



The Fiduciary Duty of Loyalty

Giorgi Mukbaniani ^{a1}

^a PhD student, Visiting Lecturer
Caucasus International University

ARTICLE INFO ABSTRACT

Keywords: The fiduciary duty of loyalty constitutes one of the fundamental principles of contemporary corporate law and serves as the primary legal mechanism for identifying and regulating directors' conflicts of interest. Despite its central role in English-American corporate law, the conceptual structure of fiduciary duty of loyalty has undergone significant refinement following the publication of the American Law Institute's Restatement of the Law, 2022, Corporate Governance. This Article examines the contemporary understanding of the duty of loyalty and evaluates its significance for the interpretation of Georgian corporate law.

Fiduciary duties
Duty of loyalty
Business
judgment rule
Conflict of
interest
Georgian
corporate Law

The research employs doctrinal legal analysis supported by content analysis, comparative and historical methodologies. It analyses legislation and judicial decisions relating to directors' fiduciary duties, conflicts of interest, the Business Judgment Rule and corporate governance in the United States, Continental Europe and in the Georgian legal system.

The Article argues that the Restatement does not create a new fiduciary obligation but rather systematizes existing judicial doctrine into a coherent analytical framework centered upon the duty of loyalty. It further establishes that good faith forms an integral subsidiary element of the duty of loyalty and that the Business Judgment Rule should be understood primarily as a standard of judicial review rather than merely as a component of the duty of care. Comparative analysis also reveals that Georgian corporate law regulates numerous features of fiduciary loyalty, although these features remain fragmented across different statutory provisions.

The American Law Institute's Restatement of the Law, 2022, provides a persuasive comparative framework for the systematization of fiduciary duties and contributes to greater doctrinal coherence, legal certainty and consistency in judicial decision-making processes.

¹ Corresponding author.

E-mail addresses: georgemukbaniani@yahoo.com (G. Mukbaniani).

ORCID: <https://orcid.org/0009-0006-8250-8394>

ერთგულების ფიდუციური ვალდებულება

გიორგი მუკბანიანი^{ა2}

^ა დოქტორანტი, მოწვეული ლექტორი
კავკასიის საერთაშორისო უნივერსიტეტი

სტატიის შესახებ

აბსტრაქტი

საკვანძო სიტყვები:

ფიდუციური
ვალდებულებები

ერთგულების
ფიდუციური
ვალდებულება

სამეწარმეო
გადაწყვეტილების
თავისუფლება

ინტერესთა
კონფლიქტი

საქართველოს
საკორპორაციო
სამართალი

ერთგულების ფიდუციური მოვალეობა თანამედროვე საკორპორაციო სამართლის სისტემის ერთ-ერთ ფუნდამენტურ პრინციპს წარმოადგენს და დირექტორთა ინტერესთა კონფლიქტის იდენტიფიცირებისა და რეგულირების ძირითად სამართლებრივ მექანიზმად გვევლინება. მიუხედავად იმისა, რომ აღნიშნული ინსტიტუტი ინგლისურ და ამერიკულ საკორპორაციო სამართალში ცენტრალურ ადგილს იკავებს, მისი შინაარსობრივი სტრუქტურა მნიშვნელოვნად განვითარდა ამერიკის სამართლის ინსტიტუტის (American Law Institute (ALI)) მიერ მომზადებული Restatement of the Law, Corporate Governance (2022)-ის გამოქვეყნების შემდეგ.

სტატიის მიზანია ერთგულების ფიდუციური მოვალეობის თანამედროვე კონცეფციის გაანალიზება და მისი მნიშვნელობის შეფასება ქართული საკორპორაციო სამართლის მიერ აღიარებული პრინციპებისა და რეგულაციების კონტექსტში. აღნიშნული საკითხის კვლევა განსაკუთრებით მნიშვნელოვანია, რადგან ამერიკული საკორპორაციო სამართლის განვითარება და მის ფარგლებში ჩამოყალიბებული დოქტრინები მნიშვნელოვან შედარებით და სამართლებრივ საფუძველს ქმნის ქართული საკორპორაციო სამართლის ინტერპრეტაციისა და შემდგომი განვითარებისთვის.

კვლევა ეფუძნება კონტენტ-ანალიზის, შედარებით-სამართლებრივი და ისტორიული კვლევის მეთოდებს. სტატიაში გაანალიზებულია ამერიკის შეერთებული შტატების, კონტინენტური ევროპის, განსაკუთრებით გერმანიის სამართლისა და საქართველოს სამართლებრივი მიდგომები, რომლებიც დირექტორთა ფიდუციურ მოვალეობებს, ინტერესთა კონფლიქტს, სამეწარმეო გადაწყვეტილების თავისუფლებასა (Business Judgment Rule) და კორპორაციულ მმართველობას შეეხება.

წინამდებარე სტატიით განისაზღვრა, რომ The Restatement of the Law, Corporate Governance (2022) არ აყალიბებს ახალ ფიდუციურ ვალდებულებებს, არამედ სასამართლო პრაქტიკის მიხედვით ერთგულების ფიდუციურ ვალდებულებებთან დაკავშირებულ დოქტრინებს ერთიან და თანმიმდევრულ სტრუქტურულ სისტემაში აერთიანებს. ამასთანავე, კეთილსინდისიერებას,

² ავტორი კორესპონდენტი.

ელექტრონული ფოსტა: georgemukbaniani@yahoo.com (გ.მუკბანიანი).

ORCID: <https://orcid.org/0009-0006-8250-8394>

ცნობილი როგორც good-faith ერთგულების ფიდუციური მოვალეობის შემადგენელ სუბსიდიურ მოვალეობად აღიარებს, ხოლო სამეწარმეო გადაწყვეტილების თავისუფლებას (Business Judgment Rule) განმარტავს, როგორც სასამართლო კონტროლის სტანდარტს და არა მხოლოდ ზრუნვის მოვალეობის კომპონენტს.

შედარებით სამართლებრივმა ანალიზმა გვიჩვენა, რომ ქართული საკორპორაციო სამართალი ერთგულების ფიდუციური მოვალეობის არაერთ კომპონენტს მოიცავს, თუმცა ეს კომპონენტები სხვადასხვა სამართლებრივ ნორმებში ფრაგმენტულადაა წარმოდგენილი. ერთგულების ფიდუციური მოვალეობა თანამედროვე საკორპორაციო სამართალში ინტერესთა კონფლიქტის აღმოჩენისა და რეგულირების როგორც სამართლებრივ, ასევე შინაარსობრივ საფუძველს წარმოადგენს. ამ თვალსაზრისით, The Restatement of the Law, Corporate Governance (2022) ფიდუციური მოვალეობების სისტემატიზაციის მნიშვნელოვან მოდელს წარმოადგენს, რომელიც ერთგულების მოვალეობის თანამედროვე კონცეფციის თანმიმდევრულ განმარტებასა და ინტერესთა კონფლიქტის რეგულირების ერთიანი სამართლებრივი ჩარჩოს ჩამოყალიბებას უწყობს ხელს.

1. Introduction

Modern corporate law conceptualizes directors' duties as a system of behavioral expectations that serves both preventive and deterrent functions. The applicable legal framework not only prescribes how directors are expected to conduct themselves in the management of the company, but also establishes mandatory enforcement mechanisms designed to ensure compliance with these expectations (Kershaw, 2009).

Directors are generally subject to two core duties: the duty of loyalty and the duty of care. In exercising the powers conferred upon them, directors are required to act in the best interests of the company and to exercise those powers only for the purpose of promoting the success of the company (Kershaw, 2009). In particular, the distinction between the duty of care and the duty of loyalty has become one of the defining features of modern corporate law, influencing not only directors' standards of conduct but also the scope of judicial review, the allocation of the burden of proof and the legal consequences of fiduciary misconduct.

The fiduciary duty of loyalty occupies a central position in contemporary corporate governance and serves as the principal legal mechanism for regulating directors' conflicts of interest. As the role of corporate directors has expanded beyond the traditional management of corporate affairs to encompass increasingly complex commercial decision-making power, fiduciary law has undergone significant doctrinal development.

Although the concept of fiduciary loyalty has traditionally been associated with English-American corporate law, recent developments demonstrate that its influence extends well beyond common law jurisdictions. Continental European legal systems increasingly recognize functional equivalents of

fiduciary obligations through statutory provisions governing conflicts of interest, directors' duties, usurpation of corporate opportunities and good faith. Georgian corporate law follows a similar legislative approach. While the Law of Georgia on Entrepreneurs contains numerous provisions regulating particular features of fiduciary loyalty, these obligations remain dispersed throughout different statutory provisions and have not yet been formulated as a unified fiduciary doctrine (Gelter, 2018).

One of the most significant developments in contemporary corporate law is the publication of the American Law Institute's Restatement of the Law, Corporate Governance (2022). Unlike the earlier Principles of Corporate Governance: Analysis and Recommendations (1994), the Restatement reconceptualizes the duty of loyalty as the central organizing principle of directors' fiduciary obligations. It recognizes good faith as an integral element of the duty of loyalty and clarifies that the Business Judgment Rule operates as a standard of judicial review whose application depends upon compliance with both the duty of care and the duty of loyalty (American Law Institute, 2022). Rather than creating new fiduciary obligations, the Restatement seeks to systematize existing judicial doctrine and provide a coherent analytical framework capable of explaining the various manifestations of directors' fiduciary responsibilities.

Although the fiduciary duty of loyalty has been widely discussed in academic literature, existing scholarship has generally examined its individual manifestations, including conflicts of interest, usurpation of corporate opportunities, directors' duties and the Business Judgment Rule, rather than its systematic conceptual structure (DeMott, 1992; Eisenberg, 1988). While the fiduciary duty of loyalty has generated extensive scholarly debate, insufficient attention has been paid to the implications of the American Law Institute's Restatement of the Law, Corporate Governance (2022) for legal systems in which directors' fiduciary obligations are regulated through fragmented statutory provisions rather than as a unified fiduciary doctrine. This is particularly true of Georgian corporate law, where the constituent elements of fiduciary loyalty remain dispersed across multiple legislative provisions (Gelter, 2018).

The central argument advanced here is that the Restatement represents not merely a restatement of existing case law but a significant conceptual development in the structure of fiduciary law. By redefining loyalty as the organizing principle of directors' fiduciary obligations, it provides a more coherent analytical framework for understanding conflicts of interest and offers valuable interpretative guidance for the further development of Georgian corporate law.

2. Literature Review

The fiduciary duty of loyalty has long occupied a central position in corporate law scholarship and judicial practice. Although its historical origins may be traced to the equitable jurisdiction of English courts, the doctrine has undergone substantial conceptual development within modern U.S. corporate law. Contemporary academic literature no longer regards fiduciary loyalty merely as a collection of specific prohibitions addressing conflicts of interest, self-dealing transactions or the usurpation of corporate opportunities. Instead, an increasing number of scholars perceive loyalty as the organizing principle of fiduciary law, capable of providing a coherent conceptual framework for directors' obligations.

One of the earliest comprehensive analyses of fiduciary obligations was provided by Shepherd, who argued that fiduciary duties derive from the special relationship of trust and confidence existing between the fiduciary and the beneficiary. According to this view, fiduciary law seeks primarily to prevent the misuse of entrusted powers rather than merely to compensate for resulting harm. Similarly, DeMott (1992) emphasized that fiduciary obligations cannot be understood solely through traditional contractual or tort principles, as their defining characteristic lies in the obligation to exercise discretionary authority exclusively in the interests of another.

The relationship between the duty of care and the duty of loyalty has attracted particular attention within American corporate law scholarship. Eisenberg (1988) explained that although both duties originate from the same fiduciary relationship, they perform fundamentally different legal functions. While the duty of care regulates the process by which directors make corporate decisions, the duty of loyalty governs the purposes and motivations underlying those decisions. This functional distinction has subsequently become one of the defining characteristics of modern fiduciary doctrine and has significantly influenced the judicial application of the Business Judgment Rule.

Kershaw (2009) further develops this functional understanding of directors' duties by emphasizing their role as a system of behavioral standards designed to regulate the exercise of managerial authority. According to Kershaw, the distinction between the duty of care and the duty of loyalty is fundamental not only for defining directors' obligations but also for determining the intensity of judicial scrutiny and the allocation of legal responsibility. While the duty of care primarily concerns the quality and procedure of corporate decision-making, the duty of loyalty operates as a mechanism for controlling situations in which directors' personal interests may compromise their obligation to act in the interests of the company. In this respect, fiduciary law performs both a preventive and a deterrent function by preserving managerial discretion while imposing stricter constraints on self-interested conduct.

A further stage in the doctrinal development of fiduciary law concerns the concept of good faith. Earlier formulations occasionally treated good faith as an autonomous fiduciary obligation. However, following the Delaware Supreme Court's decision in *Stone v. Ritter* and subsequent academic commentary, good faith has increasingly been understood as an integral component of the duty of loyalty rather than as an independent fiduciary duty. This reconceptualization has contributed to a clearer distinction between directors' principal fiduciary obligations and has strengthened the analytical coherence of modern corporate law.

Recent comparative scholarship has further expanded the discussion beyond common law jurisdictions. Gelter (2018) argues that fiduciary principles are not unique to English-American corporate law but also exist throughout Continental European legal systems in a fragmented and functionally equivalent form. Rather than developing a unified fiduciary doctrine, jurisdictions such as Germany and France regulate loyalty-based obligations through various statutory provisions, general principles of private law and judicial doctrines. For instance, in Germany, by contrast, the duty of loyalty (*Treupflicht*) is commonly recognized even without an explicit statutory basis (Gelter, 2018). The *Aktiengesetz* (stock corporation act) states that directors have to employ the care of a diligent and conscientious manager (*AktG*, § 93(1)) without expressly mentioning loyalty. However, it is commonly accepted that directors are subject to a duty of loyalty that "bars them from (consciously) pursuing objectives in conflict with the corporate

benefit” (Gelter, 2018). This duty is often seen as a specific instance of the general good faith requirement of the law of obligations, but scholars still differ on this. Therefore, obligations concerning conflicts of interest, disclosure, usurpation of corporate opportunities and the protection of another's interests remain dispersed throughout different branches of law instead of being formulated as a single fiduciary concept.

The most significant recent contribution to this field is the American Law Institute's Restatement of the Law, Corporate Governance (2022). Unlike the Principles of Corporate Governance: Analysis and Recommendations (1994), the Restatement formulates the duty of loyalty as an affirmative fiduciary obligation, expressly incorporates good faith into its conceptual structure and distinguishes more clearly between standards of conduct and standards of judicial review. Rather than introducing new substantive duties, it seeks to organize existing judicial doctrine into a coherent analytical framework capable of explaining the various manifestations of fiduciary loyalty.

Despite the substantial development of fiduciary law in comparative scholarship, relatively little attention has been devoted to the implications of the Restatement for jurisdictions whose corporate legislation regulates directors' loyalty through fragmented statutory provisions. Georgian corporate law represents such a system. Although the Law of Georgia on Entrepreneurs contains numerous provisions addressing directors' fiduciary conduct, including conflicts of interest, usurpation of corporate opportunities or the Business Judgment Rule, these provisions have not yet been systematically interpreted through the concept of a unified duty of loyalty.

3. Materials and Research Methods

This Article employs a comparative legal analysis of Common Law and Continental European legal systems. The research is primarily based on the examination of legal doctrines, statutory provisions and academic literature relating to directors' fiduciary duties, conflicts of interest and corporate governance.

The principal research method is doctrinal legal analysis, through which the legal nature, conceptual structure and practical operation of the fiduciary duty of loyalty are examined. Particular attention is devoted to the distinction between the duty of care and the duty of loyalty, the legal significance of good faith and the evolving function of the Business Judgment Rule within contemporary corporate law. It compares the development of fiduciary principles in United States corporate law with their functional equivalents in Continental European legal systems, particularly Germany and evaluates the extent to which these developments are reflected in Georgian corporate legislation. The comparative analysis focuses on identifying similarities and differences in the regulation of directors' duties, conflicts of interest and standards of judicial review.

Although a business entity is not a natural person, by virtue of its legal characteristics it may be regarded as a functionally autonomous legal unit that comes into existence upon its registration in the National Agency of Public Registry of Georgia. Nevertheless, it should not be overlooked that the management and administration of business entities are exercised by natural persons whose personal interests may give rise to conflicts of interest in the performance of their corporate functions. For this reason, the present research proceeds from the premise that corporate governance ultimately concerns the conduct of individuals exercising corporate powers. At the same time, comparative legal analysis facilitates the

identification of the most appropriate legal solutions developed within Common Law and Continental European legal systems, thereby enabling the State to establish a rational legal framework that effectively guarantees economic freedom.

Besides, historical analysis is also employed to trace the evolution of directors' fiduciary duties from traditional equitable principles toward their contemporary conceptualization in modern corporate law. Particular emphasis is placed upon the transformation of the duty of loyalty from a collection of specific equitable doctrines into a unified fiduciary obligation, as reflected in the American Law Institute's Restatement of the Law, Corporate Governance (2022).

The study employs the content analysis method to examine national and foreign legislation, international legal instruments, academic literature and legal doctrine. Particular attention is devoted to the Law of Georgia on Entrepreneurs, while the analysis further encompasses the principal legislative and doctrinal sources governing corporate governance, including the Georgian Law on Entrepreneurs, Germany's Aktiengesetz (AktG) and the American Law Institute's Restatement of the Law, Corporate Governance (2022). Through a comparative analysis of these sources, the study evaluates the conceptual development of directors' fiduciary duties and their relevance to the evolution of Georgian corporate law.

4. Results and Discussions

4.1. Reconceptualization of the Duty of Loyalty

The legal status of a director is inherently fiduciary in nature. The term *fiducia* is derived from Latin and denotes trust or confidence. Accordingly, the legal relationship between a director and the company is fiduciary, constituting a legal relationship founded upon trust and confidence. The concept of fiduciary duties can be traced in English law as early as 1742, and it was subsequently adopted and further developed within the American corporate law tradition. For a considerable period, however, fiduciary duties were not articulated as a distinct legal category but existed in an implicit and only partially developed form within the legal system. This historical evolution may explain why the term fiduciary duties continues to present difficulties in translation and conceptual adaptation across different legal languages and jurisdictions.

The Law of Georgia on Entrepreneurs expressly recognizes only the duty of care, both in its terminology and normative formulation. In the context of regulating directors' conflicts of interest, however, the duty of care performs only a limited function. Under the statutory provision, a director is exempt from liability where he or she: (i) acts in good faith; (ii) exercises appropriate care; and (iii) reasonably believes that the decision is in the best economic interests of the company. These requirements, however, primarily establish the procedural standard for reviewing decisions made by disinterested directors rather than regulating situations involving conflicts of interest. Moreover, Professor Deborah A. DeMott argues that the duty of care should not necessarily be regarded as a fiduciary duty in the strict sense. This position is supported by persuasive doctrinal considerations. Unlike the duty of loyalty, the duty of care establishes an objective standard governing the manner in which directors discharge their managerial responsibilities and defines the scope of managerial discretion. It requires directors to exercise reasonable care, skill and diligence in corporate decision-making, whereas the prevention of conflicts of interest falls within the distinct domain of the duty of loyalty.

Although the existence of the duty of loyalty is widely acknowledged in Georgian legal scholarship, distinguishing it from the duty of care remains conceptually challenging. This difficulty stems primarily from the fact that Georgian corporate legislation neither expressly defines nor systematically codifies the duty of loyalty as an autonomous fiduciary obligation. Consequently, the duty of care is best understood as prescribing the procedural standard by which directors' decision-making processes are assessed in the management of corporate affairs. The duty of loyalty, by contrast, concerns the director's purpose and motivation, its principal objective being to prevent directors from acting in their own interests at the expense of the company.

The American Law Institute's Restatement of the Law, Corporate Governance (2022) represents a significant conceptual development in modern corporate law. Rather than introducing new fiduciary obligations, the Restatement reorganizes existing judicial doctrine into a coherent analytical framework centered upon the fiduciary duty of loyalty.

Earlier formulations of fiduciary law generally defined loyalty through a series of specific prohibitions, including self-dealing transactions, conflicts of interest, usurpation of corporate opportunities and secret profits. Consequently, the content of the duty of loyalty appeared fragmented, while its precise conceptual boundaries remained largely dependent upon judicial interpretation. The Restatement departs from this traditional approach by introducing a general affirmative formulation of fiduciary loyalty under § 5.01. Directors and officers are required to act in the good-faith belief that their conduct serves the best interests of the corporation and to give precedence to corporate interests over their own personal interests.

This reformulation produces an important conceptual consequence. Loyalty is no longer understood merely as a collection of specific equitable prohibitions but rather as the overarching fiduciary principle governing the lawful exercise of corporate power. Conflicts of interest, self-dealing transactions, usurpation of corporate opportunities and related doctrines therefore become individual manifestations of a broader fiduciary obligation rather than independent legal categories.

From a comparative perspective, this systematic structure provides a persuasive interpretative model for jurisdictions in which fiduciary obligations remain legislatively fragmented. Georgian corporate law regulates numerous manifestations of directors' loyalty, including conflicts of interest, usurpation of corporate opportunities, prohibition of competition, etc. Yet, these obligations remain dispersed across different statutory provisions without being expressly formulated as a unified fiduciary duty.

Accordingly, the principal contribution of the Restatement lies not in creating new substantive rules but in transforming fragmented fiduciary doctrine into a coherent conceptual system capable of explaining the entire regulation of directors' conflicts of interest. The adoption of this conceptual framework within Georgian corporate law would facilitate a more coherent understanding of directors' fiduciary duties as a dynamic institution founded upon fiduciary principles, whose primary objectives are to identify breaches of fiduciary obligations arising from conflicts of interest, protect the corporation's interests, constrain managerial power and preserve the trust that constitutes the legal foundation of corporate relationships.

5. Conclusion

The present study demonstrates that the fiduciary duty of loyalty has evolved from a collection of equitable principles into the central organizing concept of modern corporate fiduciary law. Comparative analysis confirms that contemporary corporate law no longer treats conflicts of interest, self-dealing transactions, usurpation of corporate opportunities and other manifestations of fiduciary misconduct as isolated legal doctrines. Rather, these doctrines are increasingly understood as specific expressions of a broader and unified duty of loyalty. In this respect, the American Law Institute's Restatement of the Law, Corporate Governance (2022) represents a significant conceptual development by reorganizing existing judicial doctrine into a coherent analytical framework without creating fundamentally new fiduciary obligations.

The study further demonstrates that the distinction between the duty of care and the duty of loyalty remains a defining characteristic of contemporary corporate law. Whereas the duty of care establishes the procedural standard governing directors' decision-making, the duty of loyalty regulates the purposes and motivations underlying the exercise of corporate powers. Consequently, good faith should no longer be regarded as an autonomous fiduciary obligation but as an integral component of the duty of loyalty. Likewise, the Business Judgment Rule should be understood primarily as a standard of judicial review whose application depends upon directors' compliance with both fiduciary duties rather than as a doctrine confined exclusively to the duty of care.

From a comparative perspective, the research confirms that fiduciary principles are not confined only to English-American corporate law. Although Continental European jurisdictions have traditionally developed fiduciary obligations through statutory provisions and judicial doctrine rather than through an express fiduciary concept, they increasingly recognize functional equivalents of the duty of loyalty. The German experience demonstrates that fiduciary obligations may operate effectively even in the absence of an explicit statutory definition, provided that judicial interpretation and legal scholarship develop a coherent conceptual framework that explains directors' obligations as a unified fiduciary institution.

The analysis of Georgian corporate law leads to a similar conclusion. Although the Law of Georgia on Entrepreneurs contains numerous provisions governing conflicts of interest, corporate opportunities, the prohibition of competition and standards of directors' conduct, these provisions remain dispersed across separate statutory rules and have not yet been systematically interpreted through the concept of a unified fiduciary duty of loyalty. This legislative structure does not prevent the recognition of fiduciary loyalty as a general legal principle. However, it increases the importance of doctrinal interpretation and consistent judicial practice in ensuring coherence within corporate law.

Accordingly, the principal contribution of this study lies in demonstrating that the Restatement provides not merely a persuasive statement of American corporate law but also a valuable comparative model for jurisdictions whose regulation of directors' fiduciary duties remains fragmented. Its conceptual structure offers an analytical framework capable of integrating diverse statutory provisions into a coherent system founded upon fiduciary loyalty. Such an approach enhances legal certainty, promotes consistency in judicial reasoning and facilitates a more principled regulation of directors' conflicts of interest.

Finally, the findings of this research suggest that the future development of Georgian corporate law should not necessarily depend upon the introduction of new statutory fiduciary duties. Greater doctrinal coherence may instead be achieved through a systematic interpretation of existing legislative provisions in light of comparative fiduciary principles. Future research may further examine the practical application of the unified duty of loyalty in Georgian judicial practice, particularly in disputes involving related-party transactions, corporate opportunities, directors' conflicts of interest and the judicial application of the Business Judgment Rule. Such research would contribute to the continued evolution of Georgian corporate governance and strengthen the alignment of domestic corporate law with contemporary international fiduciary doctrine.

Statement on the Use of Artificial Intelligence: Artificial intelligence tools were used solely for language editing, stylistic refinement and improving the clarity and readability of the manuscript. The author reviewed, verified and takes full responsibility for all content, interpretations, analyses and conclusions presented in this article.

Funding statement: This research received no external funding.

Conflict of interest statement: The author has declared that there is no conflict of interest regarding this study.

References

1. American Law Institute. (2022). *Restatement of the Law, Corporate Governance*. Philadelphia, PA: American Law Institute.
2. American Law Institute. (1994). *Principles of Corporate Governance: Analysis and Recommendations*. Philadelphia, PA: American Law Institute.
3. *Aktiengesetz (German Stock Corporation Act)*. (1965).
4. DeMott, A.D. (Summer 1992). Fiduciary Obligation under Intellectual Siege: Contemporary Fiduciary Obligation under Intellectual Siege: Contemporary Challenges to the Duty to be Loyal, Volume 30, Number 2, Article 6.
5. *Delaware General Corporation Law (DGCL)*. (2024). Title 8, Delaware Code.
6. Eisenberg, A.M. (1988). Self-Interested Transactions in Corporate Law, *Journal of Corporation Law*, Volume 13, 997
7. Gelter, M. (2018). Fiduciary Principles in European Corporate Law. Working Paper N392/2018
8. Kershaw, D. (2009). *Company Law in Context: Text and Materials* (2nd ed.). Oxford University Press.
9. *Law of Georgia on Entrepreneurs*. (2021). Legislative Herald of Georgia.
10. Shepherd, J. C. (1981). *The Law of Fiduciaries*. Carswell.
11. *Stone v. Ritter*, 911 A.2d 362 (Del. 2006).