

2018 Annual Report

EUROPEAN CORPORATE GOVERNANCE INSTITUTE

Leading Research with Global Impact

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2018 ANNUAL REPORT

ECGI strives to raise the standards of corporate governance and stewardship around the world for the benefit of everyone. This is achieved through the sharing of independent scientific research and knowledge. ECGI assists leading academics in the field of corporate governance in bringing their research to the attention of leading practitioners, policymakers and thought leaders by making state of the art knowledge accessible and relevant to them. It makes high quality research accessible for the public good.

In 2018, ECGI collaborated on corporate governance themed conferences, workshops and roundtables in Oxford, Berlin, Harvard, London, Brussels, Tel Aviv and New York. It published 101 working papers and awarded two prizes, in addition to sharing slides, papers, reports and videos with its increasing number of global members. This report contains details of all of these papers.

ECGI was honoured to receive the 2018 award for 'Excellence in Corporate Governance' from the International Corporate Governance Network (ICGN). This award is given annually to individuals or entities that have demonstrated exceptional achievement in the field of corporate governance and contributed to significant improvements in one or more jurisdiction.

The ECGI network admitted 71 new research members and welcomed 15 new institutional members, strengthening the range and depth of debate and knowledge within the network and providing tangible support that will help to deliver on the Institute's goals in the coming years. This brings to 260 the total number of research members now contributing to ECGI around the world and to 665 the total number of members worldwide, as more and more people and institutions take note of the academic work made accessible by ECGI.

The Global Corporate Governance Colloquium (GCGC) met in Harvard law School in 2018 where highly regarded academics and practitioners discussed research on Common Ownership, Environmental & Social Governance, Index Inclusion, Emerging Markets, Labour, Boards and a lot more. This annual event is organised by ECGI and has established a notable reputation for multidisciplinary academic engagement across geographic regions, since its inception in 2015.

ECGI would like to thank you for your continued support and ask that you might recommend ECGI to others, enabling the organisation to continue to improve and grow, raising corporate governance and stewardship standards in the process.

Marco Becht
Executive Director

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1. THE ECGI DEVELOPMENT PLAN

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

1) Research
2) Engagement
3) Dissemination

Consistent with the ECGI tagline "Leading Research with Global Impact", the plan proposes that ECGI continues to capture the research output of its global network of research members, to make its existing engagement with practitioners and policymakers more effective, and to disseminate the results of these activities worldwide to achieve global impact. The plan also foresees that ECGI will support research projects undertaken by its research members and 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



2. EVENTS IN 2018

ECGI engages with its members and partners through wide-raging 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)

1 - 2 June 2018, Harvard Law School, USA

The Global Corporate Governance Colloquia (GCGC) is a global initiative to bring together the best research in law, economics and finance relating to corporate governance at a yearly conference held at 12 leading universities in the Americas, Asia and Europe. The 12 hosting institutions are: Columbia University, Goethe University Frankfurt, Harvard University, London Business School, National University of Singapore, Peking University, Seoul National University, Stanford University, Swedish House of Finance, University of Oxford, University of Tokyo and Yale University.

The fourth annual GCGC conference took place at Harvard University on 1 -2 June 2018. The event, hosted by Harvard Law School and organised by ECGI was attended by over 70 senior academics








from a range of disciplines including finance, law, and economics with the aim of sharing corporate governance knowledge on important topics such as **Common Ownership, Environmental & Social Governance, Index Inclusion, Emerging Markets, Labour, Boards and more.** In addition to the sharing of knowledge on current research, the GCGC conference series inspires new thought and important avenues of future research.

The two-day conference programme also included panel discussions with invited business professionals and academics on topics of current importance. Taking part in a panel discussion on **'Index rule makers as a potentially powerful force in corporate governance'** were David Blitzer (S&P Dow Jones Indices), Matthew Mallow (BlackRock), and Jonas Jølle (Norges Bank Investment Management). The panel was moderated by Marco Becht (Solvay Brussels School) and Stephen Davis (Harvard Law School). Speaking on the second panel, moderated by Allen Ferrell (Harvard Law School), on the topic **'CSR and Impact Investing: Framing the Questions'** were Robert H. Sitkoff (Harvard Law School), Ron Gilson (Stanford Law School, Columbia Law School) and John M. Loder (Ropes & Gray).

Material from the event, including papers, slides, event summary report and videos, are available on www.gcgc.global



2018 Annual Members' Meeting

3 - 4 May, ESMT, Berlin

The 2018 ECGI Annual Members' Meeting took place at ESMT, Berlin, bringing together international academics and practitioners in the field of corporate governance for a programme that included a panel, a debate, a dinner, a general assembly, a lecture and a prize-giving, ceremony.

The focus panel on **"Common Ownership: Antitrust Meets Corporate Governance"**, composed of Prof. Xavier Vives (IESE), Barbara Novick (BlackRock), and Greg Medcraft (OECD), discussed the challenges faced by asset managers holding significant stakes in multiple companies in the same industry. The discussion brought out very clearly the tension between increased stewardship and governance involvement, and concerns about potential collusion between competing firms having the same shareholders.

In the Oxford Union-style debate that followed, Levin Holle (German Federal Ministry of Finance) and Peter Montagnon (Institute of Business Ethics) proposed the the motion: "This House believes that Brussels should have the power to block foreign takeovers". They were opposed by Professors John C. Coffee (Columbia Law) and Ernst-Ludwig von Thadden (University of Mannheim). After a lively debate including interventions from the floor, the House voted by a narrow margin against the motion.

Speaking at the ECGI Members' dinner, Dr. Eckhard Cordes (EMERAM, Cevian Capital, Bilfinger, Volvo) shared his personal experience, having been a member on thirteen boards in Germany, Sweden, the United Kingdom and the United States.

The annual lecture was delivered by Professor Antoinette Schoar (MIT and visiting Imperial College, London). Professor Schoar's lecture, entitled "Is Big Data a Challenge for Boards?", presented new research on the use of personal data in the United States by financial intermediaries in marketing pre-approved credit cards. The study shows that companies utilise the information to selectively sell more expensive products to less educated customers by shrouding the actual terms within the marketing material. The practice is not illegal but poses a moral dilemma for boards.

Following the lecture, ECGI awarded two research prizes for the best papers in the Finance and Law Working Paper Series' from the previous year (see Announcements section).











ECGI ROUNDTABLE SERIES

The ECGI Roundtable Series provides an engagement platform between ECGI Research Members and Institutional or Patron Members of ECGI. The topics are selected based on geographic relevance and the interests of the participating members. For queries about hosting or taking part in an ECGI Roundtable, contact Prof. Marco Becht, ECGI Executive Director.

Loyalty Shares

18 June 2018, Brussels, Belgium



This ECGI Roundtable was organised with the help of the Faculty of Law, University of Oxford. It focused on loyalty shares as a legal solution for encouraging long-term ownership, a concept that is promoted by policy makers, including the European Commission, some institutional investors and issuers.

A summary report from the event is available on the ECGI website: https://ecgi.global/content/loyalty-shares

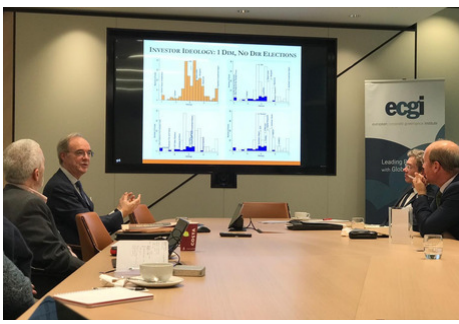
Shareholder Ideology and Stewardship

25 October 2018, Hermes Investment Management, London

Hosted by Hermes Investment Management, this ECGI Roundtable focused on the nature of governance interventions by institutional shareholders. Institutional investors have a conflict between promoting socially responsible behaviour of companies and shareholder value orientation at all cost. The roundtable addressed questions like: What can we learn from voting behaviour about "shareholder ideology"? How actively involved are institutional investors with portfolio companies? Do active managers take buy and sell decisions based on governance and stewardship information? Is there a link between sell decisions, voting and other types of governance intervention?







Technology and Corporate Governance

26 November 2018, Allen & Overy LLP, London

Hosted by Allen & Overy, the Roundtable focused on the impact of new technologies such as blockchain and AI on corporate governance. The discussion revolved around the following questions: Does blockchain have promise as a tool for registering ownership claims and the exercise of voting rights in listed corporations? What is the impact of AI and big data analysis on firms' management and governance? Will smart contracts affect the boundaries between firms and markets in a number of industries?

A summary report is available on the ECGI website: https://ecgi.global/content/technology-and-corporate-governance





Loyalty Shares

7 December 2018, NYU School of Law, USA

Organised by NYU School of Law and ECGI, this Roundtable focused on loyalty shares as a legal solution for encouraging long-term ownership, a concept that is gaining traction in Europe with the support of the European Commission, and has also attracted interest in the United States. A summary report is available on the ECGI website: https://ecgi.global/content/loyalty-shares-1







OTHER AFFILIATED EVENTS IN 2018

ECGI also provided communication support to events organised by ECGI Research Members during the year. These included:

Book Launch - Finance and Investment: The European Case

20 March 2018, Residence Palace, Brussels



ECGI and the Centre for Economic Policy Research hosted the book launch of: Finance and Investment: The European Case. This book is the product of a two-year research programme entitled Restarting European Long-Term Investment Finance (RELTIF) organised by Assonime and the Centre for Economic Policy Research (CEPR) in London. Please contact admin@ecgi.org if you wish to obtain a copy of the book.

The Future of the Corporation: Law and A.I.

20 March 2018, Hogan Lovells International LLP, Brussels

Artificial Intelligence in the law profession was the subject of a discussion hosted by the international law firm Hogan Lovells in Brussels on 20 March 2018. Professor Richard Susskind, a renowned author on the subject, spoke to an audience of lawyers and policymakers about the need to reconsider our conceptual approach to A.I.













Book Launch: The Oxford Handbook of Corporate Law and Governance

11 May 2018, Said Business School, Oxford

The launch conference of the Oxford Handbook of Corporate Law and Governance, edited by Jeffrey N. Gordon and Wolf-Georg Ringe and published by Oxford University Press, was held in Oxford on Friday May 11, 2018. Speakers included Ronald J. Gilson (Columbia/Stanford), Mark Roe (Harvard), Colin Mayer (Oxford), and Simon Deakin (Cambridge).

Third Annual Cass Mergers and Acquisitions Research Centre Conference

20 August 2018, London

Organised by ECGI and The Mergers & Acquisitions Research Centre at Cass Business School, The third Cass Mergers and Acquisitions Research Centre (MARC) Conference was held at Cass Business School, City, University of London on Monday 20 August 2018. The keynote speech was delivered Philip Whitchelo, Vice President for Strategic Business & Corporate Development, Intralinks. The conference was attended by academics, PhD students and alumni.

Differential Voting Shares

12 December 2018, Bar-Ilan University, Tel Aviv, Israel

Academic research on the subject of 'Differential Voting Shares' was the focus of a two-day conference in Israel. The event, which was co-organised and hosted with Bar-Ilan University, took place in Tel-Aviv on 12 December. Material from the event is available on the ECGI website: https://ecgi.global/content/differential-voting-shares

3. 2018 ANNOUNCEMENTS

In May, ECGI announced **the appointment of Prof. Luca Enriques to the ECGI Board**. Prof. Enriques has been a long-standing member of ECGI, Editor of the ECGI Working Paper Law Series and a member of the Research Committee, Luca always contributes generously of his time to the organisation and his input on the board since his appointment has been very meaningful.

In June, ECGI was announced as the **2018 recipient of the International Corporate Governance Network (ICGN)'s 'Excellence In Corporate Governance'** award at a ceremony in Milan. The ICGN Award is given annually to individuals or entities that have demonstrated exceptional achievement in the field of corporate governance and contributed to significant improvements in one or more jurisdiction. ECGI was awarded the prestigious award in recognition of its long-standing dedication to corporate governance research.

In July, ECGI announced a **collaboration with the international law firm Cleary Gottlieb Steen & Hamilton LLP** which will sponsor the ECGI's annual prize for the best research working paper in its law series.

In August, ECGI announced that In the past twelve months, there were **15 new institutional members that joined the network**. These are: Allen & Overy LLP; The National Stock Exchange of India (NSE); Enel; Hermes Investment Management; Cleary Gottlieb Steen & Hamilton LLP; Norges Bank Investment Management; EY; Banca Generali; Solvay Brussels Business School; The Brevan Howard Centre for Financial Analysis, Imperial College, London; ETH Zurich; University of Oxford; Kelley Business School, Indiana; NYU Law School; and Stanford Law School.



4. WORKING PAPER PRIZES 2018

In 2018, the Finance Series prize of €5,000, sponsored by Aberdeen Standard Investments, the global fund manager, was awarded to Professors Mike Burkart (London School of Economics) , Salvatore Miglietta (BI Norwegian Business School) and Charlotte Ostergaard (BI Norwegian Business School), for their paper on "Why Do Boards Exist? Governance Design in the Absence of Corporate Law" (ECGI Finance Working Paper 504/2017).

The paper begs the question of when boards would emerge endogenously, which is intriguing yet almost impossible to answer because all countries mandate boards. It therefore takes some ingenuity to go back in time to a period when boards were not mandated to address this question. Such work on historical data is time-consuming and requires more manual labor compared to readily accessible electronic databases.

The Law Series prize of €5,000, sponsored by Allen & Overy LLP, the international law firm, was awarded to Professor John C. Coffee (Columbia Law School) for his paper "The Agency Costs of Activism: Information Leakage, Thwarted Majorities, and the Public Morality" (ECGI Law Working Paper 373/2017).

This paper focuses on one of the most hotly debated corporate governance phenomena, hedge fund activism. Professor Coffee posits that "any new structure of governance will have its own unique agency costs". Based mostly on quantitative evidence, while using case studies, and empirical findings, he then identifies four such sources of agency costs that are specific to hedge fund activism: private benefits, in the form of expense reimbursement for successful campaigns; information leakage when hedge funds succeed to appoint their board nominees; the fact that activists, holding often no more than 10 percent of the shares, can obtain the changes they push for in private settlements with managers, without letting other shareholders, who may have a different (longer-term) view over a company's trajectory; and the exclusive focus on shareholder value maximization that drives their often successful campaigns: again, that may contrast with other shareholders' preferences about the goals managers at public corporations should pursue.





5. ECGI RESEARCH MEMBER APPOINTMENTS

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, 71 new research members were appointed to the European Corporate Governance Institute in March 2018.

The new Research Members, who are drawn from academia in Europe, North America, Asia, South America and the Middle East, were admitted on the quality of their academic work in the field of corporate governance.

Barry Adler
Pablo de Andres
Dan Awrey
Bo Becker
Richard Booth
Fabio Braggion
Valentina Bruno
Ryan Bubb
Salim Chahine
Hse-Yu Iris Chiu
Martijn Cremers
Jens Dammann
Mark DeFond
Elroy Dimson
Andreas Engert
Vyacheslav Fos
Nickolay Gantchev
Carsten Gerner-Beuerle
Rajna Gibson Brandon
Mireia Giné
Todd Gormley
Zohar Goshen
Sean Griffith
Brigitte Haar
Dirk Hackbarth
Harald Hau
Genevieve Helleringer
Thomas Hellmann
Benjamin Hermalin
Clifford Holderness
Robert Jackson
Wei Jiang
Kathryn Judge
Oğuzhan Karakaş
Woojin Kim
Luh Luh Lan
Doron Levit
Hao Liang
Andrew Metrick
Daniel Metzger
Florian Möslein
Mary O'Sullivan
Gaizka Ormazabal
Charlotte Ostergaard
Anete Pajuste
Mariana Pargendler
Frank Partnoy
Jennifer Payne
Francisco Perez-Gonzalez
Andrea Polo
Tarun Ramadorai
Morgan Ricks
Wolf-Georg Ringe
Edward Rock
Joshua Ronen
Paola Sapienza
Zacharias Sautner
Martin Schmalz
David Schoenherr
Simone Sepe
Rolf Skog
Richard Squire
Oren Sussman
Tobias Tröger
Kristin van Zwieten
Erik Vermeulen
Hannes Wagner
Michael Weisbach
Russ Wermers
David Yermack



6. RESEARCH

In 2018, ECGI's 261 research members published 101 ECGI 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. All working papers are available on the ECGI website. Topics that featured include: Activism; Related Party Transactions; Short-Termism; Board of Directors; Common Ownership; Institutional Investors; Value; Stewardship; The following is a list of the papers published in the series in 2018:

Activism

Unexpected Corporate Outcomes from Hedge Fund Activism in Japan
John Buchanan, University of Cambridge, Dominic H. Chai, University of Cambridge, Simon Deakin, University of Cambridge and ECGI
Law Working Paper 383/2018

Blockchain Technology for Corporate Governance and Shareholder Activism
Anne Lafarre, Tilburg University, Christoph Van der Elst, Tilburg University and ECGI
Law Working Paper 390/2018

Shareholder Sustainability Activism in the Netherlands
Anne Lafarre, Tilburg University, Christoph Van der Elst, Tilburg University and ECGI
Law Working Paper 396/2018

Governance under the Gun: Spillover Effects of Hedge Fund Activism
Nickolay Gantchev, Southern Methodist University and ECGI, Oleg Gredil, Tulane University, Chotibhak Jotikasthira, Southern Methodist University
Finance Working Paper 562/2018

Activism and Empire Building
Nickolay Gantchev, Southern Methodist University and ECGI, Merih Sevilir, Indiana University, Anil Shivdasani, University of North Carolina at Chapel Hill
Finance Working Paper 575/2018

Long-Term Economic Consequences of Hedge Fund Activist Interventions
Ed deHaan, University of Washington, David Larcker, Stanford University, Rock Center for Corporate Governance and ECGI, Charles McClure, University of Chicago
Finance Working Paper 577/2018

The Costs and Benefits of Shareholder Democracy
Nickolay Gantchev, Southern Methodist University and ECGI, Mariassunta Giannetti, Stockholm School of Economics, CEPR and ECGI
Finance Working Paper 586/2018

Related Party Transactions

Be Careful What You Wish For: How Progress Engendered Regression in Related Party Transaction Regulation in Israel
Amir N. Licht, Interdisciplinary Center Herzliya and ECGI
Law Working Paper 382/2018

RPTs in SOEs: Tunneling, Propping, and Policy Channeling
Curtis J. Milhaupt, Stanford University and ECGI, Mariana Pargendler, Fundação Getulio Vargas Law School and New York University
Law Working Paper 386/2018

Related Party Transactions: UK Model
Paul Davies, University of Oxford and ECGI
Law Working Paper 387/2018

Germany's Reluctance to Regulate Related Party Transactions
Tobias H. Tröger, Goethe University Frankfurt and SAFE
Law Working Paper 388/2018

MOM Approval in a World of Active Shareholders
Edward B. Rock, New York University and ECGI
Law Working Paper 389/2018

Related Party Transactions in East Asia
Kon Sik Kim, Seoul National University
Finance Working Paper 391/2018

Procedural and Substantive Review of Related-Party Transactions: The Case for NCS (Non-Controlling Shareholder)-Dependent Directors
Alessio M. Pacces, Erasmus University Rotterdam and ECGI
Law Working Paper 399/2018

Related Party Transactions in Insolvency
Kristin van Zwieten, University of Oxford and ECGI
Law Working Paper 401/2018

Enforcing Rules on Related Party Transactions in Italy: One Securities Regulator's Challenge
Marcello Bianchi, Assonime, Luca Enriques, University of Oxford and ECGI, Mateja Milič, Assonime
Law Working Paper 409/2018

The Law and (Some) Finance of Related Party Transactions: An Introduction
Luca Enriques, University of Oxford and ECGI, Tobias Tröger, SAFE Frankfurt and ECGI
Law Working Paper 411/2018

Cheap-Stock Tunneling Around Preemptive Rights
Jesse M. Fried, Harvard University and ECGI, Holger Spamann, Harvard University and ECGI
Law Working Paper 408/2018

Optimally Restrained Tunneling: The Puzzle of Controlling Shareholders' "Generous" Exploitation in Bad-Law Jurisdictions
Sang Yop Kang, Peking University
Law Working Paper 410/2018

Related Party Transactions in Commonwealth Asia: Complexity Revealed
Dan W. Puchniak, National University of Singapore and CALS, Umakanth Varottil, National University of Singapore
Law Working Paper 404/2018

Short-termism

Optimal Short-Termism
Dirk Hackbarth Boston University, CEPR and ECGI, Alejandro Rivera, University of Texas at Dallas, Tak-Yuen Wong, Shanghai University of Finance and Economics
Finance Working Paper 546/2018

Stock Market Short-Termism's Impact
Mark J. Roe, Harvard University and ECGI
Law Working Paper 426/2018

The Neglected Role of Justification under Uncertainty in Corporate Governance and Finance
Claire A. Hill, University of Minnesota, Alessio M. Pacces, University of Amsterdam and ECGI
Law Working Paper 429/2018

Board of Directors

The Market for Non-Executive Directors: Does Acquisition Performance Influence Future Board Seats?
Marc Goergen, Cardiff University and ECGI, Svetlana Mira, Cardiff University, Noel O'Sullivan, Loughborough University
Finance Working Paper 551/2018

Disclosing Directors
Piergaetano Marchetti, Bocconi University, Gianfranco Siciliano, Bocconi University, Marco Ventoruzzo, Bocconi University, Max Planck Institute and ECGI
Law Working Paper 420/2018

Evaluating the Board of Directors: International Practice
Mark Fenwick, Kyushu University, Erik P.M. Vermeulen, Tilburg University and ECGI
Law Working Paper 425/2018

Directors: Older and Wiser, or Too Old to Govern?
Ronald W. Masulis, University of New South Wales and ECGI, Cong Wang, Chinese University of Hong Kong and Shenzhen Finance Institute, Fei Xie, University of Delaware, Shuran Zhang, Jinan University
Finance Working Paper 584/2018

Common Ownership

Does the Potential to Merge Reduce Competition?
Dirk Hackbarth, Boston University, CEPR and ECGI, Bart Taub, University of Glasgow
Finance Working Paper 554/2018

Who's Paying Attention? Measuring Common Ownership and Its Impact on Managerial Incentives
Erik P. Gilje, University of Pennsylvania and NBER, Todd A. Gormley, Washington University in St. Louis and ECGI, Doron Levit, University of Pennsylvania and ECGI
Finance Working Paper 568/2018

The Strategies of Anticompetitive Common Ownership
C. Scott Hemphill, New York University, Marcel Kahan, New York University and ECGI
Law Working Paper 423/2018

Institutional Investors

Institutional Investor Voting Behavior: A Network Theory Perspective
Luca Enriques, University of Oxford and ECGI, Alessandro Romano, Yale University
Law Working Paper 393/2018

The Sustainability Footprint of Institutional Investors
Rajna Gibson Brandon, University of Geneva, GSEM, GFRI and ECGI, Philipp Krüger University of Geneva, GSEM, SFI and GFRI
Finance Working Paper 571/2018

Passive Investors
Jill Fisch, University of Pennsylvania and ECGI, Assaf Hamdani, Tel Aviv University and ECGI, Steven Davidoff Solomon, University of California
Law Working Paper 414/2018

Institutional Investors' Impact on the Terms and Outcome of Freeze-out Tender Offers
Beni Lauterbach, Bar Ilan University, ISRAEL and ECGI, Yevgeny Mugerman, Bar Ilan University
Finance Working Paper 576/2018

Value

How Investors Can (and Can't) Create Social Value
Paul Brest, Stanford University, Ronald J. Gilson, Stanford University, Columbia University, and ECGI, Mark A. Wolfson, Jasper Ridge Partners, Stanford University, and Jasper Ridge Charitable Fund
Law Working Paper 394/2018

Asking the Right Question: The Statutory Right of Appraisal and Efficient Markets
Jonathan Macey, Yale University and ECGI, Joshua Mitts, Columbia University
Law Working Paper 428/2018

May the Force be With You: Investor Power and Company Valuations
Thomas Hellmann, University of Oxford and ECGI, Veikko Thiele, Queen's University
Finance Working Paper 580/2018

Funds

Career Risk and Market Discipline in Asset Management
Andrew Ellul, Indiana University, CSEF, CEPR and ECGI, Marco Pagano, University of Naples Federico II and ECGI, Annalisa Scognamiglio, University of Naples Federico II
Finance Working Paper 558/2018

Do Investors Value Sustainability? A Natural Experiment Examining Ranking and Fund Flows
Samuel M. Hartzmark, University of Chicago, Abigail B. Sussman, University of Chicago
Finance Working Paper 565/2018

Index Funds and the Future of Corporate Governance: Theory, Evidence, and Policy
Lucian Bebchuk, Harvard Law School, NBER, CEPR and ECGI, Scott Hirst, Boston University, Harvard Law School
Law Working Paper 433/2018

The Costs and Benefits of Performance Fees in Mutual Funds
Henri Servaes, London Business School, CEPR, and ECGI, Kari Sigurdsson, AQR Capital Management
Finance Working Paper 588/2018

Mergers & Acquisitions

China as a "National Strategic Buyer": Towards a Multilateral Regime for Cross-Border M&A
Jeffrey N. Gordon, Columbia University and ECGI, Curtis J. Milhaupt, Stanford University and ECGI
Law Working Paper 407/2018

Employee-Manager Alliances and Shareholder Returns from Acquisitions
Ronald W. Masulis, University of New South Wales and ECGI, Cong Wang, Chinese University of Hong Kong and Shenzhen Finance Institute, Fei Xie, University of Delaware
Finance Working Paper 583/2018

What Goes Wrong in M&As? On the Long-Run Success Factors in M&As
Luc Renneboog, Tilburg University, CentER and ECGI, Cara Vansteenkiste, University of New South Wales
Finance Working Paper 589/2018

Technology

Blockchain and Smart Contracting for the Shareholder Community
Christoph Van der Elst, Tilburg University, Ghent University and ECGI, Anne Lafarre, Tilburg University
Law Working Paper 412/2018

Why 'Blockchain' Will Disrupt Corporate Organizations
Mark Fenwick, Kyushu University, Wulf A. Kaal, University of St. Thomas, Erik P.M. Vermeulen, Tilburg University, Philips Lighting and ECGI
Law Working Paper 419/2018

Technology and Corporate Governance: Blockchain, Crypto, and Artificial Intelligence
Mark Fenwick, Kyushu University, Erik P.M. Vermeulen, Tilburg University and ECGI
Law Working Paper 424/2018

Putting Technology to Good Use for Society: the Role of Corporate, Competition and Tax Law
John Armour, University of Oxford and ECGI, Luca Enriques, University of Oxford and ECGI, Ariel Ezrachi, University of Oxford, John Vella, University of Oxford
Law Working Paper 427/2018

The End of "Corporate" Governance (Hello "Platform" Governance)
Mark Fenwick, Kyushu University, Joseph A. McCahery, Tilburg University and ECGI, Erik P.M. Vermeulen, Tilburg University and ECGI
Law Working Paper 430/2018

More...

Does Agency Structure Affect Agency Decisionmaking? Implications of the CFPB's Design for Administrative Governance
Roberta Romano, Yale Law School, NBER and ECGI
Law Working Paper 380/2018

Empirical Studies of Corporate Law and Governance: Some Steps Forward and Some Steps Not
Michael Klausner, Stanford University and ECGI
Law Working Paper 381/2018

International Evidence on Firm Level Decisions in Response to the Crisis: Shareholders vs. Other Stakeholders
Franklin Allen, Imperial College London and ECGI, Elena Carletti, Bocconi University and CEPR, Yaniv Grinstein, IDC Herzliya and ECGI
Finance Working Paper 545/2018

Eclipse of the public corporation or eclipse of the public markets?
Craig Doidge, University of Toronto, Kathleen M. Kahle, University of Arizona, G. Andrew Karolyi, Cornell University, René M. Stulz, The Ohio State University, NBER and ECGI
Finance Working Paper 547/2018

Underwriter Competition and Bargaining Power in the Corporate Bond Market
Alberto Manconi Bocconi University Ekaterina Neretina Tilburg University and CentER Luc Renneboog Tilburg University and ECGI
Finance Working Paper 548/2018

Skin-in-the-Game in ABS Transactions: A Critical Review of Policy Options
Jan-Pieter Krahnen, Goethe University Frankfurt and ECGI, Christian Wilde, Goethe University Frankfurt
Finance Working Paper 549/2018

The Life-Cycle of Dual Class Firms
Martijn Cremers, University of Notre Dame and ECGI, Beni Lauterbach, Bar Ilan University, ISRAEL and ECGI, Anete Pajuste, Stockholm School of Economics in Riga and ECGI
Finance Working Paper 550/2018

The impact of mandatory governance changes on financial risk management
Ulrich Hege, Toulouse School of Economics and ECGI, Elaine Hutson, Monash University, Elaine Laing, Trinity College Dublin
Finance Working Paper 552/2018

Will Tenure Voting Give Corporate Managers Lifetime Tenure?
Paul H. Edelman Vanderbilt University Wei Jiang Columbia University Randall S. Thomas Vanderbilt University and ECGI
Law Working Paper 384/2018

The Effect of Minority Veto Rights on Controller Tunneling
Jesse M. Fried, Harvard University and ECGI, Ehud Kamar, Tel Aviv University and ECGI, Yishay Yafeh, The Hebrew University of Jerusalem, CEPR and ECGI
Law Working Paper 385/2018

"Since You're So Rich, You Must Be Really Smart": Talent and the Finance Wage Premium
Michael Böhm, University of Bonn and IZA, Daniel Metzger, Stockholm School of Economics, Swedish House of Finance, FMG and ECGI, Per Strömberg, Stockholm School of Economics, Swedish House of Finance, CEPR and ECGI
Finance Working Paper 553/2018

When Does the Family Govern the Family Firm?
Øyvind Bøhren, BI Norwegian Business School and ECGI, Bogdan Stacescu, BI Norwegian Business School, Line F. Almli, Deloitte, Kathrine L. Søndergaard, Deloitte
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Industrial Foundations as Long-Term Owners
Steen Thomsen, Copenhagen Busniess School and ECGI, Thomas Poulsen, Copenhagen Busniess School, Christa Børsting, Copenhagen Business School, Johan Kuhn, Copenhagen Business School
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Investor Ideology
Patrick Bolton, Columbia University and ECGI, Tao Li, Universtiy of Florida, Enrichetta Ravina, Northwestern University, Howard Rosenthal, New York University
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Fiduciary Principles in European Civil Law Systems
Martin Gelter, Fordham University and ECGI, Geneviève Helleringer, ESSEC Business School and University of Oxford
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The Real Cost of CEO Compensation: The Effect of Behindness Aversion of Employees
Ingolf Dittmann, Erasmus University Rotterdam and ECGI, Christoph Schneider, Tilburg University, Yuhao Zhu Erasmus University Rotterdam
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The Origins of a Capital Market Union in the United States
Jeffrey N. Gordon, Columbia University, Millstein Center for Global Markets and Corporate Ownership and ECGI, Kathryn Judge, Columbia University and ECGI
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Evidence-Based Policymaking: Promise, Challenges and Opportunities for Accounting and Financial Markets Research
Christian Leuz, University of Chicago, NBER and ECGI
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Loyalty Shares with Tenure Voting - A Coasian Bargain? Evidence from the Loi Florange Experiment
Marco Becht, Université libre de Bruxelles, CEPR and ECGI, Yuliya Kamisarenka, Stockholm School of Economics in Riga, Anete Pajuste, Stockholm School of Economics in Riga and ECGI
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Socially Responsible Corporate Customers
Rui Dai, University of Pennsylvania, Hao Liang, Singapore Management University and ECGI, Lilian Ng, York University
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Firm Response to Competitive Shocks: Evidence from China's Minimum Wage Policy
Harald Hau, University of Geneva, CEPR, Swiss Finance Institute and ECGI, Yi Huang, Graduate Institute of International and Development Studies, Gewei Wang, Peking University
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An Institutional Theory of Corporate Regulation
Iris H-Y Chiu, University College London and ECGI
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The Death of Corporate Law
Zohar Goshen, Columbia University and ECGI, Sharon Hannes, Tel Aviv University
Law Working Paper 402/2018

Collateral Damage: Brexit's Negative Effects on Regulatory Competition and Legal Innovation in Private Law
Horst Eidenmueller, University of Oxford and ECGI
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Do Founders Control Start-Up Firms that Go Public?
Brian Broughman, Indiana University, Jesse M. Fried, Harvard University and ECGI
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The Stability of Dividends and Wages: Effects of Competitor Inflexibility
Daniel A. Rettl, University of Georgia, Alex Stomper Humboldt, University and ECGI, Josef Zechner, Vienna University of Economics and Business and ECGI
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The Economic Significance of Laws Relating to Employment Protection and Different Forms of Employment: Analysis of a Panel of 117 Countries, 1990-2013
Zoe Adams, Centre for Business Research, Louise Bishop, Centre for Business Research, Simon Deakin, University of Cambridge and ECGI, Colin Fenwick, International Labour Office, Sara Martinsson Garzelli, International Labour Office, Giudy Rusconi, Evidence for Policy Design India
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Initial Coin Offerings: Financing Growth with Cryptocurrency Token Sales
Sabrina T. Howell, New York University and NBER. Marina Niessner, Yale University, David Yermack, New York University, NBER and ECGI
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Which Aspects of Corporate Governance Matter in Emerging Markets: Evidence from Brazil, India, Korea, and Turkey
Bernard Black, Northwestern University and ECGI, Antonio Gledson de Carvalho, Fundacao Getulio Vargas School of Business at Sao Paulo, Vikramaditya Khanna, University of Michigan, Woochan Kim, Korea University Business School and ECGI, Burcin Yurtoglu, WHU - Otto Beisheim School of Management
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Governance through Shame and Aspiration: Index Creation and Corporate Behavior
Akash Chattopadhyay, University of Toronto, Matthew D. Shaffer, Harvard University Charles C.Y. Wang, Harvard University
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Trust and Shareholder Voting
Simon Lesmeister, University of Cologne and Centre for Financial Research (CFR), Peter Limbach, University of Cologne and Centre for Financial Research (CFR), Marc Goergen Cardiff University and ECGI
Finance Working Paper 569/2018

Does Transparency Increase Takeover Vulnerability?
Lifeng Gu, University of Hong Kong, Dirk Hackbarth, Boston University, CEPR and ECGI
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Non-Shareholder Voice in Bank Governance: Board Composition, Performance and Liability
Paul Davies, University of Oxford and ECGI, Klaus J. Hopt, Max Planck Institute for Comparative and International Private Law and ECGI
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The Perils of Limiting the Coverage of Mandatory Pay Disclosure: The Korean Experience
Jinhyeok Ra, Korea University Business School, Woochan Kim, Korea University Business School and ECGI
Finance Working Paper 572/2018

Insider Trading and Networked Directors
Marc Goergen, IE Business School and ECGI, Luc Renneboog, Tilburg University and ECGI, Yang Zhao Newcastle University Business School
Finance Working Paper 573/2018

Shareholder Collaboration
Jill Fisch, University of Pennsylvania and ECGI, Simone M. Sepe, University of Arizona, IAST and ECGI
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The Teva Case: A Tale of a Race to the Bottom in Global Securities Regulation
Sharon Hannes, Tel Aviv University, Ehud Kamar, Tel Aviv University and ECGI
Law Working Paper 416/2018

Governance of Financial Services Outsourcing: Managing Misconduct and Third-Party Risks
Joseph A. McCahery, Tilburg University and ECGI, F. Alexander De Roode
Robeco Asset Management
Law Working Paper 417/2018

Elective Stock and Scrip Dividends
Isabel Feito-Ruiz, University of Leon, Luc Renneboog, Tilburg University and ECGI, Cara Vansteenkiste, University of Tilburg
Finance Working Paper 574/2018

Powering Preemptive Rights with Presubscription Disclosure
Jesse M. Fried Harvard University and ECGI
Law Working Paper 418/2018

The Protection of Investors and the Compensation for their Losses: Australia
Olivia Dixon, University of Sydney, Jennifer G. Hill, University of Sydney and ECGI
Law Working Paper 421/2018

Disclosure of Inside Information
Jennifer Payne, University of Oxford and ECGI
Law Working Paper 422/2018

Creative Corporate Culture and Innovation
Franco Fiordelisi, University of Rome III, Luc Renneboog, Tilburg University and ECGI, Ornella Ricci, University of Rome III, Saverio Stentella Lopes, Bangor University
Finance Working Paper 578/2018

Say on Pay: Do Shareholders Care?
Carsten Gerner-Beuerle, University College London and ECGI, Tom Kirchmaier, Copenhagen Business School and London School of Economics and Political Science
Finance Working Paper 579/2018

Is it Worthwhile to Augment the Legal Protection of Public Debt Placed by Privately Held Companies?
Keren Bar-Hava, Hebrew University, Roi Katz, Ben-Gurion University of the Negev, Beni Lauterbach, Bar Ilan University, ISRAEL and ECGI
Finance Working Paper 581/2018

Investment Returns and Distribution Policies of Non-Profit Endowment Funds
Sandeep Dahiya, Georgetown University, David Yermack, New York University, NBER and ECGI
Finance Working Paper 582/2018

Universal Corporate Governance
Mikael Homanen, City University of London, Hao Liang, Singapore Management University and ECGI
Finance Working Paper 585/2018

Why Are Firms with More Managerial Ownership Worth Less?
Kornelia Fabisik, Ecole Polytechnique Fédérale de Lausanne, Rüdiger Fahlenbrach, Ecole Polytechnique Fédérale de Lausanne, SFI and ECGI, René M. Stulz, The Ohio State University, NBER, Wharton Financial Institutions Center and ECGI, Jérôme P. Taillard, Babson College
Finance Working Paper 587/2018

Legal Personhood and Liability for Flawed Corporate Cultures
Jennifer G. Hill University of Sydney and ECGI
Law Working Paper 431/2018

Do Managers Successfully Shop for Compliant Auditors? Evidence from Accounting Estimates
Mark DeFond, University of Southern California and ECGI, Jieying Zhang, University of Texas at Dallas, Yuping Zhao, University of Houston
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The Perils of Small-Minority Controllers
Lucian Bebchuk, Harvard Law School, NBER, CEPR and ECGI, Kobi Kastiel, Tel Aviv University, Harvard Law School
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7. 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.

Following a market review and analysis of the membership fees, the ECGI members voted at the 2017 General Assembly in Berlin, to increase the subscription fee for all paying categories, with the exception of the Academic Membership category. The decision had a positive financial impact (as reported in the annual accounts), although the volume of individual practitioner memberships decreased as anticipated. The board and management team have sought to address this by actively seeking to expand the Institutional Membership category in order to maximise the financial impact and breadth of engagement with corporate groups and individuals.

"In current times, ECGI is more relevant than ever, in its ability to deliver evidence-based knowledge that can challenge unsubstantiated claims".

- ECGI Development Plan



7. FINANCIAL STATEMENTS 2018

ECGI - BALANCE SHEET as at 31 December 2018

			Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
ASSETS			Euro	Euro	Euro
	Intangible assets		72,509	76,570	57,058
	Cash at bank				
		Savings Accounts	34,687	22,802	55,194
		Current Accounts	314,188	323,998	299,001
	Total Current/Savings		*348,875*	*346,800*	*354,196*
	Accounts Receivable		*64,195*	*25,411*	*28,142*
	deferred charges		6,166	2,731	493
TOTAL ASSETS			**491,744**	**451,512**	**439,887**
	Equity				
		Retained Earnings	401,194	338,219	255,202
		Net Income	43,122	62,975	83,018
			444,316	*401,194*	*338,219*
	Current liabilities				
		Charges payable	*39,243*	*49,880*	*96,423*
	deferred income		8,186	438	5,245
TOTAL LIABILITIES			**491,744**	**451,512**	**439,887**



7. FINANCIAL STATEMENTS 2018

ECGI Profit & Loss Account

		2018 Audited	2017 Audited	2016 Audited	
		Euro	Euro	Euro	
Income/Expense					
Income					
Subscriptions income		117,388	78,885	88,744	
ECGRF Contribution		100,000	120,000	120,000	
Project Income and Reimbursements		36,109	68,091	30,944	1
GCGC Income - adjustment 2016		0	3,771		
Sponsorship		0	0	5,000	
Bank interest/exchange rate loss/gain		40	37	92	
Total Income		***253,537***	***270,784***	***244,780***	
Expenditure					
Administration	Accounting & Fin. charges	*-11,019*	*-20,025*	*-13,643*	
	Administration Charge	*-60,157*	*-64,871*	*-60,567*	
	IT & Online Services	*-4,786*	*-7,095*	*-4,663*	
	Office Rental	*-5,500*	*-5,500*	*-5,500*	
	Office expenses	*-4,834*	*-1,239*	*-5,956*	
	Travel and representation	*-10,719*	*-10,432*	*-12,005*	
	AGM	*-7,971*	*-4,540*	*-7,297*	
	Miscellaneous	*-2,347*	*-799*	*-1,800*	
Total Admin		*-107,332*	*-114,502*	*-111,430*	
Research	Annual Lecture & Prizes	*-15,998*	*-9,397*	*-13,516*	
	Conferences & Workshops	*-7,209*	*-28,948*	*-5,822*	
	Research & Academic Staff	*-16,000*	*-7,986*	*-7,260*	
	Research Communication	*-16,806*	*-2,560*	*-5,561*	
	Working papers	*-20,366*	*-16,740*	*-15,656*	
	Project Expenditure	*0*	*-5,000*	*0*	
	New Online Research Portal	*-26,703*	*-22,676*	*-2,517*	2
Total Research		*-103,083*	*-93,307*	*-50,332*	
Total Expenditure		-210,415	-207,809	-161,762	
Net Total Income		**43,122**	**62,975**	**83,018**	

1 Project income includes income from GCGC only (in 2017 this included other project income)

2 To date EUR 118,497 (including VAT) has been spent (staggered) on the new website development (excluding maintenance).
The reported 2018 figure (EUR 26,703) refers to the depreciation expense.
The 2018 cash expenditure on the new website was EUR 19,639 (including VAT)
The cash effect of the website payments in 2018 would result in a net cash profit of EUR 50,186 for the financial year

The 2018 audit was conducted by Ghislain Dochen, Réviseur d'entreprises, whose offices are located in Belgium, Boulevard du Centenaire, 93, 1325 Dion-le-Val (Chaumont-Gistoux). A copy of the Audit Letter is available on request at admin@ecgi.org

8. MEMBERSHIP

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.

ACADEMIC MEMBERSHIP

Open to individuals either employed by or engaged in full or part time study in any accredited university or educational institution. Academic members are eligible for election as an academic representative on the ECGI Board. The academic membership subscription is currently EUR 100 per annum.

INSTITUTIONAL MEMBERSHIP

Open to companies, institutions and enterprises such as stock exchanges, regulators, investors, companies, rating agencies, stock price index producers and law firms, whether based in Europe or elsewhere. The institutional membership subscription is currently EUR 2,500 per annum.

ACADEMIC INSTITUTIONAL MEMBERSHIP

Open to universities, business schools, or other academic bodies whether based in Europe or elsewhere. The institutional membership subscription is currently EUR 2,000 per annum.

PRACTITIONER MEMBERSHIP

Open to private individuals or those in companies, institutions and enterprises who wish to join in their own right. Practitioner members are eligible for election as a non-academic representative on the ECGI Board. The practitioner membership subscription is currently EUR 250 per annum.

PATRON MEMBERSHIP

Patron Members are legal entities or individuals interested in corporate governance and are Patrons of the European Corporate Governance Research Foundations (ECGRF). They are appointed in agreement with the boards of ECGI and ECGRF.

RESEARCH MEMBERSHIP

Research Members are individuals who have been appointed by ECGI. These include ECGI Fellows. Membership, which is for the duration of their appointment, is free.

ECGI is not responsible for, nor does it screen or certify the corporate governance policies or practices of its members. Membership of ECGI therefore should not be regarded or used as a sign or certification of corporate governance quality. However ECGI research members are appointed following appraisal by committee.

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

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