

Controlling Controlling Shareholders in Thai Private Companies
by **Dr Nilubol Lertnuwat**, Thammasat University

Chaired by Associate Professor Gary F. Bell, Faculty of Law, NUS

21 November 2017, Tuesday, 12.00pm – 1.30pm
Lee Sheridan Conference Room, Level 1, Eu Tong Sen Building
NUS (Bukit Timah Campus)

ABSTRACT

In most private companies, the shareholders can be categorized into two groups – controlling and non-controlling shareholders. The controlling shareholders have a significant level of control over the decision-making process of the company at both the board of directors and shareholders' meeting levels. Based on their large stake in the company, the controlling shareholders have strong incentives to actively involve and monitor the management and to maximize the value of the company. This benefits all shareholders, including non-controlling ones. The controlling shareholders, however, may not always act in the best interests of the company.

The controlling shareholders tend to appoint family members, or those with whom they have a close connection, to be on the board of directors, despite the fact that their representatives are not qualified. They also tend to reappoint them regardless of their performance. These directors enjoy the benefit of receiving high salaries and living expenses. Given their voting power, the controlling shareholders can dominate shareholders' meetings to approve any matters proposed to the meeting, including self-dealing transactions. Controlling shareholders are likely to extract private benefits of control at the expense of non-controlling shareholders. The conflict within private companies is therefore a result of the divergent interests between controlling and non-controlling shareholders.

This seminar will examine the ways in which Thai laws, particularly the Civil and Commercial Code which governs private companies, prevent controlling shareholders from exploiting a company and its non-controlling shareholders, and the ways in which they compensate a company and its non-controlling shareholders when wrongdoing occurs. The speaker will argue that, although subject to some limitations, existing legal mechanisms such as the derivative action, winding-up petitions, inspection of businesses and criminal liability can all be employed to deter controlling shareholders from extracting private benefits. The speaker will also suggest ways to improve legal measures to ensure that wrongful actions are not taken against a company and its non-controlling shareholders.

ABOUT THE SPEAKER



Dr Nilubol Lertnuwat is currently an Assistant Professor at the Faculty of Law, Thammasat University in Thailand. She obtained her LL.B. from Thammasat University, LL.M. from Melbourne University, and Ph.D. in Law from Victoria University. She is now teaching Thai company law, comparative company law, secured transactions and securities law. Her main research focuses on shareholders' rights and remedies, directors' duties, and corporate governance.

REGISTRATION

Closing Date: **14 November 2017, Tuesday**

For enquiries, please contact Chris Chan at asli@nus.edu.sg

There is no registration fee for this seminar but seats are limited.

The selected light lunch will be provided upon registration.

To register, go to

<https://goo.gl/vCgYbN>

or scan the QR Code:

