

Directors' Liability
A Worldwide Review
Third Edition

Edited by
Alexander Loos



the global voice of
the legal profession®

International Bar Association Series

 Wolters Kluwer

Published by:

Kluwer Law International B.V.
PO Box 316
2400 AH Alphen aan den Rijn
The Netherlands
Website: www.wklawbusiness.com

Sold and distributed in North, Central and South America by:

Wolters Kluwer Legal & Regulatory U.S.
7201 McKinney Circle
Frederick, MD 21704
United States of America
Email: customer.service@wolterskluwer.com

Sold and distributed in all other countries by:

Turpin Distribution Services Ltd
Stratton Business Park
Pegasus Drive, Biggleswade
Bedfordshire SG18 8TQ
United Kingdom
Email: kluwerlaw@turpin-distribution.com

Printed on acid-free paper.

ISBN 978-90-411-5835-2

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Printed in the United Kingdom.

International Bar Association

The Global Voice of the Legal Profession



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The International Bar Association (IBA), established in 1947, is the world's leading organisation of international legal practitioners, bar associations and law societies. The IBA influences the development of international law reform and shapes the future of the legal profession throughout the world.

It has a membership of over 55,000 individual lawyers and 206 bar associations and law societies spanning all continents. It has considerable expertise in providing assistance to the global legal community as well as being a source of distinguished legal commentators for international news outlets.

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Editor

Dr Alexander Loos (editor and author Germany), is an ‘of Counsel’ with Hogan Lovells International LLP at Düsseldorf. He has considerable experience as counsel and arbitrator in post M&A and construction disputes especially for power plants and infrastructure projects. After legal studies at the Universities of Marburg and Münster, he was admitted to the German Bar in 1978, was head of the firm’s international corporate practice group until 2001 and joined Hogan Lovells LLP as a partner in 2002. He is a Fellow of the Chartered Institute of Arbitrators, London and a member of the International Bar Association (IBA), of the German-Brazilian Law Association, of the German-Japanese Law Association (DJJV), of the International Chamber of Commerce (ICC), of the Swiss Arbitration Association (ASA), as well as of the German Institute of Arbitration (DIS).

Contributors

Ignacio M. Aguirre U. (author Bolivia), is a Managing Partner at Bufete Aguirre Soc. Civ. After legal studies at the Bolivian Catholic University, La Paz, 1996, he obtained an LLM in Law and Development of the London School of Economics and Political Science – University of London, London (1999). His main practice areas are general commercial, corporate and business law, especially for mining and hydrocarbons, respective financing and environmental matters. He is a member of the Board of Directors of Credibolsa S.A. and of the Executive Committee of the Arbitration Center of the National Chamber of Hydrocarbons and Energy.

Estefanía Alarcón (co-author Ecuador), is a member of the oil & gas, infrastructure, contracts, and corporate teams at FERRERE's office in Quito, Ecuador. She studied law at Universidad de Navarra and graduated as attorney in 2015. In addition to her law degree, she completed the university's Global Law programme that includes diplomas in Anglo American Law and International Business Law.

Derek Alexander (co-author South Africa), has been with Werksmans Attorneys since 2014. He is currently a candidate attorney in the firm's Mergers and Acquisitions Practice. He has experience in corporate mergers and acquisitions and restructurings.

Lia Alizia (author Indonesia), is a partner with Makarim & Taira S. She graduated from Jayabaya University, Indonesia in 1999 and has been a lawyer ever since. She has extensive knowledge and experience in employment matters and disputes in Indonesia. Her area of expertise also covers corporate and commercial law and litigation, including foreign investment, restructuring companies, mergers and acquisitions, competition law, compliance issues and intellectual property rights. She has assisted several major transactions involving multinational companies in Indonesia. She is also the author of various published articles and speaker in many conferences. She has earned awards and accolades such as 'Employment Expert from Indonesia' as selected by Employment Law Experts from UK in 2014 and a 'recommended lawyer for Employment, Corporate and M&A, Dispute Resolution and Real Estate in Legal 500 Asia Pacific 2015. She is also a member of various organizations, such as the

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Indonesian Advocates Association (PERADI); a registered Intellectual Property Rights Consultant.

Niels Bang (author Denmark), is co-head of Gorrissen Federspiel's Corporate/M&A practice Group. He has an extensive practical experience and expertise within corporate law, foundations, M&A, venture capital and incentive schemes. Niels is the Danish representative in the Company Law Committee of the Council of Bars and Law Societies of Europe (CCBE). He is also the chairman or member of the board of a large number of Danish companies.

Svetlana Barinova (co-author of The Russian Federation), is of Counsel in Dentons' Moscow office. She specializes in Russian corporate, antimonopoly and securities law. She has a wide experience in structuring foreign investments in Russia; developing finance schemes for Russian companies; establishing commercial and non-commercial organizations in various legal forms; reorganization and liquidation of Russian companies; protecting shareholders' rights; conducting due diligence; advising on acquisitions of shares, participatory interests and assets of Russian companies.

Timur Bondaryev (author Ukraine), is a Managing and founding partner at Arzinger Law Firm. He specializes in advising on real estate and construction transactions, corporate/M&A, antitrust, and privatization issues.

Every year Mr Bondaryev is highly recommended by international ratings (i.e., Best Lawyers, Legal 500, and Who's Who Legal) in the sphere of arbitration and mediation, corporate law and management, compliance, mergers and acquisitions, real estate, antitrust and competition.

Matthew Bousfield (co-author Singapore), is a Senior Associate in the Corporate team of Hogan Lovells' Singapore. Matthew has significant experience advising on mergers and acquisitions, private equity transactions and a range of commercial matters across South East Asia. He also advises on employment and data privacy matters. Matthew acts across key industry sectors, focusing on consumer, life sciences and financial institutions.

Stephen Brown-Okruhlik (co-author Canada), is a litigation associate with McMillan LLP, Toronto. He practices complex commercial litigation with a focus on insolvency and corporate governance issues. He has a BA from McGill University, a Master's Degree from the University of Toronto and an LLB from the University of Ottawa. He is the winner of the 2012 Werner Zdouc Prize for Top Oralist in the grand final round of the World Trade Organization Moot Court competition in Montpellier, France.

Jacques Buhart (author France), is head of the Paris office of McDermott Will & Emery and focuses his practice on corporate mergers & acquisitions and EU/French competition law. Jacques has handled a broad range of complex competition matters as well as litigations in the European Courts. He also has considerable experience in advising French and international clients in their M&A transactions. Jacques received his legal education from the Sorbonne, Paris, the Hague Academy of International Law, the Institute of Comparative Law, Paris, and the University of Paris, DESS in 1976. He

also read for an MBA from the Ecole Supérieure de Commerce de Paris (ESCP). Jacques has been a visiting professor of EU competition law at the University of Aix-en-Provence since 1995 and at the University of Tokyo, faculty of law since 2004. He was the chairman of the International Bar Association's section on business law from 2001 to 2003. Jacques is admitted to practice in Paris and Brussels.

Willem Calkoen (co-author Netherlands), is senior advisor in the Rotterdam office of NautaDutilh. He specializes in M&A work – both public offers and private transactions – and in securities law and corporate governance. He graduated from Utrecht University in 1970 and joined NautaDutilh in 1972, where he became a partner in 1980. He was chairman of the Company Law Committee of the Section on Business Law ('SBL') on the International Bar Association from 1988 to 1992, an officer of the SBL from 1993 to 1998 and chairman of the SBL from 1997 to 1998. He publishes regularly on topics such as joint venture and corporate governance. He defended his thesis in 2011 on Corporate Governance, responsibility and liability of directors in US, UK, and the Netherlands.

Jesse Collin (co-author Finland), is an associate in Hannes Snellman's M&A group. He specializes in corporate and securities market law. He has experience from capital market transactions, mergers and acquisitions as well as corporate governance matters. Jesse graduated from the University of Helsinki in 2014 with a Master of Laws degree. He is also a doctoral candidate in the University of Helsinki and prepares a doctoral dissertation in the field of company and securities market law.

Miguel de Avillez Pereira (author Portugal), is a partner at Abreu Advogados since 2002. He graduated from the University of Lisbon Law School, in 1989 and has an LLM – Master's of Law, Europa Institute, University of Edinburgh. Miguel has been involved over the years in some of most significant transactions that Abreu assisted in Portugal, Angola and Mozambique.

Alan G. de Saram (co-author Cayman Islands), is a partner with Collas Crill, Attorneys at Law, George Town, Cayman Islands. He specializes in corporate and commercial law, including hedge funds and capital markets. He obtained a BA (Hons.) from the University of London in 1992, a Diploma in Law from the College of Law, and a Diploma of Legal Practice in 1995. He was admitted as a Solicitor in England and Wales in 1998. Since 2004, he has been an Attorney-at-Law in the Cayman Islands. He is a member of the Cayman Islands Law Society and the Law Society of England and Wales.

Daniel Del Rio (author Mexico), As head of Basham's Corporate and Mergers and Acquisitions Areas, Daniel's practice focuses on inbound foreign investment in Mexico, and outbound Mexico investment abroad. His work includes Corporate, Environmental, Mergers and Acquisitions, Health, Foreign Investment, International Transactions, Real Estate, Associations, Banking and Cross-Border Investments.

Doran Doeh (author The Russian Federation), is a partner in Dentons' Moscow office. He currently focuses broadly on matters where English-law-governed

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documentation is used for cross-border transactions relating to Russia (M&A, JVs, commercial agreements), on cross-border regulatory issues and on oil and gas. Doran advises on virtually all areas of law relating to energy and natural resources including a very wide range of corporate and financing transactions. Doran is also developing his practice as an arbitrator.

Christian Dorda (author Austria), is the founding partner of DORDA Attorneys at Law, Vienna. He specializes in corporate law and M&A, including related arbitration matters. He graduated from the University of Vienna in 1971 and was admitted to the Austrian Bar in 1976. He is a member emeritus of the ICC International Court of Arbitration, Vice-President of ICC Austria, member of the Board of Trustees of the American Chamber of Commerce in Austria, permanent legal counsel to the French-Austrian Chamber of Commerce, and past chairman of the M&A commission of the Union Internationale des Avocats.

Dagmar Dubecká (author Czech Republic), is the Managing Partner and head of M&A at law firm Kocián Šolc Balaščík. Consistently acclaimed by international rating directories as a leading specialist in M&A, as well as in Corporate Law and Corporate Restructuring, she has been ranked three times as one of the TOP 25 Women of Czech Business in a poll held by the leading Czech financial newspaper *Hospodářské noviny*.

Antony G.D. Duckworth (author Cayman Islands), is a partner with Collas Crill, Attorneys at Law, George Town, Cayman Islands. He specializes in commercial law, including banking, insurance, company, and trust. He studied at Marlborough College and obtained a degree in mathematics and law from the University of Cambridge and studied at the College of Law, Lancaster Gate in 1968. He was admitted as a Solicitor in England in 1971. Since 1974 he has been an Attorney-at-Law in the Cayman Islands. He is a member of the Cayman Islands Law Society, of the Law Society of England and Wales, of the IBA, of the International Academy of Estate & Trust Law and of the Society of Trust and Estate Practitioners.

Karla Dudek (author United Kingdom), is a Counsel in Hogan Lovells LLP's corporate practice, based in the London office. She specializes in public and private M&A including cross-border transactions, joint ventures, debt equity swaps, equity capital markets, and general corporate law advice. She obtained a Bachelor of Commerce and a Bachelor of Laws with honours from the University of Auckland and joined the London office of Hogan Lovells in 1999. She has also spent two years in the firm's New York office.

Pip (Philip) England (author New Zealand), has been a partner in the Auckland office of Chapman Tripp since 2001 and is the Head of the Auckland Corporate team. He specializes in corporate and commercial law, with a particular focus on mergers and acquisitions, property syndications, securities and corporate advisory work. Pip holds LLB (Hons.) and B.Com degrees from the University of Canterbury, New Zealand. Pip is recognized by *Legal 500 Asia Pacific 2016*, *Chambers Asia Pacific 2015* and *Chambers Global 2015*.

Gabriele Fagnano (author Italy), is a co-founder and partner of Pavesio e Associati, an independent law firm in association with Allen & Overy. He advises some of the major national and multinational groups and financial institutions located in Italy in M&A, joint ventures, and general corporate and commercial law. He has also gained considerable experience in competition and real estate law. He has written a number of articles and attended various conferences as speaker in corporate and real estate law. Gabriele Fagnano gained his J.D. degree from the Catholic University of Milan in 1995. After graduating he was awarded, with distinction, a *Diplôme d'études complémentaires* in EU Law from the University of Brussels and an LLM in European Business Law from the Pallas Consortium, University of Nijmegen. Prior to co-founding Pavesio e Associati he was Senior Associate of Allen & Overy, where he had been working for eight years. He is a member of the Turin Bar.

Coro Fernández-Rañada (co-author Spain), is a senior associate in Cuatrecasas, Gonçalves Pereira's Corporate & Finance Knowledge Management Group. She has ample experience in merger and acquisition transactions, and securities-market transactions. She has participated in many company sale transactions, mergers, business restructurings, public offerings for sale or subscription of securities, and takeover bids, and has advised publicly traded and private companies on corporate matters. She holds an LLM in International Business Law from London School of Economics and Political Sciences (LSE) and a Bachelors of Law (specializing in Competition and EU law) from *Universidad San Pablo* (CEU).

Jānis Gavars (author Latvia), is a talented and determined young lawyer, who concentrates his work on mergers and acquisitions and general corporate and securities matters. He advises clients on due diligence, drafting contracts and other legal issues with respect to domestic and cross-border M&A transactions as well as general corporate law matters.

David Gewer (co-author South Africa), has been a director at Werksmans Attorneys since 2000 in the firm's Mergers and Acquisitions Practice. David was named as a leading lawyer in Mergers & Acquisitions in the 2015 and 2016 editions of IFLR 1000 (Finance and Corporate) – The Guide to the World's Leading Financial Law Firm, and was named as a recommended lawyer in Corporate and Mergers & Acquisitions, 'who is smart, thorough and very responsive,' by The Legal 500 (2015).

Martin Grablowitz (author The Netherlands), is a partner in NautaDutilh's corporate practice, a member of the firm's International Strategy & Business Development Committee and heads the German Desk. He specializes in takeovers, joint ventures, acquisitions and all aspects of corporate (re)structuring. With a double degree in Dutch and German law, Martin has focused his practice on German-Dutch cross-border matters. Martin joined NautaDutilh in 1998 and became a partner in 2003.

Pablo Guerrero V. (author Chile) is a co-Managing Partner and also heads the Mergers and Acquisitions and Financing practice of Barros & Errázuriz Abogados. His experience covers an array of areas, including capital markets, securities, foreign investment,

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and international business transactions generally. He graduated from Catholic University of Chile School of Law, and obtained his Master of Comparative Jurisprudence degree from New York University School of Law, New York, in 1995. Mr Guerrero is currently Professor of Commercial Law at the Chilean Catholic University School of Law. He is one of the founders and current President of Fundación Pro Bono. He is a member of the Chilean Bar Association.

Laura Lavia Haidempergher (co-author Argentina), is a partner with M. & M. Bomchil, Buenos Aires, law firm, which she joined in 2003 as a member of the M&A department. She has been actively involved in M&A, reorganizations, companies counselling, complex arbitrations, financing transactions, capital markets, and corporate, bankruptcy, and commercial law matters. She obtained her law degree from Universidad de Buenos Aires in 1993. In 2002, she obtained a Master in Business Administration (MBA) degree at Universidad del CEMA, which she completed at San Diego State University (USA) due to her academic merits. Her final thesis obtained an honourable mention. She is a PhD candidate at the Law School of Universidad de Buenos Aires. In addition, she has attended several relevant courses, conferences, and seminars on business and corporate law, giving lectures in those topics as well. She is also an active contributor to a number of local and international publications.

Nastascha Harduth (author South Africa), has been with Werksmans Attorneys since 2008. She is currently a director in the firm's Insolvency, Business Rescue and Restructuring Practice. She has a wide-ranging experience in dispute resolution and commercial litigation, as well as insolvency, business rescue and restructuring. She regularly delivers seminars and writes for various publications on these topics among others. She is a member of the South African Restructuring and Insolvency Practitioners Association (SARIPA) and the International Association of Restructuring, Insolvency & Bankruptcy Professionals (INSOL).

Stephen Hegarty (author Ireland), has specialized in corporate and securities laws regulation for over twenty years. Stephen has considerable experience in acting for large public companies in stock exchange work and securities. Prior to joining Arthur Cox, Stephen spent a number of years working in the Commercial Department of an international firm in London, where his practice was mainly focussed on corporate finance.

Kyung-Taek Jung (author South Korea), is a senior partner of Kim & Chang. He is the chair of the firm's Corporate Department and Antitrust & Competition Practice Group. Mr Jung practices in a wide range of areas of corporate law with a focus on mergers and acquisitions and antitrust law. He also has extensive experience advising clients in the pharmaceutical, IT, energy and automobile industries. Mr Jung is the recipient of numerous notable awards and citations for distinguished service to clients. Mr Jung was selected numerous times as a Chambers Global Leading Corporate/M&A Lawyer, as a Leading Competition Lawyer by The Global Competition Review, and as a Leading Competition Lawyer in Asia by AsiaLaw. Mr Jung has also taught competition law at

the graduate school of law at Seoul National University and has served as an outside legal advisor to the Korea Fair Trade Commission.

Stephanie Keen (author Singapore), is the Managing Partner of Hogan Lovells' Singapore office, leading the firm's private equity practice in Asia. Having previously worked in New York and London, she has significant international deal experience advising corporates, lenders and private equity houses on leveraged buy-outs, cross-border transactions, mergers and acquisitions, equity offerings and corporate restructurings.

Pavlo Khodakovsky (author Ukraine), is a partner at Arzinger Law Firm. He specializes in corporate/M&A, employment and tax/international tax issues. Mr Khodakovsky has extensive experience in European law, human rights, employment law, M&A, insurance law, and securities issues. According to the results of the reputable international rating Best Lawyers 2015, 2014, 2013 Mr Khodakovsky was recommended as leading expert in labour law.

Ariungoo Khurelbaatar (co-author Mongolia), is an associate with Hogan Lovells (Mongolia) LLP. Her practice area includes general corporate and commercial law, and employment law. Prior to joining Hogan Lovells, Ariungoo worked as a lawyer for a major Australian law firm, and before that as a head of the business development division at Ochir Undraa LLC. Ariungoo earned her LLM in comparative law from Nagoya University, Japan and her LLB from School of Law, National University of Mongolia. She speaks Mongolian, English, Japanese and Russian. Ariungoo is qualified to practice law in Mongolia.

Hye-Sung Kim (co-author South Korea), is a partner of Kim & Chang. Her practices primarily focus on corporate and securities law, including mergers and acquisitions, corporate governance, and capital market transactions. She has advised both financial institutions and corporate clients. She completed an LLM programme at Harvard Law School in 2010 (degree waived) and holds a Master of Business Management from Korea National Open University (2009) and an LLB from Seoul National University, College of Law (2000). She was admitted to the Korean Bar and joined Kim & Chang in 2003.

Alexander Koch (author Luxembourg), is a senior associate in the corporate practice of Hogan Lovells (Luxembourg) LLP, where he assists mainly international clients from a wide range of industries on all corporate related matters including M&A, private equity, corporate finance, general corporate and commercial advice. Before joining Hogan Lovells for the opening of its Luxembourg office, he had worked in the corporate practice of a renowned Benelux law firm in Luxembourg for numerous years. He is a member of the Luxembourg and Frankfurt/Main Bar Associations. He is multilingual and holds degrees in law and economics from German, French and Swedish universities. He is the author of publications notably on directors' liability and the Luxembourg rules on incorporation and capital of limited liability companies.

Contributors

Markus Koehnen (author Canada), is a litigation partner with McMillan LLP, Toronto, whose practice in complex commercial litigation focuses on corporate governance. He has a BA and an LLB from the University of Toronto and a D.E.A. from the University of Paris, Panthéon-Sorbonne. He teaches at the Institute of Corporate Directors. He is also the author of ‘Oppression and Related Remedies’, a text on shareholder rights and directors’ liabilities, quoted by courts throughout Canada.

Kaspar Kolk (co-author Estonia), is a lawyer specializing mainly in the field of Corporate and M&A. Kaspar is one of the few lawyers who in addition to the field of law has a know-how in business and corporate management consultancy. He has a previous working experience from PricewaterhouseCoopers Advisors where he was involved in various international projects and was active in performance improvement, financial advisory and specifically in financial sector and regulatory compliance consulting projects.

Björn Kristiansson (author Sweden), is a partner in Hannes Snellman’s Public M&A group. He specializes in public M&A and corporate governance. He has extensive transaction experience and has been active in the Swedish Corporate Governance Board since its foundation in 2004 and since 2011 as executive member.

Nicolas Lafont (co-author France), is a partner in the Paris office of McDermott Will & Emery. His practice focuses primarily on corporate law and mergers and acquisitions. He advises international clients in negotiating acquisitions and disposals in a broad range of industries. He also has expertise negotiating joint ventures and advising on corporate restructurings and commercial transactions. Before joining McDermott in 2011, he worked for more than two years at Cravath Swaine & Moore in New York City, and then at Hebert Smith in Paris for four years. Nicolas is a member of the IBA. He is also a visiting professor at ICADE, Madrid. He is admitted to practice in Paris, New York and Madrid.

Allan Leung (author Hong Kong), heads the litigation practice of Hogan Lovells in Hong Kong. He has over twenty-five years of experience handling international commercial disputes and is widely recognized by a number of legal directories as an outstanding litigator. He has held a number of public and professional offices and has recently been appointed by the Chief Executive as a member of the Law Reform Commission.

Danny Leung (co-author Hong Kong), as a counsel in the Hong Kong office of Hogan Lovells, Danny’s practice covers complex commercial litigation and regulatory disputes and investigations. He has a special focus on anti-money laundering laws and regulations and sits on the Anti-Money Laundering Committee of the Law Society of Hong Kong. He is ranked as a leading individual by several legal directories.

Eric Levenstein (co-author South Africa), has been a director at Werksmans Attorneys since 1993 and is currently the head of the firm’s Business Rescue, Insolvency & Restructuring Practice. He specializes in litigation and dispute resolution with a particular focus on business rescue, insolvency and restructuring. He is a member of

the South African Restructuring and Insolvency Practitioners Association (SARIPA) and sits on the National Board of SARIPA. Eric also sits on SARIPA's Restructuring, Business Rescue and Government Liaison Committees. In addition, Eric is a member of INSOL, a worldwide group of insolvency practitioners and attorneys. Eric has been ranked as a highly recommended lawyer in Dispute Resolution (Business Rescue) in Legal 500 in 2014. He has also been named as a recommended lawyer in restructuring and insolvency by PLC Which Lawyer 2013.

Juan José López-de-Silanes (co-author Mexico), is Managing Partner in charge and member of the Executive Committee in his firm Basham, Ringe y Correa, S.C. His experience focuses on the planning and execution of national and international transactions such as the formation of businesses, partnership agreements, M&A transactions, reorganizations, investments, public tenders, both at a national and international level, as well as a consultant in corporate governance matters.

Dr Haim Machluf (co-author Israel), is a partner in Herzog Fox & Neeman's (HFN) Litigation Department. He has significant experience in civil and commercial litigation, both in Israel and in the United States. Haim focuses his practice on commercial litigation, including corporate and securities litigation, antitrust litigation, as well as administrative litigation. Prior to joining HFN, Haim worked at a prominent US law firm, upon completion of his doctoral studies at Harvard Law School.

Philippe Malherbe (author Belgium), is both a practitioner and an academic, as professor at Université Catholique de Louvain, visiting professor at Université de Paris-Est Créteil and avocat in Brussels (partner at Liedekerke law firm). He holds a law and an economics degree from the Université Catholique de Louvain and an LLM from the University of California, Berkeley.

Som Mandal (author India), is the Managing Partner for Fox Mandal Little Group (FML). He specializes in corporate law, M&A, joint ventures, oil and gas, disinvestment, and infrastructure, and his current practice focuses on corporate transactional work, which includes M&A, joint ventures, commercial contracts, corporate restructuring, disposals of private companies, private equity, securities transactions, and real estate transactions. Mr Mandal obtained his law degree from University of Calcutta and was admitted to the bar in 1988. He has been recognized as one of the top performing lawyers for 2008 by Asian Legal Business (ALB). He has authored the chapter on 'FIDIC Applicability in India' published by Kluwers Publications. He is a member of the Supreme Court Bar Association, Delhi High Court Bar Association, IBA, American Bar Association (International Section), Union des Avocats, and Inter Pacific Bar Association. He is one of the Indian representatives at the Commission on Arbitration of the International Chamber of Commerce, Vice-Chair of the Asia Pacific Forum, and Council Member of Section on Legal Practice of the IBA and of the Committee on Corporate Law & Legal Affairs-FICCI.

Chris Melville (author Mongolia), is the Managing Partner of Hogan Lovells (Mongolia) LLP and has been based in Mongolia since 2012. Chris has a broad-based practice

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in Mongolia, including advising foreign investors, Mongolian clients and the Mongolian government on energy and infrastructure projects, corporate and M&A, joint ventures, and banking and finance. Chris has extensive experience of emerging market jurisdictions, having advised clients on cross-border investments relating to the Russian Federation for over ten years. Prior to relocating to Mongolia, he spent two-year period in Moscow with the firm. He has been involved in some of the largest M&A and restructuring transactions in Russia and has a strong track record of successful project management. Chris has a BA (First Class) in history from University of Cambridge and graduated from the College of Law, Guildford. He is admitted as a solicitor in England and Wales.

Norio Mitsuuchi (author Japan), has been an associate with Kojima Law Offices in Tokyo, Japan since 2006. He specializes in the areas of corporate law, labour law, tax law, as well as commercial litigation. He has also much experience regarding legal advice on foreign direct investment to/from Japan. He received a Bachelor of Arts (ethics) degree from the University of Tokyo in 1998. After passing the Japanese Bar examination in 2004, he completed his legal training at the Legal Training and Research Institute of the Supreme Court of Japan and was admitted to the Japanese Bar in 2006.

Maeve Moran (co-author Ireland), specializes in corporate and commercial law issues for public and private companies and advises on mergers, acquisitions, cross-border transactions, private equity investments and corporate advisory work. Maeve is currently based in Arthur Cox's New York office.

Rory Moriarty (author Australia), leads the national Corporate/M&A Practice Group at Clayton Utz. He is a corporate partner with experience across a broad range of transactions, including Australian and cross-border mergers and acquisitions, takeovers, capital raisings and corporate structuring. In doing so, he regularly advises on Australian corporate law and ASX Listing Rule issues and has had extensive dealings with Government and other regulatory bodies, including the Australian Securities & Investments Commission, the Foreign Investment Review Board, ASX and the Takeover's Panel.

Lorenz Naef (co-author Switzerland), is a trainee with Bär & Karrer AG in Zurich. His particular practice areas are commercial litigation and international arbitration. He graduated from the University of Zurich in 2015; he also holds a Master of Laws degree in International Business Law from the Dickson Poon School of Law, King's College London.

Minh Nguyen (co-author Vietnam), is a Vietnam qualified lawyer in Hanoi office with over nine years of experience. Minh has acted for various private equity funds, sovereign and other funds, foreign and domestic investors in acquisition of equity and companies in Vietnam in a variety of companies, including foreign-invested companies, domestic companies (both publicly traded and private companies), and equitized State-owned companies and banks.

Lotanna Nwodo (co-author Nigeria), is an associate in the offices of Aluko & Oyebo in Lagos, Nigeria. Lotanna is a member of both the Capital Markets and Mergers & Acquisition practices of the firm. He obtained a Bachelor of Law from the University of Nigeria where he graduated with first class honours, and holds an LLM from the Harvard Law School. Lotanna was admitted to the Nigerian Bar in 2012.

Jeff Olson (author Vietnam), has more than ten years' experience representing major corporations and private equity firms on a broad range of corporate matters, including public and private M&A transactions, joint ventures, strategic investments and corporate finance. Having practiced in New York, Tokyo and currently Vietnam, Jeff knows what it takes to successfully execute transactions in challenging markets.

Daniel Robalino Orellana's (co-author Ecuador), practice focuses on antitrust and regulatory economic law, as well as foreign investment planning and foreign trade. Daniel has involved in international arbitration practice, both on investment and commercial disputes, under CIADI and UNCITRAL rules.

He graduated as attorney from Universidad San Francisco de Quito in 2010 and obtained a graduate diploma in antitrust law from The College of Law of England and Wales in 2011.

Ayodeji Oyetunde (author Nigeria), is a partner in the Corporate/Commercial Department of Aluko & Oyebo in Lagos, Nigeria. He is a member of both the Capital Markets and Mergers & Acquisition practices of the firm. He provides advice to the firm's clients principally on capital market transactions, mergers and acquisitions, corporate restructurings and regulatory compliance.

Ayodeji also provides advice on an ongoing basis on various project finance, energy, aviation and shipping transactions.

Deniz Özkan (co-author Turkey), is a corporate and commercial lawyer with extensive involvement in competition, corporate governance as well as mergers and acquisitions by foreign investors in Turkey.

Deniz is involved in a wide range of sectors including banking, insurance, telecommunications, petrochemicals, technology, energy, food and beverages, manufacturing and pharmaceuticals.

Serdar Paksoy (author Turkey), is the founding member and a senior partner of the firm. For over twenty-five years, he has been actively advising foreign investors and assisting them in their transactions and also disputes work in Turkey and abroad. Serdar's practice focuses on corporate governance, mergers and acquisitions, white collar crimes, investigations and dispute resolution.

Sven Papp (author Estonia), is one of the leading and most experienced corporate and M&A lawyers in Estonia. He has unique and broad international experience both as an attorney and as a general counsel having worked at White & Case in New York and in its Stockholm offices, the Swedish-French consulting company SIAR-Bossard in Stockholm and in Swedish Match East Europe in Stockholm. Sven has an unrivalled track record having over the past twenty years acted as lead legal adviser for a large number

Contributors

of landmark local and international M&A transactions across the Baltic and Nordic region.

Alesya Pavlynska (co-author Ukraine), is a senior associate at Arzinger Law Firm. She is an expert in labour and corporate/M&A law issues. Alesya has vast experience in corporate reorganization procedures, supporting appointment and employment of companies' officials, as well as problematic dismissals, layoff, schemes of outstaffing and outsourcing of personnel, internships, preparing employment contracts and internal labour law documentation.

David William Peter Cooke (author Bermuda), is a Director and Head of the Corporate Department of Conyers Dill & Pearman in Hamilton, Bermuda. He was admitted to the Bar of England and Wales in 1987 and to the Bermuda Bar in 1989. He is involved in many areas of corporate and commercial law and has particular expertise in securities work, asset financing and mergers and acquisitions.

Javier M. Petrantonio (author Argentina), is M. & M. Bomchil's Managing Partner, head of the Litigation department and co-head of the M. & A. department. He specializes in complex commercial litigation, corporate reorganizations, contract law, and corporate advice. He joined the firm in 1996, became partner in 2000 and Managing Partner in 2011. He obtained his law degree at the University of Buenos Aires and was admitted to practice by the Buenos Aires Bar in 1990. In 1994, he obtained an LL.M. in International Commercial Law at the University of Nottingham, England. He is a member of the IBA, where he participates actively as speaker and author.

Enric Picanyol (author Spain), is a senior partner in the Corporate Group of Cuatrecasas, Gonçalves Pereira, Barcelona, and specializes in M&A and in corporate law. He also has a substantial practice in the area of acquisition finance and project finance as well as serving as arbitrator in commercial arbitration. He completed his studies at the University of Barcelona with a law degree and an MSc in Economics. He obtained a Diplôme du 3e cycle from the Faculté Internationale de Droit Comparé, Strasbourg, France and an LL.M. from the London School of Economics, University of London. He is a member of the Barcelona Bar Association and of other professional organizations such as the IBA, where he was a council member from 1995 to 1999.

Riikka Rannikko (author Finland), is a partner at Hannes Snellman. Her fields of expertise include equity capital markets transactions and securities markets related regulatory matters. She has advised clients in a number of IPOs, share offerings and public tender offers, as well as represented both Finnish and foreign clients with regulatory filings and compliance questions. Her practice also includes public and private M&A transactions in various industries and a wide range of corporate work.

During the year 2015, she chaired the working group set by the Finnish Securities Market Association for the purpose of reviewing and revising the Finnish Corporate Governance Code, effective as of 1 January 2016.

Matthew T. Reiter (author Switzerland), Reiter is a partner with Bär & Karrer AG in Zurich. He specializes in commercial litigation and international arbitration, has

extensive forensic experience with regard to directors' liability, and heads the firm's litigation practice group. Being a graduate of Zurich University and holding a Master's degree from New York University (LLM) in General Studies, he was admitted to the Zurich Bar, Switzerland, in 1998 and to the New York Bar in 2001. In 1999, he joined Bar & Karrer and became a partner of the firm in 2005. He is a member of the Swiss Arbitration Association (ASA), of the Swiss Bar, and a past Chair of the Negligence and Damages Committee of the IBA.

Robert Ripin (author United States of America), is a partner in the New York office of Hogan Lovells US LLP. For over a quarter of a century, Rob has advised on cross-border securities offerings and other finance transactions. He received his BA from Columbia University in 1985, his J.D. from New York University School of Law in 1988 and was a visiting student at Oxford University from 1983-1984. He is admitted to the bar of the State of New York.

Javier Robalino-Orellana (author Ecuador), is a Managing Partner for FERRERE in Ecuador and co-chairs the arbitration practice. Mr Robalino represents multinationals in investment planning, investment disputes, and cross-border matters. He has been appointed as international arbitrator and has represented investors in investment and commercial disputes under ICSID, UNICTRAL, CIAC and ICC procedures. Mr Robalino graduated as Attorney from Universidad Católica in Ecuador and received an LLM from Duke University.

Valdano Ruru (co-author Indonesia), joined Makarim & Taira S. in 2012. He has handled several major projects, such as massive land acquisition for a power plant project in Jepara, Indonesia. He was also involved in a global acquisition of a telecommunication company in 2013. Valdano's areas of expertise also cover company acquisitions, foreign investments, banking products, financing and the operation of IT companies. He also has considerable experience in handling capital market matters in Indonesia. He is also a member of the Indonesian Advocates Association (PERADI).

Per Samuelsson (co-author Sweden), is an associate in Hannes Snellman's Public M&A group. He works mainly with corporate and capital markets law. His experience includes work in relation to several public tender offers and M&A transactions, as well as various corporate issues.

Martín Pallares Sevilla (co-author Ecuador), focuses on cross-border transactions with an emphasis on M&A and public procurement, with particular prominence of the energy and natural resources sector.

He obtained his LLB from Universidad de Salamanca, and received an LLM from the Superior Law and Economics Institute. Martín also obtained a Master's degree in Business Administration from the Financial Studies Center and from the Universidad a Distancia de Madrid with a partial scholarship from DLA Piper.

Imtiaz Shah (author United Arab Emirates), is head of Hogan Lovells' Middle East corporate commercial practice. With more than sixteen years' experience in the Middle

Contributors

East based in the UAE and Oman, Imtiaz has advised on transactions in every country of the Arabian Gulf. His extensive practice comprises a mix of M&A, equity capital markets, investment funds (including Shariah-compliant funds), joint ventures, private equity, commercial, employment and regulatory advice, representing both regional and international clients.

Raimonds Slaidiņš (co-author Latvia), is a co-founder and partner in the firm Klavins Ellex. Over the years since Latvia's regained independence, Raimonds Slaidins has been advising a broad range of foreign investors and of institutional clients on major precedent-setting transactions and leads his firm's corporate and M&A practice group.

Reinis Sokolovs (co-author Latvia), specializes in corporate and commercial law, insolvency & restructuring and competition. He has more than ten years of experience in advising, conducting research and drafting of legal documents in a variety of business-related transactions.

Ehud Sol (author Israel), is a senior partner at Herzog Fox & Neeman (HFN) and heads the firm's Corporate and Securities Department. Ehud has led several of the most significant and notable M&A and Capital Market transactions in Israel. As one of the most creative minds in Israel's corporate legal market, Ehud's clients include renowned international and Israeli investors and corporations. Ehud also has considerable experience in Corporate and Securities litigation.

Wendy Stenning (co-author Cayman Islands), is an associate with Collas Crill, Attorneys at Law, George Town, Cayman Islands. She specializes in trust and general commercial law. She holds a law degree (LLB (Hons.)) from the University of Sussex. After she obtained her Legal Practice Certificate from Nottingham Law School, she was admitted as an Attorney-at-Law in the Cayman Islands in 2001. She is a member of the Cayman Islands Law Society, the Caymanian Bar Association and of the Society of Trust and Estate Practitioners.

Walter Douglas Stuber (author Brazil), is the founding partner of Walter Stuber Consultoria Jurídica, in São Paulo, Brazil. He was admitted to the Brazilian Bar Association in 1973 and is the author of various articles for Brazilian and international law journals, magazines, and newspapers on his practice areas (corporate, M&A, joint ventures, financial transactions and capital markets).

Hugo Teixeira (co-author Portugal), is an Associate Lawyer at Abreu Advogados since 2007. He graduated from the University of Lisbon Law School (2003), has an LLM in Finance from the Goethe Universität, Frankfurt and a Post-Graduation Course in Commercial Law from the Portuguese Catholic University Law School. Hugo has been involved primarily in matters related to Mergers & Acquisitions, Maritime Law and Transportation and Private Equity.

Dmitry Viltovsky (author Belarus), is a leading Belarusian lawyer in corporate law, M&A, as well as Labour law, Investment law etc. In these spheres, he gave

consultations within biggest deals in Belarusian market. As a result, his highest level of qualification and professional approach was admitted by Chambers Europe, IFLR 1000, Who's who legal and other worldwide legal rankings. Apart from legal practice, Dmitry received post-graduate degree at the National Center of Legislation and Legal Researches of the Republic of Belarus.

Dr Thorsten M. Volz (author European Union), is a partner of Pinsent Masons and leads Pinsent Masons' German energy practice and their Düsseldorf office. He has specialized in corporate law, energy law and Mergers & Acquisitions. Thorsten is now advising in the energy sector for more than twelve years. During his academic education, Thorsten worked as a research assistant at the Institute for Energy Law at the University of Cologne, was junior research fellow at the University of Oxford and visiting researcher at the Centre for Energy, Petroleum and Mineral Law and Policy. His doctoral thesis (PhD) dealt with a comparison of the network unbundling in UK and Germany. He qualified as a lawyer in 1999 and was admitted to the German Bar in 2004.

Anthony Woolley (co-author Mongolia), is a Counsel at Hogan Lovells (Mongolia) LLP. Anthony trained and qualified at Freshfields Bruckhaus Deringer in London. Anthony has been resident in Ulaanbaatar since March 2012, where he relocated after many years practising in London and a short period spent in Iraq. In Mongolia, Anthony's practice includes advising both international and domestic clients on acquisitions, financing and security, real estate, incorporations, insolvency, liquidations and restructuring, licensing, product labelling and compliance. Anthony has a BA and BSc from University of Auckland, an MSc from Nottingham University, and he completed his legal studies at BPP Law School. Anthony is admitted as a solicitor in England and Wales.

Liang Xu (author The People's Republic of China), is a partner in Beijing Office of Hogan Lovells LLP. He focuses on cross-border mergers and acquisitions (both inbound and outbound), joint ventures, private equity and other corporate transactions or regulatory matters concerning China. He was nominated as one of the Chambers Global's leaders in the field of China Corporate/M&A. Liang is qualified of both New York Bar Association and China Bar Association. Prior to joining Lovells Beijing in 2004, he was an in-house counsel with China Eastern Airlines Corporation Limited in Shanghai.

Tomasz Żak (author Poland), as a counsel in Hogan Lovells Corporate Department in Warsaw, Tomasz focuses his practice on M&A, Private Equity, and commercial contracts. Widely recognized as an expert and an excellent legal mind, Tomasz advises not only on a spectrum of domestic and international issues but also anticipates and helps clients solving a range of cutting-edge challenges. He also gives lectures at MBA studies and seminars on business law.

Contributors

Sarah Zhang (co-author *The People's Republic of China*), is a senior associate in Beijing Office of Hogan Lovells LLP. She graduated from Peking University in 2006 and obtained an LLM from Vanderbilt University in 2010. She is qualified of both New York Bar Association and China Bar Association. Her practicing areas include cross-border mergers and acquisitions, employment law and other general commercial or regulatory matters concerning China.

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Luxembourg

Alexander Koch

I NATIONAL BASICS AND NATIONAL LEGAL THEORIES OF DIRECTORS' LIABILITIES

The duties and liability of directors under Luxembourg legislation are primarily set forth in the law of 10 August 1915 on commercial companies, as amended from time to time (hereinafter the '*Law*'). Further provisions on directors' liability are contained notably in the Luxembourg Commercial Code, Civil Code and Criminal Code. In addition, the provisions under the articles of association of a Luxembourg company may impact the liability incurred by a director.

[A] One-Tier and Two-Tier System

As an alternative to the classic one-tier management structure consisting of a board of directors ('*conseil d'administration*'), the Law provides for the possibility of a two-tier structure consisting of a management board ('*directoire*') and a supervisory board ('*conseil de surveillance*') in the case of Luxembourg public limited liability companies ('*sociétés anonymes*' or '*SA*'). In the author's experience, the one-tier system remains predominant by far. Unless stated otherwise, any reference in this article to the board of directors (hereinafter the '*Board*') or directors shall be deemed to include the management board.

The directors' main duty is to manage the company and realize the corporate object. The Board is vested with the broadest powers to take any actions necessary or useful to realize the corporate object of the company, including the representation of the company with regard to third parties and in legal proceedings, except for the powers reserved by law or by the articles of association of the company for the general meeting of shareholders (or, in the case of the management board, for the supervisory

board and the general meeting). The matters reserved by law to the general meeting relate *inter alia* to any amendments of the articles, mergers or the approval of the annual accounts of the company.

Any limitations to these powers conferred upon the Board resulting either from the articles of association of the company or from a decision of the competent corporate bodies will as such not be valid with regard to third parties, even if they are published. Exception is however made to the representation of the company by one or more directors if the articles of association so authorize and such representation regime is duly published in the *Mémorial C, Recueil des Sociétés et Associations*.

[B] Chairperson and CEO

Pursuant to Article 64(2) of the Law, the Board of an SA shall elect a chairperson from among its members. The Law does not provide for any specific duties or powers of such chairperson other than a casting vote in the event of tie where there is no relevant provision in the articles of association.

The X Principles of Corporate Governance of the Luxembourg Stock Exchange¹ (hereinafter the '*X Principles*') set forth certain recommendations and guidelines in relation to duties and responsibilities of the chairperson of the Board of Luxembourg companies whose shares are listed on the said exchange. Whilst recommendations must be complied with by these companies or the selected adaptations be explained, guidelines are not binding. Pursuant to Recommendation 2.4, the chairperson of the Board shall prepare the agenda for Board meetings and 'ensure that the procedures relating to the Board meetings, the preparation of meetings, deliberations, and for taking and implementing decisions, are correctly applied'.

The Law does not mention the position of Chief Executive Officer ('CEO'). Pursuant to Article 60 of the Law, 'the day-to-day management of the company's business and the power to represent the company with respect thereto may be delegated to one or more directors, officers, managers or other agents, who may but are not required to be members, acting either alone or jointly'. In practice, the person (or respectively the chair of the committee) to whom such day-to-day management is delegated is sometimes conferred on the title 'CEO'; from a legal standpoint, it is however not the title assigned but rather the powers delegated that matter.

Under the X Principles, the Board is obliged to 'set up an effective structure of executive management'.² Such executive management shall be consigned to a management body endowed with the necessary powers for the 'proper discharge'³ of their defined assignments and duties and shall be led by an individual other than the Board's chairperson, whose duties and responsibilities shall be clearly distinct from those of this chairperson and who is referred to as CEO.⁴ The CEO shall be consulted notably in

1. Third edition-revised version available online at: <https://www.bourse.lu/corporate-governance>.

2. Principle 7 of the X Principles.

3. *Ibid.*

4. Recommendation 1.3 of the X Principles.

connection with the preparation of the agenda for Board meetings⁵ and ex officio in relation to the appointment of executive managers⁶ and should be closely involved in the establishment of ‘the organisational and operating principles’⁷ governing the executive management.

[C] Board Structures

In a one-tier structure, the board of directors is entrusted with the company’s management (see section I[A] *infra*). In principle, the board of directors shall be made up of at least three members. If the SA has a sole shareholder, a single director is sufficient. An SA with usually not less than 1,000 employees over the three most recent years must in this structure have a minimum of nine directors.⁸ Pursuant to Article 64(1) of the Law, the directors form a collegiate body which shall deliberate in accordance with the articles of association and, in the absence of provisions in that respect, in accordance with the ordinary rules for deliberating assemblies.

In a two-tier structure, a management board, under the supervision of a supervisory board, is responsible for the company’s management (see section I[A] *infra*). Pursuant to Article 60bis-11(1) of the Law, the supervisory board shall carry out the permanent supervision of the management of the company by the management board, without yet being authorized to interfere with such management. It is notably entitled to receive information and undertake investigations necessary for the performance of its duties.

The number of members of the management board is laid down in the articles of association or, failing that, by the supervisory board and must be at least two. However, in a single-shareholder SA or a SA whose capital is less than EUR 500,000, a single person may exercise the functions granted to the management board. The supervisory board must in principle consist of at least three members. The supervisory board of an SA with a single shareholder can yet be made up of one member. The supervisory board of an SA with usually not less than 1,000 employees over the three most recent years must have a minimum of nine members.

The Law does not specify a maximum number of Board members. The X Principles recommend an ‘appropriate size in order to facilitate effective decision-making’,⁹ whereby a maximum of sixteen directors may be deemed a reasonable limit for listed companies. There are no legal provisions that would require a specific composition of the Board based on nationality, residency, age or sex of the directors.

5. Recommendation 2.4 of the X Principles.

6. Recommendation 4.13 of the X Principles.

7. Guideline 2 to Recommendation 7.1 of the X Principles.

8. See Art. L.426-2 of the Luxembourg Labour Code.

9. Recommendation 3.3 of the X Principles.

[D] Directors' Elections and Term of Appointment/Staggering

Article 51 (3) of the Law determines that the directors shall be appointed by the general meeting of shareholders for a term which may not exceed six years and is in principle renewable.¹⁰ The general meeting further determines the number (within the limits described under section I[C] *infra*) and the remuneration of the directors. Where a legal entity is appointed as director, it shall designate a permanent representative to exercise that duty in the name and on behalf of the legal entity.

In case of vacancy of the office of a director appointed by the general meeting, the remaining directors so appointed may, unless the articles of association provide otherwise, fill the vacancy on a provisional basis. In such circumstances, the next general meeting shall make the final appointment.

The articles of association may provide for staggered Boards. Even though it is common to see Boards made up of different classes of directors, it is in practice rather seldom that each class serves for a different term length than the other.

[E] Delegation

Luxembourg law does not allow for the Board to delegate its overall powers, thereby depriving itself of the very substance of its authority as corporate body. The Board may yet confer certain powers and/or special duties on any Board member(s) or other person(s). Any delegation is conducted under the authority and supervision of the Board and may be revoked *ad nutum* and without cause.

The Board as a collegiate body (see section I[C] *infra*) may notably delegate the powers to conduct the company's day-to-day management and represent the company in relation to such day-to-day management to any Board member(s) or other person(s) on such terms as the Board shall determine (see section I[B] *infra*). The delegation of the day-to-day management in favour of a member of the Board shall entail the obligation of the Board to report each year to the ordinary general meeting on the salary, fees and any advantages granted to the delegate. The term 'day-to-day management' is not defined in the Law; it needs to be interpreted in the light of the type and specific nature of the relevant company's operations and shall not encompass matters of global strategy or general policies.

The Board may also establish any committee(s) and determine their composition and purpose. Pursuant to Principle 3 of the X Principles, the Board of companies listed on the Luxembourg Stock Exchange 'shall establish the special committees necessary for the proper execution of its remit'.

Pursuant to Articles 60*bis* and 60*bis*-9 of the Law, the company shall be bound by any acts of the Board or the directors with capacity to represent the company (see section I[A] *infra*) or by the person entrusted with day-to-day management, even if

10. Pursuant to Arts L. 426-4 et seq. of the Luxembourg Labour Code, the members of the board of directors or supervisory board representing the company personnel in an SA with usually not less than 1,000 employees over the three most recent years shall be appointed by the company's delegations from among the employees.

such acts exceed the corporate purpose, unless it can prove that the third party knew that the act exceeded the corporate purpose or could not in view of the circumstances have been unaware of it, without the mere publication of the articles of association constituting such proof.

[F] Removal of Directors

In the one-tier management structure, the directors may be removed from office by the general meeting of shareholders. In the two-tier system, the members of the management board may be removed by the supervisory board and, where provided for in the articles of association, by the general meeting; the members of the supervisory board may be revoked by the general meeting of shareholders. Any such removal may be made at any time and without cause.

II RECENT CASES DEALING WITH DIRECTORS' LIABILITY

Recent Luxembourg case law on directors' liabilities seems somewhat limited. According to Luxembourg jurisprudence, a judge may in his/her analysis of any potential liability of a director not ignore the difficult assessments of fact that a director has to make during the decision-taking process.¹¹ A director may however be held liable in tort towards third parties as a result of a wrongdoing (*'faute'*) pursuant to Article 1382 of the Luxembourg Civil Code only if such wrongdoing is particularly serious and personally imputable and hence detached from their function as director.¹²

Based on case law, the lack of complete and regular accounting constitutes a serious wrongdoing (*'faute grave'*) of the director as it makes it impossible for the director to know the financial situation of the company and its future prospects.¹³ This may trigger a personal liability of the director for outstanding company debt in the event of any deficiency in assets in an insolvency scenario further to Article 495-1 of the Luxembourg Commercial Code.

III JUDICIAL REVIEW (FOR EXAMPLE, TIGHTENING OF STANDARDS?)

Whilst the Luxembourg statutory rules on civil liability have traditionally remained unchanged, the provisions on criminal liability have evolved and tightened, including the liability of the directors in case of bankruptcy.

Section XI of the Law on criminal law provisions has seen various amendments over time. For example, the offence of misuse of corporate assets by directors for personal purposes or for the benefit of another company or undertaking in which they had a direct or indirect interest has been introduced (Article 171-1 of the Law).

11. Cour d'appel Luxembourg, 28 November 2012, roll no. 38199.

12. Tribunal d'arrondissement. Luxembourg, 24 October 2010, *Bull. d'information sur la jurisprudence de la CJBL*, no. 2, 2008, p. 29.

13. Cour d'appel Luxembourg, 11 July 2012, roll nos 35838, 35930, 36069 and 36076.

The Luxembourg law of 3 March 2010 introduced the concept of criminal liability of corporate entities. As a result, an entity in whose name and interest a crime or an offence has been committed by its corporate bodies or directors may be held criminally liable (Article 34 of the Criminal Code) and incur on certain conditions penalties in the form of fines, special confiscation, exclusion from participation in public markets and/or dissolution (Article 35 of the Criminal Code).

IV CORPORATE GOVERNANCE

The focus on corporate governance rules has increased since the recent financial crisis. The provisions of the Law on the functioning of the Board and the general meeting of shareholders are, alongside the relevant rules of the Commercial Code and the Civil Code, the key source of corporate governance. The articles of association (and the X Principles for companies listed on the Luxembourg Stock Exchange) also play an important part.

Generally, the directors shall manage the business of the company as reasonably prudent businessmen (*'bon père de famille'*) in good faith (*'de bonne foi'*) and therefore accomplish their task with due care, in a competent, prudent, diligent and active manner.¹⁴ The directors have a general duty of care and confidentiality owed primarily to the company. The directors must always act within the scope of the corporate object, in the company's best corporate interest and in compliance with its articles of association and Luxembourg law.

The Board is obliged to report to the company's shareholders (who themselves shall not interfere in the management), notably by way of preparation and submission to the shareholders of annual accounts and a management report.

Any director having an interest in a transaction submitted for approval to the Board and which conflicts with the interests of the company, shall advise the Board thereof and cause a record of his statement to be included in the minutes of the meeting. He may not take part in these deliberations. At the next following general meeting, before any other resolution is put to vote, a special report shall be made on any transactions in which any of the directors may have had an interest conflicting with that of the company. Where the company has a single director, only transactions made between the company and its director having an interest conflicting with that of the company shall be mentioned in the minutes, and if it relates to a member of the management board, the transactions shall in addition require the authorization of the supervisory board.

V LIABILITY ISSUES

The Board and any director may be subject to liability for wrongdoing pursuant to various legal provisions.

14. Tribunal d'arrondissement Luxembourg, 13 May 2002, roll nos 66466 and 66486.

[A] Who Can Sue?

The capacity to sue depends on the type of liability incurred by the directors.

[1] Liability for Mismanagement (Article 59(1) of the Law)

Pursuant to Article 59(1) of the Law, the directors shall be liable to the company in accordance with general law for the execution of the mandate granted to them and for any misconduct in the management of the company's affairs.

The relationship between the company and the directors is regarded as contractual in nature.¹⁵ The company bringing a legal action hereunder must prove the misconduct and a loss caused by such misconduct. The right to sue for breach of Article 59(1) of the Law is vested in the company itself, not in creditors or individual shareholders. An action against the directors may be initiated in the name and on behalf of the company: (i) by way of a resolution taken by the general meeting of shareholders¹⁶ with a simple majority of the votes passed, (ii) in the event of the company's bankruptcy, by way of a resolution taken by the bankruptcy trustee, and (iii) in the event of the company's liquidation, by way of a resolution taken by the liquidator.

[2] Liability for Breach of the Law or the Articles of Association (Article 59(2) of the Law)

Pursuant to Article 59(2) of the Law, the directors are jointly liable towards the company, its shareholders and any other third parties for damages resulting from the violation of a provision of the Law and/or of the articles of association. Therefore, the company (see section V[A][1] *infra* on the competent body or person) as well as any third party are entitled to bring a legal action against the directors provided any such person can establish a violation of the Law or the articles of association by the directors that has caused him a loss.

[3] Liability in Tort (Articles 1382 and 1383 of the Civil Code)

Pursuant to Articles 1382 and 1383 of the Civil Code, the company, the shareholders or any third party may hold the directors liable for certain wrongdoing (including acts, omissions, negligence and imprudence) that caused them damage. The claimant bears the burden of proving the wrongdoing and the damage caused to him by this wrongdoing.

15. Tribunal d'arrondissement Luxembourg, 29 March 1985, roll no. 221/85.

16. Cour d'appel Luxembourg, 26 November 2011, roll no. 35784.

[4] Liability under Criminal Law

The public prosecutor's office may bring charges against a director or a company that has committed a criminal offence. The Law contains *inter alia* the following criminal law provisions (see also section III *infra*):

- the failure to submit to the general meeting within six months after the end of the financial year, the annual accounts, the consolidated accounts and the management report and the failure to duly publish such documents with applicable law (Article 163 2° of the Law – sanctioned by a fine of EUR 500 to EUR 25,000);
- the distribution of fictitious dividends to shareholders (Article 167 of the Law – sanctioned by a jail term of between one month to two years and a fine of EUR 5,000 to EUR 125,000).

[B] Who Can Be Sued?

The answer to who may be sued depends on the type of liability incurred.

[1] Liability for Mismanagement (Article 59(1) of the Law)

A director may be sued for mismanagement pursuant to Article 59(1) of the Law. The directors are in an agency relationship with the company and its shareholders and have a duty of diligence with regard to the management of the company's business (see also section IV *infra*). Luxembourg courts consider mismanagement of any director to be the failure to comply with the rules that define the conduct of a normally diligent director, having the benefit, when making the decision, of the same knowledge and information as any director acting in the same circumstances.¹⁷ A director may incur liability for mere passive attitude or negligence.

[2] Liability for Breach of the Law or the Articles of Association (Article 59(2) of the Law)

A director may incur a liability under Article 59(2) of the Law only if his misconduct constitutes a breach of the Law or of the articles of association of the company. A complete lack of action by the directors would as well constitute a breach of the directors' duties under Article 59(2) of the Law.

[3] Liability in Tort (Articles 1382 and 1383 of the Civil Code)

A director may be liable in tort where a wrongdoing on his part having caused damage can be established. However, it seems that Luxembourg courts would so far only agree

17. Cour d'appel Luxembourg, 27 February 1973, *Pas. lux.*, 23, p. 481.

to refer to this general civil liability if the wrongdoing of the director falls outside the ordinary scope of the director's management activities (see also section II *infra*). Indeed, for the purposes of the general liability under civil law, the courts are inclined to recognize insofar a certain degree of immunity for any management action taken by the directors. In this case, the prejudiced third party would need to sue the company rather than its directors.

[4] Liability under Criminal Law

A director may further be held liable for having committed a crime or criminal offence (see also section V[A][4] *infra*) as defined by penal law.

In addition, pursuant to the Luxembourg law of 3 March 2010, corporate entities may be held criminally liable for crimes or offences committed by its corporate bodies or directors in their name and interest (see section III *infra*). Any such liability of the legal entity does not preclude the possibility to hold any individual having committed the same crimes or offences personally liable.

[C] De Facto Directors

A de facto director is distinguished from a *de iure* director for lack of formal appointment. Even though technically not being a director, a de facto director regularly¹⁸ and independently¹⁹ performs acts or duties of an appointed director and/or represents the company and may therefore be held liable.

The relationship between the company and the de facto director is tort by nature. A de facto director may thus be held liable for tort on the basis of Articles 1382 and 1383 of the Civil Code. The liability of a de facto director does yet not impact any potential liability of the *de iure* directors.

[D] Thresholds and Limitations/Caps of Liabilities

Luxembourg law does not provide as such for any thresholds or limitations with respect to directors' liability. However, certain measures further described in sections VI, VII and VIII *supra* may help to limit the directors' liability risk.

[E] Joint Liability/Solidarity

[1] Liability for Mismanagement (Article 59(1) of the Law)

The directors' liability under Article 59(1) of the Law, being contractual in kind with regard to the company, constitutes an individual liability of any given director. In

18. Tribunal d'arrondissement Luxembourg, 2 December 1987, no. 2022/87.

19. Cour d'appel Luxembourg, 11 July 2012, roll nos 35838, 35930, 36069 and 36076.

accordance with Article 1995 of the Civil Code, there is no joint liability among directors for any director's mismanagement pursuant to Article 59(1) of the Law. Where several directors are involved in a specific misconduct, any of them could be held severally liable (*'in solidum'*) for the entire damage caused.

**[2] Liability for Breach of the Law or the Articles of Association
(Article 59(2) of the Law)**

The directors are as such jointly and severally liable for any damage caused by their breach of the Law or the articles of association. Any director may be discharged of this liability only if: (i) they were not party to the misconduct, (ii) it was not attributable to them and (iii) they have reported such breach to the first general meeting after he has acquired knowledge thereof. Good faith in itself is therefore insufficient for a director to be discharged from this liability.²⁰ The directors may not invoke against third parties that any misconduct had been approved by the company's general meeting of shareholders.

[3] Liability in Tort

Liability in tort is personal and a director is therefore individually liable for any wrongdoing committed by him/her under Article 1382 of the Civil Code.

[4] Liability under Criminal Law

Criminal liability is personal and may thus be incurred by any *de iure* or *de facto* director whose conduct meets the criteria of any given crime or criminal offence.

[F] Derivative Actions

Creditors of a company may under certain circumstances institute an action on behalf of the company if the latter fails to do so and if such failure harms the company's creditors (Article 1166 of the Civil Code). Since creditors merely exercise a right of their debtor (i.e., the company), any profit from the action returns to the debtor. Creditors may also challenge, in their own name, any fraudulent actions taken by the company depriving them of their rights (Article 1167 of the Civil Code).

The bill no. 5730 relating to the modernization of the Law and the Luxembourg law of 19 December 2002 on the trade and companies register and the accounting and annual accounts of companies (hereinafter the '*Voted Bill*'), which was voted on by the Luxembourg Parliament on 13 July 2016 but yet has to enter into force, entitles any minority shareholder(s) and holder(s) of beneficiary certificates having, at the general

20. Cour d'appel Luxembourg, Cour, 27 February 1973, *Pas. lux.* 23, 482, 485.

meeting resolving on the discharge, at least 10% of the voting rights attached to all such securities to take legal action against the directors or members of the supervisory board on behalf of the company.

[G] Relevance of Bankruptcy of the Company with Respect to Directors' Liability

In the vicinity of a company's bankruptcy, specific duties are incumbent on the directors and the specific liability rules set forth in the Luxembourg Commercial Code may apply notably where it is established that the directors' misconduct has contributed to the bankruptcy of the company.

The directors of a company that is unable to pay its debts when they become due (*'cessation de paiements'*) and is no longer able to raise any credit (*'ébranlement du crédit'*) shall, within one month thereof, file for the bankruptcy of the company at the clerk's office of the competent commercial court. If the directors omit to act in accordance herewith, they may be sued, under certain circumstances, for negligent or fraudulent bankruptcy, both of which constitute criminal offences under Luxembourg law (Articles 573-578 of the Commercial Code).

Where a director has contributed to the company's bankruptcy by gross and manifest negligence (*'faute grave et caractérisée'*), the competent commercial court may pursuant to Article 444-1 of the Commercial Code declare that this director be prohibited from exercising any commercial activity or function as director, auditor or any function conferring a power to bind a company during a period ranging from one to twenty years.

In the event of the company's bankruptcy, a director may be deemed personally accountable for the bankruptcy and consequently liable for all debts of the company if the conditions set forth in Article 495 of the Commercial Code are met. In particular, the directors may be declared personally liable if they: (i) on behalf of the company, acted in their own interest; (ii) disposed of the company's property as their own; or (iii) improperly pursued, for their own benefit, an operating deficit when it was clear that this would lead to a suspension of payments.

Moreover, in the event of a deficiency of assets, the court may, upon request of the bankruptcy trustee, order the directors to bear, jointly or severally, the debts of the company if their gross and manifest negligence contributed to the bankruptcy of the company (Article 495-1 of the Commercial Code).

VI INDEMNIFICATION

Indemnification of directors against financial consequences of legal actions aiming at the directors' personal liability is, within certain limits, permitted under Luxembourg law. Any such indemnification must be in the corporate interest of the company providing it and may not cover gross negligence, wilful misconduct, fraud or criminal sanctions. In view of the considerable liability and financial risks inherent to a

director's position, it seems legitimate that the company undertakes to indemnify the director in connection with his mandate for simple negligence.

VII DIRECTORS' AND OFFICERS' INSURANCE

The directors' and officers' insurance, which operates when a director is personally subject to legal action, is as such compliant with Luxembourg law and common practice at least for listed companies. The directors' and officers' insurance does not cover fraud or criminal penalties.

VIII OTHER METHODS OF PROTECTION

[A] Discharge

The risk for directors of being sued by the company on grounds of management errors can be limited if the general meeting grants discharge to the directors for the exercise of their mandate. Pursuant to Article 74(2) of the Law, after approval of the annual accounts, the general meeting shall vote specifically as to whether discharge (*'quitus'*) is given notably to the directors. By granting discharge to the directors for the exercise of their mandate for the period covered by the annual accounts presented to and approved by such general meeting, the liability of the discharged directors based on the mandate is extinguished with regard to the company and the company is precluded from legal actions against the discharged directors pursuant to Article 59(1) of the Law. This preclusion extends to the company's shareholders and applies as well if the company's shareholders subsequently change.

Such discharge shall however be valid only if the annual accounts contain no omission or false information concealing the true situation of the company and, with regard to any acts carried out which fall outside the scope of the articles of association, if they have been specifically indicated in the convening notice. The discharge of any directors may never extend to wilful misconduct or criminal offences. In addition, proceedings initiated by third parties are not affected by the discharge.

[B] Resignation

The resignation as director may be considered the last resort to eliminate any potential liability linked to the mandate in the future. Any director may in principle resign at any given time without cause. They however need to ensure that the resignation is not made at an inopportune moment which may put the proper functioning of the company at risk, in order not to be exposed to claims for damages. Any resigned directors will remain liable for any wrongdoing committed prior to their resignation, even if the relevant damage caused thereby occurs only after the resignation.

IX FORECAST ON FUTURE LEGISLATION DEVELOPMENT

The most significant evolution in Luxembourg company law relates to the Voted Bill (see also section V[F] *infra*). It aims at comprehensively reforming and modernizing the Law and will become effective once published in the Luxembourg Official Journal (*Mémorial A*). Among the numerous proposed amendments are for example:

- the introduction of a managing director (*‘directeur général’*) and an executive committee (*‘comité de direction’*), to whom the Board may delegate its management powers (save powers on general policy and the overall competence reserved to the Board). Their appointment or formation is binding on third parties if duly published. They shall be submitted to the same liability rules applicable to the directors;
- restatement of Article 100 of the Law relating to the possible liquidation of the company as a result of its net asset value falling below half of the share capital. The directors may be declared personally and jointly liable with regard to the company for the increase in the loss where the Board does not comply notably with its obligations to prepare a special report setting out the reasons for the situation and to convene a general meeting of shareholders to vote on the potential liquidation of the company and any other measures indicated in the meeting’s agenda.