

**The Pass-through Execution of Shareholders' Inspection Rights:  
The Internal Control of Corporate Groups: An Integrated  
Research of Legal System**

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**Abstract**

According to Paragraph 2, Article 210 of Taiwan Company Law, any shareholder of a company may request at anytime, by submitting evidentiary document(s) to show his/her interests involved and indicating the scope of interested matters, an access to inspect and to make copies of the Articles of Incorporation and accounting books and records mentioned in paragraph 1. Nevertheless, the scope that the shareholder could inspect and copy does not include the original data of the accounting books and records. Therefore, shareholders' inspection rights only exist in formality other than substance. With the development of the corporate groups, the Company Law of Japan and the General Corporation Law of Delaware in USA introduce the pass-through execution of shareholders' inspection rights respectively to improve the supervision powers of shareholders of controlling company to its subsidiary. Both Japan and Delaware have the statutes expressly grant that the shareholders of controlling company have the rights to inspect or make extracts from a subsidiary's accounting books and records under the compliance with the statutory requirements.

First, this paper will introduce the basic concept and the developing backgrounds of inspection rights in the Company Law of Japan and the General Corporation Law of Delaware in USA. Then it will further analyze the interpretations and applications of the related regulations based on the

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comparative study. The next part will investigate the landmark cases and the implied problems before and after the amendments to the 2003 General Corporation Law of Delaware in USA and the Company Law of Japan. In addition, it will discuss the legitimacy and feasibility of the pass-through execution of shareholders' inspection rights and provide several approaches to construct their theoretical basis. Finally, it will indicate the legislative shortages of the current shareholders' inspection rights in Taiwan and provide the revolutionizing approach.

**Keywords:** corporate group, inspection rights, derivative suit, affiliated companies, controlling company