



# 2017 Annual Report



EUROPEAN CORPORATE GOVERNANCE INSTITUTE

Leading Research with Global Impact

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# 2017 ANNUAL REPORT

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2017 was a year of development for ECGI, most notably because a Development Plan was produced providing a framework for the path ahead. A new website was also launched and the team spent much of the year adding new sections, testing processes and learning new words like 'interface configuration' and 'user licences'. 2018 will see the website continue to develop and will also see an end to the old website.

In the past 12 months ECGI collaborated on events in Oxford, Lausanne, Tokyo, Stockholm, Singapore, London, Frankfurt, Tel Aviv and Jerusalem. It welcomed 25 new Research Members and 5 new Fellows. It appointed one new board member and several new committee members. It published 92 working papers and awarded two prizes. It shared slides, papers, reports and videos from many of the events and welcomed many new individual and institutional members into the ECGI network.

Looking forward, 2018 will see further appointments of ECGI Research Members along with efforts to develop new members in the other categories also, further enhancing the benefits of the ECGI network.

What continues to drive ECGI forward is, without doubt, the enthusiasm of its members, committees, board and contributors. It is rare that a meeting ever takes place without the familiar spark of ideas and new initiatives being exchanged and discussed. The only regret is the pace at which the team can keep up and the many ideas that we are obliged to shelve for later.

ECGI would once again like to thank you for your continued support of ECGI and ask that you would continue to recommend ECGI to others which will enable us to continue to improve each year.

**Marco Becht**  
*Executive Director*

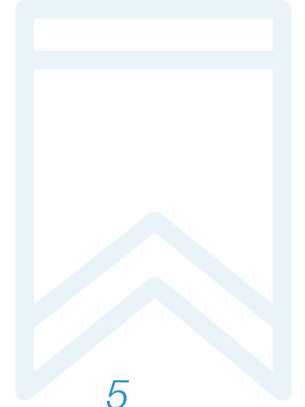


# ECGI PERFORMANCE

Since its inception in 2002, ECGI has operated on a modest budget with a spirit of collaboration and innovation. It has developed a global reputation for disseminating high quality research and also for organising top-class events on important topics, with highly knowledgeable speakers. In addition to the funds it invests in research related activities with the support of the European Corporate Governance Research Foundation (ECGRF), it also relies on collaborations and contributions from various research grants and centers which help to deliver the many activities throughout the year.

*"An important general principle that ECGI abides by is not to take sides on particular issues and policies. That is not its role. Taking sides would inevitably undermine its independence that is critical for its credibility".*

- ECGI Development Plan



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# THE ECGI DEVELOPMENT PLAN

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ECGI has reached a number of significant organisation and reputation milestones in the past five years. In 2013 the European Corporate Governance Research Foundation (ECGRF) was set up by BP Plc and Investor AB, the listed holding company of the Wallenberg Group, as a vehicle for receiving larger philanthropic donations. In 2014, ECGI set up the Global Corporate Governance Colloquia (GCGC) association to run a series of high-profile annual corporate governance research conferences.

These developments allowed ECGI to transform its management and organisation. The increasing number of events continue to run smoothly, with effective communication on all channels including the website, direct marketing and social media. The working paper series is turning out a large number of high quality papers. The number of research members has increased significantly due to the appointment of a new Research Member Committee in 2016. Two ECGI research members and founding fellows, Oliver Hart and Bengt Holmström, were awarded the Nobel Economics Prize in 2016. The Prize was also won by Jean Tirole, a founding member and fellow, in 2014. Bengt Holmström was the keynote speaker at the launch of the ECGRF and Oliver Hart was an invited speaker at the GCGC Stockholm conference.

The ECGI Development Plan sets out a long-term vision for ECGI that revolves around three complementary activities:

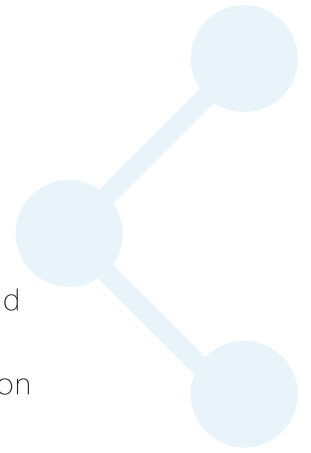
- 1) Research
- 2) Engagement
- 3) Dissemination

In terms of the ECGI tagline “Leading Research with Global Impact”, the present development plan proposes to ensure that ECGI will continue to capture the research output of its global network of research members, to make its existing engagement with practitioners and policymakers even more effective, and to disseminate the results of these activities worldwide and thereby achieve global impact. The plan also foresees that ECGI will support cutting-edge projects undertaken by its research members and to stimulate the development of new projects in the Institute’s name.

For a copy of the plan, contact the ECGI team at : [admin@ecgi.org](mailto:admin@ecgi.org)

# EVENTS IN 2017

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ECGI engages with its members and partners through wide-ranging events around the world. These take the form of academic conferences, roundtables, and practitioner-academic events. The aim of these events is to encourage discussion and debate across geographic, industry and disciplinary boundaries. In some cases, ECGI organises the events and in others it collaborates with partner organisations to deliver material and insights from events around the world. A full list of events is available at : <http://ecgi.global/content/event-list>

## Global Corporate Governance Colloquium (GCGC)

2 - 3 June 2017, Tokyo, Japan

The GCGC conference series, which facilitates this best-in-class discussion forum, is an initiative supported by twelve universities (Harvard, Oxford, Tokyo, Singapore, Frankfurt, Swedish House of Finance, London Business School, Columbia, Yale, Peking, Seoul, Stanford) together with a select group of corporate entities (Zurich AG, the European Investment Bank, Japan Exchange).

The third conference in the series was hosted by the University of Tokyo on 2 – 3 June 2017 and was attended by more than 75 senior academics from a range of disciplines. The two-day conference programme also included panel discussions with invited business professionals to share their first-hand experience of corporate governance issues.





## 2017 Annual Members' Meeting

27 -28 April, Lausanne, Switzerland

ECGI held its Annual Members' Meeting in Lausanne, Switzerland on 27-28 April 2017. The event brought together international academics and practitioners in the field of corporate governance for an informal dinner which preceded the AGM and annual lecture and prize giving ceremony the following day at IMD Business School

The dinner, which took place at the Olympic Museum was attended by ECGI members, with David Frick, Member of the Executive Board Nestlé S.A., Head of Corporate Governance, Compliance and Corporate Services, providing the after-dinner speech.

The annual lecture, which was attended by ECGI members together with interested members of the public, was delivered by Professor Per Strömberg, the SSE Centennial Professor of Finance and Private Equity at the Stockholm School of Economics. Professor Strömberg's lecture, entitled "Since you're so rich, you must be really smart: Talent and the Finance Wage Premium" examines the trend of extraordinary increases in relative pay in the financial sector over the last few decades.



# ECGI Asia Conference 2017

7 July 2017, Singapore

The 2017 ECGI Asia Conference took place on 7 July 2017 in Singapore at the National University of Singapore (NUS) and focused on the theme of Corporate Governance in a Changing Environment. The event was organised by the NUS and ECGI. It was hosted by NUS Faculty of Law and opened by Professor Simon Chesterman / Dean and Professor of Law, NUS Law and Professor Gerard Hertig, Vice-Chairman, ECGI.

This conference series was established in 2011 by the European Corporate Governance Institute (ECGI) and the University of Tokyo in order to engage academics and practitioners in a constructive dialogue between the ECGI and Asia on issues of concern in the field of corporate governance. The EU Asia Corporate Governance Dialogue (EACGD) is supported by the Japanese Financial Services Agency.



## The Future Framework of European Capital Markets

13-14 January 2017, Oxford

This two day conference was organised by the European Corporate Governance Institute, University of Oxford and Columbia University. The conference brought together senior scholars and policymakers with the objective of examining the important questions and identifying the cutting edge insights from existing scholarship in the fields of law, economics, and finance. A report from the event is published on the ECGI website: <http://ecgi.global/content/future-framework-european-capital-markets-law-finance>



# Institutional Investors and Corporate Governance

9 - 10 June 2017, Stockholm, Sweden

This conference took place at the Swedish House of Finance in Stockholm (SHoF) and examined the many aspects of Institutional Investors and Corporate Governance, including activism, takeovers, competition, and liquidity. A report from the event is available on the ECGI website: <http://ecgi.global/content/institutional-investors-and-corporate-governance>



## 2nd Annual Cass Mergers & Acquisitions Conference

22 August 2017, London

The Mergers and Acquisitions Research Centre (MARC) at Cass Business School in cooperation with ECGI held the second annual Cass Mergers and Acquisitions Research Centre Conference at Cass Business School, City University London on 22 August 2017. The conference included original theoretical and empirical papers covering issues related to mergers and acquisitions (M&A), including deal structure from financing to integration, corporate governance in M&A, regulatory changes, domestic and cross border transactions, among others. A report from the event is available on the ECGI website: <http://ecgi.global/content/2nd-annual-cass-ma-conference-london>

## First Results Seminar - Stewardship

11 September 2017, London Business School

This seminar presented first results from an ongoing project based on a unique data set provided by a large UK asset manager, Standard Life Investments (SLI). It covers the period 2003-2015 and documents SLI's active ownership as exercised by its fund managers and governance and stewardship (G&S) team. The project is supported by the Norwegian Finance Initiative (NFI). The study has been conducted by Professor Marco Becht, Professor Julian Franks and Professor Hannes Wagner. A paper from the study is forthcoming and will be published on the ECGI website. A report from the event is available here: <http://ecgi.global/content/corporate-governance-through-voice-and-exit-evidence-standard-life-investments>



# The Law and Finance of Related Party Transactions

20 -21 October 2017, Frankfurt, Germany



This research project, co-directed by Professor Luca Enriques (University of Oxford, Faculty of Law) and Professor Tobias Tröger (Goethe Universität, Frankfurt) brought together top legal and finance scholars to reflect upon the role of dominant shareholders in listed firms, tunneling control as a key component to enhance capital market development, and the content and effectiveness of reform efforts undertaken in various jurisdictions to tackle related party transactions. Contributors to the project presented their draft papers at this conference.

## ECGI Roundtable on Board Level Employee Representation Hosted by Imperial College

25 October 2017, London

This Roundtable was organised by ECGI, the Centre for Economic and Policy Research (CEPR) and Imperial College London. It focused on the role of employees in corporate governance against the backdrop of the recent UK Green Paper on corporate governance. A report from the event is available on the ECGI website : <http://ecgi.global/content/ecgi-roundtable-board-level-employee-representation-hosted-imperial-college>



## JLFA 2017 Annual Conference

17 -18 November 2017, London Business School

The sixth Journal of Law, Finance, and Accounting (JLFA) conference was held at the London Business School. This conference was associated with the European Corporate Governance Institute (ECGI) which disseminated the call for papers for the event.



## NSE - ECGI Roundtable: Long-term impact of institutional ownership on governance and sustainable investment

13 November 2017, Mumbai, India

Organised by ECGI and National Stock Exchange of India, the Roundtable focused on the role of foreign institutional investors and proxy advisory firms in promoting corporate governance and sustainable investment. A report from the event is available on the ECGI website:

<http://ecgi.global/content/long-term-impact-institutional-ownership-governance-and-sustainable-investment>



## Institutional Investor Activism and Engagement

10-11 December 2017, Tel Aviv & Jerusalem, Israel

This academic conference focused on the theme of 'Institutional Investor Activism and Engagement'. It was jointly organised by European Corporate Governance Institute (ECGI), Centre for Economic Policy Research (CEPR), the School of Business Administration, the Hebrew University Jerusalem, London Business School Center for Corporate Governance, Raymond Ackerman Family Chair in Israeli Corporate Governance, Bar-Ilan University. Videos and materials from this event are available on the ECGI website: <http://ecgi.global/content/institutional-investor-activism-and-engagement>



# ECGI RESEARCH MEMBER APPOINTMENTS

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Research Members play a special role in the governance of ECGI, they are the guardians of its scientific independence and integrity. With the support of ECGRF, 25 new research members were appointed to the European Corporate Governance Institute in February 2017.

The research work that emanates from ECGI is undertaken by leading scholars around the globe. This important network of academics is at the very core of what ECGI does, drawing on the finest minds in academia from all over the world to tackle some of the most important issues that confront business and governments today. ECGI uses the power of research to change ideas, influence practice and formulate policy to benefit all of us.

A full list of ECGI research members is available here: <http://ecgi.global/content/profiles?rid=7>



# RESEARCH

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In 2017, ECGI's 189 research members produced 92 Working Papers on corporate governance related topics. One of ECGI's main roles is to disseminate this research output to a variety of audiences using different formats and tools. ECGI also "bundles" papers on the same topic to facilitate discussion between the researchers and between the researchers and other constituencies, for example through policy-maker or business-oriented conferences or roundtables. ECGI research members occasionally produce survey papers that are published in scientific journals or edit handbooks that compile survey-type papers on a particular topic. ECGI distributes these papers when possible in working paper format. All working papers are available on the ECGI website. The following is a list of the papers published in the series in 2017:

## Activism

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### Hedge Fund Activism and the Revision of the Shareholder Rights Directive

Alessio Paces, Erasmus University Rotterdam and ECGI  
Law Series Working Paper 353/2016

### Standing Voting Instructions: Empowering the Excluded Retail Investor

Jill E. Fisch, University of Pennsylvania and ECGI  
Law Series Working Paper 360/2017

### Mapping Types of Shareholder Lawsuits Across Jurisdictions

Martin Gelter, Fordham University and ECGI  
Law Series Working Paper 363/2017

### Anti-Activist Poison Pills

Marcel Kahan, New York University and ECGI  
Edward B. Rock, New York University  
Law Series Working Paper 364/2017

### Good Activist/Bad Activist: The Rise of International Stewardship Codes

Jennifer G. Hill, University of Sydney and ECGI  
Law Series Working Paper 368/2017

### The Agency Costs of Activism: Information Leakage, Thwarted Majorities, and the Public Morality

John C. Coffee, Jr, Columbia University Law School, American Academy of Arts & Sciences and ECGI  
Law Series Working Paper 373/2017

### Activism, Strategic Trading, and Liquidity

Kerry Back, Rice University, Pierre Collin-Dufresne Ecole Polytechnique Federale de Lausanne and NBER, Vyacheslav Fos, Boston College, Tao Li, City University of Hong Kong, Alexander Ljungqvist, New York University, NBER, IFN, CEPR and ECGI  
Finance Series Working Paper 497/2017

## Wolf Pack Activism

Alon Brav, Duke University, NBER and ECGI, Amil Dasgupta, London School of Economics, CEPR and ECGI

Richmond Mathews, University of Maryland

Finance Series Working Paper 501/2017

## Can Strong Corporate Governance Selectively Mitigate the Negative Influence of 'Special Interest' Shareholder Activists? Evidence from the Labor Market for Directors

Diane Del Guercio, University of Oregon and ECGI, Tracie Woidtke, The University of Tennessee

Finance Series Working Paper 508/2017

## Shareholder Engagement on Environmental, Social, and Governance Performance

Tamas Barko, University of Mannheim

Martijn Cremers, University of Notre Dame and ECGI

Luc Renneboog, Tilburg University and ECGI

Finance Series Working Paper 509/2017

# Ownership

## Governance Challenges of Listed State-Owned Enterprises around the World: National Experiences and a Framework for Reform

Curtis J. Milhaupt, Columbia Law School and ECGI, Mariana Pargendler, Fundação Getulio Vargas School of Law, New York University and ECGI.

Law Series Working Paper 352/2017

## Evolution of Ownership and Control Around the World: The Changing Face of Capitalism

Julian Franks, London Business School and ECGI, Colin Mayer, University of Oxford and ECGI

Finance Series Working Paper 503/2017

## Costs and Benefits of Financial Conglomerate Affiliation: Evidence from Hedge Funds

Francesco Franzoni USI Lugano and SFI, Mariassunta Giannetti, Stockholm School of Economics, CEPR and ECGI

Finance Series Working Paper 506/2017

## Common Ownership, Competition, and Top Management Incentives

Miguel Antón, IESE Business School, Florian Ederer, Yale University and the Cowles Foundation,

Mireia Giné, IESE Business School, WRDS and ECGI, Martin Schmalz, University of Michigan, CEPR and ECGI

Finance Series Working Paper 511/2017

## Blockholder Short-Term Incentives, Structures, and Governance

Fenghua Song, Pennsylvania State University

Finance Series Working Paper 513/2017

## Why Do Family Business Groups Expand by Creating New Public Firms? The Role of Internal Capital Markets

Ronald W. Masulis, University of New South Wales, FIRN, National University of Singapore and ECGI, Peter K. Pham, University of New South Wales and FIRN, Jason Zein, University of New South Wales and FIRN

Finance Series Working Paper 523/2017

## Are Investors Aware of Ownership Connections?

Edith Ginglinger, Université Paris-Dauphine, Camille Hebert, Université Paris-Dauphine and Tilburg University, Luc Renneboog, Tilburg University and ECGI

Finance Series Working Paper 525/2017

## Monitoring the Monitor: Distracted Institutional Investors and Board Governance

Claire Yang Liu, UNSW Australia, UNSW Business School, Angie Low, Nanyang Technological University, Nanyang Business School, Ron Masulis, UNSW Australia, UNSW Business School, FIRN, NUS, ABFER and ECGI, Le Zhang, UNSW Australia, UNSW Business School and FIRN

Finance Series Working Paper 531/2017

## Overlapping Ownership, R&D Spillovers, and Antitrust Policy

Ángel L. López, Universitat Autònoma de Barcelona and IESE Business School, Xavier Vives, IESE Business School and ECGI

Finance Series Working Paper 538/2017

## Business Groups and Employment

Mara Faccio, Krannert School of Management, Purdue University; Asian Bureau of Finance and Economics Research (ABFER); National Bureau of Economic Research (NBER) and European Corporate Governance Institute (ECGI), William O'Brien, School of Business Administration, The University of Illinois at Chicago

Finance Series Working Paper 539/2017

## Do Institutional Investors Monitor Their Large vs. Small Investments Differently? Evidence from the Say-on-Pay Vote

Miriam Schwartz-Ziv, Michigan State University, Russ Wermers, University of Maryland and ECGI

Finance Series Working Paper 541/2017

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## Change and Innovation

### Is the American Public Corporation in Trouble?

Kathleen M. Kahle, University of Arizona, René M. Stulz, Ohio State University

Finance Series Working Paper 495/2017

### **Brexit and Corporate Citizenship**

John Armour, University of Oxford and ECGI, Holger Fleischer, Max Planck Institute for Comparative and International Private Law and ECGI, Vanessa Knapp, University of London, Martin Winner, Vienna University of Economics and Business  
Law Series Working Paper 340/2017

### **The Trajectory of American Corporate Governance: Shareholder Empowerment and Private Ordering Combat**

Jennifer G. Hill, University of Sydney and ECGI  
Law Series Working Paper 343/2017

### **Bringing the AGM to the 21st Century: Blockchain and Smart Contracting Tech for Shareholder Involvement**

Christoph Van der Elst, Tilburg University, Ghent University and ECGI, Anne Lafarre, Tilburg University  
Law Series Working Paper 358/2017

### **Fintech and the Financing of Entrepreneurs: From Crowdfunding to Marketplace Lending**

Mark Fenwick, Kyushu University, Graduate School of Law, Joseph A. McCahery, Tilburg University, School of Law; European Banking Center (EBC); Tilburg Law and Economics Center (TILEC) and ECGI, Erik P.M. Vermeulen, Tilburg University, Department of Business Law; Philips Lighting, Legal Department; Tilburg Law and Economics Center (TILEC); Kyushu University, Graduate School of Law  
Law Series Working Paper 369/2017

### **The Promise and Perils of Crowdfunding: Between Corporate Finance and Consumer Contracts**

John Armour, Hogan Lovells Professor of Law and Finance, University of Oxford; Fellow, ECGI, Luca Enriques, Allen & Overy Professor of Corporate Law, University of Oxford; Fellow, ECGI  
Law Series Working Paper 366/2017

### **The Shifting Tides of Merger Litigation**

Matthew D. Cain, U.S. Securities and Exchange Commission, Jill Fisch, University of Pennsylvania Law School and ECGI, Steven Davidoff Solomon, University of California, Berkeley and Berkley Center for Law, Business and the Economy, Randall S. Thomas, Vanderbilt University and ECGI  
Law Series Working Paper 375/2017

### **The Promise of Reward Crowdfunding**

María Gutiérrez, Universidad Carlos III de Madrid and ECGI, María Isabel Sáez, Universidad Autónoma de Madrid  
Finance Series Working Paper 542/2017

### **The Long-Term Consequences of Short-Term Incentives**

Alex Edmans, London Business School, CEPR and ECGI, Vivian W. Fang, University of Minnesota, Allen H. Huang, The Hong Kong University of Science and Technology  
Finance Series Working Paper 527/2017



## Companies Should Maximize Shareholder Welfare Not Market Value

Oliver Hart, Harvard University, NBER and ECGI, Luigi Zingales, University of Chicago, NBER, CEPR and ECGI

Finance Series Working Paper 521/2017

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## Corporate Law

### Governance by Contract: The Implications for Corporate Bylaws

Jill E. Fisch, University of Pennsylvania and ECGI

Law Series Working Paper 350/2017

### Foundations of Corporate Law

John Armour, University of Oxford and ECGI, Henry Hansmann, Yale Law School and ECGI, Reinier Kraakman, Harvard Law School and ECGI, Mariana Pargendler, Fundação Getulio Vargas (FGV)

Law Series Working Paper 336/2017

### EU Company Law Harmonization Between Convergence and Varieties of Capitalism

Martin Gelter, Fordham University and ECGI

Law Series Working Paper 355/2017

### Market Soundings: The Interaction between Securities Regulation and Company Law in the United Kingdom and Italy

Stefano Lombardo, Free University of Bozen/Bolzano, CRELE and ECGI, Federico M. Mucciarelli, University of Modena and SOAS

Law Series Working Paper 362/2017

### Why Do Businesses Incorporate in other EU Member States? An Empirical Analysis of the Role of Conflict of Laws Rules

Carsten Gerner-Beuerle, London School of Economics and Political Science, Federico Mucciarelli, University of Modena and Reggio Emilia and SOAS University of London, Edmund Schuster, London School of Economics and Political Science, Mathias Siems, Durham University and ECGI

Law Series Working Paper 361/2017

### Convergence and Persistence in Corporate Law and Governance

Jeffrey N. Gordon, Columbia Law School, Millstein Center for Global Markets and Corporate Ownership, Richman Center for Business, Law, and Public Policy and ECGI

Law Series Working Paper 370/2017

### Corporate Law of Israel

Itai Fiegenbaum, Tel-Aviv University, Israel and Harvard Law School, Amir N. Licht, Interdisciplinary Center Herzliya, Israel and ECGI

Law Series Working Paper 372/2017

## Management and Boards

### **Directors' Duties and Legal Safe Harbours: A Comparative Analysis**

Jennifer G. Hill, University of Sydney and ECGI, Matthew Conaglen, The University of Sydney  
Law Series Working Paper 351/2017

### **The Dialogue between the Chairman of the Board and Investors: The Practice in the UK, the Netherlands and Germany and the Future of the German Corporate Governance Code Under the New Chairman**

Klaus J. Hopt, Max Planck Institute for Comparative and International Private Law and ECGI  
Law Series Working Paper 365/2017

### **Directors' and Officers' Liability: Economic Analysis**

Michael G. Faure, University of Maastricht and Erasmus University Rotterdam, Patrick C. Leyens, Erasmus University Rotterdam, Humboldt University of Berlin, Max Planck Institute for Comparative and International Private Law and ECGI  
Law Series Working Paper 376/2017

### **The New Bond Workouts**

William W. Bratton, University of Pennsylvania and ECGI, Adam J. Levitin, Georgetown University  
Law Series Working Paper 356/2017

### **Why Do Boards Exist? Governance Design in the Absence of Corporate Law**

Mike Burkart, London School of Economics, Swedish House of Finance, CEPR and ECGI, Salvatore Miglietta, BI Norwegian Business School, Charlotte Ostergaard  
Finance Series Working Paper 504/2017

### **Boards, and the Directors Who Sit on Them**

Renée B. Adams, University of New South Wales, ABFER, FIRN and ECGI  
Finance Series Working Paper 515/2017

### **Board Quotas and Director-Firm Matching**

Daniel Ferreira, London School of Economics, CEPR and ECGI, Edith Ginglinger, Université Paris-Dauphine and PSL Research University, Marie-Aude Laguna, Université Paris-Dauphine and PSL Research University, Yasmine Skalli, Université Paris-Dauphine and PSL Research University  
Finance Series Working Paper 520/2017

### **How Valuable are Independent Directors? Evidence from External Distractions**

Ronald W. Masulis, University of New South Wales and ECGI, Emma Jincheng Zhang, Monash Business School  
Finance Series Working Paper 522/2017

### **Busy Directors: Strategic Interaction and Monitoring Synergies**

Alexander Ljungqvist, New York University, NBER, CEPR, IFN and ECGI, Konrad Raff, Norwegian School of Economics  
Finance Series Working Paper 533/2017

### **Director Networks, Turnover, and Appointments**

Luc Renneboog, Tilburg University and ECGI, Yang Zhao, Newcastle University Business School  
Finance Series Working Paper 534/2017

### **Beauty and Appearance in Corporate Director Elections**

Philipp Geiler, EM Lyon Business School, Luc Renneboog, Tilburg University, TILEC and ECGI, Yang Zhao, Newcastle University  
Finance Series Working Paper 537/2017

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## More...

### **The Basic Governance Structure: The Interests of Shareholders as a Class**

John Armour, University of Oxford and ECGI, Luca Enriques, University of Oxford and ECGI, Henry Hansmann, Yale Law School and ECGI, Reinier Kraakman, Harvard Law School and ECGI  
Law Series Working Paper 337/2017

### **Regulating Public Offerings of Truly New Securities: First Principles**

Merritt Fox, Columbia Law School and ECGI  
Law Series Working Paper 338/2017

### **Contracting for a European Insolvency Regime**

Horst Eidenmüller, University of Oxford and ECGI  
Law Series Working Paper 341/2017

### **Short-Termism and Capital Flows**

Jesse M. Fried, Harvard University and ECGI, Charles C.Y. Wang, Harvard University  
Law Series Working Paper 342/2017

### **Building Enforcement Capacity for Brazilian Corporate and Securities Law**

John Armour, University of Oxford and ECGI, Caroline Schmidt, Oxford University  
Law Series Working Paper 344/2017

### **Governmental Intervention in an Economic Crisis**

Robert K. Rasmussen, University of Southern California, David A. Skeel, Jr., University of Pennsylvania  
Law Series Working Paper 345/2017

**Corporate Opportunities in the US and in the UK: How Differences in Enforcement Explain Differences in Substantive Fiduciary Duties**

Martin Gelter, Fordham University and ECGI, Geneviève Helleringer, ESSEC Business School and University of Oxford

Law Series Working Paper 346/2017

**Understanding the Role of Corporate Governance in Financial Institutions: A Research Agenda**

Guido Ferrarini, University of Genoa and ECGI

Law Series Working Paper 347/2017

**Lord Eldon Redux: Information Asymmetry, Accountability and Fiduciary Loyalty**

Amir N. Licht, Radzyner School of Law and ECGI

Law Series Working Paper 348/2017

**Motivation, Information, Negotiation: Why Fiduciary Accountability Cannot Be Negotiable**

Amir N. Licht, Radzyner Law School and ECGI

Law Series Working Paper 349/2017

**How to Regulate the Regulators: Applying Principles of Good Corporate Governance to Financial Regulatory Institutions**

Hadar Jabotinsky, Hebrew University of Jerusalem, Mathias Siems, Durham University

Law Series Working Paper 354/2017

**The Separation of Corporate Law and Social Welfare**

William W. Bratton, University of Pennsylvania and ECGI

Law Series Working Paper 357/2017

**Prospectus Liability and the Role of Gatekeepers as Informational Intermediaries: An Empirical Analysis of the Impact of the Statutory Provisions on Italian IPOs**

Dmitri Boreiko, Free University of Bozen/Bolzano and CRELE, Stefano Lombardo Free University of Bozen/Bolzano, CRELE and ECGI

Law Series Working Paper 359/2017

**Corporate Scandals and Regulation**

Luzi Hail University of Pennsylvania and ECGI, Ahmed Tahoun, London Business School Clare, Wang University of Iowa

Law Series Working Paper 367/2017

**Investor Choice in Global Securities Markets**

John Armour, University of Oxford and ECGI, Martin Bengtzen, University of Oxford and London School of Economics and Political Science, Luca Enriques, University of Oxford and ECGI

Law Series Working Paper 371/2017

**Is Say on Pay All About Pay? The Impact of Firm Performance**

Jill Fisch, University of Pennsylvania Law School and ECGI, Darius Palia, Rutgers Business School and Center for Contract and Economic Organization, Columbia University School of Law, Steven Davidoff Solomon, University of California, Berkeley and Berkley Center for Law, Business and the Economy

Law Series Working Paper 374/2017

### **Executive Compensation: A Survey of Theory and Evidence**

Alex Edmans, London Business School, CEPR and ECGI, Xavier Gabaix, Harvard University, NBER, CEPR and ECGI, Dirk Jenter, London School of Economics and CEPR  
Finance Series Working Paper 374/2017

### **Is There a Relationship Between Shareholder Protection and Stock Market Development?**

Simon Deakin, University of Cambridge, ECGI, Prabirjit Sarkar, University of Cambridge, Mathias Siems, Durham University, University of Cambridge  
Law Series Working Paper 377/2017

### **Opportunity Makes a Thief: Corporate Opportunities as Legal Transplant and Convergence in Corporate Law**

Martin Gelter, Fordham University and ECGI, Geneviève Helleringer, ESSEC Business School and University of Oxford  
Law Series Working Paper 378/2017

### **Self-commitments and the Binding Force of Self-regulation with Respect to Third Parties in Germany**

Patrick C. Leyens, Erasmus University Rotterdam, Humboldt University of Berlin, Max Planck Institute for Comparative and International Private Law and ECGI  
Law Series Working Paper 379/2017

### **Share Buybacks and Gender Diversity**

Theodoros Evgeniou, INSEAD, Theo Vermaelen, INSEAD and ECGI  
Finance Series Working Paper 493/2017

### **Political Determinants of Competition in the Mobile Telecommunication Industry**

Mara Faccio, Purdue University, NBER, ABFER and ECGI, Luigi Zingales, University of Chicago, NBER, CEPR and ECGI  
Finance Series Working Paper 494/2016

### **Corporate Employee-Engagement and Merger Outcomes**

Hao Liang, Singapore Management University, Luc Renneboog, Tilburg University, Cara Vansteenkiste, Tilburg University  
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Alexander F. Wagner, University of Zurich, Swiss Finance Institute, CEPR and ECGI, Christoph Wenk, University of Zurich,  
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Julian Franks, London Business School and ECGI, Oren Sussman, University of Oxford, Vikrant Vig, London Business School  
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Vikas Mehrotra, University of Alberta, Randall Morck, University of Alberta, NBER and ECGI  
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Leonce L. Barger, University of Kentucky, Frederik P. Schlingemann, University of Pittsburgh and Erasmus University Rotterdam, René M. Stulz, Ohio State University, NBER and ECGI, Chad J. Zutter, University of Pittsburgh  
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David Schoenherr, Princeton University  
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Rajna Gibson, University of Geneva and ECGI, Matthias Sohn, Zeppelin University, Carmen Tanner, Zeppelin University, Alexander F. Wagner, University of Zurich, Swiss Finance Institute, CEPR and ECGI  
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#### **Employment and Wage Insurance within Firms: Worldwide Evidence**

Andrew Ellul, Indiana University, CEPR, ECGI, University of Naples Federico II and CSEF, Marco Pagano, University of Naples Federico II, CSEF, EIEF, CEPR and ECGI, Fabiano Schivardi, EIEF, Luiss Guido Carli, Bocconi University and CEPR  
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#### **Private Equity and Human Capital Risk**

Manfred Antoni, Institute for Employment Research, Ernst Maug, University of Mannheim and ECGI, Stefan Obernberger, Erasmus University Rotterdam  
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#### **Takeovers and (Excess) CEO Compensation**

Isabel Feito-Ruiz, University of Leon, Luc Renneboog, Tilburg University and ECGI  
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#### **What Makes the Bonding Stick? A Natural Experiment Testing the Legal Bonding Hypothesis**

Amir N. Licht, Interdisciplinary Center Herzliya and ECGI, Christopher Poliquin, Harvard Business School, Jordan I. Siegel, University of Michigan, Xi Li, Hong Kong University of Science & Technology  
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### **Leviathan Inc. and Corporate Environmental Engagement**

Po-Hsuan Hsu, University of Hong Kong, Hao Liang, Singapore Management University, Pedro Matos, University of Virginia and ECGI  
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### **Shareholder Conflicts and Dividends**

Janis Berzins, BI Norwegian Business School, Øyvind Bøhren, BI Norwegian Business School and ECGI, Bogdan Stacescu, BI Norwegian Business School  
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### **Corporate Inversions: Going Beyond Tax Incentives**

Burcin Col, Pace University, Rose Liao, Rutgers University, Stefan Zeume, University of Michigan  
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Florian Eugster, Stockholm School of Economics, Alexander F. Wagner, University of Zurich, Swiss Finance Institute, CEPR and ECGI  
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Claire Yang Liu, University of New South Wales, Ronald W. Masulis, University of New South Wales and ECGI  
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Hami Amiraslani, INSEAD, Karl V. Lins, University of Utah, Henri Servaes, London Business School, CEPR, and ECGI, Ane Tamayo, London School of Economics  
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### **The Externalities of Corruption: Evidence from Entrepreneurial Firms in China**

Mariassunta Giannetti, Stockholm School of Economics, CEPR and ECGI, Guanmin Liao, Central University of Finance and Economics, Jiaxing You, Xiamen University, Indiana University  
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### **Dividends and Taxes: The Moderating Role of Agency Conflicts**

Janis Berzins, BI Norwegian Business School, Øyvind Bøhren, BI Norwegian Business School and ECGI, Bogdan Stacescu, BI Norwegian Business School  
Finance Series Working Paper 540/2017

### **The relationship between public listing, context, multi-nationality and internal CSR**

Chris Brewster, University of Reading, Vaasa University, Radboud University, ISCTE-Instituto Universitário de Lisboa, Salim Chahine, American University of Beirut, Marc Goergen, Cardiff University and ECGI, Geoffrey Wood, University of Essex  
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# FINANCIAL STATEMENTS 2017



## ECGI - BALANCE SHEET as at 31 December

		Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
		Euros	Euros	Euros	Euros	Euros	Euros
<b>ASSETS</b>							
<b>Intangible assets</b>		76,570	57,058				
<b>Cash at bank</b>							
	Savings Accounts	22,802	55,194	89,773	35,255	39,332	108,856
	Current Accounts	323,998	299,001	142,173	39,950	36,504	42,202
	<b>Total Current/Savings</b>	<b>346,800</b>	<b>354,196</b>	<b>231,947</b>	<b>75,205</b>	<b>75,836</b>	<b>151,058</b>
<b>Accounts Receivable</b>		25,411	28,142	26,980	111,116	21,839	32,584
<b>deferred charges</b>		2,731	493	0	4,480		
<b>TOTAL ASSETS</b>		<b>451,512</b>	<b>439,887</b>	<b>258,926</b>	<b>190,802</b>	<b>97,675</b>	<b>183,642</b>
<b>Equity</b>							
	Retained Earnings	338,219	255,202	126,199	78,170	145,259	144,003
	Net Income	62,975	83,018	129,002	48,029	-67,089	1,256
		401,194	338,219	255,202	126,199	78,170	145,259
<b>Current liabilities</b>							
	Charges payable	49,880	96,423	3,725	64,603	19,505	38,383
<b>deferred charges</b>		438	5,245				
<b>TOTAL LIABILITIES</b>		<b>451,512</b>	<b>439,887</b>	<b>258,926</b>	<b>190,802</b>	<b>97,675</b>	<b>183,642</b>





# FINANCIAL STATEMENTS 2017



## ECGI Profit & Loss Account

	2016 Actual	2017 Budget	2017 Actual
	Euro	Euro	Euro
<b>Income/Expense</b>			
<b>Income</b>			
Subscriptions income	88,744	80,000	78,885
ECGRF Contribution	120,000	120,000	120,000
Project Income and Reimbursements	30,944	52,000	68,091 <sup>1</sup>
GCGC Income - adjustment 2016			3,771
Sponsorship	5,000	0	0
Bank interest/exchange rate loss/gain	92	0	37
<b>Total Income</b>	<b>244,780</b>	<b>252,000</b>	<b>270,784</b>
<b>Expenditure</b>			
<b>Administration</b>			
Accounting & Fin. charges	-13,643	-15,000	-20,025
Administration Charge	-60,567	-73,500	-64,871
IT & Online Services	-4,663	-10,000	-7,095
Office Rental	-5,500	-5,500	-5,500
Office expenses	-5,956	-10,000	-1,239
Travel and representation	-12,005	-10,000	-10,432
AGM	-7,297	-10,000	-4,540
Miscellaneous	-1,800	-2,000	-799
<b>Total Admin</b>	<b>-111,430</b>	<b>-136,000</b>	<b>-114,502</b>
<b>Research</b>			
Annual Lecture & Prizes	-13,516	-12,000	-9,397
Conferences & Workshops	-5,822	0	-28,948 <sup>2</sup>
Research & Academic Staff	-7,260	-8,000	-7,986
Research Communication	-5,561	-10,000	-2,560
Working papers	-15,656	-15,000	-16,740
Project Expenditure	0	-10,000	-5,000
New Online Research Portal	-2,517	-50,000	-22,676 <sup>3</sup>
<b>Total Research</b>	<b>-50,332</b>	<b>-105,000</b>	<b>-93,307</b>
<b>Total Expenditure</b>	<b>-161,762</b>	<b>-241,000</b>	<b>-207,809</b>
<b>Net Total Income</b>	<b>83,018</b>	<b>11,000</b>	<b>62,975</b>

1 Project income includes €34,860.50 from GCGC and €33,230.51 for the Institutional Investor Activism and Engagement conference which took place in Israel in december 2017

2 Primarily includes costs associated with Israel conference

3 To date -€101,762.22 (including VAT) has been spent on the new website development.

The reported 2017 figure (-€22,676) refers to the depreciation expense.

The 2017 cash expenditure on the new website was -€89,178 (including VAT)

There is one further payment of -€19,641.93 remaining under the original contract.

The cash effect of the website payments in 2017 would result in a net cash loss of -€3,088 for the financial year

# MEMBERSHIP

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The European Corporate Governance Institute is the home for all those who have an active interest and involvement in corporate governance. At the core of ECGI are the research members who are appointed on the basis of their significant contribution to the field of corporate governance study and are selected on the basis of strict criteria by a designated committee. ECGI distributes the work of the research members through its extensive global network which comprises of practitioner, academic and institutional members.

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Prices exclude VAT (21%). Anyone who wishes to apply for membership of the Institute can do so on the ECGI website.

# CONTACT

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