

A Study of the Maintaining or Repealing of Legal Persons as Corporate Directors or Supervisors under Article 27 of the Company Act

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Abstract

That legal persons or their representatives can be appointed as directors has been a recognized and controversial legal regime in Taiwan. Although Taiwan is not the only country permitting legal person as corporate director, the current rules as set forth under Article 27 of the Company Act do create some legal disputes. Because a legal person must designate a natural person to perform the duties when elected as director, the first issue arising from this practice is whether the legal person or the natural person bears the responsibility of a director? Another controversy deriving from Section 2 and 3 of Article 27, allowing a legal person to designate representatives to be elected as directors and supervisors and to replace them anytime. This article looks into the evolution of regime of the legal person director and comment on the inappropriateness of Article 27 as a matter of law and practice. This article will also provide discussion on the legal person director regimes of other jurisdictions. This article proposes to repeal Article 27. It also proposal alternative resolution if legal person is still allowed to be the director.

Keywords: legal entity as director, qualification of director, representative, director accountability, director liability, conflict of interest

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