

Developments in the Law in 2016: Corporate Law and Securities and Exchange Act

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Abstract

In retrospect, legal developments in 2016 in corporate law and securities regulations offer a few glimpses of “insignificance” of many statutory changes. Amendments on two articles, Article 28-4 and Article 43-1, of the Securities and Exchange Act were passed in November 2016. Article 28-4 was revised to relax the limits on the amount of unsecured corporate bonds that a public company can issue. It should be noted that the way that this rule was changed had stirred little controversy and is not expected to have great impacts on the bond market. As a response to the debacle that a failed tender offer for shares of XPEC entertainment Inc. caused, a short paragraph was inserted into the Section 2 of Article 43-1 to require the tender offeror to provide documents on the sources of funding. However, the revision might not be needed to accomplish this purpose as the Section 4 of Article 43-1 offers an authorization rule that empowers the FSC to promulgate and amend the tender offer rules. Changes on the tender offer rules had long been underway without the legislative action since this case broke out.

In terms of judicial developments, this paper highlights the ruling on the voting agreement in the high-profile Chang Hwa Bank case rendered by the Taipei District Court, a few judgments of various high courts on the controversial director dismissal rule in the Securities Investor and Futures Trader Protection Act and one Supreme Court judgement on the validity of shareholder meeting resolutions. In addition, this paper also reviews some notable publications on the preferred stock rule in the Close Corporation Section, which

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was added to the Company Act in 2015, and the eternal issue of whether the information is material and definite in insider trading cases.

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