This chapter analyses the way in which company law shapes two important markets—the market for executives and the market for corporate control—in the hope of addressing the agency problems identified in Chapter 1. Both sets of rules are controversial. The rules on executive pay make use of independent directors on remuneration committees and various forms of 'say on pay' to structure executive remuneration. But they have been criticised for not robustly linking pay to performance and for setting pay at socially unacceptable levels. The rules on the market for corporate control, set out mainly in the Takeover Code, contain a very strong version of the non-frustration rule, making it difficult for incumbent managers to defend themselves against unwelcome bidders. Here, it is heavily debated whether the rule promotes managerial efficiency or encourages 'short termism'.
4. Markets and The Shareholders As A Class

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