

Business Law
Module 7 [Business Entities, Corporate and Securities Law]

This module discusses varied options of business organization, ultimately making emphasis on the corporation as the most complex, yet, most widely used mode of the same. It then emphasizes the characteristics of the corporation, present, virtually, in every legal reality and gives a brief introduction to legal regulation of corporate securities and securities markets.

Basic Notions:

Corporate Law

Forms of doing business

Sole proprietorship

Partnership

General partnership

Limited partnership

LLC

Corporation

Separate legal personality

Limited liability

Capital market

Shares

Ordinary shares

Preferred shares (with no or limited voting rights, but enhanced rights to dividends)

Tracking shares (stocks)

[Corporate] debt securities and their characteristics

Fully transferable shares

Freely tradable shares

Dispersed share ownership

Controlling shareholder

Corporate control

Separation of corporate control from corporate (share-) ownership

Institutional investor (shareholder)

Hedge funds

Stock exchange

Retained earnings

Delegated management

Management board

Supervisory board

One-tier board structure

Two-tier board structure

“Investor” - (shareholder -) ownership

Corporate charter/ Articles of association

Legal regulation of the corporation: contractual, “default” and mandatory rules

Place of incorporation

Actual (real) seat

Regulatory competition

Joint venture (JV)

General Reference Materials:

Black's Law Dictionary Free Online Legal Dictionary 2nd Ed.:
<http://thelawdictionary.org/#ixzz2dKQavCad>

Articles, Book Chapters, Other Overviews and Summaries

Forms of doing business and joint ventures (handout)

Armour, John and Hansmann, Henry and Kraakman, Reinier, The Essential Elements of Corporate Law. Oxford Legal Studies Research Paper No. 20/2009; Yale Law, Economics & Public Policy Research Paper No. 387; Harvard Law and Economics Research Paper No. 643; Harvard Public Law Working Paper No. 09-39; ECGI - Law Working Paper No. 134/2009. Available at SSRN: <http://ssrn.com/abstract=1436551>

Siems, Mathias M., The Foundations of Securities Law (September 10, 2008). Available at SSRN: <http://ssrn.com/abstract=1089747> or <http://dx.doi.org/10.2139/ssrn.1089747>

van Bemmelen van Gent, Ernst, Approaches to Corporate Law. Bynkershoek Law Review Working Papers 2013/3. Available at SSRN: <http://ssrn.com/abstract=2212265> or <http://dx.doi.org/10.2139/ssrn.2212265>

Aprill, Ellen P. and Holo, Sanford, Choice of Entity: Considerations and Consequences. UNIVERSITY OF SOUTHERN CALIFORNIA GOULD SCHOOL OF LAW, 61ST INSTITUTE OF FEDERAL TAXATION, MAJOR TAX PLANNING 2009, August 2009; Loyola-LA Legal Studies Paper No. 15. Available at SSRN: <http://ssrn.com/abstract=1368301>

Awasthi, Ankit, Limited Liability Partnership in India: An Overview. Available at SSRN: <http://ssrn.com/abstract=1918391> or <http://dx.doi.org/10.2139/ssrn.1918391>

Bebchuk, Lucian A. and Kraakman, Reinier and Triantis, George G., Stock Pyramids, Cross-Ownership, and Dual Class Equity: The Creation and Agency Costs of Separating Control from Cash Flow Rights (2000). Concentrated Corporate Ownership, (R. Morck, ed.), pp. 295-315, 2000; Harvard Law and Economics Discussion Paper No. 249. Available at SSRN: <http://ssrn.com/abstract=147590> or <http://dx.doi.org/10.2139/ssrn.147590>

Hopt, Klaus J., Comparative Company Law (December 1, 2006). ECGI - Law Working Paper No. 77/2006. Available at SSRN: <http://ssrn.com/abstract=980981> or <http://dx.doi.org/10.2139/ssrn.980981>