

fitted to deal with many mechanisms that a startup desperately needs, i.e. (i) company's inability to offer shares vesting to startup's employees over a period of time to get them to stay longer, (ii) company's inability to buy back its own shares from its employees or other shareholders or even (iii) a mandatory right issue of new shares (newly issued shares must be offered to all existing shareholders proportional to each shareholder's shareholding) in a capital increase, which has become an obstacle for bringing in new investor for the startup, just to name a few. Apparently this obsolete law is another contributing factor for a sad reality that up to the time of writing, Thailand only has one Unicorn. (A Unicorn is a startup whose valuation has reached at least US\$ 1,000.)

Minimum Number of Shareholders

A limited company must be formed by at least three individuals, who are legally known as incorporators or promoters. Law requires these incorporators to subscribe at least one share each and become the initial shareholders after the completion of the registration. A legal entity, which is another company or a partnership, cannot be an incorporator. In other words, it takes three individuals to incorporate the limited company.

After incorporation, you are free to transfer any of shares from these three individuals to any third party. This share transfer must be done under the condition that after the transfer, the number of shareholders must not be less than three. As a matter of fact, company law requires that throughout company's entire existence, there must be at least three shareholders at all the time otherwise the court has the power to dissolve the company. The shareholders can be either an individual shareholder or a corporate shareholder (also known as a parent company).

At the time of writing, the Department of Business Development is proposing to reduce the minimum number of shareholders from three shareholders to two shareholders.