

The Regulation of the Distribution of Shareholders' Voting Rights

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Abstract

As to the issue of the distribution of shareholders' voting rights, Taiwan's law adopts the principle of the "one share one vote" in regulating stock corporations. Although the current law in Taiwan also allows stock corporations to issue class stocks, which recognizes the unequal voting rights of shareholders, the types of class stocks are limited due to the interpretation of the authorities concerned and the scholars' opinions. This article challenges this mainstream ideas by invoking the experiences of American and Japanese laws in tackling the issue.

First of all, this article supports the rationality of "one share one vote", but thinks that only the principle of the equal protection in shareholders is not strong enough to be a mandatory provision. Additionally, it needs to deregulate the relevant laws in the light of the needs of corporations and investors. This article proposes that it is worthy of adopting the Japanese model: i.e., using different regulations to deal with different corporations. As to close companies, this matter belongs to the field of autonomy of company. As to public companies, it should maintain the principle of "one share one vote", but it also should allow the class stocks of unequal voting rights. However, because of collective action problems and strategic choice problems in public companies, it should impose some limits on the issue of class stocks to protect shareholders and investors. Further, this article also proposes that it should be done by the self-regulating organization, i.e., TWSE.

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