

DISSERTATION ON

The role of minority shareholders and Protecting minority shareholders right in Bangladeshi corporations - An Analysis according to company laws and policies.

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The dissertation titled “The role of minority shareholders and protecting minority shareholders right in Bangladeshi corporations - an analysis according to company laws and policies.” prepared by Student Name: Noor-E-Saba Ananna, ID: 2017-1-66-047, submitted to Dr. Md. Mehedi Hasan, Assistant Professor, Department of Law, for the fulfillment of the requirements of Course 406 (Supervised Dissertation) for LL.B. (Hons.) degree offered by the Department of Law, East West University, is approved for submission.

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Declaration

I, Noor-E-Saba Ananna, ID:2017-1-66-047, hereby declare that the dissertation of my Bachelor of Law (LLB) degree on “The role of minority shareholders and Protecting minority shareholders right in Bangladeshi corporations - An Analysis according to company laws and policies” has been carried out by me. I confirm that it has been verified that no portion of this dissertation has been published or written by another person before, with the exception of any works cited in the reference section, and that no portion of this research paper contains any content that has already been submitted for a degree or diploma at any university.

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Abstract

Worldwide, the basic role of minority shareholders is vital for advocating effective corporate governance and ensuring a fair distribution of power within organizations and companies. However, their rights are often vulnerable to breach due to the dominance of majority stakeholders. This study explores the legal, regulatory, and practical dimensions of safeguarding minority shareholder rights, considering diverse jurisdictions and corporate environments. The research delves into the various mechanisms available for the sake of the safeguarding of minority owners. This is because locked in structure of close firms, a minority shareholder faces unique challenges in any corporations. Minority shareholders are concerned that they may lose their right to participate in management or that those in positions of authority may take advantage of them at any time. Minority shareholders' high expectations, presumption from the majority, and the lack of a liquid secondary market all contribute to this anxiety.

This research offers an in-depth analysis of examination and critique of the legislative treatment of minority shareholders' difficulties, their statutory protection, and the public and private enforcement of these protections, as well as the strengths and weaknesses of the law. Problems and solutions to such problems are the focus of this research. In it, the 1994 Bangladeshi Companies Act is examined in great detail in terms of the statutory method, highlighting how it differs from corporate governance rules in other jurisdictions to safeguard shareholders' interests. This research critically assesses the strengths and weaknesses of the law, providing an in-depth analysis and critique of how it addresses problems faced by minority shareholders. This involves considering how well public and private enforcement mechanisms work, as well as how well statutes protect people. In the end, the study recommends policies to improve corporate governance in Bangladesh and identifies areas that need reform. To improve minority shareholders' access to legal protections when they are unable to rely on contractual protections, we propose a new way of looking at the corporate governance of closely held companies that is specific to their features.

Chapter 1 – Introduction

1.1 Definition of minority shareholders

Minority shareholders are those who do not get that much importance or control over a company.¹ In simple terms, when an individual holds fewer than 50% of a company's shares, they are considered a minority shareholder.

Even if they collectively own more than half of a company's shares, they do not have voting rights on the board of directors. In contrast, majority shareholders are able to influence corporate policy while having a smaller percentage of the total shares.² In that case the majority shareholders get the priority to take a decision regarding the company policies or other things. In the business world, companies with shareholders especially joint-stock corporations, are crucial for attracting investors to big projects.³ This has led governments worldwide to create laws to regulate them as they evolve. Generally, these laws have been successful in improving the market and attracting large investments.⁴ However, despite ongoing improvements to these laws there are still problems in some places. One major issue arises from the natural divide between majority shareholders, those with more shares and minority shareholders, those with fewer shares.⁵ This divide often leads to problems, especially in closely-held corporations. In these cases, minority shareholders may face unfair treatment, and their rights may be restricted.⁶ It's believed and most cases also shows that mistreatment of minority shareholders is seen as a prior issue in closely-held corporations. This means that the way these companies are structured can inherently lead to problems for minority shareholders.⁷ If in a company only the majority group takes all the decision then sometimes it may bring harm to the minority group and that is why the interest of the minority group should be protected and the rights of majority group should be limited.⁸ This is the main theme of the research paper.

¹ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies> accessed on

² Charles W. Murdock, *Evolution of Effective Remedies for Minority Shareholders and Its Impact upon Valuation of Minority Shares*, 65 NOTRE DAME L. REV. 425, 426 (1990)

<https://scholarship.law.nd.edu/cgi/viewcontent.cgi?article=2154&context=ndlr>

³ <https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php> accessed on

⁴ <https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php> accessed on

⁵ <https://www.oflaherty-law.com/learn-about-law/what-are-minority-shareholders-what-power-does-a-minority-shareholder-have> accessed on

⁶ <https://www.wallstreetmojo.com/minority-shareholder/> accessed on

⁷ <https://www.oflaherty-law.com/learn-about-law/what-are-minority-shareholders-what-power-does-a-minority-shareholder-have> accessed on

⁸ <https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php> accessed on

Palmer states that a firm can't run well without a fair distribution of power between majority and minority shareholders.⁹ Or else if shareholder conflicts remain like this and not resolved fairly, it could damage the whole corporation system, laws and policies of Bangladesh.

1.2 Importance of the topic

In the corporate world, joint-stock corporations play a big role in attracting investors for major projects.¹⁰ Different companies have played a significant role in attracting investors to invest in important economic projects in the corporate sector worldwide.¹¹ When it comes to business legislation of our country, Bangladesh has a number of major problems. One of them is providing the protection of the rights of minority shareholders.¹² However, some issues still exist in certain places. Particularly in how majority shareholders treat minority ones, especially in close corporations.¹³ Close corporations often involve close relationships like family ties, but these connections don't legally protect minority shareholders.¹⁴ Disputes in close corporations often end up in court.

Despite the fact that minority investors are now better protected because to the 2004 Code of Corporate Governance for Bangladesh, but there are still some areas where corporate laws in Bangladesh need to be improved for stronger enforcement of existing laws and regulations.¹⁵ In order to identify strategies for success and create better legislation to protect minority shareholder interests in corporate sectors, a review of the UK's corporate law provisions and Companies' minority shareholder rights have been recognized in the 2004 OECD Principles of Corporate Governance.¹⁶

⁹ Nitish Jindal, Published on 28th June, 2020 <https://www.youtube.com/watch?v=m91XoOL8X8U> accessed on

¹⁰ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies> accessed on

¹¹ <https://scholarship.law.nd.edu/ndlr/vol65/iss3/2>

Charles W. Murdock, *Evolution of Effective Remedies for Minority Shareholders and Its Impact upon Valuation of Minority Shares*, 65 NOTRE DAME L. REV. 425, 426 (1990). accessed on

¹² <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies> accessed on

¹³ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1285204

See Benjamin Means, *A Voice-Based Framework for Evaluating Claims of Minority Shareholder Oppression in the Close Corporation*, 97 GEO. L.J. 1207, 1256 (2009). accessed on

¹⁴ Nitish Jindal, Publish on 28th June, 2020 <https://www.youtube.com/watch?v=m91XoOL8X8U> accessed on

¹⁵ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies> accessed on

¹⁶ <https://www.repository.law.indiana.edu/etd/63/> accessed on

1.3. Literature Review

It is thought that the oppression of minority shareholders has been considered as “an inherent structural characteristic of the close corporation form.¹⁷ The essence of the rule is that the majority shareholders have a right to take decisions on every matter related to the management of the company and if the decision taken by the directors has been confirmed in a general meeting minority has no right to bring an action against the wishes of majority shareholders.¹⁸ However, the rule can also be unjust in one sense, as it needs concentration of power in the hands of the majority who may exercise it abusively.¹⁹ A majority decision can be unjustified for minority shareholders interest and even taken honestly can involve poor strategies that are harmful to companies.²⁰ The abuse possibility can increase when the rule is put together with certain company law principles which coordinate to isolate and trivialize minority shareholders in companies.²¹ The idea that company is a separate person in law and it is the company itself that can as a proper plaintiff take action in relation to any claim against individuals who have committed wrong against the company and that a shareholder would be barred from complaining before the courts in respect of corporate actions confer almost all the corporate power to the majority.²² It’s thought that the oppression of minority shareholders has been considered as “an inherent structural characteristic of the close corporations”²³

¹⁷ Gilson, Ronald J. (2005) Controlling Shareholders and Corporate Governance: Complicating the Comparative Taxonomy" ECGI - Law Working Paper No. 49/2005, August.

¹⁸ Gilson, Ronald J. (2005) "Controlling Shareholders and Corporate Governance: Complicating the Comparative Taxonomy" ECGI - Law Working Paper No. 49/2005, August.<https://documents1.worldbank.org/curated/en/161561468182336740/text/696940ESW0P1040vey0WBRO0revised0806.txt>

¹⁹ <https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>

²⁰ <https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>

²¹ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

²² <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

²³ See Benjamin Means, *A Voice-Based Framework for Evaluating Claims of Minority Shareholder Oppression in the Close Corporation*, 97 GEO. L.J. 1207, 1256 (2009).

In Bangladesh, the Companies Act, 1994 offers certain safeguards for minority shareholders.²⁴ According to section 233 of the Act, minority shareholders have the right to approach the court and seek remedies if they believe they have been prejudiced by the decisions of the majority shareholders.²⁵ Subsequently, the court has the authority to issue orders aimed at safeguarding the interests of the minority shareholders.²⁶ The courts, on their part, have also shown reluctance to deal with claims where a shareholder is in dispute with the majority shareholders, generally taking the view that disputes of this kind should be settled in general meetings.²⁷ They tend to note the separate personality principle and to emphasize that a minority shareholder is not entitled to exercise rights that inhere in the company itself.²⁸ Such rights principally fall within the power of the majority shareholders who can exercise them freely.²⁹ Even if the courts want to hear minority shareholder disputes, practical difficulties which exist on the path of the plaintiff will discourage him.³⁰ Sometimes usually the suspected wrong involves complex issues relating to company operations and its financial matters which are difficult to understand and where a shareholder is able to assess such matters, he can be denied access to the information needed.³¹ Directors can always refuse to give the required information, taking the argument that the demanded information involves commercial secrets.³² The costs of taking action contrast to its probable benefits can be disproportionate and thus can constitute a further disincentive for a minority plaintiff.³³

This research demonstrates these issues, and the approaches developed to address them. After that, it explores in depth the statutory approach adopted in the The Companies (Bangladesh) Act, 1994 to protect the interests of shareholders as the Law advances different rules for corporate

²⁴ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

²⁵ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

²⁶ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

²⁷ <https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>

²⁸ <https://ctb.ku.edu/en/table-of-contents/participation/encouraging-involvement/identify-stakeholders/main>

²⁹ <https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>

³⁰ <https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>

³¹ <https://ctb.ku.edu/en/table-of-contents/participation/encouraging-involvement/identify-stakeholders/main>

³² <https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>

³³ <https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>

governance than their counterparts in other jurisdictions.³⁴ The study also evaluates the strengths and defects in the Law as it presents an analysis and critique of the statutory treatment of minority shareholders' problems, their statutory protection as well as the public and private enforcement.³⁵ Finally, the research identifies areas where reforms and changes are needed and thus propound some policy prescriptions to the Bangladeshi legislature to optimize its corporate governance.³⁶ A new approach to the corporate governance of close corporations, one that is perceptive of their unique nature and features, is necessary to strengthen the statutory protection for minority shareholders, who fail to protect themselves contractually.³⁷ The literature on protecting minority shareholders' rights is rich and diverse, encompassing legal, governance, economic, and technological perspectives.³⁸ The findings contribute to a comprehensive understanding of the challenges faced by minority shareholders and offer insights into potential solutions and improvements in regulatory frameworks and corporate practices.³⁹

1.4 Research Questions

The study answers this fundamental question theoretically and practically-
What legislative improvements and legal measures should be taken to bring legal protections for the rights of minority shareholders in Bangladeshi corporations?

1.5 Research Methodology

My thesis is mainly a qualitative type of research that depends on relevant data and information sources. Therefore, the main aim of the thesis is to investigate the minority shareholder protections provided by The Companies Act, 1994.⁴⁰ Consequently, the research's methodology and approach have been chosen suitably. It can also consider as reform-oriented research as there is concern regarding what laws need to reform or implement regarding protecting minority shareholders right in any corporation of our country. The approach taken for the research is qualitative analysis rather than quantitative method. This research has also done with both primary and secondary sources as I attempted to summarize the current laws and rules to light out the situation and secondary sources

³⁴ <https://www.repository.law.indiana.edu/etd/63/>

³⁵ https://law.unimelb.edu.au/__data/assets/pdf_file/0006/1723218/9-Statutory_Derivative_Action_Research_Report__15_03_06_21.pdf

³⁶ <https://chambers.com/articles/protection-of-minority-shareholders-interest>

³⁷ <https://www.repository.law.indiana.edu/etd/63/>

³⁸ https://www.ohchr.org/sites/default/files/documents/publications/2022-1128/OHCHR_ERT_Protecting_Minority%20Rights_Practical_Guide_web.pdf

³⁹ <https://chambers.com/articles/protection-of-minority-shareholders-interest>

⁴⁰ The Companies (Bangladesh) Act, 1994
<https://www.icsi.edu/media/portals/86/bare%20acts/Bangladesh%20COMPANIES%20ACT.pdf>

such as websites, blogs, books, online journals, and news reports have been used, which incorporate statutes. This research will also emphasize to protect their right to minority shareholders effectively what measures and methods should be adopted by Bangladeshi companies.

1.6 Research Justification

The main purpose of this thesis is to investigate the nature of the statutory protection we have for minority group shareholders right in Bangladeshi companies under The Companies Act, 1994.⁴¹ Are they enough to bring the minority shareholders' rights in corporations are guaranteed by law or not. The research here aims to find and discuss the current situation of for minority owners condition, specially to those who are involved in Bangladeshi corporations and cannot get their proper rights in their invested companies and also what duties and obligation those Bangladeshi companies has performed towards these people under the domestic and international law regarding this matter. When it comes to minority shareholders in firms, every state and country takes a slightly different approach.⁴²

However, On the other hand, thorough anti-discrimination laws should be used to evaluate any form of explanation.⁴³ There are essentially three ways to address the minority shareholders' situation. The legislative, judicial, and contractual strategies are as follows.⁴⁴

For a business to run smoothly, according to Palmer, the rights of majority and minority shareholders must be properly balanced.⁴⁵ Individuals progress and risk a part of their fortunes in the hopes of getting a job or a position in corporate management and seeing a return on their investments in the company. The timing of these methods is crucial in this process.⁴⁶

Several reasons inspired me to do my research on this topic because it's becoming increasingly important legally, socially, and economically. In Bangladesh, there are thousands of closely held corporations things are extremely important to the economy.⁴⁷ However, many, if not all, of these

⁴¹ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

⁴² <https://www.youtube.com/watch?v=m91XoOL8X8U> accessed on

⁴³ https://www.ohchr.org/sites/default/files/documents/publications/2022-1128/OHCHR_ERT_Protecting_Minority%20Rights_Practical_Guide_web.pdf

⁴⁴ Jonathan Hill, Comparative Law, Law Reform and Legal Theory, 9 OXFORD J. LEGAL STUD. 101,115 (1989).

[https://books.google.com.bd/books?id=IPVMAgAAQBAJ&pg=PA115&lpg=PA115&dq=Jonathan+Hill,+Comparative+Law,+Law+Reform+and+Legal+Theory,+9+OXFORD+J.+LEGAL+STUD.+101,115+\(1989\).&source=bl&ots=VrnGFUL5vm&sig=ACfU3U1vtvutnbXLmafJ4jKDex0S_3zJjg&hl=en&sa=X&ved=2ahUKEwit5pvT59aDaxVpxTgGHTRcCCgQ6AF6BAGTEAM#v=onepage&q=Jonathan%20Hill%2C%20Comparative%20Law%2C%20Law%20Reform%20and%20Legal%20Theory%2C%209%20OXFORD%20J.%20LEGAL%20STUD.%20101%2C115%20\(1989\).&f=false](https://books.google.com.bd/books?id=IPVMAgAAQBAJ&pg=PA115&lpg=PA115&dq=Jonathan+Hill,+Comparative+Law,+Law+Reform+and+Legal+Theory,+9+OXFORD+J.+LEGAL+STUD.+101,115+(1989).&source=bl&ots=VrnGFUL5vm&sig=ACfU3U1vtvutnbXLmafJ4jKDex0S_3zJjg&hl=en&sa=X&ved=2ahUKEwit5pvT59aDaxVpxTgGHTRcCCgQ6AF6BAGTEAM#v=onepage&q=Jonathan%20Hill%2C%20Comparative%20Law%2C%20Law%20Reform%20and%20Legal%20Theory%2C%209%20OXFORD%20J.%20LEGAL%20STUD.%20101%2C115%20(1989).&f=false)

⁴⁵ <https://www.lawyersnjurists.com/article/a-proper-balance-of-the-rights-of-majority-and-minority-shareholders-is-essential-for-the-smooth-functioning-of-the-company-5/>

⁴⁶ <https://reports.jpmorganchase.com/investor-relations/2022/ar-ceo-letters.htm>

⁴⁷ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

companies tend to neglect the rights of minority owners. By Black's Law Dictionary these shareholders got the right to actively attend or participate in corporate management or at least keep an eye on corporate any type of activities as stated by the provisions of law.⁴⁸ My motivation as a researcher is to find out how the law would affect engage to safeguard minority shareholders in closely owned businesses. This research is based on three terms- To begin, we must identify the primary gaps in the legislation and the reasons why it does not adequately safeguard minority shareholders.⁴⁹ To begin, we must identify the primary gaps in the legislation and the reasons why it does not adequately safeguard minority shareholders.⁵⁰ If needed I would go through other countries laws in order to improve and update the present laws of Bangladesh.⁵¹

Chapter 2 – A Conceptual Clarification

2.1. Introduction

Minority shareholders are known as non-controlling or minority interest shareholders.⁵² They play a vital role in a company despite not holding a significant percentage of its shares compared to the majority shareholders.⁵³ Minority shareholders may not have the same level of control as majority shareholders.⁵⁴ Their rights, active participation, and legal protections are crucial for maintaining a fair and well-functioning corporate environment.⁵⁵ Companies that recognize and respect the role of minority shareholders are likely to benefit from increased trust, stability, and overall success.⁵⁶

⁴⁸ BRYAN A. GARNER, BLACK'S LAW DICTIONARY, 1586 (10.ed 2014).

⁴⁹ See ROBERT STAKE, THE ART OF CASE STUDY RESEARCH (SAGE PUB. LTD. 1995).

⁵⁰ <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

⁵¹ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

⁵² <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

⁵³ <https://www.upcounsel.com/minority-shareholder>

⁵⁴ <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

⁵⁵ <https://www.upcounsel.com/minority-shareholder>

⁵⁶ <https://www.upcounsel.com/minority-shareholder>

2.2. The role of minority shareholders in corporations

Minority shareholders are like part-owners of a company, and together, they make up a varied group of investors.⁵⁷ They have certain rights, such as voting on important decisions and getting a share of the company's profits.⁵⁸ They also play a role in deciding who leads the company and contribute to keeping things fair.⁵⁹ This makes it harder for the company's executives or larger owners to abuse their positions of authority.⁶⁰ Minority shareholders are safeguarded by laws, which guarantee that they can file a lawsuit if they are treated unfairly.⁶¹ Good treatment of minority shareholders increases the company's credibility and draws in new investment.⁶² Their various points of view also bring valuable ideas which help the company to succeed in the long run.

2.3. The concept of minority and majority shareholders and their rights in corporations

In corporations the terms "minority shareholders" and "majority shareholders" refer to the percentage of shares they hold relative to the total outstanding shares of the company⁶³. Shareholders are individuals or entities that own shares, representing ownership posts in the company.⁶⁴ Most companies' decision-making power is with the majority shareholders, who hold more than half of the company's shares, whereas minority shareholders often possess less than half of the company's shares.⁶⁵ Majority shareholders are not totally important. So that the majority doesn't go overboard There have always been minimal provisions in the Companies Acts that grant minority shareholders authority.⁶⁶ However, who was intent on following his plans to do complete generally, they were few times used against a majority shareholder.⁶⁷ A minority shareholder in such a situation would have no choice but to seek protection in the courts.⁶⁸

⁵⁷ <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

⁵⁸ <https://millerlawpc.com/rights-minority-shareholders-private-companies/>

⁵⁹ <https://heinonline.org/HOL/LandingPage?handle=hein.journals/clevslr35&div=10&id=&page=>

⁶⁰ <https://millerlawpc.com/rights-minority-shareholders-private-companies/>

⁶¹ <https://millerlawpc.com/rights-minority-shareholders-private-companies/>

⁶² <https://heinonline.org/HOL/LandingPage?handle=hein.journals/clevslr35&div=10&id=&page=>

⁶³ <https://www.upcounsel.com/minority-shareholder>

⁶⁴ <https://heinonline.org/HOL/LandingPage?handle=hein.journals/clevslr35&div=10&id=&page=>

⁶⁵ <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

⁶⁶ <https://www.lawyersnjurists.com/article/14686/>

⁶⁷ <https://www.thedailystar.net/law-our-rights/your-advocate/news/rights-the-minority-shareholders-3342246>

⁶⁸ <https://millerlawpc.com/rights-minority-shareholders-private-companies/>

2.4. Present/ current situations and obligations of minority shareholders in Bangladeshi companies

The theme of the or one common thread is the blind desire of certain majority shareholders, which can lead to the exploitation of minority shareholders.⁶⁹ Since they are able to do anything they want while staying well within the bounds of legality, they are taking increasing risks, but the majority of stockholders believe they can do anything.⁷⁰ To determine if minority shareholders require comprehensive ethical protection or if the law adequately protects them, it is necessary to conduct an in-depth analysis of the effectiveness of minority shareholder protection measures.⁷¹

There are the two related principles that form the basis of shareholder authority to initiate legal actions on behalf of their company are established by the rule in *Foss v. Harbottle*.⁷² The "proper plaintiff" principle states that in cases of corporate wrongdoing, only the corporation itself, and not its members individually, may bring a legal action.⁷³ In most cases, shareholders do not have a claim against a corporation for a breach of duty because the wrongdoing was done to the business itself.⁷⁴ The second principle that should be followed is that, in most cases, the company's operations should reflect the wishes of the majority of its members.⁷⁵ The concept of the "majority rule" applies here. In cases when the majority of shareholders choose not to take action—for instance, when the director(s) involved in wrongdoing receive the majority of votes—the minority of shareholders have the burden of proving that the facts constitute an exception to the rule.⁷⁶ Regarding the case of *Foss v. Harbottle*. Some things are just not flexible.⁷⁷ Minority shareholders may be discouraged from initiating such processes due to the complexity and opacity of the relevant laws.⁷⁸ There has been no progress in the legislative effort

⁶⁹<https://www.upcounsel.com/minority-shareholder>

⁷⁰ <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

⁷¹ <https://www.thedailystar.net/law-our-rights/your-advocate/news/rights-the-minority-shareholders-3342246>

⁷² The Cambridge Law Journal
Vol. 15, No. 2 (Nov., 1957), pp. 194-215 (22 pages) <https://www.jstor.org/stable/4504462>

⁷³ https://law.unimelb.edu.au/__data/assets/pdf_file/0006/1723218/9-Statutory_Derivative_Action_Research_Report__15_03_06_21.pdf

⁷⁴ https://www.oecd.org/daf/inv/investment-policy/WP-2013_3.pdf

⁷⁵ <https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>

⁷⁶ <https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>

⁷⁷ The Cambridge Law Journal
Vol. 15, No. 2 (Nov., 1957), pp. 194-215 (22 pages) <https://www.jstor.org/stable/4504462>

⁷⁸ <https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>

to establish an alternate method for minority shareholders' activities.⁷⁹ Statutory derivative actions have either been implemented or are being examined in several common law jurisdictions.⁸⁰ Consequently, the legislation governing the activities of minority shareholders on behalf of their company is the primary focus of this essay's first difficulty.⁸¹

2.5. Advantage, disadvantage and negligence of majority and minority shareholders rules in corporations

Advantages: There are many advantages of the majority rule for which it is created.⁸² Some of those advantages are discussed hereby; first one is recognition of a separate legal entity of a company which establishes a right for the company to take action by itself for a wrongful activity as a party.⁸³ So, no help of individual is needed for that. Now the second advantage is to honor the right of majority to decide and for that the interest of the majority prevails.⁸⁴ They can decide how the affairs of the company should be resolved.⁸⁵ Then the third advantage is a huge number of suits over date, here if the individual shareholder is permitted to sue against anyone who brings injury for all the company, then there could be as many cases as the number of shareholders.⁸⁶ So here this rule stops it from happening. Then the last advantage is litigation at the suit of minority may be made futile means a company can resolve some of its problem through a general meeting rather than going to the court.⁸⁷

Disadvantages: Despite of having advantages, there are also a lot more disadvantages in case of majority rule.⁸⁸ Those disadvantages are discussed herein. The first disadvantage of majority rule is the opinion of the minority group remains useless.⁸⁹ When the majority shareholders take

⁷⁹ https://law.unimelb.edu.au/__data/assets/pdf_file/0006/1723218/9-Statutory_Derivative_Action_Research_Report__15_03_06_21.pdf

⁸⁰ Protecting Minority Shareholders in Close Corporations: An Analysis and Critique of the Statutory Protection. <https://www.repository.law.indiana.edu/etd/63/>

⁸¹ Analysis and Critique of the Statutory Protection <https://www.repository.law.indiana.edu/etd/63/>

⁸² <https://farringfordlegal.co.uk/blog/f/the-pros-and-cons-of-having-a-shareholder-agreement-as-an-sme>

⁸³ <https://businessnewswales.com/advantages-and-disadvantages-of-a-shareholders-agreement/>

⁸⁴ <https://farringfordlegal.co.uk/blog/f/the-pros-and-cons-of-having-a-shareholder-agreement-as-an-sme>

⁸⁵ <https://farringfordlegal.co.uk/blog/f/the-pros-and-cons-of-having-a-shareholder-agreement-as-an-sme>

⁸⁶ <https://farringfordlegal.co.uk/blog/f/the-pros-and-cons-of-having-a-shareholder-agreement-as-an-sme>

⁸⁷ <https://businessnewswales.com/advantages-and-disadvantages-of-a-shareholders-agreement/>

⁸⁸ <https://businessnewswales.com/advantages-and-disadvantages-of-a-shareholders-agreement/>

⁸⁹ <https://farringfordlegal.co.uk/blog/f/the-pros-and-cons-of-having-a-shareholder-agreement-as-an-sme>

decision in such cases even if minority shareholders give any decision regarding that then that particular decision remains useless for being a decision of the minority.⁹⁰ Then the second disadvantage is that the interest of minority does not get the deserving priority compared to the interest of majority.⁹¹ So here the interests of the minors are discouraged. Third disadvantage is that the minority will always face the loss⁹². In such cases where the majority will get advantage then the minority may face losses which will make a huge effect to them.⁹³ Then another disadvantage is that the decision of the minority group mostly loses its value to a company meeting where the decision of majority remains stable.⁹⁴ Lastly the majority will always hold the morally wrongful control over the minority.⁹⁵ Their failure to adequately safeguard minority shareholder rights and too much emphasis on majority rule led to unfair enrichment of majority shareholders at the cost of minority shareholders.⁹⁶

Negligence: The negligence of both majority and minority shareholders in adhering to rules and responsibilities within a corporation can lead to conflicts, exploitation, and a breakdown of trust.⁹⁷ Strong corporate governance, clear communication, and active participation by all shareholders are crucial in preventing and addressing these issues. Legal remedies may be necessary when negligence results in significant harm to the interests of either group.⁹⁸

When majority shareholders act negligently, there is a risk of them exploiting their own power to the detriment of minority groups.⁹⁹ This may include making decisions that primarily help the majority while hurting the minority.¹⁰⁰ Negligence happened by the majority in providing transparent and timely information can result in a lack of awareness among minority shareholders. This may lead to misunderstandings and distrust. Majority shareholders may engage in transactions

⁹⁰ <https://farringfordlegal.co.uk/blog/f/the-pros-and-cons-of-having-a-shareholder-agreement-as-an-sme>

⁹¹ <https://businessnewswales.com/advantages-and-disadvantages-of-a-shareholders-agreement/>

⁹² <https://businessnewswales.com/advantages-and-disadvantages-of-a-shareholders-agreement/>

⁹³ <https://farringfordlegal.co.uk/blog/f/the-pros-and-cons-of-having-a-shareholder-agreement-as-an-sme>

⁹⁴ <https://farringfordlegal.co.uk/blog/f/the-pros-and-cons-of-having-a-shareholder-agreement-as-an-sme>

⁹⁵ <https://www.oflaherty-law.com/learn-about-law/what-are-minority-shareholders-what-power-does-a-minority-shareholder-have>

⁹⁶ <https://farringfordlegal.co.uk/blog/f/the-pros-and-cons-of-having-a-shareholder-agreement-as-an-sme>

⁹⁷ see Julian Javier Garza, *Rethinking Corporate Governance: The Role of Minority Shareholders - A Comparative Study*, 31 ST. MARY'S L.J. 613, 620 (2000).

⁹⁸ Julian Javier Garza, *Rethinking Corporate Governance: The Role of Minority Shareholders - A Comparative Study*, 31 ST. MARY'S L.J. 613, 620 (2000).

⁹⁹⁹⁹ <https://www.oflaherty-law.com/learn-about-law/what-are-minority-shareholders-what-power-does-a-minority-shareholder-have>

¹⁰⁰ <https://www.oflaherty-law.com/learn-about-law/what-are-minority-shareholders-what-power-does-a-minority-shareholder-have>

that favor their personal interests rather than those of the corporations or minority group shareholders.¹⁰¹ This can result in a breach of fiduciary duty. Majority shareholders may take actions that lead to the dilution of minority ownership without proper consideration or compensation.¹⁰² This can result in financial losses for minority shareholders. Negligence in upholding strong corporate governance practices can lead to judgments that do not benefit the business overall, affecting minority shareholders adversely.¹⁰³

Not only that Minority shareholders who neglect their rights, such as voting or participating in shareholder meetings, may find themselves unable to influence important decisions.¹⁰⁴ This passivity can result in unfair outcomes.¹⁰⁵ If minority shareholders fail to take legal action when their rights are violated, the majority may continue negligent practices without consequences. This may perpetuate an environment of exploitation.¹⁰⁶ Negligence also in communication among minority shareholders can result in a lack of unity, making it difficult for them to voice concerns or demand fair treatment from the majority.¹⁰⁷ They may neglect to seek redress through legal means or alternative dispute resolution mechanisms when faced with oppressive conduct or breaches of their rights.¹⁰⁸ Neglecting to adhere to the company's bylaws and agreements, especially those designed to protect minority rights, can weaken the position of minority shareholders and expose them to potential exploitation.¹⁰⁹

2.6. The Strategies to protect the minority shareholders right in Bangladeshi companies

However, there are three main ways to address the problems faced by minorities.¹¹⁰ The three main approaches are the ones using legislation which is legislative strategy, the courts which is judicial strategy, and lastly contracts which is contractual strategy.¹¹¹

¹⁰¹ <https://millerlawpc.com/rights-minority-shareholders-private-companies/>

¹⁰² <https://www.oflaherty-law.com/learn-about-law/what-are-minority-shareholders-what-power-does-a-minority-shareholder-have>

¹⁰³ <https://www.oflaherty-law.com/learn-about-law/what-are-minority-shareholders-what-power-does-a-minority-shareholder-have>

¹⁰⁴ <https://www.lawyersnjurists.com/article/14686/>

¹⁰⁵ <https://www.oflaherty-law.com/learn-about-law/what-are-minority-shareholders-what-power-does-a-minority-shareholder-have>

¹⁰⁶ <https://www.oflaherty-law.com/learn-about-law/what-are-minority-shareholders-what-power-does-a-minority-shareholder-have>

¹⁰⁷ <https://eldwicklaw.com/your-rights-as-a-minority-shareholder/>

¹⁰⁸ <https://millerlawpc.com/rights-minority-shareholders-private-companies/>

¹⁰⁹ <https://farringfordlegal.co.uk/blog/f/the-pros-and-cons-of-having-a-shareholder-agreement-as-an-sme>

¹¹⁰ <https://eldwicklaw.com/your-rights-as-a-minority-shareholder/>

¹¹¹ journal article-A Theory of Legal Strategy <https://www.jstor.org/stable/1373051?origin=crossref>

The Statutory Protection: Statutory protections are already in place as part of corporate laws, regulations, and statutes. The legislative approach, sometimes known as statutory protection, incorporates both pre- and post-event actions.¹¹² Included in this category are measures to improve corporate oversight and shareholder protections, as well as statutory remedies for dissolving or otherwise dealing with closed corporations, and finally, criminalization.¹¹³ The primary goal of ex ante provisions is to establish the bare minimum for the smooth running of the business, including regulations for the shareholders' meetings and the board of directors.¹¹⁴ Ex post protections come into play after disputes occur, dealing with issues like oppression or holding corporate officers accountable for intentional mismanagement.¹¹⁵ So statutory protections cover both before and after potential conflicts, providing a comprehensive framework for safeguarding minority shareholders.¹¹⁶

The Judicial Protection: The judicial strategy, serving as ex post protection, comes into play after a dispute arises. Minority shareholders facing unfair treatment by the majority can seek justice through legal avenues to address the oppressive conduct.¹¹⁷ Through the Heightened Partnership Duty upon Majority Shareholders the judicial protection can be given.¹¹⁸

Contractual Protection: The contractual strategy, known as ex ante protection, involves shareholders deciding in advance on the rules and provisions that will govern the company.¹¹⁹ Examples include shareholder agreements, contracts for long-term employment, and legal protections found in corporate charters.¹²⁰ This happens before they invest their money, helping

¹¹² https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1874131

A Simple Statutory Solution to Minority Oppression in the Closely-Held Business Minnesota Law Review, Vol. 91, p. 657, 2006-2007

¹¹³ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1874131

¹¹⁴ <https://corpgov.law.harvard.edu/2016/09/09/ex-ante-corporate-governance/> Ex-Ante Corporate Governance (Posted by George S. Geis, University of Virginia School of Law, on Friday, September 9, 2016)

¹¹⁵ <https://corpgov.law.harvard.edu/2016/09/09/ex-ante-corporate-governance/>

¹¹⁶ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1874131

¹¹⁷ <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

¹¹⁸ <https://www.mondaq.com/shareholders/1266240/protection-of-minority-shareholders-an-obscure-area-of-corporate-governance> Protection of Minority Shareholders: An Obscure Area Of Corporate Governance 29 December 2022

¹¹⁹ <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

¹²⁰ <https://www.mondaq.com/shareholders/1266240/protection-of-minority-shareholders-an-obscure-area-of-corporate-governance>

customize the corporation to better suit their needs.¹²¹

2.6. Conclusion

Moreover, Furthermore, when these methods are implemented is crucial for investment decisions, as people strive for advancement and risk part of their fortunes for a chance at a job or position in corporate management, as well as for returns on their investments in the company. So here time plays pivotal role in these strategies.¹²²

Chapter 3 – Laws, Orders, Cases and Customs in other jurisdictions

3.1. Introduction

One common thread is the blind ambition of a few majority shareholders comes specially from the greed of getting some extra advantages, which can lead to the abuse of minority shareholders.¹²³ Since they are able to do anything, they want while maintaining well within the bounds of legality, they are taking bigger risks, but the majority of stockholders believe they can do anything.¹²⁴ To determine if minority shareholders require complete ethical protection or if the law properly safeguards them, it is necessary to conduct an in-depth analysis of the effectiveness of minority shareholder protection measures.¹²⁵

3.2. A glimpse of the international laws and cases regarding the rights of minority shareholders

It is possible for shareholders to bring personal legal actions against directors or management in many different countries on their own account.¹²⁶ On the other hand, any and all shareholders can

¹²¹ <https://www.mondaq.com/shareholders/1266240/protection-of-minority-shareholders-an-obscure-area-of-corporate-governance> Protection of Minority Shareholders: An Obscure Area Of Corporate Governance 29 December 2022

¹²² <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

¹²³ <https://core.ac.uk/download/pdf/216934537.pdf>

¹²⁴ <https://core.ac.uk/download/pdf/216934537.pdf>

¹²⁵ <https://core.ac.uk/download/pdf/216934537.pdf>

¹²⁶ Minority Shareholder Rights Reform around the World (2005-2010) <https://virtusinterpress.org/IMG/pdf/10-22495cocv9i1art3.pdf>

use a derivative litigation to sue the company's management and directors individually.¹²⁷ The applicable provision is found in the Civil Procedure Rules 1998 [SI 1998/3132] in England and Wales.¹²⁸ Also Australian law is regulated by Part 2F.1A of the Corporations Act 2001.¹²⁹ Germany, Poland, and Greece have lowered their minimum shareholding requirements for derivative lawsuits from 10% to 1%, 5% to 2%, and 33% to 10%, respectively.¹³⁰ In Tajikistan or Slovenia, 10% of the investors are required to submit a derivative claim to the lender (World Bank 2007, 2008, 2009, 2010, 2011).¹³¹

In the United Kingdom (UK), Minority shareholders have rights protected by legislation such as the companies Act 2006. There is a landmark case *Foss v Harbottle*, which establishes principles regarding when shareholders can bring derivative actions on behalf of the company.¹³² By which they may challenge actions that are unfairly prejudicial to their interests. In English jurisprudence, *Foss v. Harbottle* is particularly significant. Its implications are the basis for several laws pertaining to laws governing corporations in different nations.¹³³ Although the majority rule was established in the case mentioned earlier, minority rights and repressive strategies employed by the majority have made it vulnerable to certain exceptions.¹³⁴ Not every procedure involving decision-making are won by the majority leadership. Bangladesh cannot, therefore, mechanically follow the regulations which has been establish in this particular case.¹³⁵

Foss v Harbottle (1843) is an important case in the history of company law that established an influential principle under specific conditions, only the company itself, and not particular shareholders, may sue for damages when the business is wrongfully treated.¹³⁶ A popular name for this theory is the "rule in *Foss v. Harbottle*." Two minority stockholders, Turton and Foss, were involved in the dispute, those who brought an action against the majority shareholders, Harbottle

¹²⁷ <https://virtusinterpress.org/IMG/pdf/10-22495cocv9i1art3.pdf> Corporate Ownership & Control / Volume 9, Issue 1, Fall 2011

¹²⁸ <https://virtusinterpress.org/IMG/pdf/10-22495cocv9i1art3.pdf>

¹²⁹ Minority Shareholder Rights Reform around the World (2005-2010)

¹³⁰ <https://virtusinterpress.org/IMG/pdf/10-22495cocv9i1art3.pdf>

¹³¹ REFORM OF MINORITY SHAREHOLDER RIGHTS: AN INTERNATIONAL PERSPECTIVE
<https://virtusinterpress.org/IMG/pdf/10-22495cocv9i1art3.pdf>

¹³² Case Summary of *Foss vs. Harbottle*, 1843 <https://lawlex.org/lex-bulletin/case-summary-foss-vs-harbottle-1843/24620>

¹³³ <https://www.lawyersclubindia.com/articles/foss-vs-harbottle-the-rule-of-majority-and-exceptions-to-it-15373.asp>

¹³⁴ <https://www.lawyersclubindia.com/articles/foss-vs-harbottle-the-rule-of-majority-and-exceptions-to-it-15373.asp>

¹³⁵ <https://www.lawyersclubindia.com/articles/foss-vs-harbottle-the-rule-of-majority-and-exceptions-to-it-15373.asp>

¹³⁶ Case Summary of *Foss vs. Harbottle*, 1843 <https://lawlex.org/lex-bulletin/case-summary-foss-vs-harbottle-1843/24620>

and others, alleging mismanagement and misapplication of company assets.¹³⁷ Shareholders cannot sue their firm in an indirect action, the court ruled, because the corporation cannot be sued in its own right.¹³⁸ According to the court's reasoning, the business is its own distinct legal entity, and any injury to the company should be remedied in the company's name.¹³⁹ The Court recognized two exceptions to the rule. First, there's "Fraud on the Minority," which grants minority shareholders the right to sue firm insiders who have deceived them. Then the 2nd one is Ultra Vires Acts. An action can be taken by shareholders in the event that has committed acts beyond its legal powers (ultra vires).¹⁴⁰

The decision limits the ability of individual shareholders can bring a lawsuit in the company's name. Instead, through its appropriate methods, the corporation, that should decide whether to take legal action against wrongdoers.¹⁴¹ The concept of corporate personality was formed by the rule set in *Foss v. Harbottle*, which is considered as the foundation of corporate law, emphasizing the distinct legal identity of a company. It underscores the principle that shareholders, as a general rule, do not have personal causes of action for wrongs done to the company.¹⁴² Corporate actions should be initiated by the company itself or through derivative actions in specific circumstances. While the case is relatively old, the principles established in *Foss v Harbottle* continue to influence corporate law, and variations of this rule are found in legal systems of the United States of America and others throughout the entire world.¹⁴³ The two related ideas that form the basis of shareholder authority to initiate legal actions on behalf of their firm are established by the rule in *Foss v. Harbottle*.¹⁴⁴ There are two basic concepts. The first, the "proper plaintiff" principle, states that in cases of corporate wrongdoing, only the corporation itself may seek redress, and not its individual members. The common practice is that shareholders should not seek redress from other shareholders in the event of a breach of duty as the wrongdoing was committed against the corporation.¹⁴⁵ The second principle that should be followed is that, in most cases, the company's

¹³⁷ Case Summary of *Foss vs. Harbottle*, 1843 <https://lawlex.org/lex-bulletin/case-summary-foss-vs-harbottle-1843/24620>

¹³⁸ Case Summary of *Foss vs. Harbottle*, 1843 <https://lawlex.org/lex-bulletin/case-summary-foss-vs-harbottle-1843/24620>

¹³⁹ *Foss vs. Harbottle*

[https://scholar.google.com/scholar_case?about=14298166743156846969&q=Foss+v+Harbottle+\(1843\)&hl=en&as_sdt=2006](https://scholar.google.com/scholar_case?about=14298166743156846969&q=Foss+v+Harbottle+(1843)&hl=en&as_sdt=2006)

¹⁴⁰ *Foss vs. Harbottle*

[https://scholar.google.com/scholar_case?about=14298166743156846969&q=Foss+v+Harbottle+\(1843\)&hl=en&as_sdt=2006](https://scholar.google.com/scholar_case?about=14298166743156846969&q=Foss+v+Harbottle+(1843)&hl=en&as_sdt=2006)

¹⁴¹ *Foss vs. Harbottle*

[https://scholar.google.com/scholar_case?about=14298166743156846969&q=Foss+v+Harbottle+\(1843\)&hl=en&as_sdt=2006](https://scholar.google.com/scholar_case?about=14298166743156846969&q=Foss+v+Harbottle+(1843)&hl=en&as_sdt=2006)

¹⁴² Case Summary of *Foss vs. Harbottle*, 1843 <https://lawlex.org/lex-bulletin/case-summary-foss-vs-harbottle-1843/24620>

¹⁴³ *Foss v Harbottle* (1843) 2 Hare 461, 67 ER 189 https://en.wikipedia.org/wiki/Foss_v_Harbottle

¹⁴⁴ Case Summary of *Foss vs. Harbottle*, 1843 <https://lawlex.org/lex-bulletin/case-summary-foss-vs-harbottle-1843/24620>

¹⁴⁵ *Foss v Harbottle* (1843) 2 Hare 461, 67 ER 189 https://en.wikipedia.org/wiki/Foss_v_Harbottle

operations should reflect the wishes of the majority of its members. The basic concept of the "majority rule" applies here.¹⁴⁶ In circumstances when the majority of shareholders decide not to take action—for instance, when the director(s) involved in wrongdoing receive the majority of votes—the minority of shareholders have the burden of proving that the facts establish an exception to the rule.¹⁴⁷ Regarding the case of *Foss v. Harbottle*. Some things are just not flexible. Minority shareholders may be discouraged from taking such processes due to the difficulty and ambiguity of the relevant laws.¹⁴⁸ There has been no progress in the legislative effort to establish an alternate method for minority shareholders' activities.¹⁴⁹ Statutory alternatives have either been implemented or are being examined in several common law jurisdictions.¹⁵⁰ In the beginning, the paper seeks to solve the issue of minority shareholder advocacy through the legislation.¹⁵¹ Within the nation of America (USA), Minority shareholders rights vary by states as their corporate law is primarily state regulated. In the case of Weinberger V UOP this Delaware case established the precedent for fair dealing and fair price in mergers, allowing them to get their fair share price while still being able to disagree with some business decisions.¹⁵²

Weinberger v. UOP (1983) is a significant case in Delaware corporate law that dealt with the issue of appraisal protecting the interests of minority shareholders during a merger.¹⁵³ Here the plaintiff was Arnold G. Weinberger, a minority shareholder and the defendant was UOP, a Delaware corporation.¹⁵⁴ UOP entered into a merger agreement with Signal Companies, Inc. The merger was structured as a cash-out merger, that would allow minority shareholders to redeem their shares for

¹⁴⁶ *Foss v Harbottle* (1843) 2 Hare 461, 67 ER 189 https://en.wikipedia.org/wiki/Foss_v_Harbottle

¹⁴⁷ *Foss v Harbottle* (1843) 2 Hare 461, 67 ER 189 https://en.wikipedia.org/wiki/Foss_v_Harbottle

¹⁴⁸ *Foss v Harbottle* (1843) 2 Hare 461, 67 ER 189 https://en.wikipedia.org/wiki/Foss_v_Harbottle

¹⁴⁹ *Foss v Harbottle* (1843) 2 Hare 461, 67 ER 189 https://en.wikipedia.org/wiki/Foss_v_Harbottle

¹⁵⁰ *Foss v Harbottle* (1843) 2 Hare 461, 67 ER 189 https://en.wikipedia.org/wiki/Foss_v_Harbottle

¹⁵¹ Case Summary of *Foss vs. Harbottle*, 1843 <https://lawlex.org/lex-bulletin/case-summary-foss-vs-harbottle-1843/24620>

¹⁵² *Weinberger v. UOP, Inc.*, 426 A. 2d 1333 - Del: Court of Chancery 1981 https://scholar.google.com/scholar_case?case=5234119943149002065&q=minority+shareholders+rights+in+corporations&hl=en&as_sdt=2006

¹⁵³ *Weinberger v. UOP, Inc.*, 426 A. 2d 1333 - Del: Court of Chancery 1981 https://scholar.google.com/scholar_case?case=5234119943149002065&q=minority+shareholders+rights+in+corporations&hl=en&as_sdt=2006

¹⁵⁴ *Weinberger v. UOP, Inc.*, 426 A. 2d 1333 - Del: Court of Chancery 1981 https://scholar.google.com/scholar_case?case=5234119943149002065&q=minority+shareholders+rights+in+corporations&hl=en&as_sdt=2006

cash.¹⁵⁵ The main issue was whether the merger price was the if the minority shareholders' shares is worth more than its fair market value or were entitled to appraisal rights.¹⁵⁶

Appraisal rights for minority shareholders have been maintained by the Delaware Supreme Court.¹⁵⁷ In cases when shareholders have disagreements about the conditions of a merger or other transaction, they have the right to seek a court assessment of the fair value of their shares.¹⁵⁸ The market value or the agreed merger price are not always reflective of what is considered fair value in an appraisal, the court stressed. It should be determined based on a careful analysis of all relevant factors.¹⁵⁹ The case reinforced the importance of independent boards and fair processes in mergers involving cash-out transactions.¹⁶⁰ It made it clear that minority shareholders who disagree with a merger have appraisal rights that let them get their fair part of the company's value.¹⁶¹ *Weinberger v. UOP* is often cited in discussions about appraisal rights and fair value standards in Delaware corporate law.¹⁶² The case underscores the court's commitment to protecting the rights of minority shareholders by providing them with a fair and independent process for finding out how much their shares are worth in relation to specific business deals.¹⁶³ Decisions and debates over minority shareholder rights in merger deals have been shaped by this case, which has long-lasting effects on Delaware corporate law.¹⁶⁴

¹⁵⁵ *Weinberger v. UOP, Inc.*, 426 A. 2d 1333 - Del: Court of Chancery 1981
https://scholar.google.com/scholar_case?case=5234119943149002065&q=minority+shareholders+rights+in+corporations&hl=en&as_sdt=2006

¹⁵⁶ *Weinberger v. UOP, Inc.*, 426 A. 2d 1333 - Del: Court of Chancery 1981
https://scholar.google.com/scholar_case?case=5234119943149002065&q=minority+shareholders+rights+in+corporations&hl=en&as_sdt=2006

¹⁵⁷ *Weinberger v. UOP, Inc.* Case Brief Summary <https://www.youtube.com/watch?v=VrV-ASukO2Y>

¹⁵⁸ *Weinberger v. UOP, Inc.* Case Brief Summary <https://www.youtube.com/watch?v=VrV-ASukO2Y>

¹⁵⁹ *Weinberger v. UOP, Inc.* Case Brief Summary <https://www.youtube.com/watch?v=VrV-ASukO2Y>

¹⁶⁰ [Weinberger v. UOP, Inc – Case Brief Summary \(Delaware\)](https://www.lawpipe.com/Delaware/Weinberger_v_UOP_Inc.html)
https://www.lawpipe.com/Delaware/Weinberger_v_UOP_Inc.html

¹⁶¹ [Weinberger v. UOP, Inc – Case Brief Summary \(Delaware\)](https://www.lawpipe.com/Delaware/Weinberger_v_UOP_Inc.html)
https://www.lawpipe.com/Delaware/Weinberger_v_UOP_Inc.html

¹⁶² *Weinberger v. UOP, Inc.* Case Brief Summary <https://www.youtube.com/watch?v=VrV-ASukO2Y>

¹⁶³ [Weinberger v. UOP, Inc – Case Brief Summary \(Delaware\)](https://www.lawpipe.com/Delaware/Weinberger_v_UOP_Inc.html)
https://www.lawpipe.com/Delaware/Weinberger_v_UOP_Inc.html

¹⁶⁴ [Weinberger v. UOP, Inc – Case Brief Summary \(Delaware\)](https://www.lawpipe.com/Delaware/Weinberger_v_UOP_Inc.html)
https://www.lawpipe.com/Delaware/Weinberger_v_UOP_Inc.html

3.3. Bangladeshi laws and cases regarding the rights of minority shareholders

Inside Bangladesh, companies usually do not provide their minority shareholders such kind of decision-making authority or power.¹⁶⁵ The articles and memorandum of association of a corporation should make it crystal clear what a shareholder's place is.¹⁶⁶ One cannot file a suit against the majority for rejecting a viewpoint during the voting process if there are no decision-making rights.¹⁶⁷ Section 233 of The Companies Act 1994 provides protection, although it is not unconditional.¹⁶⁸ According to Section 195 of the Act, in order for a minority shareholder get protection under Section 233, they must own at least 10% of the company's shares. At least 25% of the total number of individuals listed on the business's membership register must be minority shareholders if the company has share capital or nothing at all.¹⁶⁹

In the case of *Moksudur Rahman v. Bashati Property Development Ltd* as reported, The applicants must fulfill the requirements mentioned earlier in order to seek for protection under section 233 of the Companies Act, 1994, according to the Honourable High Court Division's judgement in 49 DLR (1997) 593.¹⁷⁰ As a result, the applicants can use section 233 to seek protection before the Honorable High Court Division if they own the shares as provided in the manner indicated in section 195.¹⁷¹ This method clearly implies that members who don't meet the requirements aren't protected by section 233.¹⁷²

According to the case of *Manzurul Islam (Md) v. ATN News Limited and others* as reported in 65 DLR 350 it was provided by His Lordship, Md Rezaul Hasan J: "in my considered view, only those share-holders who have shares, at least 10% of the total paid-in capital of the business, has locus standi to present an application under section 233 of the Act".¹⁷³ This will be more evident

¹⁶⁵ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

¹⁶⁶ PROTECTION OF MINORITY SHAREHOLDER'S INTEREST- ARTICLE 14 February 2018
<https://chambers.com/articles/protection-of-minority-shareholders-interest>

¹⁶⁷ PROTECTION OF MINORITY SHAREHOLDER'S INTEREST- ARTICLE 14 February 2018
<https://chambers.com/articles/protection-of-minority-shareholders-interest>

¹⁶⁸ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

¹⁶⁹ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

¹⁷⁰ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

¹⁷¹ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

¹⁷² <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

¹⁷³ Rights of Minority Shareholders in Bangladesh under the Companies Act 1994 – the need for more awareness of the provisions of the law <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

from the provision of Rule 59 of the Companies Rules, 2009, that requires the facts to be stated in an application to be filed under Section 233(1) of Act. Rule 59 requires that “the application shall show how the petitioners constitutes the number required to file an application under that section” and further provides that, “where the company has a share capital the application shall state whether the petitioners(s) made full payment for their shares, including any calls and other amounts due”.¹⁷⁴

Therefore, in the provisions of law, Section 195 Subsection (Ka) read in conjunction with Rule 59, which was previously quoted, that the only individuals who may file an application under Section 233 of the Act are individuals whose ownership of the company's shares is at least 10% of its paid-up capital, as opposed to holding bare, unpaid issued shares.¹⁷⁵ Any other reading of these clauses would be ridiculous and would defeat the goal of the Act's section 233(1) preconditions, which set the requirements under which an application may be filed.¹⁷⁶ The holder of simple issued shares, which does neither constitute nor represents not less than 10% of the paid-up capital, has no locus standi to file an application under section 233(1) of the Act.¹⁷⁷ In fact, a shareholder who has contributed no money to the capital of a company owning shares has no financial or other interest in that business, therefore the idea that their interests are being harmed is ludicrous and will always stay hypothetical.¹⁷⁸ However, by the given fact, this detracts from the primary goal of the section, which is to protect minority owners irrespective of their shareholdings.¹⁷⁹ Although, It is not a judicious approach to achieving a fair balance between the interests of shareholders in the majority and those in the minority, depending on the laws itself gives up the discriminatory rights of a certain class of shareholders.¹⁸⁰

3.4. Conclusion

The legal framework in Bangladesh is designed to protect minority shareholders from unfair practices, addressing issues like oppression, information access, and participation in decision-making. Given the dynamic nature of laws, stakeholders need to stay informed about any

¹⁷⁴ Rights of Minority Shareholders in Bangladesh under the Companies Act 1994 – the need for more awareness of the provisions of the law <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

¹⁷⁵ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

¹⁷⁶ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

¹⁷⁷ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

¹⁷⁸ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

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¹⁸⁰ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

changes.¹⁸¹ Globally, diverse jurisdictions approach minority shareholder rights differently, with international initiatives shaping best practices.¹⁸² The effectiveness of these frameworks relies on both formulation and enforcement, necessitating ongoing collaboration between local and international stakeholders.¹⁸³ Ultimately, safeguarding minority shareholder rights is crucial for transparent, fair, and accountable corporate governance, contributing to the stability and sustainability of business practices worldwide.¹⁸⁴

Chapter 4- Overall Discussion

4.1. Introduction

My aim regarding this topic is based entirely upon the lack of knowledge that general people and minority shareholders have when it comes to claiming their rights. Changes that company law might make in the country can be eye-opening as well as beneficial for all the shareholders.¹⁸⁵ One aspect I would like to highlight in my thesis is the ability to secure the rights of minority shareholders in companies, as change is a permanent fact.

4.2. Lacings/Gaps

The protection of minority shareholders' rights faces significant challenges, with various jurisdictions exhibiting gaps and limitations in their legal frameworks.¹⁸⁶ Enforcement mechanisms are often constrained by inadequate legal tools and limited resources within

¹⁸¹ Rights of Minority Shareholders in Bangladesh under the Companies Act 1994 – the need for more awareness of the provisions of the law <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

¹⁸² Minority Shareholder Rights Reform around the World (2005-2010 <https://virtusinterpress.org/IMG/pdf/10-22495cocv9i1art3.pdf>)

¹⁸³ Minority Shareholder Rights Reform around the World (2005-2010 <https://virtusinterpress.org/IMG/pdf/10-22495cocv9i1art3.pdf>)

¹⁸⁴ Minority Shareholder Rights Reform around the World (2005-2010 <https://virtusinterpress.org/IMG/pdf/10-22495cocv9i1art3.pdf>)

¹⁸⁵ THE VOICE: THE MINORITY SHAREHOLDER'S PERSPECTIVE (17 NEV. L.J. 739 SOLOMON) <https://scholars.law.unlv.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1721&context=nlj>

¹⁸⁶ ROBERT CHARLES CLARK, CORPORATE LAW 390–92 (1986).

regulatory bodies, posing challenges to the effective safeguarding of minority rights.¹⁸⁷ Additionally, the legal remedies available in cases of oppression or unfair treatment may be insufficient, creating obstacles for minority shareholders seeking fair compensation or relief.¹⁸⁸ Regulatory oversight struggles with effectiveness, enabling potential abuses of power by majority shareholders due to monitoring limitations.¹⁸⁹ Whistleblower protections may not adequately encourage reporting of wrongdoing within corporations, inhibiting the exposure of internal issues¹⁹⁰. Despite advocating for access to information, minority shareholders often encounter obstacles in obtaining comprehensive data about company operations and decision-making processes.¹⁹¹ Recognition and protection of shareholder activism rights may be insufficient, restricting the active participation of minorities in corporate decision-making.¹⁹² Underrepresentation of minority perspectives on corporate boards persists despite recommendations for diversity and inclusion, impacting decision-making at the highest levels.¹⁹³ Incomplete compliance with corporate social responsibility principles may compromise fair treatment and ethical business practices. Furthermore, insufficient educational initiatives leave minority shareholders less equipped to assert their rights.¹⁹⁴ Complex legal recourse mechanisms present barriers, impeding the filing of complaints and causing delays in accessing justice for minority shareholders.¹⁹⁵ Addressing these systemic issues requires a comprehensive and

¹⁸⁷ THE VOICE: THE MINORITY SHAREHOLDER'S PERSPECTIVE (17 NEV. L.J. 739 SOLOMON)
<https://scholars.law.unlv.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1721&context=nlj>

¹⁸⁸ Problems faced by Minority Shareholders <<https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>>

¹⁸⁹ THE VOICE: THE MINORITY SHAREHOLDER'S PERSPECTIVE (17 NEV. L.J. 739 SOLOMON)
<https://scholars.law.unlv.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1721&context=nlj>

¹⁹⁰ Lucian A. Bebchuk, A Rent-Protection Theory of Corporate Ownership and Control (Harvard Law School Working Paper No. 7203, 1999), <<http://ssrn.com/abstract=168990>> [<https://perma.cc/NV33-SGKK>]>

¹⁹¹ Problems faced by Minority Shareholders <<https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>>

¹⁹² THE VOICE: THE MINORITY SHAREHOLDER'S PERSPECTIVE (17 NEV. L.J. 739 SOLOMON)
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¹⁹³ Problems faced by Minority Shareholders <<https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>>

¹⁹⁴ Problems faced by Minority Shareholders <<https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>>

¹⁹⁵ Minority Shareholder Rights Reform <https://virtusinterpress.org/IMG/pdf/10-22495cocv9i1art3.pdf>

concerted effort to fortify legal frameworks, improve regulatory oversight, and promote inclusivity and transparency within corporate governance structures.¹⁹⁶

Impacts: In unethical companies, the long-term losers are often the minority shareholders due to practices that prioritize the interests of controlling shareholders and executives.¹⁹⁷ Unethical managers exploit legal loopholes with the assistance of top lawyers, posing challenges for minority shareholders seeking recourse.¹⁹⁸ Boards of Directors tend to protect the majority shareholders who appoint and compensate them, making Independent Directors and fairness opinions less reliable for minority shareholders.¹⁹⁹ Professionals like auditors, underwriters, and analysts may prioritize loyalty to executives, necessitating caution from minority shareholders. The legal system often falls short in safeguarding minority rights, leaving them at a disadvantage against well-resourced companies with top legal representation.²⁰⁰ Even regulatory bodies like the SEC may not consistently address wrongdoing against minority shareholders. Society's indifference to unethical practices and its confinement of ethics to legal observance further compounds challenges for minority shareholders.²⁰¹

4.3. Question Analysis

Regarding my query, my research paper describes what kind of legislative improvements and legal measures should be taken to bring statutory protection for minority shareholders right.

For the sake of better safeguarding minority shareholders, legislative improvements and legal measures should be implemented to address potential gaps and challenges.²⁰² The legal framework in Bangladesh, particularly under the Companies Act of 1994, delineates specific rights and

¹⁹⁶ Minority Shareholder Rights Reform <https://virtusinterpress.org/IMG/pdf/10-22495cocv9i1art3.pdf>

¹⁹⁷ Problems faced by Minority Shareholders <<https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>>

¹⁹⁸ The Impact of Minority Shareholder Protection and Atomization of Shareholder https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3872957

¹⁹⁹ Problems faced by Minority Shareholders <<https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>>

²⁰⁰ The Impact of Minority Shareholder Protection and Atomization of Shareholder https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3872957

²⁰¹ Problems faced by Minority Shareholders <<https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>>

²⁰² An appraisal of minority shareholders protection in Bangladesh <https://lcls-south.com/an-appraisal-of-minority-shareholders-protection-in-bangladesh/>

protections for minority shareholders.²⁰³ These encompass fundamental aspects such as attending and voting at general meetings, receiving dividends, and inspecting corporate records. Importantly, the Act addresses concerns of oppression, providing legal recourse for minority shareholders who perceive unfair treatment from majority shareholders or the company itself. The Act further empowers minority shareholders through legal remedies that involve seeking relief from the court, with the court holding the authority to issue orders to rectify oppressive situations. Ensuring transparency, the Act grants minority group of shareholders the right to access specified in company information. Shareholder meetings are regulated, highlighting minority involvement in decision-making, with detailed provisions on voting rights and procedures.²⁰⁴ The Act also outlines rules for the appointment of directors, emphasizing the potential role of independent directors in safeguarding minority interests.²⁰⁵ Complementing these provisions, The Bangladesh Securities and Exchange Commission (BSEC) has issued corporate governance principles that provide minority owners with further benefits.²⁰⁶ Furthermore, dividend rights are codified, affirming the entitlement of minority shareholders to receive dividends as declared by the company, with the Act providing procedures for the declaration and distribution of dividends.²⁰⁷ In summary, the Companies Act of 1994, supported by regulatory guidelines, formulates a complete strategy to protect the interests of minority owners in Bangladesh's business environment.²⁰⁸ To fortify the safeguarding of minority shareholders, crucial legislative enhancements and legal measures are recommended. Strengthening disclosure regulations ensures transparent financial reporting and decision-making.²⁰⁹ Encouraging or mandating minority representation on boards fosters diverse perspectives and protects minority interests.²¹⁰ Introducing or strengthening legal protections for shareholder activism empowers minorities in decision-making without fear of

²⁰³ An appraisal of minority shareholders protection in Bangladesh <https://lcls-south.com/an-appraisal-of-minority-shareholders-protection-in-bangladesh/>

²⁰⁴ The Companies (Bangladesh) Act, 1994
<https://www.icsi.edu/media/portals/86/bare%20acts/Bangladesh%20COMPANIES%20ACT.pdf>

²⁰⁵ The Companies (Bangladesh) Act, 1994
<https://www.icsi.edu/media/portals/86/bare%20acts/Bangladesh%20COMPANIES%20ACT.pdf>

²⁰⁶ An appraisal of minority shareholders protection in Bangladesh <https://lcls-south.com/an-appraisal-of-minority-shareholders-protection-in-bangladesh/>

²⁰⁷ The Companies (Bangladesh) Act, 1994
<https://www.icsi.edu/media/portals/86/bare%20acts/Bangladesh%20COMPANIES%20ACT.pdf>

²⁰⁸ <https://www.icsi.edu/media/portals/86/bare%20acts/Bangladesh%20COMPANIES%20ACT.pdf>

²⁰⁹ An appraisal of minority shareholders protection in Bangladesh <https://lcls-south.com/an-appraisal-of-minority-shareholders-protection-in-bangladesh/>

²¹⁰ An appraisal of minority shareholders protection in Bangladesh <https://lcls-south.com/an-appraisal-of-minority-shareholders-protection-in-bangladesh/>

reprisal. Robust legal remedies, including clearer oppression guidelines, are imperative to address unfair treatment promptly.²¹¹ Mandating independent directors on boards acts as impartial overseers, while proxy access and enhanced voting rights amplify minority influence.²¹² Whistleblower protections foster accountability, and diversity and inclusion policies ensure varied perspectives in decision-making bodies.²¹³ Ensuring fair valuation in transactions and facilitating alternative dispute resolution contribute to equitable corporate environments.²¹⁴ Regular legislative reviews and educational programs enhance awareness, adapting legal frameworks to evolving business practices and empowering minority shareholders.²¹⁵

4.4. Conclusion

Majority shareholders are not totally important as they do not hold absolute power. There have always been minimal obligations for minority shareholders to have power under the Companies Acts in order to restrict the excesses of the majority.²¹⁶ However, nobody ever used them against a majority shareholder, though, unless he was hell-bent on implementing his ideas. Under these circumstances, the minority shareholder has no choice except to seek refuge in the courts.²¹⁷ According to my research, there are four elements which are discussed in Chapters 1, 2, 3, and 4, respectively, and I have highlighted them here. I demonstrated in Chapter 1 how the majority shareholders could utilize the rule's arguments to disregard valid minority objections, in addition to answering the question of why the rule is justified. Chapter 2 examined the importance of general laws and constitutions, which define the scope of majority rule, and demonstrated that

²¹¹ Protection of minority shareholders <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

²¹² The Impact of Minority Shareholder Protection and Atomization of Shareholder https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3872957

²¹³ Protection of minority shareholders <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

²¹⁴ The Impact of Minority Shareholder Protection and Atomization of Shareholder https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3872957

²¹⁵ The Impact of Minority Shareholder Protection and Atomization of Shareholder https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3872957

²¹⁶ DISCUSSIONS SURROUNDING THE PRINCIPLE OF MINORITY SHAREHOLDER PROTECTION <https://dergipark.org.tr/en/download/article-file/1537328>

²¹⁷ THE PRINCIPLE OF MINORITY SHAREHOLDER PROTECTION <https://dergipark.org.tr/en/download/article-file/1537328>

these factors, while limiting majority rule and protecting minority rights to some extent, do not solve the problem of majority abuses committed by corporations.²¹⁸ Also I discussed how majority owners could exploit their voting rights for private gain or to harm minority shareholders in Chapter 3, which dealt with showing and analyzing the voting process.²¹⁹ The function of company directors was addressed in Chapter 4. The article cautiously acknowledged that corporate directors may be able to help resolve conflicts between firms' majority and minority shareholders. They are susceptible to mismanagement to varied degrees and, in rare cases, can even help the majority of shareholders improper utilization their authority.²²⁰

Chapter 5 – Recommendations and Probable Solutions

5.1. Introduction

After analyzing the laws and cases related to is clear that with regard to minority shareholders' rights, there is a need to strengthen the legal framework to ensure transparency and protect the interests of minority shareholders within corporations.²²¹ Shareholders trust the corporate system to safeguard their investments and ensure fair treatment.²²² Based on the research, it appears that international company law systems tackle the majority/n-enormity issue more effectively and with greater focus than their Bangladeshi counterparts, even though minority shareholder protection mechanisms in company laws do have some limitations.²²³

²¹⁸ A proper balance of the rights of majority and minority shareholders is essential for the smooth functioning of the company <https://www.lawyersjurists.com/article/a-proper-balance-of-the-rights-of-majority-and-minority-shareholders-is-essential-for-the-smooth-functioning-of-the-company-5/>

²¹⁹ George Ponds Kobler, Shareholder Voting Over the Internet: A Proposal for Increasing Shareholder Participation in Corporate Governance, 49 A LA. L. REV. 673, 674 (1998)

²²⁰ Ensure shareholder access to the information relevant to general meetings and to facilitate the exercise of voting rights without physically attending the meetings.
<https://scholars.law.unlv.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1721&context=nlj>

²²¹ https://core.ac.uk/display/216934537?utm_source=pdf&utm_medium=banner&utm_campaign=pdf-decoration-v1

²²² https://core.ac.uk/display/216934537?utm_source=pdf&utm_medium=banner&utm_campaign=pdf-decoration-v1

²²³ <https://dspace.cuni.cz/bitstream/handle/20.500.11956/170507/120403197.pdf?sequence=1&isAllowed=y>

5.2. Recommendation and Probable solutions

For the betterment and to keep the transparency and to provide proper remedy for the people who suffered by this, I would like to you recommend some needed steps.

- 1) At first to enhance legal protections for minority shareholders encompass a comprehensive approach. Provide new amendments to corporate laws, specifically addressing rights and protections for minority shareholders is mandatory.
- 2) Encouraging the appointment of independent directors acts as a safeguard against majority control, promoting decisions in the best interests of all shareholders.
- 3) Every corporation should run transparent corporate governance, with clear disclosure requirements, which must ensure that minorities have access to all essential information.
- 4) There should be always remain supporting shareholder activism. This right will empower minorities in expressing concerns and participating in decision-making.
- 5) Regulations must be guaranteeing access to information, educational initiatives, efficient legal recourse mechanisms, and encouraging corporate social responsibility and diversity policies collectively contribute to a more equitable corporate environment. Strengthened regulatory oversight and whistleblower protections further ensure adherence to ethical practices.
- 6) Advocating for enhanced legal remedies in cases of oppression underscores the commitment to swift and effective redressal for minority shareholders facing unfair treatment.

5.3. Concluding statement

Following the basic arc of the thesis, the one thing that has been mentioned since the beginning is that statutory protection for minority shareholders right in the companies is one of the most important aspects under the company law. Thus, the research showed that although minority shareholder protection mechanisms in company laws have some weaknesses, the international company law mechanisms seem to be more focused and more responsive on the majority/n-enormity conflict compared to Bangladesh counterparts.²²⁴

²²⁴ Protection of minority shareholders <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

As shareholder conflicts, if not resolved fairly, could damage corporations thereby undermine their service to the society. So, I intended to discover why and how such conflict could occur in corporations of each system.²²⁵ I also wanted to determine what and how company law in each system has done to resolve such conflict plus providing an explanation for the question of why each system did the way it did.²²⁶ Finally, I intended to take some lessons from the results of the research which could improve the quality of the law in this matter. To reach these objectives, I had to examine, from varying aspects, the very rule of majority and the mechanisms that the two corporate laws have introduced in order to curb abuse of majority rights against minority shareholders. The examination was therefore twofold. One consumed direct and indirect factors which allow majority rule to be used opportunistically against minority shareholders.²²⁷ And in the other part, which was the subject of my consideration and recommendation in Chapter five, concerned examination of the existing mechanisms in company laws of the foreign countries and Bangladesh that seek to protect minority shareholders against the possibility of abuse of rights by majority shareholders.²²⁸ Minority shareholders' interests can be protected by some rules that restrict managers power to act in response to directions given by controlling shareholders in every company.²²⁹ More effective lock-in rules and squeeze out regulation, for instance, are highly important for promoting share transfers and investment in these companies.²³⁰ In summary, to review the reasons and methods for abusing the rule of majority were laid out in Chapters 1–4. Furthermore, as demonstrated in these chapters, the effectiveness of market processes, contracts, and general laws in preventing such abuse is limited.²³¹ Thus to safeguard the rights of the group of minority shareholders across all corporate sectors and to intervene by law to defend them, the last and fifth chapter is all about the policies, changes and recommendation of new laws for the betterment of minority shareholders.²³² Also to protect their legal rights in every

²²⁵ The four tiers of conflict of interest faced by board directors <https://www.imd.org/research-knowledge/corporate-governance/articles/the-four-tiers-of-conflict-of-interest-faced-by-board-directors/>

²²⁶ conflict of interest faced by board directors <https://www.imd.org/research-knowledge/corporate-governance/articles/the-four-tiers-of-conflict-of-interest-faced-by-board-directors/>

²²⁷ Conflict Resolution and the Role of Corporate Law Courts: An Empirical Study https://www.ecgi.global/sites/default/files/working_papers/documents/SSRN-id1448192.pdf

²²⁸ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

²²⁹ Protection of minority shareholders <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

²³⁰ Resolution and the Role of Corporate Law Courts https://www.ecgi.global/sites/default/files/working_papers/documents/SSRN-id1448192.pdf

²³¹ <https://www.linkedin.com/pulse/rights-minority-shareholders-bangladesh-under-companies>

²³² Protection of minority shareholders <https://www.thedailystar.net/law-our-rights/news/protection-minority-shareholders-3386151>

corporate sectors.²³³ The enhanced quality of corporation law, its enforcement, and regulation, in our opinion, explains this development. However, these findings in no way indicate that the process has concluded.²³⁴ There is potential for further development. Together, these measures are recommended for transparency, fairness, and the protection of minority shareholders within corporate structures.²³⁵

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