

## ABSTRACT

This paper develops a “self-enforcing” approach to drafting corporate law for emerging capitalist economies, based on a case study: a model statute that we helped to develop for the Russian Federation, which formed the basis for the recently adopted Russian law on joint-stock companies. The paper describes the contextual features of emerging economies that make importing statutes from developed countries inappropriate, including the prevalence of controlled companies and the weakness of institutional, market, cultural, and legal constraints. Against this backdrop, we argue that the best legal strategy for protecting outside investors in emerging economies while simultaneously preserving the discretion of companies to invest is a self-enforcing model of corporate law. The self-enforcing model structures decisionmaking processes to allow large outside shareholders to protect themselves from insider opportunism with minimal resort to legal authority, including the courts. Among the examples of self-regulatory statutory provisions are a mandatory cumulative voting rule for the selection of directors, which assures that minority blockholders in controlled companies have board representation, and dual shareholder- and board-level approval procedures for self-interested transactions. The paper also examines how one can induce voluntary compliance and structure remedies in emerging economies, as well as the implications of the self-enforcing model for the ongoing debate over the efficiency of corporate law in developed economies.

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=10037](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=10037)