

Home > [European Business Organization Law Review](#) > Article

# Specific Investments, Opportunism and Corporate Contracts: A Theory of Tag-along and Drag-along Clauses

| Articles | Published: 28 February 2015

| Volume 11, pages 423–458, (2010) [Cite this article](#)



[European Business Organization](#)

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **[privacy policy](#)** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:



- > **Store and/or access information on a device**
- > **Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

companies where both have made heavy specific investments. These clauses are particularly pertinent in settings such as joint ventures or venture capital companies, which tend to involve such investments. The second intuition is that these arrangements constitute self-defence tools that are, additionally, relatively self-enforceable. Specifically, self-defence adopts the form of a put option in tag-along arrangements or a call option in drag-along arrangements, to the benefit of shareholders exposed to expropriation risk. These tools are relatively self-enforceable because their implementation entails no third-party involvement. The third intuition is that their typical location is that of shareholders' agreements and not bylaws, since they define inter-shareholder relations (involving all or some of them) rather than corporate structure or machinery.

 This is a preview of subscription content, [log in via an institution](#)  to check access.

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **[privacy policy](#)** for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

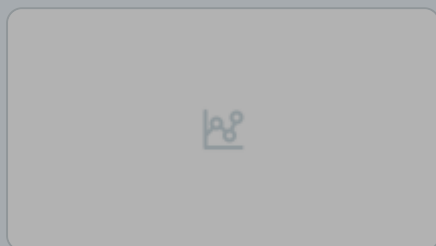
**Personalised advertising and content, advertising and content measurement, audience research and services development**

**Accept all cookies**

**Reject optional cookies**

**Manage preferences**

## Similar content being viewed by others



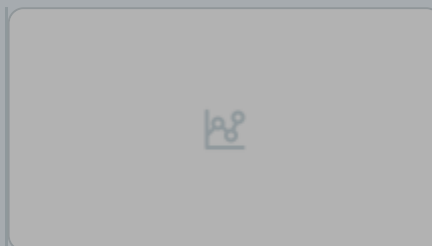
**Shareholder Conflicts in Close Corporations between Theory and Practice: Evidence from Italian Private Limited Liabili...**

Article | 19 November 2019



**Marketing When Insiders are Locked in: An Abstract**

Chapter | © 2020



**Shareholder Engagement and Custody Chains**

Article | Open access  
24 August 2022

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Allen, J.W., and G.M. Phillips, 'Corporate Equity Ownership, Strategic Alliances, and Product Market Relationships', 55 *The Journal of Finance* (2000) pp. 2791–2815.

[Article](#) [Google Scholar](#)

Álvarez Vega, J.M., 'La sociedad conjunta', in J. M<sup>a</sup>. Álvarez Arjona and A. Carrasco Perera, eds., *Régimen jurídico de las adquisiciones de empresas* (Pamplona, Aranzadi 2001) pp. 309 et seq.

[Google Scholar](#)

Amihud, Y., M. Kahan and R.K. Sundaram, 'The Foundations of Freezeout Laws in Takeovers' 59 *Journal of Finance* (2004) pp. 1325–1344

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 [partners](#), also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our [privacy policy](#) for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Becker, G., 'A Theory of Marriage: Part II', 82 *Journal of Political Economy* (1974) pp. 11–26.

[Article](#) [Google Scholar](#)

Black, B.S., and R.J. Gilson, 'Venture Capital and the Structure of Capital Markets: Banks versus Stock Markets', 47 *Journal of Financial Economics* (1998) pp. 243–277.

[Article](#) [Google Scholar](#)

Bresnahan, T.F., and S.C. Salop, 'Quantifying the Competitive Effect of Production

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Chemlab, G., M.A. Habib and A. Ljungqvist, 'An Analysis of Shareholder Agreements', 5 *Journal of the European Economic Association* (2007) pp. 93–121.

[Article](#) [Google Scholar](#)

Chung, T-Y., 'Incomplete Contracts, Specific Investments, and Risk Sharing', 58 *Review of Economic Studies* (1991) pp. 1031–1042.

[Article](#) [Google Scholar](#)

Cumming, D.J., 'Contracts and Exit in Venture Capital Finance', 21 *Review of Financial Studies* (2008) pp. 1947–1982.

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Epstein, R.A., *Simple Rules for a Complex World* (Cambridge-London, Harvard University Press 1995).

[Google Scholar](#)

Feen, G.W., N. Liang and S. Prowse, 'The Private Equity Market: An Overview', 6 *Financial Markets, Institutions and Instruments* (1997) pp. 1-105.

[Article](#) [Google Scholar](#)

Fernández de la Gándara, L., entry 'Pacto parasocial', in *Enciclopedia Jurídica Básica*, t. III (Madrid, Civitas 1995) pp. 4712 et seq.

[Google Scholar](#)

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Grossmann, S.J., and O.D. Hart, ‘Takeover Bids, the Free Rider Problem and the Theory of the Corporation’, 11 *Bell Journal of Economics* (1980) pp. 42–64.

[Article](#) [Google Scholar](#)

Grossmann, S.J., and O.D. Hart, ‘The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration’, 94 *Journal of Political Economy* (1986) pp. 691–719.

[Article](#) [Google Scholar](#)

Hart, O., and J. Moore, ‘Incomplete Contracts and Renegotiation’, 56 *Econometrica* (1988) pp. 755–785.

[Article](#) [Google Scholar](#)

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)



Kaplan, S., F. Martel and P. Strömberg, 'How Do Legal Differences and Experience Affect Financial Contracts', 16 *Journal of Financial Intermediation* (2007) pp. 273–311.

[Article](#) [Google Scholar](#)

Kaplan, S., and P. Strömberg, 'Financial Contracting Meets the Real World: An Empirical Analysis of Venture Capital Contracts', 70 *The Review of Economic Studies* (2003) pp. 281–316.

[Article](#) [Google Scholar](#)

Kent, D.H., 'Joint Ventures vs. Non-Joint Ventures: An Empirical Investigation', 12 *Strategic Management Journal* (1991) pp. 387–393.

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

- Store and/or access information on a device**
- Personalised advertising and content, advertising and content measurement, audience research and services development**

Accept all cookies

Reject optional cookies

Manage preferences

Performance', 89 *Journal of Political Economy* (1981) pp. 615–641.

[Article](#) [Google Scholar](#)

La Porta, R., F. López de Silanes, A. Schleifer and R.W. Vishny, 'Legal Determinants of External Finance', 53 *Journal of Finance* (1993) pp. 1131 et seq.

[Google Scholar](#)

La Porta, R., F. López de Silanes, A. Schleifer and R.W. Vishny, 'Investors Protection and Corporate Governance', 58 *Journal of Financial Economics* (2000) p. 3 et seq.

[Article](#) [Google Scholar](#)

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Milgron, P., and J. Roberts, *Economía, organización y gestión de la empresa* (Barcelona, Ariel 1993).

[Google Scholar](#)

Mohanram, P., and A. Nanda, *When Do Joint Ventures Create Value?*, Working Paper (1998), available at: <<http://www.ssrn.com>>.

Nöldeke, G., and K.M. Schmidt, 'Option Contracts and Renegotiation. A Solution to the Hold-Up Problem', 26 *RAND Journal of Economics* (1995) pp. 163–169.

[Article](#) [Google Scholar](#)

Nöldeke, G., and K.M. Schmidt, Sequential Investment and Options to Own', 29

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Paz-Ares, C., 'Principio de eficiencia y derecho privado', in *Estudios homenaje al profesor Manuel Broseta Pont*, t. III (Valencia, Tirant lo Blanch 1995) pp. 2843 et seq.

[Google Scholar](#)

Perdices, A., "'Llévame contigo" (Las cláusulas de venta conjunta de acciones y de participaciones)', published at:

<<http://www.uam.es/centros/derecho/privado/mercanti/investigacion/aph-%20llevame.pdf>>.

Perdices, A., *Cláusulas restrictivas de la transmisión de acciones y de participaciones* (Madrid, Civitas 1997).

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Satrústegui Menchaca, B., ‘Adquisiciones especiales (II)’, in J.M<sup>a</sup>. Álvarez Arjona and A. Carrasco Perera, eds., *Régimen jurídico de las adquisiciones de empresas* (Pamplona, Aranzadi 2001) pp. 469 et seq.

[Google Scholar](#)

Schmidt, K.M., entry ‘Contracts Renegotiation and Option Contracts’, in P. Newmann, ed., *New Palgrave of Law and Economics*, Vol. I (London, Peter Newman 1998) pp. 432–436.

[Google Scholar](#)

Schwartz, A., entry ‘Incomplete Contracts’, in P. Newmann, ed., *New Palgrave of Law & Economics*, Vol. II (London, Peter Newman 1998) pp. 277–283.

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

# Authors and Affiliations

**School of Law, Autonomous University of Madrid, Germany**

Ma Isabel Sáez Lacave & Nuria Bermejo Gutierrez

## Corresponding author

Correspondence to [Ma Isabel Sáez Lacave](#).

## Additional information

The authors wish to thank Cándido Paz-Ares, Jesús Alfaro, Fernando Gómez and Stefano Lombardo for their helpful comments. We also thank the audience of the EALE 2006. This research is supported by a research grant from the Ministerio de Ciencia e Innovación (DER 2008-04779/JURI).

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

# Search

Search by keyword or author



## Navigation

Find a journal

Publish with us

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 [partners](#), also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our [privacy policy](#) for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)