

Corporate Protection

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Introduction

The rights of all shareholders in a company (corporation, business), including majority and minority shareholders, should be protected. This document establishes rights and protections for the shareholders of a company.

Voting Stock

Voting stock refers to the shares of a company that give their shareholders the right to vote on company actions and policies. Voting stock pertains to the governance and direction of a company.

Majority

A majority is a proportion that is more than half (50%) of a total.

Minority

A minority is a proportion that is less than half (50%) of a total.

Two-Thirds Majority

A two-thirds majority is a proportion that is at least two-thirds ($\frac{2}{3}$) of a total.

Majority Shareholder

A majority shareholder is a shareholder of a company who owns a majority of the voting stock.

Minority Shareholder

A minority shareholder is a shareholder of a company who owns a minority of the voting stock.

Good Faith

Good faith is honest, reasonable, and fair intention.

Acquisition

A company (business) may acquire another company in an "acquisition" ("company acquisition"). When the company ("acquiring company") acquires the other company ("acquiree", "target company"), the other company becomes an acquired company and subsidiary of the acquiring company, and the acquiring company becomes the parent company of the acquired company.

Merger

An acquisition becomes a merger when the target company is dissolved after the acquisition. During a statutory merger, the acquiring company survives. During a consolidated merger, the acquiring company dissolves, and a new company and legal entity is formed.

Corporate Officer

A corporate officer is an individual who holds an official position at a company, and may be an employee of the company. An official position starts with "Chief" and end with "Officer", and may include CEO (Chief Executive Officer), COO (Chief Operating Officer), CFO (Chief Financial Officer), CTO (Chief Technology Officer), CIO (Chief Information Officer), CPO (Chief Product Officer), and CMO (Chief Marketing Officer).

Rights and Protections

- A majority shareholder may elect or remove members of the board of directors. The board of directors should respect every shareholder with voting power.
- A majority shareholder or board of directors may hire corporate officers.
- A majority shareholder or board of directors must act in good faith in matters pertaining to the company.
- A majority shareholder or board of directors must not use their voting power to control, freeze-out, or economically deprive a minority shareholder.
- A majority shareholder or board of directors must not use their voting power to block a minority shareholder's access to financial statements or corporate books.
- The following corporate actions require a two-thirds majority (2/3) vote between all shareholders with voting rights:
 - Buying out a shareholder.
 - Amending the articles of incorporation or certificate(s) of incorporation.
 - Acquisition or merger with another company.
 - Dissolution of the company.

Governing Law Clause

This document is governed by the Law of CLOUT.