

**Solution:**

“Common shareholders have limited liabilities”

Limited liabilities refer to the fact that each of the shareholders of the company have a general claim over the assets of the company, not the assets of any other shareholders’, irrespective of whether they are the C-suite, employees or common investors. This means that investors are responsible for their own money and ensures isolation of the liabilities, thus limiting them to their own investments.

This is a great move, because it encourages investments and assures the investors of their freedom from other investors and created less liability. Many of the largest companies of the world are Limited Liability Corporations (LLCs), with many shareholders and venture capitalists as investors.