not adopt no-par-value shares.⁴

As stated in the Cohen Report, many had pointed out the defects of no-par-value shares. Nevertheless, our Commercial Law has eventually introduced no-par-value stock in lieu of adopting the discount issue of stock: Those concerned with the revision of the Commercial Law apparently recog-

³ Heretofore, where it was impossible to issue common stocks, the only method of raising capital was to issue preferred stock. However, needless to say, it is best to have common stock available for immediate issuance under any circumstances. This may be achieved either by the issue of par-value stock at a discount or by the issue of no-par-value stock.

⁴ One of the reasons for not adopting no-par-value shares may be found in the fact that the English Companies Act has a system of stock issue at a discount.

nized the merits of an American system; Some of them might have thought that the introduction of capital from the U. S. A. could be facilitated by the revision of our Commercial Law after the American pattern as possible as the Japanese conditions may permit.

It goes without saying that in adopting no-par-value stock various restrictions are provided to prevent abuses which may arise. Main restrictions are: (i) Regarding the issuance of no-par-value stock in the case of incorporation, the minimum issue price per share shall be prescribed in the articles of incorporation. The aggregate amount of the minimum issue price of shares issued shall be shown as stated capital in corporations' accounts. (ii) As a rule the aggregate amount of actual issue price of no-par-value stock issued shall be designated as stated capital in corporations' accounts provided that a sum not exceeding one-fourth of this amount may be shown as paid-in surplus. Accordingly in the case of incorporation the stated capital of no-par-value stocks issued shall be not less than either the aggregate amount of minimum issue price or three-fourths of the aggregate amount of actual issue price of stocks issued, whichever is the larger. How much may be regarded as paid-in surplus under the restriction of the Law shall be prescribed by the articles of incorporation or by a resolution of the board of directors (or with the unanimous consent of the incorporators at the time of incorporation). (iii) Paid-in surplus may be appropriated only for the indemnification of earned surplus deficit or its transfer to stated capital. (iv) Shareholders who may suffer a disadvantage due to the issuance of shares at an inequitable price may demand the injunction against the stock issue. Those who have subscribed for the shares at an inequitable price will be put under an obligation to pay the difference between the equitable and inequitable prices.

3. For corporations redeemable stock is an expedient to raise provisional capital. For shareholders it is similar to corporate bonds but is a more favorable investment. Capital stock of this nature has long been adopted by U. S. A. and Great Britain as redeemable preferred stock or redeemable preference share respectively. This has also been introduced into our Commercial Law by the 1950 revision. In Japan redeemable stock is not confined to preferred stock. Redemption must be provided for out of earned surplus available to dividends (§ 222).

4. Under the revision of the Commercial Law in 1938, convertible stock has been authorized by introducing an U. S. A. system. Convertible stock may be either preferred stock or common stock as in the U. S. A. According to the provisions of the Commercial Law prior to the 1950 revision, corporations were not allowed to issue convertible stock except in the case of a subsequent issue of new shares after their incorporation. Under the present Commercial Law, corporations may issue convertible stock even at the time of incorporation as in U. S. A. This is an improvement from the

viewpoint of facilitating the raising of funds.

5. A stock dividend is the new system adopted in the current Commercial Law. As this system, unlike cash dividend from earned surplus, does not cause the flow of money, corporations can retain cash earnings in the business. In this sense the stock dividend system contributes to the corporations' financing. Since in our country a general meeting of shareholders is empowered to decide cash dividends, stock dividends must also be decided by a general meeting of shareholders. The board of directors holds no rights on this matter. Since the stock dividend system compels the shareholders to subscribe for new shares instead of permitting them the option to take cash and therefore induces a lack of current cash income on their investment, the stock dividend declaration requires a careful consideration decision by a general meeting of shareholders. Thereupon the Commercial Law prescribes that the declaration of stock dividends should be made through a special resolution of a general meeting of shareholders (§ 293-2). Stock dividends will be paid out of current earnings. Of course, it is also possible to transfer a part of past appropriated earned surplus to earned surplus unappropriated and thereby pay stock dividends. Even before the enforcement of the present Commercial Law when a general meeting of shareholders resolved on earned surplus dividends and the increase of stated capital simultaneously, the same purpose as stock dividends was attained by issuing fully-paid new shares in lieu of paying cash and thereby increasing stated capital. In this case, however, whether to subscribe for new shares or to receive cash was left to the option of shareholders. The shareholders could get dividends in cash instead of subscribing for new shares. According to the stock dividend system under the present Commercial Law, as aforesaid, no shareholder can make option to demand dividends in cash.

6. The revised Commercial Law authorizes "the transfer of legal reserves to stated capital" by resolution of the board of directors. It provides that in transferring legal reserves to stated capital corporations may or may not issue new shares in return. Under the Commercial Law legal reserves are divided into legal capital surplus (or capital reserves as referred to in the Commercial Law) and legal earned surplus reserves. The transfer of legal reserves with the issue of new shares, irrespective of capital reserves or earned surplus reserves, is not considered as stock dividend under the Commercial Law. As aforesaid, stock dividend means the transfer of earned surplus unappropriated to stated capital with issue of new shares by special resolution of a general meeting of shareholders. Other surplus than legal reserves may also be transferred to stated capital with or without issue of new shares, only if a general meeting of shareholders resolves it.⁵ However,

⁵ An instance of this is the transfer of revaluation reserves to stated capital based on the Law Regarding the Transfer of Revaluation Reserves to Stated Capital (Promulgated on April 19, 1951).

this means neither stock dividends nor "the transfer of reserves to stated capital" as provided in the Commercial Law.

II. *Authorization of Stock Issue*

According to the Commercial Law, it is not necessary to decide whether the authorized shares to be issued after incorporation should be of par-value or of no-par-value, nor to provide this in the articles of incorporation. Therefore, the amount of the authorized capital stock is not predeterminable. Incidentally, it is impossible to record the authorization of stock issue in money-value. If the corporation intends to issue only par-value stocks and this fact is mentioned in the articles of incorporation, the amount of the authorization will be predeterminable and may be recorded. Also where the number of no-par-value stocks and that of par-value stocks is designated separately in the articles of incorporation, at least a part of the authorization, namely the amount of the authorized par-value stock, may be predetermined and recorded. However, the view that, under the Commercial Law the capital stock authorization being merely that of the number of shares, the recording of authorization in money-value should not be made, even if it is possible, is strongly supported by many students of Commercial Law. There is a considerable difference in view between the American authors and the Japanese law students. The former hold that the monetary recording of authorization in corporations' accounts, where it is possible, is the better practice, while the latter refute it. There are, of course, a few in the U.S.A. who support the omission of monetary recording of authorization or who contend that at least in the case of no-par-value stock it is undesirable to carry out the monetary recording of authorization.

There is a practice in the United States whereby the authorization of no-par-value stock is recorded at a stated value per share, multiplied by the number of shares. However, as the no-par-value stock legalized by Japanese Commercial Law consists only of the true no-par-value (viz. the no-par-value stock with no stated value per share), it is out of the question that the corporation should or should not make an entry, with a stated value per share, of authorization of its no-par-value stock.

Therefore, in Japan, only a memorandum entry is made of authorization in the corporations' accounts and in the financial statements, indicating the number of shares authorized and unissued without money-value.

III. *Par-Value, Paid-In Value and Legal Capital*

It is obvious that the total par-value of par-value stocks when it is issued becomes legal capital of the corporation and that excluding the

amount determined as paid-in surplus by the resolution of all incorporators or the board of directors the total issue price of no-par-value stocks when issued becomes legal capital (as aforesaid, the determination of paid in subjected to the restrictions imposed upon by Commercial Law). At the time of stock issue, such amounts may be called legal capital. However, when the transfers are subsequently made from legal reserves or from other surplus to stated capital without new stock issue, legal capital of par-value stock will no more be equivalent to the total par-value of stock issued; nor legal capital of no-par-value stock will be equivalent to the total issue price excluding the paid-in surplus.

Although in Article 284-2 of the Commercial Law it is provided that the total par value of issued par-value stock and the total issue price of issued no-par-value stock of which paid-in surplus is deducted shall be legal capital, it is admitted by students of Commercial Law that this provision refers to the principle at the time of stock issue and after that time there may arise some exceptions, as in the case mentioned above, to this principle. In case redeemable shares are redeemed (under the Law, redemption shall be effected out of earned surplus available for dividends) another exception than the above will occur according to the prevailing interpretation that in case of redemption legal capital remains unchanged and undiminished in spite of the reduction in the number of shares. The same can be said where shares other than redeemable ones are retired out of earned surplus available for dividends (§ 212).

It is generally acknowledged that on no-par-value stock legal capital may, according to the legal procedure, be either increased or decreased regardless of the number of shares. In view of the introduction of the no-par-value stock and the flexibility of its legal capital, there is no reason why legal capital of par-value stock should be constantly fixed at the total par value of the stock. Inasmuch as the no-par-value stock and par-value stock are both common, there should be no substantial distinction between them and one share of the former equals one share of the latter. Since no-par-value stock has been legalized, par-value stock should also be treated in a similar manner in regard to legal capital. It is permissible therefore that legal capital of the par-value stock issued is more or less than its total par value. This is the basic view of students of Commercial Law concerning the relationship between shares of capital stock and legal capital.

According to their view, with regard to par-value stock, it has been made possible even to reduce the legal capital without changing the par-value or the number of shares issued, with the exception that in case of reducing legal capital accompanied by refunding of capital, it is necessary to decrease simultaneously the legal capital and the number of shares or the par-value (for otherwise, capital refunding will be just the same as admitting the issue of par-value stock at a discount which practice is prohibited under the

present Commercial Law).

In the previous Commercial Law, it was absolutely obligatory that the legal capital should be equal in amount to the total par value of stock issued; the legal capital should be determined at a fixed amount per share multiplied by the number of shares issued. This was laid down in the said law by wording that legal capital shall be divided into stocks. By adopting no-par-value stock, it has become imperative to eliminate this principle. Legal capital is no more divisible into stocks, because no-par-value stock has no given par-value or fixed amount whereby legal capital is determined. This is expressed by students of Commercial Law as "alienation of the relationship between legal capital and stock". This expression does not disapprove the existence of a relationship between capital and stock in the sense that legal capital per share can be calculated even on no-par-value stock, but it implies that the principle "legal capital is stated at a constantly fixed amount per share" is lost.

It is interesting to learn that the interpretation of the legal students tends to intensify the flexibility between the legal capital and shares by assuming par-value stock as a kind of no-par-value stock.

It is contended by the students of Commercial Law that, when transfers of legal reserves to stated capital stock are made without issuing new stock, legal capital resulting from such transfers should be separately shown from that of stock issued. In other words, the contention is that the legal capital of stock issued should be entered in "capital stock issued" a/c, and the legal capital transferred without new stock issue should be entered in "capital stock transferred" a/c. In case a corporation issues both preferred and common stock and makes a transfer without new stock issue, the foregoing method of entry seems to be appropriate. However some accountants do not approve the method on the ground that even in the above case, provisional entry of the transfer can be made to "common capital stock issued" a/c. They say that if the provisionally transferred amount is subsequently decided to be re-transferred to "preferred capital stock issued" a/c or if the preferred stock equivalent to the provisionally transferred amount is decided to be issued and carried out, then it suffices to transfer the amount entered in "common capital stock issued" a/c to "preferred capital stock issued" a/c.

To be brief, in case a corporation who issues both par-value common stock and no-par-value common stock keeps separate capital stock accounts for each of them and makes the transfers of reserves without issuing new stock, entries of such transfers can be made either to stated capital account of par-value stock or to that of no-par-value stock instead of capital stock transferred account. In connection with the above accounting problem a fundamental question may arise as to whether or not a separate legal capital account and a separate paid-in surplus account shall be kept for par-value

and no-par-value stocks, both "common", issued by a corporation. Abiding by the strict Issue Equity Theory, separate accounts should be kept respectively. However, if the no-par-value stock and the par-value stock are in the same class, either common or preferred, and if they are considered identical in substance, it may be permissible to make joint entries for both stocks in a stated capital a/c and in a paid-in surplus a/c. For instance, assuming that 1,000 shares of no-par-value common stock (the issue-price ¥40 per share: of which threefourths is stated capital) are issued one year after 1,000 shares of ¥50 par-value common stock (the issue-price ¥60 per share) were issued, the following two entries made to a stated capital a/c and a paid-in surplus a/c show ¥80,000 in the former account and ¥20,000 in the latter account in which stated capital averages ¥40 per share and paid-in surplus averages ¥10 per share.

	Stated capital	Paid-in surplus
Par-value common stock (1,000 shares)	¥50,000	¥10,000
No-par-value common stock (1,000 shares)	<u>30,000</u>	<u>10,000</u>
Total common stock (2,000 shares)	<u>¥80,000</u>	<u>¥20,000</u>

It is not contradictory to the interpretation of the Commercial Law of Japan to say that the stated capital of ¥50 par-value common stock is ¥40 per share. Therefore, it is possible for Japanese corporations to make the entry of the legal capital of par-value stock and no-par-value stock, both of the same class, in one capital stock account. The prevailing Issue Equity Theory (not the strict Issue Equity Theory) seems to emphasize that both capital stock and paid-in surplus should be separated only by different classes of stocks rather than by the difference of classes as well as the difference of par-value and no-par-value in one class. Accordingly, insofar as capital stocks are of the same class, the consolidation of the stated capital of par-value stock and no-par-value stock and that of the paid-in surplus of the respective stocks may be reconcilable with the method of accounting based on Issue Equity Theory. The accountants who uphold this approach would keep one capital stock account for par and no-par for a corporation who issues common stock only (the issuance of common stock only is the customary practice followed by the majority of Japanese corporations). They will just make entries for the transfers of reserves without the issue of new stock by crediting to "capital stock common" a/c, instead of making entry by setting up a special account such as "capital stock transferred".⁶

⁶ Under the Commercial Law of Japan, there is no necessity to classify the paid-in surplus according to the classes of stocks or their distinction between par-value and no-par-value. Paid-in surplus is used only for making up earned surplus deficit or transferring it to stated capital (§ 129). It cannot be charged with losses arising either from acquisition and resale or from redemption, retirement and cancellation of the corporation's own stock. Therefore, only as to stated capital there arises a question whether to make classification according to the classes of stock or the distinction between par-value and no-par-value.

IV. *Redemption, Retirement or Cancellation of Shares and Immutability of Stated Capital*

Redemption or Retirement of shares accompanies in general the reduction of stated capital. However, many students of Commercial Law hold the view that stated capital should not be reduced, when retirement of capital stock out of earned surplus available for dividends and redemption of redeemable shares out of earned surplus available for dividends are carried out under the provisions of the articles of incorporation.

According to the English Companies Act (§ 58), when the redemption of redeemable preference shares is enforced, share capital (stated capital) shall be reduced and a sum equal to the nominal amount (par value) of the shares redeemed be transferred from profits (earned surplus) to the capital redemption reserve fund (a kind of capital reserve) where the redemption are accomplished otherwise than out of the proceeds of a fresh issue.

There is sufficient ground for stating that as retirement of shares out of earned surplus or redemption of redeemable stock out of earned surplus is a stock retirement or cancellation, not subject to the provisions for reducing capital stock (§ 375 et seq., Commercial Law of Japan), stated capital should not be reduced. The "alienation of the relationship between legal capital and shares" gives a good reason for the immutability of stated capital. However, there is an argument raised by accountants against this. They insist on the reduction of stated capital in the above cases, abiding by the view based on the provisions of English Act or other data.

When convertible stock is converted it is possible that the number of shares changes. In case the number of shares decreases, so long as the stock converted and new stock issued are of the same par-value shares, the legal capital should be reduced in general. But even in this case, a widely accepted view based on our Commercial Law is that the capital reduction should not be allowed. Holding to this view, also in case of the stock conversion stated capital must be maintained unchanged.

When a reverse split or a consolidation of stock is made, the number of share will decrease. Under Japanese Commercial Law the stock consolidation is generally authorized only in the case of capital reduction. The same law does not provide for the consolidation of shares without reducing the capital. However, Article 10 of the revised Commercial Law Enforcement Regulations (Cabinet Order) provides for a stock consolidation without reducing capital only for the purpose of increasing the par value of shares less than ¥500 (for the consolidation to this end special resolution of the general meeting of shareholders is required). A stock consolidation other than those just mentioned is interpreted to be also permissible, in so far as it is carried out by a special resolution of the general meeting of shareholders.

In such a consolidation the number of shares decreases without the reduction of legal capital.

Ordinary retirement of capital stock (differentiated from aforesaid redemption or retirement) cannot be made without reducing the legal capital (§ 212). However, it is not required that by retirement and cancellation of par-value stock the stated capital should be reduced to the extent of the total par value of the stock retired and cancelled. The said reduction of stated capital may be more or less than the total par value of the retired and cancelled stock.

In case of the redemption, retirement and cancellation of shares, there is an argument as to whether the number of unissued shares should increase to the extent of the reduction in the number of issued shares. Some argue that in the case of redemption of redeemable stock the number of unissued shares will not increase. It is also argued that this is the case of the retirement of shares out of earned surplus and of the conversion of convertible stocks. Others interpret that in such cases the number of unissued shares will increase.⁷

When the retirement of shares not out of earned surplus or the consolidation of shares is carried out for the reduction of capital does the number of unissued share increase? Or, does it not? Many students of Commercial Law take a negative view in our country, contrary to the interpretation generally adopted in the United States.⁸

V. *Conversion of Convertible Stock and Stock Dividends*

The Commercial Law of Japan lays down that the issue price of convertible shares shall be the issue price of new shares to be issued by such conversion (§ 222-3).

Therefore, the conversion wherein the legal capital of new shares exceeds the total issue price of converted shares is impossible (because it will cause the issue of capital stock at a discount).⁹

Also the conversion wherein the legal capital of new shares is less than

⁷ The Companies Act, 1948 of England provides that the authorized capital share will not be reduced by the redemption of redeemable shares (§ 58); it prescribes that after such redemption of shares they will become unissued capital and may be reissued.

⁸ If the shares retired is not turned into unissued shares, the number of authorized shares should be reduced accordingly. Otherwise, there may be some authorized shares not classified either as issued or as unissued shares. The retirement of shares, however, does not unconditionally lead to a reduction in the number of shares authorized. In reducing the number of authorized shares, there is no other means but to revise the articles of incorporation. Against this contention, there is a view that the reduction of the number of issued shares by means of stock retirement, redemption and the like necessarily brings about the reduction of the number of authorized shares without resorting to the revision of the articles of incorporation.

⁹ For instance, such conversion as three shares of common stock ¥50 par-value against two shares of convertible preferred stock ¥50 par-value and issue price ¥50.

that of converted shares is impossible (as it will induce capital reduction).¹⁰ There is the possibility that such stipulations concerning the issue price will prevent recording in accounts the issue of new shares at a fair market value.

In the case of stock dividends, the Commercial Law requires incorporation in stated capital at the total of the issue price of dividend shares as decided by a general meeting of shareholders and requires the fixing of the issue price of a par-value dividend share at its par value (§ 293-2). Owing to this provision, the creation of paid-in surplus by issuing no-par-value dividend shares is not authorized and the issue of par-value stock at a fair market value is not recognized.

¹⁰ For instance, such conversion as two shares of common stock ¥50 par-value against three shares of convertible preferred stock ¥50 par-value and issue price ¥60. Under the Commercial Law of Japan, par-value of all shares issued by a corporation should be uniform in amount irrespective of the class of shares.