

Developments in the Law in 2021: Corporate Law and Securities Exchange Act

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Abstract

While the COVID-19 Pandemic began to emerge at the end of 2019 and quickly spread around the world, the horror of the epidemic was not really felt in Taiwan until 2021. The Company Law is among those which were amended in response to the Pandemic. The 2015 and 2018 amendments of the Company Law changed the rule requiring all shareholder meetings be held physically. The amendments enabled close corporations and non-public corporations, but not public corporations, to hold their shareholder meetings by means of video communication or other methods promulgated by the corporate authorities, or the Ministry of Economic Affairs. With the passage of the 2021 amendment, lawmakers require the securities authorities, or the Financial Supervisory Commission, to issue rules by which public companies now can hold virtual shareholder meeting.

Partly due to the Pandemic, the Commercial Court, which began operations on July 1, 2021, had a disappointingly low caseload for its first half year. Sharp and unfair criticism is drawn on the newly-born institution. As a matter of fact, the Commercial Court has demonstrated its effectiveness in dealing with high-profile cases regarding corporate control fights. This paper suggests that the policymakers consider to reposition the Commercial Court and shift its focus on corporate control cases.

The Supreme Court's unified view on the computation of gains acquired through illegal insider trading activities and its adoption of the out-of-pocket method for the calculation of damages for financial misrepresentation are both

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worthy of great attention. The juxtaposition of the two opinions shed new light on the evaluation of institutional designs and the choice of legal interpretations. It is also worth noting that the Supreme Court's opinion on the shareholder meeting quorum for capital reduction resolution disapproved the long-standing view of the corporate authorities. The Supreme Court's opinion is heralded as a victory for the minority shareholders. Whether this opinion can bring about future statutory revisions is to be seen.

Keywords: virtual meeting, commercial court, independent director, insider trading, out-of-pocket method, reduction of capital