Dear Contributor,

We would like to thank you for your participation in the Doing Business project. Your expertise is essential to the success of the Doing Business report, which benchmarks business regulations in 189 economies worldwide and is one of the four flagship publications of the World Bank Group. The protecting minority investors indicator measures legal protections afforded to minority shareholders of domestic corporations, and is one of the 11 indicator sets published by the report.

The report attracts much attention around the world. The latest edition, Doing Business 2015: Going Beyond Efficiency, received over 4,000 media citations within two weeks of its publication on October 29, 2014. The coverage spanned major global, regional and local media outlets, from print and broadcast to the web. The Doing Business website had over 800,000 page views and more than 54,000 downloads in the first two weeks after the report’s launch.

Governments worldwide read the report with interest every year, and your contribution makes it possible to disseminate regulatory best practices that continue to inspire their reform efforts. In the past ten years the project recorded 149 reforms in 98 economies improving the protection of minority shareholders.

We are honored to be able to count on your expertise this year by completing the following:

- Please review the assumptions of the case study before updating last year’s consolidated information in the questionnaire;
- Please describe any reform that has affected the rights of minority shareholders since June 1, 2014;
- Please update your contact information if necessary, so that we can mail you a complimentary copy of the report.

Sincerely,

Nadine Abi Chakra
Tel: +1 (202) 458-9096
Email: nabichakra@ifc.org

Hervé Kaddoura
Tel: +1 (202) 473-6738
Email: hkaddoura@worldbank.org

Tanya Santillan
Tel: +1 (202) 473-6369
Email: tsantillan@ifc.org
Primary Contributor Information: Please check the box next to information you do not want us to publish.

<table>
<thead>
<tr>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title (Mr., Ms., Dr.) [ ]</td>
</tr>
<tr>
<td>First Name [ ]</td>
</tr>
<tr>
<td>Last Name [ ]</td>
</tr>
</tbody>
</table>

Never Published

| Position (e.g. manager, associate, partner) [ ] |
| Profession (e.g. judge, lawyer, architect) [ ] |

Contact details

| Firm name [ ] |
| Website [ ] |
| E-mail address [ ] |
| Phone [ ] |
| Fax [ ] |
| Mobile phone [ ] |

Never Published

Firm Address

| Street [ ] |
| City [ ] |
| P.O. Box [ ] |
| Zip/Postal code [ ] |
| State/Province [ ] |
| Country [ ] |

Additional Contributor(s): If there are more people whom you would like us to acknowledge, kindly send us an e-mail.

<table>
<thead>
<tr>
<th>Name</th>
<th>Occupation</th>
<th>Email</th>
<th>Phone</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>[title] [first name] [last name] [firm] [position] [profession] [email] [phone] [mobile] [street] [state/province] [city/country]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[title] [first name] [last name] [firm] [position] [profession] [email] [phone] [mobile] [street] [state/province] [city/country]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[title] [first name] [last name] [firm] [position] [profession] [email] [phone] [mobile] [street] [state/province] [city/country]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Paperless Option for Complimentary Report and Certificate

Last year Doing Business contributors saved nearly half a million pieces of paper by selecting the paperless report option. We welcome you to join us in conserving resources:

Please e-mail me an electronic copy of the report and my certificate of appreciation, rather than mailing me a paper copy.
Did any reform (e.g. a new act, code, law, decree, order, supreme court decision, amendment, stock exchange listing rule) affecting the internal governance of corporations, the regulation of related-party transactions, disclosure obligations, liability of company executives or access to evidence in civil litigations enter into force between June 1, 2014 and June 1, 2015? If yes, please provide the information below.

Name of the legislation:
Date of adoption:
Date of entry into force:
Link to electronic copy:
Description of the reform:

### I. GENERAL CORPORATE MATTERS

Buyer Co. ("Buyer") is a manufacturing company that has not adopted specific bylaws or articles of association that differ from default corporate law or securities regulations, and does not follow any code of corporate governance, model charter, or code of good practice, unless it is mandatory.

Buyer is assumed to be a publicly traded listed corporation or its functional equivalent under the economy’s legislation. Examples include JSC, PLC, C Corp, SE, AG and SA.

For a subset of the questions, we also ask what the answer would be if Buyer were a private limited company or its functional equivalent. Examples include Ltd, LLC, SPE, GmbH, SRO and SARL.

### 1. Shareholder Rights

#### ■ Does the sale of 51% of Buyer’s assets require approval of shareholders?

<table>
<thead>
<tr>
<th>Last year</th>
<th>This year</th>
</tr>
</thead>
<tbody>
<tr>
<td>If Buyer is a publicly traded listed corporation</td>
<td></td>
</tr>
<tr>
<td>If Buyer is a limited company</td>
<td></td>
</tr>
</tbody>
</table>

**Applicable provisions:**

**Comments (please specify the triggering percentage):**

#### ■ Can shareholders owning 10% of Buyer’s share capital call for an extraordinary meeting of shareholders?

| If Buyer is a publicly traded listed corporation |
| If Buyer is a limited company |

**Applicable provisions:**

**Comments (please specify the percentage needed):**

#### ■ Must Buyer obtain shareholder approval to issue unissued share up to its authorized share capital?

| If Buyer is a publicly traded listed corporation |
| If Buyer is a limited company |

**Applicable provisions:**

**Comments:**

#### ■ Are shareholders automatically granted subscription (preemption) rights on new shares?

| If Buyer is a publicly traded listed corporation |
| If Buyer is a limited company |

**Applicable provisions:**

**Comments:**

#### ■ Must shareholders approve the election and dismissal of the external auditor?

| If Buyer is a publicly traded listed corporation |

**Applicable provisions:**

**Comments:**
Applicable provisions:
Comments:

■ Must changes to the voting rights of a series or class of shares be approved only by the holders of the affected shares?

If Buyer is a publicly traded listed corporation
If Buyer is a limited company

Applicable provisions:
Comments:

■ Are restrictions on trading of shares prior to a major corporate action or meeting of shareholders (shareblocking) disallowed?

If Buyer is a publicly traded listed corporation

Applicable provisions:
Comments:

■ Must Buyer distribute profits or pay dividends within a set maximum time period from the declaration date?

If Buyer is a publicly traded listed corporation
If Buyer is a limited company

Applicable provisions:
Comments:

2. Ownership and Control

■ Is the CEO barred from also serving as chair of the board of directors?
Answer yes if the majority of companies follow a 2-tier board structure.

If Buyer is a publicly traded listed corporation
If Buyer is a limited company

Applicable provisions:
Comments:

■ Must the board of directors (or supervisory board) include independent and non-executive board members?
- Independent board members are defined as not owning shares in the company, and otherwise not having any material or pecuniary relationship with the company directly or indirectly through related persons, except for sitting fees.
- Non-executive board members are defined as not being employees of the company or affiliated with it in any way whether directly or indirectly, and more generally not being involved in its day-to-day activities.

If Buyer is a publicly traded listed corporation

Applicable provisions:
Comments (please specify if a showing of cause or good reason to dismiss is required, or if terms are limited to 1 year):

■ Can shareholders remove members of the board of directors before the end of their term? (members of the supervisory board in a 2-tier structure)

If Buyer is a publicly traded listed corporation
If Buyer is a private limited company

Applicable provisions:
Comments:

■ Must Buyer have a separate audit committee?
An audit committee is defined as a subcommittee of the board of directors, composed exclusively of board members.
If Buyer is a publicly traded listed corporation - Click to Select -

**Applicable provisions:**
**Comments (please specify if it must include independent directors and if it must be chaired by an independent director):**

■ Is there a percentage of acquired shares which triggers a mandatory bid rule, requiring a potential acquirer to make a tender offer to all remaining shareholders?

If Buyer is a publicly traded listed corporation - Click to Select -
If Buyer is a limited company - Click to Select -

**Applicable provisions:**
**Comments (please specify the triggering percentage):**

■ Is cross-shareholding between two independent companies limited to 10% of outstanding shares?
Assume Buyer owns 11% of another incorporated entity. Is that entity restricted from later purchasing 11% of Buyer’s shares?

If Buyer is a publicly traded listed corporation - Click to Select -

**Applicable provisions:**
**Comments:**

■ Is a subsidiary barred from acquiring shares issued by its parent company?
Assume Buyer owns more than 50% of another separate incorporated entity. Is that entity restricted from becoming the record owner of Buyer’s shares?

If Buyer is a publicly traded listed corporation - Click to Select -

**Applicable provisions:**
**Comments:**

---

### 3. Corporate Transparency

■ Can shareholders who hold 5% of Buyer's share capital put items on the general meeting agenda?

If Buyer is a publicly traded listed corporation - Click to Select -
If Buyer is a limited company - Click to Select -

**Applicable provisions:**
**Comments (please specify the percentage needed):**

■ Must the notice of shareholder meeting be published 30 days in advance and contain sufficient information?
Sufficient information is defined as clearly stating the matter which is to be brought before the meeting for resolution, and all of the following: i) reference information required regarding any external acts; ii) location, day and time of the meeting; iii) the type of meeting, whether general or extraordinary; iv) requirements relating to participation and exercise of voting rights; v) meeting’s agenda; vi) description of the way in which postal voting is processed including the address, physical or electronic, safety measures, the deadline for receiving the voting ballots and the date for their count.

If Buyer is a publicly traded listed corporation - Click to Select -
If Buyer is a limited company - Click to Select -

**Applicable provisions:**
**Comments (please specify the notice period):**

■ Must Buyer disclose ultimate beneficial ownership stakes (i.e. direct and/or indirect) representing 5%?
Including disclosure whenever an existing shareholder has now reached 5% through the purchase of additional shares.

If Buyer is a publicly traded listed corporation - Click to Select -

**Applicable provisions:**
**Comments:**
Must information on other activities and directorships held by board members as well as on their primary employment be disclosed?

If Buyer is a publicly traded listed corporation

Applicable provisions:

Comments:

Must the compensation of individual directors and high-ranking officers be disclosed, including bonuses and incentive schemes? (or members of the supervisory board and the management board)

If Buyer is a publicly traded listed corporation

Applicable provisions:

Comments:

Must annual financial statements be audited by an external auditor?

If Buyer is a publicly traded listed corporation

If Buyer is a limited company

Applicable provisions:

Comments:

Must audit reports be disclosed to the public?

If Buyer is a publicly traded listed corporation

Applicable provisions:

Comments:

II. CONFLICT OF INTEREST CASE STUDY

- Our manufacturing company Buyer is not state-owned and has issued stock that is publicly traded and is listed on your country’s largest stock exchange. If there is no stock exchange in your country, or if there are fewer than 10 firms actively traded on your country’s stock exchange, please assume that Buyer is a privately held joint-stock company with a large number of shareholders.
- Buyer does not follow any code of corporate governance, model charter, or code of good practice, unless it is mandatory (i.e. unless its non-observance results in sanctions from the stock exchange regulator or creates a cause of action for shareholders in civil jurisdictions).
- Mr. James owns 60% of Buyer. He sits on the 5-member board of directors together with 2 other directors whom he elected. Please note that Mr. James is not the CEO.
- If your country requires a supervisory board that is appointed at least in part by shareholders, assume that Mr. James has elected 60% of the shareholder-elected members of the supervisory board. Assume also that the 5-member board of directors then includes Mr. James himself as well as 2 other members who were designated or proposed by Mr. James’s members on the supervisory board.
- Mr. James also owns 90% of Seller Co. (“Seller”), which operates a chain of retail stores. Seller is facing financial problems and recently shut a large number of its stores. As a result, many of its trucks are not being used.
- Mr. James proposes to Buyer that Buyer purchase Seller’s unused fleet of trucks to expand Buyer’s distribution of its products. Buyer agrees and enters into the transaction.
- All required approvals are obtained and all mandatory disclosures are made. Under the final terms of the transaction, Buyer pays Seller a cash amount equal to 10% of Buyer’s assets to acquire the trucks. If Mr. James can lawfully vote on the transaction as a member of Buyer’s board of directors or as a shareholder please assume he is the deciding vote in favor of the transaction.
- Assume that the transaction is part of Buyer’s ordinary course of business and is not ultra vires (i.e. is not outside the power or authority of Buyer).
**DOING BUSINESS 2016. PROTECTING MINORITY INVESTORS. 7**

- The price of the trucks is above market value and the transaction causes damages to Buyer. Minority shareholders of Buyer sue Mr. James and the parties who approved the transaction.

---

1. Approval and Disclosure

- Who must provide the final approval to authorize Buyer’s acquisition of Seller’s trucks?

- Click to Select-

**Applicable provisions:**

- Must an independent body, external to the company, review the transaction prior to its execution (e.g. external auditor, outside financial advisor, stock exchange or regulator)?

If yes, what is its name?

**Applicable provisions:**

- What information about the Buyer-Seller transaction must Mr. James disclose to the board of directors before the transaction is concluded?

- Click to Select-

**Applicable provisions:**

- Which information about the Buyer-Seller transaction must be disclosed by Buyer (i) to the public, the regulator or the stock exchange immediately (within 72 hours of closing the transaction), and (ii) in its annual financial statement?

<table>
<thead>
<tr>
<th></th>
<th>A description of the assets purchased by Buyer</th>
<th>The nature and amount of consideration paid by Buyer to Seller</th>
<th>Mr. James’ ownership interest and/or director position in Buyer</th>
<th>The fact that Mr. James owns 90% of Seller</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 72 hours to the public</td>
<td>-Click to Select-</td>
<td>-Click to Select-</td>
<td>-Click to Select-</td>
<td>-Click to Select-</td>
</tr>
<tr>
<td>In the annual financial statement</td>
<td>-Click to Select-</td>
<td>-Click to Select-</td>
<td>-Click to Select-</td>
<td>-Click to Select-</td>
</tr>
</tbody>
</table>

2. Shareholder Action

- Can a shareholder (or a group of shareholders) representing 10% of Buyer’s shares sue Mr. James for harm caused to Buyer by the transaction?

- Click to Select-
Applicable provisions:

- What is the lowest degree of wrongdoing or least demanding cause of action that would be sufficient for shareholders to hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?

- What is the lowest degree of wrongdoing or least demanding cause of action that would be sufficient for shareholders to hold the rest of the board of directors liable for the damage that the Buyer-Seller transaction causes to the company?

- If shareholders are successful in their action(s) against Mr. James, what remedies are available?

<table>
<thead>
<tr>
<th>Last year</th>
<th>This year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. James pays damages:</td>
<td>-Click to Select-</td>
</tr>
<tr>
<td>Mr. James repays personal profits made from the transaction:</td>
<td>-Click to Select-</td>
</tr>
</tbody>
</table>

Applicable provisions:

- Assuming no fraud was committed and that Mr. James complied with all disclosure and approval mechanisms required by law, will Mr. James be fined, sentenced to jail or disqualified (forbidden by court order from becoming involved in the management of any company for at least 1 year)?

<table>
<thead>
<tr>
<th>Last year</th>
<th>This year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. James pays punitive fines to the government:</td>
<td>-Click to Select-</td>
</tr>
<tr>
<td>Mr. James is put in jail:</td>
<td>-Click to Select-</td>
</tr>
<tr>
<td>Mr. James is disqualified:</td>
<td>-Click to Select-</td>
</tr>
</tbody>
</table>

Applicable provisions:

- Can Buyer's shareholders undo or rescind the transaction?

Applicable provisions:

- What is the standard of proof or level of certainty that courts must reach in order to hold defendants liable in a civil action brought by shareholders (e.g., beyond a reasonable doubt, clear and convincing evidence, intimate conviction, preponderance of the evidence, balance of probabilities):

  For a civil claim?
  For a criminal claim?

Applicable provisions:

3. Access to Evidence

- Before filing a suit, can shareholders (or a group of shareholders) owning 10% of Buyer's shares access internal company documents in connection with Buyer's acquisition of the trucks, such as minutes of board meetings, contracts or purchase agreements?

- In a civil trial, what is the scope of information that the plaintiff can ask the judge to compel?

From the defendant:

- From an uncooperative witness:
Applicable provisions:

■ How specific must the plaintiff’s request to the judge be to compel evidence from a defendant or witness in a civil trial?
-Click to Select-

Applicable provisions:

■ Which statements best describe the process of questioning defendants and witnesses in civil trials?

The defendant:
-Click to Select-

Witnesses:
-Click to Select-

Applicable provisions:

■ Regardless of the outcome of a civil action brought by shareholders against their company’s directors, and provided that it was decided on the merits, must the company or the defendant director reimburse all of plaintiff’s legal expenses?
-Click to Select-

■ Are contingent or conditional fees allowed (i.e., plaintiff pays attorney’s fees only if damages are awarded from a settlement or favorable verdict in a civil suit)?
-Click to Select-

Applicable provisions:

Comments:

Thank you for completing the Protecting Minority Investors questionnaire. Kindly email it back to protectinginvestors@worldbank.org