

Cite as: 9 NCTU L. REV., September 2021, at 57.

Biomedical Research and Capital Market Supervision—Focus on Information Disclosure (Unblind)

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Abstract

Biomedical research and biotechnology industry have a long R&D cycle, low R&D success rate, high risk, and large funding needs. It is very important to seek external funds in this field. There are two sources of funding: 1. The public sector: Government subsidies or investments, such as the National Development Fund of the Executive Yuan or the Ministry of Economic Affairs subsidies. 2. The private sector: Private fundraising. Capital market (private funding) is a medium and long-term stable source. However, due to the uncertainty of R&D results, timely announcement of R&D progress and results is not only the company's disclosure obligation to shareholders, but also a good way to attract potential investors to enter the market. To avoid the company from overly exaggerating R&D results (such as unblinding) or deliberately concealing some information to obtain funds, proper and appropriate disclosure of information by a corporation is essential for the long term. Therefore, the standard of disclosure of the research and development results

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of biotechnology companies is important. At the same time, the complexity of the information content in the biomedical field may cause difficulties for investors to understand, which may result in the financing dilemma of private investment not being invested. Therefore, the formulation of appropriate information disclosure increases information transparency and fills up the information gap. The author believes that moderate disclosure is a disclosure method that meets the purpose (to achieve information symmetry: transparency, understanding) and proportionality (cost consideration).

Keywords: Unblind, Materially (Substantially) Information Disclosure, Biotech, Unblind Data Interpretation