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Related Party Transactions under the Companies Act, 2013: Balancing Corporate Interests and Minority Shareholder Protection

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ABSTRACT

Related Party Transactions (RPTs) constitute an important aspect of modern corporate activity, particularly in economies characterised by concentrated ownership and business group structures. Such transactions are not inherently improper. They may facilitate efficient allocation of resources, reduce transaction costs, utilise specialised knowledge and strengthen commercial relationships within corporate groups. At the same time, the presence of a relationship between the contracting parties creates the possibility of conflicts of interest, self-dealing, tunnelling and expropriation of minority shareholders. The problem becomes particularly significant where controlling shareholders exercise substantial influence over corporate decision-making.

The Companies Act, 2013 introduced a substantially more detailed framework for regulating related party transactions in India. Section 188, together with the provisions relating to audit committees, directors, disclosure and shareholder approval, attempted to strengthen corporate governance and provide greater protection against abusive transactions. The regulatory framework applicable to listed companies was further reinforced through securities-market requirements concerning material related party transactions and approval by shareholders other than interested related parties.

This paper examines the legal and corporate governance framework governing related party transactions in India as it stood up to 31 December 2017. It analyses the economic rationale for RPTs, the possibility of their misuse, the role of boards, independent directors, audit committees and shareholders, and the importance of transparency and disclosure. The paper also examines the relationship between RPTs, concentrated ownership and minority shareholder protection with reference to Indian and international academic literature available before 2018. It argues that the appropriate regulatory approach is not to prohibit related party transactions altogether, but to distinguish legitimate commercial transactions from transactions involving conflicts of interest and potential diversion of corporate resources.

Keywords: Related Party Transactions, Companies Act, 2013, Corporate Governance, Minority Shareholders, Tunnelling, Independent Directors, Audit Committee, Business Groups, Corporate Law.

INTRODUCTION

The modern corporation operates through a complex network of relationships. Companies frequently transact with their subsidiaries, associates, holding companies, directors, key managerial personnel, promoters and entities controlled by persons associated with the company. Such transactions are generally described as Related Party Transactions (RPTs).

RPTs are an ordinary feature of corporate activity. In large corporate groups, transactions between affiliated entities may be commercially rational because the entities share resources, technology, managerial expertise, distribution networks and financial arrangements. The existence of a relationship between the parties, therefore, does not by itself establish that a transaction is detrimental to the company.

The corporate governance concern arises because the same relationship that can create economic efficiency may also create a conflict of interest. A controlling shareholder or director may influence the company to enter into a transaction that

benefits another entity in which he or she has a greater economic interest. In such circumstances, the interests of the company and minority shareholders may be subordinated to the private interests of controlling persons.

The problem is particularly relevant in India because corporate ownership has historically been characterised by substantial promoter and family ownership and by the existence of large business groups. Research concerning Indian business groups has identified the possibility of transferring resources between group companies in a manner that may benefit controlling shareholders at the expense of minority shareholders. Bertrand, Mehta and Mullainathan, for example, found evidence consistent with tunnelling within Indian business groups. [1]

Consequently, RPTs occupy an important position in the corporate governance debate. The objective should not be to prohibit all dealings between related entities. Rather, corporate law must establish mechanisms through which legitimate transactions can be distinguished from transactions that involve conflicts of interest or the diversion of corporate resources. The Companies Act, 2013 represented an important development in this area. Section 188 provided a statutory framework for specified related party contracts and arrangements, while provisions relating to audit committees, independent directors and disclosure strengthened the broader governance structure. The regulatory framework applicable to listed companies also imposed additional requirements concerning material related party transactions.

The present paper examines these issues from the perspective of Indian corporate law and corporate governance, with the analysis deliberately restricted to the legal and academic position existing **on or before 31 December 2017**.

Objectives of the Study

The principal objectives of this paper are:

1. To examine the concept and nature of Related Party Transactions.
2. To analyse the economic and commercial justification for RPTs.
3. To examine the possibility of misuse of RPTs for tunnelling and self-dealing.
4. To analyse the regulatory framework under the Companies Act, 2013.
5. To examine the role of boards, independent directors and audit committees.
6. To assess the importance of shareholder approval and minority shareholder participation.
7. To examine the significance of disclosure and transparency.
8. To identify the principal corporate governance challenges associated with RPTs.
9. To suggest measures for improving the effectiveness of RPT regulation.

RESEARCH METHODOLOGY

The study adopts a doctrinal and analytical methodology. Primary legal materials include the Companies Act, 2013 and the regulatory framework applicable to listed companies as existing up to 31 December 2017.

Secondary sources consist exclusively of research papers and academic articles published before 2018. The literature reviewed includes Indian studies as well as international empirical and theoretical research dealing with related party transactions, tunnelling, corporate governance, ownership structures and minority shareholder protection.

The research cut-off for the present paper is **31 December 2017**. Developments, cases, articles and regulatory changes occurring after that date have deliberately not been incorporated into the substantive analysis.

Conceptual Understanding of Related Party Transactions

A related party transaction generally refers to a transaction between a company and a person or entity having a pre-existing relationship with the company. The relationship may arise through ownership, control, management, family connections or significant influence.

The relationship becomes relevant because it can affect the independence of the decision-making process. In an ordinary arm's-length transaction, each party is ordinarily expected to negotiate in its own interest. In a related party transaction, however, the person negotiating on behalf of the company may simultaneously have an interest in the other party.

Related party transactions may include:

- purchase or sale of goods;
- purchase or sale of property;
- leasing arrangements;
- rendering or receiving services;

- appointment to an office or place of profit;
- underwriting securities;
- loans and guarantees;
- transfer of assets;
- management and consultancy arrangements; and
- transactions between companies belonging to the same corporate group.

The broad nature of these transactions demonstrates why an absolute prohibition would be impractical.

Gordon, Henry and Palia identified two competing perspectives concerning RPTs. According to the conflict-of-interest perspective, such transactions may compromise managerial and board responsibilities. Conversely, the efficient-transaction perspective recognises that transactions with related parties may fulfil legitimate economic requirements of the firm. [2]
Therefore, the central question is not whether an RPT exists but whether the transaction is fair, commercially justified, properly authorised and adequately disclosed.

5. Economic Rationale for Related Party Transactions
RPTs can provide legitimate economic advantages.
First, transactions within a corporate group can reduce transaction costs. A company may prefer to purchase services from an affiliated entity because the affiliate already possesses knowledge concerning the business and its operational requirements.

Second, related entities may facilitate access to financial resources. A financially stronger group company may provide loans, guarantees or other assistance to another group entity.

Third, RPTs may permit better utilisation of group resources. Property, intellectual property, technology, employees and distribution systems may be shared among group companies.

Fourth, related entities may reduce information costs. Since affiliated entities already possess knowledge about each other's business operations, the costs involved in negotiating and monitoring contracts may be lower.

The efficient-transaction perspective is particularly important in emerging economies. Corporate groups may perform functions that external markets are unable to perform efficiently. Consequently, treating every RPT as inherently suspicious would overlook the legitimate commercial role played by corporate groups.

However, economic efficiency cannot justify transactions that unfairly transfer wealth from the company to controlling persons.

Related Party Transactions and the Problem of Self-Dealing

The principal corporate governance concern surrounding RPTs is self-dealing.
Self-dealing occurs where a person with influence over corporate decision-making uses that influence to obtain a private benefit. The transaction may formally comply with corporate procedures while nevertheless producing an unfair economic result.

The problem is particularly acute where ownership and control are separated.
Johnson, La Porta, Lopez-de-Silanes and Shleifer described the phenomenon of **tunnelling** as the transfer of resources for the benefit of controlling shareholders. [3] Their analysis provides an important theoretical foundation for understanding abusive related party transactions.

In the Indian context, Bertrand, Mehta and Mullainathan examined business groups and found evidence of significant tunnelling, including through non-operating components of profits. [1]

Thus, the risk associated with RPTs is not merely theoretical. Where corporate structures contain multiple entities under common control, it may be possible to move resources between entities in ways that are difficult for minority shareholders to detect.

Tunnelling and Propping
Two important concepts in the literature are **tunnelling** and **propping**.

7.1 Tunnelling
Tunnelling refers broadly to the transfer of resources from a company in which minority shareholders have an interest to another entity where the controlling shareholder has a stronger economic interest.

This can occur through:
- undervalued sales of assets;
- overvalued purchases;
- excessive management fees;
- preferential loans;
- guarantees;
- transfer of business opportunities;
- preferential contracts; and
- other forms of non-arm's-length dealings.

Research concerning Indian business groups has provided evidence relevant to this phenomenon. [1]

7.2 Propping
The literature also recognises the possibility of **propping**, whereby controlling shareholders or affiliated entities transfer resources into a financially weak group company.

Jian and Wong examined propping through related party transactions and found that related sales could be used to support reported earnings. [4]

Therefore, the existence of an RPT cannot automatically be interpreted as evidence of expropriation. An RPT may potentially involve tunnelling, propping or an ordinary commercial transaction.

The regulatory challenge is consequently one of **classification and oversight** rather than simple prohibition.

Related Party Transactions in the Indian Corporate Environment
Indian corporate ownership structures have historically involved promoters, families and business groups. Such structures can provide stability and long-term strategic direction, but they can also create principal-principal conflicts between controlling and minority shareholders.

Srinivasan's study of Indian companies found that RPTs were widespread and present in almost all companies examined for the period 2009–2011. The study further found that companies with higher RPTs relating to sales and income reported lower performance compared with companies with lower levels of such transactions. [5]

Chauhan, Lakshmi and Dey similarly examined Indian firms with concentrated founder ownership and identified self-dealing by controlling owners as an important channel through which governance affects firm performance. [6]

Gupta's study of Indian group-affiliated firms also examined tunnelling and propping RPTs and their relationship with corporate performance. [7]

These studies demonstrate why RPTs became an important issue within the Indian corporate governance framework.

Statutory Framework under the Companies Act, 2013
The Companies Act, 2013 substantially strengthened the statutory treatment of related party transactions.
Section 188 specifically regulates contracts and arrangements involving related parties. The provision covers specified categories of transactions and requires compliance with prescribed approval requirements.

The regulatory philosophy underlying the provision is significant. Instead of prohibiting dealings with related parties, the law seeks to ensure that specified transactions are subjected to appropriate scrutiny and approval.

The principal safeguards include:
1. identification of related parties;
2. scrutiny by the board;
3. involvement of the audit committee where applicable;
4. shareholder approval for prescribed transactions;

5. restrictions concerning interested shareholders;
6. disclosure requirements; and
7. consequences for non-compliance.

This framework attempts to address the basic conflict-of-interest problem by introducing independent layers of decision-making.

Ordinary Course of Business and Arm's-Length Transactions
Two important concepts in the regulatory framework are the **ordinary course of business** and the **arm's-length basis**.
An ordinary-course transaction is one that falls within the normal commercial activities of the company. An arm's-length transaction is generally understood as a transaction conducted between parties as though they were independent of each other.

The importance of arm's-length principles is obvious. If a company purchases property from a promoter-controlled entity at a price substantially higher than the prevailing market value, the existence of formal approval cannot by itself eliminate the underlying governance concern.

Similarly, if the company sells an important asset to a related entity at a significantly reduced price, the transaction may result in transfer of value away from minority shareholders.

Cheung, Qi, Rau and Stouraitis examined asset transfers involving related parties and found that listed firms in their Hong Kong sample purchased assets from related parties at higher prices and sold assets to related parties at lower prices than comparable arm's-length transactions. [8]

The research reinforces the importance of independent valuation and commercial justification.

Role of the Board of Directors
The board of directors represents the central internal governance mechanism for approving corporate transactions.

In the context of RPTs, the board should examine:
- the commercial purpose of the transaction;
- the identity and interest of the related party;
- the financial implications;
- the terms and conditions;
- the proposed consideration;
- alternative transactions;
- valuation evidence;
- potential conflicts of interest; and
- consequences for minority shareholders.

The board should not treat statutory approval as a purely procedural exercise.
Where directors themselves are interested in a transaction, the possibility of conflict is heightened. The governance framework therefore requires appropriate disclosure and abstention mechanisms.

The effectiveness of board oversight depends substantially upon the independence, competence and willingness of directors to challenge controlling interests.

Role of Independent Directors
Independent directors are intended to provide objective oversight.
Their importance is particularly significant in companies where promoters or controlling shareholders exercise considerable influence.

Independent directors should examine whether:
1. the transaction has a legitimate commercial rationale;
2. the terms are fair to the company;
3. adequate information has been supplied;
4. an independent valuation is necessary;
5. alternative arrangements have been considered; and

6. minority shareholder interests have been adequately protected.

Research on Indian group-affiliated companies has raised questions concerning the effectiveness of formal board independence where ownership structures and institutional circumstances may limit actual independence. [9]

Thus, independence should be understood not merely as a statutory status but also as a substantive capacity to exercise independent judgment.

Role of the Audit Committee

The audit committee constitutes another important safeguard.
Its involvement is particularly valuable because RPTs often have accounting and disclosure implications.

The audit committee should examine:

- the nature of the transaction;
- accounting treatment;
- pricing;
- valuation;
- disclosure;
- possible conflicts of interest;
- recurring transactions;
- material transactions; and
- deviations from normal commercial terms.

Research concerning RPTs has repeatedly highlighted the importance of disclosure and governance mechanisms.

For example, Kohlbeck and Mayhew found that firms disclosing related party transactions in their sample were associated with lower market valuations than firms without such disclosures. [10] This does not establish that disclosure itself causes lower valuation; rather, it demonstrates that investors may attach significance to the existence and nature of RPTs.

Similarly, Bava and Gromis di Trana examined disclosure of RPTs and emphasised the information value of such disclosures. [11]

The audit committee therefore performs a critical intermediary role between management, the board, auditors and shareholders.

Shareholder Approval and Minority Protection

One of the most important features of the regulatory framework is the role of shareholders.
The principle behind shareholder approval is that a transaction involving a significant conflict should not be decided exclusively by persons who may benefit from it.

The exclusion or restriction of interested shareholders from voting is particularly important because otherwise a controlling shareholder could potentially approve a transaction that primarily benefits the controlling group.

Minority shareholders therefore serve as an important external monitoring mechanism.
However, shareholder approval itself is not a complete solution. Minority shareholders may face information asymmetry and may not possess sufficient information to assess complex transactions.

Consequently, meaningful shareholder approval requires:

- timely disclosure;
- adequate explanatory statements;
- independent valuation where appropriate;
- information regarding the related party's interest;
- financial details;
- comparative market information; and
- disclosure of the rationale for the transaction.

Without adequate information, voting rights may exist in form but remain weak in substance.

Information Asymmetry and Disclosure

Information asymmetry represents one of the most significant challenges in RPT regulation.
Management and controlling shareholders generally possess substantially greater information regarding the commercial circumstances of a transaction than minority shareholders.

This creates a structural disadvantage.
Narang identified inadequate disclosure of related party transactions as an important corporate governance issue and highlighted the relationship between RPTs, information asymmetry and possible expropriation. [12]

The quality of disclosure is therefore as important as the existence of disclosure.
A disclosure that merely states the existence and aggregate value of a transaction may not permit investors to assess whether the transaction is fair.

Effective disclosure should allow investors to understand:

- who the related party is;
- the nature of the relationship;
- the nature of the transaction;
- the monetary value;
- the commercial purpose;
- pricing methodology;
- outstanding balances;
- guarantees or commitments;
- approval obtained; and
- the potential interest of directors or promoters.

Transparent disclosure enables shareholders and regulators to perform a monitoring function.

Accounting and Financial Reporting Concerns

RPTs also have important accounting implications.
Transactions with related parties can affect reported revenues, expenses, assets, liabilities and profits. The possibility of manipulating financial results makes RPTs particularly important from an accounting perspective.

Research from different jurisdictions has examined the relationship between RPTs and earnings management.
Mita and Utama examined the influence of corporate governance mechanisms on the relationship between RPTs and earnings management. [13]

El-Helaly investigated RPTs and accounting quality in the Greek context and highlighted the relationship between RPTs and the quality of financial reporting. [14]

Research concerning disclosure of related party transactions in China has also demonstrated that more detailed disclosure regarding transfer-pricing policies can provide incremental information to investors. [15]

These findings underline the importance of coordination between corporate law, accounting standards, auditing and securities regulation.

RPTs and Corporate Performance

The relationship between RPTs and firm performance is not straightforward.
A high volume of RPTs does not necessarily mean that a company is poorly governed. A large diversified corporate group may naturally have a high volume of intra-group transactions.

The more important question is the **nature and quality of those transactions**.
Srinivasan's Indian study found evidence of a negative relationship between certain categories of RPTs and company performance. [5]

Chauhan, Lakshmi and Dey found that stronger corporate governance was associated with reduced self-dealing and improved future performance among Indian firms. [6]

Gupta's study of Indian group-affiliated firms further examined the contrasting effects of tunnelling and propping. [7]

International evidence also provides mixed results. Pozzoli and Venuti, examining Italian listed companies, did not find a straightforward causal relationship between RPTs and financial performance. [16]

These differences demonstrate why the mere existence or numerical volume of RPTs should not be treated as conclusive evidence of corporate abuse.

International Perspective
The international literature provides valuable theoretical and empirical insights.
Johnson et al. developed the concept of tunnelling in relation to controlling shareholders and the transfer of corporate resources. [3]

La Porta, Lopez-de-Silanes, Shleifer and Vishny demonstrated the significance of minority shareholder protection for corporate valuation. [17]

Cheung, Rau and Stouraitis examined connected transactions in Hong Kong and found evidence that some connected transactions could result in expropriation of minority shareholders. [18]

Berkman, Cole and Fu examined related-party loan guarantees in China and identified circumstances in which such arrangements could facilitate expropriation of minority shareholders. [19]

These studies suggest that the problem of RPTs is not uniquely Indian. It arises particularly in jurisdictions where controlling shareholders possess substantial influence.

At the same time, Ryngaert and Thomas provided an important qualification. Their study distinguished between different types of RPTs and found that not all RPTs have the same implications. Certain transactions may be innocuous or beneficial, while transactions initiated after the relationship has arisen may be associated with adverse outcomes. [20]

This supports a regulatory model based upon risk differentiation rather than an indiscriminate prohibition of related party transactions.

Corporate Groups and Minority Shareholders
Corporate groups create special challenges because several legally distinct companies may effectively operate under common control.

The separate legal personality of each company means that the interests of each corporate entity must be considered independently.

A transaction that benefits the group as a whole may not necessarily benefit every individual company within the group.
This creates an important distinction between:

Group interest and **company interest**.
Directors of an individual company owe duties to that company. They cannot simply justify a transaction by stating that it benefits the larger corporate group.

This principle becomes especially important where one group company sells assets cheaply to another group company or provides financial assistance on preferential terms.

The corporate governance framework must therefore ensure that group structures do not become mechanisms for defeating minority shareholder rights.

20. Major Risks Associated with RPTs
The major risks associated with related party transactions may be summarised as follows:

20.1 Conflict of Interest
The decision-maker may have a personal or indirect interest in the transaction.

20.2 Tunnelling
Corporate resources may be transferred to another entity controlled by the same promoter.

20.3 Earnings Manipulation
Transactions may be structured to influence reported revenues, expenses or profits.

20.4 Asset Diversion
Corporate assets may be transferred at inappropriate prices.

20.5 Information Asymmetry
Minority shareholders may not possess sufficient information to evaluate the transaction.

20.6 Weak Board Oversight
Boards may formally approve transactions without undertaking substantive scrutiny.

20.7 Promoter Dominance
Concentrated ownership may weaken the ability of minority shareholders to challenge questionable transactions.

20.8 Valuation Problems
Determining whether a transaction is genuinely arm's length can be difficult where comparable market transactions do not exist.

RPTs and Corporate Governance Mechanisms
RPT regulation cannot operate through a single legal provision.

An effective framework requires coordination between:
- board oversight;
- independent directors;
- audit committees;
- statutory auditors;
- internal auditors;
- shareholders;
- securities regulators;
- disclosure mechanisms; and
- judicial and regulatory enforcement.

Galani and Rehn emphasised the importance of empowering boards and minority shareholders to prevent abusive RPTs in the Indian corporate environment. [21]

The effectiveness of the system therefore depends upon the interaction of multiple governance mechanisms.
A failure at one level can potentially be compensated for by effective oversight at another level.

22. Challenges in the Existing Framework
Although the Companies Act, 2013 significantly strengthened the legal framework, several challenges remained.

22.1 Complexity of Corporate Structures
Large corporate groups may contain numerous subsidiaries, associates and cross-holdings, making it difficult to identify all potential relationships.

22.2 Difficulty in Determining Fair Value
The arm's-length principle becomes difficult to apply where the transaction concerns specialised assets or services for which no comparable market exists.

22.3 Information Asymmetry
Minority shareholders may lack the expertise necessary to evaluate complicated financial arrangements.

22.4 Dependence on Board Independence
The effectiveness of the framework depends substantially upon directors exercising genuine independent judgment.

22.5 Enforcement
Even a comprehensive statutory framework cannot prevent abuse unless violations are effectively detected and sanctioned.

22.6 Repeated or Routine Transactions
Large corporate groups may enter into numerous recurring transactions. Individual transactions may appear insignificant while their cumulative economic effect may be substantial.

23. Suggestions for Strengthening RPT Regulation
The following measures could strengthen the corporate governance framework.

23.1 Strengthening Independent Evaluation
Material RPTs should receive meaningful scrutiny from independent directors and audit committees rather than merely formal approval.

23.2 Independent Valuation
Transactions involving significant assets, intellectual property or financial arrangements should, where appropriate, be supported by independent valuation.

23.3 Improved Disclosure
Companies should provide sufficient information for shareholders to understand the commercial and financial implications of the transaction.

23.4 Better Identification of Beneficial Interests
The regulatory system should focus not merely on immediate contractual parties but also on ultimate beneficiaries.

23.5 Monitoring of Aggregate Transactions
Companies should monitor the cumulative value of transactions with the same related party rather than considering each transaction in isolation.

23.6 Strengthening Audit Committee Expertise
Audit committees should possess sufficient financial and legal expertise to scrutinise complicated RPT structures.

23.7 Greater Minority Shareholder Participation
Minority shareholders should receive adequate information before voting on material RPTs.

23.8 Professional Responsibility
Auditors, company secretaries, legal advisers and other professionals should carefully evaluate the substance of transactions rather than merely verifying procedural compliance.

FINDINGS OF THE STUDY

The study produces the following principal findings:

1. Related party transactions are an inevitable feature of modern corporate structures.
2. RPTs cannot be regarded as inherently abusive.
3. Legitimate RPTs can reduce transaction costs and facilitate efficient resource allocation.
4. The principal governance concern arises from conflicts of interest.
5. Concentrated ownership increases the importance of minority shareholder protection.
6. Tunnelling represents a significant risk in corporate groups.
7. Propping demonstrates that transactions with related parties may also have value-supporting functions.
8. Disclosure is essential for meaningful shareholder oversight.
9. Audit committees and independent directors play an important role in preventing abusive transactions.
10. Shareholder approval is meaningful only when shareholders receive adequate information.
11. The arm's-length principle is an important safeguard but may be difficult to apply in complex transactions.
12. Effective enforcement is necessary to supplement statutory requirements.
13. The appropriate regulatory objective should be to distinguish legitimate transactions from abusive transactions rather than prohibit all RPTs.

CONCLUSION

Related Party Transactions represent one of the most important intersections between corporate law, corporate governance and financial reporting. Their significance arises from the fact that they can simultaneously serve legitimate commercial purposes and create opportunities for conflicts of interest.

The Indian corporate environment, characterised by concentrated ownership and extensive business group structures, makes the issue particularly significant. Minority shareholders may be exposed to the risk that controlling shareholders use corporate structures to transfer resources or opportunities between affiliated entities.

The Companies Act, 2013 represented a significant step towards establishing a more structured framework for dealing with this problem. The requirements relating to board approval, audit committee oversight, shareholder participation and disclosure collectively seek to reduce the possibility of abusive transactions.

However, statutory rules alone cannot eliminate the problem. Effective corporate governance requires substantive rather than merely formal compliance. Independent directors must exercise independent judgment; audit committees must scrutinise transactions carefully; auditors must remain alert to unusual dealings; and shareholders must receive sufficient information to exercise their voting rights meaningfully.

Academic research also demonstrates that RPTs should not be viewed in absolute terms. Some transactions may facilitate efficient business operations, while others may provide opportunities for tunnelling and private benefit. Consequently, a sophisticated regulatory framework must distinguish between legitimate commercial transactions and transactions that unfairly prejudice the company or its minority shareholders.

The central principle should therefore be **transparency, accountability and fairness rather than prohibition**. An effective corporate governance system is one in which related party transactions can be undertaken when commercially justified, while mechanisms exist to ensure that corporate resources are not diverted for private benefit.

As the Indian corporate sector continues to expand and corporate groups become increasingly complex, the effectiveness of RPT regulation will remain closely connected with the broader objective of protecting shareholder interests and maintaining confidence in corporate institutions.

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