

Asian Institute of International Financial Law
Faculty of Law, University of Hong Kong



A Contractual Approach to Discipline Self-dealing by Controlling Shareholders

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6:30 – 8:00 pm

Rayson Huang Theatre, University of Hong Kong

In this Lecture, the speaker attempts to systematically analyze the existing legal regulations of self-dealing transactions (where controlling shareholders are an interested party to a transaction undertaken by the firm) and to compare the outcomes produced by these regimes, both in terms of total welfare generated by the firm, and of minority expropriation, with the outcome that can be achieved with a contractual solution. The speaker argues that investment efficiency and welfare can be increased by letting the interested parties contract on private benefit extraction. This is proven in a simple two period model game between the controlling shareholder, who is able to pursue an identified self-dealing opportunity, and the minority shareholders, who desire to determine the merits of this business opportunity. The speaker shows that a particular contractual solution, based on the use of options, is more efficient than existing regulations when some conditions are met.

María Gutiérrez is an Associate Professor at the Universidad Carlos III, Department of Business Administration. She received a Ph.D. in Economics from the Universidad Complutense in 2000 and a Master in Economics and Finance from CEMFI in 1997. Her current research interests include corporate governance, corporate finance and law and economics. She is a research associate of the European Corporate Governance Institute (ECGI). María has received several grants and awards for her research work. Her work is regularly presented at prestigious conferences including the American Law and Economics Association, the European Economic Association and the European Finance Association. Since 2012 she is member of the Consulting Committee of the Spanish securities' market regulator, Comisión Nacional del Mercado de Valores (CNMV).

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