

BLM113 CORPORATE GOVERNANCE, REGULATION & COMPLIANCE

Academic Year 2013/14

Number of Aston Credits: 15

Number of ECTS Credits: 7.5

Staff Member Responsible for the Module:

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Pre-requisites for the Module:

None

Mode of Study:

On Campus

Module Objectives and Learning Outcomes:

This module has an interdisciplinary focus and its main objective is to provide a comprehensive understanding of the UK system of corporate governance, its development and international influence.

At the end of this module, students will:

- Understand the structure of the UK system of corporate governance, including the issues associated with the auditor's function, the setting of directors' remuneration and the role of institutional investors.
- Appreciate the significance of international factors in the development of the UK model of corporate governance and the influence of the UK system in the development of overseas codes of corporate governance and good practice.
- Understand the significance of legal system, political and economic factors in shaping countries' models of corporate governance and regulation.



- Appreciate the philosophical and economic issues that underpin discussion of the regulation of corporate activities.
- Be able to apply relevant legal rules and UK Corporate Governance Code principles to practical situations and problems, making recommendations based on best practice.
- Understand the principal reasons why the UK model is different from that in other countries.

Contribution of the module to relevant programme level objectives and outcomes:

MSc Accounting and Finance: A1, A3, B1, B2, B3, C1, D1, D2, D3, D5.

MSc Social Responsibility and Sustainability: A1, A4, B1, B2, B4, C1, C2, D3, D4, D5.

MSc Business and Management: A1, A2, A3, B1, B2, B3, C1, C2, C3, D3, D4, D7.

MSc Finance and Financial Regulation: A5, A6, B1, B2, B3, C1, D2, D3.

MSc Islamic Finance and Banking: A1, A3, B1, B2, B3, C1, C2, D3, D4.

Module Content:

The outline below is indicative of the subjects and issues to be covered. Each subject is placed within an international context and comparisons with jurisdictions outside of the UK will be made.

Week 1: OPENING LECTURE: setting the scene; introduction to key concepts

and theories; what is corporate governance?

Week 3: TUTORIAL ONE: the legal framework; separate legal personality; the

duties of directors; the board of directors; core features of company

law models around the world.

Week 5: TUTORIAL TWO: the UK Corporate Governance Code: history and

development; 'comply or explain'; the role of the board and board

committees.

Week 6: TUTORIAL THREE: directors' remuneration.

Week 7: TUTORIAL FOUR: the audit function and auditor's role.

Week 8: TUTORIAL FIVE: the role of institutional investors and the UK

Stewardship Code.

Week 9: CONCLUDING LECTURE: revision and review.

Week 10: EXAMINATION









Corporate Connections:

This module draws upon real life case studies to illustrate the application of relevant legal rules and Code principles.

International Dimensions:

This course is explicitly international in its focus. It is impossible to understand the development of the UK model of corporate governance and regulation without an appreciation of international influences. Changes to the UK's Corporate Governance have been made in response to corporate collapse in America. International organisations now promulgate laws, standards and codes of practice (e.g., the OECD's *Principles of Corporate Governance*; European Directives; and the Basel Committee's *Core Principles for Effective Banking Supervision*).

Contribution of Research:

This module draws on the corporate law and governance research conducted by academics in the Business School. Robert Goddard has published widely in the leading law journals on subjects including shareholder remedies and company law reform.

Ethics, Responsibility & Sustainability:

These are recurring themes throughout the module, explored from the perspective of the company law framework governing the behaviour of company directors and governance codes of best practice.

Method of Teaching:

All students enrolled on the module meet in weeks 1 and 9 for a three hour session. In week one, the module is introduced and the scene set. The week 9 session provides the opportunity for revision and reflection. In weeks two to 8, students attend five, two hour tutorial sessions. For each of these tutorials there will be a prerecorded lecture available on Blackboard and follow-up reading and research. The tutorials enable students to test their understanding of the lecture material and to ask questions: they are designed to be interactive and, if they are to work, students must undertake the required reading and preparation.









Syndicate group presentations also take place in the tutorials. Each syndicate group will be given a series of governance questions to consider with regard to a particular country. These presentations will provide all students with an excellent opportunity to learn about governance in different countries and to reflect on the differences between countries.

The learning hours below indicate how much time students should be spending on this module.

Method of Assessment and Feedback:

The course is assessed by an exam (100%). The exam is 3 hours in length and closed book in format (although certain materials will be provided in the exam, including copies of the UK Corporate Governance Code, UK Stewardship Code and selected statutory materials). All of the module learning outcomes are assessed through the examination.

In the examination, students will be required to answer a problem-based case study question. The facts of the case study will be distributed ahead of the revision week so that students can become familiar with it. Students will also be required to answer shorter, essay style questions. These will require <u>personal interpretation</u> and evidence of independent reading and research. Guidance on the qualities needed to gain good marks is provided on Blackboard. Work that is purely descriptive will not be sufficient to pass the exam.

Learning Hours:

Pre-reading	10
Lectures (delivered on campus)	6
Lectures (pre-recorded, available through Blackboard)	10
Tutorials	10
Directed reading:	100
Presentation preparation	14
Total	150

The following readings are subject to change. Students should not therefore purchase textbooks prior to commencing their course. If students wish to undertake background reading before starting the course, many of the chapters/readings are available in electronic form via on-line library catalogues and other resources.









Pre-reading:

Report of the Committee on the Financial Aspects of Corporate Governance ("The Cadbury Report"), 1992, (available here: http://www.ecgi.org/codes/documents/cadbury.pdf).

Essential Reading:

No textbook adequately covers all of the topics included in this module. Students will, however, be provided with core reading for each of the weekly topics. See the guidance posted on Blackboard for further information.

Copies of essential legislation and the UK's Corporate Governance Code and Stewardship Code will be provided on Blackboard.

Students are advised to visit the following website every couple of days in order to keep up to date with corporate governance developments (and also to access important corporate governance materials):

http://www.corporatelawandgovernance.blogspot.com

Indicative Bibliography:

Textbooks and Monographs:

Ali, P. and Gregoriou, G., *International Corporate Governance Under Sabanes-Oxley* (John Wiley & Sons Inc., 2006).

Baldwin, R., Hodd, C. and Rothstein, H. *The Government of Risk* (Oxford: Oxford University Press, 2001).

Benn, S. and Dunphy, D. (eds), Corporate Governance and Sustainability: Challenges for Theory and Practice, (Routledge, 2006).

Blair, M. and Roe, M., *Employees and Corporate Governance* (Washington: Brookings, 1999).

Blair, M., Ownership and Control (Washington: Brookings, 1994)

Cabrelli, D. and Siems, M. (eds), *Comparative Company Law: A Case-Based Approach* (Hart Publishing, 2013).

Cadbury, A., *Corporate Governance and Chairmanship: A Personal View* (Oxford: Oxford University Press, 2003).

Cadbury, A., *Corporate Governance and Chairmanship*, Oxford, Oxford University Press, 2002.









Cahn, A. and Donald, D., *Comparative Company Law*, (Cambridge, Cambridge University Press, 2010).

Cheffins, B., Company Law: Theory, Structure and Operation (Oxford: Oxford University Press, 1997).

Clarke, T., Theories of Corporate Governance, (Routledge, 2004).

Clarke, T., *International Corporate Governance: A Theoretical Approach*, (Routledge, 2011).

Clarke, T. and Chanlat, J-F., European Corporate Governance: Readings and Perspectives, (Routledge, 2009).

Davies, P., Gower and Davies' Principles of Modern Company Law (London: Sweet and Maxwell, 2012).

Dignam, A. and Galanis, *The Globalisation of Corporate Governance*, (Ashgate, 2009).

Du Plessis, J et al., *Principles of Contemporary Corporate Governance*, (Cambridge, Cambridge University Press, 2010).

Easterbrook F. and Fischel, D., *The Economic Structure of Corporate Law* (Harvard: Harvard University Press, 1991).

Ferran, E., *Principles of Corporate Finance Law* (Oxford: Oxford University Press, 2008).

Goergen, M., Corporate Governance and Complexity Theory, (Edward Elgar Publishing, 2010).

Gomez, P-Y., Entrepreneurs and Democracy: a Political Theory of Corporate Governance (Cambridge, Cambridge University Press, 2010).

Green, S., Sarbanes-Oxley and the Board of Directors: Techniques and Best Practices for Corporate Governance (John Wiley & Sons Inc., 2006).

Hopt, K and Wymeersch, E., *European Company and Financial Law – Texts and Leading cases* (Oxford: Oxford University Press, 2003).

Hopt, K. and Wymeersch, E., *Capital Markets and Company Law* (Oxford: Oxford University Press, 2003).

Hudson, A., The Law of Finance (London: Sweet and Maxwell, 2009).

Johnston, A., *EC Regulation of Corporate Governance* (Cambridge: Cambridge University Press, 2009).









Keasey, K. et al, Corporate Governance: Economic and Financial Issues (Oxford: Oxford University Press, 1997).

Keasey, K. et al, *Corporate Governance: Accountability, Enterprise and International Comparisons*, (John Wiley & Sons, 2005).

Kent Baker, H. and Anderson, R., *Corporate Governance: A Synthesis of Theory, Research, and Practice* (John Wiley & Sons, 2010). Kershaw, D., *Company Law in Context* (Oxford: Oxford University Press, 2009).

Kim, K. et al, Corporate Governance (Pearson, 2009).

Kraakman, R. et al, The Anatomy of Corporate Law: A Comparative and Functional Approach (Oxford: Oxford University Press, 2003).

Macneil, I., An Introduction to the Law of Financial Investment (Oxford: Hart Publishing, 2005).

Mallin, C., Corporate Governance (Oxford: Oxford University Press, 2012).

Mallin, C., Handbook on International Corporate Governance: Country Analyses (Edward Elgar, 2012).

Manson, S. and Gray, I., *The Audit Process* (London: Thomson Learning, 2004).

Monks, R. and Minow, N., Corporate Governance (Blackwell Publishing, 2007).

Pacces, A., Rethinking Corporate Governance: The Law and Economics of Control Powers (Routledge Research in Corporate Law), (Routledge, 2010).

Parkinson, J., Corporate Power and Responsibility: Issues in the Theory of Company Law (Oxford: OUP, 1996).

Pierce, C., Corporate Governance in the European Union (Global Governance Services Ltd., 2010).

Porter, B. et al., Principles of External Auditing, (John Wiley & Sons, 2008).

Roe, M., The Political Determinants of Corporate Governance (Oxford: OUP, 2002).

Smerdon, R., A Practical Guide to Corporate Governance, (London: Sweet and Maxwell, 2010).

Solomon, J., Corporate Governance and Accountability (John Wiley & Sons, 2010).

Sciulli, D., *Corporate Power in Civil Society* (New York: New York University Press, 2001).

Spira, L. and Slinn, J., The Cadbury Committee: A History (Oxford: OUP, 2013).









Stapledon, G., *Institutional Shareholders and Corporate Governance* (Oxford: OUP, 1996).

Sternberg, E., Corporate Governance (London: Institute of Economic Affairs, 2003).

Tricker, R., Corporate Governance: Principles, Policies and Practices, (Oxford, Oxford University Press, 2012).

Warren, R., *Corporate Governance and Accountability* (Liverpool: Liverpool Academic Press, 2000).

Wheeler, S., The Corporation and the Third Way (Oxford: Hart Publishing, 2002).

Whincop, M., An Economic and Jurisprudential Genealogy of Corporate Law (Aldershot: Ashgate Dartmouth, 2001).

Wright, M. et al., *The Oxford Handbook of Corporate Governance* (Oxford: OUP, 2013).

Journals:

Articles of relevance to corporate governance, regulation and compliances will be found in many journals, including:
Company Lawyer (The)
Corporate Governance – An International Review

Corporate Governance International

Industrial Law Journal

International Corporate and Commercial Law Review

Journal of Business Ethics

Journal of Corporate Law Studies

Journal of Finance

Modern Law Review

Other Documents:

The Basel Committee, *Core Principles for Effective Banking Supervision*, (Switzerland: Bank for International Settlements, 2006).

The Cadbury Committee, *The Financial Aspects of Corporate Governance* (London: Gee Publishing, 1992).

European Commission, *Corporate Governance in Financial Institutions and Remuneration Policies*, (Brussels, 2010), available here: http://ec.europa.eu/internal_market/consultations/2010/governance_en.htm

The Greenbury Committee, *The Greenbury Report on Executive Remuneration* (London: Gee Publishing, 1995).

The Hampel Committee, The Hampel Report (London: Gee Publishing, 1998).









Hermes Pensions Management Ltd., The Hermes Principles (London: Hermes, 2002)

Higgs, D., The role and effectiveness of non-executive directors (London: DTI, 2003)

OECD, Principles of Corporate Governance (Paris: OECD, 2003)

The European High Level Group of Company Law Experts, *Final Report – A Modern Regulatory Framework for Company Law in Europe* (Brussels: European Commission, 2002).

Walker, Sir David., A review of corporate governance in UK banks and other financial industry entities: Final recommendations (The Walker Review) (London: HM Treasury, 2009).

Statutory Materials:

The Companies Act 2006 - http://www.opsi.gov.uk/acts/acts2006/20060046.htm

Web based resources:

Robert Goddard's corporate law and governance website - http://www.corporatelawandgovernance.blogpot.com

The Manifest blog - http://blog.manifest.co.uk/

The British Legal Information Institute - www.bailii.org

The European Centre for Corporate Governance – www.ecgi.org

The European Commission, the EU Single Market: Company Law and Corporate Governance - http://ec.europa.eu/internal_market/company/index_en.htm

The UK Department for Business, Innovation and Skills – www.bis.gov.uk

The (UK) Financial Reporting Council - www.frc.org.uk

The Global Corporate Governance Forum – www.gcgf.org

Lexis-Nexis Professional – available from the University Library website (password required)

The UK parliament – www.parliament.uk

The (US) Securities and Exchange Commission – www.sec.gov

The Social Sciences Research Network – www.ssrn.com

Practical Law for Companies – www.practicallaw.com

Westlaw UK – available from the University Library website (password required)





