The Virtues and Limitations of Shareholder Democracy

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I. Introduction

II. Shareholder Democracy and Allocation of Powers
   1. Criteria for the Allocation of Powers Within the Corporation
      a) Does a given task fit the role and function of the actor within the corporation?
      b) Can the actor, given the way it functions, adequately perform the task?
      c) Which actor is better suited to perform the task from a comparative perspective?
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II. Shareholder Democracy and Allocation of Powers

2. What Role for the Shareholders and the Shareholders' Meeting?
   a) Role and function of the shareholders
      – Lack of fiduciary duties of shareholders
      – Lack of expertise and information
   b) Functioning of the shareholders' meeting
      – Rational apathy and collective action problem of shareholders
      – Process of taking decisions
   c) Relative advantages and disadvantages of the shareholders and management, respectively
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II. Shareholder Democracy and Allocation of Powers

3. What Role for Management?

   a) Managing the company

   b) Duty of care and loyalty
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III. The Legitimacy of Shareholder Decisions

1. No Undue Influence
   a) Management
   b) Proxy Advising and Voting Services

2. Decisions Taken by the Beneficial Owners
   a) Not nominees and intermediaries
   b) Not "empty voters" and "hidden owners"
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III. The Legitimacy of Shareholder Decisions

3. Shareholder Participation
   a) Voting right of intermediaries?
   b) Charter provisions that create incentives to vote?

4. Other Issues
   a) "One share, one vote"
   b) "Shareholder loyalty"
   c) No obstacles to using shareholder rights

IV. Concluding Remarks
Thank you for your attention.