

Abstract

The requirement to perform duties with reasonable care and loyalty under the threat of liability is a basic standard every corporate director must meet. The aim of this thesis is to analyse the content of this standard and liability within the context of new re-codification of Czech private law. In doing so, the author focuses on interpretative possibilities and problems that may occur.

Chapter One is an attempt to connect the main topic with a broader context of law and economics knowledge in order to define leading requirements for company regulations.

Chapter Two consists of three parts. Part One briefly describes content of fiduciary duties. Part Two refers to duty of loyalty. The author aims to answer a traditional task to whom the corporate directors serve. The author argues for so-called enlightened shareholder value model. This model requires director to promote the success of the company for the benefit of its shareholders as a whole. In doing so, they need to take into account the company's stakeholders' interests and the impact of the company's operations on the community and the environment. Part Three examines to what extent company directors have to exercise general knowledge, skills and experience that they are expected to have.

Chapter Three investigates a task of director's liability to violate his/her fiduciary duties. It argues whether fiduciary duties belong to legal or contractual obligations. The author concludes these duties can be regarded as contractual but are paradoxically subject to tort liability. This chapter also outlines a new possibility for director to pay damages for his/her misconduct on behalf of their contract with company. The author explores possible limits of such agreement.

Chapter Four addresses a newly created business judgement doctrine. The author argues in favour of abstention doctrine in judicial review of business resolutions in this context.

Chapter Five discusses delegation of power from a board of directors on its individual members and other cases of delegation of power within company. The before mentioned fiduciary duties are discussed further in this chapter.

Chapter six deals with business management instructions issued by the General Meeting. The purpose of this chapter is to explore any possible influence of these instructions on director's liability. The author concludes that fiduciary duties provide significant limitations for requested instructions.