

2026 Comparison of Key Corporate Governance Features in Select Jurisdictions

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This resource offers a high-level comparison of jurisdictional approaches among Delaware, Nevada, Texas and the Cayman Islands.¹ The table summarizes critical corporate governance and shareholder rights differences such as director and officer liability, fiduciary duties, and shareholder litigation rights, highlighting how specific features impact corporate oversight and investor protections.²

Feature	Cayman Islands	Delaware	Nevada	Texas
Director and Officer Liability³	Generally no liability unless there is intentional misconduct, fraud or knowing violation of the law provable in court ^{4,5}	Generally no liability unless they are shown to have been at least grossly negligent; ⁶ Director and officer liability for breach of the duty of care can be limited through the certificate of incorporation. ^{7,8}	Generally no liability unless there is intentional misconduct, fraud or knowing violation of the law provable in court ^{9,10}	Generally no liability for directors unless there is intentional misconduct, fraud or knowing violation of the law provable in court; ¹¹ This may be extended to officers through the governing documents. ¹²
Duty of Board of Directors	Broad latitude to decide what is in the best interest of the company as long as it is not for a personal or improper purpose ¹³	Maximize long-term shareholder value; ¹⁴ heightened court scrutiny for cash sale of company (where cash is 50% or more of the offer) ¹⁵	Cannot be challenged for considering a broad range of stakeholders and goals other than company financial performance ¹⁶	Cannot be challenged for considering a broad range of stakeholders and goals other than company financial performance ¹⁷
Books and Records Inspection Rights	No statutory right to inspect records; Owners of 20% of company's shares may petition the courts to appoint inspectors to examine company affairs, but this requires a showing of strong likelihood of misconduct or mismanagement. ¹⁸	Right to inspect specified records on showing of proper purpose. To receive records such as emails and texts that are not part of the enumerated list, a stockholder must now show a compelling need by clear and convincing evidence. ¹⁹	No inspection rights for publicly traded Nevada corporations, unless they are not current in their SEC filings ²⁰	Right to inspect specified records except when doing so for improper purposes or litigation. ²¹ Excludes emails, text messages, and similar communications unless they "effectuate an action by the corporation." ^{22,23}

Feature	Cayman Islands	Delaware	Nevada	Texas
Nonbinding Shareholder Proposals and Annual Meetings ^{24,25}	No right to shareholder proposals or requirement to hold an annual meeting, must be provided by the company's articles of association. ²⁶	Shareholder proposals governed by federal standards (Rule 14a-8); ²⁷ State law requires an annual shareholder meeting. ²⁸	Shareholder proposals governed by federal standards (Rule 14a-8); With written consent of shareholders with a majority of the voting power, a company could opt not to hold annual shareholder meetings. ²⁹	Companies can opt to limit shareholder proposals to those who own \$1 million in shares or 3% of voting shares (whichever is less), maintain ownership for at least six months, and solicit holders of at least 67% of the voting power entitled to vote on the proposal; ³⁰ State law requires an annual shareholder meeting. ³¹
Right to Call a Special Meeting	No statutory right to an annual or special meeting for companies incorporated in the Cayman Islands but that operate mainly elsewhere (so called "exempted companies") ³²	No statutory right for shareholders; only the boards of directors or those authorized in the bylaws/certificate (e.g., the CEO) may call a special meeting ³³	No statutory right for shareholders. Unless the articles of incorporation or bylaws provide otherwise, the entire board, any two directors, or the president. ³⁴	By default, shareholders owning 10% of the company's voting rights may also call a special meeting but companies can increase this threshold (up to 50% of voting power) or decrease it. The president, board of directors or others authorized in the bylaws/certificate can also call a special meeting ³⁵
Courts' Deference to Directors ³⁶	The business judgment rule applies except for certain cases (e.g., conflicted controller transactions). ³⁷	The business judgment rule applies except for certain cases (e.g., conflicted controller transactions or director and officer conflicts). ³⁸	The business judgment rule applies, even for conflicted transactions, unless there has been a knowing violation of the law, intentional misconduct, or fraud. ³⁹ Controlling stockholders also have an obligation to refrain from undue influence over directors and officers. ⁴⁰	The business judgment rule applies with an even higher standard required to challenge directors; courts will defer to directors unless the claimants can prove fraud, intentional misconduct, or knowing violation of the law. ⁴¹

Feature	Cayman Islands	Delaware	Nevada	Texas
Court Consideration of Conflicted Directors	Courts focus on if directors genuinely believed they were acting in the company's best interest; however, companies can modify this in their articles of association to allow conflicted directors to vote when they have a conflict if they disclose their conflict. Special committees of disinterested directors for merger and acquisition transactions are a best practice but not strictly required. ⁴²	New safe harbor provisions presume directors are disinterested if they meet stock exchange independence standards; this presumption may be rebutted with substantial and particularized facts indicating that there is a conflict. ⁴³	Directors must meet stock exchange standards and not have material and nonspeculative financial interest in, nor be a party to, the contract or transaction. ⁴⁴	Interested directors are presumed to be acting in good faith, and no legal action against a conflicted director can succeed unless claimants can also prove fraud, intentional misconduct, or knowing violation of the law. Companies may petition a court for a binding determination of the independence and disinterestedness of a special committee formed to review a conflict-of-interest transaction. However, even if the company does not utilize such a committee, shareholders would also need to prove fraud, intentional misconduct, or knowing violation of the law in order to succeed with a legal claim. ⁴⁵
Specialized Courts and Dispute Resolution	Specialized Financial Services Division of the Grand Court; cases are still subject to appeal to King Charles III's Judicial Committee of the Privy Council located in the UK ⁴⁶	Specialized Chancery Court with long history of precedent. ⁴⁷ The Chancellor and Vice Chancellors are appointed for 12-year terms. ⁴⁸	The Second and Eighth Judicial Districts have designated specific judges as Business Court Judges; ⁴⁹ The legislature approved constitutional amendment to authorize an appointed business court in 2025. To go into effect, the amendment must pass the Nevada legislature in 2027 and win a public referendum.	New business court system started in 2024. ⁵⁰ Judges are appointed by the governor to two-year terms.

Feature	Cayman Islands	Delaware	Nevada	Texas
Shareholder Litigation Rights (Derivative and Direct Suits)	Shareholders need prior approval from the court to bring an action on behalf of shareholders, but can sue for personal claims directly if a director acted with improper purpose. ⁵¹ Exclusive forum provisions are allowed and jury trials are theoretically possible but would be extraordinary. ⁵²	Any shareholder can seek redress of damages individually when the company fails to act in response to a complaint and the court finds the claim reasonable. For derivative claims, shareholders must demonstrate in their lawsuit that at least half the board has a conflict of interest, or is dependent on someone who has a conflict. ^{53,54} Exclusive forum provisions are allowed in derivative cases and many other types of shareholder cases and juries are not used. ^{55,56}	Any shareholder can seek redress of damages individually when the company fails to act and the court finds the claim reasonable. A company may waive jury trials in its governing documents, and adopt exclusive forum provisions in derivative and other types of shareholder cases. ⁵⁷	Companies can opt to limit derivative suit rights to those who own at least 3% of the company; they may waive jury trials in their governing documents and adopt exclusive forum provisions in derivative and other types of shareholder cases. ⁵⁸ Companies may limit attorney's fees in "disclosure-only" cases. ⁵⁹
Appraisal Rights	Appraisal rights generally apply to all mergers. ^{60,61}	Appraisal rights are not generally available for publicly traded companies unless the deal includes a cash component. ⁶² For private company transactions and public company deals with cash components, appraisal rights are generally the exclusive remedy for shareholders in mergers absent a non-exculpated breach of fiduciary duty. ⁶³	Appraisal rights are not available for publicly traded companies, and for the private company transactions they apply to, are generally the exclusive remedy for shareholders in mergers. ⁶⁴	Appraisal rights are not generally available for publicly traded companies, and for the private company transactions they apply to, are generally the exclusive remedy. ⁶⁵
Proxy Advisors⁶⁶	No law on proxy advisors	No state law on proxy advisors	No state law on proxy advisors	New law under court review makes it much more difficult for proxy advisors to provide advice to investors. This law has been challenged and an injunction granted to plaintiffs pending litigation outcome. ⁶⁷

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¹ For the Cayman Islands, this chart summarizes aspects of “exempted companies,” which are incorporated in the Cayman Islands, but do not operate there. Rules for other Cayman Islands companies may vary but are not widely relevant to institutional investors outside of the Cayman Islands.

² This report is designed to inform readers about key corporate governance features in select jurisdictions. While CII-REF exercised due care in preparing this report, it does not guarantee the accuracy of the information. The information in this table is not legal advice and does not address the governance of business associations other than corporations, such as LLCs, partnerships, or sole proprietorships. Applicable law changes and is nuanced beyond what can be summarized in a table. To report an error, or to suggest additional features of comparison, email content@cii.org.

³ As discussed by Marc Steinberg in *“Discretionaries” Not Fiduciaries* (2025), Oxford University Press, how the law describes duties of directors and officers differs significantly from how they are enforced by courts. This row seeks to provide a non-technical summary of how these duties operate in practice.

⁴ [Companies Act \(2023\)](#); *Weaving Macro Fixed Income Fund Limited (in Liquidation) v. Stefan Peterson and Hans Ekstrom* CICA 10 of 2011/2015; [The Boundaries, and Benefits, of ‘Gross Negligence’ Under Cayman Islands Law](#); and [Company Directors: Duties And Liability In Cayman Islands Law](#).

⁵ The phrase “intentional misconduct, fraud, or knowing violation of the law” is used multiple times in this table. This is a high standard. For example, in Delaware, gross negligence is “reckless indifference to or a deliberate disregard of the whole body of stockholders or actions which are without the bounds of reason” (See *Smith v. Van Gorkom*, 488 A. 2d 858, 863 (Del. 1985)). But even such actions would not satisfy the requirement of “intentional misconduct, fraud, or knowing violation of the law.” A shareholder would have to not only prove misconduct, fraud, or violation of the law, but would also have to prove that the director or officer actually had a wrongful mental state.

⁶ For the definition of “grossly negligent,” see footnote 5.

⁷ [Delaware General Corporation Law § 102\(b\)\(7\)](#); *In re Caremark International Inc. Derivative Litigation*, 698 A.2d 959 (Del. Ch. 1996); and *Stone v. Ritter*, 911 A.2d 362 (Del. 2006). Note that officer liability cannot be eliminated for breach of the duty of care if the claim is brought by or on behalf of the corporation.

⁸ The duty of loyalty “requires acting (including deciding not to act) on a disinterested and independent basis, in good faith, with an honest belief that the action is in the best interests of the company and its stockholders” (Skaden’s [Directors’ Fiduciary Duties: Back to Delaware Law Basics](#)).

⁹ [Nevada Revised Statutes § 78.138\(7\)](#), *Guzman v. Johnson*, 483 P.3d 531 (Nev. 2021), and *Chur v. Eighth Judicial Dist. Ct.*, 458 P.3d 336 (Nev. 2020).

¹⁰ Michal Barzuza, Market Segmentation: [The Rise of Nevada as a Liability-Free Jurisdiction](#), 98 Va. L. Rev. 935 (2012), and Michal Barzuza, [Nevada v. Delaware: The New Market for Corporate Law](#) (Eur. Corp. Governance Inst., Law Working Paper No. 761/2024, 2024).

¹¹ Texas Business Organizations Code § 21.223 and [Summary of Recent Changes to Delaware, Nevada, and Texas Corporate Law](#), Harvard Law School Forum on Corporate Governance.

¹² [Texas Business Organizations Code § 7.001](#).

¹³ See *Argentine Holdings (Cayman) Limited v. Buenos Aires Hotel Corporation S.A.* (1997) CILR 90; *Prospect Properties Limited (in liquidation) v McNeill and J.M. Bodden II* (1990-91) CILR 171; *Howard Smith Ltd v. Ampol Petroleum Ltd* [1974] AC 821 (Privy Council); and *Gao v. China Biologic Products Holdings, Inc.* (2018) FSD 157.

¹⁴ See *McRitchie v. Zuckerberg*, 315 A.3d 518 (Del. Ch. 2024) (“The fiduciary duties owed by directors of a Delaware corporation require the directors to seek to maximize the value of the corporation over the long-term for the benefit of the stockholders as residual claimants to the value created by the specific firm that the directors serve”); Leo Strine, Jr., [The Dangers of Denial: The Need for a Clear-Eyed Understanding of the Power and Accountability Structure Established by the Delaware General Corporation Law](#), 50 Wake Forest Law Review 761,768 (2015); and Robert Miller’s [Delaware Law Requires Directors to Manage the Corporation for the Benefit of its Stockholders and the Absurdity of Denying It](#), Journal of Corporation Law (2023).

¹⁵ See [When is Revlon Applicable to a Stock and Cash Merger? \(Morrison Foerster, 2023\)](#) and *Revlon, Inc. v. MacAndrews & Forbes Holdings, Inc.*, 506 A.2d 173 (Del. 1986).

¹⁶ [Nevada Revised Statutes § 78.138](#).

¹⁷ [Texas Business Organizations Code § 21.401](#).

¹⁸ Section 64 of the [Companies Act \(2023\)](#).

¹⁹ [Delaware General Corporate Law § 220](#).

²⁰ [Nevada Revised Statute § 78.257](#). The stock ledger is available to those owning 5% or more under NRS 78.105, but there is no requirement that the ledger include beneficial owners. (See [Reincorporating in Nevada: Considerations for Public Companies](#).) Such shareowners may also obtain other information under NRS 78.105, but such information is generally already available to anyone from the Nevada Secretary of State, such as the articles of incorporation.

²¹ [Texas Business Organizations Code § 21.218\(b\)](#).

²² [Texas Business Organizations Code § 21.218](#).

²³ For example, the board took a vote via email or text message.

²⁴ State law could control nonbinding shareholder proposals, but the law of most states is silent on the matter. SEC Chairman Paul Atkins has made an argument that nonbinding shareholder proposals are not a “proper subject” for shareholder vote under Delaware law. The SEC has also announced that its Rule 14a-8 will permit a company to exclude a proposal from its proxy statement under this argument. This may also prompt more states to limit shareholder proposals under state law. See [Keynote Address at the John L. Weinberg Center for Corporate Governance’s 25th Anniversary Gala](#) and Kyle Pinder, [The Non-Binding Bind: Reframing Precatory Stockholder Proposals Under Delaware Law](#), 15 MICH. BUS. & ENTREPRENEURIAL L. REV. 1 (2026).

²⁵ It is possible that companies that are not required under state law to hold an annual meeting must do so under stock exchange listing standards. However, this may not be guaranteed. In Nevada, for example, the controller of a controlled company could take action without a meeting. The Nasdaq annual meeting [requirement](#) states “Of course, Nasdaq’s meeting requirement does not supplant any applicable state or federal securities laws concerning annual meetings.”

²⁶ See an example of company disclosure [here](#): “As a Cayman Islands exempted company, we are not obliged by the Companies Law to call shareholders’ annual general meetings.”

²⁷ [§ 240.14a-8 Shareholder proposals](#).

²⁸ [Delaware General Corporate Law § 211](#).

²⁹ [Nevada Revised Statutes § 78.310](#).

³⁰ [Texas Business Organizations Code § 21.373](#).

³¹ [Texas Business Organizations Code § 21.351](#).

³² See [Cayman Islands exempted companies](#), Mourant.

³³ [Delaware General Corporation Law § 211\(d\)](#).

³⁴ [Nevada Revised Statutes 78.310\(2\)](#).

³⁵ [Texas Business Organizations Code § 21.352\(a\)](#).

³⁶ Under the business judgment rule, the “court will uphold the decisions of a director as long as they are made (1) in good faith, (2) with the care that a reasonably prudent person would use, and (3) with the reasonable belief that the director is acting in the best interests of the corporation” ([Legal Information Institute at Cornell Law School](#)).

³⁷ See *Re Smith & Fawcett Ltd* Ch 304 (1942) and *Weaving Macro Fixed Income Fund Limited (in Liquidation) v. Stefan Peterson and Hans Ekstrom* CICA 10 of 2011/2015.

³⁸ See *Aronson v. Lewis*, 473 A.2d 805, 812 (Del. 1984); *Kahn v. M&F Worldwide Corp.* (“MFW”), 88 A.3d 635 (Del. 2014); *In re Match Group, Inc. Derivative Litigation* (Del. 2024); and *Weinberger v. UOP, Inc.*, 457 A.2d 701 (Del. 1983).

³⁹ [Nevada Revised Statutes 78.138\(3\) & \(7\)](#). *Guzman v. Johnson*, 483 P.3d 531 (Nev. 2021); *Chur v. Eighth Jud. Dist. Ct.*, 458 P.3d 336 (Nev. 2020)

⁴⁰ NRS 78.240 was amended last session but the NV online statute does not reflect the current, operative language.

⁴¹ [Texas Business Organizations Code § 21.419\(c\)](#).

⁴² [Companies Act 2006 § 172](#).

⁴³ [Delaware General Corporate Law § 144\(d\)\(2\)](#).

⁴⁴ [Nevada Revised Statutes § 78.240](#).

⁴⁵ [Texas Business Organizations Code §§ 21.419, 21.418, and 21.4161](#).

⁴⁶ See [Guide to Litigation in the Cayman Islands 2025](#).

⁴⁷ See, e.g., [The History of Delaware’s Business Courts](#).

⁴⁸ See [Judicial Officers](#), Court of Chancery.

⁴⁹ See [Nevada Supreme Court announces plans for dedicated business court](#) (2025) and [Nevada Enacts Corporate Legislation and Advances Dedicated Business Court](#) (2025).

⁵⁰ See [Creation of the Business Court of Texas, Effective September 1, 2024](#).

⁵¹ See [Judicial Committee Of The Privy Council confirms that shareholders have a direct right of action against a company in circumstances where shares have been allotted for an improper purpose](#) (2025).

⁵² [Cayman Islands Litigation Guide 2025 \(Chambers\)](#), Carey Olsen. [Judicature Act \(2021 Revision\)](#).

⁵³ In bringing a Derivative lawsuit, you may also argue that the board is grossly negligent and acting in bad faith, but this is a much harder standard to meet. [Delaware Rules of Civil Procedure, Rule 23.1](#).

⁵⁴ *United Food & Commercial Workers Union & Participating Food Industry Employers Tri-State Pension Fund v. Zuckerberg*, 262 A.3d 1034 (Del. 2021)

⁵⁵ [Delaware General Corporation Law § 327](#).

⁵⁶ *Boilermakers Local 154 Retirement Fund v. Chevron Corp.* (2013).

⁵⁷ [Nevada Revised Statutes § 78.138\(7\)](#).

⁵⁸ [Texas Business Organizations Code §§ 2.115\(b\), 2.116, 21.373, and 21.552\(a\)](#).

⁵⁹ [Texas Corporate Law Changes Challenge Delaware’s Dominance \(2025\)](#), Harvard Law School Forum on Corporate Governance.

⁶⁰ In this row, we use the plain language term “merger” to represent the larger array of “business combinations” that appraisal rights could apply to.

⁶¹ [Companies Act § 238](#).

⁶² [Delaware General Corporation Law § 262](#).

⁶³ [Delaware General Corporation Law § 262](#).

⁶⁴ [Nevada Revised Statutes 92A.380\(2\)](#).

⁶⁵ Texas Business Organizations Code §§ [10.354](#) and [21.460](#).

⁶⁶ The U.S. Court of Appeals for the D.C. Circuit Affirmed that the proxy voting advice provided by advisory firms does not constitute a "solicitation" under Section 14(a) of the Securities Exchange Act of 1934, so these firms are not regulated under federal solicitation rules. See *Institutional Shareholder Servs., Inc. v. SEC*, No. 24-5105, 2025 WL 1802786 (D.C. Cir. July 1, 2025).

⁶⁷ See Act [here](#). See summary of legal challenge [here](#). See [Texas Court Blocks Enforcement of New Texas Proxy Advisor Law Against ISS and Glass Lewis](#).