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Delaware Court Permits Limited Inspection of Books and Records of Public Company's Private Subsidiary

On November 20, 2023, the Delaware Court of Chancery in *Greenlight Capital Offshore Partners, Ltd. v. Brighthouse Financial, Inc.* granted a request by a stockholder of a publicly traded company to inspect the books and records of a private subsidiary of the public company pursuant to Section 220 of the DGCL. The court rejected the company's argument that the stockholder's stated purpose—to obtain information to more accurately value the public company's stock—was improper, though the court also noted that the stockholder's ability to use that information would be constrained by existing law. The court also held that the private subsidiary's books and records were within the scope of what could be sought under Section 220, but ordered the company to produce only a limited subset of the requested information, including board minutes and formal communications with the company's primary regulator.

The court's holding highlights that where a stockholder states a proper purpose, requests for inspection under Section 220 can reach subsidiary-level books and records, even where such subsidiary is a private company. The holding does, however, continue a trend of limiting books and records inspection to formal board documents and communications, as opposed to a more expansive inspection including informal internal communications and documents.

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