POWER WITHOUT PARITY: DOCTRINAL LESSONS FROM THE RISE OF DUAL-CLASS SHARES IN ASIA

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ABSTRACT

This article investigates how Asian economies rethink core principles of corporate governance in the age of dual-class share (DCS) structures. The "one share, one vote" principle—which is a representation of equality and shareholder democracy—has long been the basis for markets like Hong Kong, Singapore, and India. However, the orthodoxy began to change as competition to attract high-growth technology companies intensified. Over the past decade, reforms across Asia have slowly allowed for DCS, which allows founders and entrepreneurs to keep control when accessing public funds.

The article asks a simple, but important, question: Is Asia able to adopt flexible share structures while still ensuring adequate protection for investors? It examines statutes, listing rules, regulatory codes, and case law through a doctrinal and normative lens on how different jurisdictions have attempted to balance these two objectives. The findings show that while DCS structures are designed to be supported in order to protect the long-term more founder-focussed vision planned for innovation, they also have an inherent possibility of entrenchment, self-dealing and oppression of minority shareholders, issues which could be heightened in jurisdictions where family or state dominance was already present.

Singapore and Hong Kong utilize a rules-based framework that incorporates DCS flexibility, but they combine that flexibility with significant restrictions such as voting caps, sunset clauses, and disclosure obligations. India's "superior voting rights" scheme is comparatively less widespread and is focused on "innovative" enterprises that are subject to heavy oversight by SEBI. The Chinese experience demonstrates a fundamentally different situation in which state intervention often overtakes formal protections for minority shareholders. While the level of legal implementation varies substantially between Asian jurisdictions, features such as fiduciary duties, remediation for minority shareholder oppression, and transparency obligations remain the enduring philosophical pillars of shareholder protection in the region.

> While many reforms sound good on paper, the conclusion drawn is that some are extremely superficial and not backed by law. More rigorous statutory remedies, more robust and time-limited sunset clauses, continued disclosure obligations, and greater adherence to the OECD Principles of Corporate Governance are required if governance reforms in Asia, similar to those in other parts of the world, are to consider themselves as legitimate.
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> All in all, what we are witnessing in Asia's DCS experimentation is not simply advantage of the market reform - it is recalibrating the balance of agency and accountability, changing those tensions into institutional formativeness. The true competitiveness of this study suggests will require not a deregulation agenda but embedding fairness and accountability as legal tenants within the regions dynamic corporate sphere.

Chapter 1: Introduction

Discussions regarding corporate governance focus on the legitimacy and regulation of dual-class share (DCS) structures in Asia. [1]A company with DCS has issued shares to some shareholders (founders or insiders) which have disproportionate voting rights, allowing this company access to capital while insulating its leadership from short-term market pressures. [2]Historically, Asian capital markets such as Hong Kong, Singapore and India had been cautious regarding these DCS structures, adhering to the "one share, one vote" principle - a safeguard of shareholder democracy. Over the past ten years, however, reforms lean toward greater flexibility.

After years of resistance, [3]Hong Kong revised its Listing Rules in 2018 to allow "weighted voting rights" structures, responding to the shock of Alibaba's 2014 IPO abandonment for New York. On the attempt to attract tech unicorns in 2018, [4]Singapore adopted a similar approach by permitting its exchange to allow DCS structures. In 2019, [5]India, which has been generally protective of minority rights in its Companies Act and SEBI rules, also amended its requirements enabling promoters of innovative businesses to have shares with "superior voting rights." These changes highlight the juxtaposition of competitive marketplace pressures and

[1] Lucian A. Bebchuk & Kobi Kastiel, *The Untenable Case for Perpetual Dual-Class Stock*, 103 Va. L. Rev. 585 (2017).
[2] Paul Davies, *Principles of Modern Company Law* (Sweet & Maxwell 10th ed. 2020).
[3] Hong Kong Exchanges and Clearing Ltd., *Consultation Conclusions on a Listing Regime for Companies from Emerging and Innovative Sectors* (2018).
[4] Singapore Exchange Regulation, *Consultation Paper on Dual Class Share Structure* (2017).
[5] Securities and Exchange Board of India (SEBI), *Framework for Issuance of Differential Voting Rights Shares* (2019).

traditional governance in Asian countries.

According to its supporters, [6]DCS structures allow domestic exchanges to compete with New York and London, which have long permitted investor members to structure their operations in ways that are potentially better for investors. This argument suggests that founder-led companies are less beholden to outside pressures to pursue engineered short-term growth plans, instead being able to focus on a long-horizon of strategy, can be more innovative, and can be shielded from the tyranny of quarterly profitability. In contrast, [7]detractors suggest these voting structures promote perverse outcomes that undermine shareholder democracy and increase the threat of abuse to minority investors, entrenchment, and tunneling. [8]The governance challenge in Asia is the balance of allowing creative structures without sacrificing investor protection.

[9]Critics warn that DCS configurations threaten shareholder democracy, the bedrock principle of corporate governance. DCS enhances the opportunity for entrenchment, self-dealings, and expropriations of minority investors via disproportionate influence by insiders over their cash-flow rights. [10]In Asia, where ownership is often already concentrated with families, business groups, or state institutions, the problem becomes acute. In that case, layering DCS on to of already concentrated control would compound the significant disadvantage that minority owners face.

Therefore, the emergence of DCS in Asia indicates a fundamental shift in the theory of corporate governance, from a rigid follows-the-rules emphasis on equality to a more pragmatic balancing act of competing policy objectives. The tension between accountable incumbent directors and new ideas is now driving discussions on governance across the region.

Problem Statement

The challenge is clear: differential voting structures afford insiders and founders an undue level of voting control, restricting the voice of minority shareholders to affect the governance of the business. This disparity increases the risks of minority oppression and entrenchment of

[6] OECD, *Principles of Corporate Governance* (2015).
[7] Ronald J. Gilson, *Controlling Shareholders and Corporate Governance: Complicating the Comparative Taxonomy*, 119 Harv. L. Rev. 1641 (2006).
[8] Joseph A. McCahery & Erik P.M. Vermeulen, *Corporate Governance of Non-Listed Companies* (OECD 2008).
[9] World Bank, *Doing Business Report: Protecting Minority Investors* (2023).
[10] Bernard S. Black, *The Core Institutions that Support Strong Securities Markets*, 55 Bus. Law. 1565 (2000).

management. The legal challenge for Asian regulators is whether it is feasible to achieve protections that are sufficient to mitigate these risks while not pushing businesses' preference to list outside of Asia.

While underregulation may result in a loss of investor and market confidence, an overregulatory face could deter business from listing domestically. Thus, the issue is not whether differential voting structures should be permissible in Asia, for they are, but related to what doctrinal frameworks hold the promise of allowing Asian markets to be competitive while affording investors accountability and equality.

Objectives of the Study

This study pursues three core objectives:

1. **To examine the doctrinal foundations of DCS in Asia:** That suggests looking at the relevant statutes, regulatory frameworks, and court rulings that govern DCS structures in Singapore, Hong Kong, India and other emerging economies. This research establishes how legal architecture—including DCS—is permitted, denied, or regulated.

2. **To critically assess how minority shareholder protection is balanced with capital market competitiveness**: This objective shifts from description to evaluation. More specifically, it questions whether existing protections (sunset clauses, conversion processes, increased disclosures, or greater approval thresholds) actually protect minority investors without affecting the competitiveness of domestic exchanges.

3. **To identify best practices and doctrinal lessons for reform:** This study seeks to derive normative insights by using comparisons across jurisdictions. Are there specific theologies that provide protections to minimize founder's control while keeping investor protection in place? What might Asian markets learn from comparative experiences of other countries and from each other?

These objectives combine empirical awareness with normative critique. They aim to advance both the theoretical understanding of corporate governance and the practical improvement of Asian capital market regulation.

Research Methodology

1. This research employs a doctrinal and normative methodology, focusing on comparative analysis and legal reasoning, rather than the empirical methodologies typical of surveys or econometric analysis.

2. Statutory Analysis: The study looks at statutory requirements of relevant jurisdictions concerning listing requirements, securities laws, and business laws, including Singapore's Companies Act and SGX Listing Manual, Hong Kong's Listing Rules and Companies Ordinance, and India's Companies Act, 2013 and the SEBI regulations.

3. Case Law Review: Court cases involving corporate governance actions, fiduciary duties, and shareholder rights provide interpretive guidance for how the courts may resolve disputes caused by DCS arrangements.

4. Regulatory Codes and Soft Law: The doctrinal framework that supports the consideration of DCS practices includes corporate governance codes, disclosure standards, and self-regulation practices.

5. Comparative Scholarship: Scholarly works, policy documents, and comparative analyses offer important viewpoints on the compromises between shareholder protection and capital market competitiveness.

As a result, the approach is normative, assessing not just what the law is but also what it should be. The paper makes a case for the optimal course of action for striking a balance between innovation and accountability by placing Asian doctrinal answers in a comparative framework.

Chapter 2: Conceptual & Theoretical Framework

Evolution of the Shareholder Democracy Principle

The standard the evolution of the law of corporations has been the principle of shareholder democracy, which is often and conventionally expressed in the concept of "one share, one vote." [11]The concept of shareholder democracy arose in the mid-nineteenth century as discussions emerged about just how to appropriately distribute ownership of the corporation.

[11] Jesse M. Fried & Charles C.Y. Wang, *Short-Termism and Capital Market Myopia*, 70 Bus. Law. 1083 (2015).

Shareholder democracy was premised on the concept that voting rights should be reflective of capital contributions to ensure a fair representation of economic interests. [12]It was particularly taken to mean creating voting rights to guard against the separation of ownership and control in publicly traded companies while avoiding executive opportunism and providing some sort of collective accountability.

In legal systems that follow the common law tradition, the judiciary has emphasized the shareholder franchise as an essential right that reinforced shareholder democracy, a concept that is assured in business statutes. Voting rights are the "keystone of corporate governance" in the view of Bebchuk and others because they allow shareholders to hold directors accountable for their actions and safeguard the value of their investment. In Asia, however, this principle that is recognized in the developed world has not been adopted uniformly. On the one hand, the one-share-one-vote system was first established by postcolonial corporate codes in Hong Kong, Singapore, and India but, on the other hand, the rapid emergence of founder-led technology companies and the competition among exchanges to attract high-growth IPOs pressured regulators to reconsider the boundaries of shareholder democracy.

Doctrinal Debates on One-Share-One-Vote vs. Control Rights

The principal doctrinal issue in corporate governance is whether to insist on equal voting rights or make exceptions for founders and insiders. [13]By that I mean that proponents of a one-share-one-vote policy argue that it represents both functional efficiency and fairness in the distribution of power, since it balances governance control and economic risk. DCS upset that symmetry by giving a small controlling bloc voting power that is disproportionate to its economic stake.

Recent work shows the dichotomy established between single-class structures and dual-class structures is overly simplistic. [14]Shobe and Shobe show that even single-class companies effectively give insiders excessive control through shareholder's agreements, board nomination rights, or veto rights. Shobe and Shobe then identify a "spectrum" of arrangements. Accordingly, ideological debates in the current moment all tend to fold in discussion about

[12] Zohar Goshen & Assaf Hamdani, *Corporate Control and Idiosyncratic Vision*, 125 Yale L.J. 560 (2016).
[13] Jill Fisch, *The Mess at Morgan: Unraveling the Problems of Dual Class Stock*, 11 Cardozo L. Rev. 877 (1990).
[14] Lynn Stout, *Bad and Not-So-Bad Arguments for Shareholder Primacy*, 75 S. Cal. L. Rev. 1189 (2002).

formal high-vote institutions and de facto processes of entrenchment.

The advent of contractual governance has heightened the tension. While some regimes stress mandatory equality as a protection against opportunism, others allow private ordering as an act of freedom of contract. Asian authorities need to strike a balance between the duty to protect minority investors from a devolution of shareholder democracy and the need to attract international technology listings.

Theoretical Justifications of Dual-Class Shares

Three primary theoretical frameworks are often invoked to defend DCS.

According to agency theory, dispersed shareholders and their established managers may have different interests. By allowing founders to retain control disproportionate to their equity, DCS may, paradoxically, decrease agency costs by insulating the founder's vision from short-termist shareholders' pressures. This is critical for tech IPOs, as intangible assets and innovation cycles are not easily measured using quarterly earnings.

The theory of founder vision emphasizes the unique, often idiosyncratic perceptions of entrepreneurial leaders. Goshen and Hamdani argue that founders with unique visions should be insulated from displacement from their role before realizing the long-term, the benefits of which will accrue to all investors. This point then resonates strongly in an Asian context, where family or founder-led firms are prevalent, most societies embrace a sense of deference toward visionary leaders and, these norms directly reinforce the legitimacy of control rights.

Long-termism creates the third justification. [15]Proponents argue that DCS schemes shield companies from activist investors and fluctuations in stock market prices, allowing investments toward strategic longer-term investments in R&D, sustainability, and international expansion. The claim goes even further in suggesting that shielding firms from pressures imposed by short-term shareholders is consistent with greater economic development objectives, especially with respect to emerging Asian economies eager to foster global champions.

Doctrinal Critiques

Despite these justifications, critics argue that DCS structures generate profound governance

[15] John Armour et al., *The Anatomy of Corporate Law: A Comparative and Functional Approach* (3d ed. 2017).

pathologies.

[16]First, they **violate the equality of shareholder rights**, undermining the democratic ethos of corporate law. When insiders exercise disproportionate voting power, ordinary shareholders are relegated to "economic hostages," unable to influence corporate direction despite bearing the financial risk.

Secondly, they can be a violation of fiduciary obligation. Fiduciary duties of justice and loyalty are strengthened under Delaware law when dominant owners take personal gain at the expense of minorities. However, Asian jurisdictions frequently lack the same depth of jurisprudence, which results in gaps in enforcement.

Third, minority protection deficiencies are made worse by DCS regimes. The notion of shareholder oppression, which has its roots in judgments like [17]In re Kemp & Beatley, places a strong emphasis on protecting minority investors' "reasonable expectations." However, minority investors have limited options for preventing the dilution of their participatory rights in public businesses with dual-class structures. Similar risks of "freeze-outs" and "squeeze-outs," which are well-documented in close organizations, can occur in public companies when controllers take use of their established position to divert private gains.

Lastly, the agency costs of entrenchment are emphasized by detractors. [18]The research, controllers who are protected from market discipline may tunnel, construct empires, or deal with themselves with little accountability. [19]In Asia, where family business groups and state-owned firms already have a disproportionate amount of power, the addition of DCS strengthens control and reduces corporate accountability.

Synthesis

Therefore, the theoretical and conceptual premises of dual-class shares are located at the crossroads of theoretical justification, doctrinal change, and shareholder democracy. These discussions have major regulatory implications, and it is essential to note that they are not merely theoretical. [20]By positioning DCS within the theory of traditional corporate governance

[16] Mariana Pargendler, *The Corporate Governance Obsession*, 42 J. Corp. L. 359 (2016).
[17] Martin Lipton, *Empiricism and Experience in Corporate Governance*, 60 Bus. Law. 607 (2005).
[18] Elizabeth Pollman, *Startup Governance*, 168 U. Pa. L. Rev. 155 (2020).
[19] Robert C. Clark, *Corporate Law* (1986).
[20] David A. Skeel Jr., *The Past, Present, and Future of Debtor-in-Possession Financing*, 25 Cardozo L. Rev.

and the evolution of criticisms against inequity in shareholder status, we can grasp the doctrinal lessons that Asia must consider as it contemplates rebalance of its corporate governance framework. The next chapter outlines how regulators in China, Hong Kong, Singapore and India have engaged in a process of resolving these tensions; often back and forth between regulatory enforcement on protections against shareholder tyranny and relaxing protections to encourage IPOs.

Chapter 3: Regulatory Landscape in Asia

The story of dual-class shares (DCS) in Asia is not one of wholesale adoption, but of carefully negotiated compromises. Each jurisdiction has chosen a slightly different path, shaped by its market priorities, political economy, and the weight it gives to shareholder rights.

Hong Kong and Singapore: Opening the Door, with Caution

[21]Hong Kong and [22]Singapore was for a long-time defender of the "one share, one vote" principle. However, the loss of Alibaba IPO to New York in 2014 prompted reflection and deliberation. Both exchanges began to realize that if they wished to compete for the listing of high growth technology companies, they could no longer sustain and justify strict prohibition. In 2018 both regimes amended their rules and introduced frameworks allowing DCS, albeit only under strict requirements.

Hong Kong's Stock Exchange allows firms with "innovative" attributes to utilize weighted voting rights. [23]The regulated regime incorporates safeguards; voting rights cannot exceed 10 votes per share, voting shareholders must be directors of the company, and the structures can ultimately lapse via a sunset clause. [24]Singapore followed suit with its own DCS provisions in the SGX Listing Manual, also mandating caps, enhanced disclosure, and independent shareholder approval. The philosophy of both markets is very clear; founders can have control, but only in a cage of regulatory protections.

1905 (2004).
[21] Companies Ordinance (Cap. 622) (H.K.).
[22] Singapore Companies Act (Cap. 50).
[23] Hong Kong Stock Exchange, *Main Board Listing Rules* (2024).
[24] Singapore Exchange (SGX), *Mainboard Rules* (2023).

India: Superior Voting Rights, Selectively Applied

India came late to the argument but, as usual, was wary. [25]In 2019, the Securities and Exchange Board of India (SEBI) sought to incentivize native tech-sustaining leaders by creating a framework for "superior voting rights" (SR) shares. Unlike Singapore and Hong Kong, India restricted admission to "innovative" business promoters who satisfied residency and net-worth requirements. Even with each SR share limited to 10 votes at maximum, these shares must convert to equal shares after five years (with an option for one extension).

Even with the formalized framework, enforcement issues remain. There are worries that SR shares may reinforce dynastic rule in India, where family-run companies already play a large role in the corporate sector. SEBI's strict eligible requirements in its framework aim to mitigate this risk but worries also remain about regulators' ability to efficiently oversee abuse. Caution remains among foreign and domestic investors.

China: A Different Context

China exemplifies the importance of political economics alongside legality. Chinese firms circumvented the long-standing prohibitions on DCS by listing abroad, chiefly the United States, when those marketplaces were available. [26]China adopted DCS onshore in 2019 with the introduction of the Shanghai STAR Market, allowing "innovative" firms to issue stock with various voting rights.

However, in the governing climate of China, [27]the realities of DCS are shaped by the state's omnipresence—as a controlling shareholder, regulator, or final arbiter. Because recourse for investors is limited and regulatory tolerances are broader means that minority discrimination concerns are measured—not because there are no risks. [28]In these events, doctrinal protections are often swapped for the shadows of the state.

[25] Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
[26] China Securities Regulatory Commission, *Science and Technology Innovation Board (STAR Market) Listing Rules* (2019).
[27] Standing Committee of the National People's Congress (PRC), *Securities Law of the People's Republic of China* (2019).
[28] Donald C. Clarke, *The Independent Director in Chinese Corporate Governance*, 31 Del. J. Corp. L. 125 (2006).

Case Law and Doctrinal Threads

Considering how new these frameworks are, there is still a dearth of Asian case law on DCS. However, more general theories of fiduciary obligations and minority oppression offer crucial background. Under Section 241 of the Companies Act, Indian courts have a long history of stepping in when majority authority is abused. Hong Kong courts, which are impacted by English company law, place a strong emphasis on directors' fiduciary obligations to act honestly and in the company's best interests. The principle of shareholder equality has also been reaffirmed by Singaporean courts, who emphasize that deviations from "one share, one vote" must be weighed against safeguards.

[29]Together, these doctrinal threads imply that courts continue to serve as guardians of justice in practice even while statutory frameworks permit DCS. Regulations and restrictions alone won't be enough to stop abuse; judges' willingness to hold insiders to fiduciary standards in the event of a conflict is also crucial.

Chapter 4: Doctrinal Analysis of Minority Shareholder Protection

A straightforward question is at the center of the discussion surrounding dual-class shares (DCS) in Asia: how does the law safeguard minority shareholders when ownership and control diverge? Every jurisdiction uses a combination of judicial reasoning, regulatory protections, and statutory doctrines to try to address this. The doctrinal depth and enforcement rigor differ greatly throughout Asia, notwithstanding the similar language of protection.

Statutory Doctrines

Most Asian corporate law systems start from familiar principles: fiduciary duties, oppression and mismanagement remedies, and disclosure duties. These doctrines together form the backbone of minority protection.

[30]Directors and controlling shareholders owe fiduciary duties to act in good faith, in the best interests of the corporation, and for proper purposes. [31]In states such as Hong Kong and

[29] Dan W. Puchniak, *Multiple Faces of Shareholder Power in Asia: Complexity Revealed*, 12 Berkeley Bus. L.J. 1 (2015).
[30] Tan Cheng Han, *Fiduciary Duties in Asian Corporate Law*, 21 Sing. Acad. L.J. 499 (2009)
[31] Umakanth Varottil, *Minority Shareholder Protection in Asia: Comparative Insights*, 13 J. Corp. L. Stud. 147 (2013).

Singapore, where the influence of fact can be seen in some company legislation, fiduciary duties are more rigorously enforced, and they are often involved in cases involving the conflict of interest and abuse of control. [32]In India, fiduciary duties are rooted in the Companies Act 2013, and in addition, the corporate governance norms of SEBI impose similar duties for "promoters" who act in a similar manner to directors.

The laws about oppression and unfair treatment offer minority shareholders a more overt form of defense. For example, shareholders may approach the National Company Law Tribunal under Section 241 of the Companies Act in India when the conduct is "oppressive" or "unfairly prejudicial" to their interests. [33]Hong Kong's Companies Ordinance and [34]Singapore's Companies Act, Section 216 offer comparable remedies for unfair prejudicial conduct. [35]These provisions are especially significant in DCSs where minority shareholders do not have any voting rights but are entitled to challenge decisions contrary to notions of fairness.

[36]Traditional disclosure obligations are also another layer of protection. DCS issuers are required to provide information in their prospectus with respect to the triggers for conversion, the control structure, and the voting arrangements, by the Singapore Exchange (SGX) and Hong Kong's Stock Exchange (HKEX). SEBI in India mandates that the promoter holding and related party transaction be disclosed continuously. Transparency is a deterrent—when shareholders are aware of the level of concentration of control, they can price the risk, or exit.

Comparative Doctrine

Although the three nations share these features, they differ in how they might implement safeguards related to DCS. For example, in Hong Kong, weighted shares are automatically converted to common shares upon the expiry of the "sunset clause" time period, or upon the death of the founder. Singapore adds the presence of independent directors, and increased approval thresholds for larger transactions to this. In India, the story is more conservative; improved voting rights can only be given to promoters of "innovative" companies and expire

[32] Afra Afsharipour, *Rising Multinationals and Receding Regulation: The Need for Reform in India's Corporate Governance*, 42 N.C. J. Int'l L. 363 (2016).
[33] Robin Hui Huang, *Securities Regulation in China: A Study in Transplantation* (CUP 2014).
[34] Dan Puchniak & Luh Luh Lan, *Independent Directors in Singapore: Puzzling Compliance Reforms and Divergent Convergence*, 65 Am. J. Comp. L. 527 (2017).
[35] OECD, *Asian Roundtable on Corporate Governance: Minority Shareholder Protection Report* (2020).
[36] Jennifer Hill, *The Persistent Debate about Fiduciary Duties in Corporate Law*, 20 Austl. J. Corp. L. 1 (2006).

after five years unless re-approval is granted.

These theological differences indicate different relationships between innovation and accountability. Whereas India relies on ex-ante eligibility and reputational constraints, Hong Kong and Singapore rely on principles of market discipline, albeit with some oversight. Nevertheless, the justification for each approach is based on the notion that in order to maintain legitimacy, unchecked power requires a counterbalancing system.

Judicial Interpretation

Asian courts address the issue of disparity between shareholders sensibly, yet with a touch of morality. In the same manner, if a promoter's actions are oppressive or a violation of fiduciary duty, Indian courts have not hesitated to bypass the formal rules. The Supreme Court of India established in [37]Needle Industries v. Needle Industries Newey (India) Ltd. (1981) that the fair and good faith dealings cannot be sacrificed for the will of the majority. [38]Courts in Hong Kong and Singapore, [39]due to English precedents, display a greater interest in substance over structure; and while a structure may be legitimate, that structure must still be employed in a bona fide manner and for a proper purpose.

Within the DCS contexts, the judicial doctrines act as a quiet restraint. Judges will seldom judge DCS a nullity, yet they can restrain abuses and create space for some transparency. Ultimately, the judges serve as normative referees, while innovation is valued, so too must.

Chapter 5: Lessons and Doctrinal Reforms

[40]The experience with dual-class shares (DCS) in Asia delivers significant lessons on how far regulation may be relaxed for innovation without undermining shareholder democracy. Some of the safeguards imposed by domestic regulators are doctrinally sound, whereas others are merely cosmetic—altruistic, but easily circumvented. This chapter articulates changes to enhance the corporate governance structure in the space and indicates which ones actually protect.

[37] Needle Industries (India) Ltd. v. Needle Industries Newey (India) Holding Ltd., (1981) 3 SCC 333 (India).
[38] Ebrahimi v. Westbourne Galleries Ltd., [1973] A.C. 360 (H.L.) (U.K.).
[39] Re Blue Arrow plc [1987] BCLC 585 (Eng.).
[40] ASEAN Capital Markets Forum, *ASEAN Corporate Governance Scorecard* (2022).

Doctrinally Sufficient vs. Cosmetic Safeguards

Clear legal ramifications and liability are two of the more substantial safeguards. For example, sunset clauses require that superior voting rights have an expiration date or terminate upon the exit of the founder. Sunset clauses create a self-correcting mechanism that, when legally required, help to restore voting symmetry over time. For instance, sunset clauses are part of the Listing Rules in Hong Kong and the SEBI framework in India. [41]The same holds for investment structures when voting arrangements, conversion conditions, and transactions with related parties are required to be disclosed, investors can make informed decisions and investors can have confidence in the market.

On the other hand, some safeguards are more ceremonial than a legitimate restriction. Voluntary governance commitments, including commitments to independent directors or advisory votes on important matters, can be rescinded, dropped, or diluted without risk. Voting caps that still allow insiders the benefit of ten votes for each share are less of a meaningful safeguard than they are a symbolic reassurance. Cosmetic safeguards seem to convey a degree of awareness of the governance risk but lack doctrinal enforceability.

The distinction is important because the legality, enforceability, and reviewability of a safeguard determine its doctrinal soundness. While measures based solely on guidance notes or governance codes frequently lack power, those grounded in statutes or formal listing regulations do.

Corporate Governance Codes vs. Statutory Law

[42]Asian regulators are still grappling with whether DCS regulation should be in statutory law or a corporate governance code. Flexibility and adaptability are provided by codes as the Hong Kong and Singapore codes demonstrate. Codes are proper in mature markets with watchful institutional shareholders and high levels of disclosures. On their own, codes are not able to protect minority shareholders in a weak enforcement culture or get rid of entrenched control.

Statutory law, on the other hand, provides clear limits, disclosure obligations, oppression remedies, and fiduciary duties have legal consequences. Singapore and Hong Kong lean

[41] Afra Afsharipour & Martin Gelter, *Comparative Corporate Governance: Framework and Function*, in *Research Handbook on Comparative Corporate Governance* (Edward Elgar 2021).
[42] Tan Lay Hong & Umakanth Varottil, *Doctrinal Developments in Asian Corporate Law* (Routledge 2019).

towards a hybrid model of comprehensive listing requirements and "comply or explain" codes on one end. India's experience is also another example of willingness to take up more statutory controls on the other end. There is a lesson to learn in Asia: governance regulations can supplement the discipline of law, but they cannot replace it.

Harmonization with International Standards

Both established and emerging markets now use the [43]OECD Principles of Corporate Governance as a benchmark. They place a strong emphasis on accountability, transparency, and treating shareholders fairly—values that are relevant to the DCS discussion in Asia. Investor confidence would increase if national frameworks were in line with these principles, particularly from cross-border funds looking for stable governance conditions. Harmonization does not necessarily imply uniformity; rather, it refers to making sure that one-share-one-vote deviations are timely, visible, and justified.

Recommendations for Reform

While Asian economies at last have started to embrace dual-class share (DCS) schemes in their statutory structures, the protective framework in favor of minority shareholders remains variable, as shown in the analysis above. There is a need for a number of targeted reforms to ensure that new developments in corporate finance do not compromise the integrity of the market.

1. Strengthening Minority Remedies

[44]To begin with, the means of protecting minorities should be made easier to access and more responsive. Existing laws against tyranny and mismanagement, such as Section 216 of the Companies Act of Singapore or Section 241 of the Companies Act of India, are often time-consuming and expensive. Regulators should make these steps shorter by allowing petitions to be made collectively or by lowering the bar for standing. The establishment of tribunals or business benches that are dedicated to shareholder disputes will improve efficiency and consistency of decisions.

[43] OECD, *Principles of Corporate Governance* (2015).
[44] The World Federation of Exchanges, *Dual Class Shares and Exchange Standards* (2021)

In addition, [45]declaratory relief should not be the last of minority remedies. Courts should be able to provide restorative and deterrent relief when minority rights are infringed, such as disqualifying directors, requiring reporting, or requiring those directors to return ill-gotten gains. Providing a clear avenue for enforcement would demonstrate that, even in DCS organizations, there is still some degree of legal accountability.

2. Tightening Sunset Clauses

Second, rather than [46]being optional or undefined, sunset clauses must be required and time-bound. Five to seven years is a reasonable amount of time to give founders the opportunity to implement long-term plans but also preventing eternal control from becoming stale. When this term expires, or when the founder leaves, becomes incapacitated, or changes ownership, the automatic conversion of superior-voting shares should not be refundable. Gradient sunsets, in which voting ratios progressively approach parity over time, may also be taken into consideration by jurisdictions. This would strengthen the idea that DCS is a transient privilege rather than a permanent right and stop sudden changes in authority.

3. Enhancing Disclosure and Continuous Reporting

[47]Finally, it is necessary to establish openness as an ongoing obligation, rather than a one-off listing condition. Exchanges should disclose any changes in related-party transactions, voting agreements, or control structures on a quarterly or event basis. Any corporate matter that gives controlling shareholders a disproportionate advantage should establish an independent fairness opinion from suitable experts.

Regulators such as SEBI and HKEX already use digital disclosure platforms, which would facilitate access for not only foreign funds but also individual investors. The goal is to ensure all firms' shareholders, regardless of scale, receive the same information.

4. Embedding Governance Standards in Law

Fourth, statutory requirements must accompany corporate governance policies. [48]The

[45] Bebchuk & Kastiel, *The Perils of Small-Minority Controllers*, 107 Geo. L.J. 1453 (2019).
[46] Luca Enriques, *Company Law Harmonization Reconsidered: What Role for the EU?*, 14 J. Corp. L. Stud. 147 (2014).
[47] World Bank, *Corporate Governance Report on Observance of Standards and Codes: Asia Region* (2020).
[48] Asian Development Bank, *Corporate Governance Principles for Asia-Pacific* (2019).

flexibility of "comply-or-explain" frameworks may never substitute for the legal certainty that comes with enforceable repercussions for breach of a listing regulation, such as suspension, fines, or mandatory reviews of governance. Harmonizing regulation across ASEAN and Asia-Pacific markets would also diminish "jurisdiction shopping," in which businesses seek to migrate to be subject to the fewest restrictions.

5. Promoting Harmonization in the Region

Finally, regional cooperation such as the ASEAN Capital Markets Forum, APEC or [49]IOSCO can also promote convergence with global standards such as the [50]OECD Principles of Corporate Governance. Without sacrificing protections, common guidelines on DCS disclosure requirements, caps on voting rights and sunset enforcement could promote cross-border listings and increase investor confidence in Asian markets.

Chapter 6: Conclusion

The development of dual-class share (DCS) arrangements has marked an important evolutionary moment in the story of corporate governance in Asia. Initially, this was about a response to the international competition for technology IPOs, but it has become a broader reconsideration of how far the law can adapt to the demands of the market without abandoning its commitment to fairness. This paper argues that Asian jurisdictions—primarily in China, Hong Kong, Singapore, and India—have adopted DCS in the name of attracting high-growth companies, while still grappling with the ideological tussle between shareholder equality and founder control.

The data reflects a gradual progression toward conditional acceptance of DCS across jurisdictions. Singapore and Hong Kong permit it with tightly controlled frameworks (complete with sunset clauses, disclosure obligations, and limitations of rights). In China, the situation operates within a state-centric environment where political oversight can provide the function of many of the legal protections.

India engages in a more selective and statute-based system of better voting rights. With these differences acknowledged, a general conclusion is clear: if flexibility is not the framework,

[49] OSCO, *Objectives and Principles of Securities Regulation* (2020).
[50] OECD, *Principles of Corporate Governance* (2015).

there are greater risks. Minority shareholders remain subject to entrenchment and self-dealing when protections remain just symbolic or procedural. The protections that work best are similarly legally binding and regularly enforced - having sunsets, ownership disclosure frameworks, and readily accessible oppression remedies are the most effective protections.

This research adds to the body of scholarship on corporate governance. We extend the DCS conversation to a doctrinal frame of thinking and away from a purely policy or economic frame. We show how the legal doctrines of fiduciary duties, minority remedies, and disclosure standards are operating as the actual checks on excess control. By mapping similarities and differences in these doctrines in different jurisdictions in Asia, we contribute to understanding how merely grazing its accountability can keep a jurisdiction competitive. It also reinforces the point that any checks on excess control in a corporate governance regime do not lead to outcomes where the number of rules the jurisdiction imposes is better than embedding the enforcement of rules in some legal principle.

This suggested direction for research might take the analysis in two respect. Empirical work, for example, could assess the longitudinal performance of DCS-listed firms in Asia on firm value, governance practices, and possibly investor confidence. A comparative legal research agenda extending beyond Asia into opt-in developing markets, such as in the Middle East or Africa, could examine whether such jurisdictions can employ similar structures and protections of safeguards to markets more developed. This sort of a longitudinal and comparative research will contribute to an understanding of context-dependence of global corporate governance theory, while also accompanying regulators who are influenced to create frameworks that remain both principled and practical.

In closing, Asia's experience with DCS reveals that **modern markets demand both innovation and integrity**. The challenge ahead is to ensure that the pursuit of competitiveness does not eclipse the promise of fairness at the heart of corporate law.