



EU Corporate Governance

Ongoing Regulatory Initiatives

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Corporate governance in Europe

Traditions are diverse:

- **Single boards, mixed boards, two-tier boards**
Examples: single board in the United Kingdom, two-tier board and codetermination in Germany, 'Swedish/Nordic' model etc.
- **Ownership structure (majority shareholders or high free float)**
Example: considerable free float in the Netherlands and the United Kingdom, often dominating shareholders in South Europe
- **Parts of corporate governance rooted in national company law**
Examples to be found in all 27 Member States. Example: participation of shareholders in nomination committees in Sweden





EU corporate governance framework

1. EU company law:

Traditional approach with the protection of shareholders and creditors

(1st, 2nd, 3rd, 6th, 10th, 11th company law Directives, but also 4th, 7th company law Directives)

2. External corporate governance control

Market abuse Directive, Transparency Directive, comply or explain, 8th company law Directive

➤ Market sanctions, securities regulators, external audit





EU corporate governance framework

3. Internal corporate governance control

- Boards: independence, remuneration, 8th company law Directive
- Shareholders: Directive 2007/36/EC
- Special regime for credit institutions: CRD III/IV





On-going work

Company Law

- Business registers
- (Foundations)
- Takeover bids

Corporate governance

- Transparency Directive
- Corporate governance in financial institutions (CRD IV)
- Corporate social responsibility





The big picture

- Consultation on the EU corporate governance framework
- Consultation on the future of EU company law
- Communication in October 2012





Consultation on corporate governance framework

1. Key issues

How to improve functioning of boards?

How to enhance shareholders' involvement?

How to improve monitoring and enforcement of national CG codes?





Consultation on corporate governance framework

2. High-level results

Reflection on improvement of EU CG framework welcomed

Divided on need of further regulation on EU level

Against one-size-fits-all approach

In favour of principle-based and flexible approach

Demand for EU measures in specific fields, like eg shareholder identification or disclosure of remuneration





Consultation on the future of EU company law

1. Timing

- Public consultation launched on 20 February 2012
- Deadline for contributions: 14 May 2012
- Publication of results: pending





Consultation on the future of EU company law

2. Scope of the exercise

- Modernisation of existing texts
- New areas of EU company law
- Soft tools
- Structural issues: scope listed/unlisted
- Codification of Directives





Next steps

- Results of both reflection exercises will be combined
- Commission will adopt Action Plan on company and corporate governance in October 2012
- Action Plan will detail roadmap for next 2-3 years
- Policy mix around three main themes:
 - Transparency
 - Shareholder engagement
 - Growth

