

Distributed Ledger Technology and Its Implications for Corporate and Securities Law : Insights from the Delaware General Corporate Law Amendments

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The 2017 amendment to the Delaware General Corporation Law explicitly recognized that shareholder lists and other corporate records may be maintained using distributed ledger technology. This paper outlines the amendment's content and surveys several resulting discussions in the United States concerning the practical and theoretical implications of maintaining shareholder lists on distributed ledgers within the framework of U.S. corporate and securities law.

Shareholder lists maintained on distributed ledgers possess unique characteristics, such as the ability to share information regarding share locations in real-time and trace the history of share transfers post-issuance. These features could potentially solve various problems arising from the technological constraints of the U.S. securities settlement system. At the same time, they may transform the operation of the existing legal framework and the behavior of investors. The overall impact involves a complex mix of advantages and disadvantages. Therefore, the slow adoption of distributed ledger technology for shareholder lists in the United States may be attributable not only to technological challenges but also to the difficulty of foreseeing the effects on the fundamental principles of corporate and securities law.