

Developments in the Law in 2019: Corporate Law and Securities Exchange Act

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Abstract

At the end of 2018, the Taiwan Company Act had just been amended. One of the characteristics of this amendment is to strengthen the capital feature on the rules of limited companies and to deregulate the rules regarding non-public companies. Besides this change, the authorities concerned has declared its interpretation: the restrictions on the articles of incorporation in companies limited by shares are then applied to limited companies. To clarify, this interpretation makes limited companies similar to companies limited by shares. Due to this trend, the differences in the rules of limited companies, non-public companies and close companies in the Taiwan Company Act are more and more vague. It is necessary to review all these rules and to reconsider the stated rules of close corporations in the Taiwan Company Act. Regarding the rules of public companies, there are a few regulations in the Securities and Exchange Act revised in 2019. More importantly, in the Securities and Exchange Act, public companies are offered an option to choose one-tier board instead of two-tier board and the authorities concerned ask that all financial institutions and listed companies adopt one-tier board before January 1st, 2020. This means the function of the board would change from an executive function to a monitoring function. Accordingly, it is necessary to consider measures to revise the regulations in the Taiwan Company Act to face this change. In addition, to resolve commercial dispute judgements rapidly, properly and professionally, the Commercial Case Adjudication Act has been established. There are new commercial litigation processes in the new act, and it is expected to achieve its purpose. This review

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chooses the Da-Tung case as an example to check whether this new act could achieve its purpose or not, and it is discovered that there are still many issues that need to be discussed in the future. One of the key issues might be the design of substantive law. In November of 2018, Grand Justices of the Judicial Yuan issued the J.Y. Interpretation No. 770. In the current Business Mergers and Acquisitions Act, it is pointed out that the minority shareholders' rights of acquiring information and appraisal remedy is flawed. Therefore, during this year, there are solutions available directed towards this indication from judicial and legislative respects. Despite these movements, it seems that there is room to offer more measures to protect minority shareholders' rights in the Business Mergers and Acquisitions Act.

Keywords: limited company, close corporation, one-tier board, Commercial Case Adjudication Act, cash-out merge