Aston Business School
Birmingham

BLM113 Corporate Governance, Regulation and Compliance

Number of Aston Credits: 15

Number of ECTS Credits: 7.5

Staff Member Responsible for the Module:

Mr Robert Goddard, Law Group
Room ABS 402, Extension 3108.
Email: r.j.goddard@aston.ac.uk
Web: www.corporatelawandgovernance.blogspot.com
Availability: see online office hours: https://wass.aston.ac.uk/wass/
or contact Law Group Administrator:
Mrs Basia Nowakowska, Room ABS 428, Extension 3185.

Other Members of Staff Contributing to Module:

Mrs Claire Howell, Law Group
Room ABS 415, Extension 3285.
E-mail: c.f.howell@aston.ac.uk
Availability: see online office hours: https://wass.aston.ac.uk/wass/
or contact Law Group Administrator:
Mrs Basia Nowakowska, Room ABS 428, Extension 3185.

Pre-requisites for the module:

None.

Guest Lecturer

Professor Sir Adrian Cadbury (to be confirmed).

Mode of Attendance:

On Campus

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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.

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: Regulation and corporate governance: introduction to key concepts and theories.

Weeks 2-4: introducing the legal framework and the UK Corporate Governance Code

Week 5: Shareholder rights, institutional investors and the UK Stewardship Code.

Week 6: Directors' remuneration

Week 7: The audit function and auditor's role

Week 8: International corporate governance

Week 9: Revision/Review/Guest Lecture

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. Claire Howell has also published widely and until recently was a non-executive director.

Method of Teaching:

Lectures will introduce students to the core principles and issues. Seminar style discussion will be held throughout the module, enabling students to draw upon their experiences of governance and regulation in their respective jurisdictions. Students must undertake reading and research between lectures and this work is essential if students are to gain the most from the teaching and do well in the examination. This independent reading and research will build on the lecture materials and is essential. Students will not pass the exam by relying only on the lecture slides.

An important part of the module are syndicate group presentations. 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. In the examination, students will be required to answer a problem based, case study question. The facts of the case study will be distributed during week 8 so that students can become familiar with it. Students will also be required to answer shorter, essay style questions. These will require students to provide their own personal interpretation 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:

Lectures and discussion classes:	27
Self-study and directed reading:	110
Presentation preparation	10
Assessment:	3
Total:	**150**

Essential Reading

No textbook book 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

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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).

Black, J., *Rules and Regulators* (Oxford: Oxford University Press, 1997).

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

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

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, 2008).

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, 2009)

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).

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, 2008).
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).

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

The Sarbanes-Oxley Act (2002) - http://www.sec.gov/about/laws/soa2002.pdf

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

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The International Corporate Governance Network – www.icgn.org

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

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

The (UK) Financial Services Authority – www.fsa.gov.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)